

## **FITCH AFFIRMS RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND AT 'AAA/V1+'**

Fitch Ratings-New York-09 September 2009: Fitch Ratings affirms the 'AAA/V1+' ratings assigned to Riverside County Treasurer's Pooled Investment Fund, a local government investment pool (LGIP) managed by the Riverside County's Treasurer - Tax Collector. As of July 31, 2009, the pool had approximately \$5.3 billion in assets under management.

The affirmation is as a result of Fitch's annual review of the pool's portfolio and is based on the high credit quality of the portfolio's assets, appropriate levels of liquidity relative to expected cash outflows and sufficient oversight and operational controls. The pool invests in securities rated at least 'A/F1' by Fitch or of a comparable quality by other global rating agencies. As of July 31, 2009, 86.3% of the pool's portfolio was invested in securities issued or guaranteed by the U.S. government, including securities issued under the Temporary Liquidity Guarantee Program. In addition, 6.2% of the assets were held in cash with the pool's custodian Union Bank, 2% were invested in corporate medium-term notes, 1.6% were in money market funds and CalTRUST, a local government investment pool in the state of California. The balance of the pool's portfolio was invested in municipal bonds and securities issued by other local agencies.

As of July 31, 2009, the pool's weighted average maturity (WAM) was approximately one year. The pool is permitted by its statement of investment policy to increase the WAM to up to 1.5 years. The final maturity of pool holdings can not exceed five years unless matched to a specific cash flow requirement. Both the current and maximum WAM of the pool are significantly longer than what Fitch traditionally deems consistent with 'V1+' volatility ratings assigned to LGIPs managed within parameters of money market funds governed by Rule 2a-7 under the Investment Company Act of 1940, as amended. That said, what mitigates the potential liquidity risk for the Riverside County Treasurer's Pooled Investment Fund is that the pool has historically benefited from predictable cash outflow needs, further supported by restrictions on pool redemptions which require 30 days prior notice to the Treasurer. The pool's anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures of the county and other pool's participants. Should pool parameters change or volatility of outflows increase, this could adversely affect the pool's ratings in the future. The pool's investment policy requires the portfolio to maintain at least 40% of its total assets maturing within a year. As of July 31, 2009, 65.5% of the pool's assets matured within a year.

The Riverside County Treasurer's Pooled Investment Fund is managed by the Riverside County Treasurer - Tax Collector on behalf of the county, school districts and other special districts. The pool's primary investment objectives are the safety and preservation of investment principal, liquidity sufficient to meet daily cash flow requirements, and reasonable rates of return or yields consistent with these objectives. The Treasurer-Tax Collector's office is composed of approximately 110 employees in four office locations.

An updated credit analysis report titled 'Riverside County Treasurer's Pool Investment Fund' will be available on Fitch's website at [www.fitchratings.com](http://www.fitchratings.com) in the near future

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