

TABLE OF CONTENTS

- I. Investment Authority and Scope of Policy2**
 - General Statement
 - Funds Included
 - County’s Investment Officer

- II. Investment Objectives.....2-3**
 - General Statement
 - Safety and Maintenance of Adequate Liquidity
 - Diversification
 - Return on Investments
 - Maturity
 - Quality and Capability of Investment Management

- III. Investment Strategy.....4**

- IV. Investments.....4-5**
 - Authorized Investments
 - Prohibited Investments
 - Investment Institutions

- V. Qualifications for Approval of Broker/Dealers.....6**

- VI. Investment Responsibility and Control.....6-8**
 - Investment Authority and Advisory Committee
 - Standards of Operation
 - Audit Control
 - Standard of Care
 - Liability of Investment Officer

- VII. Investment Reporting and Performance Evaluation.....8-10**
 - Quarterly Reporting
 - Monthly Reporting
 - Methods to Monitor Market Value
 - Notification of Investment Changes

- VIII. Investment Collateral and Safekeeping.....10**
 - Collateral or Insurance
 - Safekeeping

- IX. Attachments.....11-14**
 - A. Resolution to adopt Investment Policy & appoint Investment Officer
 - B. Appointment to Angelina County Investment Advisory Committee
 - C. Business Organization Acknowledgment & Certification
 - D. Angelina County Approved Investment Institutions and Brokers

- X. Links15**
 - Public Funds Investment Act, Government Code Chapter 2256
 - Collateral for Public Funds Act, Government Code Chapter 225

I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

General Statement

This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Government Code Chapter 2256 cited as the Public Funds Investment Act (**PFIA**) to define and adopt a formal investment policy. See Attachment A: Resolution to Adopt Investment Policy. This policy will be reviewed and adopted by resolution at least annually according to PFIA Section 2256.005 (e).

Funds Included

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

County's Investment Officer

In accordance with Sec. 116.112 (a), Local Government Code and/or PFIA Section 2256.005 (f) and (g), the County Investment Officer, under the direction of the Angelina 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 one or more officers or employees as investment officer. See Attachment A: Resolution to Appoint Investment Officer.

If the investment officer has a personal business relationship (as defined in the PFIA) with an entity or is related within 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 PFIA Section 2256.005 (i).

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 Commissioner's Court resolution in accordance with PFIA Section 2256.005(d).

Safety and Maintenance of Adequate Liquidity

Angelina 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 Angelina 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.

Return on Investments

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 or 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 an individual investment owned by the County is ten (10) years. The maximum average dollar-weighted maturity of a money market mutual fund is 90 days.

Quality and Capability of Investment Management

It is the County's policy to provide training required by PFIA Section 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.

- (a) The Treasurer, Investment Officer and Chief Financial Officer of Angelina County shall attend at least a ten (10) hour training session relating to the investment responsibilities every two (2) years and
- (b) Within twelve (12) months after taking office or assuming duties in accordance with PFIA Section 2256.008.
- (c) Training under this section must include education in investment controls, security risks, and compliance with the Public Funds Investment Act.
- (d) Each member of Commissioner's Court will receive a minimum of 5 hours of investment training every fiscal year.

Training must be provided by an independent source approved by or a designated investment committee advising the investment officer as provided for in the investment policy of the local government

III. INVESTMENT STRATEGY

In accordance with the PFIA Section 2256.005(d), a separate written investment strategy will be developed for each Angelina County fund. Each investment strategy must describe the investment objectives for the particular fund using the following priorities of importance:

- (a) Understanding of the suitability of the investment to the financial requirements of the County;
- (b) Preservation and safety of principal;
- (c) Liquidity;
- (d) Marketability of the investment if the need arises to liquidate the investment before maturity;
- (e) Diversification of the investment portfolio;
- (f) Yield; and
- (g) Maturity restrictions

Angelina County will maintain portfolios which utilize three specific investment strategies designed to address the characteristics of the fund groups represented in the portfolios.

Operating funds have as their primary objective to assure that anticipated cash needs are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure, which will experience minimal volatility during interest rate fluctuations. This will be accomplished by matching the maturities to cash needs. Any authorized investment (see section IV, Investments), may be utilized.

Debt Service Funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations on the required payment date. This will be accomplished by investing in any authorized short-term investments (see section IV Investments) with maturity dates matched to payment date, with maturities of no more than 10 years. Investment in SEC Registered No-Load Money Market Funds and Public Funds Investment Pools will be used to further insure adequate liquidity.

Special Projects Or Special Purpose Funds will have as their primary objectives to assure that sufficient liquidity is available to meet cash needs. This will be accomplished by investing in any authorized short-term investments (see section IV Investments) with maturities of no more than 10 years and investing in SEC Registered No-Load Money Market Funds and Public Funds Investment Pools.

IV. INVESTMENTS

Authorized Investments

The Angelina County Investment Officer shall use any or all of the following investment types consistent with PFIA and this policy:

Bank Investments insured by the Federal Deposit Insurance Corporation or its successor, or collateralized in accordance with Chapter 2257 Collateral for Public Funds . **See page 15 for link** and this Investment Policy Section VIII:

1. Time Deposits
2. Certificates of Deposit
3. Interest-Bearing Checking Accounts including Money Market Accounts

Direct Investments:

1. United States Treasury Securities
2. Obligations of the United States or its Agencies and Instrumentalities, including the Federal Home Loan Banks, with legal stated maturity of no more than 10 years.
3. No-Load Money Market Mutual Funds compliant with Chapter 2256.04(a) and with limitations described below:
 - a. Regulated by the Securities and Exchange Commission
 - b. Provides Investment Officer with annual prospectus, in accordance with PFIA Section 2256.014.
 - c. Complies with federal SEC Rule 2a-7.
4. Public Funds Investment Pools created to function as money market mutual funds (as discussed in PFIA Section 2256.016), if the Commissioners' Court, by resolution, executes an interlocal agreement with each pool. An investment pool shall invest its funds in authorized investments permitted by the PFIA and will comply with all requirements of PFIA Section 2256.016.

Prohibited Investments

The Angelina County Investment Officer shall not invest County Funds in any derivative securities including, but not limited to Collateralized Mortgage Obligations.

Investment Institutions

The Angelina County Investment Officer shall invest County Funds with any or all of the following institutions or groups consistent with federal and state law, the current County Investment Policy, and the current Bank Depository Contract:

1. County Depository Bank;
2. Government securities brokers and dealers who have met qualifications of County Investment Policy and are recommended by the County Investment Officer and the County Investment Advisory Committee, and approved by the Commissioners' Court;
3. Public Funds Investment Pools.

See Attachment D: List of Approved Investment Companies and Brokers

V. QUALIFICATIONS FOR APPROVAL OF INVESTMENT INSTITUTION

To be recommended for approval, a broker/dealer or other investment institution must meet the following criteria:

1. Public Funds investment experience;
2. Good references from Public Funds Investment Officers;
3. An understanding of Angelina County's Investment Policy and Angelina County's financial capabilities;
4. Regulated by the Securities and Exchange Commission (broker/dealers and money market funds only), and
5. Only brokers or dealers must meet the requirement of membership in good standing with the Financial Industry Regulatory Authority (FINRA).

In accordance with PFIA 2256.005 (k), a written copy of this investment policy shall be presented to any business organization (investment pool or investment management firm with discretionary authority to manage a portfolio, as defined in 2256.005(k)) offering to engage in an investment transaction with Angelina County. The qualified representative of the business organization shall execute a written instrument to Angelina County substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the investment policy of the county and,
2. Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the policy, except
 - a. to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio;
 - b. requires an interpretation of subjective investment standards;
 - c. or relates to investment transactions of Angelina County that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The Investment Officer may not buy any securities from a business organization who has not delivered to Angelina County an instrument in substantially the form provided in Attachment C and in accordance with PFIA Section 2256.005(l).

VI. INVESTMENT RESPONSIBILITY AND CONTROL

Investment Authority and Investment Advisory Committee

The Angelina County Investment Officer in accordance with PFIA Section 2256.005 may invest Angelina County funds under the direction of the Commissioner's Court. The Investment Officer shall develop written administrative procedures for the operation of the County Investment Program consistent with the County Investment Policy.

The Investment Advisory Committee will review investment policies and procedures, investment strategies and investment performance. Members of the Committee shall include one County Commissioner, the County Judge, the County Treasurer, the County Auditor, and one or two Community representative(s). Members should have demonstrated some knowledge in the area of finance, investments or cash management. The chairman will be, the County Investment Officer, meetings will be called as needed.

See Attachment B: Appointment to Angelina County Investment Advisory Committee 2022

According to H.B. 2799, the Angelina County Commissioners Court shall review the County Investment Policy annually and take formal action stating that the policy and strategy have been reviewed and recording any changes.

Standards of Operation

1. Confirmation of Trade: A confirmation of trade will be provided to the Angelina County Investment Officer for every purchase of an investment security. This trade ticket and confirmation will become a part of the file that is maintained on every investment security.
2. Delivery Versus Payment: In accordance with PFIA Section 2256.05 (b)(4)(E), it will be the policy of the County that all securities except for investments in pooled funds and money market mutual funds, will settle using the "Delivery vs. Payment" (DVP) basis through the Federal Reserve System. By so doing, County funds are not released until the County has received, through Federal Reserve Wire, the securities purchased.
3. Safekeeping: All purchased securities shall be held in safekeeping in a third-party financial institution or with a Federal Reserve Bank. All pledged securities by the Depository bank shall be held in safekeeping in a County Account in a third-party financial institution or with a Federal Reserve bank.

Audit Control

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

Standard of Care

In accordance with PFIA Section 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 Investment 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.

Liability of Investment Officer

In accordance with Sec. 113.005, Texas 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 County 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.

VII. INVESTMENT REPORTING AND PERFORMANCE EVALUATION

Quarterly Reporting

In accordance with PFIA Section 2256.023, not less than quarterly, the Investment Officer shall prepare and submit to the Commissioner's 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 Commissioners 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. Additions and changes to the market value during the period;
 - c. Ending market value for the period, and
 - d. Fully accrued interest for the reporting period.
5. 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;
6. State the maturity date of each separately invested asset that has a maturity date;
7. State the account or fund or pooled group fund in the County for which each individual investment was acquired;
8. State the compliance of the investment portfolio of the County as it relates to the investment strategy expressed in the County's Investment Policy and relevant provisions of the PFIA.

Monthly Reporting

In accordance with the LGC Section 114.026 County Treasurer's Report to Commissioner's Court at regular term.

1. At least once a month at a regular term of the Commissioner's Court, the County Treasurer shall make a detailed report of:
 - a. money received and disbursed;
 - b. debts due to and owed by the County; and
 - c. all other proceedings in the Treasurer's Office.
2. At least once a month at a regular term of the Commissioner's Court, the County Treasurer shall exhibit the books and accounts of the Treasurer's Office for the inspection of the court and shall submit the vouchers relating to the books and accounts for audit and approval.
3. After the Commissioner's Court has compared and examined the Treasurer's Report and has determined that the report is correct, the court shall enter an order in its minutes approving the report. The order must separately state the amount received and paid from each fund since the County Treasurer's preceding report and any balance remaining in the treasurer's custody. The court shall properly credit the treasurer's accounts.
4. Before the adjournment of a regular term of the Commissioner's Court, the County Judge and each County Commissioner shall give an affidavit stating that the requirements of Subsection (c) have been met at that term. The affidavit must state the

amount of the cash and other assets that are in the custody of the County Treasurer at the time of the examination. The affidavits must be filed with the County Clerk and must be recorded in the minutes of the court for the term in which the affidavits are filed. The affidavits must be published once in a newspaper published in the County if there is such a newspaper or, if the County has an Internet website, on the County's website.

Methods to Monitor Market Value

In accordance with PFIA Section 2256.005(b)(4)(D), the investment policy must include methods to monitor market value of County investments. The County Investment Officer will obtain the market value for each security held in all portfolios and for collateral pledged to the County for bank deposits from recognized market pricing sources. Market valuation of the County's investments shall be performed at least quarterly. Valuation of pledged collateral will be done at least monthly.

Notification of Investment Changes

It shall be the duty of the County Investment Officer to notify the 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.

VIII. INVESTMENT COLLATERAL AND SAFEKEEPING

Collateral or Insurance

The Investment Officer shall insure that all County bank accounts and bank investments 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 and/or
- (2.) Securities pledged as collateral to the County. Eligible securities are those defined in, Collateral for Public Funds, Government Code Chapter 2257 cited hereafter as Collateral Act, specifically Section 2257.002(4) (A) (B) and (C); however, collateralized mortgage obligations may not be pledged as collateral for County Funds in any instance. **(See page 15 for link)**

Safekeeping

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

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

All securities pledged by the Depository Bank shall be held in safekeeping in a third-party financial institution, or with a Federal Reserve Bank. The custodial bank shall meet the requirements of the Collateral Act, specifically Section 2257.041, Deposit of Securities with Custodian.

**Attachment A:
RESOLUTION TO ADOPT COUNTY INVESTMENT POLICY & PROCEDURES,
AND TO APPOINT INVESTMENT OFFICER**

STATE OF TEXAS }
 }
COUNTY OF ANGELINA }

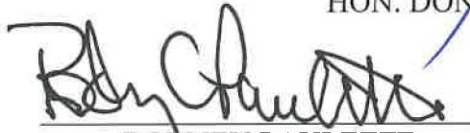
ANGELINA COUNTY COMMISSIONERS' COURT
ADOPTION OF 2022 ANGELINA COUNTY INVESTMENT POLICY & PROCEDURES,
INCLUDING INVESTMENT STRATEGIES AND DESIGNATION OF INVESTMENT
COMMITTEE; AND APPOINTMENT OF INVESTMENT OFFICER

BE IT RESOLVED, the Commissioners' Court of Angelina County, in a regular meeting duly convened and acting in its capacity as the governing body of Angelina County, hereby affirms the attached 2022 Angelina County Investment Policy, setting forth its investment strategies by fund type and designating the Angelina County Investment Committee, and hereby re-appointing the Angelina County Treasurer as the Angelina County Investment Officer to implement and carry out the stated investment policy.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the seal of Angelina County to be affixed this 28 day of December 2022.



HON. DON LYMBERY, COUNTY JUDGE




HON. RODNEY PAULETTE
COMMISSIONER, PCT #1



HON. TERRY PITTS
COMMISSIONER, PCT #3



HON. KERMIT KENNEDY
COMMISSIONER, PCT #2



HON. STEVE SMITH
COMMISSIONER, PCT #4

ATTEST:



HON. AMY FINCHER
COUNTY CLERK



**Attachment B:
APPOINTMENT TO ANGELINA COUNTY INVESTMENT ADVISORY
COMMITTEE 2022**

Hon. Don Lymbery
Angelina County Judge
102 W. Frank Ave.
Lufkin, TX 75904

Hon. Terry Pitts
Angelina County Commissioner Pct. #3
102 W. Frank Ave.
Lufkin, TX 75904

Hon. Jill Brewer
Angelina County Treasurer
606 E. Lufkin Ave.
Lufkin, TX 75901

Ms. Janice Cordray
Angelina County Auditor
606 E. Lufkin Ave.
Lufkin, TX 75901

Mr. Wyatt Leinart
Community Representative
P. O. Box 485
Lufkin, TX 75902

Mr. Eddie Gray
Community Representative
1214 Harmony Hill Drive
Lufkin, TX 75901

**Attachment C:
BUSINESS ORGANIZATION ACKNOWLEDGMENT & CERTIFICATION**

This certification is executed on behalf of Angelina County (the Investor) and _____(the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Government Code (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The Business Organization Qualified Representative is duly authorized to execute this Certification on behalf of the Business Organization, and
2. The Business Organization has received and reviewed the Investment Policy furnished by the Investor, and
3. The Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor’s investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity’s entire portfolio or requires an interpretation of subjective standards, or relates to investment transactions of the entity that are not made through accounts or other contractual arrangement over which the business organization has accepted discretionary investment authority.

Signature

Name (Printed)

Title

Date

**Attachment D:
ANGELINA COUNTY LIST OF APPROVED INVESTMENT INSTITUTIONS AND
BROKERS 2021:**

Funds Mgmt. Group, Inc./Deutsche Asset
& Wealth Mgt
4617 Montrose, Suite C202
Houston, TX 77006
Joan Alexander
(713) 626-5741

TexSTAR
TexSTAR Participant Services
First Southwest Asset Management, Inc.
325 North St. Paul St., Suite 800
Dallas, Texas 75201
www.texstar.org
1-800-839-7827

TEXPOOL
TexPool Participant Services
Federated Investors, Inc.,
1001 Texas Avenue, Suite 1400
Houston, TX 77002
www.texpool.com
1-866-839-7665

SOUTHSIDE BANK WEALTH MGT &
TRUST
P. O. Box 152020
Lufkin, TX 75915-2020

Ernest King
(936) 631-3548

SOUTHSIDE BANK
P. O. Box 610
Diboll, TX 75941
(936) 829-4721

Texas CLASS
Texas CLASS Client Services
2435 N. Central Expressway
Suite 1200
Richardson, TX 75080
www.texasclass.com
1-800-707-6242

First National Bank of Wichita Falls
Insured Cash Sweep
3801 Fairway Blvd.
Wichita Falls, TX 76310
www.fnbt.com
940-696-3000

Financial Northeastern Companies
Certificate of Deposit Brokers

8717 Ken Aaron Court
Austin, Texas 78717
www.financialnortheastern.com
800-362-9876 x1276

U-Bank
Insured Cash Sweep
2120 S. First Street
Lufkin, TX 75901
www.u.bank.com

COMMERCIAL BANK OF TEXAS, NA
Angelina County Depository Bank
1901 Tulane
Lufkin, TX 75901
Brian Cyr
(936) 633-5800

LINKS:

Public Funds Investment Act, Government Code Chapter 2256
<https://statutes.capitol.texas.gov/docs/GV/htm/GV.2256.htm>

Collateral for Public Funds Act, Government code Chapter 2257
<https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2257.htm>