



**TREASURER'S INVESTMENT
POLICY STATEMENT**

**TREASURER/TAX COLLECTOR
PARKER R. HUNT**

COUNTY OF TEHAMA INVESTMENT POLICY

June 3, 2025

OFFICE OF THE
TREASURER/TAX COLLECTOR
COUNTY OF TEHAMA
TREASURER'S INVESTMENT POLICY STATEMENT
As approved by the Board of Supervisors on June 3rd, 2025

TABLE OF CONTENTS

Section	Topic	Page
1.0	Introduction	2
2.0	Scope	2
3.0	Fiduciary Responsibility	2
4.0	Portfolio Objectives	3
5.0	Delegation of Authority	3
6.0	Investment Policy Adoption and Review	3
7.0	Staff Authorized to Make Investments	3
8.0	Ethics and Conflicts of Interest	4
9.0	Diversification	4
10.0	Maturity Parameters	4
11.0	Authorized Investments	4
12.0	Investment Pools and Mutual Funds	8
13.0	Prohibited Investments	8
14.0	Authorized Investment Advisors	8
15.0	Authorized Broker/Dealers	9
16.0	Due Diligence	9
17.0	Review of Investment Portfolio	9
18.0	Collateralization	9
19.0	Internal Controls	10
20.0	Security Custody and Delivery	10
21.0	Competitive Pricing	11
22.0	Performance Evaluation	11
23.0	Trading and Early Sale of Securities	11
24.0	Purchase of Securities for Forward Settlement	11
25.0	Portfolio Reporting	11
26.0	Quarterly Distribution of Investment Earnings	11
27.0	Quarterly Apportionment of Administrative Costs	12
28.0	Withdrawal of Funds	12
29.0	Divestment of Voluntary Pooled Participants	13
30.0	Criteria for Agencies Seeking Voluntary Entry into the Pool	14
31.0	Warranties	14
32.0	Qualified Institutional Buyer	15
33.0	Table of Authorized Investments (Exhibit A)	16
34.0	Glossary of Terms (Exhibit B)	17

1.0 INTRODUCTION:

The County of Tehama (County) has a fiduciary responsibility to maximize the productive use of its liquid assets entrusted to its care and to manage those public funds wisely and prudently. The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. Related activities which comprise good cash management include accurate cash projections, the expeditious collection of revenue, the control of disbursements, and cost-effective banking relations. It is the policy of the County to invest public funds in a manner that will provide high investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 SCOPE:

The County's Investment Policy Statement (IPS) has been prepared in accordance with California State Law. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasury Pool, which consists of the pooled monies held on behalf of the County, school districts, and certain special districts within the County.

This policy shall apply to all investments held within the Tehama County Treasury Pool (Pool) and made on behalf of the County and member agencies of the Pool, with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are made with the understanding that the Treasurer holds a public trust with the citizens of the County, which shall not be compromised.

3.0 FIDUCIARY RESPONSIBILITY:

The California Government Code, [Section 27000.3](#) declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard.

This standard requires that *"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."* This standard shall be applied in the context of managing the overall portfolio.

4.0 PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner that will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County investment pool will be guided by the following principles, in order of importance:

- 4.1. Safety: The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
- 4.2. Liquidity: The secondary objective is to maintain sufficient liquidity to ensure that funds are available to meet daily cash flow requirements.
- 4.3. Yield: The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

5.0 DELEGATION OF AUTHORITY:

The Treasurer's authority for making investments is delegated by the Board of Supervisors in accordance with the California Government Code. Statutory authority for the investment and safekeeping functions are found in [Sections 53600 et seq.](#) and [53630 et seq.](#) of the California Government Code. This delegation is subject to review and renewal of authority by the Board of Supervisors each year.

The Treasurer retains the authority to amend guidelines and procedures at any time in order to carry out the duties as Chief Investment Officer for the County. The Treasurer will annually prepare the IPS which will be submitted to the Board of Supervisors for review and approval.

6.0 INVESTMENT POLICY ADOPTION AND REVIEW:

This IPS will become effective immediately following adoption by the Board of Supervisors and shall remain in force as long as the delegation of authority to the County Treasurer to invest is in effect. The Board of Supervisors will adopt the County's IPS inclusive of amendments, on an annual basis. This IPS shall be reviewed annually by the County Treasurer to ensure its consistency with the overall objectives of Safety, Liquidity, and Yield, its relevance to current financial and economic trends, and ability to meet the cash flow operational needs of the County, and other pooled participants.

7.0 STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer/Tax Collector and authorized contracted consultant(s) may make investments and jointly order the receipt and delivery of investment securities among custodial security clearance accounts. Authority granted to contracted consultant(s) shall be defined in their contract(s). Treasury staff such as the Assistant Treasurer/Tax Collector or Accountant I/II may make transfers to or from liquidity accounts (bank deposits, money market funds, JPA Investment Pools) for the purpose of daily cashflows management.

8.0 ETHICS AND CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The Treasurer/Tax Collector and Assistant Treasurer/Tax Collector are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County ordinance.

9.0 DIVERSIFICATION:

The County Treasurer shall diversify its investments by security type, issuer and maturity as specified in Exhibit A. The purpose of this diversification is to reduce portfolio risk by avoiding an overconcentration in any particular maturity sector, asset class or specific issuer. The County will limit investments in any single issuer to 5% of the portfolio, except for United States treasuries, United States agencies (GSEs), State of California, money market funds, collateralized bank deposits, pooled participants, and JPA investment pools.

10.0 MATURITY PARAMETERS:

Maturities will be selected such that portfolio net cash flows are reasonably expected to provide sufficient liquidity to meet daily expenditure requirements for the following 12 months. To manage interest rate risk, the effective duration of the portfolio (which adjusts for the optionality of certain investment types) shall not exceed 3.5 years. Investments may not have a term or maturity at the time of purchase longer than that authorized by [Section 53601](#) of 5 years unless the Board of Supervisors has granted express authority at least 3 months prior to the investment.

The board has granted express authority to invest in the following securities for up to a duration of 10 years.

- 10.1. Securities Issued by the United States Treasury
- 10.2. Obligations of the State of California
- 10.3. Registered treasury notes or bonds of any of the other 49 states
- 10.4. Obligations of other California government agencies
- 10.5. Securities Issued by United States Government Agencies and Government-Sponsored Enterprises

11.0 AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the California Government Code and as further restricted by this IPS, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Exhibit A, which defines the type of investment authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percent of the portfolio is stated for any type of security as detailed above, the maximum allowable limit is

determined by the portfolio size at the market close of the regular business day prior to the security purchase date. Maximum limits are applicable at the time of security purchase.

Credit criteria listed in this section and in Exhibit A refer to the credit rating assigned by a nationally recognized statistical rating organization (NASRO) at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer or contracted consultant(s) will perform a timely review and decide whether to sell or hold the investment.

Within the context of State limitations, the following investments are authorized:

- 11.1. **State Treasurer's Local Agency Investment Fund (LAIF).** Funds may be invested in LAIF established by the State Treasurer for the benefit of local agencies authorized under [Government Code Section 16429.1](#), up to the maximum amount permitted by the California Treasurer.
- 11.2. **Bank Deposits.** FDIC insured or collateralized deposits including, but not limited to, demand deposit accounts, savings accounts, market rate accounts, time certificate of deposits in financial institutions located in California. As authorized under [Code Section 53630 et seq.](#)
- 11.3. **Bonds issued by Tehama County.** Bonds issued by Tehama County, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by Tehama County or by a department, board, agency, or authority of Tehama County authorized under [Government Code Section 53601\(a\)](#).
- 11.4. **Securities Issued by the United States Treasury.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest authorized under [Government Code Section 53601\(b\)](#). Issuer limitations, credit ratings, or sector limitations do not apply to Mortgage-Backed Securities issued by the U.S. Government.
- 11.5. **Obligations of the State of California.** Registered state warrants or treasury notes or bonds of the state of California, as well as bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state, or by a department, board, agency or authority of the state authorized by [Government Code Section 53601\(c\)](#).
- 11.6. **Registered treasury notes or bonds of any of the other 49 states in addition to California.** Including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state,

or by a department, board, agency, or authority of any of the other 49 states, in addition to California authorized under [Government Code Section 53601\(d\)](#).

11.7. Obligations of other California government agencies. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency authorized by [Government Code Section 53601\(e\)](#).

11.8. Securities Issued by United States Government Agencies and Government-Sponsored Enterprises. Obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises authorized under [Government Code Section 53601\(f\)](#). These include but are not limited to agency securities issued by the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Tennessee Valley Authority (TVA), Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal Agricultural Mortgage Corporation (FAMCA). Issuer limitations, credit ratings, or sector limitations do not apply to Agency Mortgaged-Backed Securities issued or guaranteed by the U.S. Government or Government Sponsored Agencies.

11.9. Bankers' Acceptance. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Bankers' acceptances purchased may not exceed 180 days to maturity or 40% of the pool authorized under [Government Code Section 53601\(g\)](#). No more than 5% of the Pool may be invested in bankers' acceptances issued by any one commercial bank. Only those bankers' acceptances eligible for purchase by the Federal Reserve System meet eligibility requirements for investment by the Pool. Investment in bankers' acceptances shall be placed in instruments ranked within the top two rating categories by two of the three largest NRSRO.

11.10. Commercial Paper. Commercial paper shall have a maximum maturity of 270 days or less, shall not exceed 40% of the total portfolio and must have a rating of "A-1" or higher, or the equivalent, by a NRSRO authorized under [Government Code Section 53601\(h\)](#). The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B:

- a. The entity meets the following criteria:
 - i. Is organized and operating in the United States as a general corporation.
 - ii. Has total assets in excess of five hundred million dollars.

- iii. Has debt other than commercial paper, if any, that is rated in a rating category of "A" or the equivalent or higher by a NASRO.
- b. The entity meets the following criteria:
 - i. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - ii. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - iii. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NASRO.

11.11. Negotiable Certificates of Deposit (Negotiable CD's). Negotiable CD's issued by a national or state-chartered bank, a savings association or federal association, a state or federal credit union, or by a federally or state-licensed branch of a foreign bank authorized under [Government Code Section 53601\(i\)](#). The Treasurer may invest up to 30% of the total portfolio in Negotiable CD's that are rated in a rating category of "A" (long-term) or "A-1" (short-term) or their equivalents or higher by one NRSRO. Negotiable CD's for which the full amount of the principal and interest that may be accrued during the maximum term of each certificate is insured by federal deposit insurance are exempt from the rating requirements.

11.12. Repurchase Agreements. A holder of securities sells securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The County may invest in Repurchase Agreements (Repo's), Reverse Repurchase Agreements (Reverse Repo's), or Securities Lending Agreements subject to the limitations authorized under [Government Code Section 53601\(j\)](#). Repurchase agreements are limited to 20% of the total portfolio.

11.13. Medium Term Notes. Issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state operation within the United States authorized under [Government Code Section 53601\(k\)](#). Medium Term Notes shall have a maximum maturity of 5 years and must of a rating of "A" or the equivalent or higher by one NRSRO and shall be restricted to 30% of the overall portfolio.

11.14. Money Market Mutual Funds. Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 ([15 U.S.C. Sec. 80a-1, et seq.](#)) authorized under [Government Code Section 53601\(l\)](#). No more than 20% of the total portfolio may be invested in money market mutual funds. No more than 10% of the total portfolio may be invested in any single money market fund. To be eligible for investment pursuant to this subdivision these companies will either:

- a. Attain the highest-ranking letter or numerical rating provided by at least two NRSROs or;

- b. Have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years of experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

11.15. Mortgage Pass-Through Securities/Asset-Backed Securities.

The County may invest in mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond with a maximum remaining maturity of 5 years or less authorized by [Government Code Section 53601\(o\)](#). Securities in this category must be rated in a rating category of "AA" or its equivalent or better by one NRSRO and shall be restricted to 20% of the overall portfolio.

11.16. Joint Powers Authority (JPA) Investment Pools. Local Government Investment Pools authorized under [Government Code Section 53601\(p\)](#) that must maintain a credit rating of AAAm. No more than 20% of the Pool may be invested in JPA Investment Pools.

11.17. Supranational Debt. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States authorized under [Government Code Section 53601\(q\)](#). Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30% of the overall portfolio.

12.0 INVESTMENT POOLS AND MUTUAL FUNDS:

A thorough investigation of the government sponsored pools/or mutual funds is required prior to investing and on a continual basis.

13.0 PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by law. Investments in common stock, financial futures, contract and options are prohibited. Additionally, investments in reverse/inverse floaters, range notes, interest only strips that are derived from a pool of mortgages, nor in any other investment that could result in zero interest if held to maturity, unless, if issued or backed by the United States Government in the event of, and for the duration of, a period of negative market interest rates.

14.0 AUTHORIZED INVESTMENT ADVISORS:

The County may enter into an agreement with an investment advisor for investment management and/or investment advisory services. The investment advisor will

operate under the direction of the County Treasurer. The investment advisor must be registered with the Securities and Exchange Commission (SEC) and submit forms ADV Part 1 and ADV Part 2A on an annual basis.

15.0 AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Security transactions are limited solely to those banks, direct issuers and dealers included on this list. All financial institutions must be approved by the County Treasurer before they receive County funds or are able to conduct business with the County Treasurer. Inclusion on the County 'Eligible Broker/Dealer List' does not guarantee County business.

All firms with whom the County does business shall complete the 'Broker/Dealer Due Diligence Questionnaire' and comply with the requirements contained within. The 'Broker/Dealer Due Diligence Questionnaire' can be found on the Treasurer's website.

No broker, brokerage firm or dealer of securities shall be selected that has made any political contribution to the County Treasurer, any member of the County Board of Supervisors, or any candidate for those offices.

Certificates of Deposit and Commercial Paper may be purchased directly from the issuer instead of through a dealer.

If the County has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the County, subject to any conditions contained in the agreement between the County and the investment advisor.

16.0 DUE DILIGENCE:

The County Treasurer or their staff shall conduct a thorough review and perform due diligence of all brokers, dealers, issuers of securities, and mutual funds prior to investing or conducting transactions with these parties and on a continuing basis.

17.0 REVIEW OF INVESTMENT PORTFOLIO:

The securities held by the Pool must be in compliance with Section 11.00 Authorized Investments at the time of purchase. The Treasurer shall review the portfolio, at least annually, to identify any securities that may not comply with Section 11.0 Authorized Investments after the date of purchase and establish a procedure to report to the Board of critical incidences of non-compliance identified through review of the portfolio.

18.0 COLLATERALIZATION:

In accordance with [Government Code Section 53601](#), collateralization will be required on certificates of deposit and repurchase agreements. To anticipate market changes

and provide a level of security for all funds, the collateralization level will be 110% of market value for certificates of deposit and 102% or greater based on the collateral type for repurchase agreements.

In order to conform with provisions of the Federal Bankruptcy Code, which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of or that are fully guaranteed by the United States or any agency of the United States.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

19.0 INTERNAL CONTROLS:

The County Treasurer has established a system of internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of controls shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgements by management. The County treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with the IPS.

20.0 SECURITY CUSTODY AND DELIVERY:

All securities purchased shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third-party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf and are intended to protect the County from the bank's own creditors in the event of a bank default and filing of bankruptcy. Securities are not to be held in investment firm broker/dealer accounts.

All security transactions are to be conducted on a "delivery-versus-payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased, that these securities have been sold to the County under a repurchase agreement, and the stipulated date and amount of the resale by the County back to the seller of the securities.

21.0 COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. When in the best interest of the pool, competitive prices should be obtained through multiple bids or offers. When identical securities are not available from multiple sources, or investments are purchased directly from issuers (e.g., certificates of deposit and commercial paper), market prices may be referenced to offerings of similar securities that are of comparable rating and maturity by other issuers.

22.0 PERFORMANCE EVALUATION:

The investment portfolio will be managed in accordance with the parameters specified with this IPS. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of Pool participants. The County Treasurer will measure the portfolio's performance against a market benchmark that is commensurate with the County's investment risk constraints and the cash flow characteristics of the portfolio.

23.0 TRADING AND EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the total return of the portfolio, securities may be sold prior to maturity, either at a profit or less, when market conditions or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio yield or to minimize loss of investment principal.

24.0 PURCHASE OF SECURITIES FOR FORWARD SETTLEMENT:

Purchases of securities for forward settlement are only authorized as long as the intent of the purchase is to hold them in the portfolio and not for speculative trading, sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date, there is the ability at purchase to hold them in the portfolio to maturity without violating any of the diversification/maturity limits of the IPS, and the forward settlement period does not exceed 45 days.

25.0 PORTFOLIO REPORTING:

On a monthly basis, the County Treasurer shall prepare and file with the Clerk of the Board and post to their website a report consisting of but not limited to a description of the security, maturity date, book value, par value, market value, state coupon, together with all other portfolio information required by law.

26.0 QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in the Pool by the participants represent an individual interest in all assets and investments in the Pool based upon the amount deposited. Portfolio income shall be reconciled quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. It is the intent of this policy to

safeguard and maintain the principal value of funds invested and to minimize “paper losses” caused by changes in market value. Nonetheless, actual portfolio income and/or losses, and net of any reserves, will be distributed quarterly among those participants sharing in pooled investment income in compliance with the California Government Code. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant’s average daily cash balance for the calendar quarter.

27.0 QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment earnings, the County Treasurer is permitted, pursuant to the California Government Code, to deduct from investment earnings the actual cost of the investments, auditing, depositing, handling, and distribution of such income. Accordingly, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, wire transfers, custodial safekeeping charges, building remodeling costs and other capital outlays, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer/Tax Collector’s office engaged in the administration, investment, auditing, cashiering, account, reporting, remittance processing and depositing of public funds for investment, together with the related computer, office expenses, and other operating expenses associated with the performance of these functions.

28.0 WITHDRAWAL OF FUNDS:

The County Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and other Pool participants by investing funds to maturities that anticipate major cash needs. To that end, this IPS establishes guidelines for unusual or unexpected withdrawals of cash and provides for adequate liquidity to cover day-today operations of Pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawal, the County Treasurer has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the portfolio. The notification required is as follows:

28.1. Withdrawals of over \$500,000 but less than \$1,000,000 48 Hours

28.2. Withdrawals of over \$1,000,001 72 Hours

Notification should be sent to TTC@tehama.gov. Failure to adhere to these requirements may result in payment being delayed by the County Treasurer. Any related fees or penalties assessed by the County service bank shall be passed on to the participant as a direct charge against the participants pooled investment earnings. The County Treasurer reserves the right to mark any investment to market

if securities must be sold prior to maturity to meet withdrawals that did not follow these requirements.

29.0 DIVESTMENT OF VOLUNTARY POOLED PARTICIPANTS:

Securities are purchased with the intent to hold them to maturity. To that end, funds are invested in securities that mature on dates consistent with the anticipated operating cash requirements of all Pool participants. Withdrawals of funds by voluntary Pool participants for any purpose not considered as funds being utilized for operations shall be prohibited unless the voluntary Pool participant divests from the Pool and completely withdraws all funds, ending their relationship with the County Pool.

To initiate the divestment process, the agency shall send a letter to the County Treasurer requesting divestment from the Pool. The letter will indicate the specific legal authority the agency is using to divest from the Pool. The letter shall include the reasons the agency wishes to divest, acknowledgement that they will not be permitted to rejoin the Pool, and the timeline they wish to have the divestment completed.

Upon review of the letter and the divestment request approved by the County Treasurer, the two parties will agree upon a mutually beneficial date to completely withdraw the agency funds from the Pool. Once a mutually beneficial date is agreed upon the agency shall pass a resolution with the following requirements:

- 29.1. The agency will state their intent to divest from the County Pool.
- 29.2. The agency will relieve the County Treasurer and County of any fiduciary responsibility to the agency.
- 29.3. The agency will agree to hold harmless the County Treasurer and County for any adverse consequences the agency may face from divestment from the Pool.
- 29.4. The agency will acknowledge that the divestment is intended to be permanent, and that the agency may be prohibited from rejoining the Pool at a future date.
- 29.5. The agency will acknowledge that the divestment may cause an adverse impact on current Pool participants and that the County Treasurer, at their discretion, may mark the divestment to market.
- 29.6. The agency will add any other provisions to the resolution as required by state and local law.

The County Treasurer reserves the right to divest any voluntary Pool participant from the Pool if they withdraw funds for any purpose not considered as funds being utilized for operations without the consent of the County Treasurer.

30.0 CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO THE POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the Pool, with the exception of newly formed agencies that are primarily based within the boundaries of Tehama County. The County Treasurer reserves the right to admit agencies formed prior to the adoption of this IPS to the Pool under unique or extraordinary circumstances as deemed by the County Treasurer.

Joining the Pool is a long-term commitment to utilize the Pool and County Treasury for the agencies for its primary banking needs.

For an agency to be admitted to the Pool as a voluntary participant they shall perform the following:

- 30.1. Sign an 'Investment Management Agreement' which outlines the terms and conditions of participation, including constraints on withdrawals from the Pool.
- 30.2. Provide a resolution adopted by the Board or governing body that authorizes the local agency to deposit excess funds in the County Treasury for the purpose of investment by the County Treasurer. The resolution shall:
 - a. Be signed by an authorized official.
 - b. Indicate the resolution number and date passed by the Board or governing body.
 - c. Indicate the persons authorized to indicate deposits to and instruct withdrawals from the Pool.
 - d. Bear the seal of the local agency, if the local agency has a seal.
- 30.3. Establish a fund(s) with the County Auditor/Controller in the County's general ledger.

31.0 WARRANTIES:

All Pool participants acknowledge that funds deposited in the Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding Pool performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Pool. Pool participants knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employees, officials, or agents of the County for loss, damage, or any other injury related to the Pool participant's funds in the Pool.

32.0 QUALIFIED INSTITUTIONAL BUYER:

The Pool is consider a qualified institutional buyer (QIB) under [CFR Section 230.144A](#).

33.0 TABLE OF AUTHORIZED INVESTMENTS (EXHIBT A):

Investment Instruments	Government Code Section	Minimum Rating	Diversification Limitation	Term Limitation
State Treasurer's Local Agency Investment Fund (LAIF)	16429.1	Not Rated	Maximum Set by LAIF Board	-
Bank Deposits	53630 et seq	FDIC Insured or Collateralized	100%	-
County of Tehama Instruments	53601(a)	-	100%	5 years
United States Treasury Instruments	53601(b)	-	100%	10 years
State of California Instruments	53601(c)	-	100%	10 years
Other 49 State Municipals	53601(d)	-	100% <5% single issuer	10 years
California Municipals	53601(e)	-	100% <5% single issuer	10 years
Federal Agency Securities	53601(f)	-	100%	10 years
Bankers' Acceptance	53601(g)	A1, P1	40% <5% in one bank	180 days
Commercial Paper	53601(h)	A1, P1	40% <5% single issuer	270 days
Negotiable CD's	53601(i)	"A" or equivalent	30% <5% single issuer	5 years
Reverse Repurchase Agreements	53601(j)	-	20%	92 days
Medium Term Notes	53601(k)	"A" or equivalent	30% <5% single issuer	5 years
Money Market Mutual Funds	53601(l)	"AAA" or equivalent or Advisor Requirements	20% <10% single issuer	-
Mortgage/Asset-Backed Securities	53601(o)	"AA" issue or equivalent	20% <5% single issuer	5 years
JPA Investment Pools	53601(p)	"AAAm" or equivalent	20%	-
Supranational Debt	53601(q)	"AA" or equivalent	30% <5% single issuer	5 years

34.0 GLOSSARY OF TERMS (EXHIBIT B):

Asset-Backed Securities are securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Bankers' Acceptances are short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

Benchmark is a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Broker/Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

JPA Investment Pools are California Joint Powers Authority ("JPA") established as a stable net asset value (NAV) short-term money market portfolio and cash management vehicle.

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. "Security" means any of the eligible securities or obligations listed in [Government Code Section 53651](#). It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a voluntary investment program for California local governments administered by the California State Treasurer. LAIF provides local agencies with a way to invest cash held in the treasury pool that may be withdrawn as needed on a same-day basis to meet an agency's cash flow needs, while realizing interest. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. Due to the portfolio's characteristics, credit risk is minimal. The pool is managed to ensure the safety of the portfolio by investing in high quality securities and by maintaining a mix of securities that provide reasonable assurance that no single investment or class of investments will have a disproportionate impact on the total portfolio. Additionally, LAIF funds are protected by statute and are not borrowable.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes are debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term "Medium Term" refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

Money Market Mutual Funds are a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must strive to maintain a stable net asset value (NAV) of \$1 per share.

Negotiable Certificates of Deposit are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee

CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Qualified Institutional Buyer (QIB) Defined in [CFR Section 230.144A](#) as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act's registration provisions. They must own or invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. Treasury Bills which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.
2. Treasury Notes that have original maturities of one to ten years.
3. Treasury Bonds that have original maturities of greater than 10 years.

Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.