

INVESTMENT POLICY

RUNNELS COUNTY, TEXAS

Effective -- March 2025

I. Investment Scope

General Statement - This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Government Code Chapter 2256 to define and adopt a formal investment policy. This policy shall be reviewed and adopted by resolution at least annually in accordance with Section 2256.005 (e), GC.

Funds Included - This investment policy applies to all financial assets of all funds of the County of Runnels, Texas at the present time; any funds to be created in the future; 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 Runnels County and any depository bank.

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 fund as they are adopted by Commissioners' Court resolution in accordance with 2256.005(d).

Safety - The County is concerned about the return of its principal; therefore, safety of principal is the primary objective in any investment transaction.

Liquidity - The County's investment portfolio must be structured in conformity with an asset/liability management plan which provides for liquidity necessary to pay obligations as they become due. Investments of the County shall always be selected that provide for safety of principal, stability of income and reasonable liquidity prior to maturity.

Yield & Maturity - It will be the objective of the 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 all state and federal law governing investment of public funds. Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the maximum rate of return consistent with liquidity requirements. When the County has funds that will not be needed to meet current-year obligations, maximum restraints will be imposed based upon the investment strategy for each fund.

Quality and Capability of Investment Management - It is the County's policy to provide training required by the Public Funds Act, Sec. 2256.008 and periodic training in investments for the County Treasurer, who is also named County Investment Officer, and other members of the Investment Advisory Committee through courses and seminars offered by professional organizations and associations in order to insure the quality, capability, professional expertise and timeliness of the County Investment Officer and other members of the Investment Advisory Committee in making investment decisions.

III. Investment Responsibility and Control

Liability of Investment Officer - In accordance with sec. 113.005, Local Government Code, the County Investment Officer is not responsible for any loss of the County funds through the failure or negligence of a depository. This section does not release the Investment Officer from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officer, including a misappropriation of the funds, or from responsibility for funds until a depository is selected and the funds are deposited. The County Investment officer shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

Investment Institutions Defined - The Runnels County Investment Officer shall invest County Funds with any or all of the following institutions or groups consistent with the governing law (Government Code, Chapter 2256):

1. Depository Bank;
2. Certificates of deposit if issued by state and/or national banks domiciled in this state or a savings and loan association domiciled in this state and is (Government Code 2256.010):
 1. guaranteed or insured by the federal deposit insurance corporation, or its successor.
3. Any changes to these Defined Institutions will be presented to Commissioners Court for approval.

Audit control - The County Investment Officer will establish liaison with the Runnels County Auditor in preparing investment forms to assist the County Auditor for accounting and auditing control.

The County Investment Officer is subject to audit by the Runnels County Auditor. In addition, it is the policy of the Runnels County Commissioners' Court, at a minimum to have an annual audit of all County funds, investments and investment procedures by an independent auditing firm. The County Investment Officer and the County's investment procedures shall be subject to an annual compliance audit of management controls on investments and adherence to the County's established investment policies in accordance with Government Code 2256.005(m).

Standard of Care

- A. 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:
 - (1) preservation and safety of principal;
 - (2) liquidity; and
 - (3) yield.
- B. 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 entity'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 entity.

IV. Investment Types

Authorized - The County Investment Officer shall use any or all of the following authorized investment instruments consistent with governing law (Government Code, Chapter 2256):

- A. Money Market Accounts with the depository bank or any participating bank. All monies must be covered by FDIC insurance or pledged securities that are acceptable in accordance with State and Federal Laws.
- B. Interest Bearing Accounts with the depository bank or any participating bank. All monies on deposit must be covered by FDIC insurance or pledged securities that are acceptable in accordance with State and Federal Law.
- C. Certificates of deposit if issued by state and/or national banks domiciled in this state or a savings and loan association domiciled in this state and is (Government Code 2256.010)
 1. guaranteed or insured by the federal deposit insurance corporation, or its successor; and
 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 excluding those mortgage backed securities of the nature described by Section 2256.009(a) of the Public Funds Investment act.

V. Investment Reporting

Regular Reports - In accordance with Government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the Runnels County Commissioners' Court a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

Notification of investment changes - It shall be the duty of the County Investment Officer of Runnels County, Texas to notify the Runnels 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.

VI. Investment Collateral and Safekeeping

Collateral or Insurance – Pursuant to the requirements of Government Code 2256 and 2257, it is the policy of Runnels County to require full collateralization of all County investments and funds on deposit with a depository bank. To anticipate possible market changes and insure the security of funds, the collateralization level will be 105% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or NCUSIF. The Investment Officer shall insure 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:

- A. FDIC or NCUSIF insurance coverage;
- B. Obligations of the United States or its agencies and instrumentalities;
- C. Direct obligations of the state of Texas or its agencies;
- D. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the state of Texas or the United States or its agencies and instrumentalities;
- E. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; or
- F. Federal Home Loan Bank (FHLB) Letter of Credit;
- G. Any other manner allowed Government Code Chapter 2257 (Public Funds Collateral Act).

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

ATTACHMENT "A"

RESOLUTION

WHEREAS, the Runnels County Commissioners Court, meeting in regular session, in accordance with Government Code 2256.005 (e), has reviewed the Investment Policy for Runnels County and believes its enactment would be to the financial benefit of Runnels County, Texas.

WHEREAS, the Court in accordance with Government Code 116.112 do hereby appoint Runnels County Treasurer as County Investment Officer;

WHEREAS, The Court deems it prudent to appoint an Investment Committee do hereby appoint the Runnels County Auditor and Runnels County Judge to assist in the investing of Runnels County monies;

NOW THEREFORE; Be It Resolved that The Court now accept this three member committee to be responsible for the investing of all Runnels County surplus monies.




Julia Miller, County Judge

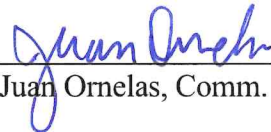


Carl King, Comm. Precinct I

Chris Ocker, Comm. Precinct II



Brandon Poehls, Comm. Precinct III



Juan Ornelas, Comm. Precinct IV

Approved this 8th day of April, 2025