

LAS VEGAS VALLEY WATER DISTRICT BOARD POLICY	SUBJECT: LAS VEGAS VALLEY WATER DISTRICT INVESTMENT POLICY	NUMBER: 12
	APPROVED BY: 	ISSUE: 1
ISSUING DEPARTMENT: FINANCE	BOARD OF DIRECTORS December 1, 2020	PAGE: 1 OF 16

**AMENDED AND RESTATED LAS VEGAS VALLEY WATER
DISTRICT INVESTMENT POLICY**

I. Purpose

To provide a policy for the investment of funds to ensure the preservation of principal, ensure adequate liquidity to meet cash flow needs, and earn a market rate of return while conforming to all Nevada Revised Statutes (NRS) and other regulations governing the investment of public funds.

II. Scope

This policy applies to the investment activities of the Las Vegas Valley Water District (LVVWD) and for other entities which the LVVWD has fiduciary responsibility, i.e., the Southern Nevada Water Authority. Should bond covenants be more restrictive than this policy, bond proceeds will be invested in full compliance with those restrictions. The pension and other retirement related investment activities are excluded from this policy and are governed by the Amended and Restated Retirement Plan Investment Policy (Retirement Plan Investment Policy). Except for the Retirement Plan Investment Policy or other retirement related investment policies, this policy shall supersede and replace any previous or existing LVVWD investment policy.

III. Objectives

The primary objectives of the investment activities are, in order of importance:

- A. Safety: Safety of principal is the foremost objective of the investment program. Investments by the CFO shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated.
- B. Liquidity: The investment portfolios will remain sufficiently liquid to ensure that all operating requirements which might be reasonably anticipated are met.
- C. Yield: The investment portfolios shall be structured with the objective of earning a market rate of return in relation to the prevailing budgetary and economic environments and considering the LVVWD's investment risk constraints and the cash flow characteristics of the portfolios.

IV. Standard of Prudence

The investment activities shall comply with the "Prudent Person" standard which states: *"There shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived"*.

V. Responsibility

In accordance with NRS 355.175, the Board of Directors (Board) has delegated the authority to conduct investment activities to the Chief Financial Officer (CFO). This delegation includes the authority to conduct business with banks, broker-dealers, custody agents, advisors, money managers, and others to carry out the investment activities. Investment advisors must be registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The investment advisor must provide to the CFO a copy of their form ADV Part 1 and Part 2 on an annual basis or confirm on an annual basis there have been no substantive changes.

VI. Ethics and Conflicts of Interest

Officers, employees, and external managers 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. Moreover, all employees shall comply with the LVVWD's Professional Code of Ethics as well as the LVVWD's Conflict of Interest policies.

VII. Broker-Dealers

Investment transactions may be executed internally by staff or externally by money managers.

A. When executed internally by staff, a list of authorized broker-dealers will be maintained. Transactions are only permissible with authorized brokers, which will be selected according to the following guidelines:

1. Primary dealers are eligible. A primary dealer is a bank or securities broker-dealer that may trade directly with the Federal Reserve System of the U.S.
2. Banks are eligible if they are chartered to do business within the U.S., including U.S. branches or agencies of foreign banks.
3. Those not considered primary dealers or chartered banks must provide:
 - a. Audited financial statements annually
 - b. Proof of registration with the Financial Industry Regulatory Authority (FINRA) as a broker or broker-dealer
 - c. Proof that they meet the minimum capital requirements of the Uniform Net Capital Rule set forth in 17 CFR s 240.15c3-1
4. All must provide proof that they are registered to conduct business in the State of Nevada
5. All must certify that they:
 - d. Are familiar with the precautions appropriate to public sector investments
 - e. Understand the LVVWD's investment policy and will not participate in transactions with the LVVWD that violate this policy
6. Preference will be given to firms whose operations are housed in Nevada

B. In the case of external money managers, they are authorized to manager their broker-dealer relationship according to their own policies and practices.

VIII. Authorized Investments

The LVVWD may buy, sell, or trade securities authorized by NRS 355. The following is a summary of some of those securities:

U.S. Treasury Obligations

NRS:	355.170,1(a) and 355.170,1(e)
Maximum Term:	10 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable
Other:	Any bonds, bills, notes, or other debentures of the federal government of the U.S.A.

Federal Agencies Obligations

NRS:	355.170,1(f)
Maximum Term:	10 years
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Issuer Rating:	Not applicable
Other:	Obligations of any agency or instrumentality of the federal government of the U.S.A. Examples include FHLB, FFCB, FHLMC, FNMA, FAMC, GNMA, and TVA

Money Market Mutual Funds (MMF)

NRS:	355.170,1(n)
Maximum Term:	Not applicable
Maximum Type Allocation:	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Fund Rating:	AAA equivalent or better by a NRSRO
Other:	Registered with the Securities and Exchange Commission. Invest only 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

NRS:	355.170,1(m)
Maximum Term:	270 days
Maximum Type Allocation:	25%
Maximum Issuer Concentration:	5% in aggregate with corporate notes/bonds and CDs
Minimum Issuer Rating:	A-1, P-1, F-1 equivalent or better by a NRSRO
Other:	Issued by a corporation organized and operating in the U.S. or by a depository institution licensed by the U.S. or any state

Negotiable Certificates of Deposit

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. Not applicable if at or below the FDIC limit.

Other: Issued by commercial banks, insured credit unions, savings and loan associations, or savings banks

Non-Negotiable Certificates of Deposit (At or below the FDIC Limit)

NRS: 355.170,1(i)

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

Corporate Notes, Bonds, and Other Unconditional Obligations

NRS: 355.171,1(a)

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

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

Collateralized Mortgage Obligations (Federal Agencies)

NRS: 355.171,1(c)

Maximum Term: Not applicable

Maximum Type Allocation 20%

Maximum Issuer Concentration: 40%, combined with federal agencies

Minimum Issuer Rating: AAA equivalent or better by a NRSRO

State and Local Government Obligations

NRS: 355.170,1(l)

Maximum Term: 10 years

Maximum Type Allocation 20%

Maximum Issuer Concentration: 5%

Minimum Issuer Rating: "A" category, equivalent or better by a NRSRO

Other: Must be tax exempt

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
Other:	The kind and maturities made eligible by law for rediscount with Federal Reserve Banks, and generally accepted by banks or trust companies which are members of the Federal Reserve System

State of Nevada Local Government Investment Pool (LGIP)

NRS:	355.167,2 and 355.170,1(h)
Maximum Term:	Not applicable
Maximum Type Allocation	Not applicable
Maximum Issuer Concentration:	Not applicable
Minimum Fund Rating:	Not applicable

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
Other:	Issued by International Bank for Reconstruction and Development, the International Finance Corporation, or the Inter-American Development Bank. Obligations shall be denominated in U.S. dollars, be senior unsecured unsubordinated debt.

Foreign Financial Institutions, Corporations, and Governments

NRS:	355.170,1(c)
Maximum Term:	5 years
Maximum Type Allocation	10%
Maximum Issuer Concentration:	5%; 2.5% for Corporations (in aggregate with CP, CDs)
Minimum Issuer Rating:	"AA" category, equivalent or better by a NRSRO
Other:	Denominated in US Dollars, publicly traded, and purchased from a registered broker dealer. Securities must be registered with the Securities and Exchange Commission in accordance with the provisions of the Securities Act, must be senior unsecured unsubordinated obligations.

Repurchase Agreements

NRS:	355.170,2
Maximum Term:	90 days
Maximum Type Allocation	20%
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 or 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, City Treasurer maintains a list of approved counterparties following a thorough review, counterparties execute a SIFMA Master Repurchase Agreement, counterparties regularly provide audited financial statements.

XI. Safekeeping and Custody

Securities purchased by the LVVWD 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 designated by the CFO for this purpose in accordance with NRS 355.172. A custody agreement between the bank and the LVVWD is required before execution of any transactions.

XII. Collateralization of Deposits

All LVVWD money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings accounts, 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 the guidelines set forth in NRS 356.

IX. Recordkeeping

For investment activities conducted internally, the CFO and their staff shall maintain records of those transactions. Those records shall include, but are not limited to, a description of the securities, disposition of those securities, date and amount of transactions. If an external money manager is used, then these records will be maintained by those money managers and be made available upon request by the LVVWD. The transactions shall be recorded in the accounting system of the respective entity in accordance in compliance with standards established by the Governmental Accounting Standards Board and other Generally Accepted Accounting Principles.

X. Reporting

An investment summary report shall be prepared monthly and reviewed by the CFO or their designee. Such reports will include a complete listing of securities held, income earned, weighted average maturity, aggregate current yield, and comparison to appropriate benchmark to

determine whether competitive market returns are being achieved.

Investment activities shall be reported in the Comprehensive Annual Financial Report for their respective entity in compliance with the standards established by the Governmental Accounting Standards Board and other Generally Accepted Accounting Principles.

XIII. Training

The District strives for professionalism and accountability in the investment of its funds. In order to assure the highest possible professional standards, District personnel responsible for overseeing the investment activities of an external money manager shall complete at least four hours of continuing professional education (CPE) each fiscal year. Internal staff whose primary responsibility is to execute investment activities shall obtain eight hours of CPE per fiscal year.

XIV. Audit and Internal Control

The transaction records, account statements, and monthly reports must be made available to the internal auditors and duly authorized external auditors within a reasonable time. In addition, internal controls will be implemented to prevent and/or detect losses of public funds arising from fraud, error, misrepresentation by third parties, or imprudent actions by employees and officers of the LVVWD as well as external managers.

APPENDIX A - SUMMARY OF AUTHORIZED INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY
US Treasury Obligations	100%	N/A	10 years	N/A
Federal Agency Obligations	100%	N/A	10 years	N/A
Money-Market Mutual Funds	100%	Government only, must maintain constant NAV	N/A	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
Negotiable CDs	25%	Max issuer 5%, combined with corporates and CP	5 Years	A-1 equivalent or better by a NRSROs. Not applicable if at or below FDIC limit.
Non-Negotiable CDs	25%	FDIC limit (currently \$250,000)	5 years	N/A
Corporate Notes/Bonds	25%	Max issuer 5%, combined with CDs and CP	5 years	A equivalent or better by a NRSROs
Asset-Backed Securities	20%	Max issuer 5%	N/A	AAA by a NRSRO
Collateralized Mortgage Obligations	20%	Max issuer 40%, combined with federal agencies	N/A	AAA by a NRSRO
State and Local Government Bonds	20%	Max issuer 5%, tax exempt from federal taxes	5 years	A equivalent or better by a NRSRO
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
State of NV LGIP	N/A	N/A	Daily	N/A
Supranational Obligations	15%	Max 10% issuer, senior unsecured unsubordinated or unconditionally guaranteed by IBRD, IFC, or IADB	5 years	AA equivalent or better by a NRSRO
Foreign Financial Institutions, Corporations, and Governments	10%	Max issuer 5%, combined with CDs and CP. Denominated in US dollars. Publicly traded.	5 Years	AA equivalent or better by a NRSRO
Repurchase Agreements	20%	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	90 days	N/A

APPENDIX B – GLOSSARY OF CASH MANAGEMENT AND INVESTMENT TERMS

The following is a glossary of key investment terms, many of which appear in the Association of Public Treasurers of the United States & Canada Model Investment Policy:

Accretion – The change in the price of a bond bought at a discount to the par value of the bond. Accretion can be thought as the antonym of amortization.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federally sponsored agency. They are backed by each agency with a market perception that there is an implicit government guarantee. An example of an agency is Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of an amount over a period of time.

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 based on 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, e.g., "1/4" of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security.

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.

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 Settlement - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Certificate of Deposit - A debt instrument issued by a bank 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 like 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 short maturities i.e., less than 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. This measure is generally applied to callable bonds. 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 Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

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 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.

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.

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.

Effective Return - The sum of all investment income plus realized gains and losses.

External Manager – A person or persons not employed by the LVVWD that are engaged by the LVVWD to administer the LVVWD's cash and investments portfolio.

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 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 immediately available funds.

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

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.

Fitch – A company that as one of its services analyzes and rates securities (like S&P or Moody's).

Financial Industry Regulatory Agency (FINRA) - 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.

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.

Governmental Accounting 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.

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.

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 - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - 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.

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.

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."

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 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 (like S&P and Fitch).

Mortgage-backed Security (MBS) – A security, generally issued or guaranteed by a federal agency that is backed by a pool of mortgages.

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."

Par - Face value or principal value of a bond, typically in \$1,000 increments.

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.

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.

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 Rule or Standard of Prudence - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Regular Delivery - Securities settlement that calls for delivery and payment one business day following the trade date (T+1).

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) - 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 - Holding of assets (e.g., securities) by a financial institution.

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 the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.

Standard and Poor's (S&P) – A company that as one of its services analyzes and rates securities (like Fitch and Moody's Investors Service).

Swap - Trading one asset for another.

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

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 ten 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.

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 ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc-" by S&P, "V-10" by Fitch).

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

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.

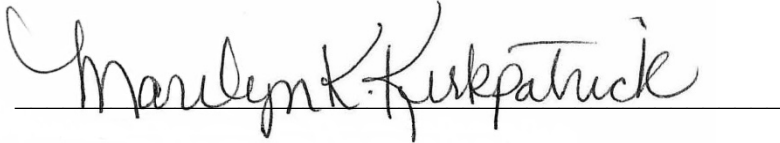
Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - 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.

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.

AUTHORIZATION

This Investment Policy has been adopted by the undersigned, as of December 1, 2020:

A handwritten signature in cursive script, reading "Marilyn K. Kirkpatrick", written over a horizontal line.

Marilyn Kirkpatrick, President

A handwritten signature in cursive script, reading "John A. Entsminger", written over a horizontal line.

John Entsminger, General Manager

A handwritten signature in cursive script, reading "Kevin Bethel", written over a horizontal line.

Kevin Bethel, Chief Financial Officer