<table>
<tr><td rowspan="2">LAS VEGAS VALLEY
WATER DISTRICT

BOARD POLICY</td><td>SUBJECT:

LAS VEGAS VALLEY WATER
DISTRICT INVESTMENT POLICY</td><td>NUMBER:

13</td></tr>
<tr><td rowspan="2">APPROVED BY:

BOARD OF DIRECTORS
November 4, 2025</td><td>ISSUE:

1</td></tr>
<tr><td>ISSUING DEPARTMENT:

FINANCE/TREASURY</td><td>PAGE:

1 OF 26</td></tr>
</table>

AMENDED AND RESTATED LAS VEGAS VALLEY WATER DISTRICT INVESTMENT POLICY

Table of Contents

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 compared to an appropriate benchmark(s) 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, such as 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. This policy supersedes and replaces previous and existing LVVWD investment policies. The pension and other retirement-related investment activities are excluded from this policy and are governed by their own investment policies.

III. Objectives

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

A. **Safety of Principal:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. 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 portfolios shall be structured to timely meet expected cash outflow 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 portfolios shall be designed to earn a market rate of investment return compared to an appropriate benchmark(s) in relation to the prevailing budgetary and economic cycles, while considering investment risk constraints and liquidity needs of the portfolio.

IV. Primary Investment Philosophy

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

- A security with declining credit may be sold prior to maturity to safeguard principal.
- The liquidity needs of the portfolio require that a security be sold prior to maturity.

- A security rebalance or swap would improve the quality, yield, or target duration in the portfolio.

V. Standard of Prudence

The prudent investor rule, as codified in the Uniform Prudent Investor Act of 1994, 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.*

VI. Governing Authority

The LVVWD is governed by a Board of Directors (Board) composed of the Clark County Commissioners. The seven-member County Commission is elected from geographic districts on a partisan basis for staggered four-year terms. The jurisdiction of the Board to participate in investment activities is provided by the LAS VEGAS VALLEY WATER DISTRICT ACT, Chapter 167, Statues of Nevada 1947.

VII. Responsibility

In accordance with NRS 355.175, the 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, investment 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 the CFO with 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.

VIII. Ethics and Conflicts of Interest

Officers, employees, and external investment advisors 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 LVVWD's Professional Code of Ethics as well as LVVWD's Conflict of Interest policies.

IX. Limits on Receipt of Gifts, Honoraria, and Gratuities

No individual responsible for the management of the LVVWD's investment portfolio shall accept honoraria, gifts, or gratuities from any advisor, broker, dealer, banker, or other person with whom they conduct business that aggregate in value more than $100 in any fiscal year.

X. Authorized Broker-Dealers

Investment transactions shall be executed through either banks or securities broker-dealers, excluding purchases of commercial paper (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 for at least three years. Investment transactions may be executed by internal staff or by an external investment advisor.

When the internal staff manages the investments, the Treasurer shall approve and maintain a list of broker-dealers and direct issuers authorized to provide investment services. The criteria for approval are described below:

A. 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 United States (U.S.).

B. Banks are eligible if they are chartered to do business within the U.S., including U.S. branches or agencies of foreign banks.

C. Those not considered primary dealers or chartered banks must provide:

   1. Audited financial statements annually

   2. Proof of registration with the Financial Industry Regulatory Authority (FINRA) as a broker or broker-dealer

   3. Proof that they meet the minimum capital requirements of the Uniform Net Capital Rule set forth in 17 CFR s 240.15c3-1

D. All must provide proof that they are registered to conduct business in the State of Nevada

E. All must certify that they:

   1. Are familiar with the precautions and statutes pertaining to public sector investments

   2. Understand the LVVWD's investment policy and will not participate in transactions with the LVVWD that violate this policy

F. Preference will be given to firms whose operations have offices within Nevada

When an external investment advisor manages the investments, they are allowed to maintain their own list of authorized broker-dealers and financial institutions for investment purposes. The investment advisor shall make the list of authorized broker-dealers available to the Treasurer when requested. The Treasurer reserves the right to disallow any broker-dealers or financial institution.

XI. 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 or other securities backed by the full faith and credited of the U.S.

NRS:	355.170,1(a); 355.170,1(e)
Maximum Term:	10 years
Maximum Type Allocation:	100%
Maximum Issuer Concentration:	Unlimited
Minimum Issuer Rating:	None
Other:	Bonds, bills, notes, or other debentures that are backed by the full faith and credit of the U.S.

Obligations issued by any agency or instrumentality of the U.S. Government (U.S. Government - Sponsored Enterprises or GSE)

NRS:	355.170,1(d); 355.170,1(f); 355.170,1(o)
Maximum Term:	10 years
Maximum Type Allocation:	100%
Maximum Issuer Concentration:	Unlimited
Minimum Issuer Rating:	None
Other:	Examples include 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

NRS:	355.170,1(n)
Maximum Term:	Not applicable
Maximum Type Allocation:	100%
Maximum Issuer Concentration:	Unlimited
Minimum Fund Rating:	AAA equivalent or better by a Nationally Recognized Statistical Ratings Organization (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% combined with other security types
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% combined with other security types
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 Federal Deposit Insurance Corporation (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:	None
Other:	Issued by commercial banks, insured credit unions, savings and loan associations, or savings banks.

Corporate Note, 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% combined with other security types
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 U.S.

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 or GSEs)

NRS:	355.171,1(c)
Maximum Term:	Not applicable
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	40% combined with other security types
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, cannot invest in own securities

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:	100%
Maximum Issuer Concentration:	Not applicable
Minimum Issuer 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.

Obligations issued by Foreign Financial Institutions, Corporations, and Governments

NRS:	355.170,1(c)
Maximum Term:	5 years

Maximum Type Allocation:	10%
Maximum Issuer Concentration:	5% combined with other security types
Minimum Issuer Rating:	"AA" category, equivalent or better by a NRSRO
Other:	Denominated in U.S. Dollars, senior unsecured unsubordinated obligation, registered with the Securities and Exchange Commission in accordance with the provisions of the Securities Act, purchased from a registered broker-dealer.

Repurchase Agreements

NRS:	355.170,2
Maximum Term:	90 days
Maximum Type Allocation:	20%
Maximum Issuer Concentration:	Unlimited
Minimum Issuer Rating:	Not applicable
Collateral:	102%, by treasury and federal agency securities with a stated final maturity of 10 years or less
Mark-to-Market:	At least weekly
Other:	Executed with a bank organized and operating or licensed to operate in the U.S. 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 U.S. government securities, and in full compliance with all applicable capital requirements. Treasurer maintains a list of approved counterparties following a thorough review, counterparties execute a SIFMA Master Repurchase Agreement, counterparties regularly provide audited financial statements.

XII. Safekeeping and Custody

Security purchases 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 FDIC that qualifies under NRS 355.172(4) (i.e., rated "AA-" or better" by a nationally recognized rating service) and is designated by the CFO. A custody agreement between the bank and the LVVWD is required before execution of any transactions.

XIII. 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 accounts provided by the financial institution more than the amount of federal insurance will be fully collateralized in accordance with the guidelines set forth in NRS 356.

XIV. Recordkeeping

For investment activities conducted internally, the CFO 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 investment advisor is used, then these records will be maintained by each and any external investment advisor and be made available upon request by the LVVWD. The transactions shall be recorded in the accounting system of the respective entity in accordance with standards established by the Governmental Accounting Standards Board and other Generally Accepted Accounting Principles.

XV. 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 yield, and comparison to appropriate benchmark(s) to determine whether competitive market returns are being achieved.

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

XVI. Measuring Performance

One or more benchmarks shall be designated against which portfolio performance shall be compared on a regular basis. The benchmark may be adjusted periodically as changes take place regarding cash flow needs and market conditions.

XVII. Training

The District strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, District personnel responsible for overseeing the investment activities of an external investment advisor 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.

XVIII. 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 investment advisors.

APPENDIX A – SUMMARY OF AUTHORIZED INVESTMENTS

AUTHORIZED INVESTMENTS	MAXIMUM % HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	MINIMUM CREDIT RATING
U.S. Treasury Obligations	100%	N/A	10 years	None
Federal Agency Obligations	100%	N/A	10 years	None
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	An 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	10 years	An 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	100%	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 U.S. dollars. Publicly traded.	5 Years	AA equivalent or better by a NRSRO
Repurchase Agreements	20%	Counter-party restrictions, collateral to be U.S. 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 terms which appear in the Government Investment Officer'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 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 U.S. Agencies are backed by each agency or instrumentality of the U.S. 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) – An 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 U.S. 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 important for evaluating economic conditions.

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 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. 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, considering 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 financial services firm that 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 type of bond 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 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 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 measure 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 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 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 - Noninterest-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.
>
> **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). 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) – 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) – 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. s. 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 has offices in Iowa, Idaho, and California.

Federal Deposit Insurance Corporation (FDIC) – An independent agency of the U.S. government that 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 because of a bank 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 more than 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 Farm Credit Bank (FFCB/Farm Credit) – The funding corporation that 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 system of 11 privately-owned, federally chartered cooperative financial institutions in the U.S. 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) – A government-sponsored enterprise that was created by Congress in 1970 to expand the secondary market for mortgages in the U.S. 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) – A government-sponsored enterprise that was created Congress in 1938 to provide supplemental liquidity to the mortgage market, like the FHLMC. Fannie Mae is headquartered in Washington, D.C.

Federal Open Market Committee (FOMC) – The primary monetary policymaking body of the Federal Reserve System, the central bank of the U.S. It meets several times per year to discuss and set monetary 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) – A private corporation, authorized by Congress, which 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 Ratings – A financial services firm that analyzes and provides credit ratings for debt securities and issuers of debt securities. Fitch is one of the "Big Three" credit rating agencies, along with Moody's and Standard and Poor's (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 – A 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) – 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) – 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) – A U.S. government-owned 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. It 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 – 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 – 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 must 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 because 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 financial services firm that analyzes and provides credit ratings for debt securities and issuers of debt securities. Moody's is one of the credit rating agencies, along with Fitch and S&P.

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 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 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 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) – The yield spread 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) – 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, it 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 the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.

SEC RULE I5(C))3-1 – See Uniform Net Capital Rule.

Securities Lending – 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) – 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 financial services firm that analyzes and provides credit ratings for debt securities and issuers of debt securities. S&P is one of the "Big Three" credit rating agencies, along with Fitch and Moody's.

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) – 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 – An entity 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 supranational organizations are the International Bank for Reconstruction and Development, the International Finance Corporation, and the Inter-American Development Bank.

Supranational Obligation – A bond, note, or other obligation that is issued or unconditionally guaranteed by one of the following international institutions: the International Bank for Reconstruction and Development (commonly known as the World Bank), the International Finance Corporation, and the Inter-American Development Bank.

Tennessee Valley Authority (TVA) – 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) – The FINRA-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions ineligible 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 noninterest-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 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.

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.

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 – A type of 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.

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 – 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 lowest potential yield that can be received on a bond without the issuer 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 and is payable at par upon maturity.

AUTHORIZATION

This Investment Policy has been adopted by the undersigned, as of November 4, 2025:

Paul Johnson, Chief Financial Officer

John Entsminger, General Manager

Marilyn Kirkpatrick, President