YAKIMA COUNTY INVESTMENT POLICY

Approved by:
Yakima County Finance Committee
April 22, 2025

Certified by WPTA
January 10, 2025

TABLE OF CONTENTS

YAKIMA COUNTY
INVESTMENT POLICY

1. Introduction.

Yakima County was established on January 21, 1865. Currently, Yakima County has a population of 260 thousand people. Yakima County offers a diverse array of business industries which include agriculture, healthcare, retail, manufacturing, education, transportation, hospitality, and a myriad of other businesses.

The Yakima County Treasurer acts as the bank for the County, school districts, fire districts, special purpose district and other units of local government. The Treasurer's Office is responsible for receipting, disbursing, investment and debt management, and accounting for the funds of each of these entities. In addition, the Treasurer is charged with the collection of various taxes and assessments that benefit a wide range of governmental functions.

The purpose of this policy is to establish the objectives and parameters regarding investment activity that is necessary in order to safeguard public funds entrusted to the Yakima County Treasurer. The Yakima County Treasurer is authorized by RCW 36.29, which outlines the laws governing the duties of the Treasurer. Authority to manage the investment portfolio is authorized by RCW 36.29.020 and RCW 36.29.022.

2. Policy.

It is the policy of the Yakima County Treasurer's Office to invest public funds in accordance with the governing statutes, and in such a manner as to obtain the highest investment return possible consistent with the safety and liquidity objectives outlined below. In the event that revisions to State law are enacted which create additional or greater restrictions, the County Treasurer's Office will adhere to the new statutes as soon as the new laws become effective. Any revisions to State law which provide new opportunities for allowable investment options or reduced diversification restrictions will be reviewed as they are enacted. These options will be presented to the County Finance Committee for approval of investment policy changes.

3. Scope.

The Yakima County Investment Policy applies to all funds held by the County Treasurer and shall apply to all investment transactions made for the County and on behalf of its junior taxing districts and benefit assessment districts. These funds are accounted for in Yakima County's Annual Comprehensive Financial Report and include:

General Fund
Special Revenue Funds
Debt Service Funds
Capital Project Funds
Enterprise Funds
Internal Service Funds
Agency Funds
Other Outside Districts that are accepted as Pool Participants
Any new fund created by the legislative body, unless specifically exempted.

The investments of Yakima County, as well as most districts in the County, are pooled together in the Treasurer's Investment Pool (TIP). Currently, TIP participation involves 90 different government entities geographically located within the county with over 260 different funds. The philosophy in developing the TIP was to create a locally managed and diversified investment option that would take advantage of economies of scale, simplify administration, and achieve a potentially higher yield than other available programs.

Should bond covenants become more restrictive than this policy, funds shall be invested in full compliance with those restrictions.

4. Pool Participation.

Participants of the Treasurer's Investment Pool (TIP) are to be established by resolution adopted by each district. The districts' resolution shall serve as the authorization to pool the entity's money for purposes of investment.

5. Prudence.

The standard of prudence, enacted by State Statute (RCW 11.100.020), says:

- A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.
- A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in context of the trust portfolio as a whole and as a part of an overall investment

strategy having risk and return objectives reasonably suited to the trust.

The "Prudent Person Rule" shall also be used by the Investment Officials in the management of the overall investment portfolio. The rule reads as follows:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The Investment Officer(s), or persons performing the investment functions, will be exempt from personal responsibility for any loss of principal resulting from major market fluctuations provided that all written procedures and the Investment Policy are adhered to. However, the Investment Officer(s) shall report any deviations from expectations in a timely fashion and appropriate action should be taken to control adverse developments.

All Investment Officer(s) shall seek to act responsibly as custodians of public funds. The investment portfolio is subject to public scrutiny and evaluation. The Investment Policy shall be designed and managed with professional integrity that merits the public trust. Investment Officer(s) shall refrain from knowingly entering into transactions which would impair public confidence in Yakima County's ability to govern effectively.

6. Objectives.

The County's investments will be in accordance with all State statutes governing the investment of public funds as well as applicable provisions of all bond resolutions. The County shall invest its cash with three objectives, listed in order of priority:

Safety. Safety of principal remains the primary objective of the Treasurer's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.

a. Credit Risk – The County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
    - Limiting investments to the types of securities listed in Section 8 of this Policy;
    - Pre-qualifying the financial institutions, broker/dealers, and intermediaries with which Yakima County will do business in accordance with Section 7; and

- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk – The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
   - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
   - Investing operating funds primarily in shorter-term securities.

Liquidity. The County's portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which might be reasonably anticipated, as well as to avoid premature sale of an investment instrument at a loss of principal. Not all possible cash demands can always be anticipated, therefore the portfolio consists of daily purchases and withdrawals with Washington State's Local Government Investment Pool (LGIP), for which funds are readily available based on daily cash flow needs. Additionally, Investment maturities shall be matched to anticipated cash flow requirements whenever possible.

Return on Investment. Yakima County's investment portfolio shall be designed with the objective of optimizing and attaining a market rate of return, taking into account the County's investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities, earning a fair rate of return, given the relative risk assumed.

7. Investment Authority and Delegation.

Whether investing individually "by fund" or by "pooling," the Yakima County Treasurer will invest in accordance with this policy and the applicable laws. The County Treasurer's investment authority is specified in RCW 36.29. The authority to execute investment transactions or transfer funds shall be limited to those persons specifically granted such written authority by the County Treasurer as listed in Appendix A. The Treasurer shall be responsible for all transactions undertaken individually or within a Pool and shall establish a system of controls to regulate the activities of the County Treasurer's employees. This will insure that investment transactions are conducted in a manner which safeguards all investment assets.

Any contracted investment/portfolio manager engaged to assist with the investment portfolio shall be held to the prudent investor standard of care (RCW 11.100.020).

8. Ethics and Conflicts of Interest.

Employees involved in the investment process shall refrain from any personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and Investment Officer(s) shall disclose to the Treasurer any material financial interest in financial institutions that conduct business within the County, and they shall further disclose any personal financial/investment positions that could be related to the performance of the County's portfolio.

All employees and officers of the County shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchases and sales.

Limitations on gifts accepted are subject to the same restrictions outlined in RCW 42.52.150. No individual responsible for the management of Yakima County's investment portfolio shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the County Treasurer conducts business.

9. Authorized Financial Dealers and Institutions.

Selection of the primary bank for general banking services shall be made at the discretion of the County Treasurer. Additionally, earnings credit balances will reduce banking service fees charged by the provider. These amounts depend on a variety of factors, including market conditions and negotiated rates.

The County Treasurer will maintain a list of financial institutions and broker/dealers authorized to do business with the Office selected by credit worthiness. Investment transactions will be conducted with those authorized broker/dealers recognized by the Federal Reserve as dealers that qualify under SEC Rule 15C3-1, the Uniform Net Capital rule.

Prior to undertaking any transaction other than the purchase of eligible Certificates of Deposit, each broker/dealer and financial institution is required to read this investment policy, certify their understanding of the policy parameters, and pledge to honor the policy in all transactions with the County Treasurer by completing and signing a Broker/Dealer questionnaire.

An annual review of the financial condition of the financial institutions and broker/dealers authorized to do business with the County will be conducted. A current audited financial statement is required to be on file for each financial institution and broker/dealer with whom Yakima County invests.

In addition, all brokers/dealers and their representative firms who desire to do business with the County must also supply the County Treasurer with the following:

- Proof of Financial Industry Regulatory Authority (FINRA) certification;
- Proof of current registration with the State of Washington;
- References (preferably governmental).

10. Authorized Investments.

Eligible investments are only those securities and deposits authorized by statute (RCW 36.29, 39.58 and 39.59). The following investments are representative of authorized instruments.

The following primary investment instruments are expected to be utilized in the portfolio:

- State of Washington Local Government Investment Pool (LGIP).
- U.S. Treasury Bills, Notes, or Bonds.
- U.S. Government-Sponsored Corporations, including but not limited to, Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA).
- Bonds of the State of Washington and any local government in the state of Washington, which bonds have at the time of investment a rating of A3 or better by Moody's or A- or better by Standard & Poor's or Fitch.

The following secondary investment instruments are expected to be utilized in the portfolio:

- Certificate of Deposits, Savings or Time Accounts with qualified public depositories.
- U.S. government agency Securities, including but not limited to, Farmers Home Administration, Federal Housing Administration, Government National Mortgage Association (GNMA).
- General obligation bonds of a state and general obligation bonds of a local government of a state, which bonds have at the time of investment a rating of A3 or better by Moody's or A- or better by Standard & Poor's or Fitch.
- General obligation bonds of a local government in the same county as the government making the investment.
- Other obligations that are issued or guaranteed by supranational institutions, provided that, at the time of investment, the institution has the United States government as its largest shareholder.
- Banker's Acceptances (BAs) purchased through State of Washington Financial Institutions and authorized broker/dealers. Investments may be made only in those banks that are members of the PDPC and whose

short term credit rating is A-1, P-1, by at least two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase.

-
- Repurchase Agreements with direct U.S. Government obligations as collateral, provided the collateral is held in safekeeping on a delivery versus payment basis and that a Master Repurchase Agreement is signed with the primary dealer.
- Subject to compliance with RCW 36.29.010(1)(d) and RCW 39.56.040(3), Registered Warrants or other deficit financing of a local government in the same county as the government making the investment.
- Corporate notes purchased on the secondary market, provided that Yakima County must adhere to the investment policies and procedures adopted by the state investment board.

Prohibited Investment Instruments

- Equities (stocks), Collateralized mortgage obligations, Money market mutual funds, Inverse Floaters, Negotiable Certificates of Deposit, Reverse Repurchase Agreements, and Cryptocurrency are not authorized.
- Any investment type not expressly permitted in this policy is ineligible.

11. Collateralization.

As required by RCW 39.58, all deposits of public funds must be made with qualified public depositaries, protected through the actions of the Public Deposit Protection Commission (PDPC). All deposits of public funds over and above federally insured amounts (including Certificates of Deposit) must be collateralized in accordance with regulations of the PDPC. The PDPC ensures public funds deposited in banks are protected, should a financial institution become insolvent. All collateral is regulated by the PDPC.

As required by state law, (RCW 39.58), certificates of deposit will be purchased only from those institutions approved by the Washington Public Deposit Protection Commission (PDPC) as eligible for deposit of public funds.

Collateralization is required on all repurchase agreements. Collateralization level, measured by market value of principal and accrued interest, must be at least 102% of the repurchase amount. The only eligible collateral for repurchase agreements will be direct obligations of the U.S. Treasury and/or U.S. Government Agency obligations and/or U.S. Government-Sponsored Corporations, which have a stated final maturity of not greater than five years.

The market value of the securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer's staff and by a third-party custodian. If any deficiencies are discovered, they shall be corrected within one day. If the deficiencies are not corrected within one day, the procedures defined in the Repurchase Agreement contract will be followed to cancel the Repurchase Agreement.

Securities purchased must be held in Yakima County's name. There must be a signed Master Repurchase Agreement and the County's monies are to be released on a delivery versus payment basis only. A clearly marked evidence of ownership (safekeeping receipt) must be supplied in the County's name. The right of securities substitution is granted subject to the County Treasurer's approval of each individual substitution transaction.

12. Safekeeping and Custody.

All investment transactions will be performed on a delivery versus payment (DVP) basis to ensure that securities are deposited with a third party custodian prior to the release of funds. Securities will be held in the County's name by an institution (custodian) under contract with the County Treasurer. On a monthly basis, the custodian will provide reports, which list all securities held for the County, the book value of holdings, and the market value at month-end.

Certificates of Deposit (CD's) will be held in the County's name, by the institution from which the County purchased the instruments.

13. Diversification.

Investment decisions will be made with the intention to diversify the portfolio in order to minimize risk and still maintain adequate rates of return. The portfolio shall be reviewed routinely by investment officers to ensure that it remains diversified. The County will diversify its investments by security type and institution. The County's investment portfolio will be limited as follows:

• U.S. Treasury Obligations	100%
• U.S. Government Operated Agency and Sponsored Corporations	80%
(Single issuer)	40%
• Repurchase Agreements	40%
• Supranational Institutions	10%
• Bankers Acceptances (A1 or P1)	15%
• Certificates of Deposit	30%
• Savings or Time Accounts	30%
• Corporate Notes	20%

(Single issuer)	2%
• Bonds of the State of Washington or any local Government in the State of Washington	20%
(Single issuer)	10%
• Bonds of other states or local governments of a state Other than the State of Washington	15%
• Washington State Local Government Investment Pool	100%
• Registered Warrants or other deficit financing	5%

*Registered warrants or other deficit financing of a local government in Yakima County may be purchased by the County Treasurer when the requirements have been met as outlined in the Yakima County Treasurer's Operating Policies. RCW 36.29.010(1)(d) and RCW 39.56.040(3)

Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity. Maturities shall be selected for stability of income and reasonable liquidity in view of cash flow projections.

At least 10 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash on a daily basis. The aggregate amount for Certificates of Deposit, Bankers Acceptances and Savings (or Time) accounts will not exceed 50 percent of the portfolio.

The constraints listed in this policy are to be applied at the time of investment and not necessarily to subsequent events which may change the percentage.

14. Maturities.

The County's objective is to hold investments to maturity. The securities in the portfolio will attempt to match investments with anticipated cash flow requirements for Yakima County and its districts. A minimum of fifteen percent of the portfolio, or at least $100 million, at the time of investment, will be comprised of investments in the LGIP and/or maturing within six months. The County may continue to hold a downgraded investment to maturity if a probable outcome is the eventual realization of full value, rather than a realized loss if divested to maturity.

No single security will be purchased with a maturity date more than five years from the date of purchase, except when compatible with a specific fund's investment needs or portfolio needs, and then only with the approval of the Yakima County Finance Committee (Chairman of the Board of County Commissioners, County Auditor and the County Treasurer).

The weighted average maturity for the pool must not exceed 3.50 years and should be calculated on a monthly basis. Securities need not be liquidated to realign the portfolio, however, consideration will be given to this matter when future purchases are made.

15. Downgraded Securities.

Should Yakima County be invested in a security whose rating is downgraded below the minimum amount allowed by this policy, the Treasurer will review and recommend an appropriate plan of action to the Yakima County Finance Committee.

16. Internal Controls.

The Treasurer's Office will maintain internal controls to protect against the loss of public funds arising from negligence, theft or misuse. Ongoing oversight will ensure adequate internal controls to include, but not be limited to:

- The use of third party custody and safekeeping;
- The execution of all securities transactions on a DVP basis;
- The clear delegation of investment authority;
- The separation of transaction authority from record keeping;
- The use of objective criteria in awarding investment purchases.
- Secondary authorization for outgoing wire transfers with written confirmation for such transactions.

Additionally, per RCW 43.09.260, Yakima County is subject to independent review by the Washington State Auditor on an annual basis. This review is based on the State Auditor's annual audit plan developed by their regional staff. Investment management is to be included as part of this audit to assure compliance with the investment policy.

17. Performance Standards.

The investment portfolio will be designed to obtain an average rate of return during budgetary and economic cycles, consistent with the investment objectives and cash flow needs. Yakima County's investment strategy is passive. Given this strategy, the basis used by the Treasurer to determine performance levels will be the Bank of America-Merrill Lynch 1-3 year Treasury/Agency Index. This is an index that is comprised of similar investments to the Treasurers Investment Pool and conforms to the pool's investment objectives. Therefore, this index will be used as a comparison for risk and return results.

18. Procedures.

While daily accounting procedures are outside of the scope of this policy, the County Treasurer will develop and maintain detailed written investment procedures consistent with this investment policy. These shall be subject to review by the Yakima County Finance Committee. Additionally, requirements set for districts and departments participating in the Treasurer's Investment Pool are included in the annual Treasurer's Operating Policies document.

19. Reporting.

At least quarterly, a report will be submitted to the Yakima County Finance Committee for their review, summarizing the current position of the portfolio. (RCW 36.48.070) The reports will include the following:

- Asset allocation of the portfolio;
- Investment income received;
- Weighted average life of the portfolio;
- Investment policy compliance;
- Fair market value of the portfolio;
- Performance of the portfolio, compared to its benchmark.

Reports are provided to districts including investment earnings and activity for the each specified month. These are published on the Treasurer's website.

20. Training and Continuing Education.

The County strives for professionalism and accountability in the investment of its funds. In order to ensure the highest possible professional standards and following WSACT best practice recommendations for investing, for each three year reporting period, County Investment Officials, as defined in the policy, shall complete 36 hours of continuing education programs or other training in cash and investment management.

21. Investment Policy Adoption and Modification.

The County's Investment Policy shall be adopted by the County Finance Committee and reviewed on an annual basis. Any significant revisions thereto shall be acknowledged by such Committee.

Approved and adopted this 22nd day of April, 2025, by the Yakima County Finance Committee.

Ilene Thomson
County Treasurer
Chair, County Finance Committee

Kyle Curtis, Chair
Board of County Commissioners
Member, County Finance Committee

Charles Ross
County Auditor
Secretary, County Finance Committee

GLOSSARY

Accrued Interest – The accumulated interest due on a bond as of the last interest payment made by the issuer. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

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).

Banker's Acceptances (BAs) – Banker's Acceptances generally are created based on a letter of credit issued in a foreign trade transaction. They are used to finance the shipment of commodities between countries as well as the shipment of some specific goods within the United States. BAs are short-term non-interest bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value. These notes trade at a rate equal to or slightly higher than Certificates of Deposit (CDs), depending on market supply and demand.

Banker's Acceptances are sold in amounts that vary from $100,000 to $5,000,000, or more, with maturities ranging from 30 – 270 days. They offer liquidity to the investor as it is possible to sell BAs prior to maturity at the current market price.

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.

Bond – A long term debt security, or IOU, issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

Broker – A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

"By Fund" Investing – Those investments purchased for a district or fund outside of the Yakima County's Treasurer's Investment Pool (TIP).

Certificate of Deposit – Certificates of Deposit, familiarly known as CDs, are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of Deposit bear rates of interest in line with money market rates current at the time of issuance.

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

County Finance Committee – The body defined by statute which provides oversight and review regarding Investment Policy management. The CFC consists of the County Treasurer, who serves as chairman; the County Auditor, who serves as secretary; and the current chairman of the Board of County Commissioners.

Credit Risk – The risk of loss due to the failure of the security issuer or backer.

Current Yield – 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) – There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Diversification – Dividing available funds among a variety of securities and institutions so as to minimize market risk.

Federal Deposit Insurance Commission (FDIC) – A Federal institution that insures bank deposits. The current limit is up to $100,000 per depository account.

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 Home Loan Bank (FHLB) – The FHLB was organized under the Federal Home Loan Bank Act and opened for business in October 1932. The twelve District Banks comprising the system are distributed geographically around the country similarly to the Federal Reserve Banks and operate as a credit reserve system for the thrift industry to stabilize the flow of mortgage credit to the public. Debt is issued as consolidated obligations of the twelve Federal Home Loan Banks. Although system debt is not guaranteed by the U.S. Government, the banks do operate under federal charter and government supervision. Their attractiveness stems from their investment denominations of $10,000 to $1 million.

Federal Home Loan Mortgage Corporation – Federally chartered corporation that provides funds to the mortgage market through the purchase of mortgage loans from lenders.

Federal National Mortgage Association (FNMA) – FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA guarantees that all security holders will receive timely payment of principal and interest.

Federal Reserve System – The central bank of the United States, created by Congress, and consisting of a seven member Board of Governors in Washington, D.C., 12 Regional Banks and over five thousand commercial banks that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae) – Mortgage securities issued and guaranteed, as to timely interest and principal payments, by the Government National Mortgage, an agency within the Department of Housing and Urban Development (HUD).

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.

Internal Controls – An internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

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.

Interest Rate Risk – The risk that the market value of securities in the portfolio will fall due to changes in market interest rates.

Liquidity – An asset that can by converted easily and quickly into cash.

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

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

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

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

Maturity – The date upon which the principal or stated value of an investment becomes due.

National Association of Securities Dealers (NASD) – A self-regulatory organization (SRO) 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.

Portfolio – Collection of securities held by the County as the investor.

Primary Dealer – A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC), registered securities broker-dealers, banks, and a few unregulated firms.

Principal – An investment amount on which interest is charged or earned.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

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

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

Registered Warrants – A short term form of indebtedness issued by a municipal agency.

Repurchase Agreement (Repo or RP) – 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.

Safekeeping – The storage and protection of customer's securities provided as a service by a bank or institution acting as agent for the customer.

SEC Rule 15C3-1 – See uniform net capital rule.

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

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

State Local Government Investment Pool – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment. Commonly referred to within the State of Washington as simply the LGIP.

Stripped Treasuries – U.S. Treasury debt obligations in which coupons are removed by brokerage houses, creating zero-coupon bonds.

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

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. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Auctions of three and six month bills are weekly, while auctions of one year bills are monthly.

Treasury Bonds – Long-term U.S. Government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000.

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.

Uniform Net Capital Rule – Securities and Exchange Commission requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule or net capital ratio. Indebtedness covers all money owed, including margin loans and commitments to purchase securities, which is one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

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

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.

APPENDIX "A"

The undersigned person is authorized to complete investment transactions and to execute electronic funds transfers on behalf of the Yakima County Treasurer's Office and the agencies or departments for which the Office serves as treasurer. This authorization remains in place until such time as it is updated.

Updated this 22nd day of April 2025.

Ilene Thomson
Yakima County Treasurer

Stephanie Patterson
Investment & Revenue Sr. Manager III

Nicole Wonderly
Sr. Manager I

Christina Seefeldt
Manager II