

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 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 Committee means persons designated by the Board to handle District investments.

## ARTICLE II. INVESTMENT POLICY

2.01 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 U.S. 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 24 months after the date of purchase, unless the Board authorizes an investment with a longer maturity.

3.3 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.

#### 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.

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.

4.3 Manner of Solicitation of Certificates of Deposit. As authorized by Section 2256.005(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 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 or assistant treasurer and one other member of the board will serve as the investment committee. They have the authority to deposit, withdraw, invest, transfer, and manage the District's funds in accordance with these Investment Policies and applicable law.

5.2 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.

5.3 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 9<sup>th</sup> of February 14, 2023

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

  
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Reed Boyd, President