



# Lincoln County Nevada

## Investment Policy

### **Investment Objectives:**

The investment portfolio shall be managed so that the portfolio, as a whole, meets the objectives set forth in this paragraph along with the objectives set forth by the Nevada Revised Statutes section 355.170, 355.171. All persons selecting investments for the monies shall adhere to the following objectives:

1. **Safety of Principal:** Safety of principal is the foremost objective of the County's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity:** The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which might be reasonably anticipated.
3. **Yield:** The County's investment portfolio shall be structured with the objective of earning a market rate of return in relation to the prevailing budgetary and economic environments and taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

### **Delegation of Authority and Investment Responsibility:**

The Board of County Commissioners (BCC) has overall responsibility for investment of County funds in accordance with NRS 355.175. Under authority delegated by the BCC and in accordance with NRS 355.175, the investment of County funds is the responsibility of the Treasurer per unanimous vote on February 19, 2013. As such, all cash, including bond proceeds, received by the County will be invested by the Treasurer, and authorized investment managers.

The 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 shall maintain records, subject to audit, of all 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 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 of pooled cash balances shall be made in accordance with all the provisions of this investment policy.

## Authorized and Permitted Investments

1. **State of Nevada Local Government Investment Pool (LGIP):** In accordance with NRS 355.165 and 355.167, funds may be invested in LGIP which is administered by the State Treasurer. All money in LGIP shall be held in trust in the custody of the State Treasurer. All money in the LGIP shall be deposited, invested, and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.
2. **U.S. Treasuries:** Bills, notes, bonds, and debentures of the United States Treasury, the maturity date of which is not more than 7 years from the date of purchase.
3. **U.S. Federal Agencies:** Securities issued by the following agencies: Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and the Federal Agricultural Mortgage Association. Maturities on federal agency securities must not exceed 7 years from the date of purchase. Mortgage-backed pass-through securities must not exceed 5 years weighted average life at the time of purchase.
4. **Bankers Acceptances:** Banker's 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 on the date of purchase.
5. **Commercial Paper:** Commercial Paper issued by corporations or depositories organized and operating in the United States rated by a nationally recognized rating service as "A-1, P-1" or its equivalent or better. Maturities of Commercial Paper must not exceed 270 days and the aggregate value must not exceed 20 percent of the total portfolio as determined by the date of purchase. If the rating is reduced below the rating requirements mentioned above, it must be sold as soon as possible.
6. **Corporate Bonds:** Notes, bonds issued by corporations organized in the United States are rated by a nationally recognized rating organization service as "A" or its equivalent or better. Maturities of Corporate Bonds must not exceed 5 years and the aggregate value must not exceed 20 percent of the total portfolios determined on the purchase date. Corporate Bonds must be purchased from a registered broker/dealer. If the rating of the issue is reduced below the rating requirements mentioned above, it must be sold as soon as possible.
7. **Money Market Mutual Funds:** Funds which are registered with the Securities and Exchange Commission, are rated AAA by a nationally recognized rating service and invest in securities issued by the Federal Government or agencies of the Federal Government, 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, and in repurchase agreements fully collateralized by such securities.

8. **Negotiable Certificates of Deposit:** CDs which are issued by commercial banks or is insured savings and loan associations. In addition, issuers must attain the following minimum ratings by at least two rating services: “B” by Thomson Bank Watch or “A-1” for deposits by Standard & Poor’s or “P-1” for deposits by Moody’s or comparably rated by a nationally recognized rating agency. In the absence of rating services, eligible CD’s must come from issuers with an IDC rating of 150 or better.
9. **Non-Negotiable Certificates of Deposit:** CDs issued by insured commercial banks, insured credit unions or insured savings and loan associations, 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.
10. **Other:** Any other investments as allowable per NRS 355.165, 355.167, 355.170, 355.171, 356.120

## **Maturities**

Investments shall have maturities, measured from the date of purchase, that do not exceed seven (7) years. Mortgage-backed pass-through agency securities have a maximum average life at time of purchase of 5 years.

## **Collateralization of Deposits**

All County money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings 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.

## **Review and Revisions**

The Treasurer shall be responsible for reviewing and recommending revisions to this investment policy, subject to approval by the Board of County Commissioners. However, the Treasurer may at any time further restrict for investment the types of instruments, issuers, and maturities as may be appropriate from time to time. If approved by the State Legislature, previously unauthorized investment vehicles and procedures may be utilized by the County.

SHAWN FREHNER  
LINCOLN COUNTY TREASURER