

# RESOLUTION #2017-03

**WHEREAS**, the Panola County Commissioners' Court adopted Order 1995-13 on November 13, 1995 as Panola County's Investment Policy as required by VTCA Government Code, Section 2256 005, and

**WHEREAS**, the same policy has been reviewed annually as required by VTCA Government Code, Section 2256 005(e) and the same policy has been annually re-approved by vote of the Commissioners' Court, and

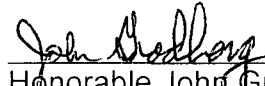
**WHEREAS**, the annual review of the policy for 2017 is now due;

**NOW, THEREFORE, IT IS RESOLVED**, by the Commissioners' Court of Panola County, Texas meeting in Regular Session on December 12, 2017 that the Investment Policy as found in Order 1995-13 has been reviewed and is accepted without change

**PASSED, APPROVED AND ADOPTED** this 12<sup>th</sup> day of December, 2017 in Open Court



Honorable Ronnie LaGrone  
Commissioner, Precinct One



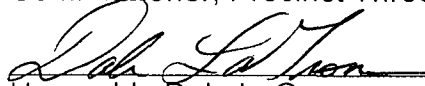
Honorable John Gradberg  
Commissioner, Precinct Two



Lee Ann Jones  
County Judge



Honorable Craig M. Lawless  
Commissioner, Precinct Three



Honorable Dale LaGrone  
Commissioner, Precinct Four

ATTEST



Bobbie Davis, County Clerk



**ORDER 1995-13**

BE IT REMEMBERED AT A MEETING OF the Commissioners Court of Panola County, Texas held on the 13th day of November, 1995 on motion made by Jimmy Davis and seconded by Dick Haynes, with all voting in favor of the Order and 0 voting against, 0 abstentions and 0 absent, the following Order was adopted:

**WHEREAS**, the Commissioners Court of Panola County, Texas desires the establishment of prudent investment policies; and

**WHEREAS**, the Commissioners Court has reviewed the following investment policy and believes its enactment would be to the financial benefit of Panola County, Texas;

**NOW, THEREFORE**, it is hereby **ADJUDGED** and **DECREED** that the Panola County Treasurer implement the following investment policy:

**POLICY PURPOSE**

This policy serves to satisfy the statutory requirements of the Texas Government Code Annotated, Title 10, Section 2256, Public Funds Investment Act, to define and adopt a formal investment policy.

It is the objective of Panola County to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives and state and federal law governing investment of public funds.

Portfolio maturities will be structured to achieve the highest return of interest consistent with liquidity requirements of the County's cash needs. No investment shall have a legal stated maturity of more than twelve (12) months.

It is the County's policy to provide periodic training in investments for all applicable personnel through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the applicable personnel in making investment decisions, in compliance with Section 2256.008 of the Public Funds Investment Act.

**INVESTMENT SCOPE**

Texas Government Code Annotated, Section 2256.003 et seq. (Vernon 1995) authorizes the Commissioners Court to invest county funds. The governing body shall conduct an annual review of its investment policy and investment strategy. County funds include all financial assets of all funds of the County of Panola, Texas, at the present time and any funds to be created in the future and any other funds held in custody by the County Treasurer, unless expressly prohibited by law or unless it is in contravention of any depository contract between Panola County and any depository bank.

This policy governs the investment of all financial assets of all funds of Panola County, and are to be managed in compliance with this policy and applicable state and federal laws.

**INVESTMENT STRATEGY**

All funds of Panola County that are invested are invested by matching the maturity of investments with liabilities. Investments are made with the intention of holding to maturity, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing investment options available in this policy. It is the intent to invest most of the funds needed for current year operations in time deposits, certificates of deposit or security repurchase agreements in accordance with the depository contract. Other funds which are not expected to be used for current year operations may be

invested in other safe United States government investments if the yield is significantly greater than the rate guaranteed in the depository contract. However it is important that these other investments are backed by the full faith and credit of the United States government.

#### RESPONSIBILITY AND CONTROL

It shall be the responsibility of the County Treasurer to make actual purchase of the investments upon written authority of the County Auditor and County Judge. The County Treasurer, County Auditor, County Judge and County Commissioners will act as Advisory Committee implementing this investment policy.

#### OBJECTIVES AND PRIORITIES

The investment objectives and priorities of the Panola County Treasurer shall be as follows:

1. To understand the suitability of the investment to the financial requirements of the entity.
2. To ensure the preservation and the safety of Panola County funds and to avoid speculative investing.
3. To provide funds to meet the liquidity and cash needs of Panola County, Texas.
4. To ensure the marketability of the investment if the need arises to liquidate the investment before maturity.
5. To ensure the diversification or maturity date of investment portfolio.
6. To earn the maximum interest rate yield allowed through prudent and legal investing of county funds consistent with the current Bank Depository Contract and federal and state law.
7. To provide for the safety of capital, securities and collateral.
8. The County Treasurer shall make re-investments upon written approval of the County Auditor and the County Judge.
9. The County Treasurer shall receive and provide for the safekeeping of all pledged securities as collateral for invested funds.
10. The County Treasurer shall comply with the laws of the State of Texas as defined in the Government Code, Chapter 2256, known as the "PUBLIC FUNDS INVESTMENT ACT" concerning the investment of county funds.

#### INVESTMENT METHODS

The Panola County Treasurer shall use any or all of the following types of investments consistent with federal and state law and the current Bank Depository Contract:

1. Time Deposits
2. Certificates of Deposit
3. Security Repurchase Agreements
4. Money Market Investment Accounts
5. Negotiable Order of Withdrawal (NOW) Accounts
6. United States Treasury Bills
7. United States Government Securities

The County shall require appropriate documentation showing that the county has adequate control of the investments.

#### INVESTMENT INSTITUTIONS

The Panola County Treasurer shall invest county funds with or through the County's depository bank consistent with federal and state law and the current Bank Depository Contract.

#### INVESTMENT COLLATERAL

The Panola County Treasurer shall insure that all county funds are fully collateralized consistent with federal and state law and the current Bank Depository Contract, without exception, in one or more of the following manners:

1. United States Government Bonds, Notes and Bills
2. Securities of United States Agencies
3. Federal Housing Authority Bonds
4. Farmer's Home Administration Notes
5. Federal National Mortgage Association Bonds
6. Municipal Securities Bearing Moody's A or Better Rating

Such securities pledged as collateral shall be deposited in trust with the Federal Reserve Bank or an independent investment institution under an appropriate legal contract. The amount of securities so pledged shall be determined by their market value.

#### MATURITY AND DIVERSIFICATION

The Treasurer of Panola County shall strive to retain enough liquidity in investments to cover the cash needs of the county and shall also strive to diversify the investments consistent with the objectives of this policy.

#### STANDARD OF CARE

In accordance with Government Code 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, for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority; preservation and safety of principal; liquidity; and yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

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

#### AUDIT CONTROL

The Panola County Treasurer is subject to audit by the Panola County Auditor. In addition, it is the policy of the Panola County Commissioners Court, at a minimum, to have an annual audit of all County funds by an independent auditing firm. The Panola County Treasurer and the County's investment procedures shall be subject to the annual and any special audits as required.

LIABILITY

The County Treasurer shall not be responsible for any loss of the county funds through the failure or negligence of any depository; but nothing in this shall release any County Treasurer for any loss resulting from any official misconduct or negligence on his or her part nor from any responsibility for the funds of the county until a depository shall be selected and the funds deposited therein, nor for any misappropriations of such funds by him or her.

INVESTMENT REPORTING

It shall be the duty of the Treasurer of Panola County, Texas to notify the Commissioners Court of any significant changes in current investment methods and procedures prior to their implementation. In accordance with Texas Government Code, Title 10, Section 2256.023, the Panola County Treasurer will report quarterly the portfolio statistics listing.

DONE IN OPEN COURT this 13th day of November, 1995.

John Cordray  
County Judge

Herbert Coon  
Commissioner, Precinct 1

Buddy Harvin  
Commissioner, Precinct 2

Rock Haynes  
Commissioner, Precinct 3

Jimmy E. Paris  
Commissioner, Precinct 4

ATTEST:

Sue Grafton  
County Clerk

By: Martha R. Beyer, Deputy



## CERTIFICATION

I hereby certify that I have personally read and understand the investment policy and strategy of Panola County, and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this bank and Panola County will be directed towards precluding imprudent investment activities and protecting the County from any loss.

All authorized officers of this bank dealing with Panola County's accounts have been informed and will be routinely informed of the County's investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This bank pledges due diligence in informing the County of foreseeable risks associated with financial transactions connected to this bank.

## FIRST STATE BANK &amp; TRUST COMPANY

J. R. DUKE

(Name)

SR. VICE PRES.

(Title)

J. R. Duke

(Signature)

NOV 7 1995

(Date)