Exhibit A

SEPARATELY MANAGED PORTFOLIOS

Investment Policy

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TABLE OF CONTENTS

I. PURPOSE 2

II. IDENTIFICATION OF FUNDS 2

III. OBJECTIVES 2
1. Safety
2. Liquidity
3. Return

IV. STANDARDS OF CARE 3
1. Delegation of Authority
2. Prudence
3. Ethics and Conflicts of Interest

V. CONTROLS 5
1. Custody
2. Authorized Financial Dealers
3. Competitive Transactions
4. Internal Controls
5. External Controls

VI. ELIGIBLE AND SUITABLE INVESTMENTS 6

VII. INVESTMENT PARAMETERS 7
1. Investment Maturity
2. Specific Restrictions

VIII. PROFESSIONAL SERVICES 8

IX. REPORTING 8

X. PERFORMANCE STANDARDS 8

GLOSSARY (Appendix) 9

Office of the Washington State Treasurer

SEPARATELY MANAGED PORTFOLIOS

INVESTMENT POLICY

I. PURPOSE

The goal of this investment policy is to clearly prescribe the duties of the Office of the State Treasurer (OST) pertaining to its investment of funds of local governments managed in separate portfolios (each a "Separately Managed Portfolio"). This policy:

- Sets out guidelines for the prudent management of funds;
- Describes realistic parameters and goals for safely investing those public funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the nature of the funds invested; and
- Provides the framework within which OST investment activity will operate by setting out objectives, guidelines and structure that includes details on the universe of permitted investments and any restrictions on their use.

The State Treasurer reserves the right to amend this policy as deemed necessary. OST will notify account holders of any amendment to the policy in accordance with the Interagency Agreement.

II. IDENTIFICATION OF FUNDS

This policy applies to the investment of all funds held in a Separately Managed Portfolio (the "Core Balance").

III. OBJECTIVES

OST will invest all funds (as identified above) in conformance with federal, state and other legal requirements and will manage them in accordance with the parameters set forth in the Interagency Agreement(s). The primary objective of the portfolio shall be to maximize yield in a manner consistent with preserving principal.

1. **Safety**: OST will invest in a manner that seeks to ensure preservation of capital in the overall portfolio. This objective will be achieved by diversified investing in

highly rated securities and by investing among a variety of securities and financial institutions offering independent returns.

2. **Liquidity**: OST will prudently manage the portfolio in such a way as to maintain a level of liquidity sufficient to meet obligations of the portfolio.

3. **Return on Investment:** After ensuring needed levels of safety and liquidity, the investment portfolio will be structured to attain a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio.
   All investing involves risks of fluctuating prices and the uncertainties of return and yield. There are different kinds of risk involved in a medium-term bond fund namely; market risk; interest rate risk; liquidity risk; duration/convexity risk(in case of a callable bond); and management risk. The market value of the Core Balances will change in response to movements in interest rates. If rates rise, the value of securities generally falls. The total market value of the portfolio could also be affected by the average duration of the portfolio. Portfolios with longer duration tend to be more sensitive and volatile than those with a shorter duration. The value of the bonds held could also be affected by headline/market risks in response to government policies. The value of the callable securities held could be affected by the negative convexity of the bond, as callable instruments by their nature are selling optionality to gain premium. Extension risk rises as the interest rate cycle changes but is limited to the duration limits of the fund. Moreover, the asset allocation (management risk) between government bonds and agency bonds could affect the total return performance based on spreads between government, agency or supranational securities.

   The overall risk profile of the portfolio will be the same as that of the State's Core portfolio.

   The benchmark of the portfolio will be the total return and accrued yield of a blended portfolio consisting of the Merrill Lynch 0-1 Year Treasury Index (20%); the Merrill Lynch 1-3 Year Treasury/Agency Index (50%); and the Merrill Lynch 3-5 Year Treasury/Agency Index (30%). The benchmark has an approximate duration of 2.1 years. The portfolio may have a maximum modified duration of no more than 3.5 years.

IV. STANDARDS OF CARE

1. Delegation of Authority

The State Treasurer is an executive officer of the state established by the Constitution of the State of Washington (Article III, Section 1), and "will perform such duties as will be prescribed by law" (Article III, Section 19).

To "ensure effective cash management of public funds" (RCW 43.08.015), the State Treasurer may designate investment officers who will have the authority to perform the duties of the State Treasurer, and will maintain a current list (available upon request) of those individuals so authorized.

2. Prudence

The State Treasurer's Office authorized investment officers shall perform their investment duties in a manner consistent with this policy and the standard of a prudent investor, in light of the purposes, terms, requirements and other circumstances then prevailing as to the assets entrusted to them.

In investing, they shall exercise reasonable care, skill, diligence, and prudence, considering investments not in isolation, but in the context of the portfolio as a whole and of an overall investment strategy. That strategy should incorporate the risk and return objectives set forth in this policy. The objective of safety will be measured in cash rather than accounting terms, where different, and in terms of the portfolio as a whole, as opposed to the terms of any individual transaction. This means, for example, that a single transaction that generated an accounting loss but actually increased the amount of cash received in the portfolio would be considered to have increased capital, and not decreased it.

They shall act with undivided loyalty and impartiality; incur only costs which are reasonable in amount and which are appropriate to their investment responsibilities; and they shall seek to minimize costs whenever they deem it prudent to do so.

Authorized investment officers acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for credit and market risks encountered in the performance of their investment duties. Due diligence requires timely reporting of material deviation from expectations and such other actions to control adverse developments as may be possible in consideration of the particular circumstances and within other provisions of this policy.

Given the legal list of authorized investments and other restrictions contained in this policy, they shall be deemed to have met any requirement for diversification so long as they are in compliance with this policy.

3. Ethics and Conflicts of Interest.

The State Treasurer, assistant treasurer, and authorized investment officers will conduct themselves in conformance with:

- Public Disclosure Act, RCW 42.16;

- Ethics in Public Service Act, RCW 42.52 and section 292-110-010 Washington Administrative Code; and,
- Standards of Conduct for Executive Branch Employees, Executive Order 93-02.

V. CONTROLS

1. Custody

Safekeeping and Custody of Securities. Prudent treasury management dictates that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution. Deposits will only be made pursuant to RCW Chapter 39.58.

The State Treasurer's Office shall designate all safekeeping arrangements and an agreement of the terms executed in writing.

2. Authorized Broker/Dealers and Financial Institutions.

The State Treasurer's Office will maintain a list of broker/dealers and financial institutions authorized to provide investment services to the state. Authorized broker/dealers and financial institutions will be limited to those that meet one or more of the following:

- financial institutions that are
    - approved by the Washington Public Deposit Protection Commission (RCW 39.58); or,
    - the custody provider for the state pursuant to RCW 39.58.080; or,
- primary dealers recognized by the Federal Reserve Bank of New York; or,
- non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the Financial Industry Regulatory Authority (FINRA).

Each authorized dealer or institution will make available annual reports, including audited financial statements, and other information as determined by the State Treasurer's Office.

3. Competitive Transactions

It is the policy of the State Treasurer's Office to transact securities purchases or sales through appropriately competitive processes. Electronic trading is the preferred option for the purchase and sale of investment instruments. Offers or bids for securities may be received from approved broker/dealers by the following means:

a. by phone
b. by e-mail or other electronic communication
c. through electronic trading platform
d. from inventory listings supplied by approved broker/dealers.

4. Internal Controls

The State Treasurer's Office will maintain internal controls to protect against the loss of public funds arising from negligence, theft, or misuse that include, but are not limited to:

- use of a third party custody and safekeeping;
- execution of all securities transactions on a DVP basis;
- clear delegation of investment authority;
- separation of transaction authority from record keeping;
- use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state; and
- use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers.

The deputy treasurer for investments and authorized investment officers will regularly review this policy and will recommend changes to the assistant treasurer and state treasurer if needed.

Daily compliance reports, as well as monthly performance reports, will be provided to the treasurer and assistant treasurer.

5. External Controls

As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes and this policy.

The market value of the portfolio will be calculated monthly by the master custodian or by an independent pricing service under contract with the State Treasurer's Office.

This policy will be reviewed at least annually and the State Treasurer will formally approve changes to this policy if needed.

VI. ELIGIBLE AND SUITABLE INVESTMENTS

Eligible investments are only those securities and deposits authorized by statute (RCW 43.84.080 and 43.250). The following are eligible investments:

- obligations of the U.S. government;

- obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government;
- U.S. dollar denominated obligations of supranational institutions, provided that at the time of investment the institution has the United States government as its largest shareholder;
- obligations of government sponsored enterprises which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System; and
- the Local Government Investment Pool.

VII. INVESTMENT PARAMETERS

To provide for the safety and liquidity of funds, the investment portfolio will be subject to the restrictions listed below. These represent minimum investment restrictions under this formal investment policy and there may be separate guidelines containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on a settlement date basis.

Maximum percentages for a particular issuer, investment type or liquidity constraints may on occasion be exceeded, e.g., due to fluctuations in fund balances. Securities need not be liquidated to realign the portfolio; however, consideration will be given to this matter when future purchases are made

1. Investment Maturity

- Maximum single maturity 10 years
- Maximum modified duration not longer than 3.5 years.

2. Specific Restrictions

To provide for the safety and liquidity of the Core Balance, the investment portfolio will be subject to the following restrictions:

- purchase of collateralized mortgage obligations (CMO) is not allowed; and
- allocation to investments subject to high price sensitivity or reduced marketability will not exceed 15% of the daily balance of the portfolio. For the purposes of this policy investments subject to high price sensitivity or reduced marketability will be defined as structured notes, with the exception of generic callable securities, and floating rate notes which may be reasonably expected to reset at or near par on their reset dates. A structured note is a debt security whose cash flow characteristics (coupon rate, redemption amount, or stated

maturity) depend on one or more indices and which may have embedded forwards or options. Structured notes whose cash flows can no longer fluctuate would not count against the 15% allocation.

VIII. PROFESSIONAL SERVICES

The State Treasurer's Office may contract for professional services as necessary for the efficient management of investments.

IX. REPORTING

The State Treasurer's Office will regularly prepare and deliver the following reports summarizing investment activity of the portfolio:

- Holdings report, to include maturity, effective duration, security descriptions, book yields and mark to market
- Transaction report, to include capital gains/losses
- Earnings report

X. PERFORMANCE STANDARDS

The investment portfolio will be structured to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

The portfolio benchmark will be a market benchmark that appropriately models the risk and return of the portfolio.

Approved by

Date 3/30/18

Effective Date: March 30, 2018

APPENDIX: GLOSSARY

ASSET - Available property, as for payment of debts

BENCHMARK – A standard against which the performance of a security, fund or investment manager can be measured. Generally, broad market and market-segment indexes are used for this purpose.

BID - The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security a bid is obtained. (See Offer)

CALLABLE SECURITY – A security with an embedded call provision that allows the issuer to repurchase or redeem the security by a specified date. Since the holder of a callable security is exposed to the risk of the security being repurchased, the callable security is generally less expensive than comparable securities that do not have a call provision.

CERTIFICATES OF DEPOSIT (CDs) - 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.

COLLATERAL - Property (as securities) pledged by a borrower to protect the interest of the lender.

CORE BALANCE - funds available for long-term investment that have been deposited into a separately managed portfolio for management by OST, including any growth or decline in the value of the portfolio subsequent to the initial deposit of funds.

CREDIT RISK - The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

CUSTODIAN - An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the investor.

DELIVERY - The providing of a security in an acceptable form to the OST. Acceptable forms can be physical securities or the transfer of book entry securities. The important distinction is that the transfer accomplishes absolute ownership control by the OST.

DELIVERY VS PAYMENT - There are two methods of delivery of securities: Delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT - The price of a bond that is lower than par. The discount equals the difference between the price paid for a security and the security's par value.

DIVERSIFICATION - Distribution of available funds among a variety of securities and institutions to minimize risk.

DURATION – A measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. The greater the duration, the greater the interest-rate risk or reward for bond prices.

FEDERAL RESERVE BANK OF NEW YORK - The Federal Reserve Bank that is responsible for the second district and is located in New York City. The Federal Reserve Bank of New York has developed the capacity to conduct reverse repurchase agreement transactions with an expanded set of counterparties.

FEDERAL RESERVE SYSTEM - The central bank of the United States, which has regulated the US monetary and financial system since its inception in 1913. Composed of a central governmental agency (the Board of Governors) and twelve regional Federal Reserve Banks.

FLOATING RATE NOTE – A debt instrument with a variable interest rate tied to a benchmark such as the US Treasury bill rate, LIBOR, the fed funds or the prime rate. Floaters are mainly issued by financial institutions and governments, typically with one- to three-year maturities.

GOVERNMENT SPONSORED ENTERPRISE – A privately held corporation with public purposes created by the US Congress to reduce the cost of capital for certain borrowing sectors of the economy. GSEs carry the implicit backing of the US Government but are not direct obligations of the US Government. Examples of GSEs include Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal National Mortgage Association. Securities issued by GSEs are known as agency securities.

LIQUIDITY - Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value.

LOSS - The excess of the cost or book value of an asset over selling price.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARK-TO-MARKET - An adjustment in the valuation of a securities portfolio to reflect the current market values of the respective securities in the portfolio. This process is also used to ensure that margin accounts are in compliance with maintenance.

MARKET RISK - The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase, or decrease in value. 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 time when a security becomes due and at which time the principal and interest or final coupon payment is paid to the investor.

OFFER - The indicated price at which a seller is willing to sell a security or commodity. (See BID) When buying a security an offer is obtained.

PAR VALUE - The nominal or face value of a debt security; that is, the value at maturity.

PORTFOLIO - Collection of securities held by an investor.

PREMIUM - The amount by which a bond sells above its par value.

PRIMARY DEALERS – Primary government dealers are a group of banks and investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its executing of Federal Open Market Operations. Such dealers must be qualified in terms of reputation, capacity and adequacy of staff and facilities.

PRUDENCE - The ability to govern and discipline oneself by the use of reason; shrewdness in the management of affairs; application of skill and good judgment in the use of resources. Also refers to the suitability of investments for the risk and return profile and the time horizon of a given investor.

SAFEKEEPING - A service to customers rendered by banks for a fee whereby all securities and valuables of all types and descriptions are held in the bank's vaults for protection, or in the case of book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

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

SETTLEMENT DATE - The day on which payment is due for a securities purchase. Fixed income securities typically settle one business day after the trade date.

SUPRANATIONAL INSTITUTION – An international institution that provides financing, advisory services and/or other financial services to its member countries to achieve an overall goal of improving living standards through sustainable economic growth.

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 - Treasury bills are short-term debt obligations of the U.S. Government with maturities of less than one year. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Treasury bills, commonly called "T-Bills," account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered to be very low risk, these instruments generally yield the lowest returns among the major money market instruments.

TREASURY NOTES – A marketable US government debt security with a fixed interest rate and a maturity between one and ten years. Treasury notes are considered low-risk, since they are backed by the full faith and credit of the US government. Because they are

lower risk and highly liquid they generally deliver a lower return than other securities having comparable maturities.

WEIGHTED AVERAGE MATURITY (WAM) – A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

YIELD - The rate at which an investment pays out interest or dividend income, expressed in percentage terms and calculated by dividing the amount paid by the price of the security and annualizing the result.