STATE OF NEVADA

OFFICE OF THE STATE TREASURER

INVESTMENT POLICY

GENERAL PORTFOLIO

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STATE TREASURER

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I. AUTHORITY

Nevada Revised Statutes (NRS) § 226.110 authorizes the State Treasurer to receive, keep and invest all money of the State of Nevada which is not expressly required by law to be received and kept by another party. NRS 226.110(3) further requires that the "State Treasurer shall establish the policies to be followed in the investment of money of the State, subject to the periodic review and approval or disapproval of those policies by the State Board of Finance.

Accordingly, the purpose of this policy is to comply with NRS 226 in order to establish the guidelines that will govern the investment activities of the State Treasurer with regard to the management of State money in the General Portfolio. Furthermore, this policy shall comply with NRS 355.140, which establishes the authorized and prohibited investments of State money. This policy may only be amended by a majority vote of the State Board of Finance.

This policy will ensure the prudent investment of State money, adherence to statutory requirements applicable to the investment of public funds, maintenance of daily cash flow requirements, and the establishment of a competitive benchmark rate of return.

II. SCOPE

This policy applies to all money that comprises the General Fund, the purpose of which is to finance the ordinary operations of the State and to finance those operations not provided for in other funds. It also applies to money deposited in special revenue funds, debt service funds, proprietary fund types, fiduciary fund types, and capital projects funds. All funds are reported in the State's Comprehensive Annual Financial Report (CAFR), which is audited annually by an independent accounting firm.

III. PRUDENCE

The standard of care, per NRS 355.145, to be used in the investment program will be the following "prudent person" standard, as hereafter quoted, and will be applied while conducting all investment transactions:

> "The state treasurer shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion and intelligence exercises in the management of his own affairs, not in regard to speculation, but in regard to the investment of his money, considering the probable income as well as the probable safety of his capital."

Authorized investment officers and staff who act in accordance with this policy and written procedures in the management of State money, and who exercise the proper due diligence will have no personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported and preventive action is taken to control adverse developments.

IV. OBJECTIVES

The General Portfolio shall be managed to accomplish the following objectives:

A. Safety

Safety of principal is the foremost objective of the investment program. Investments in the General Portfolio shall be undertaken to ensure the preservation of principal in the portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk
   The State Treasurer will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

   - Establishing a pre-approved list of financial institutions and companies that the State Treasurer will be restricted to when purchasing commercial paper and corporate notes.

   - Conducting regular credit monitoring and due diligence of these issuers.

   - Pre-qualifying the financial institutions and broker/dealers with which the State Treasurer will do business for broker/dealer services and repurchase agreements.

   - Diversifying the portfolio so potential losses on individual securities will be minimized.

2. Market Risk/Interest Rate Risk
   Market risk relates to price fluctuations of securities that may result in a loss to the State if cash flow requirements force a premature sale. The State Treasurer will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

   - Portfolio maturities must be structured to avoid the forced sale of securities in any but the most severe circumstances.

   - Maintaining an effective duration of less than 1.5 years.

   - Holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less.

B. Liquidity

The General Portfolio will remain sufficiently liquid to enable the State to meet all operating requirements that can be reasonably anticipated. This will be accomplished by:

- Cash flow forecasts shall be prepared identifying major cash inflows and outflows in order to structure the portfolio to accommodate identifiable trends.

- Structuring the portfolio so that securities mature concurrent with cash necessary to meet anticipated demand.

- Through the use of cash flow forecasting, investment staff may segregate the management of the General Portfolio into two sub-portfolios: a short-term portfolio consisting of securities maturing within 12 months to cover short- and intermediate-term cash flow needs and a core portfolio to invest monies deemed to have a longer investment horizon.

- Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

C. Return on Investment

The General Portfolio will be invested to attain a competitive rate of return in relation to prevailing budgetary and economic environments, while taking into account the State's investment risk constraints and the cash flow characteristics of the portfolio.

D. Legality

The State Treasurer will invest the State's excess funds only within the legal guidelines set forth by the laws of the State. Any investment alternative outside these guidelines is not permissible.

Furthermore, the State Treasurer seeks to promote and support the objectives of U.S. foreign policy regarding terrorism. Accordingly, investments in companies or their subsidiaries or affiliated entities that are known to sponsor terrorism or aid the government in countries that are known to sponsor terrorism are prohibited. Accordingly, the State Treasurer will maintain compliance with the Terror-Free Investment Policy previously approved by the Board of Finance on April 23, 2008, hereby attached as Appendix "A".

V. DELEGATION OF AUTHORITY

NRS 226.100(1) authorizes the State Treasurer to appoint a Deputy of Investments (Deputy) whose responsibilities include management of the investment program and implementation of procedures consistent with this policy. The Deputy will also be responsible for the supervision of the investment staff and of all external investment professionals associated with the investment program. The Deputy shall maintain a "Trading Authorization" form, signed by the State Treasurer, which lists all persons authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts. The Trading Authorization Form shall be distributed to all broker-dealers authorized to buy and sell securities with the State.

VI. INVESTMENT PROCEDURES

The State Treasurer will establish written procedures detailing the operation and regulation of the investment program. The procedures set forth the trading authorization of the investment staff, the daily responsibilities of implementing the investment program, and the segregation of investment duties. The State Treasurer will submit to periodic independent audits to determine that investment activities adhere to State statutes, administrative rules, and investment policies.

VII. ETHICS

Investment staff will act responsibly as the custodians of public funds. The staff will refrain from personal business activity that could create an appearance of impropriety or could conflict with the proper execution of the investment program or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any material financial interests in financial institutions that conduct business within Nevada, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual or entity with which business is conducted on behalf of the State.

VIII. AUTHORIZED BROKER-DEALERS

The State Treasurer will maintain a list of authorized broker-dealers. Security transactions are limited solely to those banks, brokers and dealers included on this list. All financial institutions, whether investment banks, dealers, commercial banks or savings and loan institutions must be approved by the State Treasurer before they are able to conduct business with the State Treasurer's Office.

Authorized broker-dealers must have reviewed the eligible investments that are detailed in NRS and the adopted investment policy, and who are aware of the investment needs, constraints, and goals of the investment program. A "Request for Information" (RFI) will be periodically issued to provide a uniform standard the State Treasurer may use to identify the financial condition and professional merits of any firm included on the broker-dealer list. An affidavit attesting to having reviewed and understood the contents of the investment policies and NRS, must be completed by each broker-dealer in order to qualify for final selection. All approved broker-dealers must be fully licensed and registered NASD Broker/Dealers or exempt banks.

Criteria used to select broker-dealers through the RFI process will include:

- Financial strength and capital adequacy of firm;
- Services provided by firm;
- Research services available;
- Resume, reputation and qualifications of sales representative;
- Due diligence and firm references; and,
- State government expertise.

The State Treasurer will encourage all qualified broker-dealers providing investment services in the State, including those owned by women, minorities, and/or the physically impaired, to respond to the RFI. Consideration will be given to all institutions when their services are competitive on a national basis.

IX. AUTHORIZED INVESTMENTS

The State Treasurer, in accordance with the provisions of NRS 355.140, 355.180, 356.005, and this investment policy, is authorized to invest in:

A. Bankers' Acceptances

1. An issuing bank must have received the highest letter and numeral short-term ranking (i.e., A-1 / P-1) by at least two nationally recognized statistical rating organizations (NRSRO's).
2. Must be issued by domestic commercial banks regulated by the Federal Reserve or trust companies which are members of the Federal Reserve System.
3. Maximum maturity of 180 days.
4. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
5. No more than five (5) percent of total par value of the portfolio may be in one issuer.

B. Commercial Paper

1. Must have received the highest letter and numeral short-term ranking (i.e., A-1 / P-1) by at least two nationally recognized statistical rating organizations (NRSRO's).
2. Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of $250,000,000 and have long-term debt ratings, if any, of "A" or better from at least one NRSRO.
3. Must be issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States.
4. Maximum maturity of 270 days.
5. Approved commercial paper programs should provide some diversification by industry. Additionally, purchases of commercial paper in industry sectors that may from time to time be subject to undue risk and potential illiquidity should be avoided.
6. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
7. No more than five (5) percent of total par value of the portfolio may be in one issuer.

C. Money Market Mutual Funds

1. Only SEC-registered 2(a)7 funds are eligible.
2. Rating must be "AAA" or its equivalent by least one NRSRO.
3. Investments must only be in securities issued by the United States Treasury, United States Agency securities, or repurchase agreements fully collateralized by such securities.

D. Negotiable Certificates of Deposit

1. Issued by commercial banks, insured savings and loan associations or insured credit unions with at least $10 billion in assets.
2. Must have received the highest letter and numeral short-term ranking (i.e., A-1 / P-1) by at least two nationally recognized statistical rating organizations (NRSRO's).
3. Must also have long-term debt ratings of "A" or better from at least one NRSRO.
4. Maximum maturity of five (5) years.
5. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
6. No more than five (5) percent of total par value of the portfolio may be in one issuer.

E. Repurchase Agreements

1. Executed with a qualified counterparty approved by the State Treasurer.

   a) Counterparty means a bank which is organized and operating or licensed to operate in the United States under federal or state law or a securities dealer which is a registered broker/dealer, designated by the Federal Reserve Bank of New York as a "primary" dealer, and in full compliance with all applicable capital requirements.

   b) Counterparty must provide annual audited financial statements to the State Treasurer.

   c) Counterparty must have executed a written master repurchase agreement in a form satisfactory to the State Treasurer and the State Board of Finance prior to transacting a repurchase agreement.

2. Maximum maturity of 90 days.
3. Must meet collateral requirements contained in this investment policy.
4. Aggregate par value may not exceed 40 percent of total par value of the portfolio.
5. No more than 10 percent of total par value of the portfolio may be in one counterparty.

F. Time Certificates of Deposit

1. Financial institutions with a physical location in the State will be selected as depositories based on, but not limited to, the following: financial stability, funds availability, community involvement and other relevant economic criteria.
2. A financial institution will be eligible to receive total deposits in an amount not to exceed their equity capital.
3. Maximum maturity of five (5) years.
4. Must meet collateral requirements contained in this investment policy

G. United States Treasury Securities

1. Maximum maturity of 10 years.
2. Eligible securities include bills, notes, bonds, Treasury Inflation-Protected Securities (TIPS) and Separate Trading of Registered Interest and Principal Securities (STRIPS).

H. United States-Guaranteed Securities

1. Bonds, notes, debentures and loans if they are underwritten by or their payment is guaranteed by the United States.
2. Maximum maturity of 10 years
3. Eligible securities include but are not limited to US Small Business Administration (SBA) securities and FDIC-insured notes.

I. United States Agency Securities

1. Eligible issuers are:

   a) Federal National Mortgage Association
   b) Federal Agricultural Mortgage Corporation
   c) Federal Farm Credit Bank
   d) Federal Home Loan Bank
   e) Federal Home Loan Mortgage Corporation
   f) Government National Mortgage Association

2. Maximum maturity of 10 years.

3. Eligible instruments include:

   a) Discount Notes with a maximum stated maturity of one (1) year.
   b) Debentures (including structured notes) with a maximum stated maturity of 10 years. These may include floating rate securities, zero coupon bonds, callable securities and step-up securities.
   c) Collateralized mortgage obligations (CMO's), with a final cash flow payment date not to exceed 10 years assuming a zero (0) pre-payment speed. The only types of CMO's eligible for purchase are Planned Amortization Classes (PAC's), Targeted Amortization Classes (TAC's) and sequential pay classes.
   d) Mortgage-backed Securities (i.e. "pass-through's") with a maximum stated maturity of 10 years.

4. Aggregate par value of callable securities may not exceed 20 percent of total par value of the portfolio.
5. Aggregate par value of CMO's may not exceed 20 percent of total par value of the portfolio.
6. Aggregate par value of mortgage-backed securities and structured notes with mortgage linked amortization may not exceed 20 percent of total par value of the portfolio.

J. Corporate Notes

1. Must have a long-term debt rating of "A" or better from at least one NRSRO.
2. Must be issued by corporations organized and operating in the United States or by depository institutions licensed by the United States or any state and operating in the United States.
3. Maximum maturity of five (5) years.
4. Must be purchased from a registered broker-dealer.
5. Aggregate par value may not exceed 20 percent of total par value of the portfolio.
6. No more than five (5) percent of total par value of the portfolio may be held in one (1) issuer.

K. Non-U.S. Agency Collateralized Mortgage Obligations

1. Rating must be "AAA" or its equivalent by at least one NRSRO.
2. The only types of CMO's eligible for purchase are Planned Amortization Classes (PAC's), Targeted Amortization Classes (TAC's) and sequential pay classes.
3. The final cash flow payment date will not exceed 10 years assuming a zero (0) PSA pre-payment speed.
4. Aggregate par value of mortgage backed-securities may not exceed 20 percent of total par value of the portfolio.
5. No more than five (5) percent of total par value of the portfolio may be held in one (1) issuer.

L. Asset-Backed Securities (ABS)

1. Rating must be "AAA" or its equivalent.
2. The final cash flow payment date will not exceed 10 years assuming a zero (0) pre-payment speed.
3. Aggregate par value may not exceed 20 percent of total par value of the portfolio, and
4. No more than five (5) percent of total par value of the portfolio may be held in one (1) issuer.

M. Municipal Bonds

1. Issuer must have a long-term debt rating of "A" or better from at least one NRSRO.
2. Eligible securities are:
   a) Bonds of this State except for Build America Bonds or other states of the Union. Bonds issued by the State of Nevada must be held to maturity and not re-sold.
   b) Bonds of any county of this State or of other states.

c) Bonds of incorporated cities in this State or in other states of the Union, including special assessment district bonds if those bonds provide that any deficiencies in the proceeds to pay the bonds are to be paid from the general fund of the incorporated city.
d) Bonds of school districts within this State.

3. Maximum maturity of 10 years.

X. COLLATERALIZATION

A. Repurchase Agreements

1. Transacted on a delivery versus payment basis, whereby the securities custodian will disburse cash for repurchase agreements only upon the receipt of the purchased securities.
2. Collateral may be transferred directly to the State's custodial bank on a deliverable basis or using a tri-party custodial bank agreement.
3. The purchased securities will be United States Treasury or United States Agency securities with a term to maturity not to exceed 10 years.
4. The market value of the purchased securities must equal or exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly. If the value of the purchased securities should fall below 102 percent, the counterparty will be required to submit additional collateral to make up the deficit.

B. Time Certificates of Deposit

1. Pursuant to NRS 356.005, all money deposited by the State Treasurer which is not within the limits of insurance provided by an instrumentality of the United States must be secured by collateral composed of the following types of securities:

a) All authorized investments as set forth in this policy;
b) Bonds of the State;
c) Bonds of any county, municipality or school district within the State;
d) Promissory notes secured by first mortgages or first deeds of trust, which must meet the requirements of NRS 356.025;
e) Collateralized Mortgage Obligations or real estate conduits that are rated "AAA" or its equivalent;.
f) Mortgage-backed pass through securities guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association; or
g) Irrevocable letters of credit from any Federal Home Loan Bank with the State Treasurer named as the beneficiary.

2. The collateral must be held in trust with a custodian other than the depository.
3. The custodian must be approved by the State Treasurer.
4. The depository will report to the State Treasurer the details of the securities pledged as collateral and their fair market value.
5. The fair market value of the collateral must equal or exceed 102% of the value of the deposit. The fair market value of collateral consisting of promissory notes with first mortgages or first deeds of trust will be 75% of the unpaid principal of the notes.

XI. SALE OF SECURITIES

Securities are normally purchased by the State Treasurer with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and/or increase the total return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio yield or to minimize loss of investment principal. In the latter situation, the Deputy must abide by the Divestiture Policy, which was previously approved by the Board of Finance on April 23, 2008, and is hereby attached as Appendix "B" and re-titled "Sale of Portfolio Securities". In measuring a profit or loss, the sale proceeds shall be compared to the book value of the security.

XII. PROHIBITED INVESTMENTS

No investment shall be made that is prohibited by law. Furthermore, to provide for the safety and liquidity of the State Treasurer's funds, the portfolio will be subject to the following restrictions in addition to those listed elsewhere in this policy:

- Instruments known as inverse floaters, range notes, leveraged floaters, equity-linked securities, option contracts, futures contracts and swaps are prohibited.
- Interest-only strips that are derived from a pool of mortgages, nor any other investment that could result in zero interest if held to maturity is prohibited.
- Illiquid investments which lack a readily available market for trading as determined by the Deputy are prohibited.
- Borrowing for investment purposes ("Leverage") is prohibited.
- Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.
- Reverse repurchase agreements.

XIII. COMPETITIVE PRICING

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers and documenting them on the trade ticket or other written forms. When possible, bids and offers for any investment security shall be taken from a minimum of three security broker/dealers or banks and awards shall be made to the best bid or offer. When identical securities are not available from multiple sources, or investments are purchased directly from issuers (e.g. commercial paper and certificates of deposit) market prices may be documented by reference to offerings of similar securities that are of comparable rating and maturity by other direct issuers.

XIV. SAFEKEEPING/CUSTODY AND DELIVERY

All securities will be held by a third-party custodian designated by the State Treasurer and evidenced by safekeeping receipts. In addition, the following requirements will apply to the State Treasurer's Office:

a. Securities purchased by the State Treasurer, as well as collateral for repurchase agreements will be delivered against payment and held in a custodial safekeeping account with an approved financial institution acting as a third party custodian. Tri-party repurchase agreements are acceptable.

b. The State Treasurer will periodically issue a Request for Proposal (RFP) for Master Securities Custody Services, which will encompass the following functions:

   1. The settlement of all purchases, sales, and calls through the Federal Reserve System (Fed) or the Depository Trust Company (DTC).
   2. The collection and distribution of all interest payments.
   3. The collection and distribution of all paydowns associated with mortgage-backed and asset-backed securities.
   4. The receipt and disbursement of all repurchase agreement collateral.
   5. The facilitation of all trading activity conducted by investment managers and securities lending agents.
   6. Providing daily accounting and bookkeeping of all investment accounts, weekly market evaluation of securities and month end reports that show a detailed list of holdings with market evaluations.

c. Time certificates of deposit will be physically held in the State Treasurer's vault.

XV. PERFORMANCE EVALUATION

The General Portfolio will be invested to obtain a rate of return consistent with the State's cash flow requirements and risk constraints, and the dependence upon budgetary and economic factors. The State Treasurer's investment strategy is generally that of a "buy-and-hold" investor but the State Treasurer also has the ability to take advantage of market opportunities as they occur by analyzing projected cash flow to assess the availability of uncommitted money.

Given this strategy, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved will be the rolling United States Treasury Bill or Note yield of a maturity most closely matching the portfolio's duration. In addition, to the extent that the State Treasurer elects to use sub-accounts to separately manage monies such as bond proceeds or monies deemed to have a longer investment horizon (i.e., "core monies"), the State Treasurer may develop and use other benchmarks to measure staff's performance.

XVI. ACCOUNTING AND REPORTING

The State Treasurer will maintain a technologically adequate investment system that will account for all investment transactions, produce detailed reports of securities holdings, calculate yield to maturity and average portfolio life, create amortization of securities, and calculate portfolio earnings.

Pursuant to NRS 355.045, the State Board of Finance will review the investment policies of the State Treasurer at least every four (4) months. The State Treasurer will submit a quarterly report which will contain the following information to permit an evaluation of the performance of the General Portfolio:

1. An overview of market and economic conditions for the quarter.
2. The investment strategy used for investment of the portfolio.
3. A list of securities holdings in the portfolio at quarter end that categorizes each type of security.
4. Yield to maturity and average life of the portfolio at quarter end.
5. Percentage allocation of securities by category.
6. Dollar value of earnings distribution to the General Fund for the quarter.
7. Performance of the portfolio versus the selected benchmark, and
8. Review of the securities lending program, if applicable.

The report will allow the State Board of Finance to review investment results, provide suggestions for improved future performance, and to verify that investment staff has acted in accordance with investment policies and procedures. If acceptable to the Board, the above information alternatively may be posted to the State Treasurer's website (i.e., in the case where information such as the securities holdings report is voluminous.)

The State Treasurer will comply with all Governmental Accounting Standards Board regulations.

XVII. YIELD CALCULATION AND EARNINGS

A. Interest is distributed to each authorized fund and budget account on a quarterly basis using the cash basis of accounting.

B. The SIFMA (Securities Industry and Financial Market Association) method of calculating yield is utilized. The yield is computed quarterly on an annualized basis, using the amortized book value of the securities held in the General Portfolio.

C. Earnings composed of gains and losses are calculated and distributed in the quarter in which they were realized.

D. Total earnings received during the quarter are apportioned to each authorized fund and budget account based upon their average daily balance.

XVIII. INTERNAL CONTROLS

A system of controls will be established to ensure that investment transactions and associated activities are monitored. These controls are created to safeguard against fraud, investment staff error, or other actions that could result in a loss of public money. The State Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this investment policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

The State Treasurer is subject to periodic audits by the Legislative Counsel Bureau that includes unscheduled cash and securities counts. An independent accounting firm, which will determine that investments are being made according to State statute, investment policy and procedures, and administrative regulations, will audit the General Portfolio periodically.

XIX. INVESTMENT OF BOND PROCEEDS

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

XX. SECURITIES LENDING

NRS 355.135 allows the State Treasurer to lend securities from the General Portfolio. However, securities lending is not authorized at this time due to volatility in the bond market and possible dislocations in the future.

GLOSSARY

ASSET- BACKED SECURITY (ABS)	A security backed by notes or receivables against assets other than real estate. Examples are automobiles and credit card receivables.
AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS	Broker/dealers and financial institutions approved by the State Treasurer to provide investment services.
BANKERS' ACCEPTANCES (BA)	Bankers' Acceptances are negotiable short-term financial instruments which are unconditional obligations of the accepting bank. They are issued on a discount basis.
BASIS POINT	1/100 of one (1) percent. (decimally .0001)
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 portfolio's investments.
BROKER	A party who brings buyers and sellers together, and charges a commission for this service.
CERTIFICATE OF DEPOSIT (CD)	A negotiable time deposit issued by a bank in certificate form. A CD is issued with a specific maturity date and pays interest at maturity.
COLLATERAL	Securities or cash which a borrower pledges to secure repayment of a loan.
COLLATERALIZED MORTGAGE OBLIGATION (CMO)	A security which pools together mortgages and separates them into short, medium, and long-term "tranches". Tranches are set up to pay different rates of interest depending upon their maturity. Interest is usually received on a monthly basis.
COMMERCIAL PAPER (CP)	A short-term promissory note issued by a corporation. Commercial paper is issued on a discount basis and has specific maturity dates not to exceed 270 days.
CORPORATE NOTE	A negotiable security issued by a corporation.
CUSTODIAN	A financial institution approved by the State Treasurer to provide safe-keeping services with respect to securities and securities-related assets, and to provide other services which may include trade settlement, interest collection and transaction reporting.

DEALER	A firm or individual who buys and sells for his own account.
DELIVERY VS. PAYMENT (DVP)	The exchange of securities and cash at settlement date.
DISCOUNT BASIS	The price of a security expressed as an annualized rate of discount. Discounted securities are purchased at a dollar price below face value, and mature at face value.
DIVERSIFICATION	Allocating investment funds to a variety of securities to minimize market risk.
DURATION	The weighted average maturity of the security's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security, the greater it's percentage price volatility.
FAIR VALUE	The amount at which an investment can be exchanged between buyer and seller.
FANNIE MAE	Established by Congress in 1938 to provide liquidity to the mortgage market, especially the secondary market for residential mortgages. Legislation in 1968 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation. Previously known as Federal National Mortgage Association.
FEDERAL AGRICULTURAL MORTGAGE CORPORATION ("FARMER MAC")	A federally chartered agency of the United States. It was established to provide a secondary market for agricultural real estate mortgage loans.
FEDERAL FARM CREDIT BANK (FFCB)	The Federal Farm Credit Administration, a federal agency, is responsible for regulating the banks and associations which comprise the Federal Farm Credit System. This System provides credit solely to the United States agricultural sector.
FEDERAL FUNDS RATE	The interest rate charged by banks having excess reserves to banks needing the money to meet reserve requirements.
FEDERAL HOME LOAN BANK (FHLB)	The Federal Home Loan Bank Board, established by Congress in 1932, is comprised of 12 Federal Home Loan Banks. The Board is authorized to provide support and liquidity to savings and loans, banks, and insurance companies engaged in home financing.

FEDERAL HOME LOAN MORTGAGE CORPORATION ("FREDDIE MAC")	Established by Congress in 1970 to enhance the liquidity of mortgage investments and to improve the distribution of investment capital available for home mortgage financing. Legislation in 1989 transformed the agency into a publicly owned, privately managed corporation, but still required government regulation.
GOVERNMENT AGENCIES	Refers to securities issued by agencies of the United States government and United States government sponsored enterprises. Securities issued range in maturity from overnight to longer than 10 years. Securities may be issued on a discount basis, or may be interest bearing. Agencies would include FARMER MAC, FFCB, FHLB, FREDDIE MAC, and FANNIE MAE.
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR "GINNIE MAE")	Established in 1986 to take over some of the functions performed by FNMA. GNMA is an agency controlled by the Department of Housing and Urban Development (HUD). GNMA is authorized to confer a full faith and credit guarantee of the United States government for the timely payment of both principal and interest on packages of mortgages it creates in its mortgage pass-through securities program.
LEGISLATIVE COUNSEL BUREAU (LCB)	Encompasses the lawmaking authority of the State of Nevada. It is empowered to enact the laws of the State and provides oversight of the executive and judicial branches of government through the budget and audit processes and reviews the regulations developed by State agencies.
LIQUIDITY	The capacity to meet future financial obligations from available resources.
MASTER REPURCHASE AGREEMENT	A written contract between the State Treasurer and an approved counter-party which details each party's obligations in a repurchase agreement transaction. Among other things, it will specify the right of the buyer to liquidate the underlying securities in the event of default by the seller.
MONEY MARKET FUNDS	A mutual fund that invests only in money market instruments, or those securities having a maturity of 397 days and under.
NEVADA REVISED STATUTES (NRS)	The codified laws of the State of Nevada as enacted by the Legislature.
PAR VALUE	The principal amount a holder will receive at the maturity of an issue.
PLANNED AMORTIZATION CLASS (PAC)	A type of collateralized mortgage obligation (CMO) in which principal is paid based on a predetermined scheduled. A PAC bond receives provides some measure of protection against prepayment risk.
PORTFOLIO	A collection of securities held by an investor.

PREMIUM	The amount by which the market price of an issue exceeds face value.
PRUDENT PERSON RULE	An investment standard which may be adopted by an investment organization to guide those with the responsibility for the investment of money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments.
RATINGS	The evaluation of an issuer's credit standing published by Moody's, Standard & Poor's, Fitch or other rating services.
REPURCHASE AGREEMENT	A simultaneous sale of securities by a bank or broker/dealer with an agreement to repurchase those securities at an agreed upon date, and an agreed-upon rate of interest.
SAFEKEEPING	A fee arrangement whereby an approved financial institution holds a customer's securities in its vaults, or in the case of book-entry securities, maintains a safekeeping receipt recorded in the customer's name as evidence of ownership.
SECURITIES INDUSTRY ASSOCIATION	An organization which offers premiere educational programs to member securities firms.
SEQUENTIAL PAY	A type of collateralized mortgage obligation (CMO) in which there are several tranches. Each tranche's holder receives interest payments as long as the tranche's principal amount has not been completely paid off. The senior tranche receives all initial principal payments until it is completely paid off, after which the next most senior tranche receives all the principle payments, and so on.
STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE)	Established in 1972 by Congress as a publically owned, government sponsored enterprise (GSE), created to provide liquidity for originators of student loans made under federally sponsored student loan programs. In 1997 shareholders voted to privatize Sallie Mae, although the GSE remains the obligor in all pre and post privatization public debt issued.
TARGETED AMORTIZATION CLASS (TAC)	A type of collateralized mortgage obligation (CMO) that is similar to a planned amortization class (PAC) in that it protects investors from prepayment; however, it is structured differently than a PAC. TACs protect investors from a rise in the prepayment rate or a fall in interest rates. They do not protect from a fall in the prepayment rate like PACs.
TIME CERTIFICATE OF DEPOSIT (TCD)	A non-negotiable financial instrument issued with a specific amount, rate and maturity date.

UNITED STATES TREASURY BILLS (T-BILLS)

A discounted security issued by the United States Treasury. T-bills are issued with maturities of three (3) and six (6) months.

UNITED STATES TREASURY NOTES

Interest-bearing securities issued by the United States Treasury. Notes are issued with maturities from two (2) to thirty (30) years.

YIELD
YIELD TO MATURITY

The rate of annual return on an investment expressed as a percentage. The total money earned from investment date to maturity date assuming: 1) semi-annual interest payments, 2) interest is reinvested at same rate security was purchased at, and 3) the premium is subtracted or discount is added to final money.

APPENDIX A
STATE OF NEVADA GENERAL PORTFOLIO
TERROR-FREE INVESTMENT POLICY

As fiduciary of State of Nevada monies, the State Treasurer must seek to accomplish the objectives set forth in the General Portfolio Investment Policy, specifically, safety, liquidity, and market return, using a "prudent person" standard of care. Investments undertaken in this manner, while emphasizing the components of safety and liquidity, must also strive to produce an investment return that is consistent with the market environment. Consideration may be given as to whether an investment into allowable instruments with exposure to terrorist elements would produce higher income for the taxpayer and/or undermine the United States economy, and whether such investment would be more susceptible to non compliance under the Divestiture Procedures at a future date because of terrorist ties.

Therefore, as a prudent person, the State Treasurer believes it is sound public policy to monitor whether any of the investments of the General Portfolio assets are in those corporations or persons that support terrorism. This support generally revolves around financial and technological assistance to terrorist groups or to governments which sponsor terrorism, while imparting minimal benefit to their ordinary citizens. The Federal government, which bears responsibility for the conduct of foreign affairs, conducts due diligence on an ongoing basis to determine who should be monitored and sanctioned. Information from the following lists provided by the Federal Government, which include firms, terrorist-sponsored organizations and targeted individuals, will be used as the outside sources to monitor the investments of the General Portfolio by the State Treasurer:

State Sponsors of Terrorism List

The United States Department of State has designated countries which "have repeatedly provided support for acts of international terrorism" and have incurred U. S. imposed sanctions. Currently, these countries are Cuba, Iran, Sudan, and Syria.

Foreign Terrorist Organizations List

The United States Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury, may designate as a Foreign Terrorist Organization (FTO), a foreign organization which has carried out terrorist attacks, is engaging in the planning and preparation of possible future attacks, or retains the capability and intent to carry out such acts.

Specially Designated Nationals List (SDN)

The Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorist, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction.

On a quarterly basis, the General Portfolio will be cross-checked against these lists to identify those securities which may be out of compliance. If any security is designated as non-compliant, the security in question will be processed through Divestment Procedures as currently implemented by the Office of the Treasurer.

APPENDIX B
STATE OF NEVADA GENERAL PORTFOLIO
SALE OF PORTFOLIO SECURITIES

The State Treasurer, as fiduciary for all monies, is responsible for administering and investing, and acting within the "prudent person" standard. As such, the State Treasurer has a duty to provide for the:

a) Safety
b) Liquidity, and
c) The securing of a just and reasonable investment return of the portfolio while avoiding undue risk.

There is also the recognition that within a diversified investment portfolio, which follows stated laws and guidelines, individual securities may fall out of regulatory compliance for various reasons. Compliance may encompass risk enhancement due to a security's rating downgrade below guidelines, price volatility which hampers performance, class percentage restrictions, or policy provisions, which call for liquidation from a designated portfolio.

If an individual security does not conform within policy limitations, there must be a "best judgment" guideline to remedy or correct non compliance. Keeping in mind the duties identified above, the following criteria should be applied to determine the proper course of action regarding non compliant securities.

Once a security has fallen out of regulatory compliance, the cause of the compromise shall be reviewed, and the following information identified:

a) The par value of the security,
b) The content and performance of any underlying collateral, and
c) The time remaining to maturity of the security.

If the compromise is of a short term nature (approximately three months), with no assumed default repercussion, and if the par value is 1% or less of the total par value of the portfolio, the security will be monitored until it re-complies or matures. The non-compliance must be documented in writing, and forwarded to the appropriate Senior Deputy Treasurer.

If the nature of the compromise is long-term, or if default is evident, any non-compliance must be documented in writing, and forwarded to the State Treasurer. After considering recommendations from investment staff, external investment managers or advisors regarding the prudent course of action, the State Treasurer may take appropriate action to sell, redeem, divest, or withdraw the non-compliant security. This shall not be construed to require the premature or otherwise imprudent sale, redemption, or divestment of the security, but shall require that the State Treasurer proceed in a manner to preserve the principal value and the integrity of the portfolio as a whole. Divestiture shall be completed no later than two years following the date of the infraction, and shall be reported upon completion to the State Board of Finance.

Any activity associated with this procedure shall be reported, as with all other investment activity, as provided in NRS 355.045, to the Board of Finance.