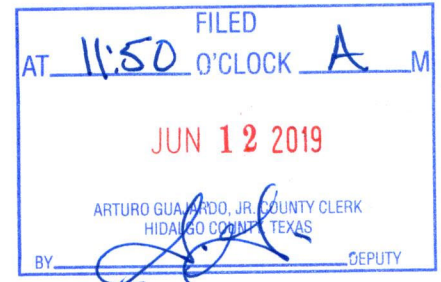


THE STATE OF TEXAS §  
§  
COUNTY OF HIDALGO §



## ORDER

On this the 6<sup>th</sup> day of June 2019, came on to be heard the matter of adopting the Hidalgo County Investment Policy and Investment Strategies, after review and discussion of changes to the Policy, the following Order was adopted by the Hidalgo County Commissioners' Court:

WHEREAS, from time to time certain regulations and policies have been adopted regarding the procedures and strategies for investment of funds of Hidalgo County; and

WHEREAS, the need has now arisen for a new policy and strategy to be adopted and for all prior policies and strategies to be repealed.

BE IT THEREFORE ORDERED, ADJUDGED AND DECREED that all policies, strategies, procedures and regulations relating to or in any way regulating or establishing rules or policies with respect to the investment of monies owned by Hidalgo County by and hereby are repealed effective June 6, 2019; and

BE IT FURTHER ORDERED that the instrument entitled Hidalgo County Investment Policy and Investment Strategies, and the recorded changes, attached hereto and incorporated by reference is hereby adopted as the instrument governing all investment of funds by Hidalgo County and its departments and agencies, effective June 6, 2019; and

BE IT FURTHER ORDERED that the County Clerk enter a copy of this Order and of said Policies in the minutes of this Court.

WHEREUPON, Commissioner Joe M. Flores moved for the adoption of said Order, which motion was seconded by Commissioner David L. Fuentes and adopted by the following vote: 4 "AYE", 1 "NO", all members being present.

DATED this the 6<sup>th</sup> day of June 2019



Richard F. Cortez  
Richard F. Cortez, County Judge

APPROVED BY  
COMMISSIONERS' COURT  
ON: 6/6/19 me

## INVESTMENT POLICY AND INVESTMENT STRATEGIES

### RECORDED CHANGES

#### VII. AUTHORIZED INVESTMENTS

1. Obligations of the United States or its agencies and instrumentalities with a ~~2~~ 3 year maximum maturity.
2. Obligations of the State of Texas or its agencies and instrumentalities with a ~~2~~ 3 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 ~~2~~ 3 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 ~~2~~ 3 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 ~~1~~ 3 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.

8. Repurchase agreements, as stated above, include reverse [security](#) repurchase agreements. A reverse [security](#) repurchase agreement's maturity may not exceed 90 days after the date the reverse security repurchase agreement is delivered.
9. A bankers' acceptance is an authorized instrument under Subchapter 2256.012, Government Code, (1) which has a stated maturity of ~~180~~ [270](#) days or fewer from the date of its issuance; (2) will be, in accordance with its terms liquidated in full at maturity; (3) is eligible for collateral for borrowing from a Federal Reserve Bank; and (4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating of at least one nationally recognized credit rating agency. Such transactions shall not exceed 10% of the total Hidalgo County Investment Portfolio, and all such endorsing banks shall come only from a list of entities who are constantly monitored as to financial solvency.
11. No-load AAA rated money market mutual funds registered with and regulated by the Securities and Exchange Commission which have a dollar-weighted average stated maturity of 90 days or fewer, include in their investment objectives the maintenance of a stable net asset value of \$1 for each share and provide Hidalgo County with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C., Section 78a, et. seq.) or the Investment Company Act of 1940 (15 U.S.C., Section 80a-1, et seq.) [and complies with federal Securities and Exchange Commission Rule 2a-7 \(C.F.R Section 270.2a-7\), promulgated under the Investment Company Act of 1940 \(15 U.S.C. Section 80a-1 et.seq.\)](#) Hidalgo County is not authorized to invest in the aggregate more than 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in money market mutual funds as set forth collectively; ~~invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds as hereinabove described;~~ invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds herein described above; or 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 as herein set out above in an amount that exceeds 10% of the total assets of the mutual fund.
12. Hidalgo County may invest its funds and funds under its control through an eligible ~~constant dollar~~ investment pool if the Commissioners' Court by official court order authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by state statutes. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

When selecting an investment pool, the County Treasurer shall consider the following criteria:

- b. The maximum average dollar-weighted maturity allowed, ~~based on the stated maturity allowed~~, based on the stated maturity date, of the pool;
- m. The pool's policy regarding holding deposits in cash.

To be eligible to receive funds from and invest funds on behalf of Hidalgo County, a public funds investment pool ~~created to function as a money market mutual fund~~ that uses amortized cost on fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilized at a \$1.00 net asset value when rounded and expressed in two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings ~~shall be sold as necessary to attempt~~ to maintain the ratio between .0995 and 1.005.

In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool ~~created to function as a money market mutual fund~~ that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market mutual funds.

To be eligible to receive funds from and invest funds on behalf of Hidalgo County, a public funds investment pool must have an advisory board composed

## VIII. INVESTMENT IMPLEMENTATION

The County Treasurer may solicit offers for investment of funds from contracted financial brokers and/or banks orally, in writing, electronically, or by any combination of these methods. Hidalgo County funds will generally be placed for investment periods of 1 to 365 days. ~~Funds placed for investment for longer than 365 days shall be upon consultation between the County Treasurer and County Judge or a representative of the Commissioners' Court.~~ Hidalgo County Funds will be invested in time deposits within any bank with which an agreement has been executed, in securities purchased from contracted broker/dealers, or ~~from time to time~~ in pools or money funds as authorized in this Policy. The Treasurer will utilize controlled disbursement, cash flow analysis and portfolio analysis or similar cash management techniques in the County Treasurer's Office to maximize interest yield on Hidalgo County funds, with funds becoming available as needed to meet the financial needs of Hidalgo County. All investment transactions will be made on the basis of competitive bids and all securities will be cleared on a delivery versus payment basis.

## IX. INVESTMENT INSTITUTIONS

The County Treasurer is authorized to place investment orders on an "as needed" basis with designated financial brokerage firms, banks or contractors with which Hidalgo County maintains a current written contract, authorized by Commissioners Court Order, and consistent with the Investment Policy of Hidalgo County. The County Treasurer's Office will monitor the market price of each investment purchase by reviewing daily economic conditions through on-line access offered by Wall Street Journal, Bloomberg, broker/dealer and investment pool web-sites.

#### XIV. INVESTMENT REPORTS

5. The account or fund or pooled group fund of Hidalgo County ~~from~~ [for](#) which each individual investment was acquired; and
6. Compliance of the Hidalgo County Investment Portfolio as it relates to the investment strategy expressed in Section III, Investment Strategy of this Policy, as well as other relevant provisions of the Policy [and Chapter 2256, of the Government Code.](#)