

FLCLASS Term Series Investment Policy

Purpose:

The purpose of this investment policy statement is to establish clear investment objectives for the Term Series ("Term Series"), each Term Series being a series of the Florida Cooperative Liquid Asset Securities System ("FLCLASS") that incorporates all restrictions and requirements as prescribed in such pertinent resources as the State of Florida statutes and FLCLASS' Indenture of Trust. This statement should be used as a guideline by the Board of Trustees and any investment manager overseeing the assets of the Term Series program. FLCLASS has also adopted investment policies for FLCLASS PRIME and FLCLASS Enhanced Cash that are separate and distinct from the investment policy for the Term Series.

Investment Objective:

The Term Series will invest in eligible instruments. The investment objective for the Term Series is to provide for the following prioritized goals: (i) safety of principal; (ii) competitive returns, and (iii) limited liquidity. Term Series pools are to be managed in a prudent manner commensurate with the standard of care used in the management of public funds. Other than at maturity, upon a redemption or fiscal year-end (for financial statement reporting), portfolio securities in a Term Series will be valued at amortized cost.

Overview of Guidelines

The Florida statutes and the FLCLASS' Indenture of Trust shall serve as the reference documents for these policy guidelines.

A. Permissible Investments:

The permitted investments of the Term Series comply with specific requirements of Florida law applicable to the investment of Participants' funds, and include:

1. Direct obligations of the United States Treasury;
2. Obligations backed by the full faith and credit of the United States government;
3. Obligations of agencies and instrumentalities of the United States government rated in the highest rating category by a nationally recognized rating agency;
4. Certificates of deposit and other evidences of deposit with approved financial institutions;
5. Bankers' acceptances rated in the highest rating tier by a nationally recognized rating agency;
6. Corporate debt obligations including commercial paper and funding agreements;
7. Obligations of state and local governments and public authorities rated in the two (2) highest rating tiers by a nationally recognized rating agency;
8. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
9. Repurchase agreements whose underlying purchased securities consist only of the instruments listed in categories 1 through 8 above; and

10. Without limiting the foregoing, any investments authorized under Section 218.415(16), Fla. Stat.

B. Ratings Requirements:

- Term Series may purchase corporate obligations if rated in the three highest rating tiers (A-AAA) by a nationally recognized rating agency.
- The Term Series may utilize the credit rating of the issuer for unsecured general corporation obligations.

C. Diversification:

- Individual investments purchased by the Term Series will likely exceed 5% of the total assets of the Term Series. Additionally, issuer concentration will likely exceed 5% in a specific Term Series. Thus, Term Series pools may have limited diversification and present a concentration risk.
- Term Series pools may be relatively small in total size.

D. Depositories:

- Financial Institution deposits will be limited to those issued by institutions approved in the one of the Fund's Secured Deposit Lists (one for FDIC/NCUA insured products and one for collateralized deposits).

E. Maturity Constraints and Liquidity:

- Term Series pools and investments will have a maximum of three years to final maturity.
- Term Series pools will be designed to be held to maturity. Therefore, individual investments within a Term Series may have limited liquidity. Certain assets in a Term Series, such as a guaranteed investment contract, do not allow for an early redemption and must be held until maturity.

F. Investment Restrictions:

The Term Series:

- a) may not make any investment other than investments authorized by the Indenture of Trust and the Permitted Investments List, as the same may be amended from time to time;
- b) may not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments, except as a temporary measure to facilitate withdrawal requests which might otherwise require

unscheduled dispositions of portfolio investments and only as and to the extent permitted by Law;

- c) may not make loans, provided that the Term Series may make Permitted Investments (which may include securities lending);
- d) may not hold or provide for the custody of any Term Series Property in a manner not authorized by Law or by any institution or Person not authorized by Law; and
- e) may not purchase securities or shares of investment companies or any entities similar to the Fund.

G. Prohibited Investments:

The Term Series may not invest in any types or categories of investments except as provided above in the list of Permitted Investments. By way of example and not by limitation, the Term Series cannot invest in the following types or categories of investments ("Prohibited Investments"):

- 1) Asset backed commercial paper securities that are classified as structured investment vehicles (SIV), collateralized debt obligations (CDO), structured arbitrage vehicles (SAV) or extendible commercial paper;
- 2) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- 3) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; and 4. Collateralized mortgage obligations.

Derivatives

In addition to the list of Prohibited Investments, set forth above, the Term Series may not invest in "derivatives." When used herein, the term "derivatives" refers to (i) instruments with embedded features that alter their characteristics or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer of such instruments, or (ii) instruments which are not directly correlated on a one-to-one basis to the associated index or market.

Reporting

At least quarterly, the Term Series investment adviser shall provide the Board of Trustees with information regarding the Term Series program including new pools created during the quarter with respective yield and maturity information.

Periodic Review of Investment Policy

The Board of Trustees shall review this Investment Policy on a periodic basis.

Dated: 09/05/2024