Clark County Nevada

Investment Policy

Revised December 17, 2024

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County Treasurer

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Introduction and Overview

Clark County ("County") is a political subdivision of the State of Nevada organized in 1909. The County covers an area of approximately 8,012 square miles in the southern portion of the State. The City of Las Vegas, the County seat, is the most populous city in the State. Clark County employs more than 10,000 in 38 departments. The County is known for its strong ending-fund balance, overall financial strength, and an investment-quality credit rating.

Governing Authority

The Board of County Commissioners ("BCC") is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The Board members also serve as the directors of the Las Vegas Valley Water District, as trustees of the University Medical Center of Southern Nevada, the Clark County Water Reclamation District, the Big Bend Water District, the Kyle Canyon Water District, the Coyote Springs Water Resources General Improvement District, and as members of the Clark County Redevelopment Agency, the Clark County Liquor and Gaming Licensing Board, and the Mount Charleston Fire Protection District.

Delegation of Authority and Investment Responsibility

Under authority delegated by the BCC, in accordance with Nevada Revised Statute ("NRS") 355.175, the investment of County funds is the responsibility of the County Treasurer (also referred herewith as "Treasurer"). The BCC may also enter into an agreement with an investment advisor for investment management/advisory services, and the investment advisor will operate under the direction of the County Treasurer. As such, all cash, including bond proceeds, received by the County will be invested by the County Treasurer, and authorized investment advisors, if contracted by the County.

The County Treasurer's responsibilities include the authority to conduct business with financial institutions and broker/dealers, to arrange for the custody of securities, and to execute such documents as may be necessary to carry out these responsibilities. The County Treasurer or authorized investment advisors are also responsible for furnishing authentic, timely instructions to the safekeeping/custodial bank(s) concerning settlement of investment transactions and verifying accuracy of completed transactions.

Investment Program Oversight Committee and Investment Program Review

The Investment Program Oversight Committee ("IPOC") shall be comprised of the County's Chief Financial Officer, County Treasurer and County Comptroller. The Committee shall meet at least two times per fiscal year to review the operations, performance, and compliance of the Clark County Investment Program.

Policy Statement

The purpose of this Investment Policy ("Policy") is to establish investment guidelines for the County Treasurer, who is responsible for the stewardship of the County's Investment Program. Each transaction and the entire portfolio must comply with applicable NRS, County Code, and this Policy. All investment program activities will be judged by the standards of the Policy and ranking of primary investment objectives. Those activities that violate its spirit and intent will be deemed to be contrary to the Policy. This Policy conforms to customary standards of prudent investment management. Should the provisions of the NRS change from those contained herein; such provisions will be considered incorporated in this Policy. This Policy shall remain in effect until the BCC approves a subsequent revision.

Scope of the Investment Policy

This Policy applies to all financial assets of the County that are overseen by the County Treasurer; including, but not specifically limited to those assets held in the public interest in the County's fiscal capacity as well as those held in trust or agency capacity for other governmental entities. Should bond covenants be more restrictive than this Policy, bond proceeds will be invested in full compliance with those restrictions. Additionally, all funds overseen by the Treasurer are accounted for in the County's Annual Comprehensive Financial Report ("ACFR"). Retirement and Other Post-Employment Benefits ("OPEB") are excluded from this Policy.

Primary Investment Objectives

A. **Safety of Principal:** Safety of principal is the foremost objective of the County's Investment Program. Investments by the County Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification of security types, sectors, issuers, and maturities is necessary in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

B. **Liquidity:** The investment portfolio shall be structured to timely meet expected cash flow needs and associated obligations which might be reasonably anticipated. This objective shall be achieved by matching investment maturities with forecasted cash outflows and maintaining an additional liquidity buffer for unexpected liabilities.

C. **Investment Income:** The investment portfolio shall be designed to earn a market rate of investment income in relation to prevailing budgetary and economic cycles, while taking into account investment risk constraints and liquidity needs of the portfolio.

Primary Investment Philosophy

The primary investment philosophy of the County is to match investment maturities with expected cash outflows. Securities shall generally be held until maturity, with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs of the portfolio require that the security be sold.
- A security rebalance would improve the quality, yield, or target duration in the portfolio.

Standard of Prudence

The prudent investor rule, as codified in the Uniform Prudent Investor Act of 1994 ("UPIA"), states that governing bodies of state and local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees, and therefore are fiduciaries.

The prudent investor standard is as follows:

> *When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent investor acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.*

Ethics and Conflicts of Interest

NRS 281.561 mandates that the County Treasurer files an annual Statement of Financial Disclosure Form with the Secretary of State. Additionally, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. See Clark County Code 2.40.090.

Limit on Receipt of Honoraria, Gifts, and Gratuities

County employees responsible for the management of the County's investment portfolio or any member of the IPOC shall not accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker, or other person with whom the County Treasurer conducts business, that aggregate in value as directed in the Office of the County Manager, Personnel Directive No. 8: Ethical Standards.

Investment Procedures

The County Treasurer, authorized County staff, and/or authorized investment advisors will have written investment procedures for the operation of the investment program. The procedures include such items as delegation of duties/authority, reconciliation, trade settlement, investment strategy/selection, broker/dealer selection, and compliance monitoring, and internal controls.

Internal Controls

The County Treasurer has established a system of internal controls over investments. The internal controls in placed have been reviewed by the County's Internal Audit Department. The controls are designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by staff and County officials.

Internal and External Audit

The custodian/safekeeping account, investment transactions, and records may be audited by internal auditors independent of the Treasurer's Office and/or by outside independent auditors with a frequency prescribed by the BCC, County Manager, Chief Financial Officer, or Comptroller. The results of that audit shall be furnished to the BCC, County Manager, Chief Financial Officer, and Comptroller.

Safekeeping and Custody

Securities purchased by the County shall be delivered against payment (delivery vs. payment) and held in a custodial safekeeping account with the trust department of a third-party bank insured by the Federal Deposit Insurance Corporation ("FDIC") designated by the Treasurer for this purpose in accordance with NRS 355.172. A custody agreement between the bank and the County is required before execution of any transactions.

Authorized Investments and Procedures

Pursuant to NRS 350.659, 355.165, 355.170, 355.171, and 356.120, the County may only invest in the following securities:

United States (U.S.) Treasury Obligations or backed by the full faith and credit of the United States

NRS:	355.170 1.(a), 355.170 1.(e)
Maximum Term:	10 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable

Obligation of U.S. Government Sponsored Enterprises ("GSE", also known as "Federal Agencies")

NRS:	355.170 1.(d), 355.170 1.(f), 355.170 1.(o)
Maximum Term:	10 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable
Other:	Allowable agencies, such as Federal Home Loan Bank ("FHLB"), Federal Farm Credit Bank ("FFCB"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Federal Agricultural Mortgage Corporation ("FAMC"), and Tennessee Valley Authority ("TVA")

Money Market Mutual Funds (MMF)

NRS:	355.170 1.(n)
Maximum Term:	1 day
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	AAA equivalent or better by a nationally recognized statistical ratings organization ("NRSRO")
Other:	Invest in U.S. Treasuries, U.S. Federal Agencies, or repurchase agreements fully collateralize by U.S. treasury/federal agency securities, and maintain a constant net asset value ("NAV")

Commercial Paper ("CP")

NRS:	355.170 1.(m)
Maximum Term:	270 days
Maximum Type Allocation:	**25%**
Maximum Issuer Concentration:	5% in aggregate with corporate notes/bonds and certificate of deposits ("CDs")
Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO
Other:	Issued by a corporation, **trust, or limited-liability company** organized and operating in the U.S. or by a depository institution licensed by the U.S. or any state, if the rating falls below required guidelines the information shall be reported to the County Treasurer

Negotiable CD (Above FDIC Limit)

NRS:	355.170 1.(g)
Maximum Term:	5 years
Maximum Type Allocation:	25%
Maximum Issuer Concentration:	5% in aggregate with corporate notes/bonds and CP
Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO, if longer than one year, the issuing entity shall have a long-term rating of A category, equivalent, or better by a NRSRO, if the rating falls below required guidelines the information shall be reported to the County Treasurer
Other:	Issued by commercial banks, insured credit unions, savings and loan associations or savings banks located in the U.S.

Negotiable CD (At or below the FDIC Limit)

NRS:	355.170 1.(g)
Maximum Term:	5 years
Maximum Type Allocation:	25%
Maximum Issuer Concentration:	FDIC limit
Minimum Issuer Rating:	Not applicable
Other:	Issued by commercial banks, insured credit unions, savings and loan associations or savings banks located in the U.S.

Non-Negotiable CD (At or below the FDIC Limit)

NRS:	355.170 1. (i)
Maximum Term:	5 years
Maximum Type Allocation:	5%
Maximum Issuer Concentration:	FDIC limit
Minimum Issuer Rating:	Not applicable
Other:	Issued by commercial banks, insured credit unions, savings and loan associations or savings banks located in the U.S.

Corporate Notes, Bonds, and Other Unconditional Obligations

NRS:	355.171 1(a) 355.171 2(a),(b),(c)
Maximum Term:	5 years
Maximum Type Allocation:	**25%**
Maximum Issuer Concentration:	5% in aggregate with CDs and CP
Minimum Issuer Rating:	A category, equivalent, or better by a NRSRO
Other:	Purchased from a registered broker/dealer, issued by corporations organized and operating in the United States, if the rating falls below required guidelines the information shall be reported to the County Treasurer

Asset-Backed Securities

NRS:	355.171 1.(c)
Maximum Term:	Not applicable
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	5%
Minimum Issuer Rating:	AAA equivalent or better by a NRSRO, if the rating falls below required guidelines the information shall be reported to the County Treasurer
Other:	Issuer organized and operating in the U.S.

Collateralized Mortgage Obligations (Government National Mortgage Association ("GNMA"), FNMA, FHLMC only)

NRS:	355.171 1.(b)
Maximum Term:	Not applicable
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	AAA equivalent or better by a NRSRO

State and Local Government Obligations

NRS:	355.170 1.(j), 355.170 1.(l), 355.177
Maximum Term:	10 years
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	5%
Minimum Issuer Rating:	A category, equivalent or better by a NRSRO, if the rating falls below required guidelines the information shall be reported to the County Treasurer
Other:	Purchased from a registered broker/dealer, must be tax exempt from federal taxes, cannot invest in the County's own securities or warrants

Bankers' Acceptances

NRS:	355.170 1.(k)
Maximum Term:	180 days
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	5%
Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO, if the rating falls below required guidelines the information shall be reported to the County Treasurer
Other:	The kind and maturities made eligible by law for rediscount with Federal Reserve Banks

State of Nevada Local Government Investment Pool ("LGIP")

NRS:	355.165, 355.167
Maximum Term:	Not applicable
Maximum Type Allocation:	100%
Maximum Issuer Concentration:	100%
Minimum Issuer Rating:	Not applicable
Other:	Monitoring of the LGIP

Supranational Obligations

NRS:	355.170 1.(b)
Maximum Term:	5 years
Maximum Type Allocation:	15%
Maximum Issuer Concentration:	10%
Minimum Issuer Rating:	AA category, equivalent or better by a NRSRO, if the rating falls below required guidelines the information shall be reported to the County Treasurer
Other:	Issued by International Bank for Reconstruction and Development ("IBRD"), International Finance Corporation ("IFC"), or the Inter-American Development Bank ("IDB"). Obligations shall be denominated in U.S. dollars, be senior unsecured unsubordinated debt, purchased from a registered broker/dealer

Repurchase Agreements

NRS:	355.170 2
Maximum Term:	7 days
Maximum Type Allocation:	100%
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable
Collateral:	102%, by treasury and federal agency securities with a stated final maturity of 10 years of less
Marked-to-Market	At least weekly

Other:	Executed with a bank organized and operating or licensed to operate in the United States under federal or state law or a securities dealer which is a registered broker/dealer, designated by the Federal Reserve Bank of New York as a primary dealer in United States government securities, and in full compliance with all applicable capital requirements, County Treasurer maintains a list of approved counterparties following a thorough review, counterparties execute a Master Repurchase Agreement, counterparties regularly provide audited financial statements

Securities Lending

In accordance with the State of Nevada's NRS 355.178, the County Treasurer may lend securities from the portfolio if:

A. The County receives collateral from the borrower in the form of cash or marketable securities (allowable U.S. Treasuries or Federal Agencies)
B. The collateral received from the borrower is at least a market value of 102 percent of the securities loaned
C. Reinvested collateral received for securities loaned may not be mismatched by more than 3 business days
D. The securities lending agent must provide normal settlement liquidity (next day) for all securities loaned
E. The securities lending agent must provide monthly accounting, performance, compliance, and management reports that will be submitted to the County Treasurer and County Manager
F. The total of investments with collateral received must have an average weighted maturity of not more than 30 days, and a stated final maturity of no longer than 90 days
G. A third-party custodian shall be utilized on the loaned securities for all transactions
H. Master Securities Loan Agreement must be executed by all parties involved before any transactions are initiated

Collateralized Investment Contracts

Pursuant to guidelines set forth in NRS 350.659, Investment Contracts must be fully collateralized, at all times, with securities issued by the Federal Government or agencies of the Federal Government. Contracts may be utilized on bond proceeds for which the amount of the principal of the original issuance was $10,000,000 or more. The Contract must comply with the following specifications:

A. The collateral has a market value of at least 102 percent of the amount invested and any accrued unpaid interest thereon;

B. The County receives a security interest in the collateral that is fully perfected and the collateral is held in custody for the County or its trustee by a third-party agent of the County, which is a commercial bank authorized to exercise trust powers;

C. The market value of the collateral is determined not less frequently than weekly and, if the ratio required by subsection A (102 percent) is not met, sufficient additional collateral is deposited with the agent of the County to meet that ratio within 2 business days after the determination;

D. The party with whom the Contract is executed is a commercial bank, or that party or a guarantor of the performance of that party is:

1. An insurance company which has a rating on its ability to pay claims of not less than "Aa2" by Moody's Investors Service, Inc., or "AA" by Standard and Poor's Ratings Services, or their equivalent; or

2. An entity which has a credit rating on its outstanding long-term debt of not less than "A2" by Moody's Investors Service, Inc., or "A" by Standard and Poor's Ratings Services, or their equivalent.

Forward Delivery Agreements

All permitted investments listed in Authorized Investments may be purchased or sold in a Forward Delivery Agreement. Agreements must be executed with a bank or financial institution rated "A2" or higher by Moody's and "A" or higher by Standard & Poor's. Forward (i.e., future) delivery of said permitted investments will be the property of the County and shall not constitute property of the estate of the provider within applicable bankruptcy or insolvency laws.

Other Investments

Securities which have been expressly authorized as investments for local governments by any provision of NRS or by any special law.

Prohibited Investments and Transactions

The following are prohibited investments and transactions:

- Range notes
- Inverse floating rate securities
- Short selling
- Reverse repurchase agreements
- County's own securities or interim warrants

Diversification Parameters

The Investment Program shall follow the diversification parameters delineated in the Authorized Investment section of this document and the following, which all shall be calculated at time of purchase:

- Issuer: No more than 5% in aggregate corporate exposure (CD, CP, corporate notes)
- Federal Agency Callables: No more than 20%
- Step-Ups: No more than 10%
- Floating Rate Notes: No more than 10%

Maturity Parameters

The investment program shall follow the following maturity parameters:

- Weighted Average Maturity no greater than 3.5 years (using stated final maturity)
- Weighted Average Maturity of bond proceeds and reserve funds may be longer than 3.5 years
- At least 5% of the County's Investment Pool maturing within 90 days

Investment Transaction Parameters

The investment program shall follow the following investment transaction parameters:

- Obtain at least three offers/bids (when applicable/available)

- Forward settlement time limit of not more than 30 days

Calculation Parameters

Calculations of percentage allocations shall be done at the time of purchase and formulated on book value. Weighted average maturity is calculated using a security's stated final maturity and using the settlement date. The Clark County Pool, the Water Reclamation District, and the Tax Receiver portfolios shall be treated as separate, standalone portfolios for calculation purposes.

Authorized Financial Institutions

The County Treasurer shall deposit funds with banks which comply with all applicable state and federal laws. The County Treasurer may physically possess securities, which must be registered in the name of the County, or may make an agreement, in writing, with any qualified bank, custodian, or trust to hold those securities for, and in the name of County. The bank, custodian, or trust shall furnish the County Treasurer a written statement acknowledging that the securities are held in the name of the County.

Authorized Broker/Dealers

All transactions initiated on behalf of the County shall be executed through either banks or securities broker/dealers, excluding purchase of CP from a direct issuer. Broker/dealers must either be primary dealers, regional dealers, or regional dealers that clear transactions through a dealer which qualifies under Securities and Exchange Commission ("SEC") Rule 15C3-1, Uniform Net Capital Rule and must have been in operation at least three years.

When the County Treasurer's staff manages the investments, the County Treasurer shall approve and maintain a list of broker/dealers and direct issuers authorized to provide investment services to the County. The criteria for approval are described in a separate Investment Procedures Manual maintained by the County Treasurer's Office.

An external investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The investment advisor shall submit the list of approved broker/dealers to the County Treasurer on an annual basis. The County Treasurer may restrict the use of a broker/dealer which may be deemed unsuitable.

Authorized Investment Advisors

The County may enter into an agreement with an investment advisor for investment management/advisory services, and the investment advisor will operate under the direction of the County Treasurer. The investment advisor shall be registered with the SEC under the Investment Advisers Act of 1940. The investment advisor shall submit on an annual basis to the County Treasurer Form ADV Part 1 and Form ADV Part 2.

Collateralization

All County money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings accounts, Negotiable Order of Withdrawal ("NOW") accounts, non-negotiable certificates of deposit, time deposits or similar type accounts provided by the financial institution in excess of the amount of federal insurance will be fully collateralized in accordance with NRS 356.

Investment Program Reporting

The County Treasurer shall prepare a monthly investment report, which provides an analysis of the investment program. The report will be placed on the County's website. All funds overseen by the County Treasurer are accounted for in the County's ACFR.

The investment report shall include the following:

A. Portfolio Summary: Weighted average maturity, weighted average book yield, asset allocation by type, maturity distribution, aggregate book, and market value
B. Individual Investments: Issuer, Committee on Uniform Securities Identification Procedures ("CUSIP") or identifier, purchase date, maturity date, purchase yield, par value, book value, market value, credit rating
C. Compliance Matrix: Stating the compliance or non-compliance of investments or parameters
D. Investment Income: A listing of investment income for the reporting period
E. Transaction Information: Shall be reported quarterly to the members of the IPOC.

The County Treasurer shall also maintain records, subject to audit, of all investment transactions including the names of all obligors, descriptions of all securities purchased and sold (including dates of issue, acquisition and maturity, coupon, price, yield, and gain or loss on ultimate disposition), name of the broker/dealer involved in each transaction, custodian of each security, and the sale or maturity of each security.

The County will comply with any arbitrage reporting requirements as set forth in all applicable federal, state, and local laws. Additionally, the County will comply with all applicable Generally Accepted Accounting Principles ("GAAP").

Allocation of Investment Income

The County allocates investment income based upon a fund's daily balance and it is calculated on an accrual basis. See Appendix A for additional details regarding the County Investment Pool Operation.

Performance Information

The investment portfolio shall be designed to earn a market rate of investment income in relation to prevailing budgetary and economic cycles, while taking into account investment risk constraints and liquidity needs of the County. Given this strategy, the benchmark for investment considerations shall be a custom benchmark which reflects the prominent and persistent characteristics of the portfolio over the long-term. The benchmark will be adjusted periodically when material changes take place in regard to asset allocation and/or weighted average maturity.

Business Continuity

The County Treasurer has developed a Business Continuity Plan (herein referred as the "Plan") describing the County's anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to resume operations as quickly and smoothly as possible.

The County Treasurer's Plan for responding to a significant business disruption addresses safeguarding of employees' lives and County's property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the County's books and records, and allowing the continued ability to manage the investment program and transact business.

Ongoing Training and Education

The County strives for professionalism and accountability in the investment of its funds. In order to assure the highest possible professional standards, the personnel involved in the investment function shall complete at least 16 hours per year of continuing education programs or other training in cash and investment management.

Investment Policy Review, Revisions, and Adoption

The Policy shall be reviewed at least annually by the IPOC to ensure its consistency with the County's overall objectives and its compliance with applicable laws and best practices. However, the County Treasurer may at any time further restrict for investment the types of instruments, issuers, and maturities as may be appropriate from time to time. If approved by the State Legislature, previously unauthorized investment vehicles and procedures may be utilized by the County. The Policy shall be submitted to the BCC for consideration and adoption at a public meeting at timing deemed appropriate by the County Treasurer.

SUMMARY OF AUTHORIZED INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY	NRS Requirements
US Treasury Obligations	100%	N/A	10 years	N/A	No type limit, no issuer limit, max maturity 10 yrs., no rating criteria
U.S. GSEs/Federal Agencies	100%	N/A	10 years	N/A	No type limit, no issuer limit, max maturity 10 yrs., no rating criteria
Money-Market Mutual Funds	100%	Max 100% issuer, government only, must maintain constant NAV	Daily	AAA rated from a NRSRO	No type limit, no issuer limit, govt only, AAA rated from a NRSRO
Commercial Paper	25%	Max issuer 5%, combined with corporates and CD	270 days	A-1 equivalent or better by a NRSRO	Type limit 25%, issuer limit 5%, 270 max maturity, A-1 or better by a NRSRO
Negotiable CDs (above FDIC limit)	25%	Max issuer 5%, combined with corporates and CP, issued by banks, credit unions, S&L in the U.S.	5 years	A-1 equivalent or better by a NRSROs, past 1-year long term rating A or better	No type limit, no issuer limit, no maturity limit, no rating criteria, issued by banks, credit unions, S&L, and savings banks
Negotiable CDs (at/below FDIC limit)	25%	FDIC limit (currently $250,000), issued in the U.S.	5 years	N/A	No type limit, no issuer limit, no maturity limit, no rating criteria, issued by banks, credit unions, S&L, and savings banks
Non-Negotiable CDs (at/below FDIC limit)	5%	FDIC limit (currently $250,000), issued in the U.S.	5 years	N/A	No type limit, no issuer limit, no maturity limit, no rating criteria, issued by banks, credit unions, S&L, and savings banks
Corporate Notes/Bonds	25%	Max issuer 5%, combined with CDs and CP, issued by U.S. corporations	5 years	A equivalent or better by a NRSROs	Type limit 25%, issuer limit 5%, maturity limit 5 years, A equivalent or better by a NRSRO
Asset-Backed Securities	20%	Max issuer 5%, U.S. issuer	N/A	AAA by a NRSRO	No type limit, no issuer limit, no maturity limit, AAA by a NRSRO, no issuer domicile constraint
Collateralized Mortgage Obligations	20%	Federal agencies only	N/A	AAA by a NRSRO	No type limit, no issuer limit, no maturity limit, AAA by a NRSRO, no issuer domicile constraint
State and Local Government Bonds	20%	Max issuer 5%, tax exempt from federal taxes	5 years	A equivalent or better by a NRSRO	No type limit, no issuer limit, no maturity limit, A by a NRSRO, obligation federal tax exempt

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY	NRS Requirements
Bankers' Acceptances	20%	Max issuer 5%, generally accepted by banks or trust companies which are members of the Federal Reserve System	180 days	A-1 equivalent or better by a NRSRO	Type limit 20%, not issuer limit, 180-day max maturity limit, A-1 equivalent or better by a NRSRO, generally accepted by banks or trust companies which are members of the Federal Reserve System
State of NV LGIP	100%	N/A	Daily	N/A	No limits
Supranationals	15%	Max 10% issuer, dollar denominate, senior unsecured unsubordinated or unconditionally guaranteed by IBRD, IFC, or IADB	5 years	AA equivalent or better by a NRSRO	Type limit 15% no issuer limit, max maturity 5 yrs., AA equivalent or better by a NRSRO, dollar denominate, senior unsecured unsubordinated or unconditionally guaranteed by IBRD, IFC, or IADB
Repurchase Agreements	100%	Counter-party restrictions, collateral to be US Government or Federal Agency securities with maximum maturity of 10 years. 102% of funds borrowed and marked-to-market weekly	7 days	N/A	No type limit, no issuer limit, 90 day max maturity, no rating criteria, counter-party restrictions, collateral to be US Government or Federal Agency securities with maximum maturity of 10 years. 102% of funds borrowed and marked-to-market weekly

CREDIT RATINGS INTERPRETATION

SHORT TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
P-1	A-1+	F1+	STRONGEST QUALITY
	A-1	F1	STRONG QUALITY
P-2	A-2	F2	GOOD QUALITY
P-3	A-3	F3	MEDIUM QUALITY

LONG TERM DEBT RATINGS			
MOODY'S	**S&P**	**FITCH**	**RATINGS INTERPRETATION FOR CREDIT**
Aaa	AAA	AAA	STRONGEST QUALITY
Aa1	AA+	AA+	STRONG QUALITY
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	GOOD QUALITY
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	MEDIUM QUALITY
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	SPECULATIVE
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	LOW
B2	B	B	
B3	B-	B-	
Caa	CCC+	CCC	POOR
-	CCC	-	HIGHLY SPECULATIVE TO DEFAULT
-	CCC-	-	
Ca	CC	CCC	
C	-	-	
-	-	DDD	
-	-	DD	
-	D	D	

APPENDIX A

CLARK COUNTY INVESTMENT POOL OPERATION

The County Treasurer is authorized to pool cash balances from the various funds of the County for investment purposes in accordance with NRS 355.168. The investment of pooled cash balances shall be made in accordance with all the provisions of this Policy.

The County Treasurer is responsible for receiving and disbursing public monies for programs and functions that come under the jurisdiction of the Clark County Board of Commissioners and certain other related governing bodies. As the designated investment officer of the County, the County Treasurer has responsibility for these public monies pending their disbursement.

In order to improve the efficiency to the Investment Program, the County Treasurer has established a general investment pool. The primary objectives of the investment pool are to combine the monies available for investment to:

1. Increase the size of each investment and lengthen the investment period to maximize the investment return.

2. Eliminate small and odd lot investments thereby reducing the number of investments and enhancing the productivity of County staff involved in the investment function.

3. Improve cash management through the identification of all idle monies thereby maximizing the interest income distributed to each participating fund.

When investing the monies of the investment pool, the criteria established in the County Investment Policy will be strictly adhered to.

The investment pool will operate in the following manner:

1. Any office or department that receives money shall expeditiously deposit the money in the County's revenue account so that the money is available for investment purposes as soon as possible.

2. The monies held in revenue and expenditure accounts of the participating funds are transferred daily into the Concentration account. Any excess is transferred into a money market investment account providing for 100 percent investment of the monies at all times. In the case of an insufficient balance in the revenue account to cover expenditures of those funds participating in the pool, monies will be transferred from a money market investment account to the revenue account in an amount sufficient to cover those expenditures.

3. Monies transferred to and invested in a money market investment account will remain in that account earning interest on a daily basis until the County Treasurer identifies an investment with the desired maturity and an acceptable rate. When an investment is made, the funds will be withdrawn from a money market investment account and delivered to the financial institution simultaneously with the delivery of the security purchased or pledged for collateral.

4. There will be no penalty imposed on any fund as a result of the withdrawal of monies to cover expenditures.

5. The interest received on the investment pool investments will be allocated to the participating funds on a monthly basis as follows:

   a. Each day the fund balance of each participating is calculated by the general ledger system.

   b. The daily balances will be added together and divided by the number of days in the month to arrive at the average daily fund balance.

   c. The average daily fund balance for all participating funds will be added together to obtain a grand total.

   d. The average daily fund balance for each participating fund will be divided by the grand total of all funds to determine each fund's percentage of the total.

   e. The County Treasurer will determine the total interest received on the investments of the investment pool.

   f. The interest income available for allocation as determined in (e) above is multiplied by each funds' percentage as determined in (d) above to arrive at the interest income each fund is entitled to receive. The Chief Financial Officer/Comptroller will then transfer the interest earnings from the general ledger holding account to the various funds.

   g. Each fund will be charged a portion of any transaction costs or administrative costs associated with operation of the investment pool based on that fund's pro-rata share of the pool's interest income.

   h. Any fund may join or withdraw from the investment pool on the first day of any month provided the Treasurer receives notice of such intent to join or withdraw at least 30 days prior to the effective date. Approval must also be granted by the Board of County Commissioners for any fund to withdraw from the pool. Additionally, any amounts requested to be withdrawn from the pool that are deemed by the Treasurer to be excessive and substantially change the composition of the pool must be approved by the Board of County Commissioners

GLOSSARY OF TERMS

The following is a glossary of terms which appear in the Government Investment Officers Association's Model Investment Policy.

144A: A Section of the Securities and Exchange Commission (SEC) which restricts trades of privately placed securities so that these investments can be traded among qualified institutional buyers.

Accretion: The increase in the value of a discounted instrument as time passes and as the maturity date gets closer. The value of the instrument will accrete (grow) at the interest rate implied by the discounted issuance price, the value at maturity, and the term to maturity.

Accrued Interest: The interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

Agency: A debt security issued by an agency or instrumentality of the United States. Agencies are backed by each particular agency or instrumentality of the United States with a market perception that there is an implicit government guarantee.

Amortized Cost: The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

Amortization: The systematic reduction of the amount owed on a debt issue through periodic payments of principal. The decrease in the value of a premium instrument as time passes and as the maturity date gets closer. The value of the instrument will amortize (decrease) at the interest rate implied by the discounted issuance price, the value at maturity, and the term to maturity.

Annual Comprehensive Financial Report (ACFR): The ACFR is the entity's official annual financial report. It consists of three major sections: introductory, financial, and statistical. The introductory section furnishes general information on the entity's structure, services, and environment. The financial section contains all basic financial statements and required supplementary information, as well as information on all individual funds and discretely presented component units not reported separately in the basic financial statements. The reported information is in conformity with generally accepted accounting principles (GAAP) in the United States of America. The financial section may also include supplementary information not required by GAAP. The statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.

Asset-Backed Security: A security backed by notes or receivables against assets other than real estate. Examples are autos, credit cards, and equipment.

Ask/Offer: The price at which securities are offered.

Bankers' Acceptances: A short-term credit instrument created by a non-financial firm and guaranteed by a bank as to payment. Acceptances are traded at discounts from face value in the secondary market on the basis of the credit quality of the guaranteeing banks.

Basis Point: A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield. As an example, the difference between a security yielding 2.00% and 2.25% is 25 basis points.

Benchmark: A comparative base for measuring the performance or risk tolerance of an investment portfolio. A benchmark should represent the persistent and prominent characteristics of a portfolio, taking into account metrics such as duration, investment type, and asset allocation.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity.

Bond: A long-term debt instrument of a government or corporation promising payment of the original Investment, plus interest by a specified future date.

Book or Effective Return: The sum of all investment income plus realized gains and losses.

Book Value: The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Broker: A broker facilitates security trades on behalf of investors (see Dealer).

Bullet: A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

Callable Bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price: The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk: The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase: A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Certificate of Deposit (CD): A debt instrument issued by financial institutions that will pay interest, periodically or at maturity, and principal when it reaches maturity. Maturities range from a few weeks to several years.

Collateralization: A process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Collateralized (Guaranteed) Investment Contracts (CIC): A CIC is a fixed rate, fixed maturity contract similar to a bond that is typically collateralized by an insurance company. However, unlike a bond, a CIC is always carried or valued at par. CICs are primarily utilized for the investment of bond proceeds.

Commercial Paper: An unsecured short-term promissory note issued by corporations, with maturities typically ranging from 1 to 270 days, and usually transacts at a discount with no coupon payments.

Convexity: A measure of how much a fixed-income instrument's duration changes when interest rates change. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Security: A debt obligation issued by a corporation.

Coupon or Coupon Rate: The stated interest rate on a debt security that an issuer promises to pay. The origin of the term "coupon" is that bonds were historically issued in the form of bearer certificates. Physical possession of the certificate was proof of ownership. Several coupons, one for each scheduled interest payment, were printed on the certificate.

Credit Quality: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Rating: A credit rating is a quantified assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. A credit rating can be assigned to any entity that seeks to borrow money—an individual, corporation, state or provincial authority, or sovereign government.

Credit Risk: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return): A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSIP: A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character. The first six characters identify the issuer, the following two identify the issue, and the final character is a check digit. CUSIPs are correlated to an alphabetical listing of the issuer's name.

Day Count Convention: A day-count convention is the system used to calculate the amount of accrued interest or the present value when the next coupon payment is less than a full coupon period away. Each bond market and financial instrument has its own day-count convention, which varies depending on the type of instrument, whether the interest rate is fixed or floating, and the country of issuance. Among the most common conventions are 30/360 or 365, actual/360 or 365, and actual/actual.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account. (see Broker).

Debenture: A bond secured only by the general credit of the issuer and not by physical assets or collateral of the company.

Delivery (Settlement): There are typically four types of delivery or settlement of securities: cash, which is the same day as the transaction occurred; regular, which trade day plus one; corporate, which is trade day plus two; and forward, which typically occurs three to thirty days after the trade date.

Delivery Versus Payment (DVP): A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Derivative Security: Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Discount: The amount by which the par value of a security exceeds the price paid for the security.

Discount Rate: The interest rate member banks pay the Federal Reserve when the banks use securities as collateral.

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

Diversification: A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates. There are three primary types of duration: Macaulay Duration, Modified Duration, and Effective Duration.

> **Macaulay Duration** was developed in 1938 by Frederic Macaulay, this form of duration measures the number of years required to recover the true cost of a bond, considering the present value of all coupon and principal payments received in the future. Thus, it is the only type of duration quoted in "years." Interest rates are assumed to be continuously compounded.
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> **Modified Duration** expands or modifies Macaulay duration to measure the responsiveness of a bond's price to interest rate changes. It is defined as the percentage change in price for a 100 basis point change in interest rates. The formula assumes that the cash flows of the bond do not change as interest rates change (which is not the case for most callable bonds).
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> **Effective Duration** (sometimes called option-adjusted duration) further refines the modified duration calculation and is particularly useful when a portfolio contains callable securities. Effective duration requires the use of a complex model for pricing bonds that adjusts the price of the bond to reflect changes in the value of the bond's "embedded options" (e.g., call options or a sinking fund schedule) based on the probability that the option will be exercised. Effective duration incorporates a bond's yield, coupon, final maturity and call features into one number that indicates how price-sensitive a bond or portfolio is to changes in interest rates.

Earnings Apportionment: The distribution of investment income to investment pool participants.

Environmental, Social, and Governance (ESG): (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Fair Value: The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Agricultural Mortgage Corporation (FAMC/Farmer Mac): Farmer Mac is a stockholder-owned, federally chartered corporation with the mission of providing a secondary market for a variety of loans made to borrowers in rural America. Farmer Mac was established under federal legislation in 1988. Farmer Mac is an instrumentality of the United States and government-sponsored enterprise ("GSE") by virtue of the status conferred by its charter. Farmer Mac is part of the Farm Credit System but is separate from the Federal Farm Credit Banks and Funding Corporation. It is based primarily in Washington, D.C, and also has offices in Iowa, Idaho, and California.

Federal Deposit Insurance Corporation (FDIC): The FDIC preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least $250,000; by identifying, monitoring and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails. An independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s. Since the start of FDIC insurance on January 1, 1934, no depositor has lost a single cent of insured funds as a result of a failure. The FDIC receives no Congressional appropriations - it is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and from earnings on investments in U.S. Treasury securities. The FDIC insures trillions of dollars of deposits in U.S. banks and thrifts - deposits in virtually every bank and thrift in the country.

Federal Funds (Fed Funds): Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate: Interest rate charged by one institution lending federal funds to the other.

Federal Farm Credit Bank (FFCB/Farm Credit): The Federal Farm Credit Banks Funding Corporation is responsible for issuing and marketing debt securities on behalf of the four Banks of the Farm Credit System: AgFirst FCB, Agribank FCB, FCB of Texas. And CoBank, ACB. These four Banks (located in South Carolina, Minnesota, Texas, and Colorado) are a leading provider of loans, leases and services to rural communities and U.S. agriculture. The Farm Credit System is a government-sponsored enterprise, created in 1916 and dedicated to assuring a steady source of financing to qualified borrowers. The Federal Farm Credit Banks Funding Corporation is based in Jersey City, New Jersey.

Federal Home Loan Banks (FHLB/Home Loan): The Federal Home Loan Banks are 11 U.S. government-sponsored banks that provide reliable liquidity to member financial institutions to support housing finance and community investment. With their members, the FHLB represents the largest collective source of home mortgage and community credit in the United States. FHLB was created by Congress in 1932 by the Federal Home Loan Bank Act and is located in Reston, Virginia.

Federal Home Loan Mortgage Corporation (FHLMC/Freddie Mac): Freddie Mac was created by Congress in 1970 to expand the secondary market for mortgages in the US. Along with the Federal National Mortgage Association, buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases. Freddie Mac, is headquartered in McLean, Virginia.

Federal National Mortgage Association (FNMA/Fannie Mae): Fannie Mae was created Congress in 1938 to provide supplemental liquidity to the mortgage market, similar to the FHLMC. Fannie Mae, is headquartered in Washington, D.C.

Federal Open Market Committee (FOMC): The FOMC is the branch of the Federal Reserve Board that determines the direction of monetary policy. The FOMC meets several times a year to discuss whether to maintain or change current policy.

Federal Reserve Board (FRB): The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 6,000 commercial banks that are members of the system. These member banks hold stock in the Federal Reserve Banks and earn dividends.

Financial Industry Regulatory Authority (FINRA): FINRA is a private corporation, authorized by Congress, that acts as a self-regulatory organization. FINRA is the successor to the National Association of Securities Dealers, Inc. and the member regulation, enforcement, and arbitration operations of the New York Stock Exchange. FINRA also provides BrokerCheck, which is a service to obtain information regarding brokers, brokerage firms, and investment advisors.

Fitch: A credit rating agency that as one of its services, analyzes and rates securities. Fitch Ratings is one of the "Big Three" credit rating agencies, along with Moody's and S&P.

Floating Rate Securities: A bond whose interest rate is adjusted according to the interest rates of other financial instruments. These instruments provide protection against rising interest rates, but pay lower yields than fixed rate notes.

Futures: Futures are derivative financial contracts that obligate the parties to transact an asset at a predetermined future date and price. Here, the buyer must purchase or the seller must sell the underlying asset at the set price, regardless of the current market price at the expiration date.

Generally Accepted Accounting Principles (GAAP): GAAP refer to a common set of accepted accounting principles, standards, and procedures that companies and their accountants must follow when they compile their financial statements. GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP improves the clarity of the communication of financial information.

Governmental Account Standards Board (GASB): GASB is a non-profit entity that was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

Government National Mortgage Association (GNMA/Ginnie Mae): Ginnie Mae is a U.S. government corporation that guarantees the timely payment of principal and interest on mortgage-backed securities issued by approved GNMA lenders. That assurance allows the mortgage lenders to obtain a better price for these offerings in the capital markets. Those improved proceeds, in turn, allow the lenders to make additional mortgage loans, and at lower costs to finance. GNMA was created by Congress in 1968 and is headquartered in Washington D.C.

Government Securities: An obligation backed by the full faith and credit of the U.S. government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Government Sponsored Enterprises (GSEs): Federally-chartered agency or instrumentality of the United States Government

IDC Ranking: IDC Financial Publishing, Inc. compiles financial data on all banks, thrifts, and credit unions reporting to the federal government, and publishes a ranking based on 24 key indicators.

Interest Rate: See "Coupon Rate."

Interest Rate Risk: The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. Duration is a measure of interest rate risk.

Interest Rate Swap: An interest rate swap is a forward contract in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would have been possible without the swap.

Inter-American Development Bank (IADB): An international financial institution that supports Latin American and Caribbean economic development, social development and regional integration by lending to governments and government agencies, including State corporations. The IADB is headquartered in Washington, D.C. IADB is a supranational organization and was established in 1959.

International Bank for Reconstruction and Development (IBRD): An international financial institution that offers loans to middle-income developing countries. The IBRD is the first of five member institutions that compose the World Bank Group, and is headquartered in Washington, D.C. IBRD is a supranational organization and was established in 1944.

International Finance Corporation (IFC): An international financial institution that offers investment, advisory, and asset-management services to encourage private-sector development in less developed countries. The IFC is a member of the World Bank Group and is headquartered in Washington, D.C. IFC is a supranational organization and was established in 1956.

Inverse Floater: An inverse floater is a bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate. An inverse floater adjusts its coupon payment as the interest rate changes.

Inverted Yield Curve: A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of (or anticipation of) high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940: Federal legislation, which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy: A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-Grade Obligations: Obligations that are rated BBB or higher by a rating agency

Leverage: The use of financial leverage to control a greater amount of assets (by borrowing money) will cause the returns on the owner's cash investment to be amplified.

Liquidity: The amount of a portfolio or an asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP): An investment by local governments in which their money is pooled as a method for managing local funds.

Make Whole Call: A make whole call provision is a type of call provision on a bond allowing the issuer to pay off remaining debt early. The issuer typically has to make a lump sum payment to the investor derived from a formula based on the net present value (NPV) of future coupon payments that will not be paid incrementally because of the call combined with the principal payment the investor would have received at maturity.

Mark-to-Market: The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk: The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value: Current market price of a security.

Master Repurchase Agreement (MRA): A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes 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. SIFMA's MRA is the industry standard agreement.

Maturity: The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity".

Maximum Issuer Concentration: Maximum allowable allocation to any one issuer.

Maximum Term: Maximum allowable maturity of an investment.

Maximum Type Allocation: Maximum allowable allocation to a specific investment type or category, such as treasuries, federal agencies, or corporate bonds.

Medium Term Notes: Debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

Minimum Issuer Rating: Minimum allowable rating by a NRSRO.

Monetary Policy: The way in which the money supply is managed by the Federal Reserve Board. The FRB manipulates the money supply either through open market transactions, member bank reserve requirements, or through changing the Fed Funds Rate or the Discount Rate.

Money Market: Typically refers to short-term debt instruments (bills, commercial paper, discount notes, etc.).

Money Market Fund: Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos, and federal funds).

Moody's Investors Service: A company that as one of its services, analyzes and rates securities (similar to Fitch and Standard and Poor's).

Mortgage-Backed Security: A security that is backed by a pool of mortgages. Generally, the security is issued or guaranteed by the United States or its agencies or instrumentalities, but also may be issued by financial institutions such as banks.

Municipal Bond: A municipal bond is a debt security issued by a local government, such as county, state, city, special improvement district, to finance its capital expenditures, including the construction of highways, bridges or schools. Municipal bonds can issue taxable or tax-exempt from federal, state, and local taxes.

Mutual Fund: A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional in nature. Mutual funds have advantages and disadvantages compared to direct investing in individual securities.
Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The most recognized NRSROs are Fitch, Moody's, and Standard and Poor's.

National Association of Securities Dealers (NASD): A self-regulatory organization of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Nominal Yield: The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Offer: An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Option Adjusted Spread (OAS): Option-adjusted spread is the yield spread which has to be added to a benchmark yield curve to discount a security's payments to match its market price, using a dynamic pricing model that accounts for embedded options. OAS is hence model-dependent.

Overnight Indexed Swap (OIS): OIS is an interest rate swap where the periodic floating payment is generally based on a return calculated from a daily compound interest investment. ... The LIBOR–OIS spread is the difference between LIBOR and the OIS rates.

Par: Face value or principal value of a bond, typically $1,000 per bond.

Pass-Thorough Securities: A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

Portfolio: Collection of securities held by an investor.

Positive (Normal) Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium: The amount by which the price paid for a security exceeds the security's par value.

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 and banks.

Prime Rate - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.
Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Private Placements: Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.
Prudent Person/Investor Standard: An investment standard that outlines the fiduciary responsibilities of public funds investors relating to investment practices.

Range Notes: Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

Real Adjustment: When a specific metric or economic indicator is adjusted for inflation.

Regional Dealer: Non-Primary broker-dealers and banks, which transact in the fixed-income markets.

Regular Settlement: Securities settlement that calls for delivery and payment on the next business day following the trade day for government securities and the second business day following the trade date for corporate and municipal securities. Money market funds and money market instruments are settled on a same day basis.

Reinvestment Risk: The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo): An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act: Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping: The holding of assets (e.g., securities) by a financial institution.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities and Exchange Commission (SEC): The government agency that regulates and supervises the securities industry. The commission administers federal law, formulates and enforces rules to protect against malpractice, and seeks to ensure that companies provide the fullest possible disclosure to investors. All of the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.

SEC RULE l5(C))3-1: See Uniform Net Capital Rule.

Securities Lending: Securities lending is when entities transfer or “loan” their securities to broker-dealers in return for cash collateral and simultaneously agree to return the collateral in exchange for the same securities in the future. Entities then invest the cash received as collateral in allowable investments, such as commercial paper, at a rate that exceeds the “rebate” or loan rate paid to the broker-dealer for the cash collateral. These transactions are structured to result in earning an incremental income on a portion of the investment portfolio. The amount of securities loaned from the portfolio and the income generated is dependent upon market conditions.

Security Swap: Selling one asset and buying another.

Securities Industry and Financial Markets Association (SIFMA): SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. SIFMA was formed in 2006, from the merger of the Bond Market Association and the Securities Industry Association. SIFMA also provides a recommended holiday schedule for the U.S. financial markets.

Standard and Poor’s (S&P): A company that as one of its services, analyzes and rates securities (similar to Moody’s Investors Service).

Standard of Prudence: An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices. Generally, the Prudent Person and Prudent Investor are used, with the Prudent Investor being more relevant to state and local governments.

Stated Final Maturity: The date when the final principal amount of a note, draft, or other debt instrument becomes due and is repaid to the investor.

Straight Line Amortization: A common method of calculating accretion or amortization of a discount or premium security to par or 100 from the purchase date to the maturity date. It is calculated by dividing the discount/premium amount by the number of days to maturity, without regard to a security's day count convention.

Structured Notes: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Structured Overnight Financing Rate (SOFR): SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The SOFR includes all trades in the Broad General Collateral Rate plus bilateral Treasury repurchase agreement (repo) transactions cleared through the Delivery-versus-Payment (DVP) service offered by the Fixed Income Clearing Corporation (FICC), which is filtered to remove a portion of transactions considered "specials".
The SOFR is calculated as a volume-weighted median of transaction-level tri-party repo data collected from the Bank of New York Mellon as well as GCF Repo transaction data and data on bilateral Treasury repo transactions cleared through FICC's DVP service, which are obtained from DTCC Solutions LLC, an affiliate of the Depository Trust & Clearing Corporation. Each business day, the New York Fed publishes the SOFR on the New York Fed website at approximately 8:00 a.m.

Supranational: A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. The three U.S. based supranationals are International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

Tennessee Valley Authority (TVA): The TVA is a corporate agency of the United States that provides electricity for business customers and local power companies serving 10 million people in parts of seven southeastern states.

Total Return: The sum of all investment income plus realized and unrealized gain and losses.

Trade Reporting and Compliance Engine (TRACE): TRACE is the FINRA-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions in eligible fixed income securities. All broker-dealers who are FINRA member firms have an obligation to report transactions in corporate bonds to TRACE under an SEC-approved set of rules.

Treasury Bills: Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes: Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds: Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule: SEC Rule 15C3-1 outlining capital requirements for broker/dealers who must maintain a maximum ratio of indebtedness to liquid capital of 15 to 1. Indebtedness covers all money owed to a firm, including margin loans, and commitments to purchase securities (one reason new issues are spread among members of underwriting syndicates). Liquid capital includes cash and assets easily converted to cash.

Volatility: A degree of fluctuation in the price and valuation of securities.

Volatility Risk Rating: A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns to those that are highly sensitive with currently identifiable market volatility risk.

Warrant: In finance, a warrant is a security that entitles the holder to buy the underlying stock of the issuing company at a fixed price called exercise price until the expiry date. Warrants and options are similar in that the two contractual financial instruments allow the holder special rights to buy securities. In accounting, a warrant sometimes similar to a check or an instrument to present for payment.

Weighted Average Life (WAL): The average number of years that each dollar of unpaid principal due on loan, asset-backed security, or mortgage-backed security remains outstanding. WAL delineates how many years it will take to pay half of the outstanding principal.

Weighted Average Maturity (WAM): The average maturity of all the securities that comprise a portfolio, weighted by the individual securities.

When Issued: A transaction that is made conditionally because a security has been authorized but not yet issued. Treasury securities, stock splits, and new issues of stocks and bonds are traded on a when-issued basis.

World Bank: The World Bank is an international financial institution that provides loans and grants to the governments of poorer countries for the purpose of pursuing capital projects. It comprises two institutions: the International Bank for Reconstruction and Development, and the International Development Association.

Yield: The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-Call (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve: A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-Maturity (YTM): The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Yield-to-Worst (YTW): The YTW is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The YTW is calculated by making worst-case scenario assumptions on the issue by calculating the return that would be received if the issuer uses provisions, including prepayments or calls.

Zero-Coupon Securities: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.