INVESTMENT POLICY



Adopted April 1st, 2026

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County of Freestone
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STATE OF TEXAS

COUNTY OF FREESTONE

It being the desire of the Freestone County Commissioners Court to establish a sound investment policy, which will provide for maximum investment return from funds belonging to Freestone County, the following **INVESTMENT POLICY FOR FREESTONE COUNTY** is therefore adopted.

I. POLICY STATEMENT

1. In accordance with Section 116.112(a), Local Code and/or Title X, Chapter 2256, Section 2256(f) and (g), the Investment Officer of Freestone County, under the direction of the Commissioners' Court, may invest the County funds that are not immediately required to pay obligations of the County. This investment policy applies to all financial assets of Freestone County.

II. SCOPE

1. These funds are combined for investing purposes and are accounted for in the Annual Financial Report for Freestone County (which demonstrates compliance and is prepared in conformity with GASB as required by the Public Funds Investment Act) and include the following funds:

10	General Fund
11	County Judiciary Support
19	Chapter 19 Voter Registration
21	Road & Bridge Fund Pct 1
22	Road & Bridge Fund Pct 2
23	Road & Bridge Fund Pct 3
24	Road & Bridge Fund Pct 4
40	County Attorney Pre-Trial Intervention
41	County Attorney Crime Victims
42	County Attorney Seizure Fund
44	County Attorney TCLEOSE
46	County Attorney Chapter 59

47	County Attorney DA Supplement
48	DA Restitution
50	Payroll Clearing Fund
60	Sheriff Federal Forfeiture Fund
62	Sheriff Trust Fund
64	Law Enforcement LEOSE Fund
66	Sheriff Jail Commissary
77	Senior Services
84	ARPA Fund
85	Capital Outlay-Courthouse
86	Special Budgeted Revenue Fund
87	Unclaimed Money Fund

88	Election Services Contract
89	Clerks' Records Archive Fund
90	Probate Court Continuing Ed.
91	Preservation of Records
92	Courthouse Security Fund
93	Records Management Fund
94	Technology Fund
95	District Clerk Records Management
96	Justice Court Bldg Security Fund
97	Law Library Fund
98	Dispatch Fund
99	SB 22 Fund

III. INVESTMENT OBJECTIVES

1. GENERAL STATEMENT- Funds of the County will be invested in compliance with federal and state laws, this investment policy, and written administrative procedures. The County will invest according to investment strategies for each fund as they are adopted by the Commissioners Court resolution. The primary objectives, in priority order, of Freestone County's investment activities shall be (1) safety, (2) liquidity, and (3) return on investments.

   a) Safety: The County is concerned about the return of its principal; therefore, safety of principal is the primary objective in any investment transaction. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   b) Liquidity: The County's investment portfolio will remain sufficiently liquid to enable the

County to meet all operating requirements, which might be reasonably anticipated.

c) Return on Investments: The yield objective of the County is to earn the maximum rate of return allowed on its investments within the policies imposed by safety and liquidity objectives, investment strategies for each fund, and state and federal law governing invest of public funds. Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest rate of return of interest. When the County has funds not required to meet current year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The maximum allowable stated maturity of any individual investment owned by the county is thirty-six months (36 mos).

IV. STATEMENT OF CARE

1. Investments will 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 their capital as well as the probable income to be derived.

2. In determining whether the investment officer has exercised prudence with respect to an investment decision, the determination will be made, having taken into consideration the following:

   a) The investment of all funds or funds under the County's control, over which the officer has responsibility rather than a consideration as to the prudence of a single investment; and
   b) Whether the investment decision was consistent with the written Investment Policy of the County.

V. INVESTMENT RESPONSIBILITY AND CONTROL

1. COUNTY INVESTMENT OFFICER

a) In accordance with Sec. 116.112 (a), Local Government Code and/or Chapter 2256, Sec. 2256.005 (f) and (g), the County Treasurer, acting on behalf of the Commissioners Court, is designated as the Investment Officer of the County. Management responsibility for the investment program is hereby delegated to the County Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy.

2. ETHICS AND CONFLICTS OF INTEREST

a) If the investment officer has a personal business relationship with Freestone County or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the county, the investment officer shall file a statement disclosing personal business interest or relationship with the Texas Ethics Commission and the Commissioners' Court in accordance with Government Code 2256.005 (i). The County Investment Officer must refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the County, particularly with regard to the time of purchases and sales.
b) The County Investment Officer is not responsible for any loss of county funds through the

failure or negligence of the depository. This policy does not release the investment officer or any other person for loss resulting from any act of official misconduct, or negligence, or for any misappropriation of funds.

VI. STANDARDS OF OPERATION

1. The County Investment Officer will develop and maintain written administrative procedures for the operation of the investment program set by the Commissioners' Court of the County. The County Investment Officer will determine the amount of cash available for payments by the County, invest the funds not required in the performance of that duty, and will exercise good judgment and discretion to effectuate the policies herein set forth. The County Investment Officer will be authorized to delegate to the County Judge, County Auditor, or Assistant Treasurer the authority to place orders for such investments and to perform all acts required to acquire, pay for, hold, sell, exchange tender, or collect investments. The County Investment Officer shall establish an annual process to review internal control and assure compliance with policies and procedures.

2. Management responsibility for the County's investment program (excluding Clerk Trust Accounts) is hereby delegated to the Treasurer and Auditor of Freestone County. Written procedures for the operation of the Freestone County Investment Program are as follows:

   a) County Treasurer
      - Deposit receipts daily
      - Withdraw funds as directed by the Investment Committee
      - Purchase investments upon written co-authority with County Auditor
      - Re-invest investments upon written co-approval with County Auditor
      - Prepare quarterly reports to be reviewed by the Investment Committee and submitted to Commissioners' Court for approval
      - Release securities with co-signature of the County Auditor after reviewing pledged securities list provided by the Bank
      - Distribute interest on time deposits and LGIP's to appropriate funds.

   b) County Auditor
      - Co-approve purchases and re-investing with the County Treasurer
      - Co-approve release of securities with the County Treasurer after reviewing pledged securities list provided by the Bank
      - Review distribution of interest on time deposits and LGIPs.
      - Balance County Treasurer's quarterly report to the General Ledger.

   c) Investment Committee
      - The Investment Committee will meet at least quarterly to review the types of investments, which will yield maximum income to the County and the length of time for which an investment will be made.

- The Investment Committee will also review the bank depository contract every two years prior to bids being awarded by the Commissioners' Court.
- The Investment Committee will also review the Investment Policy annually prior to presenting to the Commissioner's Court for approval.

VII. TRAINING

1. It is the County's policy to provide training as required by the Public Funds Investment Act. The periodic training in investments for the County Investment Officer, members of the Commissioner's Court and other County Officials shall be through Texas Association of Counties courses, seminars offered by the V.G. Young Institute of County Government at Texas A&M University or the Center for Public Management at the University of North Texas, and/or the LBJ School of Public Affairs at the University of Texas at Austin, in the amount of 10 (ten) hours per fiscal year for the County Investment Officer, that begins on the first day of the county's fiscal year (10/1) and consist of two consecutive fiscal years after that date.

VIII. INVESTMENT INSTITUTION DEFINED

1. The County Investment Officer will maintain a list of financial institutions authorized to provide investment services, approved by the Commissioner's Court or an investment committee.
2. In addition, a list will also be maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment services in the state of Texas. These may include "primary dealers" or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).
3. No public deposit shall be made except in a qualified public depository as established by state laws.
4. All financial institutions and Brokers/Dealers who desire to become qualified bidders for investment transactions must supply the County Investment Officer with an audited financial statement and certification of having read the County's Investment Policy and depository contract.
5. An annual review of the financial condition and registration of qualified bidders will be conducted by the County Investment Officer.
6. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the County invests.

IX. QUALIFICATIONS FOR APPROVAL OF BROKER/DEALER

1. A copy of this investment policy will be presented to any person seeking to sell the county authorized investment. The qualified representative of the business organization seeking to sell an authorized investment will execute a written instrument provided by the County (Exhibit A) that 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 that is not authorized by the county investment policy.
   c) Should the county choose to utilize an SEC registered investment advisor, the county will use the chosen investment advisor's approved broker/dealer list, to be provided annually, superseding Exhibit A.
2. The County Investment Officer may not buy any securities from a person who has not delivered

to the county the instrument signed by the registered principal.

X. INTERNAL CONTROL

1. Investment policy must require, in conjunction with its annual financial audit, a compliance audit of management controls on investments and adherence to Freestone County's established investment policies.
2. Quarterly reports must be formally reviewed at least annually by an independent auditor and reported to the governing body.

XI. PERFORMANCE STANDARDS

1. The investment portfolio shall be designed with the objective of obtaining a rate of return through budgetary and economic cycles, with investment risk constraints and the cash flow needs.
2. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

XII. DELIVERY VS PAYMENT

1. It will be the policy of the County that all investment securities will be purchased using delivery-versus-payment (DVP) method until the County has received, through the Federal Reserve wire, the securities purchased. The security shall be held in the name of the County or held on behalf of the County. The Trustee (the depository bank) record shall assure the notation of the County's ownership of or explicit claim on the securities. A copy of all safekeeping receipts shall be delivered to the County.

XIII. COMPETITIVE BIDDING

1. At least three competitive offers, or bids, for all individual security purchases and sales, excluding transactions with money market mutual funds, local government investment pools and when issued securities, which are deemed to be made at prevailing market rates.

XIV. INVESTMENT STRATEGY

1. The investment strategy for Freestone County, listed in order of importance, is as follows:

    a) Understanding the suitability of the investment to the financial requirements of Freestone County
    b) Preservation and safety of principal
    c) Liquidity
    d) Marketability of the investment if the need arises to liquidate the investment before maturity
    e) Diversification of the investment portfolio
    f) Yield (assign performance benchmarks as appropriate)

XV. INVESTMENT REPORTING AND PERFORMANCE EVALUATION

1. QUARTERLY REPORT- Not less than quarterly the investment officer will prepare and submit to the County Commissioners' Court a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

a) Describe in detail the investment position of the county on the date of the report
b) Be signed by the investment officer of the County
c) Contain a summary statement of each pooled fund group that states the:

- Beginning market value for the reporting period,
- Additions and changes to the market value during the period,
- Ending market value for the period, and
- Fully accrued interest.

d) State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested
e) State the maturity date of each separately invested asset that has a maturity date
f) State the account or fund in the county for which each individual investment was required
g) State the compliance of the investment portfolio of the County as it relates to:

- The investment strategy expressed in the County's Investment Policy, and
- Compliance with GAAP

2. MARKET YIELD (BENCHMARK) - The entity's investment strategy is passive. Given this strategy, the basis used by the County Investment Officer to determine whether market yields are being achieved shall be the 90-Day US Treasury bill.

3. NOTIFICATION OF INVESTMENT CHANGES- It will be the duty of the County Investment Officer to notify the County Commissioners' Court of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this policy or not.

XVI. INVESTMENT COLLATERAL AND SAFEKEEPING

1. COLLATERAL OR INSURANCE- All deposits and investments of County funds other than direct purchases of U.S. Treasuries or Agencies shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC. The Investment Officer or a third-party financial institution shall maintain evidence of the pledged collateral. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Collateral shall be reviewed monthly to assure that the market value of the pledged securities is adequate.

2. SAFEKEEPING- Collateral pledged to secure deposits of the County shall be held by a safekeeping institution in accordance with a Safekeeping Agreement which clearly defines the procedural steps for gaining access to the collateral should the County determine that the County's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of authorized representatives of the County, the firm pledging the collateral, and the Trustee.

3. COLLATERAL DEFINED- The County of Freestone shall accept only the following securities

as collateral:

a) Federal Deposit Ins. Corp or National Credit Union Share Ins. Fund
b) A bond, certificate of indebtedness, or Treasury Note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States.
c) Obligations, the principal and interest on which are unconditionally guaranteed or insured by the State.
d) A bond of the State of Texas or of a county, city, or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent by a nationally recognized rating agency) with a remaining maturity of ten (10) years or less.
e) A direct obligation of Agencies or Instrumentalities of the United States Government.

XVII. INVESTMENT TYPES

1. PROHIBITED

a) Only those investments listed in this section are authorized
b) Freestone County is not required to liquidate investments that were authorized investments at the time of purchase

2. AUTHORIZED- The County Investment Officer will use any or all of the following authorized investment instruments consistent with Title X, Chapter 2256, Texas Government Code:

a) Obligations of the United States or its agencies and instrumentalities
b) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the United States or their respective agencies
c) Commercial Paper if the commercial paper has a stated maturity of 270 days or less from the date of its issuance and is rated not less than A-1 or P-1 by at least one nationally recognized credit rating agency
d) Certificates of deposit if issued by a state or national bank/ or credit union domiciled in this state and:
e) Guaranteed or insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund or its successor
f) Secured in any other manner and amount provided by law for deposits of the county
g) Freestone County may invest its funds under its control through an eligible investment pool if the governing body of Freestone County by rule, order, ordinance or resolution, as appropriate, authorizes investment in the particular pool.
    - An investment pool will invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service. The County, by contract, may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds, which must have an AAA rating. The County will exercise due diligence prior to investing in these State pools.
    - An investment pool shall invest the funds it receives from its entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment

pool.

- To be eligible to receive funds from and invest funds on behalf of Freestone County under this chapter, a public funds investment pool must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a $1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds. The yield and expense ratio of the pool, including a statement regarding how yield is calculated.

- To maintain eligibility to receive funds from and invest funds on behalf of Freestone County under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:
  - investment transaction confirmations; and
  - a monthly report that contains, at a minimum, the following information:
  - the types and percentage breakdown of securities in which the pool is invested;
  - the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
  - the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
  - the book value versus the market value of the pool's portfolio, using amortized cost valuation;
  - the size of the pool;
  - the number of participants in the pool;
  - the custodian bank that is safekeeping the assets of the pool;
  - a listing of daily transaction activity of the entity participating in the pool;
  - the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
  - the portfolio managers of the pool; and
  - any changes or addenda to the offering circular.

- If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c) (2), and (f) must be posted on the website.
- To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.
- If an investment pool offers fee breakpoints based on fund balances invested, the

investment pool in advertising investment rates must include either all levels of return based on how they calculate the fee, the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

- Authorized local government investment pools include TexPool, Texas CLASS, TexSTAR, LOGIC, and Texas Connect.

XVIII. INVESTMENT POLICY ADOPTION

1. The Freestone County Investment Policy and investment strategies shall be adopted by resolution by the Commissioners' Court, who shall review the policy no less than annually. Any modification made thereto must be adopted at that time.

EXHIBIT A

CERTIFICATION FORM

AS REQUIRED BY TEXAS GOVERNMENT CODE 2256.005(K)

COUNTY OF FREESTONE

The County acknowledges that the only means the business organization has to preclude "imprudent investment activities arising out of transactions between the business organization and the County" is to confirm that all provisions of the County's investment policy are followed in investment transactions conducted between the firm and the County, and paragraphs below should be read and signed accordingly.

I, _____, as a qualified representative for the business organization,

_____, do hereby certify that I have received and thoroughly reviewed the Investment Policy of Freestone County.

We acknowledge that this business organization has implemented reasonable internal procedures and controls in an effort to preclude imprudent investments between this business organization and the county arising from transactions between the County and the business organization.

Signature: _____

Name: _____

Title: _____

Date: _____

Glossary

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Commercial Paper - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality **rating.**

Interest Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "coupon rate."

Internal Controls - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly

safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment grade - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

National Association of Securities Dealers (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/ (Number of shares outstanding)

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Principal - The face value or par value of a debt instrument. Also, may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Repurchase Agreement (repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Rule 2a-7 of the Investment Company Act - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar ($1.00).

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Treasury Bills - Short-term U.S. government non-interest-bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Uniform Net Capital Rule - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

Weighted Average Maturity (WAM) - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Purpose of Adoption

This policy was adopted to govern the investment practices of the assets of Freestone County, ensuring that all individuals with direct or indirect responsibility understand and manage the investment assets in accordance with our organization's goals, risk tolerance, and fiduciary standards.

Key Aspects of the Adopted Policy

The adopted Investment Policy includes guidelines regarding:

- Objectives: Preservation of capital, liquidity, and return on investment.
- Roles & Responsibilities: Clearly defining the duties of the Investment Committee and external managers.
- Asset Allocation: Approved asset classes and rebalancing procedures.
- Performance Evaluation: Benchmarks for measuring performance.

Effective Date and Review

This policy is effective immediately and replaces all previous investment policies. The Commissioners Court of Freestone County will review this policy no less than annually to ensure compliance with current laws, economic trends, and cash flow requirements.

Please be advised that on April 1st, 2026, the Commissioners Court of Freestone County formally reviewed, approved, and adopted the updated Investment Policy for 2026.

Please direct any questions regarding the implementation of this policy to the County Treasurer.

Sincerely,

Mandy Chavers
Freestone County Treasurer

Andy Bonner
Freestone County Commissioner Precinct 1

Will McSwane
Freestone County Commissioner Precinct 2

Richard McGowan
Freestone County Commissioner Precinct 3

Clyde Ridge
Freestone County Commissioner Precinct 4

Lloyd Lane
Freestone County Judge

COMMISSIONERS COURT
FREESTONE COUNTY, TEXAS

FILED FOR RECORD
At 9 ,o'clock AM

APR 01 2026

RENEE GREGORY
Clerk County Court, Freestone County, Texas
By