

INVESTMENT POLICY
SAN AUGUSTINE COUNTY

I. INVESTMENT SCOPE

GENERAL SCOPE

This policy serves to satisfy the statutory requirements of the Local Government Code 116.112 and Government Code chapter 2256 to define and adopt a formal investment policy. This policy shall be reviewed and adopted by resolution at least annually in accordance with Section 2256.005 (e), GC.

FUNDS INCLUDED

This investment policy applies to all financial assets of all funds of the County of San Augustine, Texas at the present time any funds to be created in the future; and any funds to be held in custody by the San Augustine County Treasurer and any depository bank.

II. INVESTMENT OBJECTIVE

GENERAL STATEMENT

Funds of the County will be invested in accordance with Federal and State laws, this investment policy and written administrative procedures. The County will invest according to the investment strategies for each fund as they are adopted by Commissioners' Court resolution in accordance with 2256.005(d), GC.

SAFETY

The County is concerned about the return of its principal; therefore, safety is the primary objective in any investment transition.

LIQUIDITY

The County's investment portfolio must be structures in conformity with asset/liability management plan (MMP) which provides for quick liquidity necessary to pay obligations as they become due.

DIVERSIFICATION

It will be the policy of the County to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in specific maturities, a specific issuer or a specific class of investments. Investments of the County shall always be selected that provide for safety of principal, stability of income and reasonable liquidity prior to maturity.

YIELD

It will be the objective of the County to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investments strategies for each fund and all state and federal law governing investments of public funds.

MATURITY

Portfolio maturities will be structured to meet the obligation of the County first and then to achieve the maximum rate of return consistent with liquidity requirements. When the County has funds that will not be needed to meet the current-year obligations, maximum restraints will be imposed based upon the investment strategy for each fund.

QUALITY & CAPABILITY OF INVESTMENT MANAGEMENT

It is in the County's policy to provide training required by the Public Funds Act, section 2256.008 and periodic training in investments for the County Treasurer, who is also named County Investments Officer, and other members of the Investment Advisory Committee through courses and seminars offered by professional organizations and associations in order to insure the quality, capability, professional expertise and timeliness of the County Investment Officer and other members of the Investment Advisory Committee in making decisions.

III. INVESTMENT RESPONSIBILITY & CONTROL

LIABILITY OF INVESTMENT OFFICER

In accordance with section 113.005, Local Government Code, the County Investment Officer is not responsible for any loss of the County funds through failure or negligence of a depository. This section does not release the Investment Officer from responsibility for loss resulting from the official misconduct or negligence of the Investment Officer, including a misappropriation of the funds, or from the

responsibility for funds until a depository is selected and the funds are deposited. If the Investment Officer is other than the County Treasurer, the person must be fully bonded.

INVESTMENT INSTITUTIONS DEFINED

The San Augustine County Investments Officer shall invest County funds with any or all of the following institutions or groups consistent with the governing law (Government Code, chapter 2256).

1. Depository Bank;
2. Certificates of Deposit if issued by state and/or National Banks domiciled in this state or a savings and loan association domiciled in this state and is (GC 2256.010):
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor
3. Eligible investment pools (as discussed in the Public Funds Investment Act, GC 2256 .016-2256.019) the Commissioners' Court by resolution authorizes investments in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. A county, by contract, may delegate to an investment pool the authority to hold legal title as custodian investments purchased with its local fund.

IV. INVESTMENT REPORTING

REGULAR REPORTS

In accordance with GC 2256.0023, not less than quarterly, the investment officer shall prepare and submit to the San Augustine County Commissioner's Court a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

NOTIFICATIONS OF INVESTMENT CHANGES

It shall be the duty of the County Investment Officer of San Augustine County, Texas to notify the San Augustine County Commissioners' Court of any significant changes in current investment methods and procedures prior to their implementations, regardless of whether they are authorized by this policy or not.

V. INVESTMENT TYPES

AUTHORIZED

The County Investment Officer shall use any or all of the following authorized investment instruments consistent with governing law (GC 2256).

- a. Money market accounts with the depository bank or any participating bank. All monies must be covered by FDIC insurance or pledged securities that are acceptable in accordance with state and federal laws.
- b. Interest bearing accounts with the depository bank or any participating bank. All monies on deposit must be covered by FDIC insurance or pledged securities that are acceptable in accordance with state and federal laws.
- c. Certificates of deposit if issued by a state and /or national banks domiciled in this state or a savings and loan association domiciled in this state and is (GC 2256.010);
 - i. Guaranteed or insured by the FDIC, or its successor; and
 - ii. Secured by obligations that are described by section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by section 2256.009(a) PFIA.
- d. Eligible investment pools (as discussed in the PFIA, GC 2256.026-2256.019) if the Commissioners' Court by resolutions authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the PFIA. A county, by contract, may delegate to an investment pool that authority to hold legal title as custodian of investments purchased with its local funds.

PROHIBITED

The San Augustine County Investment Officer has no authority to purchase and is prohibited from purchasing any of the following investment instruments which are strictly prohibited, 2256.009(b) GC.

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security and pay no principal.
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- c. Collateralized mortgage obligations

VI. INVESTMENT RESPONSIBILITY & CONTROL

INVESTMENT INSTITUTION DEFINED

The Investment Officer shall invest all County funds with any or all the following institutions or groups consistent with federal and state law and the current depository bank contract.

- a. Depository Bank
- b. Other state or national banks domiciled in Texas that are insured by FDIC; or
- c. Public funds investment pool

QUALIFICATION FOR APPROVAL OF BROKERS/DEALERS

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

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

The Investment Committee shall, at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with San Augustine County.

STANDARDS OF OPERATION

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

DELIVERY VS. PAYMENT

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

AUDIT CONTROL

The county Investment Officer will establish liaison with the San Augustine County Auditor. In addition, it is the policy of the San Augustine County Commissioners' Court, at a minimum to have an annual audit of all County funds, investments and investment procedures by an independent audit firm. The County Investment Officer and the County's investment procedures shall be subject to an annual compliance audit of management controls on investments accordance with GC2256.005 (m).

STANDARD OF CARE

A. In accordance with GC 2256.006, investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived. Investment of funds shall be governed by the following objectives, on order of priority:

- i. The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- ii. Whether the investment decision was a consistent with the written investment policy of the entity.

VII. INVESTMENT COLLATERAL & SAFEKEEPING

COLLATERAL INSURANCE

The Investment Officer shall insure that all County funds are fully collateralized or insured consistent with federal and state law and the current Bank Depository Contract in one or more of the following manners:

- a. FDIC insurance coverage
- b. Obligations of the United States or its agencies and instrumentalities;
- c. Direct obligation of the State of Texas or its agencies'
- d. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United State or its agencies and instrumentalities;
- e. Obligations of state, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than an "A" or its equivalent; or
- f. Any other manner allowed by FC2257 (PFIA)

SAFEKEEPING

All purchased securities shall be held in safekeeping by the County, or a County account in a third party financial institution, or with a Federal Reserve Bank. All certificates of Deposit, insured by FDIC, purchased outside the depository bank shall be held in safekeeping by the County or a County account in a third party financial institution. All pledged securities by the depository bank shall be held in safekeeping by either the County, or a County account in a third party financial institution or with a Federal Reserve Bank.

ATTACHMENT "A"

RESOLUTION

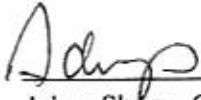
WHEREAS, the San Augustine County Commissioners' Court, meeting in a regular session, in accordance with Local Government Code 116.112 do hereby adopt this as San Augustine County's Investment Policy and hereby appoint the San Augustine County Treasurer as the County Investment Officer.

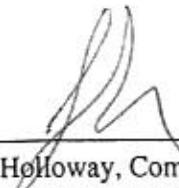
WHEREAS, the Court deems it prudent to appoint San Augustine County Treasurer and San Augustine County Judge to assist in the Investment Officer of San Augustine County monies;

NOW AND THEREFORE: BE IT RESOLVED that the Court now adopt this Investment policy and accepts the San Augustine County Treasurer and San Augustine County Judge to be responsible for the investing of all San Augustine County's surplus monies.

DATE: 10/28/25

Jeff Boyd, County Judge

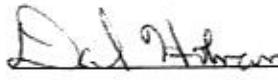

Adam Sharp, Comm. Pct. 1

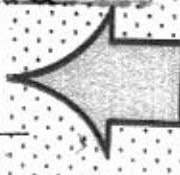

Joey Holloway, Comm. Pct. 3

FILED FOR RECORD

Oct 28 2025

AT 9:00 O'CLOCK A.M.
MARGO NOBLE, COUNTY CLERK
SAN AUGUSTINE COUNTY
SAN AUGUSTINE, TEXAS
BY Margo Noble


Danny Holman Comm. Pct. 2


SIGN
HERE


Steve Bryan, Comm. Pct. 4