

MINUTES OF THE REGULAR MEETING
OF THE
AUDIT COMMITTEE
WEST VIRGINIA HOUSING DEVELOPMENT FUND
FEBRUARY 27, 2019

A regular meeting of the Audit Committee of the West Virginia Housing Development Fund ("the Fund") was held on Wednesday, February 27, 2017 at the offices of the West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The meeting was called to order by Chair John Gianola, at 8:30 a.m., with the following members present throughout except where noted:

John Gianola, Chair
Steven Travis, Representative for the
Honorable Patrick Morrissey, Attorney General (via phone)
Josh Stowers, Representative for the
Honorable John Perdue, State Treasurer

Staff Present:

Erica Boggess, Executive Director
Julie Davis, Deputy Director – Production
Chris Hayslip, Internal Auditor
Chad Leport, Division Manager - Accounting and Finance
Martha Lilly, Legal Assistant
Jill Martin, Executive Assistant
Kristin Shaffer, Senior Legal Counsel
Kelley Ridling, Senior Manager - Internal Audit
Crystal Toney, Deputy Director - Administration

Others Present:

Samme Gee, Esquire- Jackson Kelly PLLC
Kelley Goes, Esquire - Jackson Kelly PLLC

CONSIDERATION OF THE MINUTES OF THE JANUARY
31, 2019

Representative Josh Stowers moved for the approval of the Minutes of the January 31, 2019 regular meeting. His motion was seconded by Representative Steven Travis, and, upon the affirmative vote of the three (3) members present, the Chair declared the motion adopted.

CONSIDERATION OF REVISIONS TO THE HOUSING
DEVELOPMENT FUND'S INVESTMENT POLICY

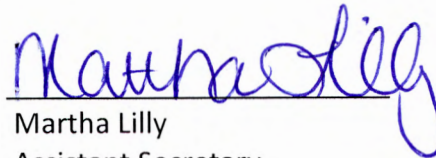
Crystal Toney presented proposed changes to the Fund's Investment Policy to the Audit Committee and recommended approval.

Representative Stowers moved to approve the revisions to the Fund's Investment Policy as presented and to recommend approval to the Board. His motion was seconded by Representative Travis and, upon the affirmative vote of three (3) members voting, the Chair declared the motion adopted.

A copy of the Fund's Investment Policy is attached as Exhibit A.

ADJOURNMENT

Representative Stowers moved to adjourn the meeting. His motion was seconded by Representative Travis, and upon the affirmative vote of the three (3) members present, the Chair declared the meeting adjourned at 8:43 a.m.



Martha Lilly
Assistant Secretary

WEST VIRGINIA HOUSING DEVELOPMENT FUND INVESTMENT POLICY

(PERMITTED INVESTMENTS, INVESTMENT GUIDELINES, PROCEDURES & CONTROLS)

Adopted by the Board of Directors on
~~December 21, 2017~~ February 27, 2019

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
INVESTMENT POLICY**

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WEST VIRGINIA HOUSING DEVELOPMENT FUND
GUIDELINES FOR THE INVESTING, SECURING, MONITORING
AND REPORTING ON FUNDS AVAILABLE FOR INVESTMENT
(EXCEPT OPEB TRUST FUND)
ADOPTED BY THE BOARD OF DIRECTORS ON
~~December 21, 2017~~February 27, 2019

ARTICLE I

STATEMENT OF PURPOSE: TITLE

Section 101. Statement of Purpose.

These Guidelines are adopted pursuant to the West Virginia Housing Development Fund Act, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended (the "Act"). These Guidelines shall cover the investment of all Housing Development Fund moneys ~~except for funds held in the OPEB Trust Fund which will provide benefits for retired employees under the Housing Development Fund's other postemployment benefit plan. These Guidelines~~and are within the legal investment restrictions established by the Act and open Resolutions. Further, bond proceeds will be invested in compliance with applicable IRS regulations.

Moneys administered by the Housing Development Fund as fiscal agent for the West Virginia Jobs Investment Trust ~~and the West Virginia Affordable Housing Trust~~ are not covered by these Guidelines. Moneys of the Jobs Investment Trust ~~and the Affordable Housing Trust~~ are administered according to guidelines approved by ~~those agencies~~its Board of Directors.

Funds held by the trustee in the OPEB Trust Fund are not covered by these Guidelines. These funds are invested pursuant to the Welfare Benefit Trust Agreement and Funding Policy (Appendix E) and are within the legal investment restrictions established by the Act.

Funds held on behalf of others such as tax and insurance escrows, Fannie Mae and Freddie Mac custodial accounts, and federal program funds will be invested pursuant to applicable contracts, laws and regulations governing those funds.

Section 102. Short Title.

These Investment Guidelines may be referred to as the "Guidelines".

ARTICLE II

DEFINITION OF TERMS

Section 201. Definitions.

For all purposes of these Guidelines, the terms listed below shall have the following meanings:

"Act" shall mean the West Virginia Housing Development Fund Act, constituting Article 18 of Chapter 31 of the Code of West Virginia, 1931, as amended.

"Bank" shall mean any national banking association, financial institution supervised under § 31A-2-4 of the Code of West Virginia, 1931, as amended, bank, trust company, savings and loan association or other financial institution the deposits of which are insured by the FDIC.

"Bond/Note Funds" shall mean any amount held under a Resolution.

"CDARS" shall mean the Certificate of Deposit Account Registry Service. CDARS provides investors the benefit of FDIC insurance by placing deposits into CDs issued by participating banks in denominations below the FDIC insurance maximum.

"Custodian" shall mean a Bank designated or approved by the Housing Development Fund to hold collateral or Securities pledged to or owned by the Housing Development Fund. With respect to the holding of Securities purchased pursuant to a Repurchase Agreement or Investment Contract, such Custodian may be an agent of the party with whom the Housing Development Fund has entered into such Repurchase Agreement or Investment Contract, but collateral pledged to the Housing Development Fund must be segregated or identified for the Housing Development Fund.

"Dealer" shall mean any investment dealer, Banker, broker, or agent, which is engaged in the purchase and sale of Permitted Investments.

"Demand Deposits" shall mean any funds deposited by the Housing Development Fund with a Bank which is subject to withdrawal with less than four days notice which shall be insured by the FDIC or collateralized as set forth herein.

"Direct Federal Obligations" shall mean obligations of the United States of America.

"Directors" shall mean the Board of Directors of the Housing Development Fund or a special committee of the Board to deal with investment matters.

"Federal Agency Obligations" shall mean obligations of any agency of the United States of America which are Permitted Investments.

"Federally Guaranteed Obligations" shall mean obligations the principal and interest of which are guaranteed by the United States of America.

"FDIC" shall mean the Federal Deposit Insurance Corporation or its successors.

"Funds held for Others" shall mean those funds for which the Housing Development acts as custodial agent and include tax and insurance escrows, Fannie Mae, Freddie Mac or other entity custodial accounts, and federal program funds.

"Guidelines" shall mean these guidelines, as they may be amended from time to time.

"Housing Development Fund" shall mean the West Virginia Housing Development Fund.

"ICS" shall mean the Insured Cash Sweep service. ICS provides investors the benefit of FDIC insurance by placing deposits into demand deposit accounts or money market deposit accounts at other FDIC-insured member institutions in increments below the FDIC insurance maximum.

"Investment Contract" shall mean an investment or deposit of funds with a Bank or Primary Dealer under a contractual agreement as to the interest rate, maturity date, redemption features, collateral and other general terms of the transaction.

"Investment Funds" shall mean all amounts available from time to time for investment or deposit by the Housing Development Fund on its own behalf.

"Master Repurchase Agreement" shall mean the industry standard contract for repurchase agreements, tri-party repurchase agreements and investment contracts.

"Money Market Funds" shall mean any money market fund with one of the two highest ratings by a nationally recognized rating agency which invests in U.S. Treasury Obligations and/or U.S. Government Agency Obligations or other investment vehicles backed by the U.S. Treasury and/or U.S. Government Agency Obligations.

"Other State and Local Obligations" shall mean any direct or general obligation of any other state, municipality, or other political subdivision within the territorial United States, provided that, such obligations are rated in either of the two highest rating categories by a nationally recognized bond-rating agency.

"Officer" shall mean any person so defined in the Housing Development Fund by-laws.

"OPEB" Trust Fund" shall mean the trust fund established to provide benefits for those retired employees under the Housing Development Fund's other post employment benefit plan.

"Other Revenues" shall mean moneys or securities received by or on behalf of the Housing Development Fund pursuant to its programs which are other than Bond/Note Funds.

"Permitted Investments" shall mean investments of a type which comply with the requirements of the Act and, if necessary, the applicable Resolutions.

"Primary Dealer" shall mean any Dealer that is registered with the Federal Reserve Bank as a primary government security dealer.

"Rated" shall mean that the Permitted Investments or the ability of the Bank or Primary Dealer to meet its payment obligations with respect to a Permitted Investment shall have been given a rating by Standard and Poor's Public Ratings Services, a Division of McGraw-Hill Companies, Moody's Investor Service, Inc. or an equivalent nationally recognized rating agency.

"Repurchase Agreement" shall mean the purchase of Securities under an agreement that the Securities will be repurchased at a mutually agreed price on a mutually agreed date. The interest rate is based on mutual agreement and is not related to the stated interest rate on the underlying Securities.

"Resolution" shall mean a resolution/indenture of the Housing Development Fund securing bonds or notes.

"Securities" shall mean bonds or notes which are Permitted Investments.

"State" shall mean the State of West Virginia.

"State Obligations" shall mean direct obligations and obligations guaranteed by the State.

"Time Deposit" shall mean a deposit or Certificate of Deposit representing an amount held by a Bank which can only be withdrawn by the Housing Development Fund at a specified future date or requires the giving of more than 3 days notice, and which shall be insured or collateralized as set forth herein.

"Trustee" shall mean a Bank designated pursuant to a Resolution as the trustee with respect to Bond/Note Funds. (Currently United Bank)

"Welfare Benefit Trust Agreement" shall mean ~~the~~ agreement between the Housing Development Fund and United Bank, Inc., as trustee which outlines the trustee's responsibilities -for managing the irrevocable trust designed to manage the assets which will be used to cover other post employment benefits provided for retired employees.

Section 202. Construction of Language.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

ARTICLE III

Section 301. Permitted Investments.

All Bond/Note Funds, and Other Revenues, shall be invested only in Permitted Investments. Although an investment may be permitted under the Act and Resolution, the Directors, at their discretion, may limit investment to only certain Permitted Investments.

Funds held by the trustee in the OPEB Trust Funds shall be invested in Permitted Investments under the Act ~~at the discretion of the trustee~~ pursuant to the Welfare Benefit Trust Agreement (Appendix E) and the Funding Policy included therein as Exhibit B, a copy of which is attached hereto and made a part hereof. ~~No other restrictions included in these Investment Policies shall apply.~~

Funds held for Others such as tax and insurance escrows, Fannie Mae and Freddie Mac custodial accounts, and federal program funds will be invested pursuant to applicable contracts, laws and regulations governing those funds. Internal accounting controls will be observed in the investment of these funds and all due care will be exercised in maintaining principal while meeting all liquidity needs.

Section 302. Investment Objectives.

In depositing or investing Investment Funds, the Housing Development Fund's objectives are to avoid undue concentration of investments, to preserve the Housing Development Fund's assets by making investments and deposits of the character generally considered investment grade, and to provide the liquidity needed by the Housing Development Fund in its operations. Bond/Note Funds will be invested in only such Permitted Investments ~~or Time or Demand Deposits~~ as are permissible under the applicable Resolution and shall provide terms of payments so as to make funds available in accordance with the requirements of the applicable Resolution.

The Other Revenues shall be invested so as to provide liquidity sufficient to cover current operations and programs and to reflect the anticipated contingencies being covered by any funds which have been designated as reserves by the Directors. Any Investment Funds will be invested so as to achieve a balance of short, medium and long-term maturities.

ARTICLE IV

INVESTMENT AND COLLATERAL REQUIREMENTS

Section 401. Securities.

- (a) The Housing Development Fund shall purchase Securities from Banks, Primary Dealers and Dealers.
- (b) Securities purchased must be physically delivered to the Housing Development Fund's Custodian or to the Trustee for the respective series of bonds/notes that are the source of the moneys, if applicable. However, if the Securities are in book-entry form, registration books shall designate the Custodian or Trustee, as custodian for the Housing Development Fund.
- (c) Permitted Investments in the form of trust units or shares in an investment company shall only be permitted to the extent that the character of the underlying investments is limited to Securities of the type which are Permitted Investments.

Section 402. Repurchase Agreements and Investment Contracts.

- (a) The Housing Development Fund shall enter into Repurchase Agreements or Investment Contracts to the extent permitted by and in compliance with the Act and/or the applicable Resolution with Banks and/or Primary Dealers which are Rated as necessary, or provide the collateral level necessary, to maintain Bond, Note, or the

Housing Development Fund's issuer ratings.

- (b) Securities, which are subject to Repurchase Agreements and Investment Contracts, shall be limited to Direct Federal Obligations, Federally Guaranteed Obligations, and Federal Agency Obligations, and may be in book-entry form.
- (c) The Securities which are collateral for Repurchase Agreements or Investment Contracts will be delivered to a third party Custodian, to the Housing Development Fund, or to the Trustee. If securities are in book entry form, transferring ownership of the securities in the book entry system shall be satisfactory.
- (d) The Bank or Primary Dealer, throughout the term of the Repurchase Agreement or Investment Contract, will guarantee that the aggregate market value of the Securities owned by the Housing Development Fund pursuant to the Repurchase Agreement or Investment Contract will equal or exceed the amount of the outstanding Repurchase Agreement or Investment Contract by the margin specified when the Repurchase Agreement or Investment Contract is entered into and/or according to the applicable Master Repurchase Agreement.
- (e) If during the term of the Repurchase Agreement or Investment Contract the Bank or Primary Dealer's credit rating is suspended, withdrawn or drops below the levels necessary to maintain the Bond, Note, or Housing Development Fund's issuer ratings, the Housing Development Fund may require the Bank or Primary Dealer to:
 - i. Deliver to the Custodian additional collateral as required to maintain the Bond, Note, or Housing Development Fund's issuer ratings;
 - ii. Assign the Repurchase Agreement or Investment Contract to another Bank or Primary Dealer acceptable to the Housing Development Fund; or
 - iii. Terminate the Repurchase Agreement or Investment Contract without penalty to the Housing Development Fund and repay the current principal and accrued interest on the Repurchase Agreement or Investment Contracts.

Section 403. Demand Deposits and Time Deposits.

- (a) Demand Deposits and Time Deposits may be made in any Bank.
- (b) The amount of Demand Deposits or Time Deposits made with any Bank may not exceed the insurance limits established by the FDIC unless adequate collateral is provided as described in 403 (c).

- (c) In addition to meeting the requirements of the Act and the appropriate Resolutions, the portion of Demand Deposits or Time Deposits in excess of the limit covered by FDIC Insurance shall be collateralized in accordance with the following provisions:
 - i. Securities which serve as collateral for any Certificate of Deposit or Time Deposit must be delivered to the related Trustee or to a Custodian selected, or approved in writing, by an Officer. If securities are in book entry form, transferring ownership of the securities in the book entry system shall be satisfactory.
 - ii. The Housing Development Fund may require each Bank in which it makes a Demand Deposit or Time Deposit (including the purchase of a Certificate of Deposit) to enter into a written agreement. If such written agreement is required, it shall include the following:
 - (aa) The frequency of the valuation to market of the collateral (such evaluation shall be at least monthly);
 - (bb) The right and ability of the Bank to substitute like Securities as collateral;
 - (cc) Description of events of default which would permit the Housing Development Fund or its Custodian or Trustee to liquidate or purchase the underlying Securities being held as collateral;
 - (dd) Description of the party who is to have title to the underlying Securities during the term of the Demand Deposit or Time Deposit, and provisions for segregation and custody of the underlying Securities; and/or
 - (ee) Margin maintenance.
 - iii. Only the following Securities shall be eligible for use as collateral under this section:
 - (aa) Direct Federal Obligations,
 - (bb) Federally Guaranteed Obligations,
 - (cc) Federal Agency Obligations,
 - (dd) State Obligations,
 - (ee) Other State and Local Obligations.

Section 404. Mortgage Loans.

Single-family and multifamily mortgage loans and other loan types held for investment purposes will be originated by the Housing Development Fund and/or reviewed by the Housing Development Fund to determine if the loan meets reasonable standards for investment purposes.

Section 405. Money Market Funds.

Money Market Funds shall mean any money market fund with one of the two highest ratings by a nationally recognized rating agency which invests in U.S. Treasury Obligations and/or U.S. Government Agency Obligations or other investment vehicles backed by the U.S. Treasury and/or U.S. Government Agency Obligations.

Money market funds and mutual funds must also be registered under Section 8 of the United States Investment Company Act of 1940, and investment is permissible only to the extent that the terms on which the underlying investments are to be made prevent any more than a minor portion of the pool which is being invested in to consist of obligations other than investments permitted under these Guidelines and West Virginia law.

Section 406. West Virginia Board of Treasury Investments.

The West Virginia Board of Treasury Investments (the “BTI”) manages the individual investment pools and accounts of the Consolidated Fund under authority of State Code Chapter 12, Article 6C, West Virginia Treasury Investment Act. The Consolidated Fund provides for the investment of moneys not currently needed to fund governmental operations as well as providing local governments the ability to participate in large investment pools. Several investment pools make up the Consolidated Fund; however, the Housing Development Fund will invest in only the WV Money Market pool or the WV Government Money Market pool.

The WV Money Market pool was created to invest participant operating funds to meet daily disbursements while striving to earn a return above inflation. The WV Government Money Market pool is also designed to meet daily cash disbursements but is restricted to U.S. Government and agency obligations.

Both of the above pools are operated similar to short-term money market funds with the goal of maintaining principal or a stable dollar value. The investment guidelines for each pool are included in Appendix D. Both pools are rated “AAAm” by Standard & Poor’s. A fund rated “AAAm” has extremely strong capacity to maintain principal stability.

ARTICLE V

CERTAIN REQUIREMENTS FOR CUSTODIANS, BANKS, TRUSTEES AND DEALERS

Section 501. Required Reports.

- (a) The Housing Development Fund may require Custodians, Banks, Trustees, and Dealers to provide audited financial statements, prepared by an external auditor, in accordance with Generally Accepted Accounting Principles, within 90 days after the close of its reporting period.
- (b) The Housing Development Fund will require Custodians, Banks, Trustees and Dealers, which have collateral pledged to, or hold collateral on behalf of the Housing Development Fund, to provide periodic reports showing the amount and description of Securities pledged and the market value of those Securities as of the date of the periodic report. Such reports will be reviewed by the Housing Development Fund staff to determine adequacy of collateral margins.
- (c) The Housing Development Fund may require Custodians, Banks, Trustees and Dealers to provide copies of reports required to be submitted to any regulatory agency within 30 days of such request.

Section 502. Access for Housing Development Fund Auditors.

Any Custodian or Trustee which holds Securities for the account of, or in trust for, the Housing Development Fund, or pledged to the Housing Development Fund, shall be required to allow the Housing Development Fund or its agents to conduct an audit with respect to such Securities.

Section 503. Awards When Duplicate Bids are Received.

In instances where the Housing Development Fund solicits bids (formally or informally) for the investment or deposit of Investment Funds and the highest bids are identical, preference in the selection among the highest bidders will be given to Banks chartered under State law or chartered under federal law and having their principal place of business in the State provided that such Banks meet all other Housing Development Fund requirements. The following process will be used to select the Investment Provider when there is a tie in the highest bids given by Dealers or Primary Dealers for Securities, Repurchase Agreements or Investment Contracts:

- (a) The Dealers or Primary Dealers will be asked to increase their bid rate to break the tie and the Dealer or Primary Dealer providing the highest revised bid will be awarded the investment.
- (b) If the bid rates are not revised, the award will be made to the Dealer or Primary Dealer based on a rotational method.

DIVERSIFICATION OF INVESTMENTS

Section 601. Types of Investments.

The Housing Development Fund shall limit its investment activity so that at any time the Housing Development Fund’s total investment portfolio will not exceed the limits as to the Permitted Investments as shown below (the following limits do not include funds held for others or funds held in the OPEB Trust Fund)

<u>Permitted Investments</u>	<u>Maximum % or \$ of Portfolio</u>
Direct Federal Obligations	100%
Federal Agency Obligations	90%
Federally Guaranteed Obligations	100%
Demand Deposits, Time Deposits	30%
Collateralized CD’s	\$75 million
CDARS FDIC Insured CDs	\$6550 million
West Virginia Obligations	15%
ICS Demand Deposits Marketplace, (FDIC Insured)	\$2517 million
ICS <u>Savings Deposits (FDIC Insured)</u> Money Market Funds	\$ <u>11575</u> million
Loans held for investment	30%
Money Market Funds	25% (1)
WV Board of Treasury Investments	\$40 million (2)

- (1) Funds for bond debt service payments, refundings and redemptions are to be deposited with the Trustee the business day prior to the payment due date. These funds are deposited by the Trustee for availability to meet the required bond payment, refunding or redemption in a timely manner on the due date and may exceed the 25% limit on the Money Market Funds one business day prior to payment.
- (2) Includes a maximum of \$20,000,000 in the WV Money Market Pool.

Section 602. Investment Maturities.

The Housing Development Fund shall limit its investment activity so that at any time the Housing Development Fund's investment portfolio will not exceed the average life limitations as set forth below:

	<u>Limitation on Average Life</u>
Reserve Funds	30 Years
Bond Insurance Funds	15 Years
Other Investment Funds	4 Years

The above limits are considered maximum maturity limits on the various funds maintained by the Housing Development Fund. Housing Development Fund staff will consider all cash liquidity needs for its program operations, debt payments, other obligations and all operating requirements when determining the maturity date of any potential investment.

Section 603. Approval of Investments.

All investments shall be reviewed and subject to the approval of the Treasurer or Assistant Treasurer. In addition, the Treasurer or Assistant Treasurer and the Executive Director or Deputy Director shall approve the initial investment of proceeds from the sale of Housing Development Fund obligations. The Executive Director or Deputy Director will approve all long-term (over 90 days) investments.

Section 604. Emergency Procedures.

If staff were unable to place funds in a Permitted Investment within the limits established by these Guidelines due to severe market conditions or a related crisis, immediate action would be necessary to place funds in an alternative Permitted Investment until corrective actions could be taken. Under no circumstances would staff invest in any type of investment that is not included in the Act or the applicable bond resolution. Emphasis will be placed on maintaining principal and meeting cash liquidity needs; not investment yield. However, the maximum investment limits specified under Section 601 above may be temporarily exceeded. Deviating from these Guidelines would only be considered in a dire emergency to preserve the Housing Development Fund's capital. Under no circumstances would these Guidelines be violated solely for the purpose of yield or increased earnings.

If such events were to occur, the following Emergency Procedures would be invoked.

1. The Assistant Treasurer or Deputy Director would inform both the Executive Director and the Internal Auditor of the situation and request approval to invoke the emergency procedures. Members of the Audit Committee would be notified by the Executive Director or the Deputy Director that the procedures have been invoked.

2. Upon approval from the Executive Director or Deputy Director and the Internal Auditor to invoke the procedures, staff would direct un-invested funds into an alternate Permitted Investment.
3. Staff will immediately begin to permanently place funds in order to return to full compliance with these Guidelines and the maximum Permitted Investment limits pursuant to Section 601.
4. Staff will prepare a memorandum to the Audit Committee explaining the need to invoke the Emergency Procedures and the corrective actions taken.
5. Internal audit will review actions taken by the staff and report to the Audit Committee of the Board.

ARTICLE VII

REQUIREMENT OF INVESTMENT BY WRITTEN CONTRACTS

Section 701. Written Contracts.

The Housing Development Fund may require a written contract pursuant to a specific investment or transaction, or to open and maintain an investment trading account.

Section 702. Contract Provisions.

Each written contract shall provide for sufficient security of the Housing Development Fund's financial interest as required by the provisions of these Guidelines. Each such contract shall describe (a) the use, type and amount of collateral or insurance for each investment, (b) the method for identification and valuation of any required collateral, and procedure for regular monitoring of that valuation, and (c) the monitoring, control, deposit and retention of investments and any required collateral, including, in the case of a Repurchase Agreement or Investment Contract, physical delivery of the purchased obligations to the Housing Development Fund or its agent or other action necessary to obtain title to such obligations.

Section 703. Form of Contract.

The form of all written contracts shall be approved by the Staff or the General Counsel of the Housing Development Fund and/or Bond Counsel if required. This may be accomplished by approval of a form or master contract.

Section 704. Execution of Contracts.

All contracts related to investments and investment accounts shall be approved and executed by the Executive Director, Deputy Director, Treasurer or the Assistant Treasurer.

Section 705. Repurchase Agreements and Investment Contracts.

- (a) Repurchase Agreements and Investment Contracts will be governed by a written contract. The contract may be for a specific investment or it may be a master contract with terms covering all investment of Investment Funds made thereunder. If a master contract is used, it will include the following as typically included in the industry standard Master Repurchase Agreement:
- (i) The parties involved in the contract (Buyer, Seller, and Custodian),
 - (ii) Securities eligible to be used as collateral,
 - (iii) Determination and maintenance of margin requirements,
 - (iv) Subject to any rights of collateral substitution, a declaration that the Housing Development Fund is the owner of the subject Securities or provisions for the Housing Development Fund to become the owner of the subject Securities in event of default under the Repurchase Agreement or Investment Contract,
 - (v) Terms regarding the valuation of the underlying Securities and remedies to correct margin deficiencies (Securities must be valued at least weekly),
 - (vi) A prohibition against the substitution of Securities by the Bank or Primary Dealer except as permitted in the Master Repurchase Agreement and as necessary to replace Securities which have been redeemed or are in default (unless substitution is approved by Trustee/Custodian and costs are borne by the Primary Dealer/Bank),
 - (vii) Description of events of default which would permit the Housing Development Fund or its Custodian or Trustee to liquidate the subject Securities,
 - (viii) Description of the rights of any Trustee or Custodian which may hold the subject Securities during the term of the Repurchase Agreement or Investment Contract,
 - (ix) If the Securities are held by a central depository or national securities custodian in order to facilitate book-entry transfers by Banks and Primary Dealers it shall be satisfactory if the ownership of such Securities by the Housing Development Fund is duly recorded in the books of such Bank or Primary Dealer as held for the account of the Housing Development Fund, and
 - (x) Appropriate representations and warranties will be made to provide that the underlying Securities will be free from liens, claims and defenses applicable to the Housing Development Fund and specify the underlying Securities to the degree necessary to protect the enforceability of the Repurchase

Agreement or Investment Contract.

- (b) When a written contract is used for a specific investment in a Repurchase Agreement or Investment Contract, in addition to the provisions stated in Section 705 (a), the written contract will include the following:
 - (i) The size of the transaction.
 - (ii) Additional documents and certifications as may be required for the particular transaction

ARTICLE VIII

AUDIT AND REPORTS

Section 801. Annual Independent Audit and Internal Audit.

The Housing Development Fund shall be audited annually by independent certified public accountants selected by the Directors and the investment portfolio is to be reviewed as part of that audit.

The Housing Development Fund Internal Auditor shall quarterly review investment procedures for adherence to these Guidelines and report to the Directors any departures from the Guidelines or related internal accounting control procedures.

Section 802. Reports.

The Treasurer or Assistant Treasurer and/or staff shall prepare and deliver to the Directors a monthly report on the Housing Development Fund's investment portfolio. Such report, at a minimum, shall provide the amount, maturity, interest rate, and type of Permitted Investments owned by the Housing Development Fund. A summary of amounts invested in each type of Permitted Investment and the average maturity of each category of funds will also be provided.

Section 803. Annual Investment Report.

Within one hundred twenty (120) days after the close of each fiscal year, the Directors shall receive an annual investment report. The report will include the results of the annual independent audit of the investments and the annual investment income record of the Housing Development Fund since the last annual investment report. This information may be included as part of the Housing Development Fund's audited financial statements.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Amendments and Review.

Any modification or amendment of these Guidelines may be made by a Supplemental Resolution adopted at any duly constituted Directors' meeting; provided, however, that no such modification or amendment to these Guidelines shall abrogate the rights and duties of then existing Housing Development Fund contracts with third parties; and further provided that the Executive Director may make non-material changes in these Guidelines.

Staff will review these Guidelines annually or more frequently if market conditions warrant and provide recommended modifications to the Audit Committee who will make final recommendations to the Directors.

Section 902. No Recourse Under these Guidelines.

No provision in these Guidelines shall be the basis for any claim against any Director, Officer or employee of the Housing Development Fund in his individual or official capacity or against the Housing Development Fund itself.

Section 903. Effect upon Existing Contract.

These Guidelines shall not abrogate the rights and duties of Housing Development Fund under contracts with third parties executed prior to the effective date of these Guidelines.

Section 904. Effect of Failure to Comply.

Failure to comply with these Guidelines shall not invalidate any investment or affect the validity of the authorization of the Chairman, Executive Director, Deputy Director, Treasurer or Assistant Treasurer or their designee to make such investments.

Section 905. Audit Committee

The Audit Committee of the Board of Directors will be responsible for reviewing recommended changes to the Guidelines and making final recommendations to the Directors.

Appendix A

31-18-6. Corporate powers.

The Housing Development Fund is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate its corporate purpose, including, but not limited to, the following:

- (1) To make or participate in the making of federally insured construction loans to sponsors of land development, residential housing, or nonresidential projects. Such loans shall be made only upon determination by the Housing Development Fund that construction loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;
- (2) To make temporary loans, with or without interest, but with such security for repayment as the Housing Development Fund determines reasonably necessary and practicable, from the operating loan fund, if created, established, organized, and operated in accordance with the provisions of §31-18-19 of this code, to defray development costs to sponsors of land development, residential housing, or nonresidential projects which are eligible or potentially eligible for federally insured construction loans, federally insured mortgages, federal mortgages or uninsured construction loans or uninsured mortgage loans;
- (3) To make or participate in the making of long-term federally insured mortgage loans to sponsors of land development, residential housing, or nonresidential projects. Such loans shall be made only upon determination by the Housing Development Fund that long-term mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;
- (4) To establish residential housing and nonresidential and land development projects for counties declared to be in a disaster area by the Federal Emergency Management Agency or other agency or instrumentality of the United States or this state;
- (5) To accept appropriations, gifts, grants, bequests, and devises and to utilize or dispose of the same to carry out its corporate purpose;
- (6) To make and execute contracts, releases, compromises, compositions, and other instruments necessary or convenient for the exercise of its powers, or to carry out its corporate purpose;
- (7) To collect reasonable fees and charges in connection with making and servicing loans, notes, bonds, obligations, commitments, and other evidences of indebtedness, and in connection with providing technical, consultative, and project assistance services;
- (8) To invest any funds not required for immediate disbursement in any of the following securities:
 - (i) Direct obligations of or obligations guaranteed by the United States of America or for the payment of the principal and interest on which the full faith and credit of the United States of America is pledged;

(ii) Bonds, debentures, notes, or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; United States Postal Service; Inter-American Development Bank; International Bank for Reconstruction and Development; Small Business Administration; Washington Metropolitan Area Transit Authority; General Services Administration; Federal Financing Bank; Federal Home Loan Mortgage Corporation; Student Loan Marketing Association; Farmer's Home Administration; the Federal National Mortgage Association or the Government National Mortgage Association; or any bond, debenture, note, participation certificate or other similar obligation to the extent such obligations are guaranteed by the Government National Mortgage Association or Federal National Mortgage Association or are issued by any other federal agency and backed by the full faith and credit of the United States of America;

(iii) Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes, or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) Certificates of deposit, time deposits, investment agreements, repurchase agreements, or similar banking arrangements with a member bank or banks of the federal reserve system or a bank the deposits of which are insured by the federal deposit insurance corporation, or its successor, or a savings and loan association or savings bank the deposits of which are insured by the federal savings and loan insurance corporation, or its successor, or government bond dealers reporting to, trading with and recognized as primary dealers by a federal reserve bank: Provided, That such investments shall only be made to the extent insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or to the extent that the principal amount thereof shall be fully collateralized by obligations which are authorized investments for the Housing Development Fund pursuant to this section;

(v) Direct obligations of or obligations guaranteed by the State of West Virginia;

(vi) Direct and general obligations of any other state, municipality, or other political subdivision within the territorial United States: Provided, that at the time of their purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond-rating agency;

(vii) Any bond, note, debenture, or annuity issued by any corporation organized and operating within the United States: Provided, That such corporation shall have a minimum net worth of \$15 million and its securities or its parent corporation's securities are listed on one or more of the national stock exchanges: Provided, however, That: (1) Such corporation has earned a profit in eight of the preceding 10 fiscal years as reflected in its statements; and (2) such corporation has not defaulted in the payment of principal or

interest on any of its outstanding funded indebtedness during its preceding 10 fiscal years; and (3) the bonds, notes, or debentures of such corporation to be purchased are rated “AA” or the equivalent thereof or better than “AA” or the equivalent thereof by at least two or more nationally recognized rating services such as Standard and Poor’s, Dunn & Bradstreet, Best’s, or Moody’s;

(viii) If entered into solely for the purpose of reducing investment, interest rate, liquidity, or other market risks in relation to obligations issued or to be issued or owned or to be owned by the Housing Development Fund, options, futures contracts (including index futures but exclusive of commodities futures, options, or other contracts), standby purchase agreements or similar hedging arrangements listed by a nationally recognized securities exchange or a corporation described in §31-18-6(8)(vii) of this code;

(ix) Certificates, shares, or other interests in mutual funds, unit trusts or other entities registered under section eight of the United States Investment Company Act of 1940, but only to the extent that the terms on which the underlying investments are to be made prevent any more than a minor portion of the pool which is being invested in to consist of obligations other than investments permitted pursuant to this section; and

(x) To the extent not inconsistent with the express provisions of this section, obligations of the West Virginia State Board of Investments or any other obligation authorized as an investment for the West Virginia State Board of Investments under §12-6-1 et seq. of this code or for a public housing authority under §16-15-1 et seq. of this code;

(9) To sue and be sued;

(10) To have a seal and alter the same at will;

(11) To make, and from time to time, amend, and repeal bylaws and rules and regulations not inconsistent with the provisions of this article;

(12) To appoint such officers, employees, and consultants as it deems advisable and to fix their compensation and prescribe their duties;

(13) To acquire, hold, and dispose of real and personal property for its corporate purposes;

(14) To enter into agreements or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization;

(15) To acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate to protect any loan in which the Housing Development Fund has an interest and to sell, transfer, and convey any such property to a buyer and, in the event of such sale, transfer, or conveyance cannot be effected with reasonable promptness or at a reasonable price, to lease such property to a tenant;

Appendix B
Bond Resolution Permitted Investments

Housing Finance Program

"Investment Securities" shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the Housing Development Fund of the funds to be invested therein:

(A) Direct obligations of or obligations guaranteed by the United States of America;

(B) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Home Loan Mortgage Corporation; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(C) Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(D) Certificates of deposit secured by obligations described in clauses (A), (B) or (E) of this definition;

(E) Direct and general obligations of or obligations guaranteed by the State; and

(F) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, but only if, at the time of their purchase hereunder, such obligations are rated in either of the two highest rating categories by either Standard & Poor's or Moody's rating service or, upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined in a Supplemental Resolution pursuant to Section 802. *(Amended by Supplemental Resolution adopted March 5, 2002).*

New Issue Bond Program

"Investment Securities" shall mean and include any securities if and to the extent the same are at the time legal investments by the Housing Development Fund of the funds to be invested therein pursuant to the Act.

Appendix C Funds Held for Others

Single Family Escrow Deposits

Single Family Escrow funds must be in a bank deposit account insured by the Federal Deposit Insurance Corporation (the FDIC) or the National Credit Union Administration (NCUA).

The West Virginia Housing Development Fund (the WVHDF) will deposit all funds in a demand deposit account with United Bank, a FDIC insured bank. The account is registered with United Bank as a custodial account, which provides FDIC insurance coverage on each individual borrower's escrow funds. ~~Staff will review individual balances to make sure they do not exceed the FDIC limit.~~ Individual balances in excess of the FDIC limit will be collateralized pursuant to Section 403 of the WVHDF Investment Policy.

Fannie Mae (FNMA) Custodial Accounts

FNMA custodial account funds must be deposited in a Federal Reserve Bank, Federal Home Loan bank, or other depository institution and have its accounts insured under one of the following: the Bank Insurance Fund, the Savings Associations Insurance Fund administered by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF). The Depository institution must also meet certain rating criteria as specified in the Fannie Mae Servicer's Guide Section IX.103.

The WVHDF will deposit all funds in demand deposit accounts with United Bank, a FDIC insured bank. The accounts are registered with United Bank as custodial accounts with the WVHDF listed as the agent / trustee for FNMA. This arrangement provides for the FNMA custodial accounts to receive FDIC coverage outside the WVHDF limit. United Bank's ratings comply with FNMA's requirements and its ratings will be reviewed on a quarterly basis.

Freddie Mac Custodial Accounts

Freddie Mac custodial accounts must be deposited with an eligible depository, which is: A Federal Reserve Bank, A Federal Home Loan Bank, a FDIC insured depository or a NCUSIF insured depository. If the Principal and Interest custodial account is deposited with an FDIC Insured Depository or an NCUSIF Insured Depository, the depository institution must also meet minimum tier rating requirements specified in the Freddie Mac Servicer's Guide, section 77.10.

The WVHDF will deposit all funds in demand deposit accounts with United Bank, a FDIC insured bank. The accounts are registered with United Bank as custodial accounts with the WVHDF listed as the agent / trustee for Freddie Mac. This arrangement provides for the Freddie Mac custodial accounts to receive FDIC coverage outside the WVHDF limit. United

Bank's ratings comply with Freddie Mac's Servicer's Guide and its ratings will be reviewed on a quarterly basis.

Multifamily Escrow Deposits

Replacement Reserve Funds may be invested in Direct Obligations of the Federal Government, Obligations of Federal Government Agencies, Demand and Savings accounts, provided the entire deposit is FDIC or NCUSIF insured. Funds can also be insured by one of the Federal agencies listed above.

The WVHDF will deposit all replacement reserve funds in any combination of the following:

1. Invested in FDIC insured Certificates of Deposit through the Certificate of Deposit Account Registry Service (CDARS) program.
2. Deposited with the WV Board of Treasury Investments (WVBTI) in its Government Money Market Pool.
3. Invested in Federal Agency discount notes or securities.

Taxes and Insurance (T & I) escrow accounts must be insured by the FDIC or deposited funds may be held in accounts exceeding the FDIC limit per banking institution, under the following conditions: The institution has a rating consistent at all times with current minimally acceptable ratings, bank ratings are monitored on a quarterly basis, if these conditions are not met and the institution fails, the WVHDF is held responsible for replacing the funds. ~~Staff will review individual balances as compared to the FDIC limits.~~

The WVHDF will deposit all T & I funds in a demand deposit account with United Bank, a FDIC insured bank. The account is registered with United Bank as a custodial account to provide the maximum FDIC coverage for each borrower's escrow funds. ~~Amounts in the demand deposit account~~ Individual balances in excess of the FDIC limit will be collateralized pursuant to Section 403 of the WVHDF Investment Policy.

HOME and Section 8 Funds

HUD regulations do not specify how HOME funds and Section 8 funds are to be invested.

The WVHDF will deposit all HOME funds in a demand deposit account with United Bank, a FDIC insured bank and/or in the WVBTI Government Money Market Pool.

Section 8 funds will be deposited in demand deposit accounts with United Bank, a FDIC insured bank.

Amounts in the demand deposit account in excess of the FDIC limit will be collateralized pursuant to Section 403 of the WVHDF Investment Policy.

Other Funds:

Owners Equity and other funds held in escrow will be invested according to the escrow or custodial agreement signed between the WVHDF and the depositor.

Appendix D
West Virginia Board of Treasury Investments
Investment Policy Statement

OBJECTIVES

The West Virginia Money Market Pool was created to invest Participant operating funds. The objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements of Participants while striving to earn a return above inflation. The Pool is structured as a money market fund with the goal of preservation of principal. The Pool risk factor is low, and managed through numerous maturity restrictions, diversification guidelines, and credit limits.

Net investment income and realized gains and losses are declared as dividends and distributed daily to the Participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), then the Investment Committee would be immediately notified for development of an action plan.

REBALANCING

Allocation to each Investment Manager is expected to remain stable over most market cycles. Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall target allocation, the West Virginia Money Market Pool may require rebalancing on a periodic basis. Staff, in the normal course of Pool operations, will allocate contributions and redemptions in accordance with established internal policies.

Investment Manager	Target Allocation	Permissible Range
Investment Manager 1	50%	+/-5%
Investment Manager 2	50%	+/-5%

To achieve the rebalancing of the WV Money Market Pool, Staff may re-direct contributions and redemptions to individual managers, as appropriate, in order to maintain Investment Manager allocations within established ranges. If the re-direction of contributions and redemptions is not sufficient to maintain the allocations within the permissible ranges, then the Consultant and Staff will recommend transferring assets from one manager to another. The Board must be advised and approve any significant rebalancing activity.

BENCHMARKS

The performance of the West Virginia Money Market Pool (net of external Investment Manager fees) will be measured against:

- 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average

ASSET ALLOCATION
PERMISSIBLE SECURITIES

DIVERSIFICATION -
MAXIMUM % OF POOL

U.S. Treasury Obligations	100
U.S. Government Agency Obligations & FDIC Guaranteed Obligations	85
Repurchase Agreements	85
Commercial Paper, Asset Backed Commercial Paper, Corporate Debt and Supranational Debt (Combined)	75
Certificates of Deposit	75
Money Market Funds	30
Asset-Backed and Mortgage-Backed Securities	20
Municipal Securities	15
Depository Accounts	5

As Approved by the Board
January 25, 2018

West Virginia Board of Treasury Investments
Investment Policy Statement

MATURITY RESTRICTIONS, DIVERSIFICATION GUIDELINES AND CREDIT LIMITS

All restrictions are based upon total dollar percentages of Pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the Investment Manager and Investment Consultant. The Board may require the Investment Manager to sell non-compliant Securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the West Virginia Money Market Pool shall not exceed 60 days.
- Weighted average final maturity of the Pool shall not exceed 90 days.
- Maximum maturity of individual Securities cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. Government Securities.
- Variable rate and floating rate securities shall be based on a money market index and shall not have a final maturity longer than 762 days if they are U.S. Government Securities, or 397 days if they are not U.S. Government Securities
- Minimum 15% of the Pool must be in U.S. Treasury Obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized Repurchase Agreements and Money Market Funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy
- Money Market Funds utilized by the Pool must be approved in advance by the Board.
- Maximum 5% of the Pool may be invested in any one corporate name.
- Maximum 5% of the Pool may be invested in any one supranational name.
- Maximum exposure in Money Market Funds is limited to 10% in any individual rated fund at the pool level. The aggregate exposure at the pool level may not exceed 30%.
- Maximum 75% of the Pool may be invested in notes with floating rates.
- All corporate securities must be rated A+ or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- All supranational securities must be rated AA or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- Maximum of 20% of the Pool may be invested in Asset-Backed and Mortgage-Backed securities. Asset-backed commercial paper is not considered an Asset-Backed security under this limitation.
- Asset-backed and mortgage-backed securities must be rated AAA (or its equivalent)
- Asset-backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- The Pool may not hold inverse floaters
- The Pool may not be leveraged in any manner.
- The Pool may not hold unregistered Securities or private placements with the exception of Securities issued pursuant to the SEC Rule 144A or Commercial Paper issued pursuant to rule 4(2) of the Securities Act of 1933.
- The Pool shall not acquire any Illiquid Security if, after acquisition, more than 5% of the Pool would be invested in Illiquid Securities.
- The Pool shall not acquire any other security other than Daily Liquid Assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The Pool shall not acquire any other security other than Weekly Liquid Assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the Pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), each Investment Manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

As Approved by the Board
January 25, 2018

West Virginia Board of Treasury Investments
Investment Policy Statement

OBJECTIVES

The West Virginia Government Money Market Pool was created to invest restricted moneys of Participants in U.S. Treasury and U.S. Government Agency Obligations. The investment objective of the Pool is to preserve capital, maintain sufficient liquidity to meet the daily disbursements of Participants, while earning a return above inflation. The Pool is structured as a money market fund with an emphasis of maintaining a stable dollar value. The risk factor on this Pool is low and managed through maturity restrictions. The default risk is minimal due to the types of Securities invested in.

Net investment income and realized gains and losses are declared as dividends and distributed daily to the Participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), then the Investment Committee would be immediately notified for development of an action plan.

BENCHMARKS

The performance of the West Virginia Government Money Market Pool (net of external Investment Manager fees) will be measured against:

- 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average

ASSET ALLOCATION
PERMISSIBLE SECURITIES

DIVERSIFICATION -
MAXIMUM % OF POOL

U.S. Treasury Obligations	100
U.S. Government Agency Obligations & FDIC Guaranteed Obligations	85
Repurchase Agreements	85
Government Money Market Funds	30
Depository Accounts	5

MATURITY RESTRICTIONS, DIVERSIFICATION GUIDELINES AND CREDIT LIMITS

All restrictions are based upon total dollar percentages of the Pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the Investment Manager and Investment Consultant. The Board may require the Investment Manager to sell non-compliant Securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the Pool shall not exceed 60 days.
- Weighted average final maturity of the Pool shall not exceed 90 days.
- Maximum maturity of individual Securities held cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. Government Securities.
- Variable rate and floating rate U.S. Government securities shall be based on a money market index and shall not have a final maturity longer than 762 days
- Minimum 15% of the Pool must be in U.S. Treasury Obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized Repurchase Agreements and Money Market Funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy
- Money Market Funds utilized by the Pool must be approved in advance by the Board.
- Maximum exposure in Government Money Market Funds is limited to 10% in any individual rated fund at the pool level. The aggregate exposure may not exceed 30%.
- The Pool may not hold private placements, or inverse floaters, or be leveraged in any manner.
- The Pool shall not acquire any Illiquid Security if, after acquisition, more than 5% of the Pool would be invested in Illiquid Securities.

As Approved by the Board
January 25, 2018

West Virginia Board of Treasury Investments
Investment Policy Statement

- The Pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The Pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the Pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the Investment Manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

As Approved by the Board
January 25, 2018

APPENDIX E

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
WELFARE BENEFIT TRUST**

TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into as of the ____ day of _____, ~~2015-2019~~ by and between West Virginia Housing Development Fund (the “WVHDF”) and United Bank (the “Trustee”).

WHEREAS, the WVHDF is public body corporate and governmental instrumentality of the State of West Virginia;

WHEREAS, the WVHDF has heretofore adopted one or more employee welfare benefit plans identified on Exhibit A attached hereto (the “Plan”) the purpose of which is to provide welfare benefits for those retired employees of the WVHDF and their eligible dependents covered by the Plan;

WHEREAS, the funds which will be contributed to the Trust, as and when received by the Trustee, will constitute a trust fund (the “Trust Fund”) to be held for the benefit of the retired employees and their eligible dependents under and in accordance with the Plan;

WHEREAS, the WVHDF intends that the Trust hereby established shall constitute an organization that is similar to the organizations described in Internal Revenue Service Revenue Rulings 77-261, 1977-2 C.B. 45, and 90-74, 1990-2 C.B. 34, and exempt from tax under Section 115 of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, the WVHDF desires the Trustee to hold and administer the Trust Fund, and the Trustee is willing to hold and administer such Trust Fund, pursuant to the terms of this Agreement; and

WHEREAS, the WVHDF has paid to the Trustee the sum of One Hundred Dollars as its initial contribution to the Trust created hereby;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the WVHDF and the Trustee agree as follows:

ARTICLE I — PURPOSE; DEFINITIONS

1.1 Purpose. The Trust is created for the purpose of funding benefits that may become payable pursuant to the Plan in order to protect the financial integrity of the WVHDF. The Trust may pay such benefits directly or through the payment of any premium required under any insurance policy used to provide benefits under the Plan.

1.2 Definitions. For purposes hereof, the following terms shall have the meaning assigned thereto:

- (a) “Act” means the West Virginia Housing Development Fund Act.
- (b) “Board” means the Board of Directors of the WVHDF.
- (c) “Investment Policies” means any and all investment policies established by the Board that apply to the investment of assets of the Trust Fund. This may include any investment policy established by the Board that applies to the investments of the general assets, or a subset of general assets, of the WVHDF.
- (d) “Participant” means any former employee of the WVHDF who is eligible to participate in the Plan and his or her dependents who are eligible to participate in the Plan.
- (e) “Plan” shall mean the plan identified on Exhibit A and any successor plan thereto.
- (f) “Plan Administrator” means the WVHDF.
- (g) “Trust” means this instrument, including any amendments hereto and modifications hereof, and any other documents incorporated by reference.
- (h) “Trust Fund” means the assets of the Trust, however held and wherever situated.
- (i) “Trustee” means United Bank and any successor trustee designated in the manner provided by Section 7.3.
- (j) “WVHDF” means the West Virginia Housing Development Fund and any successor thereto.

~~(j)~~(k) “Funding Policy” shall mean the policy identified on Exhibit B and any successor plan thereto.

ARTICLE II — CONTRIBUTIONS

2.1 Receipt of Contributions. The Trustee shall receive any contributions paid to it in cash or in the form of such other property as it may from time to time deem acceptable and which shall have been delivered to it. All contributions so received, together with the income therefrom and any other increment thereon shall be held, invested, reinvested and administered by the Trustee pursuant to the terms of this Agreement without distinction between principal and income. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall be responsible only for property received by it pursuant to this Agreement.

2.2 Compliance with Laws. The Trust and Trust Fund, together with the Plan, this Agreement, and any other instrument under which the Trust is governed, are intended to meet all

the requirements of Section 115 of the Code.

ARTICLE III — PAYMENTS FROM TRUST FUND

3.1. Payments Directed by Plan Administrator. The Trustee shall from time to time at the Plan Administrator's direction make payments out of the Trust Fund to the persons or entities to whom such monies are to be paid in such amounts and for such purposes as may be specified in the Plan Administrator's directions. To the extent permitted by law, the Trustee shall be under no liability for any payment made pursuant to the direction of the Plan Administrator. Any direction of the Plan Administrator shall constitute a certification that the distribution or payment so directed is one which the Plan Administrator is authorized to direct.

3.2. Impossibility of Diversion. Except as provided in Section 8.2, it shall be impossible at any time for any part of the Trust Fund to be used for, or diverted to, purposes other than to provide the benefits contemplated under the Plan for the exclusive benefit of Participants, except that any taxes and administration expenses for which the Trust is liable may be made from the Trust Fund as provided for herein. Subject to Section 8.2, the assets of the Trust shall be held for the exclusive purpose of providing post-employment health care and welfare benefits to Participants under the Plan and defraying the reasonable expenses associated with providing such benefits, and cannot be used for or diverted to any other purpose. No private interests may participate in or benefit from the operation of the Trust other than as providers of goods or services or as a recipient of Plan benefits.

ARTICLE IV — INVESTMENTS

4.1. General. The Trustee shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, as the Trustee shall deem advisable and permissible under the laws of the State of West Virginia (including the Act) and any Investment ~~or the Funding Policy~~ies communicated to the Trustee as being applicable to the Trust Fund; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so in the sole judgment of the Trustee.

4.2. ~~Establishment of Funding Policy (Exhibit B).~~ The Plan Administrator ~~shall, pursuant to the Plan, has~~ established ~~and carry out~~ a funding policy consistent with the purposes of the Plan and the requirements of applicable law, including the Act. ~~and the Investment Policies, as may be appropriate from time to time.~~ As part of ~~thesuch f~~Funding ~~p~~Policy, the Plan Administrator shall from time to time direct the Trustee to exercise its investment discretion so as to provide sufficient cash assets in an amount determined by the Plan Administrator, under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Plan. ~~The Plan Administrator may determine that the Investment Policies established by the Board constitute the funding policy or may establish a separate funding policy that is not inconsistent with the Investment Policies.~~

4.3. Trustee's Adherence to Funding Policy. The Trustee's discretion in investing and reinvesting the principal and income of the Trust Fund shall be subject to the ~~f~~Funding ~~p~~Policy, and any changes thereof from time to time, as the Plan Administrator may, pursuant to the Plan, adopt from time to time and communicate to the Trustee in writing. The Trustee shall

have the duty to act strictly in accordance with ~~such—the~~ funding pPolicy, and any changes therein, as so communicated to the Trustee from time to time in writing.

ARTICLE V — POWERS OF TRUSTEE

5.1 Powers. The Trustee, in addition to all powers and authorities under common law, statutory authority, and other provisions of this Agreement, shall have the following powers and authorities, to be exercised in the Trustee's sole discretion, but subject to applicable law (including the Act), the Investment Policies communicated to the Trustee, and ~~any separate funding policy communicated to the Trustee~~ the Funding Policy:

(a) To purchase, or subscribe for, any securities or other property and to retain the same in trust;

(b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction, and any sale may be made for cash or upon credit, or partly for cash and partly upon credit. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition;

(c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stock, bonds, securities or other property held as part of the Trust Fund;

(d) To cause any securities or other property held as part of the Trust Fund to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(e) To keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the trust created hereby, without liability for interest thereon;

(f) To accept and retain for such time as it may deem advisable any securities or other property received or acquired by it as Trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(g) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(h) To settle, compromise, or submit to arbitration any claims, debts, or damages to or owing to or from the Trust Fund, to commence or defend suits or legal or

administrative proceedings, and to represent the Trust Fund in all suits and legal and administrative proceedings;

(i) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, such agents or counsel may or may not be agents or counsel for the WVHDF;

(j) To invest funds of the Trust Fund ~~in night deposits or savings accounts bearing a reasonable rate of interest in a Trustee's bank~~ pursuant to the Funding Policy (Exhibit B);

~~(k) To invest in Treasury Bills and other forms of United States government obligations;~~

~~(l) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;~~

~~(m) To do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the Trust Fund, and to carry out the purposes of this Trust.~~

5.2 More Than One Trustee. If there shall be more than one trustee, they shall act by a majority of their number, but may authorize any one or more of them to sign papers and instruments on their behalf.

5.3 Fees and Expenses. The Trustee may be paid such reasonable compensation as shall from time to time be agreed upon in writing by the WVHDF and the Trustee. An individual serving as Trustee who already receives full-time pay from the WVHDF shall not receive compensation from this Trust except for reimbursement of expenses properly and actually incurred. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel and accounting fees, incurred by the Trustee in the administration of the Trust Fund. Such compensation and expenses shall be paid from the Trust Fund. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof shall be paid by the Trustee from the Trust Fund.

5.4 No Loans to Trustee. Notwithstanding any provision of this Agreement, no loan of assets of the Trust Fund may be made, directly or indirectly, to the Trustee or its affiliates, or any of their employees or agents.

ARTICLE VI — TRUSTEE'S DUTIES

6.1 General. The Trustee shall discharge its duties under this Agreement solely in the interest of the employees covered under the Plan and their dependents and for the exclusive purpose of providing benefits to such persons and defraying reasonable expenses of administering the Trust, with the care, skill, prudence and diligence required under the West Virginia Prudent Investor Act, all in accordance with the provisions of this Agreement insofar as they are consistent with the requirements of the laws of the State of West Virginia (including the Act), the Investment Policies, and ~~any separate funding policy~~ the Funding Policy, as this

Agreement and such laws and policies may be from time to time amended; but the duties and obligations of the Trustee as such shall be limited to those expressly imposed upon it by this Agreement notwithstanding any reference herein to the Plan, or the provisions thereof, it being hereby expressly agreed that the Trustee is not a party to the Plan.

6.2 Consultation and Indemnification. The Trustee may consult with counsel and the Trustee shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel. The WVHDF agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's breach of this Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except such as may be required by a law which prohibits the waiver thereof.

6.3 Accounts and Records. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions hereunder, and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Plan Administrator ~~or the WVHDF~~. The Trustee shall furnish to the Plan Administrator a written statement of account within sixty days after the end of the Trust's year end setting forth all receipts and disbursements. The Plan Administrator shall acknowledge receipt thereof in writing and advise the Trustee of his approval or disapproval thereof. Failure by the Plan Administrator to disapprove any such statement of account within thirty days after its receipt thereof shall be deemed approval thereof. The approval by the Plan Administrator of the statement of account shall serve to release and discharge the Trustee from any liability or accountability to the WVHDF as respects the propriety of the Trustee's acts or transactions shown in the statement of account, except with respect to any acts or transactions as to which the Plan Administrator shall file written objections with the Trustee within the thirty-day time period prescribed or unless the statement of account is clearly erroneous.

6.4 Limitation on Trustee's Liability. The Plan Administrator shall administer the Plan as provided therein, and the Trustee shall not be responsible for the adequacy of contributions to the Trust Fund to meet or discharge any payments or liabilities under the Plan. The Trustee shall be entitled conclusively to rely upon any notice, instruction, direction or other communication of the Plan Administrator.

ARTICLE VII — RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

7.1 Resignation. The Trustee may resign at any time by giving thirty days' notice in writing to the WVHDF.

7.2 Removal. The WVHDF may remove the Trustee at any time upon thirty days' notice in writing to the Trustee.

7.3 Successor Trustee. Upon the resignation or removal of the Trustee, the WVHDF shall appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer, and pay over to such successor trustee the funds and properties then constituting the Trust Fund. The Trustee is authorized, however, to reserve such reasonable sum of money, as approved by the WVHDF, for payment of its fees and expenses in connection with

the settlement of its account or otherwise, and any balance of such reserve remaining after the payment of such fees and expenses shall be paid over to the successor trustee.

7.4 Report by Trustee. Within sixty days after the resignation or removal of the Trustee, the Trustee must furnish to the Plan Administrator a written statement of account with respect to the portion of the year for which the Trustee served. The Plan Administrator, forthwith upon his receipt of such statement of account, shall acknowledge receipt thereof in writing and advise the Trustee of his approval or disapproval thereof. Failure by the Plan Administrator to disapprove any such statement of account within thirty days after its receipt thereof shall be deemed approval thereof. The approval by the Plan Administrator of the statement of account shall serve to release and discharge the Trustee from any liability or accountability to the WVHDF as respects the propriety of the Trustee's acts or transactions shown in the statement of account, except with respect to any acts or transactions as to which the Plan Administrator shall file written objections with the Trustee within the thirty-day time period prescribed or unless the statement of account is erroneous.

7.5 Waiver of Notice. In the event of any resignation or removal of the Trustee, the Trustee and the WVHDF may in writing waive any notice of resignation or removal as may be provided hereunder.

ARTICLE VIII — AMENDMENT AND TERMINATION OF AGREEMENT

8.1 Amendment. Any or all of the provisions of this Agreement may be amended at any time and from time to time, in whole or in part, by an instrument in writing. No such amendment shall authorize or permit any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to purposes other than for the exclusive benefit of the employees and their dependents; no such amendment shall cause or permit any portion of the Trust Fund to revert to or become the property of the WVHDF; and no such amendment which affects the rights or duties of the Trustee may be made without the Trustee's written consent.

8.2 Termination. The term of the Trust shall be perpetual and shall last until terminated in the manner hereinafter provided for. Notwithstanding the foregoing, this Agreement and the Trust may be terminated at any time by the WVHDF, and upon such termination, or upon the dissolution or liquidation of the Trust, the Trust Fund shall be paid out by the Trustee as and when directed by the Plan Administrator ~~or the WVHDF~~, in accordance with the provisions of Article II hereof and the terms of the Plan. Upon the total termination of Trust, after payment of all Plan benefits and all properly authorized expenses, the assets of the Trust will be distributed to the WVHDF or, if the WVHDF is not then existing, to the State of West Virginia or a governmental instrumentality of the State of West Virginia.

ARTICLE IX — GENERAL

9.1 Source of Funds. This Trust shall constitute the sole source of funds which may be used to pay the welfare benefits awarded under the Plan, and the WVHDF shall not be liable in any way or in any manner for any such benefits or payments beyond those monies which have been contributed to this Trust.

9.2 Limited Effect of Plan and Trust. Neither the establishment of the Plan nor the

Trust nor any modification thereof, nor the creation of any fund or account, nor the payment of any welfare benefits, shall be construed as giving to any person covered under the Plan or other person any legal or equitable right against the Trustee, the WVHDF, or any officer or employee thereof, except as may otherwise be provided in the Plan or in the Trust. Under no circumstances shall the term of employment of any employee be modified or in any way affected by the Plan or this Trust.

9.3 Protective Clause. Neither the WVHDF nor the Trustee shall be responsible for the validity of any contract of insurance issued in connection with the Plan or Trust or for the failure on the part of the insurer to make payments provided by such contract, or for the action of any person which may delay payment or render a contract null and void or unenforceable in whole or in part.

9.4 Construction of Trust. This Trust shall be construed and enforced according to the laws of West Virginia. If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust.

9.5 Gender and Number. Wherever any words are used herein in the masculine, feminine or neuter, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.6 Headings. The headings and subheadings of this Trust have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

IN WITNESS WHEREOF, this Agreement has been executed the day and year first above written.

**WEST VIRGINIA HOUSING
DEVELOPMENT FUND**

By: _____

Its: ~~Acting~~-Executive Director

Date: _____

UNITED BANK INC.

By: _____

Its: _____

Date: _____

Exhibit A

Benefits Summary

Information relating to post-employment insurance coverage:

These benefits are included in the Housing Development Fund Employee Manual.

Effective July 1, 2015, Senate Bill 529 created a second tier of retirement benefits for those eligible to be a member of the Public Employees Retirement System (PERS) who are hired for the first time and first become a member of PERS on or after July 1, 2015. These employees are considered Tier II employees. Tier I employees are employees that became a member of PERS prior to July 1, 2015.

All Tier I employees of the Housing Development Fund may become eligible for the retirement benefits described below if they reach normal retirement age while working for the Fund. In order to qualify for full retirement benefits, an employee must be 60 years old, currently employed by the Housing Development Fund, and have at least five (5) years of contributing service to PERS. Also, employees age 55 or older qualify for full benefits when their years of contributing service (excluding military service) combined with their age in years equal 80 or greater.

All Tier II employees of the Housing Development Fund may become eligible for the retirement benefits described below if they reach normal retirement age while working for the Fund. In order to qualify for full retirement benefits, an employee must be 62 years old, currently employed by the Housing Development Fund, and have at least ten (10) years of contributing service to the PERS.

Each full-time employee shall accrue sick leave at the rate of one day (7 hours) per month. Employees hired on or prior to the 15th of the month will automatically accrue one day (7 hours) sick leave on the date of initial employment. Employees hired on or after the 16th of the month will automatically accrue one-half day (3.5 hours) sick leave on the date of initial employment.

A retiring employee of the Housing Development Fund may use accrued sick and/or annual leave to extend employer-paid insurance coverage. Coverage cannot be extended for part of a month. The formula calculation for usage of sick and/or annual leave is as follows:

Two (2) days leave = one (1) month Single Plan Coverage

Three (3) days leave = one (1) month Family Plan Coverage

Retiring employees must be enrolled in the Housing Development Fund's Medical Plan for a period of two (2) years in order to be eligible for the usage of accrued sick and/or annual leave. An employee participating in the Housing Development Fund's Medical Plan as an active employee may continue coverage into retirement without interruption by applying for coverage during the month of retirement or the following month. Continuous coverage is necessary to use Unused Accrued Sick and/or Annual Leave for extended health care coverage.

Retired employees are not eligible for basic life, AD&D, ~~or~~ dependent optional life insurance or the Fund's direct Reimbursement dental or eye care benefit after retirement.

Coverage for a retired employee will terminate at the end of the month in which the retired employee's sick and/or annual accrual is depleted or at age 65 when Medicare benefits are available, whichever occurs first.

If the retired employee dies prior to his/her covered spouse reaching the age of 65, the spouse may continue coverage under the Medical Plan at his or her expense until age 65, at which time coverage will terminate.

As the Housing Development Fund participates in the State of West Virginia's PERS, retired employees who meet the qualifications as defined in WV Code §5-16-22, also have the option of enrolling in the Public Employees Insurance Plan once they have exhausted the use of their sick and/or annual leave accrual, or they may wish to convert to a private policy. In either event, the cost of such coverage would be at the Retired Employee's expense.

The Housing Development Fund's Medical Plan is fully self-

insured and is administered through its third party administrator, ~~Expert Benefit Solutions~~. Employees with single coverage are responsible to pay 30% of their insurance premium for one year. At the end of that year, the Housing Development Fund would pay the full premium. Employees with family coverage are responsible to pay 30% of the single premium and 20% of the family premium for one year. At the end of that year, the Housing Development Fund would pay the full single premium and the employee would continue to pay 20% of the family premium.

The Housing Development Fund also provides a prescription program to all its employees enrolled in the Medical Plan. This continues with the Medical Plan for retirees as well.

Exhibit B

**WEST VIRGINIA HOUSING DEVELOPMENT FUND
WELFARE BENEFIT TRUST**

FUNDING POLICY

Purpose:

This policy is established for the WVHDF Welfare Benefit Trust and designed with the primary goal of enabling the investment portfolio to ensure that known liquidity needs are met and to hold sufficiently marketable securities to meet un-expected liquidity needs. The secondary goal of this policy is to cause the portfolio to earn the highest rate of return possible without taking excess risk and thereby jeopardizing the primary goal and/or subjecting the portfolio to an undue amount of volatility.

Objective:

The overall investment objective of the WVHDF Welfare Benefit Trust portfolio is Conservative Income. Evaluation of performance will be done on a long-term (market cycle) basis and performance will be measured against appropriate indexes that reflect the fixed-income portfolio quality and maturity.

Types of Investments:

The WVHDF Welfare Benefit Trust's portfolio will not exceed the limits as to the Permitted Investments as shown below:

<u>Permitted Investments</u>	<u>Maximum % of Portfolio</u>
Cash:	
Demand Deposits	30%
Fixed Income:	
Direct Federal Obligations	90%
Federal Agency Obligations	90%
Federally Guaranteed Obligations	90%
FDIC Insured CDs	50%

Investment Maturities:

The WVHDF Welfare Benefit Trust portfolio will not exceed a weighted-average-life of 4 years.