

AGENDA PLACEMENT FORM

(Submission Deadline – Monday, 5:00 PM before Regular Court Meetings)

Date: 6/27/2024

Meeting Date: July 8, 2024

Submitted By: Kathy Blackwell

Department: Treasurer

Signature of Elected Official/Department Head:

Kathy M. Blackwell

Court Decision:
This section to be completed by County Judge's Office



July 8, 2024

Description:

Consideration of the Johnson County Investment Policy 2024 with the addition of an Investment Committee.

(May attach additional sheets if necessary)

Person to Present: Kathy Blackwell

(Presenter must be present for the item unless the item is on the Consent Agenda)

Supporting Documentation: (check one) PUBLIC CONFIDENTIAL

(PUBLIC documentation may be made available to the public prior to the Meeting)

Estimated Length of Presentation: _____ minutes

Session Requested: (check one)

Action Item Consent Workshop Executive Other _____

Check All Departments That Have Been Notified:

County Attorney IT Purchasing Auditor

Personnel Public Works Facilities Management

Other Department/Official (list) _____

**Please List All External Persons Who Need a Copy of Signed Documents
In Your Submission Email**

JOHNSON COUNTY INVESTMENT POLICY

I. **INTRODUCTION**

This policy serves to satisfy the statutory requirements of Texas Local Government Code (LGC) Section 116.112 Investment Funds, and Government Code (GC) Chapter 2256 Public Funds Investment Act (PFIA) to define and adopt a formal investment policy. This policy will be reviewed and adopted by order annually according to Section 2256.005(e), Government Code.

II. **OBJECTIVES**

The Objectives of the Johnson County Investment Policy shall be:

To set forth the methods, means, and goals of the financial investment operation for Johnson County.

To ensure the highest degree of safety and optimum liquidity of Johnson County funds at all times.

To ensure Johnson County will maximize interest yield on County funds through methods allowed under Federal and State Law, applicable Bond Resolution requirements, adopted Investment Policy, adopted Investment Strategy and in accordance with the current County Bank Depository Contract.

III. **INVESTMENT STRATEGY**

Johnson County maintains portfolios that utilize three specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

General Operating Funds

Johnson County's investment strategy for General Operating Funds shall be made to ensure that anticipated cash requirements are matched with adequate investment liquidity.

Debt Service Funds

Johnson County shall utilize as the primary objective for the investment of Debt Service Funds adequate liquidity to cover the debt service obligation of the County on required payment dates.

Special Revenue and Trust and Agency Funds

Johnson County shall invest Special Revenue and Trust and Agency Funds in accordance with State law and the Johnson County Investment Policy to the maximum ability that such investments may benefit the County directly, or utilize said funds in a method that such funds may benefit the County indirectly.

General Strategy

Johnson County's investment portfolio shall consist of a variety of securities, which may include any or all of the authorized investments listed in Section VI, Authorized Investments, of this Policy.

It shall be the general practice of Johnson County to utilize an investment strategy based on Section VII., Standard of Care, of this Policy, which also defines yield objectives, as well as Section 2256.006, Government Code. Johnson County shall, in general, be conservative in its investment programs. Investment collateral is addressed in Section IX of this policy.

It is Johnson County's intent to hold purchased securities to the stated maturity date and to have invested in such a manner to insure both the safety and liquidity of such transaction. In the event, however, the need arises to sell securities before the stated maturity date, the situation shall be analyzed to determine the appropriate time to liquidate said securities and minimize any potential value loss.

The Johnson County Investment Portfolio shall not exceed an Average Life of two years for the entire Investment Portfolio. There shall be no investment made that has a maturity of more than three years unless approved by the Commissioners Court.

Investment of each fund authorized in Article VI shall be governed by the following investment objectives in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the entity;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

IV. **INVESTMENT COMMITTEE**

Johnson County hereby creates an investment committee, consisting of the County Treasurer, County Auditor, County Judge, County Tax Assessor Collector, and a County Commissioner, in accordance with state and local laws and policies. Members of the investment committee will serve without compensation and shall meet at least quarterly to determine general strategies and monitor results. The investment committee shall include in its deliberations such topics as: economic outlook, portfolios diversification, maturity, and structure, potential risks to the county's funds, authorized depositories and broker-dealers, and the target rate of return on the investment portfolio. This committee shall establish its own rules of procedure and perform additional duties as may be assigned by Commissioner's Court.

V.
INVESTMENT OFFICER

The County Treasurer of Johnson County and the County Auditor shall serve as co-investment officers. The County Treasurer and the County Auditor shall have the same authority relating to the duties of the Investment Officer. It is understood that the Treasurer will take the lead on day-to-day communications with broker/dealers and consult with the Auditor on investment decisions.

Should at any time the Investment Officer have a personal business relationship with any entity seeking to sell investments to Johnson County or the County Treasurer or County Auditor is related within the second degree by affinity or consanguinity to an individual seeking to transact investment business with the entity, the County Treasurer or Auditor will file a Disclosing Statement with the Texas Ethics Commission and the Johnson County Commissioners Court.

It is understood at all times that the control and general fiduciary responsibility of Johnson County funds is vested in the Commissioners Court of Johnson County and said right of investment or management is extended by the Commissioners Court to the Investment Officer in its behalf.

VI.
INVESTMENT AUTHORIZATION

The Investment Officer is hereby authorized to transfer funds or disburse Johnson County funds for investment transactions and to release same as required. It shall be the responsibility of the County Treasurer as chief custodian of Johnson County funds to perform the actual transaction of purchasing/withdrawal of all investments. All transactions must be reported to the County Auditor immediately upon completion.

Johnson County may approve contracting with an investment management firm for the management of its funds. The firm must be registered under the Investment Advisers Act of 1940 (the "1940 Act") or, if the firm is not subject to the 1940 Act, registered with the State Securities Board. An investment management contract may be for a term of up to two years with any renewal or extension approved by Johnson County Commissioners Court. A written copy of Johnson County's approved investment policy must be given to the management firm. An officer or principal of the investment management firm serves as the qualified representative who will provide Johnson County with a written instrument acknowledging receipt of the investment policy (see Exhibit B attached herewith). Annually, Johnson County will review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County, should we have any.

VII.
AUTHORIZED INVESTMENTS

In Accordance with authorizing Federal and State Laws, Johnson County's Depository Contract, and appropriated approved collateral provisions, Johnson County may utilize the following methods for the investment of Johnson County funds as provided in Section 2256.009(a), Government Code:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Certificates of Deposits;
 - a. Section 2256.010, Government Code, states that a certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:
 - 1) guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor or the National Credit Union Share Insurance Fund (NCUSIF) or its successor; or
 - 2) secured by obligations that are described by Section 2256.009 (a), Government Code, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage-backed securities of the nature described by Section 2256.009(b) Government Code; or
 - 3) secured in any other manner and amount provided by law for deposits of the investing entity.
 - b. In addition to the authority to invest in certificates of deposit under Subsection (a) above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment:
 - 1) The funds are invested by an investing entity through:
 - A. A broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025, Government Code; or
 - B. A depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
 - 2) The broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
 - 3) The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - 4) The investing entity appoints the depository institution selected by the investing entity under Subsection (1), an entity described by Section 2257.041(d), or a

clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit for the account of the investing entity.

7. Money market mutual funds registered with and regulated by the Securities and Exchange Commission and fully conforming with Section 2256.014, Government Code;
 - a. A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:
 - 1) is registered with and regulated by the Securities and Exchange Commission;
 - 2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and
 - 3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).
 - b. In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:
 - 1) is registered with the Securities and Exchange Commission;
 - 2) has an average weighted maturity of less than two years; and
 - 3) either:
 - A. has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or
 - B. has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.
 - c. An entity is not authorized by this section to:
 - 1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);
 - 2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or
 - 3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

8. Investment Pools;

As stated in Section 2256.016, Government Code, for Investment Pools, Johnson County

may invest its funds and funds under its control through an eligible investment pool if the Commissioners Court, by official Court Order, authorizes investment in the particular pool. An investment pool shall invest County funds only in authorized investments permitted by State Statutes. 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.

Investment Pools must meet the following requirements:

- a. The investment pool must furnish to the investment officer or other authorized representative of the County an offering circular or similar disclosure instrument that contains, at a minimum, the following information:
 - 1) The types of investments in which money is allowed to be invested;
 - 2) The maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
 - 3) The maximum stated maturity date any investment security within the portfolio has;
 - 4) The objectives of the pool;
 - 5) The size of the pool;
 - 6) The names of the members of the advisory board of the pool and the dates their terms expire;
 - 7) The custodian bank that will be safekeeping the pool's assets;
 - 8) Whether the intent of the pool is to maintain a net asset value of \$1 and the risk of market price fluctuation;
 - 9) Whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
 - 10) The name and address of the independent auditor of the pool;
 - 11) The requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
 - 12) The performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
 - 13) The pool's policy regarding holding deposits in cash.
- b. The investment pool must be rated no lower than AAA or AAA-m or at an equivalent rating of at least one nationally recognized rating service.
- c. The investment pool must furnish to the investment officer investment transaction confirmations and a monthly report that contains, at a minimum, the following information:
 - 1) The types and percentage breakdown of securities in which the pool has invested;
 - 2) The current average dollar-weighted maturity, based on the stated maturity date, of the pool;

- 3) The current percentage of the pool's portfolio in investments that have stated maturities more than one year;
- 4) The book value versus the market value of the pool's portfolio, using amortized cost valuation;
- 5) The size of the pool;
- 6) The number of participants in the pool;
- 7) The custodian bank that is safekeeping the assets of the pool;
- 8) A listing of daily transaction activity of the entity participating in the pool;
- 9) The yield and expense ratio of the pool;
- 10) The portfolio managers of the pool; and
- 11) Any changes or addenda to the offering circular.

- d. For purposes of investment in an investment pool, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

Prohibited Investments

In accordance with the provisions of Section 2256.009(b), Government Code, the following are not authorized investments:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

VIII. INVESTMENT RESPONSIBILITY AND CONTROL

Qualifications of Brokers/Dealers

Investment advisors and investment providers shall adhere to the spirit, philosophy and specific terms of this policy and shall invest within the same "Standard of Care" whereby the primary objective is the preservation and safety of principal.

In accordance with Section 2256.005(k), Government Code, a written copy of this investment policy shall be presented to any person seeking to sell to the County an authorized investment, including investment pools and money market mutual funds. The registered principal of the business organization seeking to sell an authorized investment to the County shall execute a written instrument (see Exhibit B attached herewith) substantially to the effect that the registered principal has:

1. Received, reviewed, and agreed to adhere to the investment policy of the County;
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the County and the organization that are not authorized by the County's investment policy;
3. Provided audited financial statements;
4. Provided proof of Financial Industry Regulatory Authority (FINRA); and
5. Provided proof of state registration.

Selected Investment Advisors and Investment Brokers/Dealers shall provide timely transaction confirmations and monthly activity reports.

The investment officers may not buy any securities from a person who has not delivered to the County an instrument substantially in the form provided above according to Section 2256, Government Code.

Approval Process of Broker/Dealer

Upon meeting the requirements established under Section 2256.005(k), Government Code, which includes the execution of a written instrument as described above, any person offering to engage in an investment transaction with the County may present a written request to the Investment Officer. The Investment Officer shall review the request and if appropriate present the request to Commissioners Court for approval.

As specified under Section 2256.025, Government Code, the designated Investment Officer shall present annually a list of qualified investment brokers/dealers to the Commissioners Court for review, revisions, and approval. Once the list of qualified brokers/dealers has been adopted, only those named brokers/dealers shall be approved and qualified to engage in investment transactions with the County.

By adopting this investment policy, the Johnson County Commissioners Court is authorizing the use of the broker/dealers and investment management firms as listed in Exhibit A.

Standards of Operation

The County Investment Officers shall develop and maintain written administrative procedures for the operation of the investment program, which shall be consistent with this investment policy.

When competitive offers are sought, the County will send a Request for Offer form to one or more approved and qualified broker/dealers. If a specific maturity date is required, offers will be requested for instruments which meet those purposes. The County may accept the offer, which, in its sole discretion, is determined to best meet the need for safety, liquidity and yield. Offers will not be accepted which do not meet the specified criteria in the request for offer or where the deadline specified on the request for offer(s) is not met. The investments considered must be comparable in structure, term, maturity, and rate. Offers may be solicited in any manner provided by law, including e-mail. All offers must be from brokers/dealers previously approved and qualified by Commissioners Court. All offers received and considered which lead to an acceptance of the offer must be documented and filed for auditing purposes.

Audit Controls

The Investment Officers shall prepare investment processes and forms to establish accounting and audit controls. The Commissioners Court will have an annual financial audit of all county funds by an independent auditing firm, as well as an annual compliance audit of management controls on investments and adherence to the County's established investment policies in accordance with Section 2256.005(m), Government Code.

Standard of Care

In accordance with Section 2256.006, Government Code, investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of a person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

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

1. The investment of all funds, or funds under the County'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 written investment policy of the County.

X.

METHODS OF INVESTMENTS

Investments made outside of Depository Bank

Johnson County will generally disburse all funds for investments in accordance with Section 2256.051, Government Code, using electronic funds to transfer or to invest all funds collected or controlled by Johnson County.

The County Treasurer is authorized to electronically wire Johnson County funds for investment purposes from Johnson County accounts in accordance with procedures mutually established with County Auditor. The County Treasurer is further authorized to accept, electronically, all Johnson County investments, including principal and interest, as such investments mature, for the proper internal allocation to Johnson County accounts.

X. LEVEL OF COLLATERAL

All securities pledged as collateral shall be deposited in trust with the Federal Reserve Bank or an independent investment institution under an appropriate legal contract. The amount of securities so pledged shall be determined by their market value. The County Auditor shall maintain a monitoring program to establish market value of such collateral, as best available, for the security of Johnson County funds.

XI. INVESTMENT COLLATERAL AND SAFEKEEPING

Collateral or Insurance

The Investment Officers shall ensure that all County funds are fully collateralized, or insured, in a manner consistent with this investment policy and with federal and state law; and that current bank depository contracts hold one or more of the following:

1. FDIC or NCUSIF insurance coverage;
2. Obligations of the United States or its agencies and instrumentalities;
3. Direct obligations of the State of Texas or its agencies;
4. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivision 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 "A" or its equivalent; or
6. Any other manner allowed by Government Code Chapter 2257 (Public Funds Collateral Act).

The investment officer, with approval of Commissioners Court, is responsible for entering into collateralization agreements with third party custodians in compliance with this policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping

receipt) must be supplied to the County and retained. The investment officer or designee will approve and release all pledged collateral. Collateral will be monitored at least monthly to assure the market value of the pledged securities exceeds investments and/or the related bank balances.

Delivery and Safekeeping

All purchased securities shall be held in safekeeping by the County, or a County account in a third-party financial institution, or with a Federal Reserve Bank. All certificates of deposit, insured by FDIC or NCUSIF, purchased outside the depository bank shall be held in safekeeping by either the County or a County account in a third party financial institution. All pledged securities by the depository bank shall be held in safekeeping by the County, or a County account in a third-party financial institution, or with a Federal Reserve Bank.

All investments except PFIA investment pools, or operating investments, shall be purchased using the "Delivery vs. Payment" (DVP) or CASH methods at approved financial institutions. With either method, County funds are not released until the County, or custodian on behalf of County, has received the securities purchased.

XII. INVESTMENT REPORTS

As stated in Section 2256.023, Government Code, not less than quarterly the Investment Officer shall prepare and submit to the Commissioners Court a written report of Johnson County's investment transactions for the preceding reporting period, in addition to other information that may be required by Johnson County. The report shall:

1. Describe in detail the investment position of Johnson County on the date of the report and be signed by the investment officer;
2. Contain a summary statement, prepared in compliance with generally accepted accounting principles, 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, the ending market value for the period and fully accrued interest for the period;
3. 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;
4. State the maturity date of each separately invested asset that has a maturity date;
5. State the account or fund or pooled group fund of Johnson County from which each individual investment was acquired; and
6. State compliance of the Johnson County Investment Portfolio as it relates to the investment strategy expressed in Section III, Investment Strategy, of this Policy, as well as other relevant provisions of the Policy.

Johnson County shall have performed as a part of its Annual External Financial Audit a compliance audit of management controls on investments and adherence to Johnson County's established investment policies. Quarterly investment reports must be formally reviewed annually by an independent auditor and reported to the Commissioners Court.

Johnson County must annually adopt a written instrument, by rule, order, ordinance or resolution, stating that it has reviewed the Investment Policy and investment strategies and record any changes made to either the policy or the strategy.

XIII.
CONTINUING EDUCATION

Each investment officer who would be required by Section 2256.007(a), Government Code, to attend investment training within six months after taking office or assuming duties shall attend at least one training session relating to person's responsibilities under Chapter 2256, Government Code, which meets the requirements of that section.

Each treasurer, chief financial officer, and investment officer who would be required by Section 2256.008(a), Government Code, to attend investment training within 6 months after taking office or assuming duties shall attend at least one training session relating to the person's responsibilities under Chapter 2256, Government Code, which meets the requirements of that section.

Section 2256.008(a) Government Code, requires the Treasurer, the Chief Financial Officer, and the investment officer of a local government to attend an investment training session not less than once in a two-year period and receive not less than 10 hours of instruction relating to investment responsibilities. The training must be provided by an independent source approved by the Commissioners Court.

WITNESS OUR HAND THIS THE 8th DAY OF July, 2024.

Chris Boedeker
Christopher Boedeker, Johnson County Judge

Voted: yes, ___ no, ___ abstained

Rick Bailey
Rick Bailey, Comm. Pct. #1

Voted: yes, ___ no, ___ abstained

Kenny Howell
Kenny Howell, Comm. Pct. #2

Voted: yes, ___ no, ___ abstained

Mike White
Mike White, Comm. Pct. #3

Voted: yes, ___ no, ___ abstained

Larry Woolley
Larry Woolley, Comm. Pct. #4

Voted: yes, ___ no, ___ abstained

ATTEST: *April Long*
April Long, County Clerk



Exhibit A

Authorized Brokers

Chapter 2256 of the Texas Statutes provides for the investment of public funds. Section 2256.025 provides that the governing body of an investing entity 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.

In compliance with Section 2256.025 of the Texas Statutes, the County Commissioners of Johnson County have adopted the following list of qualified brokers that are authorized to engage in investment transactions with Johnson County.

Name of Broker

Name of Brokerage Firm

Fernando J. Pulido
Samuel E. Vaughan

Multi-Bank Securities, Inc.
Montandon & Associates
A private wealth advisory practice of Ameriprise Financial Services, LLC

Authorized Investment Pools

Texpool

TexasClass

Adopted by the County Commissioners of Johnson County this ____ day of _____ 2024.

Exhibit B

CERTIFICATION

I hereby certify that I have received and thoroughly reviewed the current investment policy of Johnson County. I have implemented reasonable procedures and controls designed to preclude imprudent investment activities arising out of investment transactions conducted between this firm and Johnson County. Further, transactions between this firm and Johnson County will be directed toward protecting Johnson County from credit and market risk in accordance with the Johnson County Investment Policy.

All sales personnel of this firm dealing with the Johnson County account have been informed and will be routinely informed of Johnson County’s investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This firm pledges due diligence in informing Johnson County of foreseeable risks associated with financial transactions connected to this firm, and that it is authorized to engage in investment transactions in the state of Texas.

I hereby certify and execute this written instrument and attest that I have:

1. Received, reviewed, and agreed to adhere to the investment policy of the County;
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the County and the organization that are not authorized by the County’s investment policy;
3. Provided audited financial statements;
4. Provided proof of Financial Industry Regulatory Authority (FINRA); and
5. Provided proof of state registration.

Firm

Firm Representative

Representative’s Title

Registration or Dealer Number

Signature

Date Executed