



JUDSON INDEPENDENT SCHOOL DISTRICT

Meeting Date: October 17, 2024

Submitted By: Cecilia Davis
Title: Deputy Superintendent

Agenda Item: Consider and take action regarding approving the review of our Investment Policy (CDA-LOCAL – Other Revenues – Investments).

CONSENT ITEM

RECOMMENDATION:

It is recommended that the Board of Trustees approve the review of the District Policy CDA (LOCAL) – Other Revenues – Investments.

IMPACT/RATIONALE:

Policy CDA (LOCAL) is being reviewed and updated annually as required. There are no changes to the Investment Policy for the 2024-2025 fiscal year.

Per the Public Investment Act, Section 2256.025. Selection of Authorized Brokers. The governing body of an entity subject to this sub chapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity. An updated list of approved broker/dealers is also attached with changes notated in blue font.

We are continuing to work with Meeder Investments to manage our long-term investments for General Fund and Construction. The District's additional investments are managed in Texpool and Lonestar.

BOARD ACTION REQUESTED:

Approval/Disapproval

Investment Authority

The Superintendent or other person designated by Board resolution shall serve as the investment officer of the District and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be settled on a delivery versus payment basis.

**Approved
Investment
Instruments**

From those investments authorized by law and described further in CDA(LEGAL) under Authorized Investments, the Board shall permit investment of District funds, including bond proceeds and pledged revenue to the extent allowed by law, in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, US and state governmental entities and their subdivisions, excluding mortgage-backed securities, as permitted by Government Code 2256.009.
2. Fully insured or collateralized depository certificates of banks in Texas and fully NCUSIF insured share certificates of credit unions in Texas as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. A1/P1 or equivalent commercial paper with a maximum maturity of 270 days as permitted by Government Code 2256.013.
7. Money market mutual funds that strive to maintain a \$1 NAV as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools that strive to maintain a \$1 NAV as permitted by Government Code 2256.016.
10. Fully insured or collateralized interest-bearing accounts in any bank in Texas.

Safety

The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns

within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

**Investment
Management**

In accordance with Government Code 2256.005(b)(3), the quality and capability of investment management for District funds shall be in accordance with the standard of care, investment training, and other requirements set forth in Government Code Chapter 2256.

**Liquidity and
Maturity**

Any internally created pool fund group (portfolio) of the District shall have a maximum dollar weighted maturity of 365 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed three years from the time of purchase.

The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

Diversity

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Monitoring Market
Prices**

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant changes in the market value of the District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisers, and representatives/advisers of investment pools or money market funds. Monitoring shall be done monthly or more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

**Monitoring Rating
Changes**

In accordance with Government Code 2256.005(b), the investment officer shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

Funds/Strategies

Investments of the following fund categories shall be consistent with this policy and in accordance with the applicable strategy defined below. All strategies described below for the investment of a particular fund should be based on an understanding of the suitability of an investment to the financial requirements of the District

OTHER REVENUES
INVESTMENTS

CDA
(LOCAL)

and consider preservation and safety of principal, liquidity, market-ability of an investment if the need arises to liquidate before ma-turity, diversification of the investment portfolio, and yield.

Operating Funds Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

Custodial Funds Investment strategies for custodial funds shall have as their primary objectives preservation and safety of principal, investment li- quidity, and maturity sufficient to meet anticipated cash flow re- quirements.

Debt Service Funds Investment strategies for debt service funds shall have as their pri- mary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

Capital Project Funds Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capi- tal project obligations. Maturities longer than one year are author- ized provided legal limits are not exceeded.

Safekeeping and Custody The District shall retain clearly marked receipts providing proof of the District's ownership. The District may delegate, however, to an investment pool the authority to hold legal title as custodian of in- vestments purchased with District funds by the investment pool.

Sellers of Investments Prior to handling investments on behalf of the District, a qualified representative of a pool must submit required written documents in accordance with law. [See Sellers of Investments, CDA(LEGAL)]

Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC) and be in good standing with the Financial Industry Regulatory Authority (FINRA). Brokers shall receive a copy of the District's investment policy.

Soliciting Bids for CDs In order to get the best return on its investments, the District may solicit bids for certificates of deposit or other security in writing, by telephone, or electronically, or by a combination of these methods.

Interest Rate Risk To reduce exposure to changes in interest rates that could ad- versely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.

The District shall monitor interest rate risk using weighted average maturity and specific identification.

Internal Controls

A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of all transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.

These controls shall be reviewed by the District's independent auditing firm.

Collateral shall be required for:

1. All time and demand deposits where collateral is pledged to the District; and
2. Repurchase agreements where collateral is owned by the District.

Pledged collateral shall be required for all time and demand deposits with a 102 percent margin (110 percent if mortgage-backed securities) to the total deposit in the institution. The institution shall be responsible for monitoring and maintaining that margin daily.

Owned collateral shall be required to be maintained at 102 percent.

Authorized collateral shall only include:

- Obligations of the US, its agencies, and instrumentalities including mortgage-backed securities passing the bank test of the Federal Reserve.
- Obligations of US states and their subdivisions rated A or better.
- FHLB letters of credit.

Cash shall be authorized as collateral for repurchase agreements.

Annual Review

The Board shall review this investment policy and investment strategies not less than annually and shall document its review in writing, which shall include whether any changes were made to either the investment policy or investment strategies.

Annual Audit

In conjunction with the annual financial audit, the District shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies.

Approved Broker/Dealer List

9/30/2024



Broker/Dealer	Date Added	Broker/Dealer	Date Added
Academy Securities ²		Loop Capital Markets ²	
Arbor Research & Trading, LLC		MarketAxess Corporation	
Bank of America/Merrill Lynch ¹		Mizuho Securities ¹	
Barclays Capital Inc. ¹		Moreton Capital Markets	
Blaylock Van, LLC ²		Morgan Stanley ¹	
BMO Capital Markets ¹		Multi-Bank Securities ²	
BNY Capital Markets		Oppenheimer	
BOK Financial		Piper Sandler & Co	
Brean Capital		PNC Capital Markets LLC	
Cantor Fitzgerald & Co. ¹		Raymond James	
CastleOak Securities ²		RBC Securities ¹	
Citigroup Global Markets Inc ¹		Rice Financial	
D.A. Davidson		Robert W. Baird	
Daiwa Capital Markets ¹		Santander US Capital Markets ¹	
FHN Financial		Siebert Williams Shank ²	
Goldman Sachs & Co. ¹		Stephens Inc	
Great Pacific ²		Stifel Nicolaus	
Hilltop Securities		StoneX Group Inc.	
Huntington Bank		TD Securities ¹	
InspereX (formerly InCapital)		Truist Securities Inc.	
Jane Street	9/30/2024	UBS Financial ¹	
Jefferies ¹		UMB Financial Services	
JPMorgan Securities ¹		U.S. Bancorp Investments	
Keybanc Capital Markets		Wells Fargo ¹	

Note: Direct issuers of CP and CDs are considered to be approved counterparties if approved as an issuer.

1 Primary Government Securities Dealer

2 Minority, Woman owned, or Service Disabled-Veteran owned Enterprise

Important Disclosures

This list is current as of the effective date only and is subject to change without notice. This list is for informational purposes only, and may not be relied upon for any other purpose. The list does not imply counterparty approval for derivatives of any type. This information is confidential and may not be distributed without prior written consent of Meeder Public Funds, Inc.