

Atascosa County Investment Policy

As Adopted By

Atascosa County Commissioners Court

On

May 13, 2025

Atascosa County Investment Policy

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I. Investment Authority and Scope of Policy

General Statement

This policy satisfies the statutory requirements of Local Government Code 116.112 and Government Code Chapter 2256, Public Funds Investment Act that required a county to define and adopt a formal investment policy. This policy will be reviewed and adopted by resolution not less than annually as provided by Section 2256.005(e). See Resolutions, Appendix A.

Funds Included

This investment policy applies to all financial assets of all funds of the County of Atascosa, Texas, at the present time plus any funds to be created in the future and any other funds held in custody by the County Treasurer, unless expressly prohibited by law or unless it is in contravention of any depository contract between Atascosa County and any depository bank.

County Investment Officer

In accordance with Sec. 116.112(a), Local Government Code and Chapter 2256, Sec. 2256.005 (f) and (g), the County Investment Officer, under the direction of the Atascosa County Commissioners Court, may invest County funds that are not immediately required to pay obligations of the County.

The Commissioners Court shall designate by resolution the County Treasurer as the County Investment Officer. See Resolutions, Appendix A.

In the event that the County Treasurer, or the County Treasurer's authorized deputy, is unavailable and there is an urgent need for an investment action to be taken, the County Auditor may act as an Alternate Investment Officer subject to the same requirements of these policies and Chapter 2256 of the Government Code applicable to the Investment Officer.

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 of Atascosa County in accordance with Government Code 2256.005 (i).

As specified in Section 2256.008(a), the County Treasurer shall attend at least one training session containing at least 10 hours of instruction relating to the responsibilities under subchapter A of Chapter 2256 within 12 months after taking office or assuming duties. After completion of the first year in office, the County Treasurer must complete in each 12-month period at least 20 hours of continuing education in the performance of duties of the County Treasurer.

II. Investment Objectives

General Statement

County funds 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 fund as hereinafter established in this document per Sec. 2256.005(d).

Safety and Maintenance of Adequate Liquidity

Atascosa County is concerned about the return of its principal; therefore, safety of principal is the primary objective in all investment transactions. The County's investment portfolio must be structured in conformance with an asset/liability management plan that provides for the liquidity necessary to pay obligations as they become due.

Diversification

It will be the policy of Atascosa 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. The County Investment Officer shall always select investments that provide for stability of income and reasonable liquidity.

Yield

It will be the objective of the County to earn the maximum rate of return allowed on its investments within the limits imposed by its safety and liquidity objectives, investment strategies, and federal and state laws 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 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. The maximum allowable stated maturity of any individual investment held in the General Fund shall not exceed 24 months.

Quality and Capability of Investment Management

It is the County's policy to provide training required by the Government Code, 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 knowledge of the County Investment Officer in making investment decisions.

It is desirable that the investment officer achieves and maintains the Certified Investment Officer (CIO) credential offered by the Texas Association of Counties.

III. Investment Strategies

General Statement

In accordance with Government Code, Section 2256.005(d), a separate written investment strategy will be developed for each of the fund or group of funds under control of the county.

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, and
- (6) yield

Investment Strategies Applicable to Fund Types

Funds available for investment are maintained in the County Bank Depository. In managing its investment portfolio, the County will specifically avoid the purchase of any investments or pursuit of any investment practices not specifically authorized by this policy.

Investment strategies by group/fund follow:

General Fund — money associated with this fund shall be placed in the Bank Depository when the contractual interest rate is higher than TexPools interest rate to the extent of the collateral provided by the depository. All remaining funds are to be placed in TexPool. The investment objective for funds held by the Bank Depository and investment pool(s) is to maintain safety of principal and provide immediate liquidity while returning the highest possible yield.

Bank Depository is defined as the bank the county has a written agreement with for the purpose of making deposits, writing checks, sending and receiving bank wires, the payment of bills through ACH transactions, the making of employee direct payroll deposits, and other similar banking transactions.

The County Investment Officer may also invest surplus money from the General Fund into investments described below under Other Types of Investments Allowed. The investment objective for Other Types of Investments Allowed is diversification followed by rate of return. Investments allowed by section will generally receive a higher rate of return for reduced liquidity.

Road and Bridge Funds - same as General Fund.

Debt Service Funds — same as General Fund.

Capital Project Funds — same as General Fund.

Tax Assessor/Collector Funds — are to be held by the Bank Depository.

Sheriff Inmate Trust Funds — are to be held by the Bank Depository.

County Clerk Trust Funds — are to be held by the Bank Depository.

District Clerk Trust Funds — are to be held by the Bank Depository.

Self-Insurance Funds — same as General Fund.

Special Revenue (Grant) Funds — same as General Fund.

Funds not listed above (e.g., other funds in the Multiple Account), same as the General.

IV. Investment Types

General Statement

All investments made by the County Investment Officer must comply with Government Code, Public Funds Investment Act (PFIA), Section 2256, as well as all federal, state, and local statutes, rules, and regulations.

Other Types of Investments Allowed

Section 2256 allows for many types of investments. This policy serves to identify those investments allowed under Section 2256 that the County Treasurer may invest funds in besides the Depository Bank and TexPool.

As provided by Government Code 2256.009(b), the following are authorized investments:

(1) Obligations of, or guaranteed by, governmental entities

(a) obligations, including letters of credit of the United States or its agencies and instrumentalities.

(b) direct obligations of this state or its agencies and instrumentalities; and

(c) 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.

(2) Certificates of deposit if issued by a state or national bank domiciled in this state that meets the specifications set forth in Sec 2256.10, and is:

- (a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor.
- (b) 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 excluding those mortgage-backed securities of the nature described by Section 2256.009(b) of the Public Funds Investment Act; or
- (c) secured in any other manner and amount as provided by law for deposits of the county.

(3) Eligible investment pools (as provided in the Public Funds Investment Act, Sec.2256.016 2256.019). The Atascosa County Commissioners Court must authorize and adopt by resolution each investment pool used for County funds.

Prohibited Investments

The County Investment Officer may not invest in securities prohibited by Sec 2256.009(b).

V. Investment Responsibilities and Control

Investment Institutions Defined

The County Investment Officer shall invest County funds with or through any or all of the following institutions or groups consistent with federal and state law and the County Depository Bank contract.

- (1) County Depository bank.
- (2) Other state or national banks domiciled in Texas that are insured by FDIC;
- (3) Public funds investment pools. The following Local Government Investment Pools (LGIPs) are authorized:
 - (a) TexPool, managed by Lehman Brothers or its successors
 - (b) TexPool Prime, managed by Lehman Brothers or its successors
 - (c) TexStar, managed by JP Morgan Chase & Company or its successors, and (d) Texas Class, managed by MBIA Asset Management or its successors.
- (4) Qualified and approved government securities brokers and dealers.

Collateral

The County Investment Officer will monitor account balances at the County Depository Bank and other banks where either the county has either CD's or checking accounts to ensure that all county funds are fully collateralized.

Qualifications for Approval of Broker/Dealers

In accordance with 2256.005(k), a written copy of this investment policy shall be presented to any person seeking to sell to the county an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall write a letter to Atascosa County to the effect that the registered principal has:

- (1) received and viewed the investment policy of the county; and
- (2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude improper 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 an instrument in substantially the form provided above. In addition, the Commissioners Court must adopt by resolution the broker/dealer to be used by the county before any transactions can be placed. See Attachment C for a copy of the required certification.

Standards of Operation

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

Delivery vs. Payment

It will be the policy of the County that all Treasury Bills, Notes and Bonds and Government Agencies' securities shall be purchased using the "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By so doing, County funds are not released until the County has received, through the Federal Reserve wire, the securities purchased.

Audit Control

The Atascosa County Investment Officer will establish liaison with the Atascosa 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 Atascosa County Auditor. In addition, the Atascosa County Commissioners Court, at a minimum, will have an annual financial audit of all County funds performed by an independent auditing firm, as well as an annual compliance audit of management controls on investments and adherence to the entity's established investment policies in accordance with Gov. Code 2256.005(m).

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 'Mitten investment policy of the county.

VI. Investment Reporting and Performance Evaluation

Quarterly Report

In accordance with Government Code 2256.023, the Investment Officer shall prepare and submit to the Commissioners Court a monthly report of all investment transactions for all funds for the preceding reporting period within a reasonable time of 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 prepared and signed by the investment officer(s) 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.
- (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 this chapter.

(8) state the total rate of return.

Notification of Investment Changes

The County Investment Officer shall notify the Commissioners Court of any significant changes in county investments prior to being implemented as allowed by the County Investment Policy.

Should the County Investment Policy conflict in any way with all or any part of Chapter 2256, the language of the Government Code shall prevail.

VII. Investment Collateral and Safekeeping

Collateral or Insurance

The Atascosa County Investment Officer shall insure that all County funds are fully collateralized or insured consistent with federal and state regulations and the current Bank Depository Contract per Section 2256 and Section 2257 of the Texas Government Code.

Examples of authorized collateral are:

- (1) FDIC insurance coverage.
- (2) Obligations of the United States or its agencies and instrumentalities.
- (3) Obligations of the State of Texas, its agencies, counties, cities, and other political subdivisions.

The County Bank Depository shall provide sufficient collateral to cover the sometimes-significant increases in bank deposits (\$1-3 million) when people pay their property taxes at the end of the calendar year and/or the beginning of a new year when late payment penalties are due.

A bank that is not the County Depository Bank that provides FDIC insured certificates of deposit shall provide collateral that is not less than the amount of the total public funds invested increased by the amount of any accrued interest on the CD's and reduced to the extent that the United States or an instrumentality of the United States insures the CD. The value of the collateral provided shall be based on the market value of the collateral.

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, or with the Federal Home Loan Bank.

All FDIC insured certificates of deposit purchased outside the County Depository Bank shall be held in safekeeping by either the County, or a County account in a third-party financial institution, or with the Federal Reserve Bank, or with the Federal Home Loan Bank. .

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

A County Depository Bank as well as a bank providing FDIC insured certificates of deposits shall provide documentation that their Board of Directors or Loan Committee, as appropriate, passed a resolution approving the commitment of collateral and delivery of same to safekeeping entities. The purpose of this is to secure the County's security interest in collateral as provided by the Financial Institutions, Reform, Recovery and Enforcement Act of 1989 (FIRREA).

A bank other than the County Depository Bank that provides FDIC insured certificates of deposit that is less than the FDIC insurance amount including interest, is exempt from any additional collateral requirements

Custodial Obligations

Bank agrees to provide the County with a monthly report of collateral to include a description of the pledged securities including CUSIP, par value, and market value.

VIII. County Investment Committee

Members

The County Investment Committee for Atascosa County shall consist of the County Judge, County Treasurer, County Auditor, one County Commissioner, and a citizen of Atascosa County, the latter to be selected and serve as directed by the Commissioners Court.

Scope of Authority

The Committee serves to assist the County Investment Officer in evaluating the financial performance and suitability of County investments. The Committee may also assist the County Investment Officer in other investment matters as necessary. Committee recommendations and findings are strictly advisory as the County Treasurer retains statutory responsibility for all County funds within the control of the Treasurer's Office.

Meeting Requirements

The Investment Committee shall meet as needed for the purpose of reviewing County investments and their suitability to County needs. Discussion may be made on any topic concerning county investments.

The meeting will be chaired by the County Treasurer. Meeting times will be posted and public attendance encouraged. The Treasurer will allow public comment at the beginning of each meeting.

The County Treasurer will maintain a record of the meeting.

IX. Non - County Funds

The Tax Assessor/Collector, County Clerk, and District Clerk funds fall into this category. These funds are not considered funds that belong to the County but could be considered a liability for the County. All funds in the custody of the Tax Assessor/Collector shall be invested in compliance with Title X, Chapter 2256, Texas Government Code. County Clerk and District Clerk funds will be invested in accordance with Section 17.053(c) of the Local Government Code.

Tax Assessor/Collector

County funds received by the Tax Assessor/Collector are invested to enhance investment return for the County before the County receives the funds in accordance with Texas Local Government Code Section 113.022. State funds in the custody of the Tax Assessor/Collector may be invested before remitting to the State.

County Clerk Registry Funds

County Clerk Registry funds are received by court order from the Commissioners Court, County Court at Law, or County Courts. Registry funds may also be received by court order. These funds must be deposited in the County Bank Depository and may then be invested according to the PFIA and any court order.

District Clerk Registry Funds

District Clerk Registry Funds are received by court order from the District Courts. These funds must be deposited in the Bank County Depository and then invested according to PFIA and any court orders.

Attachment A

To

Atascosa County Investment Policy

Resolution to Adopt Investment Policy for Atascosa County, Texas.

I do hereby concur with and approve of the herein contained objectives and investment policy for Atascosa County.

Laura Pawelek
County Treasurer

Date

The Atascosa County Commissioners Court, having read and understood the County's Investment Policy and finding it in compliance with Chapter 2256 of the Texas Government Code, do hereby adopt and approve the County of Atascosa, Texas Investment Policy.

Approved by Commissioners Court in a duly posted meeting this _____

Weldon P Cude, Atascosa County Judge

Mark Gillespie
Commissioner Pct. #1

George Pawelek
Commissioner Pct. #3

Mark Bowen
Commissioner Pct. #2

Kennard Riley
Commissioner Pct. #4

Resolution to Designate the County Treasurer as the County Investment Officer

The Atascosa County Commissioners Court, having read and understood the County's Investment Policy, and finding it in compliance with Chapter 2256 of the Texas Government Code, do hereby designate **Laura Pawelek, County Treasurer, as the County Investment Officer.**

Approved by Commissioners Court in a duly posted meeting this_____

Weldon P Cude, Atascosa County Judge

Mark Gillespie
Commissioner Pct. #1

George Pawelek
Commissioner Pct.#3

Mark Bowen
Commissioner Pct. #2

Kennard Riley
Commissioner Pct. #4

Resolution to Designate Members of the County Investment Committee

The Atascosa County Commissioners Court hereby designates the members of the County Investment Committee to be the County Treasurer who will be Chairman, County Auditor, a County Commissioner, County Judge, and an Atascosa County citizen serve as directed by Commissioners Court.

Approved by Commissioners Court in a duly posted meeting this_____

Weldon P Cude, Atascosa County Judge

Mark Gillespie
Commissioner Pct. #1

George Pawelek
Commissioner Pct #3

Mark Bowen
Commissioner Pct. #2

Kennard Riley
Commissioner Pct. #4