

Austin Transit Partnership

Investment Policy

SEPTEMBER 2025



Investment Policy Index

1. POLICY STATEMENT	1
2. PURPOSE	2
a. Authorization.....	2
b. Scope	2
c. Review and Amendment	2
3. INVESTMENT OBJECTIVES	3
a. General Statement	3
b. Preservation and safety of principal	3
c. Maintenance of Sufficient Liquidity	3
d. Security of Funds.....	3
e. Diversification of Portfolio.....	3
f. Return on Portfolio	4
g. Standard of Care	4
4. INVESTMENT STRATEGY	5
a. Operating Funds.....	5
c. Debt Service Funds	5
d. Debt Service Reserve Funds.....	5
5. INVESTMENT POLICY	6
a. Eligible Investments	6
b. Prohibited Investments	8
c. Ensuring Safety of Principal	9
1. Protection of Principal.....	9
2. Security Ratings.....	9
3. Security Execution	9
4. Portfolio Pricing	9
5. Approved Brokers/Dealers	10
6. Repurchase Agreement Required Document	10
7. Collateralization	10
8. Collateral Substitution.....	11

10. Portfolio Diversification	11
11. Maturity Guidelines	13
12. Safekeeping.....	14
d. Ensuring Liquidity	14
e. Enhancing and Achieving Yield Objectives	14
6. RESPONSIBILITIES AND CONTROLS	15
a. Authority to Invest	15
b. Internal Controls.....	15
c. Investment Management Indemnification	15
d. Ethics and Conflicts of Interest.....	16
e. Investment Training.....	16
f. Investment Committee.....	16
g. Reporting.....	17
h. Certification	17

1. POLICY STATEMENT

It is the policy of the Austin Transit Partnership (the “Corporation”) that all available funds shall be invested in conformance with these legal and administrative guidelines. Public funds will be invested in a manner to allow for the safety of principal and maximizing the highest reasonable market return while ensuring the cash flow needs of the Corporation are met.

Effective cash management is recognized as essential to good fiscal management. The Corporation’s investment portfolio shall be designed and managed to take advantage of investment interest as a viable revenue source for all operating funds. The portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state and federal law.

2. PURPOSE

a. Authorization

This Policy is to be authorized by the Board of the Corporation in accordance with Section 2256.005 of Texas Local Government Code, Chapter 2256, also known as the Public Funds Investment Act (the “Act”).

b. Scope

This Policy shall govern the investment of all funds of the Corporation as entrusted to the Treasurer of the Board, as custodian, according to Section 3.6 of the Corporation’s Bylaws. In addition to the Policy, bond funds (including debt service and reserve funds) shall be managed by their authorizing documents and Federal Law, including the Tax Reform Act of 1986 and subsequent legislation.

c. Review and Amendment

This Policy shall be reviewed annually by the Board of the Corporation, and adopted annually after such review, even if there are no changes.

3. INVESTMENT OBJECTIVES

a. General Statement

The Corporation shall manage and invest its investment portfolio with five primary objectives, three of which are required pursuant to Section 2256.06 (a)(1) – (3) of the Act:

- 1.** Preservation of capital and protection of principal;
- 2.** Maintenance of sufficient liquidity to meet operating needs;
- 3.** Security of the Corporation's funds and investments;
- 4.** Diversification of investments to avoid unreasonable or avoidable risks; and
- 5.** Maximization of return of the portfolio

b. Preservation and safety of principal

The safety of principal is the foremost objective of the Corporations investment program for the portfolio. The specific policies that will be implemented to ensure safety of principal are reflected in Section 5(c) "Ensuring Safety of Principal".

c. Maintenance of Sufficient Liquidity

The Corporation's investment portfolio must be structured in a manner which will provide liquidity as needed to pay obligations as they become due. As projects entrusted to and undertaken by the Corporation progress, ensuring adequate liquidity is maintained will become a vital role in ensuring contractual obligations are met. The specific policies that will be implemented to ensure Maintenance of Sufficient Liquidity are reflected in Section 5(d) "Ensuring Liquidity".

d. Security of Funds

As detailed by Section 6(b) "Internal Controls", the Corporation's focus will be to implement controls to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, or imprudent actions by employees or Investment Offices of the Corporation

e. Diversification of Portfolio

The Corporation will ensure that the investment portfolio is diversified by security type and institution as appropriate for prudent risk management. The Policy limits surrounding diversification limits are reflected in Section 5(c)(10) "Portfolio Diversification".

f. Return on Portfolio

In accordance with the Act, it will be the Corporation's objective to optimize the return of the investment portfolio within the parameters outlined per the Safety and Liquidity objectives mentioned above. Investments shall be made in permitted obligations at yields equal to or greater than the bond equivalent yield on United States Treasury obligations of comparable maturity. Section 5(e) "Enhancing and Achieving Yield Objectives" outlines policies related to the investment rate of return.

Bond Proceeds received by the Corporation may have Federal yield or arbitrage restrictions. The primary objectives of the investment of these funds shall be to obtain satisfactory market yields and to minimize the costs associated with investment of such funds. See subsection (h) of this section below.

g. Standard of Care

As defined by the Act, in accordance with Section 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. The aforementioned description is also known as the "prudent person rule".

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 Corporation's control, over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and
2. whether the investment decision was consistent with this Policy.

Specific policies describing the Corporation's prudence and ethical stands can be found in Section 6 "Responsibility and Controls".

h. Issuance and Incurrence of Public Securities

The Corporation has the legal authority to issue or incur bonds, notes and other obligations, either sold in the open market, negotiated with private placement purchasers, or negotiated with federal or state agencies (collectively, referred to in this Policy as "public securities") pursuant to documents authorized by the Board of the Corporation. Those documents may address the investment of funds (1) during the construction of a project, (2) used for the payment of debt service on the public securities, (3) placed in reserve as security for the payment of debt service on the public securities, (4) for the purpose of retiring the public securities, including defeasance of outstanding public securities, and (5) for other uses relating to the projects financed or refinanced. Notwithstanding anything in this Policy to the contrary, if a conflict arises between this Policy and the investment of funds in accordance with the documents authorizing the issuance of public securities, the provisions of the documents authorizing the issuance of public securities shall control.

4. INVESTMENT STRATEGY

The Corporation will maintain at times through the life of the organization, separate portfolios which will have a specific investment strategy consideration designed to address the unique characteristic of the respective investment portfolio.

a. Operating Funds

The primary objective of the Corporation's investment strategy for Operating Funds is to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective of the investment strategy for Operating Funds is to have a diversified portfolio of investments that can weather economic cycles with minimal volatility. To achieve these objectives, the portfolio will be structure either with a laddered or barbell maturity structure coupled with quality short to medium-term securities. The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security. Securities may not be purchased that have a final stated maturity date which exceeds three (3) years.

b. Operating Reserve Funds

The primary objective of the Corporation's investment strategy for Operating Reserve Funds shall be to ensure safety of principal, allowing for payment of unexpected future costs or obligations, while earning a competitive market rate. Investment of such funds shall be restricted to securities permitted within this policy and limited to maturities not to exceed five (5) years.

c. Debt Service Funds

The primary objective of the Corporation's investment strategy for Debt Service Funds shall be to assure adequate investment liquidity to cover debt service obligations on required payment dates. Securities purchased for the benefit of these portfolios shall not have a final maturity date which exceeds the debt service payment date, unless otherwise provided in the documents authorizing the issuance of public securities.

d. Debt Service Reserve Funds

The primary objective of the Corporation's investment strategy for Debt Service Reserve Funds shall be to generate a reliable and steady revenue stream for the respective debt service fund by utilizing securities with a low degree of volatility, consistent with the provisions of the documents authorizing the issuance of public securities. For example, the documents authorizing the issuance of public securities may provide that a Debt Service Reserve Fund may consist, in addition to or in lieu of money invested in securities, of a letter or line of credit issued by a financial institution, a surety bond issued by an insurance company, or any combination thereof. Securities purchased for the benefit of these portfolios should be high quality and should have short to medium-term maturities, not to exceed five (5) years.

5. INVESTMENT POLICY

a. Eligible Investments

As a local government corporation acting on behalf of the City of Austin and Capital Metropolitan Transportation Authority, the Corporation is subject to the Act and is subject to certain restrictions associated with the investment of funds. The investments described below are authorized pursuant to the Act. Subject to market conditions, the purchase of certain securities may be prohibited or limited at times. Funds governed under this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities.
2. Direct obligations of the State of Texas.
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
4. Obligations of states, 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 AA or its equivalent.
5. Bankers' acceptance, so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, is eligible collateral for borrowing from a Federal Reserve Bank and is accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated.
6. Commercial paper with a stated maturity of 365 days or less from the date of its issuance that either:
 - a. Is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or,
 - b. Is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

7. Certificates of deposit issued by depository institutions that have a main office or branch office in Texas that are:
 - a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or,
 - b. secured by obligations that are described by 1-4 above, which are intended to include all direct federal agency or instrumentality issues that have a market value of not less than 102% of the principal amount plus accrued interest of the certificates.
8. Share Certificates issued by a depository institution that has a main office or branch office in Texas and that is guaranteed or insured by the National Credit Union Share Insurance Fund or its successor.
9. Securities and Exchange Commission (SEC)-registered and regulated, no-load money market mutual funds that comply with the SEC Rule 2a7, and provides the Corporation with a Prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940. Excluding bond proceeds, no more than 80% of the Corporation's monthly average fund balance may be invested in money market mutual funds. And excluding bond proceeds, the Corporation may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
10. Local government investment pools (LGIP) organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Act) and that meet the requirements of Section 2256.016 of the Act, to include:
 - a. assets that consist exclusively of the obligations that are described by Section 5(a) 1-8 above and/or money market mutual funds permitted in 9 above that are also consistent with the Investment Policies and Objectives adopted by the LGIP.
 - b. continuously rated no lower than AAA , AAA-m or at an equivalent rating by at least one nationally recognized rating service.
 - c. provide the Corporation with all required reporting, financial, and disclosure information pursuant to the Act.

11. A securities lending program that meets the following conditions:
 - a. A securities lending agreement shall be executed in writing.
 - b. The securities lending agreement and all loans shall be executed only with:
 - i. a primary securities dealer, as defined by the Federal Reserve; or
 - ii. a financial institution doing business in the state of Texas that has a senior debt rating of at least A or its equivalent by two nationally recognized rating services.
 - c. The securities lending agreement shall have a term of one year or less.
 - d. All loans shall be terminable at any time.
 - e. The securities lending agreement shall require that all collateral be pledged to or owned by the Corporation, held in the Corporation's name, and, as applicable, deposited simultaneously as the security loaned with a third party approved by the Corporation.
 - f. Collateralization requirements for all loans shall:
 - i. include the term or maturity of all collateral that ends no later than the expiration date of the specific loan transaction;
 - ii. be collateralized at not less than 102% of the market value of the securities loaned to included accrued interest and be marked-to-market daily with market value reported daily to the Corporation;
 - iii. be collateralized by:
 1. pledged securities issued by the United States government or its agencies or instrumentalities as defined in Section 5(a)(1-4) above;
 2. cash invested in accordance with Section 5(a) (1-4, 6, or 10) listed above.
12. Repurchase Agreements secured by any combination of cash and U.S. Treasury or Federal Agency issues as collateral with a market value which equals or exceeds 102% of the City's investment plus accrued interest and are pledged and held with the Corporation's custodial bank, or an approved third-party safekeeping agent. Repurchase agreements can only be made with Primary Dealers and banks within the State of Texas in accordance with State law. *Maximum term for repurchase agreements is 90 days from delivery unless the repurchase agreement is associated with the investment of bond proceeds.*

b. Prohibited Investments

1. Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions.
2. Repurchase agreements are prohibited until a Master Repurchase Agreement is approved by the Investment Committee.

c. Ensuring Safety of Principal

1. Protection of Principal

- a. The Corporation, through the investment officers, designated officials, or Investment Advisor if one is contracted with the Corporation, will strive to control the risk of loss due to the failure of a particular security issuer, or grantor, by investing only in the safest types of securities as defined in this Policy, by doing the following:
 - i. qualifying the broker, dealer, and financial institution with whom the Corporation plans on transacting business ;
 - ii. by collateralizing the Corporation's accounts as required by law;
 - iii. by diversifying the investment portfolio; and
 - iv. by limiting the term of the maturities.

2. Security Ratings

- a. The ratings of securities held in the portfolio will be actively monitored to ensure compliance with the rating requirements outlined in the Act and to help mitigate the risk of loss due to the failure of a security. If a security is rated by more than one nationally recognized credit rating agency (Moody's Investor Services, S&P Global Ratings, and/or Fitch Ratings) then the lowest outstanding rating shall be the rating that is utilized to govern investment decisions. In the event that any Eligible Investment is downgraded below the minimum credit rating requirements established in Texas Government Code 2256, it will be the Corporation's policy to convene an emergency meeting of the Investment Committee to determine whether liquidation of the position is warranted. This meeting notification should take place within 5 business days of notification of the credit downgrade. Consistent with the provisions of Section 2256.021 of the Act, should an investment no longer be eligible to be held by the Corporation, the Corporation shall take such steps as deemed prudent to effect the liquidation of such an investment.

3. Security Execution

- a. Securities purchased for the benefit of the Corporation's investment portfolio shall be delivered via a "delivery versus payment" process. Executing securities in this manner will ensure that Corporation funds are not released until the security has been received by the Corporation.

4. Portfolio Pricing

- a. Securities held in the Corporation's investment portfolio shall be priced to market values by month-end through a third-party pricing source. If an Investment Advisor is contracted by the Corporation, securities will be marked to market and distributed at minimum on a monthly basis to the Corporation.

5. Approved Brokers/Dealers

- a. Investments will only be executed with firms and institutions who have:
 - i. Acknowledged receipt, review, and understanding of the Corporation's Investment Policy; and,
 - ii. Met the qualifications and standards established by the Corporation's Investment Committee and set forth in the Investment Procedures Manual.
- b. In addition to limiting investment purchases to firms that meet the two requirements above, the Investment Committee shall approve and review a list of broker/dealers with whom the Corporation can conduct business. If an Investment Advisor is contracted with the Corporation, then the Investment Advisor will bring before the Investment Committee a list of firms which it can purchase securities from on the Corporation's behalf to have reviewed and approved. The list of approved broker/dealers shall be reviewed and adopted at least annually by the Investment Committee in accordance with Section 2256.025 of the Act.

6. Repurchase Agreement Required Document

Before entering into a repurchase agreement, the Corporation and the agreement counterparty will review and sign a standard industry Master Repurchase Agreement outlining the terms and conditions of the agreement and responsibilities of interested parties.

7. Collateralization

- a. Pursuant to Texas Local Government Code Chapter 2257, known as the Public Funds Collateral Act, the Corporation will require all banks, savings banks and credit union deposits to be federally insured or collateralized with eligible securities. The Corporation will require any institution serving as a Depository and/or safekeeping agent, to enter into an agreement with the Corporation documenting the rights to the collateral in the event of default, bankruptcy, or closure. The following can be accepted by the Corporation as depository collateral:
 - i. any investment listed as an "Eligible Investment" under Section 5(a) of this Policy;
 - ii. a surety bond to which the Corporation is the named insured and is of credit quality as determined by the Corporation's Investment Committee;
 - iii. and letters of credit issued to the Corporation by the Federal Home Loan Bank, if approved by the Corporation in advance.
- b. Collateral will be valued at current market values plus interest accrued through the date of valuation. This will be monitored at least weekly by the Treasury Office of the Corporation. Monthly reports with market values of the pledged securities will be required from all financial institutions which serve as the Corporation's Depository. If the collateral pledged by a financial institution serving as the Corporation's Depository falls below the value of deposits on hand less FDIC or National Credit Union Share insurance, the institution will be notified by the Treasury Office and will be required to pledge additional securities no later than the end of the next succeeding business day. Business day shall have the meaning of any day other than a Saturday, a Sunday, federal legal holiday in the United States or any day on which banking institutions are closed.

- c. For Certificates of Deposit/Share Certificates, the market value of collateral pledged must at all times be no less than the par value of the certificate of deposit plus accrued interest, less the amount insured by the FDIC or the National Credit Union Share Insurance Fund or their successors. This will be monitored at least weekly by the Treasury Office of the Corporation. Monthly reports with market values of the pledged securities will be required from all financial institutions which the Corporation has Certificates of Deposits/Share Certificates. If the collateral pledged for a certificate of deposit or share certificate falls below the par value of the deposit, plus accrued interest less FDIC or National Credit Union Share insurance, the institution will be notified by the Treasury Office and will be required to pledge additional securities no later than the end of the next succeeding business day
- d. Repurchase agreements must also be collateralized in accordance with State Law. Parameters surrounding allowable collateral, and collateral levels, will be determined once the Master Repurchase Agreement is reviewed and approved by the Investment Committee. As discussed in Section 5(c)(6), only once the Master Purchase Agreement is approved, the Corporation will be allowed to enter into these types of transactions.

8. Collateral Substitution

- a. Collateral pledged for investments, certificates of deposits, share certificates and funds held by the Corporation's Depositary may require substitution. Any request for substitution, on behalf of a broker or financial institution, must contact the Corporation's Treasury Office for approval and settlement. The security being proposed shall have a value equal to or greater than required value as detailed in Section 5(c)(7). The Corporation's Treasurer, or their designee will give notification, within a reasonable time frame, to the financial institution or safekeeping agent holding the collateral of the decision. Collateral substitution should be limited to minimize potential administrative problems, administrative burden, and transfer expense. The Corporation's Treasurer will retain the right to limit substitution of collateral.

9. Collateral Reductions

- a. Any financial institution serving in a capacity to the Corporation which would warrant pledging collateral may request approval from the Corporation's Treasurer to reduce the amount of collateral held in the Corporation's name should the collateral's market value exceed the required amount. A reduction in Collateral will only be permitted if the Corporation's records indicate that the collateral's market value exceeds the required amount.

10. Portfolio Diversification

- a. By diversifying the investment types within the Corporation's investment portfolio, the risk of principal loss will be limited. Diversifying the investment portfolio will also limit any undue financial burden on the Corporation, by limiting its reliance on any single issuer or broker. The following limitations will be applicable to the Corporation's investment portfolio at the time an individual security is purchased. The limitations will not apply to bond proceeds:

Investment Type:	% of Portfolio
Certificates of Deposits	50%
Share Certificates	5%
U.S. Treasury Notes/Bonds/Bills	100%
U.S. Agencies/Government Sponsored Enterprises	75%
Repurchase Agreements	50%
Money Market Mutual funds	
Local Government Investment Pools	100%
Commercial Paper	15%
Municipal/State Obligations	10%
Banker Acceptances	15%

- b. Additional limitations will apply to Commercial Paper. The Corporation will limit the exposure to any single issuer to no more than 5% of the value of the Corporation's overall portfolio at the time the security is purchased. The limits above may be exceeded for a maximum of five business days following the receipt of bond and grant proceeds. Lastly, these limitations are also applicable to Investment Advisors who may be contracted to manage the Corporation's investment portfolio.
- c. Bond Proceeds
 - i. Proceeds of a single bond issue may be invested in a single security or investment if the Investment Committee determines that such an investment is (A) necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record keeping and calculation and (B) consistent with the proceedings authorizing the issuance of the bond issue.

11. Maturity Guidelines

- a. While it is the intent of the Corporation to hold investments to their stated maturity, the Corporation will seek to minimize the risk of loss due to interest rate fluctuations by ensuring that investment maturities will not exceed anticipated cash flow requirements of the Corporation. Below are Maturity guidelines for the Operating Fund, Debt Service Fund, Debt Service Reserve Fund and Bond Proceeds:
 - i. Operating Fund
 - 1. The dollar weighted average days to final stated maturity (WAM) shall be 365 days or less. The Investment Committee will monitor and make changes if needed.
 - ii. Debt Service Fund, Debt Service Reserve Fund and Bond Proceeds
 - 1. The following shall be considered when selecting maturities for Debt Service Funds, Debt Service Reserve Funds and Bond Proceeds:
 - a. the anticipated cash flow requirements of the funds,
 - b. the "temporary period" as defined by Federal tax law during which time bonds proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds, and
 - c. the provisions of the authorizing documents authorizing the issuance of such bonds.

12. Safekeeping

- a. The Corporation shall enter into a contract with a bank, banks, or a third-party custodian for the safekeeping of securities either owned by the Corporation as part of its investment portfolio or held as collateral to secure certificates of deposits. Once a Master Repurchase Agreement is approved by the Investment Committee, collateral held for repurchase agreements will also be subject to the safekeeping requirements outlined in this section.
- b. Securities pledged as collateral for deposits at a bank, savings bank, and credit union must be held by an independent third-party banking institution approved by the Corporation, or collateral may be held at the Federal Reserve Bank.
- c. Securities pledged as collateral for repurchase agreements with dealers must be delivered to an independent third-party custodian which the Corporation has entered into a third-party safekeeping agreement with.

d. Ensuring Liquidity

1. To ensure anticipated cashflow needs and unanticipated cashflow needs are met, the investment officers, designated officials, and Investment Advisor if one is contracted by the Corporation, shall invest in securities with active secondary markets, invest in eligible money market mutual funds, and local government investment pools. Securities may be liquidated to meet unanticipated cash requirements or to adjust the portfolio as needed.

e. Enhancing and Achieving Yield Objectives

1. Fund managed as part of the Corporation's Operating Portfolio either by investment officers, designated officials, or an Investment Advisor if one is contracted by the Corporation, shall be actively managed to enhance overall interest income. This shall be conducted within the context of the "prudent person rule" as defined in Section 3(g).
2. Competitive Bidding
 - a. It is the Corporation's policy to require competitive bidding (no less than 3 bids) in all transactions involving individual securities. Bids can be solicited via any method provided by law. In situations where obtaining multiple bids is impractical or unreasonable due to market conditions, comparable security prices may be documented or an explanation of the circumstances surrounding the decision must be included with the trade documentation. All bids must be documented and kept for auditing purposes. Transactions executed under the following conditions are exempt from competitive bid requirements:
 - i. transactions entered into with a money market mutual fund or local government investment pool which are considered to be made at prevailing market rates; and
 - ii. government securities purchased at issue through a primary dealer at auction price

6. RESPONSIBILITIES AND CONTROLS

a. Authority to Invest

1. The authority to invest Corporation funds and the execution of any documentation necessary to evidence the investment of Corporation funds is granted to the Treasurer of the Board as documented in Section 3.6 of the Corporation's Bylaws. The Treasurer of the Board will designate in writing those Treasury Office personnel and Finance Officers ("Investment Officers") authorized to invest on behalf of the Corporation. The foregoing notwithstanding, proceeds of public securities shall be invested in a manner consistent with the proceedings authorizing the issuance of the public securities.
2. The Corporation may contract with an investment advisor, whom shall adhere to this Policy and invest funds with the same Standard of Care as outlined in Section 3(g). The investment advisor must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 as well as with the Texas State Securities Board. The investment advisors' responsibilities may consists of, but not be limited to:
 - a. management of Corporation's funds
 - b. review of the investment policy
 - c. development of investment strategy within the constraints outlined in the investment policy
 - d. trade execution
 - e. security analysis, clearance, and documentation
 - f. broker dealer compliance
 - g. investment reporting

b. Internal Controls

1. The Treasurer of the Board, in conjunction with the ~~Treasurer~~ Senior Vice President, Budget & Treasury and the ~~Director of Accounting~~ Senior Vice President, Accounting & Grants of the Corporation, shall establish a system of internal controls and document these controls in the Investment Procedures Manual.

c. Investment Management Indemnification

1. The Investment Officers, as designated by this Policy, shall act and perform their duties in accordance with the Investment Procedures Manual and adopted Investment Policy. Investment Officers acting in good faith and in accordance with the policy and procedures manual shall be relieved of personal liability.

d. Ethics and Conflicts of Interest

1. The Investment Officers, as designated by this Policy, shall adhere to the Corporation's Ethics, Conflicts and Nondisclosure Policy as approved by the Corporation's Board. Investment Officers involved in administering the investment program shall not have a personal business relationship with a business organization offering to engage in an investment with the Corporation.
2. As defined within the Act, Section 2256.005 (i), an Investment Officer has a personal business relationship with a business organization if:
 - a. the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
 - b. funds received by the investment officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
 - c. the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.
3. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Corporation shall file a statement disclosing the relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and Corporation pursuant to the Act.

e. Investment Training

1. As required per section 2256.008 of the Act the Chief Financial Officer, the Treasurer and those personnel authorized to execute investment transactions, shall attend at least one investment training session, containing at least 10 hours of instruction within 12 months after taking office or assuming duties. State law requires that training relating to investment responsibilities must be provided by an independent source as approved by the Investment Committee. For these purposes, courses or seminars offered by Hilltop Securities, Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, PFM Asset Management, Public Trust Advisors, Texas Municipal League, Texpool, or University of North Texas will satisfy the training requirements. Independent sources not listed may be approved by the Investment Committee at regularly scheduled Quarterly Investment Committee meetings. Personnel authorized to execute investment transactions must receive at least 8 hours of investment training within a two-year period that begins on the first day of the fiscal year and consists of the two consecutive fiscal years after that date. Recognizing that the training and education of the Investment Officers contributes to efficient and effective investment management, the Corporation will encourage its Investment Officers to obtain appropriate professional certifications and provide training toward such certifications from available funds.

f. Investment Committee

1. An Investment Committee shall be formed to determine investment guidelines, general strategies, and monitor performance. The Committee shall be comprised of the Chief Financial Officer (as chair), the Corporation's Treasurer (as Vice Chair), the Corporation's ~~Director of Budget~~Senior Vice President, Budget & Treasury, the Corporation's ~~Director of Accounting~~Senior Vice President, Accounting & Grants, a representative from the Law Department, and a representative from Corporation's Financial Advisor. The Investment Committee

shall meet at minimum semi-annually to review performance, strategy and procedures.

g. Reporting

1. As required per Section 2256.023 of the Act, the Treasurer of the Corporation will provide detailed reports to the Chief Financial Officer, the Investment Committee and the Corporation's Board on a quarterly basis. The report must include the following:
 - a. describe in detail the investment position of the Corporation on the date of the report;
 - b. be prepared by the Investment Officers and designated officials;
 - c. be signed by the Investment Officers and designated officials;
 - d. contain a summary statement for each pooled fund group that states the
 - i. beginning market value for the reporting period;
 - ii. ending market value for the period; and
 - iii. fully accrued interest for the reporting period;
 - e. state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
 - f. state the maturity date of each separately invested asset that has a maturity date;
 - g. state the account or fund or pooled fund group in the state agency or local government which each individual investment was acquired; and
 - h. state the compliance of the investment portfolio as it relates to;
 - i. the investment strategy expressed in the Corporation's investment policy; and
 - ii. relevant provisions of the Act.
2. An independent auditor will perform a formal annual review of the quarterly reports with the results reported to the Corporation's Board.

h. Certification

1. Any bank, dealer, or broker wishing to transact investment business with the Corporation will be provided a copy of this investment policy. Firms must acknowledge receipt and review the Corporation's Investment Policy before business is transacted. Before transacting with a Local Government Investment Pool, a certification must be signed by a qualified representative assigned to the Corporation's account.

i. Compliance Audit.

1. In conjunction with its annual financial audit, the Corporation shall perform a compliance audit of management controls on investments and adherence to this Policy. The results of the compliance audit shall be reported to the Investment Committee and the Corporation's Board.