CONSOLIDATED MUNICIPALITY OF CARSON CITY
OFFICE OF THE TREASURER
INVESTMENT POLICY

Andrew Rasor, Treasurer
201 North Carson Street, Suite 5
Carson City, Nevada 89701
Office: (775) 887-2092
Email: treasurer@carson.org

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201 North Carson Street, Suite 5 • Carson City, NV 89701
Office: (775) 887-2092 • Fax: (775) 887-2102
Email: treasurer@carson.org

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1. INTRODUCTION AND POLICY OBJECTIVES

1.1 ACKNOWLEDGEMENT:

The Carson City Treasurer's Office would like to acknowledge and thank Rick Phillips and Greg Balls with FHN Financial Main Street Advisors and Deanne Woodring and Whitney Maher with Government Portfolio Advisors (GPA) for their time and assistance in reviewing this investment policy for the Consolidated Municipality of Carson City, Nevada.

1.2 INTRODUCTION:

Unique in history, opportunity, and location, Carson City, Nevada is proud of its past and confident of its future. From its founding as a small ranching community, Carson City, Nevada grew into a commercial and transportation center (Carson.org, web) with the discovery of silver and gold in the Comstock Lode near Virginia City, Nevada in June of 1859. In 1861, a few years after Carson City's founding as a town in 1858, Carson City became the capital of the Nevada Territory, and following Nevada's admission into the Union on October 31,1864, Carson City became the capital of Nevada. In addition to becoming the state capital, Carson City also served as the county seat of Ormsby County, and on February 25, 1875, Carson City incorporated into a city (C.C. Finance Dept., 2). On July 19, 1969, Carson City and Ormsby County consolidated into one governmental entity—Nevada's only city-county combined government (Visitcarsoncity.com)—and Carson City now recognizes itself as the Consolidated Municipality of Carson City.

The United States Census Bureau estimates the population of Carson City to be 58,639 as of April 1, 2020 (United States Census Bureau, web), and Carson City has an approximate land area of 146 square miles, making it one of the largest state capitals in the United States (Carson.org, web). Carson City also borders the State of California by way of its share of Lake Tahoe, and because of this, is one of only two state capitals in the United States that borders another state (Newsmax, web).

According to Carson City's 2021 Annual Comprehensive Financial Report, the taxable real and personal property located within the City have an estimated market value of $4,761,565,405, and an assessed value of $1,666,547,892 (C.C. Finance Dept., 2). Carson City's governing body consists of a mayor and four supervisors, known collectively as the Carson City Board of Supervisors, each of whom the citizens elect on a non-partisan basis to serve a minimum four-year term (C.C. Finance Dept., 2). Similarly, the citizens of Carson City elect the Carson City Treasurer to serve a minimum four-year term, and Nevada Revised Statute (NRS) 249 and Section 3.045 of the Carson City Charter establish and define the authority of the Carson City Treasurer.

1.3. POLICY OVERVIEW:

The investment of any surplus funds belonging to the Consolidated Municipality of Carson City, hereinafter referred to as "Carson City" or "City," is a function performed by the Carson City

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Treasurer as authorized by Nevada Revised Statute and in accordance with this investment policy. In addition, the Carson City Board of Supervisors shall review this investment policy annually for approval and adoption. The operation of Carson City's investment portfolio shall be the responsibility of the Carson City Treasurer, and shall include the annual review of this investment policy.

This policy applies to all financial assets belonging to Carson City which the Treasurer oversees, including, but not specifically limited to those assets held in the public interest in Carson City's fiscal capacity as well as those held in trust or agency capacity for other governmental entities. The intent of this policy is to establish guidelines for the prudent investment of funds belonging to Carson City in accordance with all applicable federal, state, and local laws. In following this policy, the Carson City Treasurer will invest public funds in a manner that:

- Safeguards Carson City's investment principal
- Allows for adequate liquidity to meet Carson City's operating needs
- Achieves the highest investment return possible consistent with this policy's objectives

Finally, this policy provides a continuity of direction to help guide and ensure the main objectives of the investment portfolio despite personnel changes within the Carson City Treasurer's Office or any contracted investment managers.

1.4. INVESTMENT PHILOSOPHY:

The investment of funds into any type of financial instrument involves risk, and the potential risks and gains to investment returns can prove both positive and negative over time. These risks, whether positive or negative, can include a variety of factors and trends, such as economic, political, and environmental. Despite these risks, the investment of surplus funds provides the Consolidated Municipality of Carson City the opportunity to earn money it may not otherwise make from its regular revenue funding sources, namely taxes and fees. As such, the Carson City Treasurer will invest surplus funds in a way that will provide the highest investment return possible under the guidelines of this policy, while at the same time meeting the daily cash flow demands of Carson City.

1.5. INVESTMENT OBJECTIVES:

When investing available funds, the Carson City Treasurer will invest Carson City's surplus funds in short-term, intermediate-term, and long-term financial instruments that will earn a market rate of return without assuming an undue risk to the underlying investment principal to the extent possible. The primary objectives of these investment activities, in priority order, shall be:

Safety: Safety of principal is the foremost objective of Carson City's investment program. The Carson City Treasurer shall undertake investments in a manner that seeks to ensure the preservation of Carson City's principal in the overall portfolio.

Liquidity: Carson City's investment portfolio will remain sufficiently liquid to enable Carson City to meet all operating requirements which might be reasonably anticipated.

Return on Investment: The Carson City Treasurer shall invest Carson City's portfolio with the objective of obtaining a market rate of return through budgetary and economic cycles. This will take into account Carson City's investment risk constraints and the cash flow needs of the City.

1.6. SCOPE:

This policy applies to activities of Carson City with regards to the investing of the financial assets of all funds, including the following:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Debt Service Funds
- Internal Service Funds
- Trust and Agency Funds
- Federal economic stimulus or rescue plan funds

1.7. PERFORMANCE EVALUATION:

The Carson City Treasurer will invest Carson City's portfolio to obtain a market rate of return consistent with Carson City's cash flow requirements and risk constraints, and the dependence upon budgetary and economic factors. Carson City's investment strategy is generally that of a "buy-and-hold" investor, but Carson City also has the ability to take advantage of market opportunities as they occur by analyzing projected cash flow to assess the availability of uncommitted money. Given this strategy, the benchmarks which the Carson City Treasurer shall use to determine if Carson City's portfolio is achieving competitive market returns will be to compare the portfolio's performance to:

1. a market index comprised of securities representing a portfolio with a target duration suitable for Carson City's portfolio.
2. benchmarks for allowable asset classes that contain "prominent and persistent" characteristics of the portfolio may be used for performance attribution.

The benchmarks will be adjusted periodically when material, long-term changes of the portfolio's sector allocations and weighted average maturity occur.

2. AUTHORITY:

2.1. GOVERNING AUTHORITY:

The Carson City Treasurer will invest surplus City funds in compliance with the provisions of Nevada Revised Statutes (NRS) Chapter 355.167 through 355.200, other applicable statutes including NRS 350.659, as well as any applicable federal laws and/or regulations. The Carson City Treasurer will conduct investments in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any Debt Service Fund will comply with the 1986 Tax Reform Bill provisions referred to Internal Revenue Code Section 148 which deals with arbitrage.

2.2. DELEGATION OF AUTHORITY:

NRS 355.175 authorizes the Carson City Board of Supervisors to direct the Carson City Treasurer to invest money or any part thereof belonging to the Consolidated Municipality of Carson City in any investment which is lawful pursuant to NRS 355.170 or NRS 355.168. Under the annual review and approval of this investment policy by the Carson City Board of Supervisors, the Carson City Treasurer has the responsibility to manage the investment portfolio for the Consolidated Municipality of Carson City.

The Carson City Treasurer may delegate responsibility of this investment portfolio to the Chief Deputy Treasurer to assist him/her with the management of the portfolio to include the approval of investment sales and purchases, wire transfers, and the payment of regular fees to licensed and authorized investment managers consistent with this policy. The Carson City Treasurer may also contract with licensed investment managers to assist with asset transactions, management, and investment strategy associated with Carson City's investment portfolio and consistent with this policy.

No individual may engage in any investment transactions on behalf of the Carson City Treasurer or the Consolidated Municipality of Carson City except as provided under the terms of this policy.

2.3. SELECTION OF AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

The Carson City Treasurer shall conduct annual reviews to identify investment firms which offer diverse approaches, access to markets, and provide analyses and interpretations needed to effectively manage Carson City's investment portfolio. Any investment firm that the Carson City Treasurer selects to assist with Carson City's investment portfolio must:

- first receive approval from the Nevada State Board of Finance as required by NRS 355.171
- have the "Registered Investment Advisor" designation with the SEC
- sign contracts affirming their acceptance of fiduciary responsibility for funds under their management

- follow the "prudent investor rule" as a fiduciary to Carson City
- become familiar with the precautions appropriate to public sector investments
- familiarize themselves with Carson City's investment objectives, policies, and constraints
- follow the precepts of Carson City's investment policy and any other written restrictions placed upon them

Exclusions to this rule apply to brokers/dealers used by a Registered Investment Advisor appointed by Carson City to manage investments.

2.4. APPOINTMENT OF INVESTMENT MANAGERS:

At his/her discretion, the Carson City Treasurer may contract with an investment manager who holds the appropriate certifications. Any such investment manager shall hold the "Registered Investment Advisor" designation with the United States Securities and Exchange Commission (SEC). Such investment managers shall sign contracts affirming their acceptance of fiduciary responsibility for funds under their management, and will follow the "prudent investor rule" as a fiduciary to Carson City.

Investment managers will also follow the precepts of Carson City's investment policy and any other written restrictions placed upon them. Once approved by the State Board of Finance as required by NRS 355.171, these investment managers and the Carson City Treasurer will make available at any time upon request of the Finance Department or City Manager sufficient information to permit an evaluation of the performance of the investment program. The purpose for these reports will be to formulate suggestions for improved future performance, and to verify that authorized personnel of the Carson City Treasurer's Office or approved investment managers have acted in accordance with the investment policy and written investment procedures.

3. STANDARDS OF CARE:

3.1. OVERSIGHT REVIEW COMMITTEE:

To ensure accountability and enhance oversight, the Carson City Treasurer will establish and maintain an oversight review committee to review the status and progress of Carson City's investment portfolio. This committee will consist of:

- Carson City Treasurer and/ or his/her designee
- Chief Financial Officer of Carson City and/ or his/her designee
- City Manager for Carson City and/ or his/her designee

The oversight and review committee will meet at least once every three months to review the status and direction of Carson City's investment portfolio to include a review of the following:

- the account value and summary of the investment portfolio
- the assets contained within the investment portfolio

- the sector allocation and compliance of assets contained within the investment portfolio
- the weighted average maturity history of the investment portfolio
- the transaction history of assets purchased and sold within this investment portfolio
- any fees paid to investment firms contracted to manage Carson City's investment portfolio

3.2. STANDARD OF PRUDENCE:

The Carson City Treasurer's Office will follow the "prudent person" standard as its standard of prudence when managing Carson City's investment portfolio. The Government Finance Officers Association defines the "prudent person" standard as:

> "Investments shall be made with judgment and care, under 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." (Miller et al., 358)

3.3. ETHICS AND CONFLICTS OF INTEREST:

The Carson City Treasurer and those employees of the Carson City Treasurer's Office involved in the investment process of Carson City funds shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. The Carson City Treasurer, employees of the Carson City Treasurer's Office, and any investment officials with whom Carson City conducts investment business shall disclose in writing to the City Manager of the Consolidated Municipality of Carson City any material interests in financial institutions with which they conduct business. These individuals shall further disclose in writing to the City Manager any personal financial or investment positions that could be related to the performance of Carson City's investment portfolio. The Carson City Treasurer, employees of the Carson City Treasurer's Office, and any investment officials with whom Carson City conducts investment business shall refrain from undertaking personal investment transactions with the same individuals with whom they conduct business on behalf of the Consolidated Municipality of Carson City.

3.4. LIMIT ON RECEIPT OF GIFTS:

The Carson City Treasurer and employees of the Carson City Treasurer's Office shall follow FINRA Rule 3220, and shall refrain from accepting gifts or anything of value in the amount of $100 or more per person from any investment manager, firm, broker, dealer, or issuer wherein such gifts are in relation to the nature of the business for the Carson City Treasurer or employees of the Carson City Treasurer's Office. FINRA Rule 3220 seeks to avoid improprieties that may arise when a member firm or its associated persons give anything of value to an employee of a customer or counterparty and to preserve an employee's duty to act in the best interests of that customer (FINRA, 2). The Carson City Treasurer and employees of the Carson City Treasurer's Office shall also follow and comply with the requirements of NRS Chapter 281A.

3.5. INTERNAL CONTROLS:

The Carson City Treasurer shall be responsible for establishing and maintaining an internal control structure designed to help protect the assets of Carson City's investment portfolio from loss, theft, or misuse. The Carson City Treasurer shall establish and maintain this internal control structure to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Carson City Treasurer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Review and maintenance of this policy
- Staff training

3.6. INTERNAL AND EXTERNAL AUDITS:

The Carson City Treasurer's Office shall be subject to periodic audits by Carson City's Internal Auditor, to include unscheduled cash and securities counts. In addition, an external/independent auditor shall conduct an audit of Carson City's investment portfolio every year to evaluate the performance of the portfolio. These internal and external audits shall identify any areas of concerns; provide recommendations for improved management or performance of Carson City's investment portfolio; or identify shortcomings with this investment policy.

3.7. SAFEKEEPING/CUSTODY AND DELIVERY

Securities purchased by the Carson City Treasurer, as well as collateral for time certificates of deposit over the current Federal Deposit Insurance Corporations (FDIC) insurance limit, shall be delivered against payment and held in a custodial safekeeping account with the trust department of a bank acting as a third-party custodian (NRS 355.172). The Carson City Treasurer will designate the bank to act as a third-party custodian, and safekeeping receipts will accompany all investment transactions.

Time certificates of deposit may be held by the Carson City Treasurer alone or in conjunction with an agency for which the certificate of deposit constitutes a bond deposit.

4. INVESTMENT STANDARDS AND PROCEDURES:

4.1. INVESTMENT PROCEDURES

The investment of public funds requires established procedures to ensure the objectives, administration, operation, and regulation of the investment program. This investment policy establishes these procedures to guide the Carson City Treasurer and any contracted investment managers with:

- The objectives, authority, legal requirements, and investment parameters for the investment of public funds for the Consolidated Municipality of Carson City
- Considerations for investment opportunities, strategies, and diversification relative to the objectives and confines of this investment policy
- Reporting requirements for the oversight and accountability of publicly invested funds
- A continuity of direction to help guide and ensure the main objectives of the investment portfolio—safety, liquidity, and return on investment—despite personnel changes within the Carson City Treasurer's Office or any contracted investment managers

When determining investments to make according to the guidelines of this policy, the Carson City Treasurer will ensure that Carson City has first met its financial obligations as it relates to the payment of any:

- Debts
- Liabilities
- Obligations
- Regular or anticipated expenditures or payments such as payroll, bond payments, insurance payments, or payments to the State of Nevada

Once the Carson City Treasurer has determined that Carson City has met any known and/or anticipated financial obligations, the Carson City Treasurer can then direct the investment of unobligated funds or excess funds towards the purchase of assets or securities for its investment portfolio.

4.2. SUMMARY OF AUTHORIZED INVESTMENTS

The following list summarizes the authorized investments as allowed by Nevada Revised Statute for which the Carson City Treasurer's Office and contracted investment managers can invest public funds. The Carson City Treasurer and any contracted investment managers shall only invest City funds in the following securities:

ISSUER	Authorized under Nevada Revised Statute
U.S. Treasury Obligations	NRS 355.170(1)(a)&(1)(e)
U.S. Agency Obligations	NRS 355.170 (1)(f)
Supranationals (IBRD, IFC, IADB only)	NRS 355.170 (1)(b)
ISSUER	**Authorized under Nevada Revised Statute**
Foreign Corporate or Government Notes	NRS 355.170 (1)(c)
Collateralized Mortgage Obligations	NRS 355.171 (1)(b)
Asset-Backed Securities	NRS 355.171 (1)(c)
Municipal Bonds (Nevada only)	NRS 355.170 (1)(m)

ISSUER	Authorized under Nevada Revised Statute
Municipal Bonds (Outside Nevada Tax Exempt)	NRS 355.170 (1)(m)
Negotiable Certificates of Deposit	NRS 355.170 (1)(g)
Commercial Paper	NRS 355.170 (1)(m)
ISSUER	**Authorized under Nevada Revised Statute**
Money Market Funds	NRS 350.658 (1)(b)
Demand Deposits	NRS 356
Banker's Acceptance	NRS 350.658 (1)(b)
State of Nevada LGIP Local Government Investment Pool	NRS 355.167

4.3. AUTHORIZED INVESTMENTS

The Carson City Treasurer, in accordance with the provisions of NRS 355.170, 355.171, 355.180, and this investment policy, is authorized to invest in:

4.3.1. United States Treasury Bills, Notes, and Bonds and other obligations unconditionally guaranteed by the U.S. Government (NRS 355.170 (1)(a) & (1)(e)).

1. Maximum maturity shall be 10 years
2. US Treasury securities may be up to 100 percent of the total portfolio.

4.3.2. United States Government Agency Securities (NRS 355.170 (1)(f))

1. Federal National Mortgage Association (Fannie Mae)
2. Federal Home Loan Bank
3. Federal Farm Credit Bank Funding Corporation
4. Federal Home Loan Mortgage Corporation (Freddie Mac)
5. The Federal Agricultural Mortgage Corporation (Farmer Mac)
6. Other agency or instrumentality of the United States.
7. Maximum maturity shall be 10 years
8. Purchases of US Agency securities may be up to 100 percent (no more than 35 percent per issuer).

4.3.3. Supranationals: Notes, bonds, or other obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the International Finance Corporation, or the Inter-American Development Bank that: (NRS 355.170 (1)(b))

1. Are denominated in United States Dollars;
2. Are a senior unsecured unsubordinated obligation;
3. At the time of purchase have a remaining term to maturity of no more than 5 years;
4. Are rated by at least one nationally recognized rating service as "AA-" or its equivalent, or better;
5. Purchases of Supranationals may not exceed 15 percent (no more than 5 percent per counterparty) on day of purchase.

4.3.4. Corporate Obligations (NRS 355.171 (1) (a)).

1. Notes, bonds, and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that are purchased from a registered broker/dealer;
2. At the time of purchase have a remaining term to maturity of no more than 5 years;
3. Must be rated by a nationally recognized rating service as "A" or its equivalent, or better; and
4. Investments in this category may not exceed 25 percent of the total par value of the portfolio as determined at the time of purchase, and no more than 5 percent of the total par value of the portfolio may be in notes, bonds, and other unconditional obligations issued by any one corporation.

4.3.5. Foreign Corporate or Government Notes, bonds or other obligations publicly issued in the United States by a foreign financial institution, corporation, or government: (NRS 355.170 (1)(c):

1. Are denominated in United States Dollars.
2. Are a senior unsecured unsubordinated obligation.
3. Are registered with the Securities and Exchange Commission in accordance with the provisions of the Securities Act of 1933, as amended.
4. Are publicly traded.
5. Are purchased from a registered broker-dealers.
6. At the time of purchase has a remaining term of 5 years or less; and
7. Are rated by a nationally recognized rating service as AA- or its equivalent, or better.
8. Purchases of Foreign Corporates or Governments in aggregate may not exceed 10 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.6. Collateralized Mortgage Obligations (NRS 355.171 (1)(b))

1. Must be rated by a nationally recognized rating service as "AAA" or its equivalent.

CMOs may not exceed 25 percent (no more than 5 percent per counterparty) as determined on the date of purchase.

4.3.7. Asset-Backed Securities (NRS 355.171 (1)(c))

1. Must be rated by a nationally recognized rating service as "AAA" or its equivalent.
2. ABS may not exceed 25 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.8. Municipal Obligations (NRS 355.170 (1)(j) & 1(l))

1. Obligations of local governments within the State of Nevada pursuant to NRS 350.087 to 350.095, inclusive. Subject to limitations contained in NRS 355.177.
2. Obligations of all other state and local governments of states other than Nevada if the interest on the obligation is federally tax exempt and rated "A- "or higher by one or more Nationally Recognized Statistical Rating Organization (NRSRO).
3. Municipals may not exceed 20 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.9 Commercial Paper (NRS 355.170 (1) (m))

1. At the time of purchase has a remaining term to maturity of no more than 270 days.
2. Must be rated by a nationally recognized rating service as "A-1", "P-1", or its equivalent, or better.
3. Issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States.
4. Purchased from a registered broker/dealer.
5. Commercial paper may not exceed 25 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.10. Negotiable Certificates of Deposit (NRS 355.170 (1)(g))

1. Negotiable certificates of deposit issued by commercial banks, credit unions, or savings and loan associations.
2. Is rated by a nationally recognized rating service as A- or its equivalent or better, or is insured by the Federal Deposit Insurance Corporation (FDIC).
3. Maximum maturity shall be 5 years.
4. Negotiable certificates of deposit may not exceed 30 percent (no more than 5 percent per issuer) as determined on the date of purchase. If the negotiable certificate of deposit is not rated, the maximum allowable limit will be up to the FDIC insurable amount.

4.3.11. Non-Negotiable Certificate of Deposit (CD's) (NRS 355.170 (1)(i))

1. Non-negotiable certificates of deposit issued by insured commercial banks, insured credit unions, or insured savings and loan associations. Certificates above the limits of FDIC insurance must be collateralized pursuant to NRS 356.133.
2. Certificates of deposit may not exceed 20 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.12. Demand Deposits, Time and Savings Deposits (NRS 356)

1. Issued by insured commercial banks, insured credit unions or insured savings and loan associations, either within the limits of insurance provided by an instrumentality of the United States and/or collateralized as required under the Nevada pooled collateral program (NRS 356).
2. Holdings of bank deposits may not exceed 50 percent of the total portfolio.

4.3.13. Money Market Mutual Funds (NRS 350.658 (1)(b))

1. Rating must be AAA or its equivalent by a nationally recognized rating service.
2. Invests only in securities issued by the Federal Government or its agencies or in repurchase agreements fully collateralized by such securities.

4.3.14. Bankers' Acceptances (NRS 355.170 (1)(k))

1. Maximum maturity of 180 days.
2. Must be rated by a nationally recognized rating service as A-1 or P-1 or its equivalent or better.
3. Purchases of Bankers' Acceptances may not exceed 20 percent (no more than 5 percent per issuer) as determined on the date of purchase.

4.3.15. State of Nevada Local Government Investment Pool—LGIP—(NRS 355.167)

1. Funds invested with the State Treasurer in the LGIP or NVEST portfolios may be invested as permitted by NRS 355.167.

4.4. PROHIBITED INVESTMENTS:

The Carson City Treasurer, the Chief Deputy Treasurer, and any authorized investment manager shall not invest any funds belonging to the Consolidated Municipality of Carson City that:

- are not authorized under Nevada law, specifically NRS 355.170 (authorized investments) or NRS 355.167 (Local Government Investment Pool)
- are not licensed or authorized under United States law
- exceed the respective sector allocation established within this policy

- exceed the maximum maturity limit established within this policy
- do not meet the appropriate credit rating established within this policy
- are not purchased from a registered broker/dealer
- are not denominated in United States dollars
- are defined by the United States Securities and Exchange Commission (SEC) as cryptocurrencies (SEC, web)

4.5. INVESTMENT OF BOND PROCEEDS:

If bond covenants are more restrictive than this policy, the bond proceeds will be invested in full compliance with those restrictions.

4.6. DIVERSIFICATION PARAMETERS:

Diversification: assets held in the investment portfolio shall be diversified to reduce the risk of loss resulting from over-concentration of assets in a specific class of securities.

ISSUER	Maximum % Holdings Par Value	Maximum % per Issuer	Maturity at Time of Purchase	Ratings Equivalent: S&P, Moody's, or Fitch
U.S. Treasury Obligations	100%	N/A	10 years	N/A
U.S. Agency Obligations	100%	35%	10 years	N/A
Supranationals (IBRD, IFC, IADB only)	15%	5%	5 years	AA-/Aa3/AA-
Corporate Securities: U.S. Based	25%	5%	5 years	A-/A3/A-
Foreign Corporate or Government Notes	10%	5%	5 years	AA-/Aa3/AA-
Collateralized Mortgage Obligations	25%	5%	None	AAA/Aaa/AAA
Asset-Backed Securities	25%	5%	None	AAA/Aaa/AAA
Municipal Bonds (Nevada only)	20%	5%	5 years	A-/A3/A-
Municipal Bonds (Outside Nevada Tax Exempt)	20%	5%	5 years	A-/A3/A-
Negotiable Certificates of Deposit	30%	5%	5 years	A-/A3/A-
Commercial Paper	25%	5% or up to FDIC insurable amount	270 days	A1/F1/P1 or up to FDIC insurable amount
Non-Negotiable Certificates of Deposit	20%	5%	5 years	Nevada Pooled Collateral Program
Money Market Funds	50%	50%	N/A	AAAm
Demand Deposits	50%	None	N/A	Nevada Pooled Collateral Program
Banker's Acceptance	20%	5%	180 days	N/A
State of Nevada LGIP	50%	None	N/A	N/A
*NOTE: Weighted average life is used for mortgage securities				

4.7. MATURITY PARAMETERS:

TABLE OF MATURITY CONSTRAINTS		
MATURITY TIME	**DEFINITION**	**MINIMUM OF PORTFOLIO**
Under 30 days	Liquidity funds/ readily available funds: This includes short-term liquidity needs in which funds may be needed for operating needs within 1-30 days, and includes LGIP and investments with maturity of 30 days or less.	10%
Under 1 year	Cash Flow Requirements for Anticipated Operating Budget Needs: This includes short-term liquidity funds and short-term investments maturing within one year.	25%
Under 10 years	Funds in Excess of Liquidity Requirement: Carson City Treasurer/investment manager may invest funds not required for immediate use or operating budget requirements in longer-term maturities.	100%
MATURITY CONSTRAINTS		**MAXIMUM OF TOTAL PORTFOLIO IN YEARS**
Weighted Average Maturity (WAM)*		3.0
*WAM is based on weighted average life for CMO and ABS		

The following parameters will further guide the Carson City Treasurer, the Chief Deputy Treasurer, and contracted investment managers when considering the course of action regarding asset maturities held within Carson City's liquidity: To the extent possible, investment maturities must match the anticipated cash flow requirements. Portfolio management procedures will provide for the assessment of net cash flow positions for at least a three-month period.

1. Market Risk: Market risk relates to the continuous price fluctuations of marketable securities that may result in a loss to the City if cash flow requirements force a premature sale. Portfolio maturities must be structured to avoid the forced sale of securities in any but the most severe circumstances. To this end, portfolio management procedures will provide for the projection of a "Minimum Liquidity Requirement" for the City's operating fund.

2. Minimum Liquidity Requirement: This is defined as the total cash flow needed to pay City obligations for a period of four weeks. All securities to be included in the "Minimum Liquidity Requirement" must mature within 30 days.

3. Intermediate Market Investment: That portion of City funds remaining after deletion of the "Minimum Liquidity Requirement" may be invested in the intermediate market, defined herein as instruments maturing between zero and ten years.

4. Securities purchased by money managers under the provisions of NRS 355.171 may have a longer stated maturity date.

4.8. TRANSACTION PARAMETERS:

When considering investment transactions, the Carson City Treasurer and investment managers shall consider the following before making a transaction affecting Carson City's investment portfolio:

- how the transaction will increase or decrease the yield and duration of the investment portfolio
- if the investment transaction:
  - is one of the authorized investment assets allowed under this policy
  - exceeds the appropriate sector allocations
  - meets the appropriate diversification allocations
  - meets the appropriate maturity parameters
- how the transaction will safeguard Carson City's investment principal
- if the transaction will allow for adequate liquidity to meet Carson City's operating needs
- if the transaction will achieve the highest investment return possible consistent with the objectives of this policy

4.9. CALCULATION PARAMETERS:

The Carson City Treasurer and investment managers shall calculate the market value of Carson City's investment portfolio at least quarterly (four times per year), and shall further issue a quarterly statement regarding the market value of Carson City's investment portfolio. The Carson City Treasurer shall make this information available to the public on the Carson City Treasurer's Office website located at:

https://www.carson.org/government/departments-g-z/treasurer

This quarterly calculation and statement shall ensure that the Carson City Treasurer and contracted investment managers are performing their review of Carson City's investment portfolio as required.

4.10. COLLATERALIZATION OF DEPOSITS:

All City funds deposited with a bank, savings and loan, savings bank or credit union that are in excess of the amount of federal insurance—to include checking accounts, savings account, NOW accounts, non-negotiable certificates of deposit, time deposits or similar types of accounts provided by the financial institution—will be fully collateralized in accordance with the guidelines set forth in NRS 356.120 to NRS 356.180.

4.11. ALLOCATION OF INVESTMENT INCOME:

The Carson City Treasurer will direct the allocation of income generated from Carson City's investment portfolio—such as the interest accrued from the maturity of an asset or security, or the funds generated from the sale of an asset or security—to be applied in the following priority:

OFFICE OF THE TREASURER
201 North Carson Street, Suite 5 • Carson City, NV 89701
Office: (775) 887-2092 • Fax: (775) 887-2102
Email: treasurer@carson.org

- deposited into Carson City's general bank account to pay any outstanding debts, payments, or obligations, or to fund any known or unexpected expenditures which Carson City must cover

- reinvestment of funds into Carson City's investment portfolio to purchase other assets or securities

4.12. INVESTMENT PROGRAM REPORTING:

The Carson City Treasurer shall provide a quarterly report to the Chief Finance Officer and Carson City Manager regarding the status and performance of Carson City's investment portfolio. This quarterly report shall provide information regarding the following:

- Investment summary and portfolio market value
- Weighted average maturity of investment assets
- Account holdings/ listing of investments contained in portfolio
- Sector allocation of investment assets held within the portfolio
- Purchase and sale summary of investment assets
- Maturity dates of investment assets

5. POLICY CONSIDERATIONS:

5.1. BUSINESS CONTINUITY:

In the event of a disruption to regular business operations, such as a disruption due to email service compromise, information technology systems, power failure, cyberattack, extreme weather, earthquake, fire, regional disaster or emergency, or any other unforeseen event or circumstance that could compromise regular business services for an extended period of time, the Carson City Treasurer will coordinate with the appropriate government agencies and/or private industry organizations to implement alternative means to address the following if necessary:

- employee physical worksite
- communication amongst employees
- communication between the Carson City Treasurer's Office and investment managers
- access to online banking and investment accounts
- required reporting

Furthermore, investment managers who provide services to the Consolidated Municipality of Carson City should also have a business continuity plan in place that complies with proposed Rule 206(4)-4 of the United States Securities and Exchange Commission (SEC).

5.2. CONTINUING EDUCATION AND TRAINING:

To enhance professionalism and expertise related to the investment of public funds, the Carson City Treasurer and Chief Deputy Treasurer shall complete a minimum of eight (8) hours of continuing education each year related to the understanding and investment of government funds. This training may include any of the following:

- attendance at the annual Government Investment Officers Association (GIOA) Conference
- attendance at the annual County Fiscal Officers Association (CFOA) Conference
- webinars or online classes presented by GIOA or other recognized professional organizations involved with the investment and finance of government funds
- Certification in the Government Investment Professional Program presented by the GIOA

6. POLICY REVIEW, APPROVAL, AND ADOPTION:

6.1. INVESTMENT POLICY REVIEW:

Prior to the submission of this policy to the Carson City Board of Supervisors for annual review and approval, the Carson City Treasurer will submit this investment policy to the Chief Financial Officer for Carson City, the Carson City Manager, and the Carson City District Attorney's Office for review and approval.

Andrew Rasor MDN 3.7.22

Andrew Rasor | Date
Treasurer
Consolidated Municipality of Carson City, Nevada

Sheri Russell 3/7/2022

Sheri Russell | Date
Chief Financial Officer
Consolidated Municipality of Carson City, Nevada

Nancy Paulson 3/21/2022

Nancy Paulson | Date
City Manager
Consolidated Municipality of Carson City, Nevada

Benjamin R Johnson 3/22/2022

Benjamin Johnson | Date
Senior Deputy District Attorney
Carson City District Attorney's Office

6.2. INVESTMENT POLICY APPROVAL AND ADOPTION:

On an annual basis, the Carson City Treasurer will submit this policy to the Carson City Board of Supervisors for approval and adoption. Once approved, the Mayor of Carson City will sign on behalf of the Carson City Board of Supervisors as acknowledgement of this investment policy's approval and adoption.

Lori Bagwell 4/12/22

Lori Bagwell Date
Mayor
Consolidated Municipality of Carson City, Nevada

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Email: treasurer@carson.org

7. GLOSSARY OF INVESTMENT AND FINANCIAL TERMS:

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the US Government. Federally Sponsored Agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

Amortization: The systematic reduction of the amount owed on a debt issue through period payments of principal.

Asset-Backed Security:** – A security backed by notes or receivables against assets other than real estate. Some examples are autos, credit cards, and home equity loans.

Bankers' Acceptances (BA's): A short-term debt instrument issued by a firm that is guaranteed by a commercial bank. These instruments are similar to Treasury Bills and are frequently used in money market funds. BAs trade at a discount from face value on the secondary market. The date of maturity typically ranges between 30 - 180 days from the date of issue.

Basis Point: A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security, a bid is obtained (see Offer).

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 market.

Callable Security: A security with an embedded call provision that allows the issuer to repurchase or redeem the security by a specified date. Since the holder of a callable security is exposed to the risk of the security being repurchased, the callable security is generally less expensive than comparable securities that do not have a call provision.

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.

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Certificates of Deposits (CDs): Certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of Deposit bear rates of interest in line with money market rates current at the time of issuance.

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

Commercial Paper: An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

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 Risk: The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third-party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

Custodian: An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the investor.

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

Discount: The price of a bond that is lower than par. The discount equals the difference between the price paid for a security and the security's par value.

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

Duration: A measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates means falling bond prices, while declining interest rates mean rising bond prices. The greater the duration, the greater the interest-rate risk or reward for bond prices.

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

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Federal Deposit Insurance Corporation (FDIC)*:** A Federal Agency that insures bank deposits.

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

Federal Reserve System: The central bank of the United States which has regulated the US monetary and financial system since its inception in 1913. It is composed of a central governmental agency (the Board of Governors) and twelve regional Federal Reserve Banks.

Financial Industry Regulatory Authority (FINRA): A regulatory body created after the merger of the National Association of Securities Dealers and the New York Stock Exchange's regulation committee. The FINRA is responsible for governing business between brokers, dealers and the investing public. By consolidating these two regulators, FINRA aims to eliminate regulatory overlap and cost inefficiencies.

Floating Rate Note: A debt instrument with a variable interest rate tied to a benchmark such as the US Treasury bill, LIBOR, the fed funds or the prime rate. Floaters are annually issued by financial institutions and governments, typically with one- to three-year maturities.

Government Sponsored Enterprise (GSE): A privately held corporation with public purposes created by the US Congress to reduce the cost of capital for certain borrowing sectors of the economy. GSEs carry the implicit backing of the US Government but are not direct obligations of the US Government. Examples of GSEs include: Federal Home Loan Bank; Federal Home Loan Mortgage Corporation; Federal Farm Credit Bank; and Federal National Mortgage Association. Securities issued by GSEs are known as agency securities.

Government Securities:** An obligation of the U.S. government, backed by the full faith and credit of the 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."

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.

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Internal Controls: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of control should not exceed the benefits likely to be derived;

2. the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

Control of Collusion: collusion is a situation in which two or more employees are working in conjunction to defraud their employer

Separation of transaction authority from accounting and recordkeeping: by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

Custodial safekeeping: securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

Avoidance of physical delivery securities: book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

Clear delegation of authority to subordinate staff members: subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

Written confirmation of transactions for investments and wire transfers: due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions shall be supported by written communications and approved by the appropriate person. Written communications may also be electronic if on letterhead and if the safekeeping institution has a list of authorized signatures.

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Development of a wire transfer agreement with the lead bank and third-party custodian: the designated official should ensure that the agreement will be entered into and will address the following pints: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

International Bank for Reconstruction and Development**:** Founded in 1944 to help Europe rebuild after World War II, the IBRD is a global development cooperative owned by 189 member countries. As the largest development bank in the world, it supports the World Bank Group's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges.

International Finance Corporation***:** Founded in 1956 with its headquarters in Washington, D.C., IFC is a global multilateral source of debt and equity financing for private enterprise in developing countries, and consists of 183 countries, including the United States of America, which is the largest shareholder with 24%. It is a legally distinct part of the World Bank Group with a shared board of directors, but has a separate development mandate, articles of agreement, staff, capital base, and operating and financial policies.

Inter-American Development Bank***:** Founded in 1959 with its headquarters in Washington, D.C., IADB is the largest government-owned regional source of development finance for Latin America and the Caribbean. Most of the bonds funded by IADB go to sovereign governments, but a small amount of bonds help to support the private sector. IADB consists of 48 sovereign shareholders, of which the United States of America is the largest voting shareholder with 30%.

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.

Liquidity: Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value.

Loss: The excess of the cost or book value of an asset over selling price.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Mark-to Market: An adjustment in the valuation of a securities portfolio to reflect the current

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market values of the respective securities in the portfolio. This process is also used to ensure that margin accounts are in compliance with maintenance.

Market 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. The risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline.

Market Value: The price at which a security is trading and could presumably be sold.

Master Repurchase Agreement: An agreement between the investor and the dealer or financial institution. This agreement defines the nature of the transactions, identifies the relationship between the parties, establishes normal practices regarding ownership and custody of the collateral securities during the term of the investment, provides for remedies in the event of a default by either party and otherwise clarifies issues of ownership.

Maturity: The time when a security becomes due and at which time the principal and interest of final coupon payment is paid to the investor.

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

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

Mortgage-Backed Security:** A security, generally issued or guaranteed by a federal agency that is backed by a pool of mortgages.

Municipal Obligations: bonds are debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects such as building schools, highways or sewer systems.

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."

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Offer: The indicated price at which a seller is willing to sell a security or commodity. (See Bid) When buying a security an offer is obtained.

Par Value: The nominal or face value of a debt security; that is, the value at maturity.

Portfolio: Collection of securities held by an investor.

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

Primary Dealers: Primary government dealers are a group of banks and investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its executing of Federal Open Market Operations. Such dealers must be qualified in terms of reputation, capacity and adequacy of staff and facilities.

Prime Rate: A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are tied 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.

Prudence: The ability to govern and discipline oneself by use of reason; shrewdness in the management of affairs; application of skill and good judgment in the use of resources. Also refers to the suitability of investments for the risk and return profile and the time horizon of a given investor.

Prudent Person Rule or Standard of Prudence:** An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Qualified Public Depositories: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return: The yield obtainable on a security based on its purchase price prior or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Regular Delivery:** Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under

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consideration. Money market funds are settled on a same day basis; government securities are settled on the next business day.

Repurchase Agreement (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions.

Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

Reverse Repurchase Agreement (Reverse REPO): An agreement of one party to purchase securities at a specified price from a secondary 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.

Safekeeping: A service to customers rendered by banks for a fee whereby all securities and valuables of all types and descriptions are held in the bank's vaults for protection, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

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

Securities: Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

Securities and Exchange Commission (SEC): A federal agency created by Congress to protect investors in securities transactions by administering securities legislation.

Settlement Date: The day on which payment is due for a securities purchase. Fixed income securities typically settle one business day after the trade date.

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

Supranationals**:** securities issued or backed by the International Bank for Reconstruction & Development, European Bank for Reconstruction & Development, Inter-American Development Bank, International Monetary Fund, European Investment Bank, Asian Development Bank, African Development Bank and Nordic Development Bank rated at least AAA from S&P, Aaa from Moody's or AAA from Fitch.

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Swap:** Trading one asset for another.

Term Bonds: Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Third Party Safekeeping: A safekeeping arrangement whereby the investor has full control over the securities being held and the dealer or bank investment department has no access to the securities being held.

Total Return: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period: Price Appreciation+ Dividends Paid+ Capital Gains~ Total Return

Treasury Bills: Treasury bills are short-term debt obligations of the US Government with maturities of less than one year. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Treasury bills, commonly called 'T-Bill" account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because Treasury bills are considered to be very low risk, these instruments generally yield the lowest returns among the money market instruments.

Treasury Bonds: Long-term US 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: A marketable US government debt security with a fixed interest rate and a maturity between one and ten years. Treasury notes are considered low-risk since they are backed by the full faith and credit of the US government. Because they are lower risk and highly liquid they generally deliver a lower return than other securities having comparable maturities.

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

Weighted Average Maturity (WAM): A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

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

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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.

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 principals of the security and is payable at par upon maturity.

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8. APPLICABLE LAWS:

NRS 350.658 Investment and reinvestment of revenues and proceeds of taxes and securities in federal securities and certain money market mutual funds.

1. The governing body, subject to any contractual limitations from time to time imposed upon the municipality by any ordinance authorizing the issuance of the municipality's outstanding securities or by any trust indenture or other proceedings appertaining thereto, may cause to be invested and reinvested any proceeds of taxes, any pledged revenues and any proceeds of bonds or other municipal securities issued hereunder in:

(a) Federal securities and other securities of the Federal Government.

(b) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission.

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

The governing body may cause such proceeds of taxes, revenues, municipal securities, federal securities, other securities of the Federal Government and money market mutual funds to be deposited in any trust bank or trust banks within or without or both within and without this state and secured in such manner and subject to such terms and conditions as the governing body may determine, with or without the payment of any interest on such deposit, including, without limitation, time deposits evidenced by certificates of deposit.

2. Any federal securities, other securities of the Federal Government, shares in money market mutual funds and any such certificates of deposit thus held may, from time to time, be sold, and the proceeds may be so reinvested or redeposited as provided in this section.

3. Sales and redemptions of any federal securities, other securities of the Federal Government, shares in money market mutual funds and such certificates of deposit thus held must, from time to time, be made in season so that the proceeds may be applied to the purposes for which the money with which such securities, shares in money market mutual funds and certificates of deposit were originally acquired was placed in the municipal treasury.

4. Any gain from any such investments or reinvestments may be credited to any fund or account pledged for the payment of any municipal securities issued hereunder, including any reserve therefor, or any other fund or account appertaining to a project or any facilities or the municipality's general fund, subject to any contractual limitations in any proceedings appertaining to outstanding municipal securities.

5. It is lawful for any commercial bank incorporated under the laws of this state which may act as depository of the proceeds of any securities issued hereunder, any federal securities, other securities of the Federal Government and shares in money market mutual funds owned by the municipality, any proceeds of taxes, any pledged revenues, and any money otherwise appertaining to a project or any facilities, or any combination thereof, to furnish such indemnifying bonds and to pledge such federal securities, such other securities issued by the Federal Government, such shares in money market funds and such other securities as may be

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Nevada Revised Statutes are available online at: https://www.leg.state.nv.us/NRS/Index.cfm required by the governing body.

(Added to NRS by 1967, 436; A 1997, 2869)

NRS 355.167 Local Government Pooled Investment Fund: Creation; administration; permissible investments; permissible loans; written request for withdrawal by local government; interest; regulations.

1. The Local Government Pooled Investment Fund is hereby created as an agency fund to be administered by the State Treasurer.

2. Any local government, as defined in NRS 354.474, may deposit its money with the State Treasurer for credit to the Fund for purposes of investment.

3. The State Treasurer may invest the money of the Fund:

(a) In securities which have been authorized as investments for a local government by any provision of NRS or any special law.

(b) In time certificates of deposit in the manner provided by NRS 356.015.

4. The State Treasurer may lend securities in which he or she invests pursuant to subsection 3 or NRS 355.165 if the State Treasurer receives collateral from the borrower in the form of cash or marketable securities that are:

(a) Acceptable to the State Treasurer; and

(b) At least 102 percent of the value of the securities borrowed.

The State Treasurer may enter into such contracts as are necessary to extend and manage loans pursuant to this subsection.

5. Each local government that elects to deposit money with the State Treasurer for such an investment must:

(a) Upon the deposit, inform the State Treasurer in writing how long a period the money is expected to be available for investment.

(b) At the end of the period, notify the State Treasurer in writing whether it wishes to extend the period.

6. If a local government wishes to withdraw any of its money before the end of the period of investment, it must make a written request to the State Treasurer. Whenever the State Treasurer is required to sell or liquidate invested securities because of a request for early withdrawal, any penalties or loss of interest incurred must be charged against the deposit of the local government which requested the early withdrawal.

7. All interest received on money of the Fund must be deposited for credit to the Fund.

8. The State Treasurer may assess reasonable charges against the Fund for reimbursement of the expenses which he or she incurs in administering the Fund. The amount of the assessments must be transferred to an account within the State General Fund for use of the State Treasurer in carrying out the provisions of this section.

9. At the end of each quarter of each fiscal year, the State Treasurer shall:

(a) Compute the proportion of the total deposits in the Fund which were attributable during the quarter to each local government;

(b) Apply that proportion to the total amount of interest received during the quarter on invested money of the Fund; and

(c) Pay to each participating local government or reinvest upon its instructions its proportionate share of the interest, as computed pursuant to paragraphs (a) and (b), less the proportionate amounts of the assessments for the expenses of administration.

10. The State Treasurer may adopt reasonable regulations to carry out the provisions of this section.

(Added to NRS by 1979, 701; A 1981, 342; 1989, 309; 1999, 926; 2008, 25th Special Session, 5; 2009, 2125; 2011, 2174, 2175)

NRS 355.170 Authorized investments; disposition of interest.

1. Except as otherwise provided in this section and NRS 354.750 and 355.171, the governing body of a local government or an administrative entity established pursuant to NRS 277.080 to 277.180, inclusive, that is not a local government may purchase for investment the following securities and no others:

(a) Bonds and debentures of the United States, the maturity dates of which do not extend more than 10 years after the date of purchase.

(b) A bond, note or other obligation issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the International Finance Corporation or the Inter-American Development Bank that:

(1) Is denominated in United States dollars;

(2) Is a senior unsecured unsubordinated obligation;

(3) At the time of purchase has a remaining term to maturity of 5 years or less; and

(4) Is rated by a nationally recognized rating service as "AA" or its equivalent, or better, except that investments pursuant to this paragraph may not, in aggregate value, exceed 15 percent of the total par value of the portfolio as determined at the time of purchase.

(c) A bond, note or other obligation publicly issued in the United States by a foreign financial institution, corporation or government that:

(1) Is denominated in United States dollars;

(2) Is a senior unsecured unsubordinated obligation;

(3) Is registered with the Securities and Exchange Commission in accordance with the provisions of the Securities Act of 1933, §§ 77a et seq., as amended;

(4) Is publicly traded;

(5) Is purchased from a registered broker-dealer;

(6) At the time of purchase has a remaining term to maturity of 5 years or less; and

(7) Is rated by a nationally recognized rating service as "AA" or its equivalent, or better, except that investments pursuant to this paragraph may not, in aggregate value, exceed 10 percent of the total par value of the portfolio as determined at the time of purchase.

(d) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

(e) Bills and notes of the United States Treasury, the maturity date of which is not more than 10 years after the date of purchase.

(f) Obligations of an agency or instrumentality of the United States of America or a corporation sponsored by the government, the maturity date of which is not more than 10 years after the date of purchase.

(g) Negotiable certificates of deposit issued by commercial banks, insured credit unions, savings and loan associations or savings banks.

(h) Securities which have been expressly authorized as investments for local governments by any provision of Nevada Revised Statutes or by any special law.

(i) Nonnegotiable certificates of deposit issued by insured commercial banks, insured credit unions, insured savings and loan associations or insured savings banks, except certificates that are not within the limits of insurance provided by an instrumentality of the United States, unless those certificates are collateralized in the same manner as is required for uninsured deposits by a county treasurer pursuant to NRS 356.133. For the purposes of this paragraph, any reference in NRS 356.133 to a "county treasurer" or "board of county commissioners" shall be deemed to refer to the appropriate financial officer or governing body of the local government purchasing the certificates.

(j) Subject to the limitations contained in NRS 355.177, negotiable notes or medium-term obligations issued by local governments of the State of Nevada pursuant to NRS 350.087 to 350.095, inclusive.

(k) Bankers' acceptances of 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. Eligible bankers' acceptances may not exceed 180 days' maturity. Purchases of bankers' acceptances may not exceed 20 percent of the money available to a local government for investment as determined at the time of purchase.

(l) Obligations of state and local governments:

(1) If:

(I) The interest on the obligation is exempt from gross income for federal income tax purposes; and

(II) The obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies; or

(2) If the obligation is secured by the proceeds that are paid into the tax increment account of a tax increment area created by a municipality pursuant to NRS 278C.220.

(m) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:

(1) At the time of purchase has a remaining term to maturity of no more than 270 days; and

(2) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,

except that investments pursuant to this paragraph may not, in aggregate value, exceed 25 percent of the total par value of the portfolio as determined at the time of purchase, and not more than 5 percent of the total par value of the portfolio may be invested in commercial paper issued by any one corporation or depository institution. If the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, the investment advisor must report the reduction in the rating to the governing body of the local government that purchased the investment, the governing body of the local government or, if the purchase was effected by the

State Treasurer pursuant to his or her investment of a pool of money from local governments, the State Treasurer must take such action as the governing body or State Treasurer deems appropriate to preserve the principal value and integrity of the portfolio as a whole and the governing body or State Treasurer, as applicable, must report to the State Board of Finance any action taken pursuant to this paragraph.

(n) Money market mutual funds which:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in:

(I) Securities issued by the Federal Government or agencies of the Federal Government.

(II) Master notes, bank notes or other short-term commercial paper rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States; or

(III) Repurchase agreements that are fully collateralized by the obligations described in sub-subparagraphs (I) and (II).

(o) Obligations of the Federal Agricultural Mortgage Corporation.

2. Repurchase agreements are proper and lawful investments of money of a governing body of a local government for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:

(a) The governing body of the local government shall designate in advance and thereafter maintain a list of qualified counterparties which:

(1) Regularly provide audited and, if available, unaudited financial statements.

(2) The governing body of the local government has determined to have adequate capitalization and earnings and appropriate assets to be highly creditworthy; and

(3) Have executed a written master repurchase agreement in a form satisfactory to the governing body of the local government pursuant to which all repurchase agreements are entered. The master repurchase agreement must require the prompt delivery to the governing body of the local government and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act.

(b) In all repurchase agreements:

(1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian.

(2) The governing body of the local government must enter a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:

(I) Disburse cash for repurchase agreements only upon receipt of the underlying securities.

(II) Notify the governing body of the local government when the securities are marked to the market if the required margin on the agreement is not maintained.

(III) Hold the securities separate from the assets of the custodian; and

(IV) Report periodically to the governing body of the local government concerning the market value of the securities.

(3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly.

(4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase: and

(5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.

3. The securities described in paragraphs (a), (d) and (e) of subsection 1 and the repurchase agreements described in subsection 2 may be purchased when, in the opinion of the governing body of the local government, there is sufficient money in any fund of the local government to purchase those securities and the purchase will not result in the impairment of the fund for the purposes for which it was created.

4. When the governing body of the local government has determined that there is available money in any fund or funds for the purchase of bonds as set out in subsection 1 or 2, those purchases may be made and the bonds paid for out of any one or more of the funds, but the bonds must be credited to the funds in the amounts purchased, and the money received from the redemption of the bonds, as and when redeemed, must go back into the fund or funds from which the purchase money was taken originally.

5. Any interest earned on money invested pursuant to subsection 3, may, at the discretion of the governing body of the local government, be credited to the fund from which the principal was taken or to the general fund of the local government.

6. The governing body of a local government may invest any money apportioned into funds and not invested pursuant to subsection 3 and any money not apportioned into funds in bills and notes of the United States Treasury, the maturity date of which is not more than 1 year after the date of investment. These investments must be considered as cash for accounting purposes, and all the interest earned on them must be credited to the general fund of the local government.

7. This section does not authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

8. As used in this section:

(a) "Counterparty" means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:

(1) A registered broker-dealer;

(2) Designated by the Federal Reserve Bank of New York as a "primary" dealer in United States government securities; and

(3) In full compliance with all applicable capital requirements.

(b) "Local government" has the meaning ascribed to it in NRS 354.474.

(c) "Repurchase agreement" means a purchase of securities by the governing body of a local government from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.

[1:95:1945; 1943 NCL § 1987.01] + [2:95:1945; 1943 NCL § 1987.02] — (NRS A 1959, 36, 424; 1967, 275; 1969, 1087; 1971, 270; 1973, 1091; 1975, 268; 1979, 448, 1887; 1985, 2110;

OFFICE OF THE TREASURER
201 North Carson Street, Suite 5 ● Carson City, NV 89701
Office: (775) 887-2092 ● Fax: (775) 887-2102
Email: treasurer@carson.org

1989, 1260; 1991, 106, 341, 343; 1993, 211, 2286, 2289; 1995, 1823; 1999, 1481; 2001, 598, 2296, 2327; 2003, 162; 2003, 20th Special Session, 281; 2015, 3209; 2019, 661)

NRS 355.171 Additional authorized investments; exceptions.

1. Except as otherwise provided in this section, the governing body of a local government or an administrative entity established pursuant to NRS 277.080 to 277.180, inclusive, that is not a local government may purchase for investment:

(a) Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that:

(1) Are purchased from a registered broker-dealer;

(2) At the time of purchase have a remaining term to maturity of no more than 5 years; and

(3) Are rated by a nationally recognized rating service as "A" or its equivalent, or better.

(b) Collateralized mortgage obligations that are rated by a nationally recognized rating service as "AAA" or its equivalent.

(c) Asset-backed securities that are rated by a nationally recognized rating service as "AAA" or its equivalent.

2. With respect to investments purchased pursuant to paragraph (a) of subsection 1:

(a) Such investments must not, in aggregate value, exceed 25 percent of the total par value of the portfolio as determined at the time of purchase.

(b) Not more than 5 percent of the total par value of the portfolio may be in notes, bonds and other unconditional obligations issued by any one corporation: and

(c) If the rating of an obligation is reduced to a level that does not meet the requirements of that paragraph, the investment adviser must, as soon as possible, report the reduction in the rating to the governing body of the local government or administrative entity that purchased the investment.

3. Subsections 1 and 2 do not:

(a) Apply to a:

(1) Board of county commissioners of a county whose population is less than 100,000;

(2) Board of trustees of a county school district in a county whose population is less than 100,000;

(3) Governing body of an incorporated city whose population is less than 150,000;

(4) Governing body of a local government not specified in subparagraph (1), (2) or (3) if the population subject to the jurisdiction of the governing body or served by the governing body is less than 100,000; or

(5) Governing body of an administrative entity established pursuant to NRS 277.080 to 277.180, inclusive, that is not a local government if the population subject to the jurisdiction of the governing body or served by the governing body is less than 150,000,

unless the purchase is effected by the State Treasurer pursuant to his or her investment of a pool of money from local governments or by an investment adviser who is registered with the Securities and Exchange Commission and approved by the State Board of Finance.

(b) Authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

4. As used in this section, "local government" has the meaning ascribed to it in NRS 354.474.
(Added to NRS by 2001, 597; A 2011, 1219; 2019, 665)

NRS 355.172 Possession of securities purchased by or for local government; security interest in lieu of possession.

1. Except as otherwise provided in NRS 355.178, any securities purchased as an investment of money by or on behalf of a local government, as defined in NRS 354.474, must remain in the possession of the county treasurer, the appropriate officer of that local government or a qualified bank or trust, throughout the period of the investment, except that any securities subject to repurchase by the seller may be evidenced by a fully perfected, first-priority security interest, as provided in subsection 3.

2. The county treasurer or the appropriate officer of a local government may physically possess those securities, which must be registered in the name of the local government, or may make an agreement, in writing, with any qualified bank or trust to hold those securities for, and in the name of, that local government. If such an agreement is made, the bank or trust shall furnish the county treasurer or the appropriate officer of the local government with a written statement acknowledging that it is so holding the securities.

3. If the securities purchased are subject to an arrangement for the repurchase of those securities by the seller thereof, the county treasurer, the appropriate officer of the local government or a qualified bank or trust may, in lieu of the requirement of possession, obtain the sole, fully perfected, first-priority security interest in those securities. If the bank or trust obtains such a security interest, it shall furnish the county treasurer or the appropriate officer of the local government with a written statement acknowledging that fact. Any securities so purchased must, at the time of purchase by or for a local government, have a fair market value equal to or greater than the repurchase price of the securities.

4. For the purposes of this section, a bank or trust is qualified to hold securities for a local government if the bank or trust is rated by a nationally recognized rating service as "AA-" or its equivalent, or better.

OFFICE OF THE TREASURER
201 North Carson Street, Suite 5 ● Carson City, NV 89701
Office: (775) 887-2092 ● Fax: (775) 887-2102
Email: treasurer@carson.org

9. CREDIT RATING INFORMATION:

9.1. SUMMARY AND COMPARISON CHART OF CREDIT RATING AGENCIES:

	Moody's Investors Service	Fitch Ratings	S&P Global Ratings	Rating Grade Description
Investment Grade	Aaa	AAA	AAA	Highest credit quality, lowest level of credit risk
	Aa1	AA+	AA+	Very high credit quality with very low credit risk
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	High credit quality with low credit risk
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Good credit quality with moderate credit risk
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Speculative Grade	Ba1	BB+	BB+	Speculative with substantial credit risk
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly speculative with high credit risk
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial credit risk with default as a real possibility
	Caa2	CCC	CCC	
	Caa3	CCC-	CCC-	
	Ca	CC	CC	Very high levels of credit risk with default either occurring or about to occur
	C	C	C	Default or default-like process has begun
		SD	RD	Selective Default (SD): Issuers have defaulted on one or more specific issues but are expected to meet their other payment obligations. Restricted Default (RD): Issuers have missed one or more payments but are not under supervision for reorganization or liquidation.
		D	D	Default: Issuers are unlikely to pay their obligations and have likely entered into bankruptcy filings, administration, receivership, liquidation or other formal winding up procedures.

9.2. STANDARD AND POOR'S RATING SCALE AND DEFINITIONS:

The ABCs of rating scales

S&P Global Ratings credit rating symbols provide a simple, efficient way to communicate creditworthiness and credit quality.

Our global rating scale provides a benchmark for evaluating the relative credit risk of issuers and issues worldwide.

General summary of the opinions reflected by our ratings

Investment Grade	**AAA**	**Extremely strong capacity to meet financial commitments. Highest rating**
	AA	**Very strong capacity to meet financial commitments**
	A	**Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances**
	BBB	**Adequate capacity to meet financial commitments, but more subject to adverse economic conditions**
	BBB-	**Considered lowest investment-grade by market participants**
Speculative Grade	**BB+**	**Considered highest speculative-grade by market participants**
	BB	**Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions**
	B	**More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments**
	CCC	**Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments**
	CC	**Highly vulnerable; default has not yet occurred, but is expected to be a virtual certainty**
	C	**Currently highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated obligations**
	D	**Payment default on a financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action taken**

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

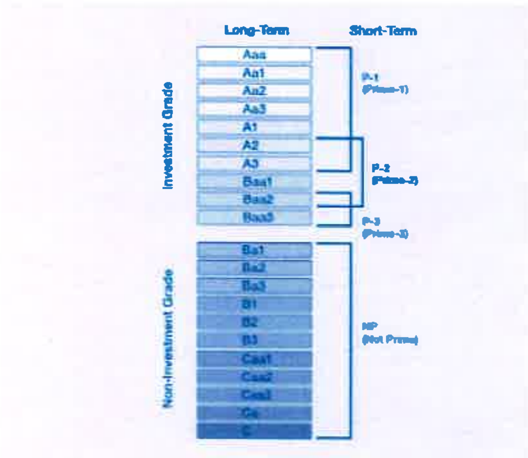
For a complete list of our Ratings Definitions, including issuer credit ratings as well as a related article on Understanding our Ratings Definitions, please go to spglobal.com/UnderstandingRatings

9.3. MOODY'S RATING SCALE AND DEFINITIONS:

Rating Scale and Definitions

Moody's Rating Scale

The following is a ranking (from highest to lowest) of Moody's long-term and short-term categories. The indicated relationship between long-term and short-term ratings is approximate and may not necessarily apply in all situations.



Moody's Short-Term Rating Definitions

Moody's short-term ratings, unlike our long-term ratings, apply to an individual issuer's capacity to repay all short-term obligations rather than to specific short-term borrowing programs. Once assigned to an issuer, a short-term rating is global in scope. It applies to all the issuer's senior, unsecured obligations with an original maturity of less than one year regardless of the currency or market in which the obligations are issued. An exception to the global nature of these ratings occurs if an issuer's rating is supported by another entity through vehicles such as a letter of credit or guarantee.

Moody's employs the following designations, all judged to be investment grade, to indicate the relative repayment ability of rated issuers.

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations
P-3	Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations
NP	Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories

Moody's Long-Term Rating Definitions

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk
A	Obligations rated A are considered upper-medium-grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk
B	Obligations rated B are considered speculative and are subject to high credit risk
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery in principal and interest
C	Obligations rated C are the lowest-rated class of bonds and are typically in default, with little prospect for recovery of principal and interest

Note: Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Bank Financial Strength Rating Definitions

A	Banks rated A possess superior intrinsic financial strength. Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable, stable operating environment
B	Banks rated B possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment.
C	Banks rated C possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These banks will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment
D	Banks rated D display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.
E	Banks rated E display very modest intrinsic financial strength, with a high likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment

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OFFICE OF THE TREASURER
201 North Carson Street, Suite 5 • Carson City, NV 89701
Office: (775) 887-2092 • Fax: (775) 887-2102
Email: treasurer@carson.org

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11. INVESTMENT POLICY CERTIFICATION:

GOVERNMENT INVESTMENT OFFICERS ASSOCIATION

Investment Policy Certification

Carson City, Nevada

The investment policy submitted for review meets the standards established by the Government Investment Officers Association

GIOA Government Investment Officers Association

Rick Phillips
Founder
Government Investment Officers Association

Date: December 2021

OFFICE OF THE TREASURER
201 North Carson Street, Suite 5 • Carson City, NV 89701
Office: (775) 887-2092 • Fax: (775) 887-2102
Email: treasurer@carson.org