

An abstract graphic in the top right corner of the page. It features three blue circles of different sizes, each with a subtle 3D effect and a dark blue shadow. Two thin, light blue lines intersect to form a large 'V' shape that frames the circles. The circles are arranged with one large one at the top, a smaller one in the middle, and another large one at the bottom right.

Investment Policy

And Procedures

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process.

Red River County Auditor
1/27/2025

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**AGREEMENT IN PRINCIPLE (AIP) – STANDARDS OF CONDUCT FOR PROVIDERS
ORDER APPROVING RED RIVER COUNTY INVESTMENT POLICY AND PROCEDURES**

RED RIVER COUNTY, TEXAS

I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

GENERAL STATEMENT

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment process. The initial step toward a sensible investment policy is to organize and formalize investment-related activities. Related activities that comprise good cash management include accurate cash protection, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and a short-term borrowing program that coordinates working capital requirements and investment opportunities. In concert with these requirements are the many facets of an appropriate and secure short-term investment program.

FUNDS INCLUDED

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

COUNTY'S INVESTMENT OFFICER

In accordance with Sec. 116.112 (a) Local Government Code and or Chapter 2256, Sec. 2256.005 (f) and (g) the County Auditor under the direction of the Red River 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 Exhibit A

If the investment officer has a personal business relationship 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 commissioner's court in accordance with Government Code 2256.005 (i).

II. INVESTMENT OBJECTIVES

GENERAL STATEMENT

The county's funds will be invested in accordance with federal and state laws, this investment policy, and written administrative procedures. The County will invest according to the investment strategies for each fund as adopted by commissioners court resolution in accordance with Sec. 2256.005 (d).

SAFETY AND MAINTENANCE OF ADEQUATE LIQUIDITY

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

The County's investment portfolio must be structured according to an asset/liability management plan that provides the liquidity necessary to pay obligations as they become due.

DIVERSIFICATION

Red River County will diversify its portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of investments. The county shall always select investments that provide stability of income and reasonable liquidity.

YIELD

The county's objective will be 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 laws governing the 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 two years.

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 Investment Officer through courses and seminars offered by professional organizations and associations in order to

ensure the quality, capability and currency of the County Investment Officer in making investment decisions.

INVESTMENT STRATEGIES

In accordance with the Public Funds Investment Act, Section 2256.005 (d), a separate written investment strategy will be developed for each of the funds under Red River County's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities of importance:

- 1) Understanding of the suitability of the investment to the financial requirements of the entity;
- 2) Preservation and safety of principle;
- 3) Liquidity;
- 4) Marketability of the investment if the need arises to liquidate the investment before maturity;
- 5) Diversification of the investment portfolio;
- 6) Yield; and
- 7) Maturity restrictions

Attachment IV includes investment strategies for all funds. In accordance with the Public Funds Investment Act, Section 2256.005 €, investment strategies will be reviewed and adopted by resolution annually.

III. INVESTMENT TYPES

AUTHORIZED

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

- A. Except as provided by Government Code 2256.009 (b), the following are authorized investments:
 - a. Obligations of the United States or its agencies and instrumentalities;
 - b. Direct obligations of this state or its agencies and instrumentalities;
 - c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
 - d. 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; and
 - e. Obligations of states, agencies, counties, cities and other political subdivisions of any state related as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

- 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:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor,
 - b. 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 (b) of the Public Funds Act; or
 - c. Secured in any other manner and amount provided by law for deposits of the county.
- C. Eligible investment pools (as discussed in the Public Funds Investment Act, Sec. 2256.016-2256.019) if the Commissioners Court by resolution authorized investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. A county by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

PROHIBITED

The Red River County Investment Officer has no authority to use any of the following investment instruments which are strictly prohibited:

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

IV. INVESTMENT RESPONSIBILITY AND CONTROL

INVESTMENT INSTITUTIONS DEFINED

The Red River County Investment Officer shall invest County funds with any or all of the following institutions or groups consistent with federal and state law and the current Deposit Bank contract

- a. Depository bank;
- b. Other state or national banks domiciled in Texas that are insured by FDIC;
- c. Public funds investment pools; or
- d. Government securities brokers and dealers.
- e. See attachment II

QUALIFICATIONS FOR APPROVAL OF BROKER/DEALERS

In accordance with 2256.005 (k), a written copy of this investment policy shall be presented to any person seeking to sell to the county and authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

- a. Received and thoroughly reviewed the investment policy of the county; and
- b. Acknowledged that the organization has implemented reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the county and the organizations.

The investment officer may not buy any securities from a person who has not delivered to the county an instrument in substantially the form provided above according to Section 2256.005 (k). See Exhibit B

STANDARDS OF OPERATION

The County Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program consistent with this investment policy. See attachment 1

DELIVERY VS. PAYMENT

It will be the policy of the County that all Treasury Bills, Notes and Bonds and Government Agencies' securities shall be purchased using the "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By so doing County funds are not released until the County has received, through the Federal Reserve wire, the securities purchased.

AUDIT CONTROL

The County Investment Officer will provide the Commissioners Court with any needed documentation for an audit. In addition, an independent auditing firm will conduct an annual financial audit of all county funds and an annual compliance audit of management controls on investments and adherence to the entity's established investment policies in accordance with 2256.005 (m).

STANDARD OF CARE

In accordance with Government Code 2256.066, 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 affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of 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:

- a. 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
- b. Whether the investment decision was consistent with the written investment policy of the county.

METHODS OF INVESTMENT

In order to facilitate the investment of Red River County funds, the County Auditor is authorized to utilize an electronic banking system for wire transfers, Automated Clearing House (ACH), and internet-based transactions.

V. INVESTMENT REPORTING AND PERFORMANCE EVALUATION

QUARTERLY REPORTING

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the Red River County Auditor will report quarterly the portfolio statistics, listing the type and description of investment in detail, the broker/dealer used for purchase, the yield to maturity, the stated maturity date, and the previous and current market value.

NOTIFICATION OF INVESTMENT CHANGES

It shall be the duty of the County Investment Officer of Red River County, Texas to notify the Red River 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.

INVESTMENT POLICY ADOPTION

The County's Investment Policy shall be formally reviewed and approved by the Red River County Commissioners Court when amendments are made. The policy will also be reviewed annually by the Red River County Commissioners Court.

VI. INVESTMENT COLLATERAL AND SAFEKEEPING

COLLATERAL OR INSURANCE

The Red River County Investment Officer shall ensure 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 insurance coverage
- b. United States Government Bonds, Notes, and Bills
- c. Securities of federally-sponsored U.S. Agencies and instrumentalities of the United States Government
- d. Letters of Credit issued by the Federal Home Loan Bank of Dallas

ATTACHMENT

I

The County has established policy guidelines for purchasing securities. The County Auditor, under the direction of the Commissioners Court, makes the decision to purchase securities, including their type, amount, and maturity.

Listed below are procedures and persons authorized to represent Red River County.

Procedure

The County Auditor determines the need to purchase securities and selects the type, amount, and maturity date.

The bids are taken, the decision on bid offers is made by the County Auditor, and the offer is finalized. One approved signature is required on the payment vs. delivery security form. The Auditor's Office is responsible for the notification to the bank.

Authorized Personnel

County Auditor

The County Auditor will provide banks and dealers of authorized personnel in the positions listed above and a specimen of their signature. There shall be prompt notification of any changes when they occur.

ATTACHMENT

II

APPROVED LIST OF BANKS AND BROKER/DEALERS

RED RIVER BRANCH OF THE STATE BANK OF DEKALB

FIRST NATIONAL BANK OF TOM BEAN, CLARKSVILLE BRANCH

HERITAGE BANK NA, DETROIT BRANCH

GUARANTY BOND BANK, BOGATA BRANCH

TEXPOOL

TEXPOOL PRIME

ATTACHEMENT

III

Red River County will employ a portfolio management strategy for all its funds that places emphasis on the safety of principle cash flow, and liquidity. In accordance with this strategy, a well-constructed, balanced portfolio will be favored to minimize the effects of changing interest rate environments. Consequently, reinvestment of dollars is more evenly averaged over interest rate cycles without undue risk of investing too heavily during any one interest rate environment. The underlying strategy of the investment portfolio will consider such factors as:

- Understanding the suitability of the investment to the financial requirements of the County
- Preservation and safety of capital
- Marketability of the investment if the need arises to liquidate the investment before maturity
- Diversification of the investment portfolio
- Yield
- Maturity restrictions

These characteristics limit the types of investments that may be acquired by the County. The emphasis is on the safety of principal and liquidity. *Any investment's yield is secondary to its safety and liquidity.*

EXHIBIT A

RESOLUTION

The Commissioners Court of Red River County, Texas, meeting in Regular Session on the _____ day of January, 2012, considered the following resolution:

WHEREAS, the requirement of the Commissioners Court of Red River County, Texas, in accordance with Section 116.112 (a) of the Local Government Code and/or Section 2256.005 (f) and (g) of the Government Code to officially appoint a County Investment Officer to be responsible for the investment of County funds consistent with the investment policy adopted by the County, and

WHEREAS, the form of this resolution is taken to designate the County Auditor (official title) of Red River County Texas as County Investment Officer;

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners Court of Red River County, Texas that County Auditor Camille Hines of Red River County, Texas is appointed County Investment Officer, as required by the State of Texas.

APPROVED this, the 9th day of January, 2012.

SIGNED:

Morris Harville
Morris Harville, County Judge

ATTEST:

Lorie Baird

Lorie Baird, County Clerk



EXHIBIT B

I hereby certify that I have personally read and understood Red River County's investment policy and procedures and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this firm and Red River County will be directed towards precluding imprudent investment activities and protecting the County from credit risk.

All the sales personnel of this firm dealing with Red River County's accounts have been informed and will be routinely informed of the County's investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This firm pledges due diligence in informing the County of foreseeable risks associated with financial transactions connected to this firm.

(Firm)

(Firm Representative)

(Representative's Title)

(Registration or Dealer Number)

(Signature)

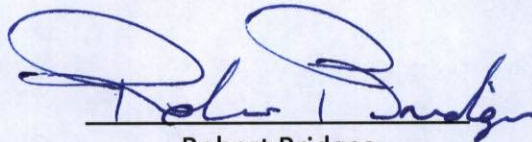
(Date)

ORDER APPROVING

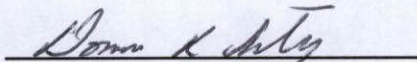
Red River County Investment Policy and Procedures

Upon a motion of Commissioner Hutson, seconded by Commissioner Gentry, unanimously adopted the following policies and procedures, and the same are hereby approved, received and ordered filed.

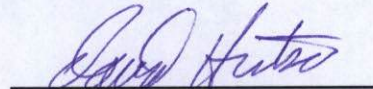
ORDERED this 27th day of January, 2025



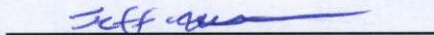
Robert Bridges
County Judge



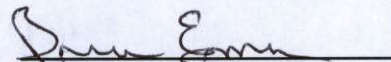
Commissioner Donnie Gentry
Precinct 1



Commissioner David Hutson
Precinct 2



Commissioner Jeff Moore
Precinct 3



Commissioner Bruce Emery
Precinct 4

