

INVESTMENT POLICY FOR ANDREWS COUNTY

It being the desire of the Andrews County Commissioners' Court to establish a sound investment policy, which will provide for maximum investment return from funds belonging to Andrews County, the following INVESTMENT POLICY for Andrews County is adopted.

INVESTMENT OBJECTIVES AND STRATEGIES

1. To comply with the laws of the State of Texas as defined in Article 842A-2, Vernon's Texas Civil Statutes known as the "Public Investment Act of 1987" and specifically to the 1997 Texas Legislature amendments known as H.B. 2799 as it applies to the investments of Andrews County Funds.
2. To ensure that enough funds are available to meet immediate and short-term needs for the operation of Andrews County.
3. To provide for diversification in the types of investments, the amount of money invested and length of time of investments.
4. To ensure the safety of Andrews County's funds and to avoid speculative and careless investing.
5. To earn a maximum yield allowed through prudent and legal investment of county funds consistent with "Public Investment Act of 1987" and H.B. 2799 effective September 1, 1997.
6. Safety of Andrews County's funds is the foremost priority and objective of this investment policy. Accordingly, a rate of return that equals the average return on a six (6) month T-Bill will be considered a benchmark for a "riskless" investment and will comprise the standard to the portfolio's rate of return.
7. Each of the investment funds share the same objectives and strategies described in this investment policy.

In summary, the objectives and priorities of Andrews County's Investment Policy will be:

- Preservation of capital and protection of principal,
- Maintenance of sufficient liquidity,
- Safety of funds and investments
- Diversification to avoid unreasonable or avoidable risks, and
- Maximization of return on investments.

This Plan is effective upon the approval of the Andrews County Commissioner's Court. This plan is intended to be non-speculative.

The County Auditor, through the direction and recommendation of the Investment Committee will be responsible for the planning and purchase of all investments as set forth in the Investment Policy.

A minimum balance of two million dollars will be maintained in the depository bank as currently required and specified in the depository contract. There is not a maximum cap on deposits. Local government investment pools as defined and described in the Public Funds Investment Act will be utilized as it is necessary and upon approval by the Investment Committee.

Long term funds will be invested in approved local government investment pools, or obligations of or guaranteed by governmental entities or certificates of deposits purchased from approved broker dealers of maturities not to exceed 5 years. Maturities will be staggered in approximately 6 months maturities. All brokerage services are reviewed quarterly by the Committee. The public funds investment pool must be continuously rated no lower than AAA or AAA-m with a weighted average maturity not greater than 90 days or rated its equivalent AAAs with a weighted average maturity not greater than one year.

All funds belonging to Andrews County will be eligible for investing at the discretion of the Investment Officer with the oversight of the Investment Committee and approval from the Commissioners' Court.

The short- and long-term effectiveness of each account will be evaluated by the Investment Committee and recommendations made to the Commissioner's Court as needed. All investment policies apply the standard of prudence and its implementation of the character of the investment officer for being a "prudent investor." This principle or standard of prudence clearly states, "Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The investment officer, acting in accordance with written procedures and exercising due diligence, will not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

The investment officer must attend at least one training session of at least 10 hours within the 12 months after taking office or assuming duties and not less than 10 hours of instruction in every two-year period thereafter. The educational and training sessions will be provided by, and or approved by the Texas Association of Counties Investment Academy; thus, abiding by the standards set forth by TAC County Investment Academy Rules. Investment training and certification also may be attained through an institution of higher education or an organization's formal continuing education program.

The County Auditor is the Investment Officer for Andrews County. The Investment Officer will establish a system of internal controls. An outline of those internal controls is described below. The internal controls will be reviewed by the investment committee and with the outside independent auditor. The controls will be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees of Andrews County.

The foremost important control measure will be the utilization of an Investment Committee. The Committee will consist of the County Auditor, Assistant Auditor, the County Clerk, the County Judge, (or Judge Pro-Tem), a County Commissioner, a Justice of Peace, Chief Deputy of the Andrews County Sheriff's Department, a Juvenile Probation Officer, and the Andrews County Tax Assessor/Collector. Members of the Investment Committee will serve without compensation and will meet at least quarterly to determine general strategies and monitor results. The Investment Committee will meet quarterly, or no later than 45 days after each quarter end. The Investment Committee will include in its deliberations such topics as:

- A. An economic outlook
- B. Portfolio diversification
- C. Maturity structure
- D. Potential risk
- E. A target rate of return (yield)

A single member may request a special meeting if so desired, and five members will constitute a quorum. The committee will establish its' own rules of procedure.

To enhance the internal control of the County's investments, the Investment Committee will:

1. Determine the amount of funds, which are available for investment.
2. Determine the types of investments, which will yield maximum income to the County of Andrews, Texas.
3. Determine the length of time for which investments will be made.
4. Ensure that enough funds are available to meet immediate and short-term needs for the operation of Andrews County.
5. Make recommendations to the Commissioner's Court concerning investments, which require prior approval from the Court before investments are made.
6. Provide to the Commissioner's Court a monthly report and an annual all-inclusive report of invested County funds showing type of investment, length of investment, amount of investment, and accrued interest from investments.
7. Receive and provide for the safekeeping of all pledged securities as collateral for invested funds.
8. The purchase of qualified agencies, securities and certificates of deposit by the Investment Officer must include the signature of an additional committee member.

9. The Commissioner's Court upon the recommendation of the Investment Committee approve such letters of recommendation as a resolution stating that it has reviewed the investments, the investment policy, and the investment strategies. The approval by the Commissioner's Court of such letters so adopted will record any changes made to either the investment policy or investment strategies.
10. The quarterly investment report will include a summary statement of investment activity for each pooled fund group stating those investments are in compliance with generally accepted accounting principles and they include fully accrued interest for the reporting period as outlined in GASB No. 31. Investments with TexPool, TexPool Prime, TexStar, and/or Texas Class and the certificates of deposits with the depository bank are excluded from GASB No. 31.

Except for deferred compensation funds, liquid assets (cash) of Andrews County may be invested in the following manner:

- A. Federal Agencies, U.S. Treasuries and/or other U.S. Government backed instrumentalities maturing in five (5) years or less.
- B. Investment Pools as identified in the Public Funds Investment Act which include both TexPool, TexPool Prime, TexSTAR, and Texas Class investment pools.
- C. Fully collateralized bank certificates of deposits from the depository bank that mature in two (2) years or less.
- D. Certificate of deposits fully insured by the FDIC from approved broker/dealers
- E. Fully collateralized demand deposits in the depository bank.

A copy of the approved investment policy will be provided to all sellers (Brokers) of investments to Andrews County. In return, those sellers will provide Andrews County the name of the "qualified person" authorized to sign the written instrument on behalf of brokers, banks, and investment pools. A written statement acknowledging that the seller has received and reviewed the investment policy of Andrews County. The responsibility of the seller is limited and dependent upon the analysis and review of Andrews County's entire investment portfolio.

To ensure liquidity, a minimum cash balance of two (2) million dollars will be maintained (fully collateralized) in the depository bank. An authorized investment pool (TexPool, TexPool Prime, TexSTAR, and or Texas Class) will be utilized as deemed necessary by the Investment Committee. All funds will be identified appropriately and proportionally as: General Fund, Road & Bridge Fund, Cost Account Fund, etc. All funds will be interest-bearing accounts.

Depositories will be selected through the government's banking services procurement process, which will include a formal bid request proposal every two (2) or four (4) years as allowed through H.B. 1907. The depository bank will act as an agent for the purchase or sale of any U.S. Treasury securities not obtained through direct purchase and held until maturity.

All investments will be made in the name of Andrews County. Certificates of Deposits purchased from the local depository will be stored in the vault in the Auditor's Office for safekeeping. Agencies, securities and certificates of deposit purchased through approved brokers/dealers will be kept by book entry by the County's chosen safekeeping bank and upon maturity, deposited by direct deposit in Andrews County's banks accounts; reinvested in U.S. Treasury instruments; or deposited in the investment pools. The purchase of agencies, securities and certificates of deposit will be settled on a delivery basis only.

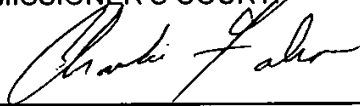
Investment reports will always reflect and compare each investment purchase price with the current market value. Safekeeping procedures will be reviewed annually by the independent outside auditor. The independent auditor will conduct periodic surprise audits of safekeeping and custodial systems.

THIS INVESTMENT POLICY IS APPROVED DURING A REGULAR MEETING OF THE ANDREWS COUNTY COMMISSIONER'S COURT ON THE **28TH DAY OF SEPTEMBER 2021** AND BECOMES A PART OF THE OFFICIAL MINUTES OF THE ANDREWS COUNTY COMMISSIONER'S COURT.

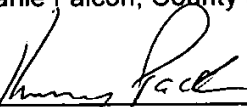
MOTION BY: Commissioner Kerry Pack

SECOND BY: Commissioner Jeneane Anderegg

ENTERED IN THE OFFICIAL MINUTES OF THE ANDREWS COUNTY COMMISSIONER'S COURT



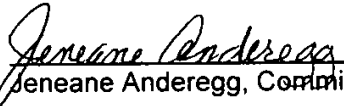
Charlie Falcon, County Judge



Kerry Pack, Commissioner, Pct 1



Mark Savell, Commissioner, Pct 2



Jeneane Anderegg, Commissioner, Pct 3



Jim Waldrop, Commissioner, Pct 4