

# INVESTMENT POLICY

Gregg County, Texas

Submitted by: The Gregg County Investment Committee  
For FY18-19

Approved: August 6, 2018

## **FY 2017-2018**

### **Committee Members:**

Laurie Woloszyn	County Auditor, Co Investment Officer
Lori Pool, CFE	Co Investment Officer
Bill Stoudt	Gregg County Judge
Gary Boyd	Commissioner Pct. 3 – Term expires 2019
Ed Moore	Public Member – Term expires 2020
Kent Bryson	Public Member – Term expires 2020

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## I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

### General Statement

This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Government Code 10, Chapter 2256 known as the Public Funds Investment Act (short title) to define and adopt a formal investment policy. See Appendix B: Resolution to Adopt Investment Policy/Appointment of Investment Officer. This policy will be reviewed and adopted by resolution at least annually according to Section 2256.005(e). The resolution shall include a statement that the Commissioners' Court of Gregg County has reviewed the investment policy and investment strategies and the written resolution so adopted shall record any changes made to either the investment policy or investment strategies. It is the policy of Gregg County to:

- (1) ensure the security of its principal in the overall portfolio as the foremost objective.
- (2) structure the investment portfolio in a manner which will provide the liquidity necessary to pay its obligations as they come due.
- (3) optimize return on investments within the constraints of safety and liquidity.
- (4) diversify its investments and restrict its investment vehicles to only those high grade instruments which qualify under the law.
- (5) maintain accountability of investments, subjecting them to internal controls, quarterly reporting and independent audit.
- (6) pursue an active versus a passive portfolio management philosophy, securities may be sold or exchanged before they mature if market conditions present an opportunity for Gregg County to benefit from the trade or if necessary to meet the cash needs of Gregg County. Under this investment policy all investments will be made with the intent of pursuing, at the time of the purchase, the best rate of return on securities held until maturity, and not with the intent of speculative trading.
- (7) maintain the highest professional and ethical standards, with capable and high quality investment management, as custodians of public trust.

### Funds Included

This investment policy applies to all cash assets of all funds of the County of Gregg, Texas, at the present time and any funds to be created in the future and any other funds held in custody by the Auditor, as Investment Officer, unless expressly prohibited by law or unless it is in the contravention of any depository contract between Gregg County and any depository bank.

### County's Investment Officer

#### A. County Funds

In accordance with Sec. 116.112(a), Local Government Code and/or Government Code 10, Chapter 2256, Sec. 2256(f) and (g), and Volume U, Page 417, Commissioners' Court minutes of Gregg County, (Appendix C), the County Clerk, as the Investment Officer, under the direction of the Gregg County Commissioners' Court, may invest county funds that are not immediately required to pay obligations of the County. On August 18, 2014, the Commissioners Court approved the transfer of investing duties to the County Auditor's Office with an effective date of October 1, 2014.

The Commissioners' Court shall designate by resolution one or more officers or employees as investment officer to be responsible for the investment of its funds consistent with the investment

policy adopted by Commissioners' Court. (See Appendix B). This Investment Officer is hereby bestowed all of the obligations and authorities contained in this Gregg County Investment Policy, along with those officers designated by him/her, for the implementation and adherence to this investment policy.

In order to allow the maximum flexibility for the investment of Gregg County funds, the Gregg County Commissioners' Court extends to the Investment Officer full authority within the scope of this policy, for the investment of Gregg County funds, between meetings of the Commissioners' Court, official approval of which shall be made monthly by official court action by approving the monthly report.

The Investment Officer is also hereby authorized to utilize electronic investment or Gregg County warrants for between court investments transactions and to release same as required.

Authority granted to a person as the Investment Officer, to invest Gregg County funds, is effective until rescinded by the Gregg County Commissioners' Court, until the expiration of the officer's term, or until termination of the Investment Officers employment by Gregg County.

This chapter does not prohibit an investing entity or investment officer from using the entity's employees to aid the investment officer in the execution of the officer's duties under this chapter.

#### **Ethics and Conflicts of Interest**

The Investment Officer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions.

If the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with, 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).

For purposes herein, an investment officer has a personal business relationship with a business organization if:

- (1) the investment officer owns 10 percent or more of the voting stock or shares the business organization or owns \$5,000 or more of the fair market value of the business organization.
- (2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or
- (3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

In the administration of the duties as the investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, which a prudent person would exercise in the management of the person's own affairs, but the governing body of

the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of Gregg County.

#### **County's Investment Committee**

The Gregg County Commissioners' Court shall appoint an investment committee to review the investment policy and submit changes to the Commissioners' Court for approval. Standing members of the committee will be the Investment Officer, the County Judge and the County Auditor. The Commissioners' Court shall appoint a member of the Court and two public members. The Commissioner and the two public members should serve three year terms, to be staggered when possible.

The Investment Committee shall also meet to review applications and approve those Brokers and/or Dealers wishing to engage in an investment transaction with Gregg County.

## **II. INVESTMENT OBJECTIVES**

#### **General Statement**

Funds of the County will be invested in accordance with federal and state laws, this investment policy and written administrative procedures. The County will invest according to investment strategies for each of the funds or group of funds under its control by commissioners' court resolution in accordance with Sec. 2256.005(d). See Appendix A.

It is the goal of the Gregg County Commissioners' Court to designate and classify as Reserve Fund Balances 25% of the budgeted operating expenditures of Gregg County funds.

#### **Safety and Maintenance of Adequate Liquidity**

Gregg County is concerned about the return of its principal; therefore, the primary objective of the County's investment activity is to ensure safety of principal in any investment transaction. The Gregg County investment portfolio will remain sufficiently liquid to enable the county to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements.

#### **Diversification**

It is the policy of Gregg County to diversify its portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the County shall always be selected that provide for stability of income and reasonable liquidity.

#### **Yield**

It is the objective of Gregg County to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds. Cash flow forecasts shall be used to make investment decisions. Return on investments is of secondary importance compared to the safety and liquidity objectives.

### **Maturity**

Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest return of interest. When the County has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund.

### **Liability**

The Gregg County Investment Officer shall not be responsible for any loss of the County's funds through failure or negligence of any depository, nor any loss resulting from normal fluctuations in market value of investments or collateral securities. Nothing in this section shall release the Investment Officer from any illegal acts by him/her.

### **Quality and Capability of Investment Management**

It is the County's policy to provide training required by Government Code 10, the Public Funds Investment Act, Sec. 2256.008 and periodic training in investments for the County Investment Officer through courses and seminars offered by professional organizations and associations in order to insure the quality, capability and currency of the County Investment Officer in making investment decisions. Training must include education in investment controls, security risks, market risks, strategy risks and diversification of investment portfolio. The investment officer shall:

- (1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer containing at least ten (10) hours of instruction relating to the officer's responsibilities within 12 months after taking office and assuming duties and
- (2) attend an investment training session not less than once in a two-year period that begins on the first day of the fiscal year (October 1st) and consists of the two consecutive fiscal years after that day, and receive not less than 10 hours of instruction relating to investment responsibilities from an independent source approved. Any training conducted or approved by any state or federal agency related to investments, risk management, portfolio diversification, or similar substance, is hereby approved by the Investment Committee and the Commissioners' Court as meeting the terms of this requirement.
- (3) complete and submit a Certification of Training to document compliance with this section.

### **Investment Strategies**

In accordance with the Public Funds Investment Act, Section 2256.005(d), a separate written investment strategy will be developed for each of the funds or group of funds under Gregg County's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities of importance:

- (1) Understanding of the suitability of the investment to the financial requirements of the entity;
- (2) Preservation and safety of principal;
- (3) Liquidity;

- (4) Marketability of the investment if the need arises to liquidate the investment before maturity.
- (5) Diversification of the investment portfolio;
- (6) Yield;
- (7) Maturity restrictions.

Appendix A includes investment strategies for all funds. In accordance with the Public Funds Investment Act, Section 2256.005(e), investment strategies will be reviewed and adopted by resolution annually.

### III. INVESTMENT TYPES

#### Authorized

The Gregg County Investment Officer shall use any or all of the following authorized investment instruments consistent with governing law (Government Code 10, Chapter 2256) except as provided by Government Code 2256.009(b). The following are authorized investments for Gregg County.

#### A. Obligations of or guaranteed by Governmental Entities

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
2. direct obligations of this state or its agencies and instrumentalities;
3. 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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
4. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
5. interest bearing banking deposits that are guaranteed or insured by:
  - a. the Federal deposit Insurance Corporation or its successor; or
  - b. the National Credit Union Share Insurance fund or its successor; and
6. interest-bearing banking deposits other than those described by Subdivision (6) if:
  - a. the funds invested in the banking deposits are invested through;
    - i. a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by section 2256.025; or
    - ii. a depository institution with a main office or branch office in this state that the investing entity selects;
  - b. the broker or depository institution selected as described in Paragraph A arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;
  - c. the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

- d. the investing entity appoints as the entity's custodian of the banking deposits insured for the entity's account:
  - i. the depository institution selected as described by Paragraph A;
  - ii. an entity described by Section 2257.041(d); or
  - iii. a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

**B. Certificates of Deposit.**

- a. A certificate of deposit is an authorized investment for Gregg County if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:
  - 1) guaranteed or insured by the Federal Deposit Insurance Corporations or its successor or the National Credit Union Share Insurance Fund or its successor;
  - 2) secured by obligations that are described by Section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excludes those mortgage backed securities of the nature described by Section 2256.009(b) of the Public Funds Investment Act.
  - 3) secured in any other manner and amount provided by law for deposits of the county;
- b. In addition to the authority to invest funds in certificates of deposit under this section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment if:
  - 1) the funds are invested by an investing entity through
    - A. A broker that has its main office or a branch office in this state and is selected from a list adopted by the Commissioners' Court as required by Section 2256.025; or
    - B. a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
  - 2) the broker or the depository institution selected by the investing entity arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity; and
  - 3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
  - 4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3.3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity



### C. Repurchase Agreements

A fully collateralized repurchase agreement, as defined in Government Code 10, Subchapter A, Section 2255.001 in the Public Funds Investment Act is an authorized investment, if it:

- (1) has a defined termination date;
- (2) is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act; and
- (3) requires the securities being purchased by Gregg County to be pledged to Gregg County, held in Gregg County's name, and deposited at the time the investment is made with Gregg County or with a third party selected and approved by Gregg County; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

Notwithstanding any law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by a county under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investment acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

In this section "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described in III. A above, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed.

### (D) Mutual funds and money market mutual funds with limitations described below:

A no-load money market mutual fund is authorized if it is a Government backed money market and;

- (1) is registered with and regulated by the Securities and Exchange Commission;
- (2) provides Gregg County with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940; and
- (3) complies with federal Securities and Exchange Commission Rule 2a-7, promulgated under the Investment Company Act of 1940.

A no-load mutual fund is authorized if it:

- (1) is registered with the Securities and Exchange Commission;
- (2) has an average weighted maturity of less than two years;
- (3) is invested exclusively in obligations approved by this subchapter;
- (4) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
- (5) conforms to the requirements set forth in Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

An entity is not authorized by this section to:

- (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds;
- (2) held for debt service in mutual funds,
- (3) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds; or

- (4) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund or money market mutual fund in an amount that exceeds 10 percent of the total assets of the mutual fund or money market mutual fund.

E. Public Funds Investment Pools as authorized in the Public Funds Investment Act, Section 2256.016-2256.019.

- (1) A public funds investment pool is eligible for investment of Gregg County funds only if the particular pool is approved by resolution of the Gregg County Commissioners' Court.
- (2) Gregg 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 Gregg County Investment Officer has no authority to use any of the following investment instruments which are strictly prohibited:

- (1) all collateralized mortgage obligations even if directly issued by a federal agency or instrumentality of the United States;
- (2) bankers' acceptances, or
- (3) commercial paper, unless part of a Public Funds Investment Pool allowed above, or
- (4) guaranteed investment contracts, or
- (5) obligations whose payments represents the coupon payments of the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (6) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

#### **Existing Investments**

Gregg County does not require liquidation of investments that were authorized investments at the time of purchase.

### **IV. INVESTMENT RESPONSIBILITY AND CONTROL**

#### **Investment Institutions Defined**

The Gregg County Investment Officer shall invest County funds with any or all of the following institutions or groups consistent with federal and state law and the current Depository contract;

- (1) Depository bank;
- (2) Other state or national banks domiciled in Texas that are insured by FDIC;
- (3) Public fund investment pools; or
- (4) Government securities brokers and dealers.

#### **Qualifications for Approval of Broker/Dealer**

In accordance with 2256.005(k), a written copy of this investment policy shall be presented to any person offering to engage in an investment transaction with Gregg County. Nothing in this policy relieves the investing entity of the responsibility of monitoring the investments made by Gregg County to determine that they are in compliance with the investment policy. The qualified

representative of the business organization offering to engage in an investment transaction with Gregg County shall execute a written instrument in a form acceptable to Gregg County and the business organization substantially to the effect that the business organization has:

- (1) received and reviewed the investment policy of the county; and
- (2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the county and the organization that are not authorized by the Gregg County Investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of Gregg County's entire portfolio or requires an interpretation of subjective investment standards.
- (3) the investment officer may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a person who has not delivered to the county the instrument required above according to Section 2256.005(l).

See Appendix E for a sample Gregg County Investment Policy Affidavit.

***Additional qualifications of Broker/Dealers***

- (1) Applications from Brokers/Dealers wishing to do business with Gregg County should be submitted to the Gregg County Investment Committee. Brokers shall submit with the application a personal resume.
- (2) Brokers/Dealers must submit an annual audited financial statement to Gregg County.
- (3) Brokers/Dealers must be in good standing with the National Association of Securities Dealers.
- (4) Representatives of Broker/Dealers shall be registered with the Texas State Securities Board.

Gregg County shall maintain a list of authorized brokers/dealers and financial institutions which are approved for investment purposes by the Investment Committee. The Gregg County Commissioners' Court or the Investment Committee shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with Gregg County. It shall be the policy of the County to place investments with and purchase securities only from authorized institutions and firms. A list of institutions which are approved to do business with the County shall be reviewed at least annually by the Investment Committee and is included as Appendix D to this investment policy.

Brokers/Dealers may at any time be removed from the approved list.

**Standard of Operation**

The County Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

**Delivery Vs. Payment**

It is the policy of the County that all security transactions, except pool funds and mutual funds, shall be purchased using the "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By doing so, county funds are not released by a third party until the counterparty presents the agreed upon transaction, through the Federal Reserve wire, the securities purchased.

### **Audit Control**

The Gregg County Investment Officer will establish a liaison with the Gregg County Auditor in preparing investment forms to assist the County Auditor for accounting and auditing control. The Investment Officer is subject to audit by the Gregg County Auditor. In addition, the Gregg County Commissioners' Court, at a minimum, will have an annual compliance audit of management controls on investments and adherence to Gregg County's established investment policies in accordance with 2256.005(m). Also, the report prepared by the investment office shall be formally reviewed at least annually by an independent auditor and the result of the review shall be reported to the Commissioners' Court in accordance with 2256.023(d).

### **Standard of Care**

In accordance with Government Code 2256.006, 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, in order of priority; preservation and safety of principal, liquidity; and yield.

In determining whether an 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 had 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.

### **Monitor of Market Price**

Market price of all securities in the portfolio will be determined on a quarterly basis. These prices will be obtained from a reputable and independent source and disclosed to the governing body quarterly in a written report.

## **V. INVESTMENT REPORTING AND PERFORMANCE EVALUATION**

### **Quarterly Report**

In accordance with Government Code 2256.023, not less than quarterly, the Investment Officer shall prepare and submit to the Commissioners' Court and the Investment Committee a written report of investment transactions from 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 Gregg County on the date of the report;
- 2) be signed by the investment officer of Gregg County;
- 3) contain a summary statement, prepared in compliance with generally accepted accounting principles, 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, and
  - d) fully accrued interest for the reporting period.

- 4) state the book value and market value of each separately invested asset at the beginning and 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 acquired; 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 the Government Code 10, Chapter 2256.
- 8) Average yield of portfolio on investments as compared to applicable benchmarks.

#### **Notification of Investment Changes**

It shall be the duty of the County Investment Officer of Gregg County, Texas to notify the Gregg 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.

#### **Amendments to Policy**

The Gregg County Commissioners' Court expressly reserves the right to alter, add to or delete from this Investment Policy as they so choose.

### **VI. INVESTMENT COLLATERAL AND SAFEKEEPING**

#### **Collateral or Insurance**

The Gregg County Investment Officer shall ensure that all county funds are fully collateralized or insured consistent with federal and state law and the current Bank Depository Contract in one or more of the following manners:

- (1) FDIC Insurance;
- (2) Obligations of the United States or its agencies and instrumentalities
- (3) Obligations issued by governmental entities of the State of Texas, by way of illustration, and not limitation, the governmental entities include independent school districts, incorporated cities, certain road district, having an investment rating of not less than "A" (by Standard & Poor's) or its equivalent.
- (4) A Letter of Credit issued by a Federal Home Loan Bank.

Due to timing constraints, all requests to pledge and/or substitute collateral may be made by the Investment Officer but must be ratified by the Commissioners Court at the next available court meeting.

All requests to release collateral shall be in writing and approved by the County Judge. All collateral releases must be ratified by the Commissioners Court at the next available court meeting.

The method by which an investment security used to secure deposits of public funds is valued is the current market price. To compensate for increases and decreases in County deposits and fluctuation of market value of pledged collateral, the minimum market value of collateral shall be 105% of County deposits.

The following must be included when figuring the amount collateralized:

- 1) All demand account deposits of Gregg County and its' entities
- 2) All C.D.'s purchased with Gregg County funds

**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 either the County or a County account in a third party financial institution.

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

Approved this 6<sup>th</sup> day of August, 2018.



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**BILL STOUDT, County Judge**

## Appendix

- A-----Investment Strategy for All Funds
  
- B-----Resolution to Adopt Investment Policy 2256.005(a)  
And Resolution of Appointment of Investment Officer  
2256.005(f)
  
- C-----County Authority Volume U, Page 417,  
Commissioners' Court Minutes of  
Gregg County, Texas
  
- D-----Gregg County Authorized List of Brokers/Dealers
  
- E-----Gregg County Investment Policy Affidavit Sample

“A”

### Investment Strategy for All Funds

The county maintains control over three types of funds: operating funds (including internal service funds), debt service funds, if any, and capital project funds. For each of these funds, the primary objectives for the investment strategy of the County are as follows:

1. **Suitability** - The primary investment objectives are preservation of principal and liquidity; income is secondary. The investment must be appropriate to meet the needs and circumstances of all Gregg County funds. The Investment Officer shall use reasonable judgment to determine whether the investment is applicable to the portfolio needs of Gregg County.
2. **Preservation and Safety of Principal** - The Investment Officer shall exercise diligence and thoroughness in making investment transactions. Receipts for confirmations of trades will include information on trade date, par value, maturity, price, settlement date, description of securities purchased, and they will show Gregg County as the purchaser.
3. **Liquidity** - Maturities must be laddered to meet the scheduled Accounts Payable and Payroll needs of Gregg County.
4. **Maturity Restrictions** - The maximum pre-approved maturity will not exceed 3 years. The portfolio should include at least 3 months anticipated expenses in highly liquid securities.
5. **Marketability if Liquidation Arises** - Investments will be made with the intent of pursuing, at the time of purchase, the best rate of return on securities held until maturity, and not with the intent of speculative trading. Securities, however, may be sold or exchanged before they mature if market conditions present an opportunity to benefit from the trade or if necessary to meet cash needs. Careful consideration will be given to the effect of the sale on the remaining portfolio.
6. **Diversification of Portfolio** - The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U. S. Treasury securities.
7. **Yield** - Cash flow forecasts are used to make investment decisions. All available funds should be invested to earn interest for Gregg County. Enough of the funds will be invested in nonvolatile, liquid investments to ensure payment when due. Moderate income volatility is permitted. Financial risk is unacceptable, and because the investment time horizon of the fund is relatively short, exposure to interest rate risk and purchasing power risk will be minimal. The average yield on the portfolio should meet or exceed the average rate on Treasury bills at a maturity level comparable to the County's weighted average maturity in days. The Treasury Bill is a benchmark for lower risk investment transactions and comprises a minimum standard for the portfolio.



" B "

RESOLUTION NO. 2018-016

A RESOLUTION OF THE COMMISSIONERS' COURT OF THE COUNTY OF GREGG, STATE OF TEXAS, APPOINTING THE GREGG COUNTY INVESTMENT OFFICERS PURSUANT TO TEXAS GOVERNMENT CODE, TITLE 10, CHAPTER 2256, KNOWN AS THE PUBLIC FUNDS INVESTMENT ACT.

WHEREAS, it is the intention of the Commissioners' Court of Gregg County, Texas, to follow and comply with all statutory requirements concerning funds held by Gregg County, Texas; and

WHEREAS, it is necessary that the Commissioners' Court of Gregg County, Texas appoint an investment officer to be responsible for the investment of funds pursuant to the Gregg County Investment Policy.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF GREGG COUNTY, TEXAS:

That **Laurie Woloszyn** and **Lori Pool** are reappointed Co-Investment Officers for Gregg County, Texas. The Investment Officers shall be responsible for the implementation and adherence to the Investment Policy of Gregg County, Texas.

Date: 8-6, 2018

  
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BILL STOUDT, County Judge

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A motion was made by C. B. YOUNG and seconded by JIM GRAY to take official note of the FILES OF SERVICE of the SHERIFF & CONSTABLES as submitted by the TEXAS ASSOCIATION OF COUNTIES. These fees are available in the FILE NUMBER CC 87 Dec 14 87. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

A motion was made by JACK BEAN and seconded by ELMER FERGUSON to approve the LIBRARY CONTRACTS which are signed every year at this time with KOKOVIM PUBLIC LIBRARY, CITY OF KELOORE and CITY OF GONDOATER. These CONTRACTS can be found in FILE NUMBER CC 87 Dec 14. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

A motion was made by JACK BEAN and seconded by JIM GRAY to approve the Auditor's request that the notice be posted that the ANNUAL REPORT would be on file in his office for public inspection and that notice be run in the newspapers. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

A motion was made by C. B. YOUNG and seconded by JACK BEAN to approve the AGREEMENT NO. 7 to the AGREEMENT FOR ENGINEERING SERVICES with KENDEX, STON ASSOCIATES, INC. and Gregg County on the Project at the Gregg County Airport regarding their services. Also that the transfer of funds be made as needed and that the agreement be approved as written. The motion being put to a vote Commissioners YOUNG and BEAN voting "AYE". Commissioners FERGUSON and GRAY voting "NO". The CHAIR votes "AYE". The MOTION CARRIES.

A motion was made by C. B. YOUNG and seconded by JACK BEAN to approve that all duties now being done in the GREGG COUNTY TREASURER'S office be transferred to the COUNTY CLERK, Nellie Barber, Reason being the Treasurer's Office will be abolished as of December 31, 1987. The remaining SERVICES & OFFICE expense account will be transferred to the County Clerk's Office along with the clerical position; and also the monies for that position. The furnishings in that office that the County Clerk will need for the duties of the Treasurer's office will be transferred to her also. David Abraham, District Attorney will be moving into the Treasurer's vacated office and will keep the furnishings the County Clerk doesn't feel she needs to perform the transferred duties. The motion being put to a vote Commissioners YOUNG and BEAN voting "AYE". Commissioners FERGUSON and GRAY voting "NO". The CHAIR voting "AYE". THE MOTION CARRIES.

A motion was made by C. B. YOUNG and seconded by JACK BEAN to approve the appointment of JACK STROM to the Board of Directors of the Sabine Valley Health Center. Dr. Darlene McLaughlin has resigned her duty. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

At this time the Court heard the request from Commissioner C. B. Young concerning the Gregg County Employees' 3% incentive pay increase for the month of December. After some discussion Judge Atkinson announced to the Court that there are no funds available for this increase, therefore, no motion or vote on this matter.

A motion was made by JIM GRAY and seconded by C. B. YOUNG to approve all requests to attend SEMINARS and CONFERENCES. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE". This motion includes the VOTING MACHINE custodian and his assistant attend a seminar on the Voting Machines.

A motion was made by JACK BEAN and seconded by C. B. YOUNG to CLOSE the COURSEWORK ON CHRISTMAS EVE December 24, 1987. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

A motion was made by JACK BEAN and seconded by C. B. YOUNG to ADJOURN the meeting at this time. The motion being put to a vote Commissioners FERGUSON, GRAY, YOUNG and BEAN voting "AYE".

NOW ALL THE MINUTES OF THE DECEMBER TERM ARE READ AND APPROVED IN OPEN COURT.

ATTEST:

LENN ATKINSON, County Judge

NELLIE BARBER, County Clerk and Ex-Officio  
Clerk of the Commissioners' Court  
Gregg County, Texas

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**Gregg County Authorized List of Brokers/Dealers**

**FIRM**

National Alliance  
2245 Texas Drive, Suite 300  
Sugar Land, TX 77479

Texas Bank & Trust company  
P.O. Box 3188  
Longview, TX 75606

FTN Financial  
845 Crossover Lane, Suite 150  
Memphis, TN 38117

TexPool  
1001 Texas Ave., Suite 1400  
Houston, TX 77002

Vining Sparks  
775 Ridge Lake Blvd., Suite 200  
Memphis, TN 38120

**REPRESENTATIVE**

Howard Ledet

Craig Chaikin  
Kimberly Spinks  
Debbie Fox

Steve Albert

Jerry Landrum

Josh Gorham

**Texas Bank & Trust Approved Brokers**

Ryan Weller  
BOK Financial Services  
5 Houston Center, Suite 1000  
1401 McKinney Ave  
Houston, TX 77010

Rick Calhoun  
Crews & Associates, Inc.  
2000 Union National Plaza  
124 W. Capital  
Little Rock, AR 72201

Charles W. Friday, Jr.  
Mid-Atlantic Capital Corporation  
1251 Waterfront Place, Suite 510  
Pittsburgh, PA 15222-4235

Robert S. Gayden  
Commerce Bank  
1000 Walnut Street  
Kansas City, MO 64106

Monica O'Reilly  
Stifel, Nicolaus & Co., Inc.  
700 Louisiana Street #23  
Houston, TX 77002

Tom Wood  
Robert W. Baird & Co. Inc.  
Five Post Oak Park, Suite 1720  
4400 Post Oak Parkway  
Houston, TX 77027

Rocco Ditrani  
Northern Trust Securities, Inc.  
50 S. LaSalle St., Floor B12  
Chicago, IL 60603

Bill Prest  
FTN Financial  
845 Crossover Lane #150  
Memphis, TN 38117

**“E”**

**Investment Policy Affidavit**

Name of Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone # \_\_\_\_\_

I \* \_\_\_\_\_, a qualified representative of

\_\_\_\_\_, hereby certify the following statements as required by Section 2256.005(k) of the Public Funds Investment Act:

“I hereby certify that I am a qualified representative\* of the above named business organization.

I have received and reviewed the Investment Policy for Gregg County and; I acknowledge that

\_\_\_\_\_ has implemented reasonable procedures and controls  
(name of brokerage facility/bank)

in an effort to preclude investment transactions conducted between Gregg County and

\_\_\_\_\_ that are not authorized by the referenced Gregg County  
(name of the brokerage facility/bank/trust company)

Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of

Gregg County’s entire portfolio or requires an interpretation of subjective investment standards.”

\_\_\_\_\_ Date \_\_\_\_\_  
(SIGNATURE OF QUALIFIED REPRESENTATIVE)

The State of Texas

This instrument was acknowledged before me on this the \_\_\_\_ day of \_\_\_\_\_,

20\_\_ by \_\_\_\_\_, Organization \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

\* “Qualified representative” according to Section 2256.002(10), Government Code, means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

- (a) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;
- (b) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by the corporate resolution to act on behalf of and bind the banking institution; or
- (c) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.