

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.4
(ID # 19066)

MEETING DATE:
Tuesday, May 17, 2022


FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Approval of revised Board of Supervisors Policy B-21. All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve revisions to the Board of Supervisors Policy B-21, County Investment Policy Statement.

ACTION:Policy


Don Kent, Director of Finance 5/9/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: May 17, 2022
xc: E.O., COBAB

Kecia R. Harper
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SOURCE OF FUNDS: | | | Budget Adjustment: | No |
| | | | For Fiscal Year: | 21/22 |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

At its April 27, 2022 meeting, the County of Riverside Investment Oversight Committee (IOC) reviewed staff updates to the Board of Supervisors Policy B-21, County Investment Policy Statement.

Last amended in September 2008, the proposed amendments incorporate administrative language updates, as well as incorporating similar Committee meeting governance language of that found in the recently revised Policy B-25 Pension Management and Other Post-Employment Benefits (Attachments 1 & 2, Section III. A-F). In addition, revisions include updates to: Annual Investment Audit (required reporting entities), Funds Held By Outside Trustees (personnel authorized to execute investments of bond funds, and, enhanced frequency of investment reports).

For today's action, staff and the IOC recommend approval of revisions to Board Policy B-21. A redline and clean version are attached for reference. Staff will bring forward additional revisions to the IOC for their review and to the Board for approval, if and when necessary.

Impact on Residents and Businesses

Policy revisions will bring the language current to personnel and recommended operating practices.

ATTACHMENTS:

1. Board Policy B-21 Redline Version
2. Board Policy B-21 Final

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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Michael Ambolo
Michael Ambolo, Chief Finance Officer 5/11/2022

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| County Investment Policy Statement | B-21 | 1 of 5 |

Policy:

~~The purpose of this policy is to safeguard public funds by assuring prudent investments and providing proper oversight of these investments.~~

This investment policy ~~statement~~ applies to all funds held in the County Treasury, and those held in trust outside ~~of~~ the County Treasury. ~~To the extent feasible, all investment reports and policies will be standardized to facilitate review. The purpose of this policy is to safeguard the public funds by assuring prudent investments and providing proper oversight of these investments.~~

I. ~~County Treasury Investment Policy.~~Treasurer-Tax Collector Statement of Investment Policy

~~A. The County Treasurer-Tax Collector's Statement of Investment Policy shall be the County standard. Any funds held outside of the County Treasury, which are not governed by its own investment policy, shall be subject to the County Treasurer-Tax Collector's Statement of Investment Policy.~~

~~A.B.~~ The County Treasurer-Tax Collector shall review and update the Statement of Investment Policy annually. The Investment Policy shall be reviewed by the Investment Oversight Committee and approved by the Board of Supervisors annually.

~~B. The County Treasury Investment Policy shall be the County standard. Any funds held outside the County Treasury, which are not governed by its own investment policy, shall be subject to the County Treasury Investment Policy.~~

~~C. To the extent feasible, all investment reports and investment policies will be standardized to facilitate review.~~

II. Investment Oversight Committee (IOC).

A. The ~~Investment Oversight Committee~~IOC shall have five to seven members and be chaired by the ~~County Executive Office~~.

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B. Members of the IOC shall be nominated by the County Treasurer-Tax Collector and confirmed by the Board of Supervisors, as openings occur.

B.C. The members of the ~~Investment Oversight Committee~~ IOC shall be chosen from among the following:

1. A representative of the County Executive Office (Chair)
- ~~1.2.~~ The County Treasurer-Tax Collector
- ~~2.3.~~ The County Auditor-Controller
4. The County Superintendent of Schools
5. A representative selected by schools and community college districts
- ~~3. Executive Office (chair)~~
- ~~4.6.~~ A representative of the Board of Supervisors
- ~~5. The County Superintendent of Schools or his/her designee~~
- ~~6. A representative selected by schools and community college districts~~
7. A representative selected by special districts with funds in the County Treasury
- ~~8. Up to two members of the public.~~
- 8.

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Policy:

~~C.D.~~ IOC members shall be advised of, and subject to, the conflicts of interest prohibitions in sections 27132.1 through 27132.3, and 27133(d) of the Government Code, as well as the limits on gifts and honoraria set by the Fair Political Practices Commission (FPPC).

E. The duties of the IOC shall be those specified in sections 27133 (review of investment policies), 27134 (compliance audits) and 27137 (prohibits members from making investment decisions) of the California Government Code and shall be limited to funds in the County Treasurer-Tax Collector's Pooled Investment Fund, and any other funds outside of the County Treasury whose investment are under the direct control of the County Treasurer-Tax Collector or Board of Supervisors.

III. Investment Oversight Committee Meetings

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| <u>A. IOC meetings shall be convened at least quarterly or as necessary upon the call of the Chair.</u> | | |
| <u>B. The Chair of the Committee will be responsible for preparing and distributing the agenda for each meeting.</u> | | |
| <u>C. Members of the IOC shall designate staff to represent them by notifying the Chair, in writing, of the name and title of those that are authorized. Upon written notification, the designee will be approved to represent and vote on behalf of the member in the event of their absence.</u> | | |
| D. Members of the Investment Oversight Committee shall be nominated by the County Treasurer and confirmed by the Board of Supervisors as openings occur. | | |
| <u>E.D. Each agency/fund investment officer or designated staff will attend Investment Oversight Committee <u>IOC</u>-meetings to respond to questions posed by the <u>C</u>committee.</u> | | |
| F. I | | |
| <u>G.E. The IOC may retain experts or consultants.</u> | | |
| H. As a Board established Committee, the IOC is subject to, and will comply with, all provisions of the Brown Act. | | |
| I. Investment Oversight Committee members shall be advised of, and subject to, the conflicts of interest prohibitions in sections 27132.1 through 27132.3, and 27133(d) of the Government Code, as well as the limits on gifts and honoraria set by the Fair Political Practices Commission (FPPC). | | |
| J. | | |

**County of Riverside California
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~~F. The duties of the Investment Oversight Committee shall be those specified in sections 27133 (review of investment portfolios), 27134 (compliance audits) and 27137 (prohibits members from making investment decisions) of the Government Code and shall be limited to funds in the County Treasury pooled investment funds and any other funds outside the County Treasury whose investment are under the direct control of the County Treasurer or Board of Supervisors.~~

III. Annual Investment Audit:

IV.

- A. The ~~Investment Oversight Committee~~**IOC** shall cause an annual investment audit to be performed, ~~and~~ **shall** review the ~~annual~~ audit report prior to ~~it~~ being presented to the fund's governing board.
- B. The ~~a~~Annual ~~i~~nvestment ~~a~~Audit shall be performed in accordance ~~to~~ with California Government Code 27134 and shall include the following:

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| County Investment Policy <u>Statement</u> | B-21 | 3 of 5 |

Policy:

- 1. Accurate identification and classification of all securities noted on portfolio reports.
 - 2. Accurate market value pricing of the securities, as well as to identify the source of the pricing information.
 - 3. Confirmation of the present ratings assigned by the nationally recognized statistical rating organizations (NRSROs)~~New York Rating Agencies~~ on all commercial paper, medium terms notes, money market funds, municipal securities, and investment agreement contracts.
 - 4. Confirmation that maturities on investments coincide with cash-flow requirements, (~~i.e.~~ debt service and claim disbursement requirements).
 - 5. Determination that policies governing bond fund investments are current and internal control measures are deemed adequate.
- C. The following entities funds/agencies shall be required to perform an annual investment audit: ~~.*.*~~
- 1. County ~~Treasury~~ Treasurer-Tax Collector's Pooled Investment Fund
 - 2. County of Riverside Asset Leasing Corporation (CORAL)
 - 3. County of Riverside Housing Authority
 - 4. County of Riverside Land Secured Districts
(Community Facilities Districts (CFD)/Assessment Districts (AD))

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- 5. ~~County of Riverside Pension Corporation~~
- 6. ~~Riverside County Board of Supervisors Policy~~
- 7. ~~Riverside County Infrastructure Financing Authority (IFA)~~
- 8. ~~Riverside County Public Financing Authority (PFA)~~
- 9. ~~Successor Agency to the Redevelopment Agency for the County of Riverside~~
- 10. ~~County of Riverside Asset Leasing Corporation (CORAL)~~
- 2. ~~County of Riverside Asset Leasing Corporation (CORAL)~~
- * ~~Will not apply if zero balances are held across all trustee accounts for each respective bond issue of the reporting entities.~~ **County of Riverside Housing Authority**

- 3. ~~Economic Development Agency~~
- 4. ~~Flood Control~~
- 5. ~~Riverside District Court Financing Authority (U.S. District Court)~~
- 6. ~~Riverside County Court Financing Authority (Bankruptcy Court)~~
- 7. **Desert Facilities Corporation**
- 8. ~~Community Facilities Districts (CFD)/Assessment Districts (AD)~~

*

IV.V. Funds Held By Outside Trustees:

A. Included Funds

Funds held in trust outside of the County Treasury include those as shown in section III.C.2.- 8. as shown above.

These funds shall include (a) proceeds of ~~notes, bonds~~ notes, bonds, or ~~c~~ Certificates of ~~p~~ Participation issued by the County of Riverside, joint power authorities, Successor Agency to the Redevelopment Agency of the County of Riverside, and districts and boards under the control of the Board of Supervisors, (b) any other funds held in trust, and (c) any funds held by a fiscal

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Policy:

~~Supervisors, (b) any other funds held in trust, and (c) any funds held by a fiscal agent or trustee for the Board of Supervisors, County of Riverside, or any of its districts or boards.~~

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B. Authority to Invest

The authority for the direction and/or ~~making of~~ executing investments is delegated by the ~~particular bond~~ bond indenture, Board Resolution and/or fiscal agent agreement. All bond fund investments are to be performed by the County Executive Office (County Executive Officer or designees which include the Chief Administrative Officer, Chief Finance Officer, or Director of Finance), or agency responsible for the bond administration, unless otherwise directed by the agency's governing ~~board, or board or~~ board or required by sState or fFederal law.

C. Investment Policy

Each ~~issuing agency entity as shown in III.C.2.- 8.~~ issuing agency with funds held by a fiscal agent or trustee will ~~develop~~ have standard permitted investment language developed by bond counsel in accordance with state and federal law. It shall ~~to~~ be included in the indenture which will become the ~~funds~~ fund's investment policy. ~~The investment language will be submitted to the Investment Oversight Committee for review.~~ All funds held by a fiscal agent or trustee under bond indentures should shall

comply with the investment language in the indenture.

~~D. Investment Reports~~

D.

Each agency shall prepare an ~~annual~~ quarterly report on its investments for review by the ~~Investment Oversight Committee~~ IOC, and a year-end report for its governing board.

~~E. Funds held in trust outside the County Treasury include:~~

- ~~1. County of Riverside Asset Leasing Corporation (CORAL)~~
- ~~2. Economic Development Agency (EDA) (bond proceeds only)~~

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- ~~3. County Flood Control~~
 - ~~4. County of Riverside Housing Authority~~
 - ~~5. Riverside County Court Financing Corporation (Bankruptcy Court)~~
 - ~~6. Riverside District Court Financing Corporation (U.S. District Court)~~
 - ~~7. Desert Facilities Corporation~~
 - ~~8. Community Facilities Districts (CFD)/Assessment Districts (AD)~~

V.VI. Investment Advisors

To the extent authorized by the County Board of Supervisors, an investment advisor may, pursuant to contract, prepare investment reports, provide financial advice and direction on investments to be made, advise on the quality and liquidity of the fund, and the extent to which investment earnings are able to close any negative arbitrage spread. The investment advisor's authority shall be ~~limited and~~ limited and shall not extend to the holding of bond proceeds and portfolio assets.

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Policy:

Reference:

- Minute Order ~~3.7~~ of 04/20/99
- Minute Order ~~3.1~~ of 12/09/03
- Minute Order ~~3.3~~ of 04/10/07
- Minute Order ~~3.35~~ of 09/02/08
- Minute Order 0.00 of 05/10/22

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| COUNTY INVESTMENT POLICY | B-21 | 1 of 5 |

Policy:

The purpose of this policy is to safeguard public funds by assuring prudent investments and providing proper oversight of these investments. This investment policy applies to all funds held in the County Treasury, and those held in trust outside of the County Treasury. To the extent feasible, all investment reports and policies will be standardized to facilitate review.

I. County Treasurer-Tax Collector Statement of Investment Policy

- A. The County Treasurer-Tax Collector's Statement of Investment Policy shall be the County standard. Any funds held outside of the County Treasury, which are not governed by its own investment policy, shall be subject to the County Treasurer-Tax Collector's Statement of Investment Policy.
- B. The County Treasurer-Tax Collector shall review and update the Statement of Investment Policy annually. The Investment Policy shall be reviewed by the Investment Oversight Committee and approved by the Board of Supervisors annually.

II. Investment Oversight Committee (IOC)

- A. The IOC shall have five to seven members and be chaired by the County Executive Office.
- B. Members of the IOC shall be nominated by the County Treasurer-Tax Collector and confirmed by the Board of Supervisors, as openings occur.
- C. The members of the IOC shall be chosen from among the following:
 - 1. A representative of the County Executive Office (Chair)
 - 2. The County Treasurer-Tax Collector
 - 3. The County Auditor-Controller
 - 4. The County Superintendent of Schools
 - 5. A representative selected by schools and community college districts
 - 6. A representative of the Board of Supervisors
 - 7. A representative selected by special districts with funds in the County Treasury
 - 8. Up to two members of the public

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- D. IOC members shall be advised of, and subject to, the conflicts of interest prohibitions in sections 27132.1 through 27132.3, and 27133(d) of the Government Code, as well as the limits on gifts and honoraria set by the Fair Political Practices Commission (FPPC).
- E. The duties of the IOC shall be those specified in sections 27133 (review of investment policies), 27134 (compliance audits) and 27137 (prohibits members from making investment decisions) of the California Government Code and shall be limited to funds in the County Treasurer-Tax Collector's Pooled Investment Fund, and any other funds outside of the County Treasury whose investment are under the direct control of the County Treasurer-Tax Collector or Board of Supervisors.

III. Investment Oversight Committee Meetings

- A. IOC meetings shall be convened at least quarterly or as necessary upon the call of the Chair.
- B. The Chair of the Committee will be responsible for preparing and distributing the agenda for each meeting.
- C. Members of the IOC shall designate staff to represent them by notifying the Chair, in writing, of the name and title of those that are authorized. Upon written notification, the designee will be approved to represent and vote on behalf of the member in the event of their absence.
- D. Each agency/fund investment officer or designated staff will attend IOC meetings to respond to questions posed by the Committee.
- E. In addition to, and with the approval of the County Treasurer-Tax Collector, the IOC may retain experts or consultants on an as needed basis.
- F. As a Board established Committee, the IOC is subject to, and will comply with, all provisions of the Brown Act.

IV. Annual Investment Audit

- A. The IOC shall cause an annual investment audit to be performed, and shall review the audit report prior to it being presented to the fund's governing board.
- B. The annual investment audit shall be performed in accordance with California Government Code 27134 and shall include the following:

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1. Accurate identification and classification of all securities noted on portfolio reports.
2. Accurate market value pricing of the securities, as well as to identify the source of the pricing information.
3. Confirmation of the present ratings assigned by the nationally recognized statistical rating organizations (NRSROs) on all commercial paper, medium terms notes, money market funds, municipal securities, and investment agreement contracts.
4. Confirmation that maturities on investments coincide with cash-flow requirements, (i.e., debt service and claim disbursement requirements).
5. Determination that policies governing bond fund investments are current and internal control measures are deemed adequate.

C. The following entities shall be required to perform an annual investment audit:*

1. County Treasurer-Tax Collector's Pooled Investment Fund
2. County of Riverside Asset Leasing Corporation (CORAL)
3. County of Riverside Housing Authority
4. County of Riverside Land Secured Districts
(Community Facilities Districts (CFD)/Assessment Districts (AD))
5. County of Riverside Pension Obligation Bonds
6. Riverside County Flood Control and Water Conservation District
7. Riverside County Infrastructure Financing Authority (IFA)
8. Riverside County Public Financing Authority (PFA)
9. Successor Agency to the Redevelopment Agency for the County of Riverside

* Will not apply if zero balances are held across all trustee accounts for each respective bond issue of the reporting entities.

V. Funds Held By Outside Trustees

A. Included Funds

Funds held in trust outside of the County Treasury include those as shown in section III.C.2.- 8. as shown above. These funds shall include (a) proceeds of notes, bonds, or certificates of participation issued by the County of Riverside, joint power authorities, Successor Agency to the Redevelopment Agency of the County of Riverside, and districts and boards under the control of the Board of

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Supervisors, (b) any other funds held in trust, and (c) any funds held by a fiscal agent or trustee for the benefit of the County of Riverside, or any of its districts or boards.

B. Authority to Invest

The authority for the direction and/or executing investments is delegated by the bond indenture, Board Resolution and/or fiscal agent agreement. All bond fund investments are to be performed by the County Executive Office (County Executive Officer or designees which include the Chief Administrative Officer, Chief Finance Officer, or Director of Finance), or agency responsible for the bond administration, unless otherwise directed by the agency's governing board or required by state or federal law.

C. Investment Policy

Each issuing entity as shown in III.C.2.- 8. with funds held by a fiscal agent or trustee will have standard permitted investment language developed by bond counsel in accordance with state and federal law. It shall be included in the indenture which will become the fund's investment policy. All funds held by a fiscal agent or trustee shall comply with the investment language in the indenture.

D. Investment Reports

Each agency shall prepare a quarterly report on its investments for review by the IOC, and a year-end report for its governing board.

VI. Investment Advisors

To the extent authorized by the County Board of Supervisors, an investment advisor may, pursuant to contract, prepare investment reports, provide financial advice and direction on investments to be made, advise on the quality and liquidity of the fund, and the extent to which investment earnings are able to close any negative arbitrage spread. The investment advisor's authority shall be limited and shall not extend to the holding of bond proceeds and portfolio assets.

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Reference:

Minute Order 3.7 of 04/20/99
Minute Order 3.1 of 12/09/03
Minute Order 3.3 of 04/10/07
Minute Order 3.35 of 09/02/08
Minute Order 0.00 of 05/17/22