Douglas County
Investment Policy
BOCC Approved October 5, 2017

I. POLICY INTRODUCTION AND SCOPE

The investment function of Douglas County (County) funds performed by the County Treasurer. It is the policy of the County to invest public funds in a manner which will provide a market rate of return commensurate with the primary objective of safety of principal, while meeting the daily cash flow demands of the County, and conforming to all Nevada Revised Statutes (NRS) and County ordinances governing the investment of public funds.

This policy applies to all financial assets of the County that are overseen by the County Treasurer, including, but not specifically limited to, those assets held in the public interest in the County's fiscal capacity as well as those held in trust or agency capacity for other governmental entities. Should bond covenants be more restrictive than this policy, bond proceeds will be invested in full compliance with those restrictions.

Except for funds in certain restricted, special or trust or agency funds, Douglas County commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Additionally, all funds overseen by the County Treasurer are accounted for in the County's Comprehensive Annual Financial Report.

II. INVESTMENT OBJECTIVES

The County's available funds are to be invested in short-term and intermediate-term fixed income instruments earning a market rate of return without assuming undue risk to principal. Funds subject to this policy will be invested in compliance with NRS 355.165 to 355.177, inclusive, Douglas County Code chapter 3.02 and this policy. The primary objectives of such investments shall be, in order of importance:

A. Safety of Principal: Safety of principal is the foremost objective of the County's investment program. Investments by the County Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

B. Maintenance of Liquidity: The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which may be reasonably anticipated.

C. Yield: The County's investment portfolio shall be structured with the objective of attaining a market rate of return in relation to the prevailing budgetary and economic environments and taking into account the County's investment risk constraints of safety, equity and the cash flow characteristics of the portfolio.

D. Public Trust: All participants in the County's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction which might impair public confidence in the County's ability to govern effectively.

E. Diversification: It is the objective of this policy to diversify the investment portfolio to protect the invested monies from material losses due to issue defaults, market price changes, and other risks resulting from an over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

III. STANDARDS OF CARE

A. **Prudence:** The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The standard of prudence to be applied to the investment of the County's assets shall be the "Prudent Person Standard" which states: *"In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."*

B. **Ethics and Conflicts of Interest:** Nevada Revised Statute 281.561 mandates that the County Treasurer file an annual Statement of Financial Disclosure form. Additionally, officers and employees involved in the investment process and the Investment Committee, if applicable, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. This shall include ethical standards and will include policies and procedures relating to preferential treatment, conflict of interest, full disclosure, confidential information, additional compensation/notice of additional employment, and public information. See Appendix B for Guidelines for Ethics and Conflicts of Interest Compliance.

C. **Delegation of Authority and Investment Responsibilities** - Under authority delegated by the Board of County Commissioners, in accordance with NRS 355.175

and Douglas County Ordinance 3.02.010 et seq, the investment of County's funds is the responsibility of the County Treasurer. The County Treasurer will establish additional procedures for carrying out this policy. All investment transactions must be made in accordance with State law, County code, this policy and the procedures established by the Treasurer. As such, all cash, including bond proceeds, received by the County will be invested by the Treasurer, designated staff, and authorized investment managers.

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

The County may utilize investment advisors to assist with the management of the County's investment program. Investment advisors must be registered with the Securities and Exchange Commission. Investment advisors shall annually provide written acknowledgement of the Investment Policy.

V. INVESTMENT ADVISORY COMMITTEE

Pursuant to this policy, the County Treasurer may create an Investment Advisory Committee (IAC). The IAC will be created to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of guidelines and procedures. Nothing in this policy shall be construed to allow the IAC to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to day operations of the County Treasury. The duties of the IAC are delineated herein and to maintain equity of all depositors, the membership of the IAC shall consist of the following:

MEMBERS
The members of the Investment Advisory Committee as appointed by the Clerk/Treasurer shall consist of:

- Two Representatives from the Management of Douglas County.
- One Representative from Towns
- Two Representatives from the Clerk/Treasurer's office
- One member of the Public

The 'Ethics and Conflict of Interest' (Appendix B) of this policy sets limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons, by the County Treasury staff and the IAC. These limits may be in addition to the limits set by a committee member's own agency, by state law (including NRS 281A), or by the Fair Political

Practices Commission. Committee members are prohibited from raising money for the County Treasurer or a member of the County Board of Commissioners while they serve as a member on the committee.

DUTIES OF THE INVESTMENT ADVISORY COMMITTEE

- Established here as policy, the IAC will review and accept the Statement of Safekeeping and Policy on Investment of Public Funds as prepared by the County Treasurer in January of each year. Any revisions to the Statement and Policy will also be reviewed and accepted by the IAC prior to submittal of any such revisions by the County Treasurer each February to the Board of Commissioners for review and acceptance.
- The County Treasurer will submit annually, also in February, a Report on Investments to the Board of Commissioners to be reviewed and accepted. As a matter of policy, the Report on Investments will be accepted by the IAC prior to being submitted to the Board of Commissioners.
- The IAC shall review at each meeting the goals, trends, guidelines and benchmarks for each segment of the County investment pool and make recommendations to the County Treasurer thereon.
- The IAC shall approve at each meeting the County Treasurer’s listing of brokers/dealers with whom the County may conduct investment business.

MEETINGS

The IAC regularly meets on an annual basis with meetings held in February. Meeting date and time will be established at the beginning of each calendar year. Additional meetings may be required as necessary.

VI. REPORTING

The County Treasurer shall submit an annual report to the Board of County Commissioners within sixty days of the close of the fiscal year. The report will set forth information on the investments made by the County during the preceding year. The report should summarize the investment strategies and include a complete listing of securities held, income earned, weighted average maturity, aggregate current yield, breakdown of securities by type of issuer and a certification by the County Treasurer as to compliance with State statutes and this investment policy.

The County Treasurer will report monthly the status of investments to the Board of County Commissioners. Such reports will include a complete listing of securities held, with market value and book value, income earned, unrealized gain or loss and a certification by the County Treasurer as to compliance with Nevada Revised Statutes and this policy statement during the period under review. The monthly report shall be subject to audit by the County's external auditors at any time.

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

The County will comply with any arbitrage reporting requirements as set forth in all applicable federal, state, and local laws. Additionally, the County will comply with all Government Accounting Standards Board requirements.

VII. DOUGLAS COUNTY INVESTMENT POOL

The County Treasurer is authorized to pool cash balances from the various funds of the County for investment purposes in accordance with NRS 355.168. The Investment Pool will be operated in accordance with the guidelines set forth in Appendix A. The Douglas County Investment Pool is managed through a blend or combination of the following two segments:

LIQUIDITY SEGMENT: The primary focus of this segment is to provide the day-to-day liquidity needs of the County. The County utilizes the State of Nevada's Local Government Investment Pool (LGIP) to meet these liquidity needs.

INTERMEDIATE-TERM TO LONG-TERM SEGMENT: The primary focus of this segment is to enhance the investment earnings for the County. Commonly used investment vehicles include U.S. Treasury notes, federal agency notes, corporate obligations in the 0-10 year maturity sector.

INVESTMENT STRATEGY: The Pool's investment strategy is a proactive management approach. The basic strategy is to buy and hold investments to maturity; however, securities may be sold due to adverse changes in credit risk, unexpected cash flow needs, or to improve the quality, yield, or target duration of the portfolio.

IX. AUTHORIZED FINANCIAL INSTITUTIONS AND BROKER/ DEALERS

A. Broker/Dealer Application

Any broker/dealer is eligible to make an application to the County Treasurer to transact investments with the County. To be eligible, broker/dealers must either be primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and must have been in operation at least five years. Those institutions that desire to be approved to conduct investment transactions must submit the following:

1. Two years of audited financial statements.

2. Current proof of National Association of Securities Dealers (NASD) certification.

3. Completed Douglas County Broker/Dealer Agreement/Questionnaire.

4. A signed letter acknowledging that they have read the County Treasurer's investment policies and agree to adhere to the County's Investment Policy

5. Certification of acceptance of the County's Investment Policy

6. At least five references from other public entities, agencies, and/or organizations that have an ongoing business relationship with the broker/dealer.

The County Treasurer shall select and maintain a list of approved broker/dealers and financial institutions.

B. **Broker/Dealer Application**

The County Treasurer, shall at least semiannually for the approval of the IAC, if applicable, analyze and evaluate the credit worthiness, capability, and reputation of all financial institutions and broker/dealers with which the County conducts investment transactions.

The County Treasurer shall send annually the current edition of the Douglas County Investment Policy to all broker/dealers and financial institutions, which are approved to conduct investment transactions with the County. The broker/dealer or financial institution shall confirm in writing that the policy has been received, reviewed, and accepted by appropriate personnel. In the absence of such acceptance, investment transactions will not be considered with the broker/dealer or financial institution.

C. **Investment Advisor Broker/Dealer List**

Investment advisors shall annually provide a list to the Treasurer of their approved broker/dealers.

X. AUTHORIZED AND PERMITTED INVESTMENTS

The County is initially limited to those instruments authorized by Nevada Revised Statutes. The County Treasurer and any external investment advisor is further limited to the following securities having been approved by the Investment Committee, if applicable, as appropriate investments for the County.

1.a. Direct obligations of the U.S. Treasury--Treasury Bills and Notes

Maximum Term	10 years
Maximum Single Purchase	$10,000,000
Maximum Aggregate Position	No Limit

b. Securities backed by the full faith and credit of the United States government--
Securities include, but are not limited to Government National Mortgage Association (GNMA), GNMA PCs, Small Business Administration (SBA) loans or pools.

Maximum Term	10 years
Maximum Single Purchase	$10,000,000
Maximum Aggregate Position	No Limit

2 .a. Securities backed by Federal Agencies--Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Institutions (FHLB), , Federal Farm Credit Institution (FFCB), Federal Housing Administration (FHA), and Federal Agricultural Mortgage Corporation (FAMC).

Maximum Term	10 years
Maximum Single Purchase	$10,000,000
Maximum Percent Per Issuer	35%
Maximum Aggregate Position	100%

b. Agency-Issued Mortgage-Backed Securities--FNMA, FHLMC, GNMA

Maximum Term	10 years
Maximum Single Purchase	$10,000,000
Maximum Per Issuer	15%
Maximum Aggregate Position	40%

3. Notes, bond and other unconditional obligations for payment of money issued by corporations organized and operating in the United States purchased from a registered broker-dealer and are rated “AA-” its equivalent or higher, by a nationally recognized rating service.

Maximum Term	5 years
Maximum Per Issuer	5% (in aggregate with commercial paper exposure)
Maximum Aggregate position	20%

4. Negotiable medium-term obligations issued by local governments of the State of Nevada. Pursuant to NRS 355.177, the County may not invest in its own securities of any kind. Bonds shall be rated at least “AA” its equivalent or higher, by a nationally recognized statistical rating organization (NRSRO).

Maximum Term	5 years
Maximum Per Issuer	25%
Maximum Aggregate position	25%

5. Repurchase Agreements with qualified banks

Maximum Term	90 days
Maximum Aggregate Position	No Limit
Must be collateralized at 102%	

6. Bankers' acceptances, which must be rated "A-1," "P-1" or its equivalent, or better by a NRSRO.

Maximum Term	180 days
Maximum Per Issuer	5%
Maximum Aggregate Position	20% of portfolio

7. Commercial Paper, which must be purchased by a registered broker-dealer and must be rated "A-1," "P-1" or its equivalent, or higher by a NRSOR.

Maximum Term	270 days
Maximum Aggregate Position	20% of portfolio

8. Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations. Individual purchases greater than $250,000 per banking institution must be fully collateralized in excess of insured amounts.

Maximum Term	10 years
Maximum Per Issuer	5% (in aggregate with corporate obligation exposure)
Maximum Aggregate Position	20% of the portfolio

9. Certificate of Deposit (must be federally insured). Individual purchases greater than $250,000 per banking institution must be fully collateralized in excess of insured amounts.

10. Money Market Funds (MMFs) rated AAA or its equivalent by a NRSRO. MMFs must have a stable net asset value (NAV).

Terms	Same as cash, available daily pay interest monthly
Maximum Aggregate Position	45% of MMF assets

12. Asset-backed securities rated AAA or its equivalent by a NRSRO.

Maximum Term	5 years
Maximum Aggregate Position	20% of the portfolio
Maximum Per Issuer	5% of the portfolio

13. Local Government Investment Pool (LGIP) managed by the Nevada State Treasurer pursuant to NRS Chapter 355.

    Maximum Aggregate Position 70% of the portfolio

Adding Investment Options to the "APPROVED LIST"
Upon recommendation of any committee member, additional investment instruments will be reviewed and analyzed by the Investment Committee. Upon satisfaction that the proposed instrument is a suitable investment for the County, that option will be added to the APPROVED INVESTMENT LIST with appropriate conditions and limitations.

XI. SECURITIES SAFEKEEPING AND CUSTODY

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

XII. COLLATERALIZATION OF DEPOSITS

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

XIII. AUDIT AND INTERNAL CONTROL

The County Treasurer's Office shall employ internal controls designed to prevent losses of public funds arising from fraud, employee error and irregularities, misrepresentation by third parties, or imprudent actions by employees and officers of Douglas County.

The custodian/safekeeping account and the investment transactions and records shall be audited by an outside independent auditor as part of the County's regular annual financial audit or with a frequency prescribed by the Board of County Commissioners. The results of that audit shall be furnished to the Board of County Commissioners.

XIV. MATURITY LIMITATIONS AND DIVERSIFICATION

A. In no case shall more than 15 percent of the Douglas County Investment Pool be invested in obligations of any one issuer except direct obligations of the U.S. government, its agencies or investment options offered by the Nevada State Treasurer.

B. In order to ensure liquidity and to provide for the County's cash flow needs, the investments will be managed to ensure the liquidity requirements of the County will be met.

C. The average weighted maturity of the Douglas County Investment Pool portfolio will not exceed 3 years.

XV. PERFORMANCE EVALUATION

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs. A benchmark that takes into account these factors shall be used to determine whether competitive market yields are being achieved. The Treasurer will review appropriate benchmarks at least annually.

XVI. TRAINING AND CONTINUING EDUCATION

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

XVII. *TREASURER'S REVIEW AND REVISIONS*

The County Treasurer shall regularly review the investment process to evaluate performance, policy, procedures, and compliance with NRS and County ordinances. Annually, the IAC shall review the policy, if applicable.

APPENDIX A

DOUGLAS COUNTY INVESTMENT POOL OPERATION

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

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

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

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

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

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

The investment pool will operate in the following manner:

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

2. The monies recorded in revenue and other accounts of the participating funds are deposited daily into the applicable bank account of the County. Any excess is transferred into the Nevada State LGIP or Fund Sweep money market fund providing for 100 percent investment of the monies at all times. Any monies available or a longer duration will be put into investments with a longer maturity.

3. Monies transferred to and invested in the Nevada State LGIP or investment account will remain in that account earning interest on a daily basis until the County Treasurer identifies an investment with the desired maturity and an acceptable rate.

4. Historically, the costs of banking services and credit cards usage for Douglas County have been paid through earnings credits on compensating balances in bank accounts that were used to make daily transaction or netted against interest earnings. Effective, July 2, 2013, Credit card fees will be allocated to the Department that incurs them and banking or analysis fees will be allocated using the applicable cost allocation formula. Each Department will have the option of either absorbing the cost of Credit Cards (merchant fees) or passing that cost onto the customer.

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

   a. Each day the County Treasurer will obtain the fund balance of each participating fund from the County Comptroller.

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

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

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

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

   f. The interest income available for allocation as determined in (e) above is multiplied by each funds' percentage as determined in (d) above to arrive at the interest income each fund is entitled to receive. The County Treasurer will then prepare the necessary documents to transfer the interest earnings from the holding account to the various funds.

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

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

APPENDIX B

GUIDELINES FOR ETHICS AND CONFLICTS OF INTEREST COMPLIANCE

The County Treasurer has adopted the following internal codes of conduct and guidelines to assist employees, officers, agents and IAC members in complying with applicable laws, statutes, ordinances and policies. These guidelines establish the code of conduct necessary for acceptable business practices in the safekeeping and investing of public funds.

The County Treasurer's code of conduct prohibits any employee, officer, agent or IAC member from (1) soliciting for themselves or for a third party anything of value from anyone in return for any business, service or confidential information of the County and (2) accepting anything of value from anyone in connection with the business of the Treasury, either before or after a transaction is discussed or consummated.

The County Treasurer's office recognizes, however, that in the normal course of business there are specific, appropriate exceptions to the general prohibition of accepting something of value in connection with county business. There are a number of instances where an official, without risk of corruption or breach of trust, may accept something of value from one doing or seeking to do business with the County or the Treasurer's office. The most common examples are the business luncheon or the special occasion gift from a customer. In general, there is no threat of a violation of the law if the acceptance is based on family or personal relationship existing independent of any business of the County; if the benefit is available to the general public under the same conditions on which it is available to the official; or if the benefit would be paid for by the County as a reasonable business expense if not paid for by another party.

Other exceptions to the general prohibition regarding acceptance of things of value in connection with County business may include:

(a) Acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a bank official) where the circumstances make it clear that it is those relationships rather than the business of the County or Treasury which are the motivating factors;

(b) Acceptance of meals, refreshments, entertainment, accommodations or travel arrangements, all of reasonable value, in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations, provided that the expense would be paid for by the County as a reasonable business expense if not paid for by another party (the County may establish a specific dollar limit for such an occasion);

(c) Acceptance of loans from financial institutions on customary terms to finance proper and usual activities of bank officials, such as home mortgage loans, except where prohibited by law;

(d) Acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars and similar items;

(e) Acceptance of discounts or rebates on merchandise, services or accounts that do not exceed those available to other customers;

(f) Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, holiday or birthday (the County may establish a specific dollar limit for such an occasion); or

(g) Acceptance of civic, charitable, educational, corporate or religious organization awards for recognition of service and accomplishment (the County may establish a specific dollar limit for such an occasion).

By adopting a code of conduct with appropriate allowances for such circumstances, the County Treasurer's office recognizes that acceptance of certain benefits by its employees, officers, agents and IAC members does not amount to a corrupting influence on the office's transactions.

This code of conduct and its' guidelines are written to insure that County Treasury employees, officers, agents and IAC members seek to embody the highest ethical standards in their conduct. The County Treasurer's office recognizes that a serious threat to the integrity and safety of public funds can occur when its officials become involved in outside business interests or employment that gives rise to a conflict of interest. Accordingly, Treasury employees, officers, agents and IAC members shall refrain from self-dealing or otherwise trading on their positions with the County or accepting from one doing or seeking to do business with the County, a business opportunity not available to other persons or that is made available because of such official's position with the County. In this regard, Treasury employees, officers, agents and IAC members shall disclose all potential conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers or business associates.

Any professional providing investment services under a "No Bid" agreement entered into with the County pursuant to the exemption from competitive bidding, codified in the Local Government Purchasing Act (NRS 332.115), must comply with the applicable provisions of the Nevada Ethics in Government Law and the requirement of this investment policy as from time to time amended and including all appendices of the policy.

APPENDIX C

Title 3

REVENUE AND FINANCE

Chapter 3.02

LOCAL GOVERNMENT INVESTMENTS

Sections:

3.02.010 Delegation. 3.02.020 Investments. 3.02.030 Redemptions. 3.02.040 Reports. 3.02.050 Deposits.

3.02.010 Delegation.
A. Pursuant to Nevada Revised Statutes 355.165, et seq., "Investments by Local Governments," the authority to invest and reinvest money of Douglas County, to sell or exchange securities purchased pursuant to NRS 355.175, and to deposit securities for safe keeping is delegated to the county treasurer.

B. Upon a unanimous vote of the board of county commissioners, the authority delegated in this section may be suspended when the board determines that the treasurer has not invested the money of Douglas County consistent with the best interest of the county. (Ord. 397 § 1 (part), 1982).

3.02.020 Investments.
The county treasurer is authorized to purchase, at their original sale or after they have been issued, securities which are permitted investments pursuant to NRS 355.170, as enacted or hereafter amended, from money in his custody which is not required for the immediate day-to-day business of the county, and as he may deem wise and expedient, and to sell or exchange from other eligible securities and reinvest the proceeds of such sale or exchange of securities purchased pursuant to this chapter. (Ord. 397 §1 (part), 1982).

3.02.030 Redemptions.
The county treasurer is authorized to redeem securities in which the county invested money pursuant to this chapter so that the proceeds of any such redemption may be applied pursuant to the terms of this chapter for which the original purchase money was designated or placed in the county treasury. (Ord. 397 § 1 (part), 1982).

3.02.040 Reports.
The county treasurer shall make a monthly report of all such investments, redemptions or reinvestments pursuant to this chapter to the board of county commissioners. (Ord. 397 § 1 (part), 1982).

3.02.050 Deposits.
The county treasurer is authorized to deposit for safe keeping the securities in which he has invested the county's money pursuant to this chapter with a trust company or a state or national bank or with any federal reserve bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Nothing in this section shall impose any responsibility on the county treasurer for any securities delivered to and receipted for by any trust company, bank or other institution in which they have been deposited until they have been withdrawn from such institution by the treasurer. The county treasurer on any deposit shall take from any institution in which the money or security is deposited a receipt for the securities or moneys deposited. (Ord. 397 § 1 (part), 1982).

APPENDIX D

GLOSSARY OF CASH MANAGEMENT AND INVESTMENT TERMS

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

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

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. 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 a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic 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 - A short-term credit instrument created by a non-financial firm and guaranteed by a bank as to payment. Acceptances are traded at discounts from face value in the secondary market on the basis of the credit quality of the guaranteeing banks.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., "1/4" of 1 percent is equal to 25 basis points.

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

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

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

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

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

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

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

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

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

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

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

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Security – A debt obligation issued by a corporation.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government 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.

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

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

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

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

Liquidity - An asset that can be converted easily and quickly into cash.

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

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

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

Market Value - Current market price of a security.

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

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

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

Moody's Investors Service - A company that as one of its services, analyzes and rates securities (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.

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

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

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

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

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

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

Prime Rate - A preferred interest rate charged by commercial banks to their more creditworthy customers. Many interest rates are keyed to this rate.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

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

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

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

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

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

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

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

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

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

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

Swap - Trading one asset for another.

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

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

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

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

Uniform Net Capital Rule - SEC Rule 15C3-1 outlining capital requirements for broker/dealers who must maintain a maximum ratio of indebtedness to liquid capital of 15 to1. Indebtedness covers all money owed to a firm, including margin loans, and commitments to purchase securities (one reason new issues are spread among members of underwriting syndicates). Liquid capital includes cash and assets easily converted to cash.

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

"Volatility Risk" Rating - A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc-" by S&P, "V-10" by Fitch).

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

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

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

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

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

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