



County of Riverside

Debt Advisory Committee (DAC)

Zoom Meeting
Thursday, March 10, 2022
9:00 a.m.

Zoom link: <https://us06web.zoom.us/j/81449103571?pwd=Vyt4c3ZwT0VEOWtkUEZlY1RxbGZlZz09>

IMPORTANT NOTICE REGARDING DAC MEETING

This meeting is being conducted utilizing teleconferencing and electronic means. This is consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Kathleen Ponce at (951) 955-1142. Notification 48 hours prior to the meeting will enable us to make reasonable arrangements to ensure accessibility to the meeting [28 CFR 35.102.35.104 ADA Title II].

Submission of Public Comments: For those who wish to make public comments at this meeting, please submit your comments by email to Kathleen Ponce at kmponce@rivco.org prior to 8:00 a.m. on March 10. All email comments shall be subject to the same rules as would otherwise govern speaker comments at the meetings. All email comments shall not exceed three (3) minutes and will be read out loud at the meeting and become part of the record of the meeting.

AGENDA

1. Call to Order and Self-Introductions
2. Approval of Resolution No. 2022-001 a Resolution of the Debt Advisory Committee authorizing remote teleconference meetings of the legislative bodies of the Debt Advisory Committee for the period of March 10, 2022 to April 9, 2022 pursuant to the Ralph M. Brown Act
3. Approval of the September 9, 2021 DAC Meeting Minutes
4. Revised Board Policy B-12 - Land Secured Financing Districts
5. Revised Board Policy B -19 - Land Secured Investment Policy
6. Public Comment on any item not on the agenda
7. Next Meeting (April 14, 2022) or as needed
8. Adjourn

1 **RESOLUTION NO. 2022-001**

2 **A RESOLUTION OF THE DEBT ADVISORY COMMITTEE**

3 **AUTHORIZING REMOTE TELECONFERENCE MEETINGS**

4 **OF THE LEGISLATIVE BODIES OF THE DEBT ADVISORY COMMITTEE**

5 **FOR THE PERIOD OF MARCH 10, 2022 TO APRIL 9, 2022**

6 **PURSUANT TO THE RALPH M. BROWN ACT.**

7
8 **WHEREAS**, all meetings of the Debt Advisory Committee and its legislative bodies are open and
9 public, as required by the Ralph M. Brown Act (Cal. Gov. Code §§ 54950 – 54963), so that any member
10 of the public may attend, participate, and view the legislative bodies conduct their business; and

11 **WHEREAS**, the Brown Act, Government Code section 54953(e), makes provisions for remote
12 teleconferencing participation in meetings by members of a legislative body, without compliance with the
13 requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions and
14 requirements; and

15 **WHEREAS**, a required condition of Government Code section 54953(e) is that a state of emergency
16 is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of
17 conditions of disaster or of extreme peril to the safety of persons and property within the state caused by
18 conditions as described in Government Code section 8558(b); and

19 **WHEREAS**, a further required condition of Government Code section 54953(e) is that state or local
20 officials have imposed or recommended measures to promote social distancing, or, the legislative body
21 holds a meeting to determine or has determined by a majority vote that meeting in person would present
22 imminent risks to the health and safety of attendees; and

23 **WHEREAS**, on March 4, 2020, Governor Newsom issued a Proclamation of a State of Emergency
24 declaring a state of emergency exists in California due to the threat of COVID-19, pursuant to the California
25 Emergency Services Act (Government Code section 8625); and,

26 **WHEREAS**, on June 11, 2021, Governor Newsom issued Executive Order N-07-21, which
27 formally rescinded the Stay-at-Home Order (Executive Order N-33-20), as well as the framework for a
28 gradual, risk-based reopening of the economy (Executive Order N-60-20, issued on May 4, 2020) but did

1 not rescind the proclaimed state of emergency; and,

2 **WHEREAS**, on June 11, 2021, Governor Newsom also issued Executive Order N-08-21, which set
3 expiration dates for certain paragraphs of the State of Emergency Proclamation dated March 4, 2020 and
4 other Executive Orders but did not rescind the proclaimed state of emergency; and,

5 **WHEREAS**, as of the date of this Resolution, neither the Governor nor the state Legislature have
6 exercised their respective powers pursuant to Government Code section 8629 to lift the state of emergency
7 either by proclamation or by concurrent resolution the state Legislature; and,

8 **WHEREAS**, the California Department of Industrial Relations has issued regulations related to
9 COVID-19 Prevention for employees and places of employment. Title 8 of the California Code of
10 Regulations, Section 3205(5)(D) specifically recommends physical (social) distancing as one of the
11 measures to decrease the spread of COVID-19 based on the fact that particles containing the virus can travel
12 more than six feet, especially indoors; and,

13 **WHEREAS**, the Debt Advisory Committee finds that state or local officials have imposed or
14 recommended measures to promote social distancing, based on the California Department of Industrial
15 Relations' issuance of regulations related to COVID-19 Prevention through Title 8 of the California Code
16 of Regulations, Section 3205(5)(D); and,

17 **WHEREAS**, as a consequence, the Debt Advisory Committee does hereby find that it and its
18 legislative bodies shall conduct their meetings by teleconferencing without compliance with Government
19 Code section 54953 (b)(3), pursuant to Section 54953(e), and that such legislative bodies shall comply with
20 the requirements to provide the public with access to the meetings as prescribed by Government Code
21 section 54953(e)(2).

22 **NOW, THEREFORE, BE IT RESOLVED, FOUND AND ORDERED** by the Debt Advisory
23 Committee in regular session assembled on March 10, 2022 does hereby resolve as follows:

24 Section 1. Recitals. All of the above recitals are true and correct and are incorporated into this
25 Resolution by this reference.

26 Section 2. State or Local Officials Have Imposed or Recommended Measures to Promote Social
27 Distancing. The Debt Advisory Committee hereby proclaims that state officials have imposed or
28 recommended measures to promote social (physical) distancing based on the California Department of

1 Industrial Relations' issuance of regulations related to COVID-19 Prevention through Title 8 of the
2 California Code of Regulations, Section 3205(5)(D).

3 Section 3. Remote Teleconference Meetings. The Debt Advisory Committee and any of its
4 legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and
5 purpose of this Resolution including, conducting open and public meetings in accordance with Government
6 Code section 54953(e) and other applicable provisions of the Brown Act.

7 Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption and
8 shall be effective until the earlier of (i) April 9, 2022, or (ii) such time the Debt Advisory Committee adopts
9 a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during
10 which its legislative bodies may continue to teleconference without compliance with Section 54953(b)(3).

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12 ADOPTED this 10th day of March, 2022 by the Debt Advisory Committee, by the following vote:

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14 YES:

15 NO:

16 ABSENT:

17 ABSTAIN:

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DEBT ADVISORY COMMITTEE MEETING

MINUTES OF VIRTUAL TEAMS MEETING

September 9, 2021 9:00 a.m.

Teams Meeting

Members Present:

Don Kent	County Executive Office (Chair)
Giovane Pizano	Treasurer-Tax Collector
Tanya Harris	Auditor-Controller
Synthia Gunzel	County Counsel
Jeanine Rey	Flood Control and Water Conservation District
Amber Jacobson	Office of Economic Development

Members Absent:

Stephanie Persi	Community Facilities District/Assessment District
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Staff and Guests Present:

Mike Williams	Columbia Capital
Curt de Crinis	Columbia Capital
Jim Prichard	Columbia Capital
Rob Larkins	Loop Capital
John Nguyen	Loop Capital
Tamara Maldonado	Loop Capital
Julia Kim	Wells Fargo
Anna Sarabian	Fieldman, Rolapp & Associates
Paul McDonnell	Fieldman, Rolapp & Associates
Imelda Delos Santos	Executive Office
Chris Lebrett	Citigroup Global Markets
Andrea Greenwald	Orrick
Doug Baron	Bank of America Securities
Seth Crone	Bank of New York Mellon
Katie Ponce	Executive Office

1. Call to Order and Self-Introductions

The Debt Advisory Committee meeting was called to order at 9:00 a.m. Those present made self-introductions.

2. Approval of the DAC Meeting Minutes for May 20, 2021.

MOTION: Giovane Pizano moved to approve the DAC meeting minutes from May 20, 2021.

Don Kent seconded this.

The motion passed unanimously.

3. County of Riverside Teeter Plan Obligation Notes 2021 Series A (Tax Exempt)

Mike Williams, with Columbia Capital, explained that the County of Riverside Teeter Plan Obligation Notes is an annual financing program that has been ongoing since 1997. The par amount of the Teeter Note program expands and contracts as tax delinquencies rise and fall due to economic conditions and with changes to the size of the overall tax roll. The note size is smaller this year due to higher collections than the prior year and a lower amount of Teeter advance. This causes the collections of penalties and interest, which is deposited in the County's General Fund, to be lower than the prior year. The current year's par amount is expected to be approximately \$87.4 million, a decrease of \$12.2 million from last year's amount of \$99.6 million. The DAC report submission deadline was prior to getting the advance from the Auditor-Controller, which is the reason the amount on the report shows a preliminary estimate that is higher than the current estimated amount.

MOTION: Tanya Harris moved to approve.

Giovane Pizano seconded.

All were in favor. The motion approved unanimously.

4. Riverside County Infrastructure Financing Authority (IFA) Lease Revenue Refunding Bonds, Series 2021 A and Series B (Federally Taxable)

Curt de Crinis with Columbia Capital gave a brief overview of the Riverside County Infrastructure Financing Authority (IFA) Lease Revenue Refunding Bonds. This is a refinancing for savings of seven lease revenue bond issues that are currently outstanding in the amount of \$478,025,000. The bond issues can be consolidated into a single refunding issue with two series of bonds, one tax-exempt and the other taxable, which given low interest rates, will produce significant interest cost savings and flexibility for the County. There is no extension of the final maturity of the bonds. The interest rates on the outstanding bonds range from 4% to 5.01% with an average interest rate of 4.87%. The all-in true interest rate in the current market for the proposed refunding issue is 2.80%. The tax-exempt current refunding of the CORAL Series 2008A variable rate bonds will allow for a conversion from the current synthetic fixed rate structure to a lower fixed interest rate.

The refunding reduces many of the risks associated with current bond structure. As a part of refunding the Series 2008A bonds, there is a fee of about \$16.3 million to terminate the interest rate swap. By refunding these bonds the synthetic fixed interest rate will be reduced from 5.6% to 1%. This termination fee will be financed on a tax-exempt basis as part of the refunding bond issue and the \$16.3 million fee is accounted for in the net savings as shown in the report on today's agenda. The other six bond issues are advance refundings and must be issued on a taxable basis. The refunding of these seven lease revenue bonds will reduce the number of properties that are pledged to the 2021 Bonds. Currently there are 26 properties pledged to the seven outstanding bond issues. After the refunding, there will be six properties pledged to the Series 2021 Bonds.

Total cashflow savings are estimated to be \$71 million over the remaining 23-year life of the bonds with the net present value savings estimated at \$40 million or 8.4% of the bonds refunded. Another benefit from the refunding is that it will allow the release of \$14.6 million in debt service reserve funds which will reduce the size of the bond issue. The bond sale is scheduled for the end of September and will close in October.

MOTION: Giovane Pizano moved to approve.

Don Kent seconded.

All were in favor. The motion approved unanimously.

5. Public Comment

None.

6. Next Meeting

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, October 14, 2021 or as needed.

7. Adjourn

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:30 a.m.

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Policy:

Set forth herein are the goals and policies of the County of Riverside (the “County”) concerning the County’s use of community facilities districts (“Community Facilities Districts”) established pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”) and special assessment districts (“Assessment Districts”) established pursuant to the Municipal Improvement Act of 1913 (the “1913 Act”) to finance public facilities.

There are three categories of Community Facilities Districts that will be used by the County to finance various types of public facilities. The categories are (a) Traditional Community Facilities Districts (“Traditional CFDs”), (b) Critical Transportation Corridor Improvement Program Community Facilities Districts (“CTCIP CFDs”), and (c) Community Facilities Districts for participants in the Critical Transportation Corridor Improvement Program (“Participant CFDs”). In addition, the County will use Service and Maintenance Community Facilities Districts (“Service and Maintenance CFDs”) to fund one or more types of services authorized by the Act and/or to fund the maintenance of real or tangible property as authorized by the Act. **In addition, the County participates in the Statewide Community Infrastructure Program (SCIP).**

Following are the County’s goals and policies for each of Traditional CFDs, CTCIP CFDs, Participant CFDs, Service and Maintenance CFDs and Assessment Districts. The goals and policies for Traditional CFDs, CTCIP CFDs, Participant CFDs, and Service and Maintenance CFDs have been considered and adopted by the County and are intended to meet the requirements of Section 53312.7(a) of the California Government Code (the “Government Code”) concerning the County’s use of the Act.

The requirements and procedures relating to applications, petitions, deposits, approvals and other administrative matters for Community Facilities Districts and Assessment Districts are set forth in the County’s Operations Manual for Land Secured Financing Districts (the “Operations Manual”).

I. TRADITIONAL COMMUNITY FACILITIES DISTRICTS

- A. A Traditional CFD is a Community Facilities District, whose entire boundary is not within the boundaries of a CTCIP CFD.

Generally, proceedings for the establishment of a Traditional CFD will be instituted by a petition of landowners, as provided in Section 53318 of the Government Code.

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Public facilities to be owned and operated by the County that are financed through Traditional CFDs will, generally, be constructed by or on behalf of the landowners and, upon completion, be acquired by the County with proceeds of the Traditional CFD bonds.

A description of Traditional CFDs and the requirements and procedures relating to applications, petitions, deposits, approvals and other administrative matters for Traditional CFDs are set forth in the Operations Manual.

B. Priorities for Traditional CFD Financing

The priority that various kinds of public facilities will have for financing through the County's use of the Act by means of Traditional CFDs is as follows:

1. Public facilities to be owned and operated by the County that constitute regional infrastructure required to serve proposed development;
2. Other public facilities to be owned and operated by the County for which there is a clearly demonstrated public benefit; and
3. Public facilities to be owned and operated by a public agency other than the County (including school districts).

Traditional CFD financings will not be used to satisfy development fee obligations imposed by the County or another public agency.

C. Credit Quality Requirements for Traditional CFD Bond Issues

1. *Project Viability.* The viability of the development project within a Traditional CFD is a critical component of the credit quality of a Traditional CFD bond issue. Accordingly, the viability of each such development project will be reviewed and evaluated by the County. Under most circumstances, the viability of a development project is enhanced as the project moves further through the development process. Therefore, generally, a Traditional CFD will be established only if tract or parcel maps for the development project to be undertaken therein have been approved by the Board of Supervisors of the County (the "Board of Supervisors").
2. *Statutory Requirements.* The County will require that the credit quality of any Traditional CFD bond issue be such that the requirements of Section 53345.8 of the Government Code will be met; provided, however, that such

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requirements shall be modified by replacing the phrase “at least three times” in subdivision (a) of said Section with the phrase “at least four times.”

3. *Reserve Fund.* In order to enhance the credit quality of Traditional CFD bond issues, the County will require that each such bond issue be secured by a reserve fund. Generally, each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount no less than the least of (a) 10% of the initial principal amount of the bonds of such issue, (b) maximum annual debt service on the bonds of such issue, or (c) 125% of the average annual debt service on the bonds of such issue. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.
4. *Credit Enhancement.* Where a substantial amount of the property (as determined by the County) within a Traditional CFD is undeveloped, the County will generally require credit enhancement to increase the credit quality of such Traditional CFD bond issue. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual special taxes levied on undeveloped property and will be required to remain in effect so long as a substantial amount of the property within the Traditional CFD remains undeveloped. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.
5. *Capitalized Interest.* Generally, the amount of capitalized interest funded for Traditional CFD bond issues will be limited to the amount necessary to pay debt service on the bonds until the first interest payment date occurring after the levy of the special taxes may be included in the real property tax roll.
6. *Bond Structure.* The term to maturity of any Traditional CFD bonds shall not exceed the maximum term specified in the Act. Principal amortization of Traditional CFD bonds shall commence no later than the end of the second bond year. Traditional CFD bonds shall be structured such that, once principal amortization thereof has commenced, debt service thereon will be substantially level.

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D. Disclosure to Prospective Property Purchasers in Traditional CFDs

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, in connection with Traditional CFDs, the County will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5 of the Government Code, be met.

E. Equity of Special Tax Formulas and Maximum Special Taxes for Traditional CFDs

1. *Reasonable Basis of Apportionment.* Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the Traditional CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.
2. *Total Tax Burden.* The total tax burden (that is, the anticipated maximum annual Traditional CFD special tax, together with *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a Traditional CFD shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto.
3. *Rate and Method of Apportionment.* The rate and method of apportionment for Traditional CFD special taxes must be structured so as to produce special tax revenues sufficient to pay (a) debt service on all Traditional CFD bonds, and (b) reasonable and necessary annual administrative expenses of the Traditional CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a Traditional CFD bond issue, (b) amounts to pay directly the costs of public facilities authorized to be financed by the Traditional CFD, (c) the accumulation of funds reasonably required for future debt service on Traditional CFD bonds, (d) amounts equal to projected delinquencies in

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special tax payments, (e) remarketing, credit enhancement or liquidity fees, and (f) any other costs or payments permitted by law.

In any case, the Traditional CFD special tax rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any fiscal year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all Traditional CFD bonds for the calendar year commencing in such fiscal year, plus (b) projected administrative expenses of the Traditional CFD for the calendar year commencing in such fiscal year. Generally, the rate and method of apportionment for Traditional CFD special taxes will be required to include a back-up tax so that changes in development within the Traditional CFD would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.

4. *Increases in Special Tax.* The maximum special tax for any parcel within a Traditional CFD shall not escalate. The increase in the special tax levied on any parcel within a Traditional CFD as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.
5. *Prepayment of Special Tax.* Generally, the special tax rate and method of apportionment for a Traditional CFD will be structured so as to allow the prepayment of special taxes by property owners.

F. Appraisals for Traditional CFD Bond Issues

Except as provided below, the definitions, standards and assumptions to be used in appraisals required in connection with the County's use of the Act for Traditional CFDs are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt Advisory Commission and dated May 1994 (the "CDIAC Guidelines"), with the following modifications:

1. The independent review appraiser is an option, and not a requirement;
2. The comparable sales method may be used whenever there is sufficient data available;
3. The appraiser should assume the presence of the public infrastructure to be financed with the bonds in connection with which the appraisal is being prepared; and

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4. The special tax lien need not be computed as the present value of the future tax payments if there is a prepayment mechanism or other appropriate measure.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAAC Guidelines and the corresponding definitions, standards or assumptions in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (“USPAP”), USPAP shall govern.

G. Disclosure for Traditional CFD Bond Issues

1. *Initial Disclosure.* Each owner of property within a Traditional CFD that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of Traditional CFD bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the County to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.
2. *Continuing Disclosure.* Each owner of property within a Traditional CFD, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of Traditional CFD bonds will be required to provide such information, on an ongoing basis, as may be required for the underwriter of such bonds to satisfy the requirements imposed on it pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

II. CRITICAL TRANSPORTATION CORRIDOR IMPROVEMENT PROGRAM (CTIP) COMMUNITY FACILITIES DISTRICTS

- A. A CTCIP CFD is a Community Facilities District established to finance a major transportation facility in an area that has been designated a critical transportation corridor (a “Critical Transportation Corridor”) by the Board of Supervisors.

Proceedings for the establishment of a CTCIP CFD will often be instituted by the Board of Supervisors on its own initiative. Such proceedings may also be instituted by a petition of landowners, as provided in Section 53318 of the Government Code.

Major transportation facilities to be owned and operated by the County that are financed through CTCIP CFDs will be constructed by the County.

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Owners of property included in a CTCIP CFD will receive an appropriate credit against the Transportation Uniform Mitigation Fee (TUMF) and/or, if imposed, the Road and Bridge Benefit District Fee applicable to such property.

A description of the Critical Transportation Corridor Improvement Program and the requirements and procedures relating to applications, petitions, deposits, approvals and other administrative matters for CTCIP CFDs are set forth in the Operations Manual.

B. Priorities for CTCIP CFD Financing

Major transportation facilities in Critical Transportation Corridors, which facilities are to be owned or operated by the County, are the only kinds of public facilities that will be financed through the County's use of the Act by means of CTCIP CFDs.

Other public facilities associated with a major transportation facility may be financed by means of a CTCIP CFD if, at the discretion of the County, financing such public facility would provide a public benefit.

C. Credit Quality Requirements for CTCIP CFD Bond Issues

1. *Statutory Requirements.* The County will require that the credit quality of any CTCIP CFD bond issue be such that the requirements of Section 53345.8 of the Government Code will be met.
2. *Reserve Fund.* In order to enhance the credit quality of CTCIP CFD bond issues, the County will require that each such bond issue be secured by a reserve fund. Generally, each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount no less than the least of (a) 10% of the initial principal amount of the bonds of such issue, (b) maximum annual debt service on the bonds of such issue, or (c) 125% of the average annual debt service on the bonds of such issue. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investors Service or Standard & Poor's Ratings Service.
3. *Capitalized Interest.* The amount of capitalized interest funded for an issue of CTCIP CFD bonds may not exceed any maximum specified in the Act.
4. *Bond Structure.* The term to maturity of any CTCIP CFD bonds shall not exceed the maximum term specified in the Act. Once principal amortization

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on a CTCIP CFD bond issue has commenced, debt service thereon may escalate by no more than 2% per bond year.

D. Disclosure to Prospective Property Purchasers in CTCIP CFDs

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, in connection with CTCIP CFDs, the County will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5 of the Government Code, be met.

E. Equity of Special Tax Formulas and Maximum Special Taxes for CTCIP CFDs

1. *Reasonable Basis of Apportionment.* Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the CTCIP CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.
2. *Total Tax Burden.* The total tax burden (that is, the anticipated maximum annual CTCIP CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a CTCIP CFD shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto.
3. *Rate and Method of Apportionment.* The rate and method of apportionment for CTCIP CFD special taxes must be structured so as to produce special tax revenues sufficient to pay (a) debt service on all CTCIP CFD bonds, and (b) reasonable and necessary annual administrative expenses of the CTCIP CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CTCIP CFD bond issue, (b) amounts to pay directly the costs of public facilities authorized to be financed by the CTCIP CFD, (c) the accumulation of funds reasonably required for future debt service on CTCIP CFD bonds, (d) amounts equal to projected delinquencies in special tax payments, (e) remarketing, credit

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enhancement or liquidity fees, and (f) any other costs or payments permitted by law.

In any case, the CTCIP CFD special tax rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any fiscal year would produce special tax revenues at least equal to (a) 100% of projected annual debt service on all CTCIP CFD bonds for the calendar year commencing in such fiscal year, plus (b) projected administrative expenses of the CTCIP CFD for the calendar year commencing in such fiscal year. Generally, the rate and method of apportionment for CTCIP CFD special taxes will be required to include a back-up tax so that changes in development within the CTCIP CFD would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.

4. *Increases in Special Tax.* The annual increase, if any, in the maximum special tax for any parcel within a CTCIP CFD may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel within a CTCIP CFD as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.
5. *Prepayment of Special Tax.* Generally, the special tax rate and method of apportionment for a CTCIP CFD will be structured so as to allow the prepayment of special taxes by property owners.

F. Appraisals for CTCIP CFD Bond Issues

Except as provided below, the definitions, standards and assumptions to be used in appraisals required in connection with the County's use of the Act for CTCIP CFDs are as set forth in the CDIAAC Guidelines, with the following modifications:

1. The independent review appraiser is an option, and not a requirement;
2. The comparable sales method may be used whenever there is sufficient data available;
3. The appraiser should assume the presence of the public infrastructure to be financed with the bonds in connection with which the appraisal is being prepared; and

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4. The special tax lien need not be computed as the present value of the future tax payments if there is a prepayment mechanism or other appropriate measure.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAAC Guidelines and the corresponding definitions, standards or assumptions in USPAP, USPAP shall govern.

G. Disclosure for CTCIP CFD Bond Issues

1. *Initial Disclosure.* Each owner of property within a CTCIP CFD that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of CTCIP CFD bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the County to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.
2. *Continuing Disclosure.* Each owner of property within a CTCIP CFD, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of CTCIP CFD bonds will be required to provide such information, on an ongoing basis, as may be required for the underwriter of such bonds to satisfy the requirements imposed on it pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

III. COMMUNITY FACILITIES DISTRICTS FOR PARTICIPANTS IN THE CRITICAL TRANSPORTATION CORRIDOR IMPROVEMENT PROGRAM

- A. A participant CFD is a Community Facilities District whose entire boundary is within the boundaries of a CTCIP CFD.

Generally, proceedings for the establishment of a participant CFD will be instituted by a petition of landowners, as provided in Section 53318 of the Government Code.

Public facilities to be owned and operated by the County that are financed through participant CFDs will, generally, be constructed by or on behalf of the landowners and, upon completion, be acquired by the County with proceeds of the participant CFD bonds.

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A description of participant CFDs and the requirements and procedures relating to applications, petitions, deposits, approvals and other administrative matters for participant CFDs are set forth in the Operations Manual.

B. Priorities for Participant CFD Financing

The priority that various kinds of public facilities will have for financing through the County's use of the Act by means of participant CFDs is as follows:

1. Public facilities to be owned and operated by the County that constitute regional infrastructure required to serve proposed development;
2. Other public facilities to be owned and operated by the County for which there is a clearly demonstrated public benefit; and
3. Public facilities to be owned and operated by a public agency other than the County (including school districts), including such public facilities financed *in lieu* of the payment of development fees imposed by such public agency.
4. Development fee obligation imposed by public agencies other than the County.

C. Credit Quality Requirements for Participant CFD Bond Issues

1. *Project Viability.* The viability of the development project within a participant CFD is a critical component of the credit quality of a participant CFD bond issue. Accordingly, the viability of each such development project will be reviewed and evaluated by the County. Under most circumstances, the viability of a development project is enhanced as the project moves further through the development process. Therefore, generally, a participant CFD will be established only if tract or parcel maps for the development project to be undertaken therein have been approved by the Board of Supervisors.
2. *Statutory Requirements.* The County will require that the credit quality of any participant CFD bond issue be such that the requirements of Section 53345.8 of the Government Code will be met.
3. *Reserve Fund.* In order to enhance the credit quality of participant CFD bond issues, the County will require that each such bond issue be secured by a reserve fund. Generally, each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount no less than the least of (a) 10% of the initial principal amount of the

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bonds of such issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investors Service or Standard & Poor's Ratings Service.

4. **Credit Enhancement.** The County may require credit enhancement to increase the credit quality of a participant CFD bond issue, particularly where the value-to-lien ratio of a significant portion of the parcels in such participant CFD is less than three-to-one. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual special taxes levied on such parcels and will be required to remain in effect until such parcels are developed or the value thereof has otherwise been sufficiently increased. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investors Service or Standard & Poor's Ratings Service.
5. ***Capitalized Interest.*** The amount of capitalized interest funded for an issue of participant CFD bonds may not exceed any maximum specified in the Act.
6. ***Bond Structure.*** The term to maturity of any participant CFD bonds shall not exceed the maximum term specified in the Act. Once principal amortization on a participant CFD bond issue has commenced, debt service thereon may escalate by no more than 2% per bond year.

D. Disclosure to Prospective Property Purchasers in Participant CFDs

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, in connection with participant CFDs, the County will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5 of the Government Code, be met.

E. Equity of Special Tax Formulas and Maximum Special Taxes for participant CFDs

1. ***Reasonable Basis of Apportionment.*** Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the participant CFD.

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Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

2. *Total Tax Burden.* The total tax burden (that is, the anticipated maximum annual participant CFD special tax, together with *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a participant CFD shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto.
3. *Rate and Method of Apportionment.* The rate and method of apportionment for participant CFD special taxes must be structured so as to produce special tax revenues sufficient to pay (a) debt service on all participant CFD bonds, and (b) reasonable and necessary annual administrative expenses of the participant CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a participant CFD bond issue, (b) amounts to pay directly the costs of public facilities authorized to be financed by the participant CFD, (c) the accumulation of funds reasonably required for future debt service on participant CFD bonds, (d) amounts equal to projected delinquencies in special tax payments, (e) remarketing, credit enhancement or liquidity fees, and (f) any other costs or payments permitted by law.

In any case, the participant CFD special tax rate and method of apportionment must be structured such that the projected maximum special tax that could be levied in any fiscal year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all participant CFD bonds for the calendar year commencing in such fiscal year, plus (b) projected administrative expenses of the participant CFD for the calendar year commencing in such fiscal year. Generally, the rate and method of apportionment for participant CFD special taxes will be required to include a back-up tax so that changes in development within the participant CFD would not result in the inability to levy special taxes that would produce special tax revenues in such amounts.

4. *Increases in Special Tax.* The annual increase, if any, in the maximum special tax for any parcel within a participant CFD may not exceed any maximum specified in the Act. The increase in the special tax levied on any

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parcel within a participant CFD as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

5. *Prepayment of Special Tax.* Generally, the special tax rate and method of apportionment for a participant CFD will be structured so as to allow the prepayment of special taxes by property owners.

F. Appraisals for Participant CFD Bond Issues

Except as provided below, the definitions, standards and assumptions to be used in appraisals required in connection with the County's use of the Act for participant CFDs are as set forth in the CDIAC Guidelines, with the following modifications:

1. The independent review appraiser is an option, and not a requirement;
2. The comparable sales method may be used whenever there is sufficient data available;
3. The appraiser should assume the presence of the public infrastructure to be financed with the bonds in connection with which the appraisal is being prepared; and
4. The special tax lien need not be computed as the present value of the future tax payments if there is a prepayment mechanism or other appropriate measure.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAC Guidelines and the corresponding definitions, standards or assumptions in USPAP, USPAP shall govern.

G. Disclosure for Participant CFD Bond Issues

1. *Initial Disclosure.* Each owner of property within a participant CFD that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of participant CFD bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the County to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.

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2. *Continuing Disclosure.* Each owner of property within a participant CFD, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of participant CFD bonds will be required to provide such information, on an ongoing basis, as may be required for the underwriter of such bonds to satisfy the requirements imposed on it pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

IV. SERVICE AND MAINTENANCE COMMUNITY FACILITIES DISTRICTS

- A. A Service and Maintenance CFD is a community facilities district that is established to fund one or more types of services authorized by the Act and/or to fund the maintenance of any real or tangible property as authorized by the Act.

Generally, proceedings for the establishment of a Service and Maintenance CFD will be instituted by a petition of landowners as provided in Section 53318 of the Act. However, proceedings may be initiated by the legislative body on its own initiative.

Service and Maintenance CFDs will be established to support projects which address a public need and provide a public benefit. Service and Maintenance CFDs will fund all or a portion of the costs of service and/or cost of maintenance as authorized by the Act. The County may require a Services and Maintenance CFD to be formed to fund the cost of maintenance or cost of services required as a condition of development for a development project.

Services and maintenance activities are eligible for funding by means of Service and Maintenance CFDs to the extent that there are benefits to proposed development projects and the public or to the extent that impacts of a proposed development project can be mitigated; and provided that the funding of such services and maintenance activities are authorized by the Act. In addition, Service and Maintenance CFDs may be employed by the County to fund services and maintenance activities that promote the general welfare, provide public benefits, and/or fill a public need. However, consistent with Section 53313 of the Act, services may only be funded to the extent that they are in addition to those provided in the area or district before the Service and Maintenance CFD was created.

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B. Priorities for Service and Maintenance CFD Funding

The financing priority for various types of maintenance and services funded through the County's use of Service and Maintenance CFDs is as follows:

1. Maintenance activities related to facilities owned by or to be owned by the County and/or the provision of services within the unincorporated area of the County that address a public need and promote the general welfare of the County and benefit the public.
2. Maintenance activities related to facilities owned or to be owned by the County that provide benefits to a proposed development project or mitigate impacts of a proposed development project.
3. Maintenance activities related to facilities owned or to be owned by a public agency other than the County that provide benefits to a proposed development project or mitigate impacts of a proposed development project.

C. Disclosure to Prospective Property Purchasers in Service and Maintenance CFDs

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, in connection with Service and Maintenance CFDs, the County will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5 of the Government Code, be met.

D. Equity of Special Tax Formulas and Maximum Special Taxes for Service and Maintenance CFDs

1. Reasonable Basis of Apportionment. Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the Service and Maintenance CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

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2. Total Tax Burden. The total tax burden (that is, the anticipated maximum annual Service and Maintenance CFD special tax, together with *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in a Service and Maintenance CFD shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto as established at the time of approval of the Service and Maintenance CFD.

3. Rate and Method of Apportionment. The rate and method of apportionment for Service and Maintenance CFD special taxes must be structured so as to produce special tax revenues sufficient to pay (a) all or a portion of the cost of maintenance or services provided by the CFD, and (b) reasonable and necessary annual administrative expenses of the Service and Maintenance CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund amounts equal to projected delinquencies in special tax payments, to accumulate a reasonable maintenance reserve fund, and provide for any other costs or payments permitted by law.

Generally, the rate and method of apportionment for Service and Maintenance CFD special taxes will be required to include a back-up tax so that changes in development within the Service and Maintenance CFD would not result in the inability to levy sufficient special taxes.

4. Increases in Special Tax. The increase in the special tax levied on any parcel within a Service and Maintenance CFD as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

E. Costs of Establishing Service and Maintenance CFDs

To the extent that a Service and Maintenance CFD is proposed to be established by a petition of landowners, said landowners are expected to advance the costs of formation of the Service and Maintenance CFD, including the costs of County's consultants. The advanced costs will include the costs of evaluation of the proposal and formation of the Service and Maintenance CFD.

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V. ASSESSMENT DISTRICTS

- A. An Assessment District is a special assessment district established pursuant to the 1913 Act. Generally, Assessment District bonds will be issued pursuant to the Improvement Bond Act of 1915 (the “1915 Act”).

Generally, proceedings for the establishment of an Assessment District will be instituted by a petition of landowners.

Public facilities to be owned and operated by the County that are financed through Assessment Districts will, generally, be constructed by or on behalf of the landowners and, upon completion, be acquired by the County with proceeds of the Assessment District bonds.

A description of Assessment Districts and the requirements and procedures relating to applications, petitions, deposits, approvals and other administrative matters for Assessment Districts are set forth in the Operations Manual.

- B. Priorities for Assessment District Financing

The priority that various kinds of public facilities will have for financing by means of Assessment Districts is as follows:

1. Public facilities to be owned and operated by the County for which there is a clearly demonstrated public benefit; and
2. Public facilities to be owned and operated by a public agency other than the County.

Assessment District financings will not be used to satisfy development fee obligations imposed by the County or another public agency.

- C. Credit Quality Requirements for Assessment District Bond Issues

1. *Project Viability.* The viability of the development project within an Assessment District is a critical component of the credit quality of an Assessment District bond issue. Accordingly, the viability of each such development project will be reviewed and evaluated by the County. Under most circumstances, the viability of a development project is enhanced as the project moves further through the development process. Therefore, generally, an Assessment District will be established only if tract or parcel maps for the

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development project to be undertaken therein have been approved by the Board of Supervisors.

2. *Value-to-Lien Requirements.* The County will require that the credit quality of any Assessment District bond issue be such that the requirements of Section 53345.8 of the Government Code will be met (said Section to be read as if references therein to the bonds to be sold are references to such Assessment District bonds and as if references therein to policies adopted pursuant to the Act are references to the policies set forth herein for Assessment Districts); provided, however, that such requirements shall be modified by replacing the phrase “at least three times” in subdivision (a) of said Section with the phrase “at least four times.”
3. *Reserve Fund.* In order to enhance the credit quality of Assessment District bond issues, the County will require that each such bond issue be secured by a reserve fund. Generally, each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount no less than the least of (a) 10% of the initial principal amount of the bonds of such issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.
4. *Credit Enhancement.* Where a substantial amount of the property (as determined by the County) within an Assessment District is undeveloped, the County will generally require credit enhancement to increase the credit quality of such Assessment District bond issue. Such credit enhancement will usually be the form of an irrevocable letter of credit, will be required to be in an amount not less than two times the amount of annual assessment installments levied on undeveloped property and will be required to remain in effect so long as a substantial amount of the property within the Assessment District remains undeveloped. Such letter of credit will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least “A” by Moody’s Investors Service or Standard & Poor’s Ratings Service.

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5. *Capitalized Interest.* Generally, the amount of capitalized interest funded for Assessment District bond issues will be limited to the amount necessary to pay debt service on the bonds until first interest payment date occurring after the assessment installments may be included in the real property tax roll.
6. *Bond Structure.* The term to maturity of any Assessment District bonds shall not exceed the maximum term specified in the 1915 Act. Assessment District bonds shall be structured such that, once principal amortization thereof has commenced, debt service thereon will be substantially level.

D. Disclosure to Prospective Property Purchasers in Assessment Districts

In order to ensure that prospective property purchasers are fully informed about their assessment obligations, in connection with Assessment Districts, the County will require that the requirements of disclosure to prospective property purchasers contained in Section 53754 of the Government Code be met.

E. Equity of Assessments and Maximum Assessments for Assessment Districts

1. *Direct and Special Benefit.* The apportionment of the assessments among the parcels included within an Assessment District shall be based upon the direct and special benefit each parcel receives from the public facilities to be financed.
2. *Total Tax Burden.* The total tax burden (that is, the annual Assessment District assessment installments, together with *ad valorem* property taxes, any other special assessments levied on the property, special taxes for any overlapping community facilities district, and any other taxes, fees and charges payable from and secured by the property) on any residential owner-occupied parcel in an Assessment District shall not exceed 2% (two percent) of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto.
3. *Administrative Expenses.* The assessments levied in an Assessment District shall include an amount for administrative expenses relating to the Assessment District, including expenses necessary for the enrollment and collection of the annual assessment installments and Assessment District bond administration.
4. *Assessment Installments.* The annual assessment installments for assessments levied on a parcel in an Assessment District shall be

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substantially equal, except that a variation for administrative expenses shall be allowed.

F. Appraisals for Assessment District Bond Issues

Except as provided below, the definitions, standards, and assumptions to be used in appraisals required in connection with Assessment District bond issues are as set forth in the CDIAAC Guidelines, with the following modifications:

1. The independent review appraiser is an option, and not a requirement;
2. The comparable sales method may be used whenever there is sufficient data available; and
3. The appraiser should assume the presence of the public infrastructure to be financed with the bonds in connection with which the appraisal is being prepared.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAAC Guidelines and the corresponding definitions, standards or assumptions in USPAP, USPAP shall govern.

G. Disclosure for Assessment District Bond Issues

1. *Initial Disclosure.* Each owner of property within an Assessment District that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of Assessment District bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such bonds such information as may be required for the County to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or state securities laws.
2. *Continuing Disclosure.* Each owner of property within an Assessment District, and each subsequent owner of property therein, that has not reached its planned development stage and that will be responsible for a substantial portion (as determined by the County) of annual debt service on an issue of Assessment District bonds will be required to provide such information, on an ongoing basis, as may be required for the underwriter of such bonds to satisfy the requirements imposed on it pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

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VI. STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM (SCIP)

- A. Public capital improvement and facilities SCIP financings less than \$10 million are eligible to participate in SCIP.
- B. The County shall allow participation in SCIP for those landowners whose entire property is not included in a CTCIP CFD or any planning area so identified by the County. Landowners will NOT be allowed to finance Development Impact Fees, including Area Drainage Plan fees.
- C. Conformance to County Policy. Only those applications received from SCIP meeting the County's land secured requirements contained in this policy will be accepted.
- D. Disclosure for SCIP Bond Issues. In order to ensure that prospective property purchasers are fully informed about their assessment obligations the County will require that the requirements of disclosure to prospective property purchasers contained in Section 53754 of the Government Code be met.
- E. A description of SCIP and the requirements and procedures relating to applications, deposits, approvals and other administrative matters for the program are set forth in California Statewide Communities Development Authority's SCIP Manual of Procedures website: <https://cscda.org/wp-content/uploads/2021/03/SCIP-Manual-2018-1.pdf>.
- F. The County Executive Office, with review and concurrence of the Debt Advisory Committee, shall maintain the County's Manual of Procedures for SCIP (Attachment A), providing for the implementation of Section VI of this policy.

VII. MINIMUM STANDARDS; WAIVERS AND AMENDMENT

The policies set forth herein reflect the minimum standards under which the County will make use of Community Facilities Districts and Assessment Districts to finance public facilities. The County may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The County may, in its discretion and to the extent permitted by law, waive any of the policies set forth herein in particular cases. Exceptions to such policies will be considered that are consistent with current public financing practices when structuring bond refundings and workouts, when considering unique bond structures (e.g., escrowed bond proceeds or variable rate bonds) or when additional credit enhancements (e.g., bond insurance or credit supports) are present.

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The goals and policies set forth herein may be amended at any time by the County.

Reference:

Minute Order 3.52 dated 07/27/1993

Minute Order 3.15 dated 11/08/1994

Minute Order 3.2 dated 02/09/1999 (B-12 Eff. Except as Superseded by Policy B-12a 1/11/1998)

Minute Order 3.5 of 11/10/1998 (B-12a)

Minute Order 3.2 of 02/09/1999 (B-12a)

Minute Order 3.27 of 12/09/2003 (B-12 approved replaces B-12a)

Minute Order 3.4 of 11/14/2006

Minute Order 3.3 of 04/10/07

Minute Order 3-1 of 01/27/2015

Minute Order x-x of 03/22/2022

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ATTACHMENT A
MANUAL OF PROCEDURES
FOR THE
STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM

I. Introduction

The County of Riverside (“County”) participates in the Statewide Community Infrastructure Program (“SCIP”). The program is intended to provide a means by which the payment of certain public capital improvements and facilities may be financed through a Community Facilities District established by SCIP pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”) and/or a special Assessment District established by SCIP pursuant to the Municipal Improvement Act of 1913 (“1913 Act”) with bonds structured and sold by SCIP pursuant to the Improvement Bond Act of 1915 (“1915 Act”).

II. Definitions

- A. “County” shall mean the County of Riverside.
- B. “CTCIP CFD” shall mean a Critical Transportation Corridor Improvement Program Community Facilities District as defined in the County’s Board of Supervisors Policy B-12.
- C. “SCIP” shall mean the Statewide Community Infrastructure Program as administered by the California Statewide Communities Development Authority (CSCDA).
- D. “SCIP Applicant” shall mean that property owner who has submitted a SCIP application but has not yet been approved by SCIP.
- E. “SCIP Deposit” shall mean the deposit required at the time a SCIP application is approved for the Engineer’s Report and appraisal. See Article III in the CSCDA’s SCIP Manual of Procedures.
- F. “SCIP Participant” shall mean that property owner whose SCIP application has been approved by SCIP.

III. Eligibility Requirements

- A. A property owner whose entire property is not included in a CTCIP CFD or any planning area so identified by the County will be eligible to submit a SCIP application.

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MANUAL OF PROCEDURES
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STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM

- B. Conformance to County Policy. Only those applications meeting the following county land secured requirements will be accepted.
1. *Value to Lien Requirement.* The County will require that the credit quality be such that the requirements of Section 53345.8 of the Government Code will be met (said Section to be read as if references therein to the bonds to be sold are references to such Assessment District and Community Facilities District bonds and as if references therein to policies adopted pursuant to the Act are references to the policies set forth herein for Assessment Districts and Community Facilities Districts); provided, however, that such requirements shall be modified by replacing the phrase “at least three times” in subdivision (a) of said Section with the phrase “at least four times.”
 2. *Total Tax Burden.* The total tax burden (that is, the annual Assessment District assessment installments, together with *ad valorem* property taxes, any other special assessments levied on the property, special taxes for any overlapping Community Facilities District, and any other taxes, fees and charges payable from and secured by the property) shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto.
- C. Public capital improvement and facilities SCIP financings less than \$10 million are eligible to participate in SCIP. See Article II regarding General Eligibility Requirements in the CSCDA’s SCIP Manual of Procedures ([SCIP-Manual-2018-1.pdf \(cscda.org\)](#)).

IV. Application Process

- A. Participation in the County SCIP will be at the tract level.
- B. SCIP Applicant must submit a separate application to CSCDA for each public capital improvement and facilities project to be financed through SCIP.
- C. SCIP fee. A non-refundable fee will be due to SCIP upon submittal of a SCIP application. This fee is eligible for reimbursement from bond proceeds. This fee is subject to change at the discretion of SCIP.

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See Article III in the CSCDA's SCIP Manual of Procedures ([SCIP-Manual-2018-1.pdf \(cscda.org\)](https://www.cscda.org/SCIP-Manual-2018-1.pdf)).

- D. Incomplete SCIP applications will not be processed and will be returned to the applicant.
- E. County fee. A non-refundable administrative processing fee of \$250 will be due to the County upon the submittal of a SCIP application. This fee is subject to change at the discretion of the County.
- F. County review.
 - 1. County Executive Office (EO). The EO will review the SCIP application for completeness and be responsible for processing and executing all documentation associated with the SCIP application. Such SCIP application will be provided by CSCDA to the EO.
 - 2. County of Riverside Transportation and Land Management Agency (TLMA). TLMA will review the SCIP application to ensure that the property for which a SCIP application has been submitted is in the unincorporated portion of the County and that the property is not within the boundaries of a CTCIP CFD.
 - 3. Riverside County Flood Control and Water Conservation District (RCFC&WCD). The RCFC&WCD will review the SCIP application for accuracy related to RCFC&WCD maintained infrastructure as a participating local agency, when appropriate.
- G. Withdrawal from SCIP.
 - 1. SCIP Applicant/Participant must provide the County and SCIP a written notification of their withdrawal.
 - 2. Fees paid will not be refunded and the SCIP Applicant/Participant will be responsible for any additional fees incurred in the SCIP process (appraisal, etc.).
- H. Denial of SCIP application
 - 1. A SCIP application may be denied by SCIP if the application does not meet the eligibility requirements. Denial may be at any time in the process and is at the discretion of SCIP.

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2. A SCIP application may be denied by the County if the application does not meet eligibility requirements. The Applicant will be provided, in writing, the basis for denial of their application.
3. Application fees paid will not be refunded and the SCIP Applicant will be responsible for any additional fees incurred in the SCIP process (appraisal, etc.).

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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) ~~is~~ are authorized to make investments.

~~An updated list of the CEO A listing of and authorized designees is to be held on file with the CFD/AD coordinator within the County Executive Office included herewith as Schedule I. It shall be maintained with both the Auditor-Controller and the fiscal agent(s). It and shall be updated as required. Those authorized Authorized designees are permitted to make investments, make 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. ~~To the extent authorized by the bond indenture, all investments shall be made in compliance with the criteria shown in Schedule II, which defines the type of permitted investments, any purchase restrictions, and credit quality standards that apply.~~

AUTHORIZED BROKER/DEALERS

Security transactions are limited solely ~~to~~ 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: <https://www.countytreasurer.org/Portals/0/pdf/InvestmentPolicies/InvestmentPolicy.pdf?v=2020-02-25-101855-193> ~~those banks and primary dealers of the Federal Reserve noted on Schedule III.~~

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 ~~County Executive Officer~~CEO or ~~his~~ authorized ~~representatives~~ designees conduct business or by any __ member of the

COUNTY OF RIVERSIDE, CALIFORNIA
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~~county's IOC Investment Oversight Committee.~~

No security transactions are authorized until the bank and/or primary broker/dealer or other authorized firms ~~has~~ have been delivered a current copy of ~~the Riverside County Executive Offices Statement of Investment~~ this Policy and has agreed in writing to be bound thereby (~~See see Attached Attachment A Schedule V~~), 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~~ 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 ~~County Executive Officer, 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~~ 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 ~~Schedule II contained herein.~~ 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 ~~a tax liability or rebate excess earnings~~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 ~~Riverside~~ 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 ~~of 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 their funds~~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 ~~credit worthiness~~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, ~~or authorized designee,~~ in written ~~or~~ telephonic directions, confirmed in writing.

ACCOUNTABILITY AND CONTROL

All investment transactions are to be ~~through performed by the County Executive Officer~~CEO or authorized designees, or the fiscal agent, on behalf of the district, documented, and reviewed for approval by the ~~County Executive Officer~~CEO or an authorized designees. A copy of each investment transaction ~~shall be filed~~ with within the County Executive Office. ~~The report on the Investment Portfolio will be reviewed semi-annually by the Investment Oversight Committee and placed on file with the Board of Supervisors and Auditor-Controller.~~ 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 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, shall be 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. semi-annually with the Board of Supervisors after prior review by the Investment Oversight Committee. The County Executive Officer, or authorized designee, shall also prepare and file with the Board of Supervisors and County Executive Office the Report on Investment Portfolio, stating 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.~~

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 ~~Riverside~~ County of Riverside Board of Supervisors and will remain in force until subsequently amended ~~in writing by the Board of Supervisors.~~

Reference:

Minute Order 3.0 of 03/18/96
Minute Order 3.3 of 04/10/07
Minute Order X.X of 03/22/22

(FOLLOWING ~~ARE: SCHEDULES I, III, IV and V~~ IS ATTACHMENT A)

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Schedule I

~~Only individuals 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.~~

~~Larry Parrish~~Jeffrey A. Van Wagenen, Jr.
~~County Executive Officer~~ _____

~~Ken Mohr~~Juan C. Perez
~~Assistant County Executive Officer~~Chief Operating Officer _____

~~Bill Luna~~Dave Rogers
~~County Finance Director~~Chief Administrative Officer _____

~~Gary Christmas~~Michael Ambole
~~Deputy County Executive Officer~~Finance Officer _____

~~Dean Deines~~Don Kent
~~Deputy County Executive Officer~~Director of Finance _____

~~Christopher Hans~~Frankie Z. Ezzat
~~Deputy County Executive Officer~~Director of Budget _____

~~Dan Martinez~~
~~Deputy County Executive Officer~~ _____

~~Form is to be filed with the Auditor-Controller, Fiscal Agent and Investment Oversight Committee annually.~~

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Schedule III

The Riverside County Executive Office is authorized to conduct investment security transactions with the following investment firms and broker/dealers, many of 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.

A. Firms designated by the Federal Reserve Bank as Primary Government Dealers:-

~~Bank of America NT&SA
Chase Securities, Inc.
Chemical Securities, Inc.
Citicorp Securities Markets, Inc.
Dean Witter Reynolds, Inc.
CS First Boston Corporation
First Chicago Capital Markets, Inc.
Fuji Securities, Inc.
Goldman Sachs & Company
Kidder Peabody & Company, Inc.
Merrill Lynch Government Securities, Inc.
J.P. Morgan Securities, Inc.
Morgan Stanley & Co. Inc.
Paine Webber, Inc.
Prudential Bache Securities, Inc.
Shearson Lehman Hutton Government Securities, Inc.
Smith Barney Harris Upham & Co., Inc.~~

B. Other authorized firms:

~~Gantor Fitzgerald Securities Corp.
Bank of California
The Bank of New York
Gilford Securities~~

C. Purchases direct from major commercial paper issuers, bankers acceptance issuers or savings and loan associations, meeting the requirements set forth in section 53601 and 53635.5 of the California Government Code and SB 866: (i.e. an institution licensed by the State as a broker-dealer, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or a federal association, or a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.)

~~(1) General Electric Credit Corporation (2) Ford Motor Credit Co.~~

To ensure compliance with the Riverside County Executive Office Investment Policy, each brokerage firm is being supplied by Certified Mail a complete copy of this document filed with the Board of Supervisors.

Effective upon date of approval by the Board of Supervisors.

Signed: _____

Larry Parrish Jeffrey A. Van Wagenen, Jr.
County Executive Officer

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Schedule IV

GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: One who brings buyers and sellers together.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate, large denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

COUPON: (a) The annual rate of interest that a bonds issuer promises to pay the bondholder on the bonds face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S & Ls, small business firms, students, farmers, farm cooperatives, and exporters.

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~~**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.~~

~~**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.~~

~~**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks Vis-a-vis member commercial banks.~~

~~**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.~~

~~**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.~~

~~**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.~~

~~**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.~~

~~**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer lender to liquidate the underlying securities in the event of default by the seller borrower.~~

~~**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.~~

~~**MONEY MARKET:** The market in which short term debt instruments (bills, commercial paper, bankers, acceptances, etc.) are issued and traded.~~

~~**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.~~

~~**PORTFOLIO:** Collection of securities held by an investor.~~

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~~**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.~~

~~**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.~~

~~**RATE OF RETURN:** The gains or losses incurred by the owner of an asset over a period of time: usually measured as the sum of the periodic payments (dividends or interest) and the capital appreciation of the asset (total return).~~

~~**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.~~

~~**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the banks vaults for protection.~~

~~**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.~~

~~**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.~~

~~**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.~~

~~**TREASURY BOND:** Long-term U.S. Treasury securities having initial maturities of more than 10 years.~~

~~**TREASURY NOTES:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most notes are issued in excess of one year.~~

~~**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD or YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.~~

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**Schedule-
Attachment A**

As an authorized representative of an approved bBroker/dDealer or other authorized firm, I have received, read and retain on file a copy of the ~~Riverside~~ 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.
Please return a copy of this Schedule to:
Riverside County Executive Office, 4080 Lemon Street, 4th Floor, Riverside, California 92501

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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.

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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.

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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

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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.

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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 X.X of 03/22/22

(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.