

RESOLUTION TO ADOPT COUNTY INVESTMENT POLICY & FUND STRATEGIES, AND APPOINT  
COUNTY INVESTMENT COMMITTEE

STATE OF TEXAS §

COUNTY OF VAL VERDE §

VAL VERDE COUNTY RESOLUTION NO: \_\_\_\_\_

**WHEREAS**, the Texas Legislature set forth the Public Funds Investment Act in Government Code Section 2256, and

**WHEREAS**, the Val Verde County Investment Committee recommends aforementioned County Investment Policy for 2016 be approved by resolution by the Commissioners Court of Val Verde County

**WHEREAS**, the Val Verde County Commissioners Court approve the appointment of Val Verde County Commissioner, Ramiro V. Ramon as CIO, Val Verde County Treasurer, Aaron D. Rodriguez as CIO and Val Verde County Auditor, Frank Lowe as County Investment Committee Member to comprise the County Investment Committee

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSIONERS COURT OF VAL VERDE COUNTY, TEXAS, IN A REGULAR MEETING DULY CONVENED AND ACTING IN ITS CAPACITY AS THE GOVERNING BODY OF VAL VERDE COUNTY, HEREBY AFFIRMS THE ATTACHED 2016 VAL VERDE COUNTY INVESTMENT POLICY, SETTING FORTH ITS INVESTMENT STRATEGIES BY FUND TYPE AND DESIGNATING THE VAL VERDE COUNTY INVESTMENT COMMITTEE TO IMPLEMENT AND CARRY OUT THE STATE INVESTMENT POLICY**

**PASSED and APPROVED**, this 14<sup>TH</sup> day of MARCH, 2016

*Efrain Valdez*  
HONORABLE EFRAIN VALDEZ  
COUNTY JUDGE

*Ramiro V. Ramon*  
HONORABLE RAMIRO V. RAMON  
COUNTY COMMISSIONER, PCT. 1

*Lewis G Owens*  
HONORABLE LEWIS OWENS  
COUNTY COMMISSIONER, PCT. 2

*Robert Nettleton*  
HONORABLE ROBERT NETTLETON  
COUNTY COMMISSIONER, PCT. 3

*Gustavo Flores*  
HONORABLE GUSTAVO FLORES  
COUNTY COMMISSIONER, PCT. 4

ATTEST:  
*Generosa Gracia-Ramon*  
HONORABLE GENEROSA GRACIA-RAMON  
COUNTY CLERK



## VAL VERDE COUNTY INVESTMENT POLICY

### 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 will be reviewed and adopted by resolution at least annually according to Government Code 2256.005(e).

### Funds Included

This investment policy applies to all financial assets of all funds of the County of Val Verde, Texas, at the present time and 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 Val Verde County and depository bank.

### County's Investment Officer

In accordance with Sec. 116.112(a), Local Government Code and/or Government Code Sec. 2256.005(f) and (g), the County Investment Officer, under the direction of the Val Verde County Commissioners Court, may invest County funds that are not immediately required to pay obligations of the County. The commissioner court shall immediately require to pay obligations of the County. The commissioners court shall designate by resolution one or more officers or employees as investment officer.

If the investment officer has a personal business relationship (as defined in the Public Funds Investment Act) 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 in accordance with Government Code 2256.005(i)

## I. 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 commissioner's court resolution in accordance with Sec. 2256.005(d).

### Safety and Maintenance of Adequate Liquidity

Val Verde County is concerned about the return of its principal; therefore, safety of principal is a primary objective in any investment transaction.

The County's investment portfolio must be structured in conformance with an asset/liability management plan which provides for liquidity necessary to pay obligations as they become due.

### Diversification

It will be the policy of Val Verde County to diversify its portfolio to manage 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 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 state and federal law 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 owned by the county is one year.

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

It is the County's policy to provide training required by Government Code 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.

## **II. INVESTMENT TYPES**

Due to the limited financial resources of Val Verde County, the only authorized investment tools will be TEX POOL and CD's.

In the event of a positive upswing in the county's financial position the Val Verde County Investment Officer may use and or all of the following authorized investment instruments consistent with governing law (Government Code 2256): and commissioners court approval.

- A. Except as provided by Government Code 2256.009(b), the following are authorized investments:
  - (1) Obligations of the United States or its agencies and instrumentalities;
  - (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.
  
- B. Certificates of deposit if issued by a state or national bank domiciled in this State or a savings and loan association domiciled in this state and is:
  - (1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.
  
- C. A fully collateralized repurchase agreement, as defined in the Public Funds Investment Act, if it:
  - (1) Has a defined termination date;
  - (2) Is secured by obligations described by Section 256.009(a)(1) of the Public Funds Investment Act; and
  - (3) requires the securities being purchased by the county to be pledged to the county, held in the county's name, and deposited at the time the investment is made with the county or with a third party selected and approved by the 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.
- (5) 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 the county under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquire must mature not later than the expiration date stated in the reverse security repurchase agreement.

#### **Prohibited**

The Val Verde County Investment Officer has no authority to use any of the following investment instruments that are strictly prohibited;

- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (4) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in market index.

### **III. INVESTMENT RESPONSIBILITY AND CONTROL**

#### **Investment Institutions Defined**

The Val Verde County Investment Officer may invest County funds with any or all of the following institutions or groups consistent with federal and state law and the current Depository Bank contract:

- (1) Depository bank;
- (2) Other state or national banks domiciled in Texas that are insured by FDIC
- (3) Public funds investment pools or TEX POOL

#### **Audit Control**

The Val Verde County Investment Officer will establish liaison with the Val Verde 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 Val Verde County Auditor. In addition, the County Commissioners Court, at a minimum, will have an annual financial audit of all County funds by management controls on investments and adherence to the county's established investment policies in accordance with Government 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 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.

#### **IV. 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 a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. An independent auditor, who will report findings to the Commissioner Court, shall formally review the report annually if the county invests in securities other than money market mutual funds, investment pools or accounts offered by the depository bank. The report must:

- (1) Describe in detail the investment position of the county on the date of the report;
- (2) Be prepared jointly by all investment officers of the county;
- (3) Be signed by each investment officer of the county;
- (4) Contain a summary statement of each pooled fund group that states the:
  - (a) Beginning market value for the reporting period;
  - (b) Fully accrued interest for the reporting period;
- (5) State the account or fund or pooled group fund in the county for which each individual investment was acquired.

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

It shall be the duty of the County Investment Officer of Val Verde County, Texas to notify the Val Verde County Commissioners Court of any significant changes in current investment methods and procedures prior to their implementation.

#### **V. INVESTMENT COLLATERAL AND SAFEKEEPING**

##### **Collateral or Insurance**

The Val Verde County 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:

- (1) FDIC insurance coverage;
- (2) Obligations of the United States or its agencies and instrumentalities

##### **Safekeeping**

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

All certificated of deposit, insured by FCIC, 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.

#### **INVESTMENT COMMITTEE**

Val Verde County Auditor, Frank Lowe, Investment Committee Member  
Val Verde County Treasurer, Aaron D. Rodriguez, CIO  
Val Verde County Commissioner, Ramiro V. Ramon, CIO