



* * * * PUBLIC NOTICE * * * *

**NOTICE OF A CRIME CONTROL & PREVENTION DISTRICT
BOARD OF DIRECTORS
OF THE CITY OF CORINTH
Thursday, February 2, 2017, 6:45 P.M.
CITY HALL - 3300 CORINTH PARKWAY**

CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE:

BUSINESS AGENDA

1. Consider and act on minutes from the August 4, 2016 Crime Control and Prevention District Board Regular Session.
2. Consider and act on approving the Investment Policy for the Crime Control & Prevention District.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above listed agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in closed session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

ADJOURN

Posted this 24 day of January, 2017 at 5:00 p.m. on the bulletin board at Corinth City Hall.

Kimberly Pence
Kimberly Pence, City Secretary
City of Corinth, Texas

Crime Control & Prevention District Board of Directors

Meeting Date: 02/02/2017

Title: August 4, 2016 CCD Minutes

Submitted By: Kim Pence, City Secretary

Finance Review: N/A

Legal Review: N/A

Approval: Lee Ann Bunselmeyer, Acting City Manager

AGENDA ITEM

Consider and act on minutes from the August 4, 2016 Crime Control and Prevention District Board Regular Session.

AGENDA ITEM SUMMARY/BACKGROUND

Attached are the minutes from the August 4, 2016 CCD Regular Session. The minutes are in draft form and not considered official until formally approved by the Corinth Crime Control and Prevention District Board.

RECOMMENDATION

Staff recommends approval of the August 4, 2016 Regular Session minutes.

Attachments

Minutes

**State of Texas
County of Denton
City of Corinth**

On this the 4th day of August, 2016 the Corinth Crime Control and Prevention District Board of the City of Corinth, Texas met in a Regular Session at the Corinth City Hall at 6:45 P.M. located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Present: Bill Heidemann, Mayor
Joe Harrison, Mayor Pro-Tem
Sam Burke, Council Member
Scott Garber, Council Member
Don Glockel, Council Member

Absent: Lowell Johnson, Council Member

Staff Members Present: Lee Ann Bunselmeyer, Finance Director
Fred Gibbs, Planning and Development Director
Cathy Stallcup, Administrative Assistant
Mack Reinwand, City Attorney
Jason Alexander, Economic Development Director
Shea Rodgers, Technology Services Manager
Cody Collier, Public Works Director
Mike Brownlee, City Engineer
Curtis Birt, Fire Chief LCFD
Chris Rodriguez, Financial Services Manager
Caryn Riggs, Assistant Finance Director
Guadalupe Ruiz, Human Resource Director

CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE:

Mayor Heidemann called the meeting to order at 6:47 P.M. Councilmember Garber delivered the invocation and led in the Pledge of Allegiance.

PUBLIC HEARING

1. Hold a public hearing on the fiscal year 2016-2017 Proposed Budget for the City of Corinth Crime Control and Prevention District.

Lee Ann Bunselmeyer, Acting City Manager – the item before you tonight is the approval of the Crime Control Budget and the State statute mandates that the Crime Control District Board approve the budget and recommend that it be forwarded to the City Council. Based on procedures that were adopted by the board in 2009, we have ten days from the approval of the board to forward that to the City Council.

Included in the Crime Control budget is two police officers for a total of \$165,664 and also includes a one-time purchase for mobile video recording system of \$53,240, Tasers for \$28,655 and a radio frequency identification system for \$24,730. We do have police staff here if anyone has any questions.

Councilmember Glockel – when we looked at this last year one of the things that was brought to my attention was crossing guards are one of the things that are typically paid for out of crime control, is that not correct?

Lee Ann Bunselmeyer, Acting City Manager – no, crossing guards are paid out of the child program safety fund. That is a fund that is restricted to safety and welfare of the children.

Mayor Heidemann opened the Public Hearing at 6:58 p.m. No one spoke during the public hearing. Mayor Heidemann closed the Public Hearing at 6:58 p.m.

BUSINESS AGENDA

2. Consider and act on the fiscal year 2016-2017 Proposed Budget for the City of Corinth Crime Control and Prevention District.

MOTION made by Councilmember Harrison to approve the fiscal year 2016-2017 Proposed Budget for the City of Corinth Crime Control and Prevention District. Seconded by Councilmember Garber.

AYES: Burke, Garber, Harrison, Glockel

ABSENT: Johnson

MOTION CARRIED

There was no Closed Session.

CLOSED SESSION

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Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in closed session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

ADJOURN

Mayor Heidemann adjourned the meeting at 7:02 p.m.

AYES: All

Meeting adjourned.

Approved by Corinth Crime Control & Prevention District Board on the _____ day of _____, 2017.

Kimberly Pence, City Secretary
City of Corinth, Texas

Crime Control & Prevention District Board of Directors

Meeting Date: 02/02/2017

Title: Crime Control & Prevention District Investment Policy

Submitted For: Lee Ann Bunselmeyer, Acting City Manager

Submitted By: Lee Ann Bunselmeyer, Acting City Manager

Finance Review: N/A

Legal Review: N/A

AGENDA ITEM

Consider and act on approving the Investment Policy for the Crime Control & Prevention District.

AGENDA ITEM SUMMARY/BACKGROUND

In accordance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, the city is required to adopt a formal written Investment Policy for the investment of public funds. The policy establishes investment parameters and guidelines for the investment program in order to achieve the goals of safety, liquidity, diversification, rate-of-return, and public trust, and designates the authorized investment officer responsible for the daily investment activity by the City.

As part of the annual review process, staff reviews the policy and may recommend revisions to the existing policy, if needed. Recommended revisions to the Crime Control & Prevention District's Investment Policy are listed below:

1. Section VI.A.1 Delegation of Authority (page 6, line 229) and Section X.A Authorized Financial Dealers and Institutions (page 11, line 491): Removed "or the Director's designated representative." . This policy grants explicit delegation of authority to the Director of Finance.
2. Section VI.B - Prudence (page 6, lines 261-265) - Updated prudent investor rule to coincide with the Public Funds Investment verbiage.
3. Section X.E Diversification (page 12, lines 534-536) - Added "In this way, bankruptcy, receivership or legal action would not immobilize the DISTRICT's ability to meet payroll or other expenses." This is consistent with the City's Investment Policy.
4. Replaced Officials with Officers throughout the policy to coincide with the Public Funds Investment Act verbiage.

The Finance Audit Committee reviewed the Investment Policy on November 30, 2016 and recommended approval.

RECOMMENDATION

Staff recommends approval of the Crime Control & Prevention District Investment Policy.

Attachments

Investment Policy

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**CORINTH, TEXAS
CORINTH CRIME CONTROL AND PREVENTION DISTRICT
INVESTMENT POLICY**

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PREFACE

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It is the policy of the City of Corinth (the "City") and the Corinth Crime Control and Prevention District (the "DISTRICT") that after allowing for the anticipated cash flow requirements and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate-of-return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for DISTRICT funds. The DISTRICT's portfolio shall be designed and managed in a manner responsive to the public trust and shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and adopted investment policy. The DISTRICT will invest public funds in a manner which will provide the maximum security and a market rate-of-return while meeting the daily cash flow demands of the DISTRICT.

Pursuant to Subchapter E of Chapter 363 of the Local Government Code, the DISTRICT designates the City of Corinth to invest its funds in accordance with the provisions and requirements of this policy and § 363.206(c) of the Texas Local Gov't Code.

27 **I. PURPOSE**

28
29 The purpose of this investment policy (the “policy”) is to set forth specific investment
30 policy and strategy guidelines for the DISTRICT in order to achieve the goals of safety,
31 liquidity, rate-of-return, and public trust for all investment activities.
32

33 **II. SCOPE**

34
35 The investment policy shall govern the investment of all financial assets considered to
36 be part of the DISTRICT and includes the following separately invested funds or fund
37 types: Operating, Reserve, and Bond Funds, although the DISTRICT has only operating
38 funds. This policy does not include funds governed by approved trust agreements, or
39 assets administered for the benefit of the DISTRICT by outside agencies under
40 retirement or deferred compensation programs. The City shall and will maintain
41 responsibility for these funds to the extent required by: Federal and State law; the City
42 Charter; and donor stipulations.
43

44 **III. INVESTMENT OBJECTIVES**

45
46 Funds of the DISTRICT shall be invested in accordance with all applicable Texas
47 statutes, this policy and any other approved, written administrative procedures. The five
48 objectives of the DISTRICT’s investment activities shall be as follows (in the order of
49 priority):
50

51 **A. Safety** – Preservation and safety of Principal. Safety of principal invested is the
52 foremost objective in the investment decisions of the DISTRICT. Each investment
53 transaction shall seek to ensure the preservation of capital in the overall portfolio.
54 The risk of loss shall be controlled by investing only in authorized securities as
55 defined in this policy, by qualifying the financial institutions with which the DISTRICT
56 will transact, and by portfolio diversification. Safety is defined as the undiminished
57 return of the principal on the DISTRICT’s investments
58

59 **B. Liquidity** -The investment portfolio shall be managed to maintain liquidity to ensure
60 that funds will be available to meet the DISTRICT’s cash flow requirements and by
61 investing in securities with active secondary markets. Investments shall be
62 structured in such a manner as to provide liquidity necessary to pay obligations as
63 they become due. A security may be liquidated prior to its stated maturity to meet
64 unanticipated cash requirements or to otherwise favorably adjust the DISTRICT’s
65 portfolio.
66

67 **C. Diversification** - Investment maturities shall be staggered throughout the budget
68 cycle to provide cash flow based on the anticipated needs of the DISTRICT.
69 Diversifying the appropriate maturity structure will reduce market cycle risk.
70

71 **D. Market Rate-of-Return (Yield)** - The DISTRICT’s investment portfolio shall be
72 designed to optimize a market rate-of-return on investments consistent with risk
73 constraints and cash flow requirements of the portfolio. The investment portfolio
74 shall be managed in a manner which seeks to attain a market rate-of-return
75 throughout budgetary and economic cycles. The DISTRICT will not attempt to
76 consistently attain an unrealistic above market rate-of-return as this objective will
77 subject the overall portfolio to greater risk. Therefore, the DISTRICT’s rate-of-return

78 objective is secondary to those of safety and liquidity. Rate-of-return (yield) is defined
79 as the annual income returned on an investment, expressed as a percentage.
80

- 81 E. Public Trust - The Investment Officer(s) shall avoid any transactions that might
82 impair public confidence in the DISTRICT's ability to govern effectively. The
83 governing body recognizes that in diversifying the portfolio, occasional measured
84 losses due to market volatility are inevitable, and must be considered within the
85 context of the overall portfolio's investment return, provided that adequate
86 diversification has been implemented. The prudence of the investment decision shall
87 be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.
88

89 **IV. INVESTMENT STRATEGY**

90
91 The City maintains a comprehensive and proactive cash management program which is
92 designed to monitor and control all DISTRICT funds to ensure maximum utilization and
93 yield a market rate-of-return. The basic and underlying strategy of this program is that
94 all of the DISTRICT's funds are earning interest. It is the responsibility and obligation of
95 the City to maintain a flexible approach and be prepared to modify the investment
96 strategy as market conditions dictate. The investment strategy described is predicated
97 on conditions as they now exist and are subject to change. The investment strategy
98 emphasizes low credit risk, diversification, and the management of maturities. The
99 strategy also considers the expertise and time constraints of the Investment Officers.
100 The allowable investments as defined in Section VII of this policy reflect the avoidance of
101 credit risk. Diversification refers to dividing investments among a variety of securities
102 offering independent returns. This strategy uses local government investment pools to
103 achieve diversification. The active management of maturities refers to structuring the
104 maturity dates of the direct investments so that, while funds are initially invested for a
105 longer period of time, some investments mature as cash needs require. The strategies
106 for the DISTRICT's investment activities shall be as follows:
107

108 **Strategy No. 1**

109 Diversifying the DISTRICT's investment opportunities through the use of local
110 government investment pools and money market mutual funds as authorized by the City
111 Council. An investment pool is a professionally managed portfolio of shared assets
112 created to invest public funds jointly on behalf of the governmental entities that
113 participate in the pool and whose investment objectives in order of priority match those
114 objectives of the DISTRICT. Fund withdrawals are usually available from investment
115 pools on a same-day basis, meaning the pools have a high degree of liquidity. Because
116 of the size and expertise of their staff, investment pools are able to prudently invest in a
117 variety of the investment types allowed by state law. In this manner, investment pools
118 achieve desired diversification. The strategy of the DISTRICT calls for the use of
119 investment pools as a primary source of diversification and a supplemental source of
120 liquidity. Funds that may be needed on a short-term basis but are in excess of the
121 amount maintained at the depository bank are available for deposit in investment pools.
122

123 **Strategy No. 2**

124 Building a ladder of authorized securities with staggered maturities for all or part of the
125 longer-term investable funds. The benefits of this ladder approach include the following:
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- 128 A. It is straight-forward and easily understood;
129
130 B. It will assure the DISTRICT that it will capture a reasonable portion of the yield curve;
131 and,
132
133 C. It provides predictable cash flow with scheduled maturities and reinvestment
134 opportunities.
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136 **Strategy No. 3**

137 Utilizing the services of a Professional Investment Advisor in order to maximize
138 investment earnings and realize market opportunities when they become available.
139 Other responsibilities of the Investment Advisor include, but are not limited to broker
140 compliance, security selection, competitive bidding, investment reporting, and security
141 documentation. The Investment Advisor must be registered with the Securities and
142 Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as
143 with the Texas State Securities Board and shall adhere to the spirit and philosophy of
144 this policy and avoid recommending or suggesting transactions outside the "Standard of
145 Care" under this policy.
146

147 **Strategy No. 4**

148 The DISTRICT will utilize a general investment strategy designed to address the unique
149 characteristics of specific fund-types (detailed strategies are presented in Attachment A):
150

- 151 A. Investment strategies for operating funds and pooled funds containing operating
152 funds have as their primary objective to assure that anticipated cash flows are
153 matched with adequate investment liquidity. The secondary objective is to create a
154 portfolio which will experience minimal volatility during economic cycles.
155
156 B. Investment strategies for reserve funds shall have as the primary objective the ability
157 to generate a dependable revenue stream to the appropriate reserve fund.
158
159 C. Investment strategies for special projects and capital projects funds will have as their
160 primary objective to assure that anticipated cash flows are matched with adequate
161 investment liquidity.
162
163 D. The investment maturity of bond proceeds (excluding reserve and debt service
164 funds) shall generally be limited to the anticipated cash flow requirement or the
165 "temporary period," as defined by Federal tax law. During the temporary period,
166 bond proceeds may be invested at an unrestricted yield. After the expiration of the
167 temporary period, bond proceeds subject to yield restriction shall be invested
168 considering the anticipated cash flow requirements of the funds and market
169 conditions to achieve compliance with the applicable regulations.
170

171 **Strategy No. 5**

172 The DISTRICT generally intends to hold all of its securities until they mature and will
173 accomplish this by maintaining sufficient liquidity in its portfolio so that it does not need
174 to sell a security early. Should it become necessary to sell a security prior to maturity,
175 where the sale proceeds are less than the current book value, the prior written consent
176 of the City Manager must be obtained. Securities may be sold prior to maturity by the
177 Director of Finance at or above their book value at any time, without the consent of the
178 City Manager.

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Strategy No. 6

All demand deposits of the DISTRICT will be concentrated with one central depository. The City’s depository procedure will maximize the DISTRICT's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the DISTRICT may be eligible to bid on DISTRICT investments.

Strategy No. 7

This policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The City will seek to maintain a depository contract which will be managed to a level that minimizes the cost of the banking relationship to the DISTRICT, while allowing the DISTRICT to earn an appropriate return on idle demand deposits.

Strategy No. 8

A single pooled fund group, as defined in this policy, may be utilized at the discretion of the Investment Officer. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the DISTRICT.

Strategy No. 9

Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

V. FINANCE AUDIT COMMITTEE

- A. Members - There is hereby created a Finance Audit Committee consisting of the City Manager, Director of Finance, a secondary Investment Officer designated by the Director of Finance, two members of the City Council and two citizens appointed by the City Council by majority vote.
- B. Scope - The Finance Audit Committee shall meet at least annually to determine general strategies and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the DISTRICT’s funds, authorized brokers and dealers, and the target rate-of-return on the investment portfolio.
- C. Procedures - The Finance Audit Committee shall provide minutes of its meetings. Any two members of the Finance Audit Committee may request a special meeting, and four members shall constitute a quorum. The Finance Audit Committee shall establish its own rules of procedures.

VI. RESPONSIBILITY AND STANDARD OF CARE

- A. The responsibility for the daily operation and management of the DISTRICT’s investments shall be outlined within this section.

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1. Delegation of Authority - Management responsibility for the investment program is hereby delegated to the Director of Finance ~~or the Director's designated representative~~, who shall be authorized to deposit, withdraw, invest, transfer or manage the funds of the DISTRICT and shall establish written procedures for the operation of the investment program, consistent with this policy. Such procedures shall include explicit delegation of authority to other persons responsible for investment transactions.— All persons involved in investment activities will be referred to in this policy as "Investment ~~Officials~~Officers."— No persons may engage in investment transactions, except as provided under the terms of this policy and the procedures established by the Director of Finance.
 2. The Director of Finance shall assume responsibility for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment ~~Officials~~Officers.— The system of controls shall be designed to provide reasonable assurance that ensures the assets of the DISTRICT are protected from loss, theft or misuse.— The concept of reasonable assurance recognizes that:
 - a. The cost of control should not exceed the benefits likely to be derived; and,
 - b. The valuation of costs and benefits requires estimates and judgments by management.
 3. The Director of Finance shall be designated as the primary Investment Officer for the DISTRICT and shall be responsible for investment decisions and activities under the direction of the City Manager. The Director of Finance may delegate any phase of the investment program to a secondary Investment Officer. Both the Director of Finance and the designated secondary Investment Officer are responsible for daily investment decisions and activities.— However, ultimate responsibility for investment decisions will rest with the Director of Finance.
- B. Prudence - The standard of prudence to be applied by the Investment Official shall be the "prudent investor" rule, which states, "investments shall be made with judgment and care, under prevailing circumstances ~~then prevailing~~, that which a persons of prudence, discretion and intelligence would exercise in the management of ~~their~~ the person's own affairs, not for speculation, but for investment, considering the probable safety of ~~their~~ capital as well as and the probable income to be derived." —In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:
1. The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
 2. The investment decision was consistent with the written investment policy and procedures of the DISTRICT.
- C. Due Diligence - The Director of Finance, designated secondary Investment Officer, Mayor, City Council, City Manager, other Finance employees and citizen committee members acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit

279 risk or market price changes, provided that these deviations are reported in a timely
280 manner and that appropriate action is taken to control adverse developments.
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282 **D. Ethical Standards and Conflicts of Interest**
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284 1. All DISTRICT Investment Officers having a direct or indirect role in the
285 investment of DISTRICT funds shall act as custodians of the public trust avoiding
286 any transaction which might involve a conflict of interest, the appearance of a
287 conflict of interest, or any activity which might otherwise discourage public
288 confidence. Officers and employees involved in the investment process shall
289 refrain from personal business activity that could conflict with proper execution of
290 the investment program, or which could impair the ability to make impartial
291 investment decisions.
292

293 2. An Investment Officer who has a personal business relationship with the
294 depository bank or with any entity seeking to sell an investment to the DISTRICT
295 shall file a statement disclosing that personal business interest.
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297 3. An Investment Officer has a personal business relationship with a business
298 organization if:
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300 a. The Investment Officer or one related to the Investment Officer within the
301 second degree of affinity or consanguinity owns 10% or more of the voting
302 stock or shares of the business organization or owns \$5,000 or more of the
303 fair market value of the business organization;
304

305 b. Funds received by the Investment Officer or one related to the Investment
306 Officer within the second degree of affinity or consanguinity from the business
307 organization exceed 10% of the Investment Official's gross income for the
308 prior year; or
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310 c. The Investment Officer or one related to the Investment Officer within the
311 second degree of affinity or consanguinity has acquired from the business
312 organization during the prior year investments with a book value of \$2,500 or
313 more for the personal account of the Investment Officer.
314

315 d. An Investment Officer who is related within the second degree of affinity or
316 consanguinity to an individual seeking to sell an investment to the DISTRICT
317 shall file a statement disclosing that relationship. A statement required under
318 this subsection must be filed with the Texas Ethics Commission and the City
319 Council.
320

321 **E. Training** - The City shall provide periodic training in investments for the investment
322 personnel through courses and seminars offered by professional organizations and
323 associations in order to ensure the quality and capability of the DISTRICT'S
324 investment personnel making investment decisions in compliance with the Public
325 Funds Investment Act (PFIA). The Investment Officials and the Finance Audit
326 Committee members shall attend at least one training session containing at least 10
327 hours of instruction relating to the officer's responsibility under the PFIA within 12
328 months after assuming duties, and thereafter shall attend at least 8 hours of
329 additional investment training in subsequent two-year periods which begin on the first

330 day of the fiscal year and consist of the two consecutive fiscal years after that date.
331 The Government Finance Officers Association of Texas, the Government Treasurers
332 Organization of Texas, the Texas Municipal League, or the North Central Texas
333 Council of Governments are approved as independent training sources by the City
334 Council.
335

336 VII. AUTHORIZED INVESTMENTS

337
338 A. Generally - Safety of principal is the primary objective in investing public funds and
339 can be accomplished by limiting credit risk and interest rate risk. Credit risk is the
340 risk associated with the failure of a security issuer or backer to pay back principal
341 and interest on a timely basis. Interest rate risk is the risk that the value of a portfolio
342 will decline due to an increase in the general level of interest rates. In order to
343 provide for safety of principal as the DISTRICT's primary objective, only certain
344 investments are authorized as acceptable investments for the DISTRICT. The
345 following list of authorized investments for the DISTRICT intentionally excludes some
346 investments authorized by state law. These restrictions are intended to limit possible
347 risk and provide the maximum measure of safety to DISTRICT funds. In the event an
348 authorized investment loses its required minimum credit rating, all prudent measures
349 will be taken to liquidate said investment. Additionally, the DISTRICT is not required
350 to liquidate investments that were authorized at the time of purchase.

351
352 B. Authorized and Acceptable Investments - The authorized list of investment
353 instruments is as follows:

- 354
- 355 1. Obligations of the United States or its agencies and instrumentalities or any
356 obligation fully guaranteed or insured by the Federal Deposit Insurance
357 Corporation (FDIC), *excluding mortgage-backed securities*.
 - 358
 - 359 2. Direct obligations of the State of Texas, or its agencies and instrumentalities
360 Other obligations, the principal of and interest on which are unconditionally
361 guaranteed or insured by, or backed by the full faith and credit of, the State of
362 Texas or the United States or their respective agencies and instrumentalities,
363 excluding mortgage-related securities.
 - 364

365 C. Certificates of Deposit – A certificate of deposit issued by a depository institution that
366 has its main office or branch office in this state, and is secured in accordance with
367 the specific collateralization requirements contained in section XI.B of this policy. In
368 addition, an investment in “bundled” or “shared” CDs made in accordance with the
369 following conditions is permitted:

- 370
- 371 1. The funds are invested through a broker that has its main office or a branch
372 office in this state selected from a list adopted by the City as required by Section
373 2256.025; or through a depository institution that has its main office or a branch
office in this state and that is selected by the City;

- 374
- 375 2. The selected broker or depository institution arranges for the deposit of the funds
376 in certificates of deposit in one or more federally insured depository institutions,
wherever located, for the account of the City.

- 377
3. The full amount of the principal and accrued interest of each of the CD is insured

- 378 by the United States or an instrumentality of the United States; and
- 379 4. The City appoints the depository institution, a clearing broker-dealer registered
380 with the Securities and Exchange Commission and operating pursuant to SEC
381 Rule 15c3-3, or an entity described in the Public Funds Collateral Act, Section
382 2257.041(d), as custodian for the City with respect to those CDs issued for the
383 City's account.
- 384
- 385 D. Eligible Local Government Investment Pools – AAA-rated public funds investment
386 pools, with a weighted average maturity of 60 days or less, individually approved by
387 formal Council resolution, which invest in instruments and follow practices allowed by
388 the current law as defined by Section 2256.016 of the Texas Government Code. The
389 pool must be continuously rated no lower than AAA or AAA-m or at an equivalent
390 rating by at least one nationally recognized rating service. A public funds investment
391 pool created to function as a money market mutual fund must mark to market daily
392 and, stabilize at a \$1 net asset value.
- 393
- 394 E. Repurchase Agreements – Fully collateralized repurchase agreements having a
395 defined termination date, placed through a primary government securities dealer or a
396 financial institution doing business in the State of Texas, and fully secured by cash
397 and obligations of the United States or its agencies and instrumentalities. This
398 collateral must be pledged to the DISTRICT and held in safekeeping with a third-
399 party custodian approved by the City. All collateral must be maintained at a market
400 value of no less than the principal amount of the outstanding funds disbursed. All
401 transactions shall be governed by signed Security Industry and Financial Markets
402 Association, (SIFMA) Master Repurchase Agreement. Repurchase agreements must
403 also be collateralized in accordance with State law as described in Section XI of this
404 policy. Authorization under this section includes flexible repurchase agreements
405 which may be used for specific investment of bond proceeds *but shall not include*
406 *reverse repurchase agreements*.
- 407
- 408 F. Bankers' Acceptances and Commercial Paper (LIMITED USE) – These investments
409 are authorized for the DISTRICT to the extent that they are contained in the
410 portfolios of approved public funds investment pools or money market funds in which
411 the DISTRICT invests.
- 412
- 413 G. AAA-rated SEC-Regulated 2a7 No-Load Money Market Mutual Funds – An SEC-
414 registered, no load money market mutual fund which has a dollar weighted average
415 stated maturity of 60 days or less whose assets consist exclusively of the assets
416 described in section VII.A and whose investment objectives includes the
417 maintenance of a stable net asset value of \$1 for each share: furthermore, it provides
418 the DISTRICT with a prospectus and other information required by the SEC act of
419 1934 or the Investment Advisor Act of 1940 and which provides the DISTRICT with a
420 prospectus and other information required by the Securities Exchange Act of 1934
421 (15 USC Section 78a et. Seq.) of the Investment Company Act of 1990 (15 USC
422 Section 80a-1 et. Seq.).
- 423
- 424 H. Unauthorized Securities – State law specifically prohibits investment in the following
425 securities:
- 426
- 427 1. An obligation whose payment represents the coupon payments on the

- 428 outstanding principal balance of the underlying mortgage-backed security and
 429 pays no principal.
 430
 431 2. An obligation whose payment represents the principal stream of cash flow from
 432 the underlying mortgage-backed security and bears no interest.
 433
 434 3. Collateralized mortgage obligations that have a stated final maturity date of
 435 greater than 10 years.
 436
 437 4. Collateralized mortgage obligations, the interest rate of which is determined by
 438 an index that adjusts opposite to the changes in a market index.
 439

440 **VIII. DIVERSIFICATION**

441
 442 **A. Generally** - Diversification of investment instruments shall be utilized to avoid
 443 incurring unreasonable risks resulting from over-concentration of investments in a
 444 specific maturity, a specific issue, or a specific class of securities. With the exception
 445 of U.S. Government securities (debt obligations issued by the U. S. Government, its
 446 agencies, or instrumentalities) as authorized in this policy, and authorized local
 447 government investment pools, no more than forty percent (40%) of the total
 448 investment portfolio will be invested in any one security type or with a single financial
 449 institution. Diversification of the portfolio considers diversification by maturity dates
 450 and diversification by investment instrument.
 451

452 **B. Diversification by Maturities** - The longer the maturity of investments, the greater
 453 their price volatility. Therefore, it is the DISTRICT's policy to concentrate its
 454 investment portfolio in shorter-term securities in order to limit principal risks caused
 455 by change in interest rates. The DISTRICT will attempt to match its investments with
 456 anticipated cash flow requirements. Unless matched to a specific cash flow
 457 (including the anticipated cash flow requirements of bond proceeds within the
 458 temporary period), the DISTRICT will not directly invest in securities maturing more
 459 than two (2) years from the date of purchase. However, the above described
 460 obligations, certificates, or agreements may be collateralized using longer date
 461 instruments. The DISTRICT shall diversify the use of investment instruments to
 462 avoid incurring unreasonable risks inherent in over-investing in specific instruments,
 463 individual financial institutions or maturities. Maturity scheduling shall be managed
 464 by the Investment Officer so that maturities of investments shall be timed to coincide
 465 with projected cash flow needs.
 466

467 The entire DISTRICT portfolio, or single pooled fund group if utilized, shall maintain a
 468 maximum average dollar-weighted maturity, based on the stated maturity date, of
 469 less than two hundred seventy (270) days. Investment maturities for debt service
 470 interest and sinking funds and/or other types of reserve funds, whose use is never
 471 anticipated, shall maintain a maximum average dollar-weighted maturity, based on
 472 the stated maturity date, of less than three hundred sixty-five (365) days.
 473

474 **C. Diversification by Investment Instrument** - Diversification by investment instrument
 475 shall not exceed the following guidelines for each type of instrument:

Maximum %
 of Portfolio

U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities	100%
Authorized Local Government Investment Pool	100%
Local Government Obligations	10%
Fully Collateralized Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	25%
SEC-Regulated No-Load Money Market Mutual Fund	100%
U.S. Treasury & Agency Callables	30%

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IX. SECURITY SWAPS

Security swaps may be considered as an investment option for the DISTRICT. A swap out of one instrument into another is acceptable to increase yield, realign for disbursement dates, extend or shorten maturity dates and improve market sector diversification. Swaps may be initiated by brokers/dealers who are on the City's approved list. A horizon analysis is required for each swap proving benefit to the DISTRICT before the trade decision is made, which will accompany the investment file for record keeping.

X. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.

- A. The Director of Finance, ~~or the Directors designated representative,~~ will maintain a list of financial institutions authorized to provide investment services to the City. In addition, a list will also be maintained of approved broker/dealers authorized to provide investment services in the State of Texas. These will include financial institutions that qualify under Securities & Exchange Commission Rule 15-C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.
- B. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following, as appropriate: audited financial statements, proof of Financial Industry Regulatory Authority certification, trading resolution, proof of State registration, completed broker/dealer questionnaire and certification of having read the DISTRICT's investment policy.
- C. The Finance Audit Committee shall be responsible for adopting the list of brokers and dealers of government securities. Their selection shall be among only primary government securities dealers that report directly to the New York Federal Reserve Bank, unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. The Finance Audit Committee shall base its evaluation of security dealers and financial institutions upon:
 1. Financial conditions, strength and capability to fulfill commitments;
 2. Overall reputation with other dealers or investors;
 3. Regulatory status of the dealer;
 4. Background and expertise of the individual representatives.

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- D. Investment ~~Officials~~ Officers shall only conduct business with securities dealers approved by the Finance Audit Committee and will not purchase investments from any financial organization until the organization's registered principal has executed a written instrument stating that he or she has thoroughly reviewed the DISTRICT's investment policy and acknowledges that reasonable procedures and controls have been implemented to preclude imprudent investment activities arising out of transactions between the organization and the DISTRICT, except to the extent that this authorization is dependent on an analysis of the makeup of the DISTRICT's entire portfolio or requires an interpretation of subjective investment standards.

- E. To guard against default possibilities under these conditions, and to assure diversification of bidders, business with any one issuer, or investment broker, should be limited to forty percent (40%) of the total portfolio at any point in time. In this way, bankruptcy, receivership or legal action would not immobilize the DISTRICT's ability to meet payroll or other expenses.

- F. All investment (governments or bank C.D.'s) will be solicited on a competitive basis with at least three (3) institutions. The Finance Audit Committee can approve exceptions on a case by case basis or on a general basis in the form of guidelines. These guidelines shall take into consideration the investment type maturity date, amount, and potential disruptiveness to the DISTRICT's investment strategy. The investment will be made with the broker/dealer offering the best yield/quality to the DISTRICT. The quotes may be accepted orally, in writing, electronically, or any combination of these methods.

- G. An annual review of the financial condition and registration of qualified financial organizations will be conducted by the Director of Finance.

- H. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the DISTRICT invests.

- I. If the City has contracted with a Registered Investment Advisor for the management of its funds, the advisor shall be responsible for performing due diligence on and maintaining a list of broker/dealers with which it shall transact business on behalf of the DISTRICT. The advisor shall determine selection criteria and shall annually present a list of its authorized broker/dealers to the CITY for review and likewise shall execute the aforementioned written instrument stating that the advisor has reviewed the DISTRICT's investment policy and has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the DISTRICT. The advisor shall obtain and document competitive bids and offers on all transactions and present these to the City as part of its standard trade documentation.

- J. It is the policy of the City that all security transactions entered into with the DISTRICT shall be conducted on a "Delivery-versus-Payment basis through the Federal Reserve System. By doing this, DISTRICT funds are not released until the City has received, through the Federal Reserve wire, the securities purchased. The City shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the DISTRICT. The notification may be oral, but shall be confirmed in writing.

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1. Financial conditions, strength and capability to fulfill commitments;
2. Overall reputation with other dealers or investors;
3. Regulatory status of the dealer;
4. Background and expertise of the individual representatives.

XI. SAFEKEEPING AND COLLATERALIZATION

- A. Safekeeping** - All securities owned by the DISTRICT shall be held by a third-party safekeeping agent selected by the City. The collateral for bank deposits will be held in the City's name in the bank's trust department, in a Federal Reserve Bank account in the City's name, or a third-party financial institutions doing business in the state of Texas, in accordance with state law. Original safekeeping receipts shall be obtained and held by the City. The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure time deposits.
- B. Collateralization** - Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to 102% of the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held by an independent third party with whom the City has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the City in the event the City has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the City are in jeopardy for whatever reason, including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the City and retained by the City.
1. The City may accept the following to insure or collateralize bank deposits:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - b. United States Treasuries & Agencies
 - c. Other securities as approved by the Finance Audit Committee
 2. For certificates of deposit and other evidences of deposit, collateral shall be at 102% of market value. The market value of collateral will always equal or exceed 102% of the principal plus accrued interest of deposits at financial institutions.

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3. Financial institutions with which the City invests or maintains other deposits shall provide monthly, and as requested by the Investment Officer, a listing of the collateral pledged to the City, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The City and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

C. Collateralized Deposits - Consistent with the requirements of State law, the City requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as City depositories will be required to sign a "Depository Agreement" with the City and the City's safekeeping agent. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

1. Agreement must be in writing;
2. Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
3. Agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
4. Agreement must be part of the Depository's "official record" continuously since its execution.

XII. INTERNAL CONTROL

The Investment Officer shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this policy. The City, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the DISTRICT's established investment policy.

XIII. PERFORMANCE

The DISTRICT's investment portfolio shall be designed to obtain a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the DISTRICT. This investment policy establishes "weighted average yield to maturity" as the standard portfolio performance measurement.

XIV. REPORTING

A. Quarterly - The Director of Finance shall prepare and submit a signed quarterly

674 investment report to the Corinth Crime Control and Prevention District Board and the
675 Finance Audit Committee that summarizes current market conditions, economic
676 developments, and anticipated investment conditions. The report shall summarize
677 investment strategies employed in the most recent quarter and describe the portfolio
678 in terms of investment securities, maturities, risk characteristics, and shall explain the
679 total investment return for the quarter. The City shall also monitor the credit ratings
680 on securities that require minimum ratings. This may be accomplished through staff
681 research, or with the assistance of broker-dealers, investment advisors, banks or
682 safekeeping agents.

683
684 **B. Annual Report** - Within 180 days of the end of the fiscal year, the Director of Finance
685 shall present an annual report on the investment program and investment activity.
686 This report may be presented as a component of the fourth quarter report to the
687 Corinth Crime Control and Prevention District Board, City Manager and the City
688 Council. The quarterly reports prepared by the Director of Finance shall be formally
689 reviewed at least annually by an independent auditor, and the result of the review
690 shall be reported to the City Council by that auditor.

691
692 **C. Methods** - The quarterly and annual investment reports shall include a succinct
693 management summary that provides a clear picture of the status of the current
694 investment portfolio and transactions made over the past quarter. This management
695 summary will be prepared in a manner which will allow the DISTRICT to ascertain
696 whether investment activities during the reporting period have conformed to the
697 investment policy. The report will be prepared in compliance with generally accepted
698 accounting principles. The report will include the following:

- 700 1. A listing of individual securities held at the end of the reporting period. This list
701 will include the name of the fund or pooled group fund for which each individual
702 investment was acquired;
- 703
704 2. Unrealized gains or losses resulting from appreciation or depreciation by listing
705 the beginning and ending book and market value of securities for the period.
706 Market values shall be obtained from financial institutions or portfolio reporting
707 services independent from the broker/dealer from which the security was
708 purchased;
- 709
710 3. Additions and changes to the market value during the period;
- 711
712 4. Fully accrued interest for the reporting period;
- 713
714 5. Average weighted yield to maturity of portfolio on entity investments as compared
715 to applicable benchmarks;
- 716
717 6. Listing of investments by maturity date;
- 718
719 7. The percentage of the total portfolio which each type of investment represents;
720 and
- 721
722 8. Statement of compliance of the DISTRICT's investment portfolio with State Law
723 and the investment strategy and policy approved by the City Council.
- 724

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9. Market yield benchmark comparison of the average 90-day U. S. Treasury Bill auction yield during the reporting period.

10. The guidelines of retaining records for seven years as recommended in the *Texas State Library Municipal Records Manual* should be followed. The Director of Finance shall oversee the filing and/or storing of investment records.

XV. INVESTMENT POLICY ADOPTION AND AMENDMENT

The DISTRICT’s investment policy shall be reviewed by the Corinth Crime Control and Prevention District and formally adopted and amended by resolution by the City Council. The CITY’s written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the CITY. The City Council, not less than annually, shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the policy or strategies.

751 **Attachment A**

752
753 CITY OF CORINTH, TEXAS
754 Corinth Crime Control and Prevention District
755 Investment Strategy Statement

756
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758 **Operating Funds**

- 759
- 760 1. Suitability - Any investment eligible in the investment policy is suitable for Operating
761 Funds.
 - 762
 - 763 2. Safety of Principal - All investments shall be of high quality securities with no
764 perceived default risk. Market price fluctuations will occur. However, by managing
765 the weighted average days to maturity for the Operating Fund's portfolio to less than
766 270 days and restricting the maximum allowable maturity to two years, the price
767 volatility of the overall portfolio will be minimized.
 - 768
 - 769 3. Marketability - Securities with active and efficient secondary markets are necessary
770 in the event of an unanticipated cash flow requirement. Historical market "spreads"
771 between the bid and offer prices of a particular security-type of less than a quarter of
772 a percentage point will define an efficient secondary market.
 - 773
 - 774 4. Liquidity - The Operating Fund requires the greatest short-term liquidity of any of the
775 Fund types. Short-term investment pools and money market mutual funds will
776 provide daily liquidity and may be utilized as a competitive yield alternative to fixed
777 maturity investments.
 - 778
 - 779 5. Diversification - Investment maturities should be staggered throughout the budget
780 cycle to provide cash flow based on the anticipated operating needs of the
781 DISTRICT. Market cycle risk will be reduced by diversifying the appropriate maturity
782 structure out through two years.
 - 783
 - 784 6. Yield - Attaining a competitive market yield for comparable security-types and
785 portfolio restrictions is the desired objective. The yield of an equally weighted, rolling
786 three-month treasury-bill portfolio will be the minimum yield objective.
 - 787

788 **Reserve Funds**

- 789
- 790 1. Suitability - Any investment eligible in the investment policy is suitable for Debt
791 Service Reserve Funds. Bond resolution and loan documentation constraints and
792 insurance company restrictions may create specific considerations in addition to the
793 investment policy.
 - 794
 - 795 2. Safety of Principal - All investments shall be of high quality securities with no
796 perceived default risk. Market price fluctuations will occur. However, managing Debt
797 Service Reserve Fund maturities to not exceed the call provisions of the borrowing
798 reduces the investment's market risk if the DISTRICT debt is redeemed and the
799 Reserve Fund liquidated. The fund shall maintain a maximum average dollar-
800 weighted maturity, based on the stated maturity date, of less than three hundred
801 sixty-five (365) days. No stated final investment maturity shall exceed the shorter of

- 802 the final maturity of the borrowing or two years. Annual mark-to-market requirements
803 or specific maturity and average life limitations within the borrowing's documentation
804 will influence the attractiveness of market risk and reduce the opportunity for maturity
805 extension.
- 806
- 807 3. Marketability - Securities with less active and efficient secondary markets are
808 acceptable for Debt Service Reserve Funds.
- 809
- 810 4. Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The
811 Funds are deposited to provide annual debt service payment protection to the
812 DISTRICT's debt holders. The funds are "returned" to the DISTRICT at the final debt
813 service payment. Market conditions and arbitrage regulation compliance determine
814 the advantage of security diversification and liquidity. Generally, if investment rates
815 exceed the cost of borrowing, the DISTRICT is best served by locking in investment
816 maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then
817 concurrent market conditions will determine the attractiveness of locking in maturities
818 or investing shorter and anticipating future increased yields.
- 819
- 820 5. Diversification - Market conditions and the arbitrage regulations influence the
821 attractiveness of staggering the maturity of fixed rate investments for Debt Service
822 Reserve Funds. At no time shall the final debt service payment date of the bond
823 issue be exceeded in an attempt to bolster yield.
- 824
- 825 6. Yield - Achieving a positive spread to the applicable borrowing cost is the desired
826 objective. Debt Service Reserve Fund portfolio management shall at all times
827 operate within the limits of the investment policy's risk constraints.
- 828

829 Bond Funds

- 830
- 831 1. Suitability - Any investment eligible in the investment policy is suitable for Bond
832 Funds.
- 833
- 834 2. Safety of Principal - All investments will be of high quality securities with no
835 perceived default risk. Market price fluctuations will occur. However, by managing
836 Bond Funds to not exceed the shorter of two years or the anticipated expenditure
837 schedule and maintaining a maximum average dollar-weighted maturity, based on
838 the stated maturity date, of less than three hundred sixty-five (365) days the market
839 risk of the overall portfolio will be minimized.
- 840
- 841 3. Marketability - Securities with active and efficient secondary markets are necessary
842 in the event of an unanticipated cash flow requirement. Historical market "spreads"
843 between the bid and offer prices of a particular security-type of less than a quarter of
844 a percentage point will define an efficient secondary market.
- 845
- 846 4. Liquidity – Bond Funds used for capital improvements programs have reasonably
847 predictable draw down schedules. Therefore investment maturities should generally
848 follow the anticipated cash flow requirements. Investment pools and money market
849 mutual funds will provide readily available funds generally equal to one month's
850 anticipated cash flow needs, or a competitive yield alternative for short term fixed
851 maturity investments. A singular repurchase agreement may be utilized if
852 disbursements are allowed in the amount necessary to satisfy any expenditure

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request. This investment structure is commonly referred to as a flexible repurchase agreement.

- 5. Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for construction, loan and bond proceeds. Generally, when investment rates exceed the applicable cost of borrowing, the DISTRICT is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

- 6. Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the investment policy's risk constraints. The yield of an equally weighted, rolling six-month treasury-bill portfolio will be the minimum yield objective for non-borrowed funds.

904 **Attachment B**

905
906 CITY OF CORINTH, TEXAS
907 Investment Policy

908
909 [SAMPLE]
910 TEXAS PUBLIC FUNDS INVESTMENT ACT
911 CERTIFICATION BY BUSINESS ORGANIZATION

912
913
914 This certification is executed on behalf of the CITY of Corinth, Texas (the "CITY") and
915 _____ (the Business Organization), pursuant to the Public
916 Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with
917 investment transactions conducted between the CITY and the Business Organization.

918
919 The undersigned Qualified Representative of the Business Organization hereby certifies on
920 behalf of the Business Organization that:

- 921
- 922 1. The undersigned is a Qualified Representative of the Business Organization offering to
923 enter an investment transaction with the Investor as such terms are used in the Public
924 Funds Investment Act, Chapter 2256, Texas Government Code; and
 - 925
926 2. The Qualified Representative of the Business Organization has received and reviewed
927 the investment policy furnished by the CITY; and
 - 928
929 3. The Qualified Representative of the Business Organization has implemented reasonable
930 procedures and controls in an effort to preclude investment transactions conducted
931 between the Business Organization and the CITY that are not authorized by the CITY's
932 investment policy, except to the extent that this authorization is dependent on an
933 analysis of the makeup of the CITY's entire portfolio or requires an interpretation of
934 subjective investment standards.

935
936
937 Qualified Representative of Business Organization

938
939 Firm: _____

940
941 Signature _____

942
943 Name: _____

944
945 Title: _____

946
947 Date: _____