

BURLESON COUNTY, TEXAS

**INVESTMENT POLICY
&
PROCEDURES**

STATE OF TEXAS

COUNTY OF BURLESON

It being the desire of the Burleson County Commissioners' Court to establish a sound investment policy which will provide for maximum investment return from funds belonging to Burleson County, the following INVESTMENT POLICY FOR BURLESON COUNTY is adopted:

INVESTMENT AUTHORITY

In accordance with Local Government Code Section 116.112(a), and Government code, Title X, Section 2256.005 (f) and (g), the Investment Officer of Burleson County, under the direction of the Commissioners' Court, may invest the County funds that are not immediately required to pay obligations of the County.

INVESTMENT OBJECTIVES

GENERAL STATEMENT - Funds of the County will be invested in compliance with federal and state laws, this investment policy and written administrative procedures. The County will invest according to investment strategies for each fund as they are adopted by the Commissioners' Court resolution.

SAFETY AND MAINTENANCE OF ADEQUATE LIQUIDITY - The County is concerned about the return of its principal; therefore, safety of principal is the primary objective in any investment transaction. The County's investment portfolio must be structured in conformance with an asset/liability management plan that provides for liquidity necessary to pay obligations as they become due.

DIVERSIFICATION - It will be the policy of the County to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. Investments of the County shall always be selected to provide for stability of income and reasonable liquidity.

YIELD - The yield objective of the County is to earn the maximum rate of return allowed on its investments within the policies imposed by safety and liquidity objectives, investment strategies for each fund and state and federal law governing investment of public funds.

MATURITY - Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest rate of return of interest. When the County has funds not required to meet current year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The maximum allowable stated maturity of any individual investment owned by the county is thirty—six (36) months.

QUALITY AND CAPABILITY OF INVESTMENT MANAGEMENT - It is the County's policy to provide training required by the Public Funds Act and periodic training in investments for the County Investment Officer, members of the Commissioner's Court and other County Officials through courses and seminars offered by professional organizations and associations in order to ensure the quality, capability and currency of county investment decisions.

INVESTMENT STRATEGY

THE INVESTMENT STRATEGY OF THE COUNTY IS AS FOLLOWS:

1. Matching the suitability of investments to financial requirements.
2. Preservation and safety of principal.
3. Maintain required liquidity.
4. Marketability of the investment if need arises to liquidate.
5. Diversification of the portfolio.
6. Yield.
7. Maturities controlled by the investment policy.

INVESTMENT RESPONSIBILITY AND CONTROL

COUNTY INVESTMENT OFFICER - In accordance with Sec. 116.112(a), Local Government Code and/or Government Code, Sec. 2256.005 (f) and (g), the County Treasurer, acting on behalf of the Commissioners' Court, is designated as the Investment Officer of the County and is responsible for investment management decisions and activities. The County Treasurer, under the direction of the Commissioners' Court, may invest County funds that are not immediately required to pay obligations of the County.

If the investment officer has a personal business relationship with an entity - or is related within the second degree by affinity or consanguinity to an individual-seeking to sell an investment to the county, the investment officer must file a statement disclosing that personal business interest-or relationship-with the Texas Ethics Commission and the Commissioners' Court in accordance with Government Code 2256.005 (i).

LIABILITY OF INVESTMENT OFFICER - In accordance with Local Government Code Sec. 113.005, the County Investment Officer is not responsible for any loss of county funds through the failure or negligence of the depository. This policy does not release the investment officer or any other person for loss resulting from any act of official misconduct, or negligence, or for any misappropriation of funds.

AUDIT - The County Commissioners' Court will review the policy annually and, at a minimum, will have an annual compliance audit of management controls on investments and adherence to established law and investment policies.

STANDARD OF CARE - Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether the investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. The investment of all funds or funds under the county's control, over which the officer has responsibility rather than a consideration as to the prudence of a single investment; and
2. Whether the investment decision was consistent with the written Investment Policy of the County.

INVESTMENT INSTITUTION DEFINED - The County Investment Officer shall invest County funds with any or all of the institutions or groups consistent with federal and state regulations and approved by the Commissioners' Court.

QUALIFICATIONS FOR APPROVAL OF BROKER/DEALER - A copy of this investment policy shall be presented to any person seeking to sell to the county an authorized investment. The qualified representative of the business organization seeking to sell an authorized investment shall execute a written instrument, provided by the County (Exhibit A), that the qualified representative has:

1. Received and thoroughly reviewed the investment policy of the county; and
2. Acknowledge that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the county and the organization.

The investment officer may not buy any securities from a person who has not delivered to the county the instrument signed by the registered principal.

Along with the signed affidavit the organization must supply the County with the following:

1. Completed Broker/Dealer questionnaire.
2. Completed Anti—Collusion Agreement
3. Executed PSA Master Repurchase Agreement.
(Primary dealers only)
4. Financial Statements. (To be provided annually)
5. Delivery instructions.
6. NASD Certification Proof.
7. Texas State Securities Commission Registration Proof
8. Original Proof of Insurance if it applies.

STANDARDS OF OPERATION - The County Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program set by the Commissioners' Court of the County. The County Investment Officer shall determine the amount of cash available for payments by the County, invest the funds not required in the performance of that duty, and shall exercise good judgment and discretion to effectuate the policies herein set forth. The County Investment Officer shall be Authorized to delegate to an employee the authority to place orders for such investments and to perform all acts required to acquire, pay for, hold, sell, exchange, tender or collect investments.

DELIVERY VS PAYMENT - It will be the policy of the County that all investment securities shall be purchased using "Delivery vs Payment" (DVP) method until the County has received, through the Federal Reserve wire, the securities purchased.

INVESTMENT REPORTING AND PERFORMANCE EVALUATION

QUARTERLY REPORT - Not less than quarterly the investment officer shall prepare and submit to the County Commissioners' Court a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

1. Describe in detail the investment position of the county on the date of the report;
2. Be signed by the investment officer of the County;
3. Contain a summary statement of each pooled fund group that states the:
 - (A) beginning market value for the reporting period;

- (B) additions and changes to the market value during the period; and
 - (C) ending market value for the period.
 - (D) include fully accrued interest
4. State the book value and market of each separately invested asset at the beginning and the end of the reporting period by the type of asset and fund type invested;
 5. State the maturity date of each separately invested asset that has a maturity date;
 6. State the account or fund or pooled group fund in the county for which each individual investment was required; and
 7. State the compliance of the investment portfolio of the County as it relates to:
 - (A) the investment strategy expressed in the county's investment policy; and
 - (B) relevant provisions of this chapter.

NOTIFICATION OF INVESTMENT CHANGES - It shall be the duty of the County Investment Officer to notify the County Commissioners' Court of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this policy or not.

INVESTMENT COLLATERAL AND SAFEKEEPING

COLLATERAL OR INSURANCE - The County Investment Officer shall insure that all county funds are fully collateralized or insured in accordance with federal and state regulations and laws.

SAFEKEEPING - All purchased securities shall be held in safekeeping by the County, or a County account in a third party financial institution, or with the Federal Reserve Bank.

All certificates of deposit, insured by the FDIC, purchased outside the Depository Bank shall be held in safekeeping by the County.

Securities pledged must be held by a third party bank approved by the Commissioners' Court or at the Federal Reserve Bank.

INVESTMENT TYPES

AUTHORIZED

The County Investment Officer shall use any or all of the following authorized investment instruments consistent with Title X, Chapter 2256, Texas Government Code:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. No-load money market mutual funds;
 - (a) regulated by SEC;
 - (b) has a dollar-weighted average stated maturity of 90 days or less;
 - (c) includes in its investment objectives the maintenance of a stable \$1.00 net asset value per each share, and;
 - (d) limited in quantity to the requirements set forth in Chapter 2256, Government Code—Sec. 2256.014
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities; and

5. Certificates of deposit if issued by a state or national bank domiciled in this state and is:
 - (a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
 - (b) secured in any other manner and amount provided by law for deposits of the county.
6. A fully collateralized repurchase agreement, if it:
 - (a) has defined termination date;
 - (b) is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act; and
 - (c) requires the securities being purchased by county to be pledged to the county, held in the county's name, and deposited at the time the investment is made with the county or with a third party selected and approved by the county; and
 - (d) is placed through a primary government securities dealer, approved by the county, or a financial institution doing business in this state.

7. Eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

Prohibited

The Burleson County Investment Officer has no authority to use any of the following investment instruments which are strictly prohibited:

1. obligations whose payment represent the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays not principal;
2. obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
3. collateralized mortgage obligations that have a stated final maturity date of greater than 10 years;
4. collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

ORDER OF THE COMMISSIONERS COURT

THIS INVESTMENT POLICY IS ADOPTED DURING THE REGULAR MEETING OF THE BURLESON COUNTY COMMISSIONERS' COURT ON THIS THE 12th DAY OF AUGUST 2024 AND BECOMES A PART OF THE OFFICIAL MINUTES OF THE BURLESON COUNTY COMMISSIONERS' COURT.

MOTION BY: Faust

SECONDED BY: Hildebrand

ENTERED IN THE OFFICIAL MINUTES OF THE BURLESON COUNTY COMMISSIONERS' COURT:

Keith Schroeder
Keith Schroeder, Burleson County Judge

Dwayne Faust
Dwayne Faust, Burleson Commissioner Precinct #1

Vincent Svec
Vincent Svec, Burleson Commissioner Precinct #2

David Hildebrand
David Hildebrand, Burleson Commissioner Precinct #3

Robert Urbanosky
Robert Urbanosky, Burleson Commissioner Precinct #4

