

RESOLUTION ADOPTING REVISED INVESTMENT POLICY,
STRATEGIES, GUIDELINES AND MANAGEMENT PRACTICES
FOR TRAVIS COUNTY
EMERGENCY SERVICES DISTRICT NO. 5

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

WHEREAS, Travis County Emergency Services District No. 5 is a political subdivision of the State of Texas, created and operating under Chapter 775, Texas Health & Safety Code (the "Code");

WHEREAS, Section 2256.005 of the Texas Government Code, (the "Public Funds Investment Act"), requires an emergency services district to adopt an investment policy and investment strategies for each of the funds under its control;

WHEREAS, the Board of Commissioners for Travis County Emergency Services District No. 5 adopted a Resolution Adopting Investment Policy, Strategies, Guidelines and Management Practices on February 05, 2018, amended on OCT 8 2020;

WHEREAS, the Public Funds Investment Act requires an annual review of its investment policy and investment strategies, and that review will produce a written instrument by rule, order, ordinance or resolution 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 investment policy or investment strategies; and

WHEREAS, the Board of Commissioners of Travis County Emergency Services District No. 5 desires to amend its investment policy, strategies, guidelines and management practices for the District.

NOW THEREFORE, IT IS RESOLVED BY THE BOARD OF EMERGENCY SERVICES COMMISSIONERS OF TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5, THAT THE FOLLOWING INVESTMENT POLICY, STRATEGIES, GUIDELINES AND MANAGEMENT PRACTICES ARE ADOPTED:

ARTICLE I.
DEFINITIONS

- 1.1 Board.
"Board" means the Board of Emergency Services Commissioners of Travis County Emergency Services District No. 5.
- 1.2 Commissioner.
"Commissioner" means a person appointed to serve on the Board of the District.
- 1.3 District.
"District" means Travis County Emergency Services District No. 5.

- 1.4 Investment Officer.
"Investment Officer" means a person designated by the Board to handle District investments.

ARTICLE II. INVESTMENT POLICY

2.1 Purpose.

This investment policy ("Investment Policy") is adopted in order to comply with the Public Funds Investment Act and to set forth: the general policies governing investment of District funds; the specific investment strategies applicable to each particular fund of the District; the guidelines for investment of District funds, including the types of investments authorized for District funds; and the investment management policies of the District.

2.2 Scope

This Investment Policy applies to all transactions involving the investment of assets of the District.

2.3 Policy

It is the policy of the District to invest all available funds in compliance with applicable legal requirements and the guidelines stated in this Investment Policy and the District's Investment Strategy set forth in Article III. Investments will be made under the provisions of state and federal law and the restrictions in any District bond resolutions. Effective cash management is recognized as a foundation of this Investment Policy. Notwithstanding the foregoing, investment of District funds is limited to the types of investments set forth in Section 4.02.

2.4 Investment Objectives.

The District's investment portfolio will be planned and managed to take advantage of investment interest as a source of income from all operating and capital funds. In addition, the portfolio will be managed in accordance with the covenants of District bond resolutions, including covenants with respect to the arbitrage regulations under the Internal Revenue Code, and will give consideration to the following objectives, in order of importance:

- A. Suitability: The District will give priority to understanding the suitability of each investment to the financial requirements of the District.
- B. Safety of capital: The primary objective of the District is to ensure the preservation and safety of principal.
- C. Liquidity: The District will maintain sufficient liquidity to ensure adequate and timely availability of funds necessary to pay obligations as they become due.
- D. Marketability: The District will strive to ensure the

marketability of the investment.

E. Diversification: The District will seek to ensure diversity in its investment portfolio.

F. Yield: The District will seek to optimize return on investments within the constraints of safety and liquidity.

2.5 Standard of Care.

The District will seek to ensure that all persons involved in the investment process act responsibly in the preservation of District capital. District investments will be made with the exercise of judgment and care, under circumstances then prevailing, that 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.

2.6 Representations and Authorized Instruments.

Purchases and sales of District investments will only be initiated by an Investment Officer who is designated by resolution of the Board. The Board may, by resolution, authorize the Investment Officer to invest and reinvest funds of the District in accordance with this Investment Policy and the Investment Strategy. District funds will be invested only in those types of investments authorized under District bond resolutions, the Texas Public Funds Investment Act, as amended, the Texas Health & Safety Code and other applicable state law.

2.7 Collateralization.

Funds held at a bank or trust company that are not invested will be collateralized by collateral securities set forth in the Texas Public Funds Collateral Act, as amended, to the extent not covered by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC), or their successors.

2.8 Review.

Compliance of District investments with this Investment Policy will be regularly monitored. This Investment Policy and investment performance and security will be reviewed and evaluated at least annually by the Board, or more frequently upon the request of any Commissioner.

ARTICLE III.
INVESTMENT
STRATEGY

3.1 Purpose.

The purpose of this Article is to provide an investment strategy to meet the objectives of the District's group of funds, as set forth in Section 2.04, as well as the objectives that are particular to each of the three funds comprising the District's group of funds, as set forth in Sections 3.02, 3.03, 3.04 and 3.05.

3.2 Operating Fund.

The particularized investment objectives for the operating fund are: preserving the safety of the principal; ensuring the funds are available as needed to pay the District's monthly operating expenses, as estimated by the annual operating budget adopted by the Board and, ensuring that the investments can be readily liquidated in the event there are unexpected additional costs. A fund balance equal to three months of expenses must be kept extremely liquid for normal uses. Any balance in excess of three months of expenses will be kept in investments that may be liquidated easily if the need arises, but in no case may any investment mature later than 60 days after the date of purchase, unless the Board authorizes an investment with a longer maturity.

3.3 Debt Service Fund.

The particularized investment objectives for the debt service fund are: the safety of the principal; ensuring that funds are available as necessary to meet the debt service needs of the District; ensuring compliance with District's bond resolutions and, subject to compliance with the objectives of Section 2.04 and the satisfaction of the requirements of all bond resolutions, obtaining the maximum yield. Investments for this account will be structured to match debt service needs. When safety of principal and liquidity to match debt service are assured, yield may be considered. For funds needed for the District's next debt service payment, the investment must mature no later than the date the debt service payment is due. For funds in reserve, the investment must mature no later than 12 months after the date of purchase. Because of the large amount of District funds that may exist in this account, diversification of investments will be considered.

3.4 Capital Projects and Purchases Fund.

The particularized investment objectives of the capital projects and purchases fund are: preserving the safety of the principal; ensuring that funds are available as needed to meet the construction needs of the District; ensuring there is adequate liquidity; and obtaining the maximum yield on investments. Investments of funds needed for planned capital projects or purchases with a known commencement or purchase date must mature no later than the date the funds will be needed to pay for the project or purchase,

as determined by the Board. Investments of funds that are not designated for specific projects or purchases must mature no later than 12 months after the date of purchase, unless the Board authorized an investment with a longer maturity.

3.5 Rainy Day Fund.

The particularized investment objectives of the rainy-day fund are: implementing a third level of cash reserve that is less liquid but earns higher interest, and to allow predictable amounts of cash to become available at predetermined intervals in case of emergency expenditures that exceed levels of operating fund cash reserves held in bank accounts. As the District grows and the operating fund reserve requirements (equal to three months' expenses) increase, the account will need to grow to accommodate this reserve requirement, so the dividends are being held in the brokerage account with the Certificates of Deposit, to allow for increased savings for reserve expense levels at a higher rate of interest. The dividend funds are held in a money market fund and will be invested on six-month intervals with the timing of Certificate of Deposit maturities using the same methodology.

ARTICLE IV. INVESTMENT GUIDELINES

4.1 Purpose.

The purpose of this Article is to set forth the types of authorized investments in which the District's funds may be invested and the manner in which certain investments may be made ("Authorized Investments").

4.2 Authorized Investments.

A. The District may invest its funds only in the Authorized Investments set forth in and subject to the limitations imposed by the following sections of the Public Funds Investment Act:

1. Government Code Section 2256.009: Obligations of, or Guaranteed by, Governmental Entities. Subject to the limitations set forth in Section 2256.009, Government Code, the District is authorized to invest funds in obligations of, or guaranteed by, the United States or one of its agencies or instrumentalities or obligations of, or guaranteed by, other governmental entities.

2. Government Code Section 2256.010: Certificates of Deposit and Share Certificates. Subject to the limitations set forth in Section 2256.010, Government Code, the District is authorized to invest its funds in certificates of deposit or share certificates that are: issued by a depository institution domiciled in Texas; guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or its successor; and secured in a manner authorized under Section 2256.010, Government Code. Principal and accrued interest may not exceed FDIC limits or the collateral

pledged as security for the District's investments as set forth in Section 4.04.

3. Government Code Section 2256.014: Mutual Funds.

Subject to the limitations set forth in Section 2256.008, Government Code, the District is authorized to invest its funds in mutual funds that:

(a) is a no-load money market mutual fund that:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities and Exchange Act of 1934, or the Investment Company Act of 1940;

(3) and complies with federal Securities and Exchange Commission Rule 2a-7, promulgated under the Investment Company Act of 1940; or

(b) Is a no-load money market mutual fund that:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years;

(3) and either:

(a) has a duration of one year or more and is invested exclusively in obligations approved by Section 2256.009, Government Code, or

(b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) The District is not authorized under this section to invest in the aggregate more than fifteen percent of its monthly average fund balance, excluding bond proceeds, reserves and funds held for that debt service, in mutual funds.

4. Government Code Section 2256.016: Investment Pools.

Subject to the limitations set forth in Section 2256.016, Government Code, the District is authorized to invest its

funds through an eligible investment pool, including the TexPool or TexPool Prime investment pools, operated by the State of Texas, and Texas CLASS and Texas CLASS Government, operated by Public Trust Advisers LLC, if the governing Board by resolution authorizes investment in the particular pool. The maximum dollar-weighted maturity for investment pool accounts based on the stated maturity date for the portfolio may not exceed 60 days.

B. The Treasurer, Investment Officer and chief financial officer of the District (if the chief financial officer is not the treasurer) attend and successfully complete the training requirements under Section 2256.008, Government Code, the District may invest its funds in mutual funds pursuant to Section 2256.014, Government Code and additional investments subject to authorization and limitations set forth in Section 2256, Government Code.

4.3 Manner of Solicitation of Certificates of Deposit. As authorized by Section 2256.00S(c), Government Code, bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

4.4 Security of Funds/Collateral Policy.

A. It is the policy of the District that all funds must be insured by the FDIC or FSLIC or the collateral pledged to the extent of the fair market value of any amount not insured. The District recognizes that FDIC insurance is only available up to a maximum of \$250,000 (including accrued interest) for Time or Savings Deposits, \$250,000 for Demand Deposits, and \$250,000 for Interest and Sinking Fund deposits, and that the amount of funds on deposit at any one Texas financial institution (including branch banks located within the same county) will be totaled to determine the maximum amount of insurance coverage.

B. To the extent District funds are not insured by the FDIC or FSLIC, they must be secured in the manner provided by law for the security of funds by Chapter 2257 of the Government Code (the Public Funds Collateral Act). There must be pledged as collateral for such funds, to the extent of the market value of the funds, any of the following securities: (1) government securities or obligations issued by the State of Texas, its agencies or political subdivisions, and approved by the Attorney General of Texas payable from taxes or revenues, approved by the Investment Committee, hereinafter defined; or (2) direct obligations of the United States backed by the full faith and credit of the government; or (3) any other obligations or securities authorized to be collateral securing the funds of emergency services districts under the laws of the State of Texas that are approved by the Investment Committee.

C. A bank or trust company holding uninvested District funds must provide a

summary of the funds held and the collateral securities pledged against the funds to the District on a monthly basis.

- 4.5 Loss of Required Rating. An investment under Section 4.02 that requires a minimum rating does not qualify as an Authorized Investment during the period that the investment does not have the minimum rating. The Investment Officer must take all prudent measures that are consistent with this Resolution to liquidate an investment that does not have a minimum rating.
- 4.6 Delivery versus Payment. It will be the policy of the District that the settlement of all transactions, save investment pool and mutual fund transactions, shall be made on a delivery versus payment basis, pursuant to Section 2256.005(b)(4)(E), Government Code.

ARTICLE V. INVESTMENT MANAGEMENT PRACTICES

- 5.1 Designation of Investment Officer. The District's Treasurer will serve as an Investment Officer for the District. But the Board has authority to appoint an Investment Officer other than the District's Treasurer. The Investment Officer has the authority to deposit, withdraw, invest, transfer, and manage the District's funds in accordance with these Investment Policies and applicable law
- 5.2 Investment Training. The District's Treasurer, Investment Officer, and the chief financial officer (if the treasurer is not the chief financial officer) shall:
- A. Attend at least one training session from an independent source approved by the Board of Commissioners of the District containing at least 10 hours of instruction relating to the District Treasurer's or Chief Financial Officer's responsibilities under Section 2256, Government Code, within 12 months after taking office or assuming duties; and
- B. Attend an investment training session not less than once in a two-year period that begins on the first day of the District's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under Section 2256, Government Code.
- 5.3 Compliance Audit. The District, in conjunction with its annual financial audit, will perform a compliance audit of management controls on investments and adherence to this Resolution.
- 5.4 Disclosure of Investment Policy.
- A. The Investment Officer will provide a copy of this Resolution to any person seeking to sell the District an Authorized Investment. The registered

principal of the business organization must execute a written acknowledgment in the form set forth in Exhibit "A", to the effect that he has received and thoroughly reviewed the Investment Policy of the District and acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of the investment transactions conducted between the District and the organization. The Investment Officer may not buy any securities from a person who has not delivered to the District a written acknowledgment in the form set forth in Exhibit "A".

B. The Investment Officer must execute a written statement in the form set forth in Exhibit "B" to the effect that the Investment Officer has reviewed this Investment Policy and has implemented procedures and controls to comply with the Investment Policy.

- 5.5 Previous Investment Policies Superseded. By passing this Investment Policy, the Board intends that this Investment Policy supersede and replace any previous investment policy adopted by the Board.

PASSED AND APPROVED this 8 day of October, 2020

TRAVIS COUNTY EMERGENCY
SERVICES DISTRICT NO. 5

ATTEST:



EXHIBIT "B"

INVESTMENT OFFICER'S
CERTIFICATION OF RECEIPT
AND

REVIEW OF INVESTMENT POLICY

THE STATE OF TEXAS

COUNTY OF TRAVIS

I, the undersigned Dennis Wright as a designated Investment Officer of Travis County Emergency Services District No. 5, do hereby certify that I have been presented a copy of the Resolution Adopting Investment Policy, Strategies, Guidelines and Management Practices for Travis County Emergency Services District No. 5 (the "Investment Policy"). I have thoroughly reviewed the Investment Policy and acknowledge that Travis County Emergency Services District No. 5 has implemented procedures and controls to comply with the Investment Policy.

WITNESS MY HAND THIS 8th day of October, 2020

Dennis Wright
Name: Dennis Wright

Title: Treasurer

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

The undersigned officer of the Board of Commissioners ("Board") of Travis County Emergency Services District No. 5 hereby certifies as follows:

1. The Board of Commissioners of Travis County Emergency Services District No. 5 convened in regular session on the OCTOBER 8, 2020, at the regular designated meeting place, and the following officers and members of the Board:

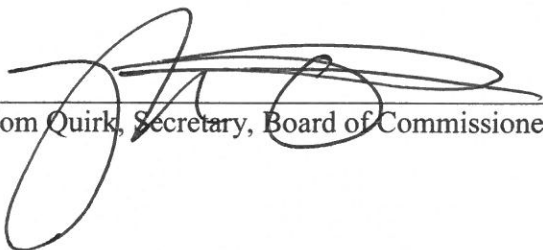
Reed Boyd	President
Tom Dodds	VP
Tom Quirk	Secretary
Dennis Wright	Treasurer
Judy Canion	Asst. Treasurer

RESOLUTION ADOPTING REVISED INVESTMENT POLICY,
STRATEGIES, GUIDELINES AND MANAGEMENT PRACTICES FOR
TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

was introduced for the consideration of the Board. It was then moved and seconded that the Resolution be adopted, and, after discussion, the motion prevailed and carried by majority vote.

2. A true, full and correct copy of the Resolution adopted at the meeting described above is attached to this certificate. The Resolution has been recorded in the District's minutes of the meeting. The persons named in the paragraph above are the duly chosen, qualified and acting officers and members of the Board as indicated in paragraph 1. Each of the officers and members of the Board was notified officially and personally, in advance, of the time, place and purpose of the Board meeting and that the Resolution would be introduced and considered for adoption at the meeting. Each of the officers and members consented, in advance, to holding the meeting for such purpose. The meeting was open to the public as required by law, and public notice of the time, place and subject of the meeting was given as required by Chapter 551 of the Government Code.

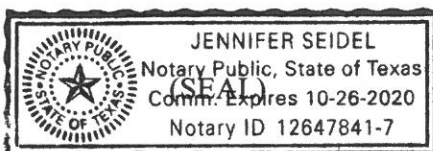
SIGNED AND SEALED the 8 day of October, 2020


Tom Quirk, Secretary, Board of Commissioners

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on October 8, 2020, by Tom Quirk, Secretary of the Board of Commissioners of Travis County Emergency District No. 5, on behalf of the District.




Notary Public Signature