PART XIII. - INVESTMENT POLICY FOR BROWARD COUNTY

Footnotes:

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22.80. - Purpose and Scope.

a. The purpose of the Broward County Investment Policy ("Investment Policy") is to establish guidelines for the investment of County funds ("Investment Program") by setting objectives and operational procedures, identifying eligible securities, and affirming guidelines for the composition of the portfolio ("Investment Portfolio") through diversification and maturity limits. The intent of the Investment Policy is to maximize the return on invested funds while minimizing risk and meeting the daily cash flow demands of the County.

b. The County's Investment Program shall be operated in conformance with federal, state, and other legal requirements, including Section 218.415, Florida Statutes, and Section 1-10 of the Broward County Code of Ordinances.

c. This Investment Policy applies to investments held by or for the benefit of the Broward County Board of County Commissioners, including governmental, proprietary, and fiduciary funds as described and accounted for in the Comprehensive Annual Financial Report. Not included are the proceeds of refunded bond issues which are deposited in escrow, debt service funds governed by their bond indentures, and funds of the constitutional officers and other component units of the County governed by independent boards, unless as authorized by mutual agreement.

d. Except for cash in certain restricted and special funds, Broward County will consolidate cash and reserve balances from all funds to maximize investment earnings and 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.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.81. - Investment Objectives.

The objectives of the Investment Program are, in order of importance:

a. Safety: Ensure the preservation of capital in the overall Investment Portfolio. Each transaction shall seek to avoid capital losses, whether in the form of security default (credit risk) or erosion of market value (interest rate risk). This is achieved by maintaining minimal requirements for acceptable credit ratings on all security purchases and monitoring duration.

b. Liquidity: The Investment Portfolio shall be structured so that it provides sufficient liquidity and flexibility to manage the County's operating requirements that may be reasonably anticipated.

c. Investment Income: The County shall seek to structure the Investment Portfolio to maximize investment income subject to the above safety and liquidity objectives. Securities shall generally be held until maturity with the following exceptions:
   1. A security with declining credit may be sold early to minimize loss of principal.
   2. A security swap is allowed where it would improve the quality, yield, or duration of the Investment Portfolio.
3. Liquidity needs of the Investment Portfolio require that the security be sold.

   d. Act Responsibly: The County shall avoid any transaction that might impair public confidence in the government of Broward County as custodians of the public trust.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.81.1. - Strategy.

   To meet the investment objectives outlined above, the County will employ the following strategies for each objective:

   a. The strategy to meet the Investment Policy's primary objective of safety and preservation of capital is to ensure that all securities are of a sufficient quality and duration so as to limit exposure to credit and interest rate risks, thereby resulting in minimal volatility during varying economic cycles. Securities should be purchased with the intention of holding until maturity.

   b. The strategy to meet the Investment Policy's objective of liquidity, including the ability to reasonably meet unanticipated needs, is to purchase securities with an active secondary or resale market. Diversification should be maintained in order to minimize possible credit risk in a specific security type.

   c. The strategic approach, within the Investment Policy's safety and liquidity objectives, is to match investment maturities to anticipated cash flows. Both short-term and long-term maturities should be laddered to meet general operating, capital project, and debt service expenditures, based on known and projected cash flows. Over time, this strategy should help ensure an average rate of return on the County's investments and allows the County to benefit from long-term maturities.

   d. The strategy to meet the last objective of obtaining investment income while considering risk constraints and cash flow needs, which is secondary to the objectives of safety and liquidity, requires that investments be limited to low-risk securities earning an equitable rate of return relative to the amount of risk.

   e. To the extent excess funds are available, and at the discretion of the County Administrator, excess funds may be used for the short-term funding of projects that meet objectives of the Broward County Commissioners that are in the best interest of the County. Funds should be reimbursed through expected receipts or long-term financing.

(2015-528, 10-27-15)

22.81.2. - Authority.

   Authority to manage the County's Investment Program is derived from Section 3.06 of the Broward County Charter. Day-to-day management responsibility for the Investment Policy shall be assigned to the Finance and Administrative Services Department.

(2015-528, 10-27-15)

22.82. - Performance Measurement.

   The Investment Portfolio should regularly exceed the average return on the Bank of America Merrill Lynch 1-3 year Treasury & Agency Index. This Benchmark tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one (1) year and less than three (3) years. This index is considered a Benchmark for low risk investment transactions and, therefore, constitutes a minimum standard for the Investment Portfolio's rate of return. The Investment Program shall seek to provide returns above this
index consistent with the risk limitations identified in this Investment Policy and prudent investment principles. The actual performance of the Investment Portfolio may vary due to changes in interest rates or market conditions.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.83. - Prudence and Ethical Standards.

a. Those persons conducting investment transactions shall act in accordance with the "Prudent Person Rule," as defined in Section 218.415, Florida Statutes, which states: "Investments should 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 from the investment."

b. Officers and employees involved in the Investment Program shall refrain from personal business activity that could conflict with proper execution of the Investment Program, or impair their ability to make impartial investment decisions. Officers and employees shall subordinate personal investment transactions to those of Broward County. Furthermore, they shall disclose to the County Administrator, County Auditor, and the Chief Financial Officer ("CFO") any material financial interests in financial institutions that conduct business within the County, and any large personal financial or investment positions that could be related to the performance of the Investment Portfolio. Materiality shall be based on either the Comparative (percentage) Threshold or the Dollar Value Threshold as defined in CE Form 1, Statement of Financial Interest, issued by the State of Florida Commission on Ethics.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.84. - Eligible Securities.

The Investment Portfolio shall be limited to the following eligible securities and any additions by ordinances enacted by the Broward County Commission. Marginable accounts, short sales (where the County does not own the underlying security), and investments in any derivative securities (including interest only or principal only and inverse floaters investments) are prohibited unless specifically designated below.

a. Direct obligations, or obligations, of the United States Government, the principal and interest of which are unconditionally guaranteed by the United States Government, including bonds, notes, and other obligations. Such securities will include, but not be limited to, the following:
   2. Treasury Bills.
   3. Treasury Notes.
   4. Treasury Bonds.

b. Bonds, notes, and other obligations of any federal agency whose obligations represent the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:
   1. Farmers Home Administration—Certificate of beneficial ownership.
   2. Federal Housing Administration Debentures.
   3. United States Department of Housing and Urban Development Project notes and local authority bonds.
   4. Government National Mortgage Association (GNMA or "Ginnie Mae").
5. Department of Veterans Affairs (VA).

c. Bonds, debentures, or notes issued by Government Sponsored Enterprises (GSEs), which carry the implicit backing of the United States Government, but are not direct obligations of the United States Government. Such securities will include issuances from, but not be limited to, the following:

1. Federal Home Loan Bank System (FHLB)—Senior debt obligations.
2. Federal Farm Credit Bank (FFCB).
3. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")—Participation certificates, senior debt obligations.
4. Federal National Mortgage Corporation (FNMA or "Fannie Mae")—Participation certificates, senior debt obligations.
5. Federal Agricultural Mortgage Corporation (FRM or "Farmer Mac")—Participation certificates, senior debt obligations.

d. The Local Government Surplus Trust Fund ("Florida PRIME") or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided for in Section 163.01, Florida Statutes, and established in Section 218.405, Florida Statutes. In addition, a thorough investigation of the pool is required prior to investing and on a continual basis. Areas of consideration shall include a review of the Investment Policy, the types of securities allowed, the fund's risk profile, operational requirements, and calculations relating to interest, gains and losses, and distributions.

e. Repurchase agreements with Primary Dealers, as defined by the Federal Reserve Bank of New York, and a custodian bank acting as a tri-party agent, provided such agreements are i) in writing; and ii) fully secured by securities unconditionally guaranteed by the United States Government, and provided further that:

1. Any such collateral is held by the County or the tri-party agent acting for the County during the full term of such agreements;
2. Any such collateral may only be substituted for same credit quality or better;
3. Any such collateral is not subject to liens or claims of third parties;
4. Any such collateral has a market value (determined at least every seven (7) days) at least equal to one hundred two percent (102%) of the amount invested in such agreement;
5. The County has a perfected first security interest in such collateral;
6. A Master Repurchase Agreement has been executed with all counterparties per Section 22.90 of this Investment Policy;
7. The Master Repurchase Agreement provides that the failure to maintain such collateral at the level required by clause (4) above will require the County or the tri-party agent to liquidate the investments; and
8. Term of the repurchase agreements cannot exceed ninety (90) days from date of purchase.

f. Commercial Paper rated in one of the two highest rating categories by at least two (2) nationally recognized rating agencies, or Commercial Paper backed by a letter of credit or line of credit rated in one of the two highest rating categories. The CFO, at his or her discretion, may direct the investment and finance coordinators to invest in asset-backed commercial paper that is rated in one of the two highest rating categories by at least two (2) nationally recognized rating agencies.

g. Bonds, notes, or obligations of the State of Florida, or of any municipality, political subdivision, or agency or authority of this state, if such obligations are rated by at least two (2) nationally recognized rating services in any one of the two highest classifications.
h. Bank time deposits evidenced by certificates of deposit, or other evidences of deposit, issued by any bank, savings and loan association, trust company, or national banking association, which are (a) fully insured by the Federal Deposit Insurance Corporation and are governed by Florida Statutes or (b) to the extent not so insured, secured by government obligations provided (i) the institution is designated a Qualified Public Depository by the Chief Financial Officer of the State of Florida, and such obligations shall be in the physical possession of the State or a bank or trust of its choosing as directed by the Chief Financial Officer of the State of Florida, and (ii) such obligations must continuously have a market value at least equal to the amount so invested.

i. Securities of, or other interest in, any open-end or closed-end management type, investment company, or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and the repurchase agreements fully collateralized by such United States Government obligations and provided such an investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian. In addition, a thorough review shall take place as described in item d., above.

j. Collateralized Mortgage Obligations ("CMOs") which are only to be used at the discretion of the CFO and which are bank eligible and pass a three-pronged test for CMO safety at purchase based on the following:

1. The Weighted Average Life ("WAL") does not exceed five (5) years;
2. The expected WAL does not extend for more than two (2) years nor shorten by more than three (3) years assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points; and
3. The estimated change in price is not more than ten percent (10%) assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points.

k. World Bank notes, Bonds, or Discount Notes, rated AAA or equivalent by Moody's Investor Service or Standard and Poors Corporation.

l. Obligations of the Tennessee Valley Authority.

m. Reverse repurchase agreements which shall be used only for liquidity purposes and cannot be longer than thirty (30) days in duration and must have the approval of the CFO.

n. Securities and Exchange Commission registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency. Such funds must have maintained a net asset value of one (1) dollar.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.85. - Security Lending.

Securities or investments purchased or held under the provisions of this Investment Policy may be loaned to securities dealers or financial institutions, provided:

a. The loan is collateralized by cash or securities having a market value of at least one hundred two percent (102%) of the market value of the securities loaned and held by a third party;

b. Broward County is indemnified against borrower insolvency;

c. Broward County is indemnified against insolvency of a cash collateral investment issuer or counterparty;

d. Facilitator must have a rating of "A" or higher as designated by Standard and Poors; and
e. The maximum securities to be loaned cannot exceed twenty-five percent (25%) of the Investment Portfolio unless approved by the CFO, who may authorize a value of up to fifty percent (50%) of the Investment Portfolio.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.86. - Maturity Limitations.
a. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as sizeable anticipated revenues. Investments with maturities greater than 5.2 years shall require CFO approval prior to purchase. This schedule applies to the investment process at time of purchase. Maturities in this category shall be timed to comply with the following guidelines:

<table>
<thead>
<tr>
<th></th>
<th>Maturity Range</th>
<th>Maximum Percentage</th>
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<tbody>
<tr>
<td>1</td>
<td>Overnight</td>
<td>35% maximum</td>
</tr>
<tr>
<td>2</td>
<td>1—30 days</td>
<td>80% maximum</td>
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<tr>
<td>3</td>
<td>31—90 days</td>
<td>80% maximum</td>
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<tr>
<td>4</td>
<td>91 days to 1 year</td>
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<tr>
<td>5</td>
<td>1 to 2 years</td>
<td>40% maximum</td>
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<tr>
<td>6</td>
<td>2 to 3 years</td>
<td>25% maximum</td>
</tr>
<tr>
<td>7</td>
<td>3 to 4 years</td>
<td>20% maximum</td>
</tr>
<tr>
<td>8</td>
<td>4 to 5 years</td>
<td>15% maximum</td>
</tr>
<tr>
<td>9</td>
<td>5 to 7 years</td>
<td>10% maximum</td>
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</table>

b. Assets held in debt service funds and reserve funds will be guided by their bond indenture and are exempted from these maturity limitations.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.87. - Diversification.
a. It is the policy of Broward County to diversify its Investment Portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, or class of security.

b. The Investment Portfolio will be diversified with no more than five percent (5%) of the value of the Investment Portfolio invested in the securities of any single issuer at the time of purchase. This limitation shall not apply to U.S. Government or Agency obligations, Government Sponsored Enterprise Securities ("GSEs"), or fully insured or collateralized Certificates of Deposit.

c. The maximum percentage of the Investment Portfolio permitted in each eligible security, at the time of purchase, is as follows:
1. **Diversification by Instrument:**
   a) U.S. Treasuries and Agencies—100% Maximum
   b) Florida PRIME—50% Maximum
   c) Repurchase Agreements—40% Maximum
   d) Commercial Paper—25% Maximum
   e) Florida State-County Bonds—35% Maximum
   f) Interest Bearing Time Deposits (including CDs)—25% Maximum
   g) Money Market or Mutual Funds—35% Maximum
   h) World Bank Notes, Bonds, Discount Notes—15% Maximum
   i) CMOs—5% Maximum
   j) Tennessee Valley Authority Obligations—5% Maximum

2. **Diversification by Institution:**
   a) Money Market or Mutual Funds—No more than ten percent (10%) of the total Investment Portfolio with any one fund.
   b) Repurchase Agreements—No more than ten percent (10%) of the total County Investment Portfolio with any one institution, at the time of purchase. This restriction shall not apply to repurchase agreements executed by or facilitated through the Florida State Board of Administration ("SBA").
   c) State Issued Funds—Unrestricted.
   d) Commercial Paper—No more than five percent (5%) of the total County Investment Portfolio with any one issuer, at the time of purchase.


22.87.1. - Risk.
   a. It is recognized that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. By diversification, this Investment Policy seeks to minimize losses based on investment risk.
   b. Investment Portfolio diversification should be employed as a way to control risk. Those persons responsible for investment of County funds should exercise prudence in the selection of securities so as to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall Investment Portfolio. In the event of a default, downgrade, or materially adverse event by a specific issuer, the CFO shall review such event and, if appropriate, approve the liquidation of securities having comparable credit risks.
   c. To control risk of illiquidity, a minimum of two percent (2%) of the total Investment Portfolio, with a minimum of $40 million in the Treasury Pooled Fund, shall be held in overnight repurchase agreements, U.S. Treasury instruments, or Money Market or Mutual Funds.

(2015-528, 10-27-15)

22.88. - Qualified Institution.
   Qualified institutions for the purpose of investment transactions shall include:
   a. Primary dealers as defined by the Federal Reserve Bank of New York; or
   b. ...
Large regional and money center banks ranked 1—10 in total capital nationally as rated by the Federal Deposit Insurance Corporation, and Qualified Public Depositories, as defined in Section 280.02, Florida Statutes; or

c. Consistent with the expressed intent of Broward County to afford opportunities to smaller regional brokers-dealers based in the State of Florida, brokers-dealers meeting the following criteria:

1. Must comply with the SEC mandated Minimum Net Capital Rule 15c3-1;
2. Must provide their most recent Financial and Operational Combined Uniform Single (FOCUS) report showing a minimum net capital of $10 million on either line 3750 or line 3760 of the Report;
3. Must have been in continuous business operations for the five (5) years preceding the date of application to be a broker-dealer that is a qualified institution; and
4. If a banking institution, must be a Qualified Public Depository, as defined in Section 280.02, Florida Statutes.

Qualified institutions must have the ability to confirm trades through an electronic trading platform and must complete a broker agreement prior to initial trade. An annual review of the financial condition and registration of qualified financial institutions and brokers-dealers will be conducted at the end of each fiscal year. A list containing a maximum of fifteen (15) approved brokers-dealers selected on creditworthiness will be maintained annually.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.89. - Safekeeping and Collateralization.

All securities owned by Broward County shall be held in safekeeping by a third party as agent for the County under the terms of a custodian agreement or the Master Repurchase Agreement, except for those funds held by the Trustee(s). It shall not be necessary for the Trustee(s) to lodge such collateral security with any other bank or trust company, but it shall be sufficient for the Trustee(s) to lodge such collateral security within its Trust Department.

All securities transactions must be made on a delivery versus payment basis, if applicable, to ensure that the third party acting as agent for the County will have the security or money, as appropriate, in hand at the conclusion of the transaction.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.90. - Master Repurchase.

Broward County shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

(2007-314, 5-8-07)

22.91. - Bid Requirement.

After it is determined what securities and portfolio performance are needed and in what maturity, all transactions shall be competitively bid, either electronically or manually. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in Section 22.81 must be selected.
22.92. - Internal Controls.

Internal controls and operational procedures shall be those listed in the Procedures Memorandum Procedure RCC131 or its replacement.

(2007-314, 5-8-07)

Sec. 22.93. - Reporting.

Reporting shall be done on a quarterly basis. The information provided shall include the following: a summary of securities held at the end of the reporting period by authorized investment category; summary par value, summary market value, and summary book value; Investment Portfolio composition; interest earnings history; and average weighted yield to maturity of Investment Portfolio on investments as compared to applicable Benchmark. Investment Portfolio Management reports that analyze the status of the current Investment Portfolio and transactions made shall be provided to the CFO and Deputy CFO on a weekly basis and to the County Auditor on a monthly basis.


22.94. - Education Requirements.

All Broward County employees responsible for making investment decisions shall complete a minimum of eight (8) hours of continuing education on an annual basis in subjects or courses of study related to investment practices and products. A record of all such training courses, including an outline of the topics discussed, shall be filed with the CFO immediately upon completion of each said training course.


22.95. - Policy Considerations.

This Investment Policy and any modifications shall be approved by the Board of County Commissioners. Any investment currently held that does not meet the guidelines of this Investment Policy shall be exempted from the requirements of this Investment Policy. At maturity or liquidation, such monies shall be reinvested only as provided by this Investment Policy.

(2007-314, 5-8-07; 2015-528, 10-27-15)

22.95.1. - Glossary.

a. **Agencies.** Used to describe Federal Agency obligations which are backed by the full faith and credit of the United States of America (e.g., Ginnie Maes). The term is also used to describe GSEs, privately held corporations with a public purpose. GSEs carry the implicit backing of the U.S. Government. An example of a GSE is Freddie Mac. Securities can be discount notes, notes, or bonds.

b. **Benchmark.** A comparative base for measuring the performance or risk tolerance of the Investment Portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the Investment Portfolio's investments.

c. **Collateralized Mortgage Obligations ("CMOs").** A collateralized mortgage obligation is a special purpose entity that receives the mortgage repayments and owns the mortgages from which it receives cash flows (called a pool). The mortgages serve as collateral and are organized into classes based on their risk profile. Income received from the mortgages is passed to investors based on a predetermined set of rules, and investors receive money based on the specific slice of mortgages in which invested (called a tranche).
d. Commercial Paper. Issued by a corporation or bank with high-quality debt ratings, not usually backed by any form of collateral, to finance its short-term credit needs, such as accounts receivable and inventory. Maturities typically range from two (2) to two hundred seventy (270) days.

e. Federal Home Loan Banks ("FHLB"). Government-sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing-related assets of its members who must purchase stock in their district Bank.

f. Federal Open Market Committee ("FOMC"). Consists of seven (7) members of the Federal Reserve Board and five (5) of the twelve (12) Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

g. Government National Mortgage Association ("GNMA" or "Ginnie Mae"). Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The security holder is protected by full faith and credit of the U.S. Government.

h. Minimum Net Capital Rule 15C3-1. Securities and Exchange Commission requirement that member firms as well as nonmember brokers-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called "net capital rule" and "net capital ratio."

i. Mutual Fund. An investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in specified classes of securities such as bonds, money market instruments, or similar assets.

j. Primary Dealers. Primary dealers serve as trading counterparties of the New York Federal Reserve Bank in its implementation of monetary policy. This role includes the obligations to: (i) participate consistently in open market operations to carry out U.S. monetary policy pursuant to the direction of the FOMC; and (ii) provide the New York Federal Reserve Bank's trading desk with market information and analysis helpful in the formulation and implementation of monetary policy.

k. Repurchase Agreement. A repurchase agreement, or repo for short, is a type of short-term loan used in money markets whereby the seller of a security agrees to buy it back at a specified price and time. The seller pays an interest rate, called the repo rate, when buying back the securities.

l. Reverse Repurchase Agreement. A purchase of securities with an agreement to resell them at a higher price at a specific future date. This is a way to borrow money and allow the securities to be held as collateral. Reverse repos occur most often in government securities and often also in other securities that are highly valued and thus considered a good source of collateral. This can be a tool to provide additional liquidity to an entity.

m. Securities & Exchange Commission ("SEC"). United States Agency created by Congress to protect investors in securities transactions by administering securities legislation.

n. Tennessee Valley Authority ("TVA"). Bonds and discount notes offered by a corporation created by the federal government in the Great Depression to promote the economic development of the Tennessee River and adjoining areas. The TVA, known as a builder of dams, is responsible for flood control, the generation of electric power, soil conservation, and other areas of economic development.

o. Treasury Bills. A noninterest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three (3) months, six (6) months, or one (1) year.
p. **Treasury Bonds.** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten (10) years.

q. **Treasury Notes.** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two (2) to ten (10) years.

r. **World Bank Notes.** The International Bank for Reconstruction and Development ("IBRD"), otherwise known as the World Bank, is an international organization owned by its one hundred eighty-eight (188) member countries. The IBRD sells bonds and discount notes to finance loans and guarantees, and provides technical assistance for economic reform projects and programs. The securities are backed by the member countries and are rated AAA/A1+ by Standard and Poors.

s. **Yield.** The rate of annual income return on an investment, expressed as a percentage. Income Yield is obtained by dividing the current dollar income by the current market price for the security. Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

(2015-528, 10-27-15)

22.96—22.103. - Reserved.