

INVESTMENT POLICY AND INVESTMENT STRATEGIES

RECORDED CHANGES

VII. AUTHORIZED INVESTMENTS

1. Obligations of the United States or its agencies and instrumentalities with a ~~3~~ 5 year maximum maturity.
2. Obligations of the State of Texas or its agencies and instrumentalities with a ~~3~~ 5 year maximum maturity.
4. Other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities with a ~~3~~ 5 year maximum maturity, 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.
5. 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 with a ~~3~~ 5 year maximum maturity.
6. Certificates of deposit issued by a state or national bank, doing business in the State of Texas and insured by the Federal Deposit Insurance Corporation, or its successor; or secured by obligations described in Section 2256.009(a), Government Code, including mortgage-backed securities directly issued by federal agency or instrumentality, that have a market value of not less than the principal amount of the certificate but excluding those mortgage-backed securities of the nature described by Section 2256.009(b) Government Code; or secured in any other manner and amount provided by law for deposits of the investing entity with a ~~3~~ 5 years maximum maturity. In addition, an investment in certificate of deposit made in accordance with the following conditions is an authorized investment: (1) the funds are invested by an investing entity through a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the investing entity as required by Section 2256.025, Government Code; or a depository institution that has its main office or a branch office in the State of Texas 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; (3) the full amount of the principal and accrued interest of each of the certificate of deposit is insured by the United States or an instrumentality of the United States; and (4) the investing entity appoints the depository institution selected by the investing entity, an entity described in Section 2257.041(d), Government Code, 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.