

RESOLUTION NO. 2016 - 01

**RESOLUTION ADOPTING AN UPDATED FINANCIAL INVESTMENT POLICY;
ADOPTING INVESTMENT STRATEGIES; DESIGNATING QUALIFIED BROKERS
AND DESIGNATING INVESTMENT OFFICERS**

THE STATE OF TEXAS §

§

COUNTY OF WILLIAMSON §

WHEREAS, the Board of Directors (the "Board") of Upper Brushy Creek Water Control & Improvement District (the "District") is required by law to adopt a Financial Investment Policy (the "Policy") and to review the Policy on an annual basis; and

WHEREAS, in conjunction with its annual review of the Policy, the Board now desires to adopt an updated policy, adopt investment strategies, designate qualified brokers, and designate investment officers to be responsible for the investment of District funds;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF UPPER BRUSHY CREEK WATER CONTROL & IMPROVEMENT DISTRICT THAT:

- Section 1: The Board hereby confirms its annual review of the Policy;
- Section 2: The updated Financial Investment Policy attached as Exhibit "A" is hereby adopted.
- Section 3: The Investment Strategies attached as Exhibit "B" are hereby adopted.
- Section 4: The brokers listed on Exhibit "C" are hereby authorized to engage in investment transactions with the District.
- Section 5: The Board will designate an investment officer to invest District funds in accordance with the direction of the Board and the Policy.
- Section 6: This Resolution and the exhibits attached hereto supersede all prior Resolutions and related exhibits previously adopted by the Board regarding the Financial Investment Policy.

ADOPTED this 20th day of October, 2015

By: 
Jeff Sawyer, President

ATTEST: 
Lisa Moravitz, District Secretary

**JOINDER TO RESOLUTION ADOPTING A FINANCIAL INVESTMENT POLICY;
ADOPTING INVESTMENT STRATEGIES; DESIGNATING QUALIFIED BROKERS
AND DESIGNATING AN INVESTMENT OFFICER**

Richard A. Crow, CPA/PFS, CFP, the bookkeeper for Upper Brushy Creek Water Control & Improvement District (the "Bookkeeper"), joins in this Resolution adopting a Financial Investment Policy; Adopting Investment Strategies; Designating Qualified Brokers and Designating an Investment Officer (the "Resolution" for purposes of acknowledging that the Bookkeeper has received and reviewed the Resolution and agrees to comply with the terms thereof.

Richard A. Crow, CPA/PFS, CFP
109 S. Harris St., Suite 100
Round Rock, Texas 78664

By: Richard A. Crow
Richard A. Crow
Owner

EXHIBIT "A"
UPPER BRUSHY CREEK WATER CONTROL & IMPROVEMENT DISTRICT
FINANCIAL INVESTMENT POLICY

1. Scope – This Policy applies to all transactions involving the investment assets of the District.
2. Policy – District funds will be invested in compliance with applicable legal requirements, the guidelines stated in this Policy, each District Investment Strategy, and the restrictions, contained in the District’s bond resolutions. Effective cash management is recognized as a foundation of this Policy. Notwithstanding the foregoing investment of District funds is limited to the types of investments set forth on the attached Exhibit “A-1”.
3. Allowable Maturities – Unless otherwise stated in Exhibit “A-1”, the maximum allowable stated maturity of any individual investment may not exceed two years, and the maximum dollar-weighted average maturity for pooled fund groups based on the stated maturity dated for the portfolio may not exceed 60 days. Settlement of all transactions, other than investment pool funds and mutual funds, must be consummated on a delivery versus payment basis.
4. Investment Objectives – The District’s investment portfolio will be planned and managed to take advantage of the 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 the District’s bond resolutions, including covenants with respect to the arbitrage regulations under the U.S. Internal Revenue Code. Consideration will be given to the following objectives:
 - a) Safety of capital: The primary objective of the District is to ensure the preservation and safety of principal.
 - b) Liquidity: The District will maintain sufficient liquidity to ensure the availability of funds necessary to pay obligations as they become due.
 - c) Return on investment: The District will seek to optimize return on investments within the constraints of safety and liquidity.
 - d) 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, which 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.

5. Investment Officer and Quarterly Report – Purchases and sales of District Investments may only be initiated by an Investment Officer appointed by resolution of the Board. The District’s Investment Officer will be required to attend training, in compliance with the Public Funds Investment Act, from an independent source approved by the Board that includes education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act. With Board approval, an Investment Officer may invest and reinvest funds of the District in accordance with the Policy. The Investment Officer must submit a written report to the Board, on at least a quarterly basis, which sets forth all investment transactions during the previous quarter, and which complies with the requirements of the Public Funds Investment Act.
6. Acknowledgment Required – Any business that desires to sell investments to the District or otherwise engage in an investment transaction with the District must be given a copy of this policy, and a qualified representative of the Business Entity must execute a written instrument, in substantively the form attached as Exhibit “A-2” stating that he or she:
 - a) Has received and thoroughly reviewed this Policy; and
 - b) Acknowledges that his or her organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and his or her organization that are not authorized by this Policy, except to the extent that such authorization is dependent on analysis of the makeup of the District’s entire portfolio or requires an interpretation of subjective investment standards.
7. Collateralization – Funds held at a bank or trust company that are not invested must be collateralized by collateral security set forth in the Public Funds Collateral Act, to the extent not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC), their successors, or any other instrumentality of the United States. Any bank or trust company that is required to secure a deposit of District funds under this Policy or the Public Funds Collateral Act must enter into an agreement regarding the collateral securities in a form approved by the District.
8. Review – This 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 Director. Following its annual review, the Board will adopt a written resolution confirming its review of the Policy and the investment strategies contained in this Policy.

EXHIBIT "A-1"
AUTHORIZED INVESTMENTS

1. The following obligations of governmental entities and obligations guaranteed by the governmental entities are allowed:
 - a) Obligations of the United States or its agencies and instrumentalities;
 - b) Direct obligations of the State of Texas or its agencies and instrumentalities;
 - c) With prior approval of the Board, collateralized mortgage obligations directly issued by the federal government, the underlying security for which is guaranteed by the United States with certain exceptions set forth in the Public Funds Investment Act;
 - d) Other obligations backed by the full faith and credit of the United States; and
 - e) With prior approval of the Board, obligations of states, agencies, counties, cities, and other political subdivisions having not less than "A" rating from nationally recognized investment rating firm.
2. Certificates of deposit issued by a bank doing business in Texas guaranteed by the Federal Deposit Insurance Corporation or the obligations set for above in 1.
3. With prior approval of the Board, repurchase agreements with a defined termination date; secured by obligations set for above in 1 and placed through a primary government securities dealer or financial institution doing business in Texas.
4. With prior approval of the Board, bankers' acceptance with stated maturity of 270 days or less that will be liquidated in full at maturity and meet other credit requirements established by the Board.
5. With prior approval of the Board, commercial paper with a stated maturity of 270 days or less and meeting other credit requirements established by the Board.
6. With prior approval of the Board, money market mutual funds that are no-load and:
 - a) Are regulated by the Securities and Exchange Commission (SEC);
 - b) Have provided the District with prospectus and other information required by the Securities Exchange Act of 1934 and the Investment Company Act of 1940;
 - c) Have an average weighted maturity of 90 days or fewer; and

- d) Have an investment objective of maintaining a stable net asset value of \$1 per share.
7. Other types of mutual funds which are no-load and:
- a) Are registered with the SEC;
 - b) Have an average weighted maturity of less than 2 years;
 - c) Are invested exclusively in obligations approved by this Act;
 - d) Have a “AAA”, or its equivalent rating; and
 - e) Meet certain requirements of investment pools, as set forth in the Public Funds Investment Act.
8. Public funds investment pool which meets the criteria as set forth in the Public Funds Investment Act, maintains a “AAA” rating and has an investment objective of maintaining a stable net asset value of \$1 per share.

EXHIBIT "A-2"
CERTIFICATION OF RECEIPT AND REVIEW
OF INVESTMENT POLICY

QUALIFIED REPRESENTATIVES
CERTIFICATION OF RECEIPT
AND
REVIEW OF INVESTMENT POLICY

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

I, the undersigned Bradley P. Thomas, a qualified representative of Regions Bank, do hereby certify that I have been presented with a copy of the Upper Brushy Creek Water Control and Improvement District Investment Policy. I have thoroughly reviewed the Investment Policy and acknowledge that Upper Brushy Creek Water Control and Improvement District has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and Regions Bank that are not authorized by the Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

WITNESS MY HAND THIS the 16th day of October, 2015.

Name: 

Title: Vice President

**EXHIBIT “B”
INVESTMENT STRATEGIES**

Investment Strategies in order of priority:

A. Investment requirements by fund.

1. **Operating Funds.** The District will maintain funds in the operating checking account at its depository, TexPool or any qualified money market fund to cover monthly operational expenses. The remaining operating funds will be invested in acceptable investments to meet the operating requirements of the District, as determined by the annual operating budget adopted by the Board, not to exceed a maximum maturity of two years.
2. **Tax Collections.** Tax collections will be deposited into the District’s account. The balance will be checked monthly.
3. **Rainy Day Funds.** The District will maintain funds in a reserve account at its depository or TexPool, or those funds may be invested in acceptable investments not to exceed a maximum maturity of two years, to cover emergency expenses caused by storm, flood, drought, or other unforeseen occurrence.

B. Suitability. The District’s Investment Officer(s) must understand the District’s financial requirements. Appropriate investments will be made to meet the needs of the District. TexPool, Reserve Account, and future capital expenditures, or a qualified money market fund will be considered acceptable investments if approved by the District’s Investment Officer in accordance with these strategies.

C. Preservation of Capital. A safe investment will allow the District to recover every dollar invested.

D. Liquidity. The District’s Investment Officer(s) must invest in securities that are easily and rapidly converted into cash without substantial loss of value.

E. Investment Marketability Requirements. All investments must be “marketable” in case the need arises to liquidate an investment before maturity.

F. Maximum Maturities. To the extent possible, the District will match its investments with anticipated cash flow requirements. As required by the Public Funds Investment Act and the District’s Financial Investment Policy, certain investments will have maturity limitations.

G. Diversification. There will be no defined level of investment diversification as long as all funds of the District are invested in accordance with these strategies.

H. Yield. District funds must be invested to obtain the maximum yield for each time frame taking into consideration the priority of preservation and safety of the principal and liquidity of the investment.

EXHIBIT "C"
LIST OF AUTHORIZED BROKERS – 2015

ABC Bank	Memorial City Bank
Allegiance Bank	Metro Bank, N.A.
Amegy Bank of Texas, N.A.	Moody National Bank
Bank of America N.A.	New First National Bank
Bank of Houston	Omni Bank N.A.
Bank of New York- Mellon	Plains Capital Bank
Bank of Texas N.A.	Patriot Bank
BB&T	Plains State Bank
BBVA Compass Bank	Post Oak Bank
Capital Bank	Prosperity Bank
Capital Markets of Dallas	Regions Bank
Capital One	Security State Bank
Central Bank	Southwest Securities
Chasewood Bank	Sovereign Bank
Citibank N.A.	Spirit of Texas Bank
Comerica Bank	State Bank of Texas
Comerica Securities	State Street Bank & Trust Co.
Commercial State Bank	Stifel Nicolaus
Community Bank	Tex Star Investment Pool
Coastal Securities	Texas Capital Bank N.A.
Encore Bank	Texas Class
Enterprise Bank	Texas Citizens Bank
First Bank of Conroe	Texas Community Bank
First Bank & Trust	Texas First Bank
First Citizens Bank	Texas Savings Bank
First Community Bank	Texpool/Texpool Prime
First National Bank of Texas	The Bank of River Oaks
Frost National Bank	Tradition Bank
Green Bank	Trustmark National Bank
Herring National Bank	United Bank of el Paso Del Norte
Hometown Bank, N.A.	Unity National Bank
Houston Community Bank N.A.	U. S. Bank
Icon Bank	Vista Bank
Independence Bank	Wells Fargo Bank, N.A.
Independent Bank	Wells Fargo Brokerage Services, LLC
International Bank of Commerce	Wells Fargo Trust
Inter National Bank	Westbound Bank
JP Morgan Chase	WestStar Bank
Legacy Texas Bank	Whitney National Bank
Lone Star Bank	Woodforest National Bank
Lone Star Investment Pool	