GOVERNMENT OF PUERTO RICO
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

GOVERNMENT OF PUERTO RICO
INTEREST RATE DERIVATIVES POLICY

September 9, 2022

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Capitalized terms not defined herein shall, unless otherwise indicated, have the meanings ascribed to such terms in the Debt Management Policy.

1. Introduction

This document shall be known and may be cited as the "Government of Puerto Rico Interest Rate Derivatives Policy" (the "**Derivatives Policy**").

This Derivatives Policy is adopted pursuant to Section 1.7 of the Government of Puerto Rico Debt Management Policy, dated March 9, 2022 (the "**Debt Management Policy**"), which established that the use of derivatives and structured products by the Government and Government Entities shall be governed by a derivatives policy to be adopted by the Puerto Rico Fiscal Agency and Financial Advisory Authority ("**AAFAF**"). The Debt Management Policy was adopted pursuant to Article 3 of the Debt Responsibility Act.

The purpose of the Derivatives Policy is to provide general procedural direction regarding the future use, procurement and execution of all interest rate management tools, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively "**Hedges**"). As more fully defined herein, any agreement relating to a Hedge is herein referred to as a "**Hedge Agreement**"). The Derivatives Policy will assist AAFAF in determining the appropriate uses and structures for Hedges, as well as establish sound Hedge administration guidelines in conjunction with the management of debt issued by the Government and Government Entities.

The Derivatives Policy (i) sets forth the manner of execution of Hedges, (ii) provides for risk considerations, record keeping requirements and certain other relevant provisions, (iii) considers recent Hedge market practices in response to the Dodd-Frank Act (as defined herein), other applicable laws relating to Hedges and related rules or regulations, including, without limitation, rules and regulations of the Commodity Futures Trading Commission (the "**CFTC**"), the Securities and Exchange Commission (the "**SEC**") or the Municipal Securities Rulemaking Board (the "**MSRB**") and (iv) provides flexibility to address changes to, enhancements of, and deterioration in the hedge market and its participants.

2. Approach and Objectives

Hedges may be appropriate interest rate management tools that can help AAFAF meet important financial objectives for the Government and Government Entities. Properly used, these instruments can increase the Government's and Government Entities' financial flexibility, hedge exposure to interest rate risk, provide opportunities for interest rate savings, and help manage the Government's and Government Entities' balance sheet through better matching of assets and liabilities. Hedges should be integrated into AAFAF's overall debt management program, if and when appropriate, and should not be used for speculation or leverage.

Hedges are appropriate to use when they achieve a specific objective consistent with the Government's and Government Entities' overall financial strategies. They may be used, for example, to lock in a current market fixed rate or create additional variable rate exposure. They may also be used to produce interest rate savings, to limit or hedge variable rate exposure, to alter the pattern of debt service payments or for Asset/Liability Matching purposes. Hedges may be used to cap, limit or hedge variable rate payments. Options granting the right to commence or cancel an underlying Hedge may be used to the extent the Hedge itself is consistent with these guidelines or AAFAF, in consultation with its Hedge advisor and financial advisor, determines there are other advantages to be derived in purchasing or granting the option. However, AAFAF must determine if the use of any such option is appropriate and warranted given the potential benefit, risks, and the objectives of the Government or Government Entity.

3. Scope and Authority

The Derivatives Policy shall govern the use and management of all interest rate Hedges by the Government or a Government Entities under the supervision of, and subject to approval by AAFAF, provided, however, that this Derivatives Policy does not apply to fuel or other commodity Hedges. Any Government Entity considering a fuel or other commodity Hedge shall adopt a separately policy relating to such Hedge, which approval shall be subject to the approval of the Board of Directors of AAFAF. While adherence to this Derivatives Policy is required in applicable circumstances, AAFAF recognizes that changes in the capital markets, emerging financial products/debt structures, unique market opportunities and other unforeseen circumstances may from time to time produce situations that are not covered by the Derivatives Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate provided specific prior authorization by the Board of Directors of AAFAF.

AAFAF's Chief Risk Officer and Office of Financial Advisory are the designated administrators of the Derivatives Policy and shall have day-to-day responsibility for evaluating, implementing, and managing Hedges. Hedge Agreements shall be executed by authorized officers of the Government or the Government Entity, as applicable.

The use of Hedges by the Government or any Government Entity must be approved by the Board of Directors of AAFAF, in its role as fiscal agent and financial advisor, prior to the execution of the Hedge Agreement and related documentation.

4. Conditions for the Use of Hedges

A. Rationale

AAFAF may use Hedges if it reasonably determines, with support from its Hedge advisor and financial advisor, that the proposed transaction is expected to:

1. Optimize capital structure, including schedule of debt service payments and/or fixed vs. variable rate allocations;
2. Achieve appropriate asset/liability balance;
3. Reduce risk, including:

- Interest rate risk,
- Tax risk, and
- Liquidity renewal risk;

4. Provide greater financial flexibility;
5. Generate interest rate savings; and
6. Manage exposure to changing markets.

B. Maximum Notional Amount

AAFAF will limit the total Notional Amount of outstanding Hedges based on the proper management of risks, calculation of termination exposure, and development of a contingency plan. In no event, however, shall (i) the Government's or any Government Entity's termination exposure to any counterparty rated A3/A- or lower exceed 25% of the Government's or the Government Entity's total debt, as applicable, unless the full termination exposure to any such counterparty is fully collateralized with the posting of collateral by such counterparty, and (ii) the total Notional Amount of an outstanding Hedge transaction exceed the outstanding principal amount of the debt that it is hedging at the time that the Hedge transaction is entered into.

C. Maximum Maturity

AAFAF shall determine the appropriate term for a Hedge Agreement on a case-by-case basis. In connection with the issuance or carrying of bonds or notes, the term of the Hedge Agreement between AAFAF, the Government or other issuing Government Entity, as applicable, and a qualified Hedge counterparty shall not extend beyond the final maturity date of the related bonds or notes.

D. Liquidity Considerations

AAFAF shall consider the impact of any variable rate bonds or notes issued in combination with a Hedge on the availability and cost of liquidity support for other variable rate programs.

E. Call Option Value Considerations

When considering the relative advantage of issuing variable interest rate bonds and entering into a Hedge versus issuing fixed rate bonds, AAFAF will take into consideration the value of any Call Option on fixed rate bonds or the cost of including a call or cancellation option in a Hedge. The value derived from the ability to call bonds at a future date is foregone when using a "non-callable" Hedge for the remaining term of the bonds. While fixed rate bonds are typically structured with a call provision at a certain time, after which the bonds may be refunded, this opportunity may be lost through the utilization of a long-dated "non-callable" Hedge, impairing AAFAF's ability to reap economic savings, unless this option is specifically included under the Hedge.

5. Hedge Features

A. Hedge Agreement:

The Hedge Agreement will include terms and conditions as set forth in the ISDA Master Agreement and its related Schedule and Credit Support Annex (if any). The Hedge Agreement between the Government or Government Entity, as applicable, and each Hedge counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions, provisions and safeguards as AAFAF, in consultation with its bond and general counsel, Hedge advisor and financial advisor, deems necessary or desirable.

Subject to the provisions contained herein, the terms of any Hedge Agreement shall follow the following guidelines:

1. Credit rating downgrade provisions triggering a possible termination shall in no event be worse than those affecting the counterparty.
2. Governing law for any Hedge Agreement will be that of the State of New York.
3. The specified indebtedness related to credit events in any Hedge Agreement should be narrowly defined and refer only to indebtedness of the Government or Government Entity that could have a materially adverse effect on the Government's or Government Entity's ability to perform its obligations under the Hedge Agreement.
4. Collateral thresholds for the Hedge provider and for the Government Entity, if applicable, should be set on a sliding scale reflective of credit ratings of the Hedge provider or guarantor and of the Government or Government Entity or guarantor. Collateral should be held by an independent third party or as mutually agreed upon between AAFAF and each counterparty.
5. Termination value should be set by a "market quotation" methodology, unless AAFAF deems an alternative methodology to be appropriate.
6. Termination payments should be subordinate to the payment of regularly scheduled principal and interest on all senior and subordinate indebtedness of the applicable Government or Government Entity.
7. AAFAF will consider the use of hedge insurance to mitigate possible termination risk and also to mitigate the need for the Government or Government Entity to post Collateral under the Credit Support Annex (as defined herein).

B. Hedge Counterparties:

1. Credit Criteria:

   AAFAF will only authorize the Government and Government Entities to do business with highly rated counterparties or counterparties whose obligations are supported by highly rated parties. AAFAF will structure Hedge Agreements to protect the Government and Government Entities from credit deterioration of counterparties, including the use of credit support annexes or other forms of credit enhancement to secure counterparty performance. Such protection shall include any terms and conditions that AAFAF, in its' discretion, deems necessary or appropriate or in the Government's and Government Entities' best interest.

AAFAF will work with qualified Hedge counterparties that at the time of execution of a Hedge transaction have a general credit rating of or have a credit support provider with a general credit rating of at least "Aa3" or "AA-" by one of the nationally recognized rating agencies and not rated lower than "A2" or "A" by any nationally recognized rating agency. The nationally recognized rating agencies are Moody's Investors Services, Inc., Standard and Poor's Rating Services, Fitch Ratings and Kroll Bond Rating Agency.

For lower rated (below "AA-") counterparties, AAFAF will seek credit enhancement in the form of:

i. Contingent credit support or enhancement;
ii. Collateral consistent with the policies contained herein;
iii. Ratings downgrade triggers; or
iv. Guaranty of parent, if any.

In addition, qualified Hedge counterparties must have a demonstrated record of successfully executing Hedge transactions.

C. Counterparty Termination Exposure

In order to manage the Government's or Government Entities' counterparty Credit Risk, and credit exposure to any one counterparty, AAFAF will seek to avoid excessive concentration of exposure to a single counterparty or guarantor by diversifying counterparty exposure over time. Exposure to any counterparty will be measured based on the aggregate termination value of all Hedges entered into with the counterparty, as well as Notional Amount and sensitivity to movements in interest rates, and in the case of option-based products, volatility. Termination value will be determined at least monthly, based on a mid-mark-to market calculation of a Hedge given the market conditions on the valuation date to be performed by the QIR (as defined herein).

D. Collateral Requirements:

As part of any Hedge Agreement, AAFAF shall require collateralization or other forms of credit enhancements to secure any or all Hedge payment obligations. As appropriate, AAFAF, in consultation with its legal counsel, Hedge advisor and financial advisor, may require Collateral or other credit enhancement to be posted by each Hedge counterparty under the following circumstances:

1. Each counterparty to the Government or a Government Entity may be required to post Collateral if the credit rating of the counterparty or guarantor falls below the "AA" category. Additional Collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions

contained in the collateral support agreement to each Hedge Agreement with AAFAF and the Government or any Government Entity.

2. Collateral shall consist of cash, U.S. Treasury and Agencies' securities.
3. Collateral shall be deposited with a third-party trustee or as mutually agreed upon between AAFAF and each counterparty.
4. A list of acceptable securities that may be posted as Collateral and the valuation of such Collateral will be determined and mutually agreed upon during negotiation of the Hedge Agreement with each Hedge counterparty.
5. The market value of the Collateral shall be determined at least on a monthly basis.
6. AAFAF, in consultation with its Hedge advisor and financial advisor, will determine reasonable threshold limits for the initial deposit, if any, and for increments of Collateral posting thereafter.

E. Hedge Insurance

AAFAF will consider the use of Hedge insurance to mitigate possible termination risk and also to mitigate the need for the Government or a Government Entity to post Collateral under the Hedge Agreement.

F. Prohibited Hedge Features

AAFAF will not authorize the use of Hedges that are: (i) not clearly used to serve as a Hedge, (ii) speculative or create extraordinary leverage or risk, (iii) lack adequate liquidity to terminate without incurring a significant Bid/Ask spread, (iv) provide insufficient price transparency to allow reasonable valuation, or (v) are used as investments.

G. Tax Considerations

In connection with entering into any Hedge that is intended to hedge interest rate exposure with an issue of tax-exempt bonds, the applicable Government Entity or the Government shall consult with its bond counsel to determine the extent to which such Hedge will satisfy the rules related to "qualified hedges" under the applicable Treasury regulations and, if appropriate, take such actions as necessary to obtain qualified hedge treatment.

6. Evaluation and Management of Hedge Risks

Prior to the execution of any Hedge transaction, AAFAF, in consultation with its Hedge advisor and financial advisor, shall evaluate the proposed transaction. Such a review shall include the identification of the proposed benefit and potential risks.

A. Evaluation Methodology

AAFAF will review the following areas of potential risk for new and existing Hedges:

Type of Risk	Description	Evaluation Methodology
Basis risk	The mismatch between actual variable-rate debt service or the index on variable-rate debt and variable-rate indices used to determine Hedge payments.	Review historical trading differentials between the variable-rate bond rates or indices and the index/variable-rate payments of the Hedges.
Tax risk	The risk created by potential tax events that could affect Hedge payments.	Review the tax events in proposed Hedge Agreements. AAFAF will evaluate the impact of potential changes in tax law on Hedges indexed to taxable rates such as LIBOR alternatives (SOFR, Fed Funds, etc.).
Counterparty risk	The failure of the counterparty to make required payments.	Monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination risk	The need to terminate the transaction in a market that dictates a termination payment by the issuer.	Compute its termination exposure for all existing and proposed Hedges at market value with appropriate sensitivity and historic scenario analysis within the context of ratings and termination triggers.
Hedge/Bond Maturity Mismatch / Rollover risk	The mismatch of the maturity of the Hedge and the maturity of the underlying bonds.	Determine, in accordance with its Debt Management Policy, the Government's or Government Entity's capacity to issue variable rate bonds. AAFAF will consider any mismatch between indebtedness and Hedges that may create rollover/termination risk if the Hedge maturity exceeds the bond maturity, the maturity of the liquidity facility or underlying floating-rate debt such as FRNs. As appropriate, AAFAF will determine, in accordance with its Debt Management Policy, the capacity to have unhedged variable-rate debt in cases where the maturity of the Hedge may be shorter than the maturity of the associated indebtedness.

Liquidity risk/Market Access risk	The inability to procure, continue or renew a liquidity facility, or access the market (private or public) for variable-rate debt.	Evaluate the expected availability of liquidity support or market access for Hedged variable-rate debt.
Credit risk	The occurrence of an event modifying the credit rating of the issuer or its counterparty.	Monitor the ratings of its counterparties and insurers.
Collateral Posting risk	The risk of having to post Collateral if the market valuation of a Hedge is negative to the Government.	Evaluate potential posting requirements through sensitivity analyses under different market and rating scenarios.
Amortization Mismatch risk	The risk that the notional of a Hedge does not match the outstanding principal of the related debt.	Use best efforts to ensure that the notional schedule of a Hedge will match the anticipated principal schedule of bonds being hedged.

B. Managing Hedge Risks:

1. Hedge Evaluation Report to AAFAF's Board of Directors:

AAFAF, with support from its Hedge advisor, will evaluate the risks associated with outstanding Hedges at least quarterly and provide a written evaluation to AAFAF's Board of Directors (the "**Hedge Evaluation Report**"). The Hedge Evaluation Report will include the following information:

i. A description of all outstanding Hedges, including related bond series, types of Hedges, rates paid and received by the Government or Government Entity, existing Notional Amount, average life and remaining term of each Hedge Agreement and the current termination value of outstanding Hedges;

ii. Highlights of all material changes to Hedge Agreements or new Hedge Agreements entered into by the Government or any Government Entity since the last report;

iii. Market value of all Hedges entered into by the Government or any Government Entity;

iv. The net impact to the Government and each Government Entity of a 100 basis point movement (up or down) with the appropriate swap index or curve;

v. For each counterparty, the total Notional Amount position, the average life of each Hedge, the available capacity to enter into a Hedge transaction, and the remaining term of each Hedge Agreement;

vi. The credit rating of each Hedge counterparty and credit enhancer insuring Hedge payments, if any;

vii. Actual Collateral posting by Hedge counterparty, if any, per Hedge Agreement and in total by Hedge counterparty;

viii. Separately for each Hedge, the actual debt service requirements versus the projected debt service on the Hedge transaction. For any Hedge used as part of a refunding, the actual cumulative savings versus the projected savings at the time the Hedge was executed;

ix. Information concerning any material event involving outstanding Hedge Agreements, including a default by a Hedge counterparty, counterparty downgrade or termination;

x. An updated contingency plan to replace or fund a termination payment in the event an outstanding Hedge is terminated;

xi. The status of any liquidity support used in connection with Hedges, including the remaining term and current fee; and

xii. Any other information deemed relevant by AAFAF.

2. Contingency Plan:

   AAFAF, with support from its Hedge advisor, shall determine the termination exposure of each Hedge and the total Hedge termination payment exposure for the Government and each Government Entity at least annually and will prepare a contingency plan to either replace the Hedges or fund the termination payments, if any, in the event one or more outstanding Hedges are terminated. AAFAF, with support from its Hedge advisor, shall assess its ability to obtain replacement Hedges and identify revenue sources to fund potential termination payments.

C. Terminating Hedges

1. Optional Termination:

   Hedges shall include optional termination at the current market valuation, which would allow the Government or Government Entity to terminate a Hedge prior to its maturity if it is determined that it is financially advantageous to do so but will not provide this right to the counterparty.

2. Mandatory Termination:
   In the event a Hedge is terminated as a result of a termination event such as a default or credit downgrade of either counterparty, AAFAF, with support from its Hedge advisor, will evaluate whether it is financially advantageous to obtain a replacement Hedge or, depending on market value, make or receive a termination payment.

3. In the event the Government or Government Entity makes a Hedge termination payment, AAFAF shall attempt to follow the process identified in its Hedge contingency plan. AAFAF, with support from its Hedge advisor, shall also evaluate the economic costs and benefits of incorporating a provision into the Hedge Agreement

that will allow the Government or Government Entity to make termination payments over time. Termination payments shall be subordinate to the payment of regularly scheduled principal and interest on the all senior and subordinate indebtedness of the applicable Government or Government Entity.

7. Form of Hedge Agreements

Each Hedge transaction and Hedge Agreement executed by AAFAF shall contain terms and conditions as set forth in an ISDA Master Agreement and its related Schedule and Credit Support Annex (if any) and Confirmation relating to each Hedge transaction.

8. Method of Procurement

AAFAF will choose counterparties for entering into Hedge contracts on either a negotiated, invited, or competitive basis. As a general rule and in compliance with any applicable laws or regulations, AAFAF will use a competitive or invited selection process whenever the product is relatively standard or if it can be broken down into standard components. An invited procurement is a solicitation of bids from a prequalified pool of counterparties who meet the credit requirements set forth in this Derivatives Policy and have approved Hedge Agreements with AAFAF. A negotiated procurement may be used for original products or for original ideas of applying a specified product to a specific need, or where the particular facts of the transaction demonstrate that negotiation is in the best interests of the Government or Government Entity and such a finding is made.

However, all efforts should be made to choose counterparties on a competitive or invited basis. To provide safeguards on all Hedge transactions, AAFAF should secure advice from its Hedge advisor and legal counsel to assist in the process of structuring, documenting, and pricing the transaction, and to verify that a fair price was obtained. In any negotiated transaction, the counterparty shall be required to disclose all payments to third parties (including lobbyists, consultants, and attorneys) who had any involvement in assisting the counterparty in doing business with AAFAF, the Government and/or any Government Entity.

9. Selection of Qualified Independent Representative ("QIR")

AAFAF will competitively procure the services of a Hedge advisor that satisfies the requirement for a QIR under CFTC Regulation 23.450, whose scope of work shall include Hedge advisory services that will allow the firm to serve as AAFAF's QIR under the Dodd-Frank Act.

10. Dodd-Frank Act and Related Hedge Regulation

AAFAF will take necessary or appropriate actions from time to time to comply with the requirements of the Dodd-Frank Act and regulations thereunder and other applicable laws and regulations that relate to Hedge Agreements entered into or to be entered into by AAFAF, the Government or a Government Entity.

Each Hedge advisor selected by AAFAF shall meet the following requirements to be a QIR, subject to any amendments or interpretations by the CFTC and any comparable requirements set forth by the CFTC or other regulators, including, without limitation, the SEC or MSRB (collectively, the "**QIR Requirements**"). AAFAF's Hedge advisor shall:

i. have sufficient knowledge to evaluate the Hedge transaction and risks;

ii. not be subject to a statutory disqualification (under the Commodity Exchange Act);

iii. be independent of the Government's or Government Entity's relevant Hedge counterparty within the meaning of CFTC Regulation 23.450(c);

iv. undertake a duty to act in the best interests of AAFAF, the Government and all Government Entities;

v. makes appropriate and timely disclosures to AAFAF, the Government or Government Entity, as applicable, of compensation and all material conflicts of interest that would be sufficient to permit AAFAF to assess the conflict and take steps to mitigate it;

vi. evaluate the fair pricing and the appropriateness of the Hedge transaction; and

vii. be subject to restrictions on certain political contributions that may be imposed by the CFTC, the SEC, or a self-regulatory organization subject to jurisdiction of the CFTC or the SEC.

AAFAF shall undertake ongoing monitoring of the performance of its Hedge advisor consistent with the QIR Requirements. AAFAF shall determine at least annually that each Hedge advisor to AAFAF reasonably appears to satisfy the QIR Requirements. AAFAF shall also determine prior to any Hedge transaction that the particular Hedge advisor or advisors retained by AAFAF in connection with such Hedge transaction reasonably appear to satisfy the QIR Requirements. In making the determinations described above in this paragraph, AAFAF may take into account any report or other documentation provided by the Hedge advisor regarding its satisfaction of the requirements in clauses (i) through (vii) above which report and other documentation shall be reviewed by AAFAF in consultation with its financial advisor and legal counsel.

In addition, AAFAF shall require that each Hedge advisor has written policies and procedures reasonably designed to ensure that such Hedge advisor satisfies the applicable requirements of the QIR Requirements and that each Hedge advisor provide written representations to evidence compliance with such requirement.

In addition to the above, the Hedge advisor should be a registered Municipal Advisor with the MSRB and SEC.

AAFAF shall maintain records of its Hedge Agreements and shall provide for retrieval of such records, in each case, in accordance with the requirements of the Dodd-Frank Act and other applicable laws.

11. Disclosure and Financial Reporting

AAFAF will take steps to ensure that there is full and complete disclosure of all material terms and conditions of the Hedges to its Board of Directors. With respect to the Government's and

Government Entities' financial statements, AAFAF will ensure they adhere to the guidelines for the financial reporting of Hedges as set forth by the Government Accounting Standards Board.

12. Hedge Evaluation Schedule Summary

The following matrix outlines AAFAF's commitment to regularly evaluate this Derivatives Policy, and the various risks and regulatory requirements.

Section	Evaluation Cadence	Topic Description
Entire Derivatives Policy	Every 2 years	Derivatives Policy shall be reviewed and updated at least every two (2) years and presented to AAFAF's Board of Directors for approval.
Hedge Evaluation Report Section 6(B)(1)	Quarterly	AAFAF, with support from its Hedge advisor, will evaluate the risks associated with outstanding Hedges at least quarterly and provide a written evaluation to its Board of Directors.
Contingency Plan Section 6(B)(2)	Annually	AAFAF, with support from its Hedge advisor, shall determine the termination exposure of each Hedge and the total Hedge termination payment exposure for the Government and each Government Entity at least annually and prepare a contingency plan.
QIR Performance Review Section 9	Annually	AAFAF shall undertake on-going monitoring of the performance of its Hedge advisor consistent with the QIR Requirements.

Glossary of Key Terms

Asset/Liability Matching: Matching the term and amount of assets and liabilities in order to mitigate the impact of changes in interest rates.

Bid/Ask Spread: The difference between the bid price (at which a market maker is willing to buy) and the ask price (at which a market maker is willing to sell).

Call Option: The right to buy an underlying asset (e.g. a municipal bond) after a certain date and at a certain price. A call option is frequently embedded in a municipal bond, giving the issuer the right to buy, or redeem, the bonds at a certain price.

Collateral: Assets pledged to secure an obligation. The assets are potentially subject to seizure in the event of default.

Credit Support Annex: A document related to the ISDA Master Agreement containing provisions specific to credit enhancements such as Collateral requirements.

Credit Risk: The risk of an occurrence of an event modifying the credit rating of the counterparty or the issuer.

Dodd-Frank Act: The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as it may be amended.

FRN: Floating Rate Notes, or FRNs, are fixed income securities that pay a coupon determined by a reference rate which resets periodically. As the reference rate resets, the payment received is not fixed and fluctuates overtime.

Hedge Agreement: An interest rate management agreement, including, but not limited to, transactions that may involve interest rate swaps, swaptions, caps, collars and/or floors. The interest rate management agreement will include terms and conditions as set forth in the ISDA Master Agreement and its related Schedule and Credit Support Annex (if any) and each transaction will be evidenced by a Confirmation.

ISDA: The International Swap Dealers Association (ISDA), a global trade association representing participants in the derivatives industry.

ISDA Master Agreement: An agreement developed by the International Swap Dealers Association that contains general terms and conditions related to a Hedge transaction.

Municipal Advisor: A person (who is not a municipal entity or an employee of a municipal entity) that provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues; or undertakes a solicitation of a municipal entity or an obligated person.

Notional Amount: The stipulated principal amount for a Hedge transaction. There is no transfer of ownership in the principal for a Hedge; but there is an exchange in the cashflows for the designated coupons.