

119 West Lafayette Street, Suite 1  
Jefferson, Texas 75657



FILED FOR RECORD  
20 JAN 23 PM 1:38

(903) 665-3261  
Fax (903) 665-8732


Commissioner Joe McKnight  
Commissioner Glenn Dorough

Hon. Leward J. LaFleur  
Marion County Judge

VICKIE SMITH  
CLERK, MARION CO.  
Commissioner J. R. Ashley  
Commissioner C. W. Treadwell

Notice is hereby given that the next meeting of the Marion County Commissioner's Court will be held on the 27<sup>th</sup> January, 2020 at 9:00 a.m. in the County Courthouse Annex, 114 W. Austin 2<sup>nd</sup> Floor, Jefferson, TX and that the following subjects will be discussed:

1. Consent agenda:
  - a. Consider approval of minutes - January 13, 2020
  - b. Court to examine all accounts and reports relating to finances of County
  - c. Court to audit and settle all accounts against County and direct their payment
  - d. County Auditor to make financial report.
  - e. Consider approval bond of Jenna Marshburn, Deputy District Clerk.
2. Consider for approval Resolution designating February as Black History Month.
3. Consider for approval Amendment No 2 to the TxDOT Project No. AP Marion 1819JFRSN approved November 27, 2017 - Ted McKinnon
4. Consider for approval ETEX Telephone and Internet Contract.
5. Consider approval of employees & elected/appointed officials who use computers for at least 25 percent of their duties being enrolled in the TAC State-Mandated Cybersecurity Training Course per Gov. Code 2054-5191.
6. Consider approval of Investment Policy, Strategy and Resolution for 2020.
7. Consider approval of Sheriff Department Chapter 59 Asset Forfeiture Report for 2019.
8. Consider approval of Constable #1 Chapter 59 Asset Forfeiture Report for 2019.
9. Consider approval of Constable #2 Chapter 59 Asset Forfeiture Report for 2019.
10. Constable Precinct #1 to present Racial Profiling Report for 2019.
11. Consider approval of additional line item transfers for 2019.
12. Consider award of 2019 Fiscal Year Independent Audit authorizing County Judge to sign engagement letter and corresponding paperwork.
13. Discuss items for Courthouse Restoration Project.
14. Discuss items for jail project.

  
Leward J. LaFleur  
County Judge

**MERCHANTS**  
**BONDING COMPANY™**

MERCHANTS BONDING COMPANY (MUTUAL) P.O. BOX 14498, DES MOINES, IA 50306-3498  
PHONE: (800) 678-8171 FAX: (515) 243-3854

**TEXAS OFFICIAL BOND AND OATH  
FOR DEPUTY DISTRICT CLERK**

THE STATE OF TEXAS

County of Marion

Bond No. TX 826458

KNOW ALL PERSONS BY THESE PRESENTS:

That we, Jenna Marshburn, as Principal, and the MERCHANTS BONDING COMPANY (Mutual), a corporation duly licensed to do business in the State of Texas, as Surety, are held and firmly bound unto the Governor of the State of Texas for the use and benefit of the District Clerk of the County of Marion his/her successors in office, in the sum of Thirty Thousand Dollars ( \$30,000.00 ).

THE CONDITION OF THE ABOVE OBLIGATION is such, that, whereas, the above bounden Principal was on the 2<sup>nd</sup> day of January, 2019, duly Appointed to the office of Deputy District Clerk in and for Marion County in the State of Texas, for a term commencing on the 4<sup>th</sup> day of February, 2019, and expiring on the 4<sup>th</sup> day of February, 2020.

Now, therefore, if the said Principal shall faithfully perform the duties of the office, then this obligation to be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that regardless of the number of years this bond may remain in force and the number of claims which may be made against this bond, the liability of the Surety shall not be cumulative and the aggregate liability of the Surety for any and all claims, suits, or actions under this bond shall not exceed the amount stated above. Any revision of the bond amount shall not be cumulative.

PROVIDED, FURTHER, that this bond may be canceled by the Surety by sending written notice to the party to whom this bond is payable stating that, not less than thirty (30) days thereafter, the Surety's liability hereunder shall terminate as to subsequent acts of the Principal.

Dated this 8<sup>th</sup> day of January, 2019

Jenna Marshburn

Principal

By: Jenna Marshburn

Jenna Marshburn

Merchants Bonding Company (Mutual)

By: Loi Bogart

Loi Bogart Attorney-in-Fact

**ACKNOWLEDGEMENT OF PRINCIPAL**

THE STATE OF TEXAS

County of Marion

Before me, Susan Anderson, Marion Co. District Clerk, a notary public, on this day personally appeared Jenna Marshburn known to me to be the person whose name is subscribed to the

foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, at Jefferson, Marion County, Texas this 17<sup>th</sup> day of January, 2019.

Susan Anderson

Marion

County, Texas.

OATH OF OFFICE  
(General)

I, Jenna Marshburn, do solemnly swear (or affirm) that I will faithfully execute the duties of the office of Deputy District Clerk of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State; and I furthermore solemnly swear (or affirm) that I have not directly nor indirectly paid, offered, or promised to pay, contributed, nor promised to contribute any money, or valuable thing, or promised any public office or employment, as a reward for the giving or withholding a vote at the election at which I was elected. So help me God.

Signed Jenna Marshburn

Sworn to and subscribed before me at Jefferson, Texas, this 17th day of January, 2019

Susan Anderson

SEAL

Marion County, Texas

THE STATE OF TEXAS }  
County of \_\_\_\_\_ } ss

The foregoing bond of \_\_\_\_\_ as \_\_\_\_\_ in and for \_\_\_\_\_ County and State of Texas, this day approved in open Commissioner's Court.

ATTEST: \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_ Clerk \_\_\_\_\_ County Judge,  
County Court \_\_\_\_\_ County \_\_\_\_\_ County, Texas

THE STATE OF TEXAS }  
County of \_\_\_\_\_ } ss

I, \_\_\_\_\_, County Clerk, in and for said County, do hereby certify that the foregoing Bond dated the \_\_\_\_\_ day of \_\_\_\_\_, with its certificates of authentication, was filed for record in my office the \_\_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded the \_\_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., in the Records of Official Bonds of said County in Volume \_\_\_\_\_, on page \_\_\_\_\_.

WITNESS my hand and the seal of the County Court of said County, at office in \_\_\_\_\_, Texas, the day and year last above written.

\_\_\_\_\_ Clerk

By \_\_\_\_\_ Deputy County Court \_\_\_\_\_ County  
PO 0149 TX (2/15)

**MERCHANTS**  
**BONDING COMPANY™**  
**POWER OF ATTORNEY**

Know All Persons By These Presents, that MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., both being corporations of the State of Iowa (herein collectively called the "Companies") do hereby make, constitute and appoint, individually,

**Lori Bogart**

their true and lawful Attorney(s)-in-Fact, to sign its name as surety(ies) and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

This Power-of-Attorney is granted and is signed and sealed by facsimile under and by authority of the following By-Laws adopted by the Board of Directors of Merchants Bonding Company (Mutual) on April 23, 2011 and amended August 14, 2015 and adopted by the Board of Directors of Merchants National Bonding, Inc., on October 16, 2015.

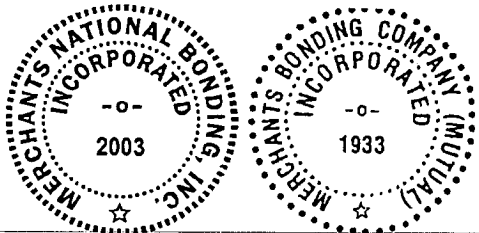
"The President, Secretary, Treasurer, or any Assistant Treasurer or any Assistant Secretary or any Vice President shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof."

"The signature of any authorized officer and the seal of the Company may be affixed by facsimile or electronic transmission to any Power of Attorney or Certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually fixed."

In connection with obligations in favor of the Florida Department of Transportation only, it is agreed that the power and authority hereby given to the Attorney-in-Fact includes any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts required by the State of Florida Department of Transportation. It is fully understood that consenting to the State of Florida Department of Transportation making payment of the final estimate to the Contractor and/or its assignee, shall not relieve this surety company of any of its obligations under its bond.

In connection with obligations in favor of the Kentucky Department of Highways only, it is agreed that the power and authority hereby given to the Attorney-in-Fact cannot be modified or revoked unless prior written personal notice of such intent has been given to the Commissioner-Department of Highways of the Commonwealth of Kentucky at least thirty (30) days prior to the modification or revocation.

In Witness Whereof, the Companies have caused this instrument to be signed and sealed this 8th day of January, 2019.

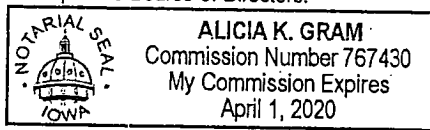


MERCHANTS BONDING COMPANY (MUTUAL)  
MERCHANTS NATIONAL BONDING, INC.

By *Larry Taylor*  
President

STATE OF IOWA  
COUNTY OF DALLAS ss.

On this this 8th day of January, 2019, before me appeared Larry Taylor, to me personally known, who being by me duly sworn did say that he is President of MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC.; and that the seals affixed to the foregoing instrument are the Corporate Seals of the Companies; and that the said instrument was signed and sealed in behalf of the Companies by authority of their respective Boards of Directors.

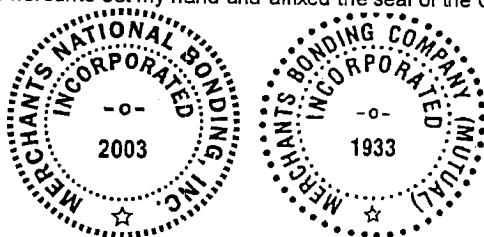


*Alicia K. Gram*  
Notary Public

(Expiration of notary's commission does not invalidate this instrument)

I, William Warner, Jr., Secretary of MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., do hereby certify that the above and foregoing is a true and correct copy of the POWER-OF-ATTORNEY executed by said Companies, which is still in full force and effect and has not been amended or revoked.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Companies on this 8th day of January, 2019.



*William Warner Jr.*  
Secretary



**This bond requires additional steps:**

- 1. Your notarized signature. You must sign this form in front of a notary.**
- 2. File the document with the obligee listed on the bond form.**

**The obligee is the party requiring the bond. This is often a City, County or State office.**

---

**Thank you for your continued business.**



mailing  
P.O. Box 14498  
Des Moines, IA 50306-3498



toll free 800.678.8171  
fax 515.243.3854



email [direct@merchantsbonding.com](mailto:direct@merchantsbonding.com)

**RESOLUTION RECOGNIZING BLACK HISTORY MONTH**

**STATE OF TEXAS §**

**COUNTY OF MARION §**

**WHEREAS**, February is National Black History month, a time set aside to recognize and study the achievements and contributions made by Black Americans to the fabric of our society; and

**WHEREAS**, the local contributions of Black Leaders in Marion County, Texas should also be recognized and commended; now

**THEREFORE**, in recognition and commendation of the enormous contribution of Black Americans to every basic element of our daily lives, including Science, Education, Politics, Journalism, Entertainment, Law and Technology and the effort put forth to raise the level of awareness of those contributions, the Commissioners Court of Marion County, Texas meeting in Special Session on the 27<sup>th</sup> day of January, 2020, does by resolution acknowledge February as Black History Month, and does proclaim its support for a year round effort by all to express a Country's gratitude for the accomplishments and contributions of Black Americans.

Witness our hands in execution on this the 27<sup>th</sup> day of January, 2020.

\_\_\_\_\_  
**Leward J. LaFleur, County Judge**

\_\_\_\_\_  
**J. R. Ashley  
Commissioner, Pct. 1**

\_\_\_\_\_  
**Joe McKnight  
Commissioner, Pct. 2**

\_\_\_\_\_  
**Glenn Dorough  
Commissioner, Pct. 3**

\_\_\_\_\_  
**C.W. Charlie Treadwell  
Commissioner, Pct. 4**

**Attest:**

\_\_\_\_\_  
**Vickie Smith  
County Clerk**

# State-Mandated Cybersecurity Course

Under a new state law, Texas Government Code § 2054.5191, effective June 14, 2019, all local government employees and elected officials who have access to a local government computer system or database must complete a cybersecurity training program certified by the Texas Department of Information Resources (DIR) (<https://dir.texas.gov/>) at least annually.

Registration for TAC's free cybersecurity training course that has been certified by the DIR is now open, and the course launches for registered counties on Jan. 15, 2020. County officials and staff have until June 14, 2020, to complete training for the first annual requirement.

To **more convenient and efficient implementation for Texas counties**, TAC will be relying on commissioners courts to enroll their county staff *in its entirety*, rather than on an individual or office level.

## Enrolling Your County in TAC's Certified Course

To enroll your county in TAC's free course, complete the following steps:

1. Have your commissioners court approve enrolling your county's employees;
2. Submit the completed enrollment form (</TAC/media/TACMedia/Education/Cybersecurity/TAC-Cybersecurity-Training-Program-Enrollment-Form.pdf>) to TAC by email (<mailto:SecurityTraining@county.org>) or by fax to (512) 477-1324, or via DocuSign (<https://na3.docusign.net/Member/PowerFormSigning.aspx?PowerFormId=20fc39ce-7c02-4d31-a586-87/ce32cc9c8&env=na3-eu1&acct=1f6a4ed6-5c34-4a01-8feb-5a2407135462&v=2>).
3. Download the user enrollment template (

**Questions? Contact Us**

Dawn Noufer  
(<mailto:securitytraining@count>)  
Kelley Nail  
(<mailto:securitytraining@count>)  
(512) 478-8753  
(800) 456-5974

Sec. 2054.5191. CYBERSECURITY TRAINING REQUIRED: CERTAIN EMPLOYEES. (a) Each state agency shall identify state employees who use a computer to complete at least 25 percent of the employee's required duties. At least once each year, an employee identified by the state agency and each elected or appointed officer of the agency shall complete a cybersecurity training program certified under Section 2054.519.

(a-1) At least once each year, a local government shall identify local government employees who have access to a local government computer system or database and require those employees and elected officials of the local government to complete a cybersecurity training program certified under Section 2054.519 or offered under Section 2054.519(f).

(b) The governing body of a local government may select the most appropriate cybersecurity training program certified under Section 2054.519 or offered under Section 2054.519(f) for employees of the local government to complete. The governing body shall:

(1) verify and report on the completion of a cybersecurity training program by employees of the local government to the department; and

(2) require periodic audits to ensure compliance with this section.

(c) A state agency may select the most appropriate cybersecurity training program certified under Section 2054.519 for employees of the state agency. The executive head of each state agency shall verify completion of a cybersecurity training program by employees of the state agency in a manner specified by the department.

(d) The executive head of each state agency shall periodically require an internal review of the agency to ensure compliance with this section.

Added by Acts 2019, 86th Leg., R.S., Ch. 1308 (H.B. 3834), Sec. 3, eff. June 14, 2019.



# Marion County Investment Policy

## I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

This policy serves to satisfy the statutory requirements of the Local Government Code 116.112 and Government Code Chapter 2256 to define and adopt a formal investment policy. See attachment A: Resolution to Adopt Investment Policy. This policy will be reviewed and adopted by resolution, at least annually according to Government Code 2256.005(e).

### Funds Included

This investment policy applies to all financial assets of all funds of the County of Marion, Texas, at the present time and any funds to be created in the future and any other funds held in custody by the County Treasury, unless expressly prohibited by law or unless it is in contravention of any depository contract between Marion County and any depository bank.

### County's Investment Officer

In accordance with Sec. 116.112(a), Local Government Code and/or Government Code Sec. 2256.005 (f) and (g), the county Investment officer, under the direction of the Marion County Commissioners Court, may invest county funds that are not immediately required to pay obligations of the county. The Commissioners Court shall designate by resolution one or more officers or employees as investment officer. See attachment A: Resolution to Adopt Investment Policy.

If the investment officer(s) has a personal business relationship with an entity – 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 must file a statement disclosing that personal business interest or relationship – with the Texas Ethics Commission and the Commissioners Court in accordance with Government Code 2256.005 (i). In section 2256.005 (i) of the Government Code, a personal business relationship is defined as:

- a. Owning 10 percent or more of the voting stock or shares of the business organization or owning \$5,000 or more of the fair market value of the business organization;
- b. Receiving funds by the investment officer from the business organization that exceed 10% of the investment officer's gross income from the previous year; or
- c. Acquiring from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

# Marion County Investment Policy

## II. INVESTMENT OBJECTIVES

Funds of the County will be invested in accordance 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 Commissioners Court resolution in accordance with Sec. 2256.005(d). See Attachment B.

### Safety and Maintenance of Adequate Liquidity

Marion County is concerned about the return of its principal; therefore, safety of principal is a primary objective in any investment transaction.

The County's investment portfolio must be structured in conformance with an asset/liability management plan that provides for liquidity necessary to pay obligations as they become due.

### Diversification

It will be the policy of Marion County to diversify its portfolio to manage the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the County shall always be selected that provide for stability of income and reasonable liquidity. Cash flow of the County will be analyzed to meet payable dates (i.e., payroll and vendor payments).

### Yield

It will be the objective of the County to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds.

### Maturity

Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest return of interest. When the County has funds that will not be needed 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 5 years (60 months).

### Quality and Capability of Investment Management

It is the County's policy to provide training required by Government Code 2256.008 for the County Investment Officers through courses and seminars offered by independent investment professional organizations and associations in order to insure the quality, capability and currency of the Investment Committee in making investment decisions. Training under this section must include education in investment controls,

## Marion County Investment Policy

security, risks, strategy risks, market risks, diversification of investment portfolio, and compliance with government code Chapter 2256.

### Investment Strategies

In accordance with the Public Funds Investment Act, Section 2256.005(d), a separate written investment strategy will be developed for each of the funds under Marion County's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities of importance:

- (1) understanding 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.

In accordance with the Public Funds Investment Act, Section 2256.005(e), investment strategies will be reviewed and adopted by resolution at least annually.

### III. Investment Types

#### Authorized

The Marion County Investment Officer(s) shall use any or all of the following authorized investment instruments consistent with governing law:

- A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Bank;
- B. Direct obligations of this state or its agencies and instrumentalities;
- C. Interest – bearing banking deposits that are guaranteed or insured by:
  - (1) The Federal Deposit Insurance Corporation or its successor; or
  - (2) The National Credit Union Share Insurance Fund or its successor;
- D. A no-load money market mutual fund 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 either information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a 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.).
- E. A no-load mutual fund permitted 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 or the Investment Company Act of 1940; and
  - (3) Complies with federal Securities and Exchange Commission Rule 2a-7, promulgated under the Investment Company Act of 1940;

## Marion County Investment Policy

- (4) Has an average weighted maturity of less than two years; and
  - (5) Either:
    - (a) has a duration of one year or more and is invested exclusively in obligations approved by chapter 2256; or
    - (b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.
- F. (1) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by section 2256.016. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with section 2256.014 and the investment policies and objectives adopted by the investment pool.
- (2) To be eligible to receive funds from and invest funds on behalf of an entity under chapter 2256, an investment pool must furnish to the investment officer or authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum the following information:
    - (a) The types of investments in which money is allowed to be invested;
    - (b) The maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
    - (c) The maximum stated maturity date any investment security within the portfolio has;
    - (d) The objectives of the pool;
    - (e) The size of the pool;
    - (f) The names of the members of the advisory board of the pool and the dates their terms expire;
    - (g) The custodian bank that will safekeep the pool's assets;
    - (h) Whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
    - (i) 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;
    - (j) The name and address of the independent auditor of the pool;
    - (k) 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;
    - (l) The performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
    - (m) The pool's policy regarding holding deposits in cash.
  - (3) To maintain eligibility to receive funds from and invest funds on behalf of an entity under chapter 2256, an investment pool must furnish to the investment officer or other authorized representative of the entity:
    - (a) Investment transaction confirmations; and
    - (b) A monthly report that contains, at a minimum, the following information:
      - (1) The types and percentage breakdown of securities in which the pool is 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 of 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;

## Marion County Investment Policy

- (8) A listing of daily transaction activity of the entity participating in the pool;
  - (9) The yield and expense ratio of the pool, including a statement regarding how yield is calculated;
  - (10) The portfolio managers of the pool; and
  - (11) Any changes or addenda to the offering circular.
- (4) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.
  - (5) In this section, "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.
  - (6) To be eligible to receive funds from and invest funds on behalf of an entity under chapter 2256, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ration between .995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.
  - (7) To be eligible to receive funds from and invest funds on behalf of an entity under chapter 2256, a public funds investment pool must have an advisory board composed:
    - (a) Equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or
    - (b) Of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.
  - (8) To maintain eligibility to receive funds from and invest funds on behalf of an entity under chapter 2256, an 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.
  - (9) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections 2, 3(b) and 6 must be posted on the website.
  - (10) To maintain eligibility to receive funds from and invest funds on behalf of an entity under chapter 2256, 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.
  - (11) In 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 the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.
- G. Certificates of deposit or share certificate is an authorized investment under GC 2256.010 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 or its successor or the National Credit Union Share Insurance Fund or its successor;
  - (2) secured by obligations that are described by Section 2256.009 (a) of the Public Funds Investment Act, 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

## Marion County Investment Policy

certificates, but excluding those mortgage backed securities of the nature described by Sec. 2256.009 (b) of the PIA; or

- (3) secured in any other manner and amount provided by law for deposits of the investing entity.

In addition to the authority to invest funds in certificates of deposit under section G above, an investment in certificates of deposit made in accordance with the following conditions are authorized investments under Government Code 2256.010:

- (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; 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 Subdivision(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 and operating pursuant to the 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 issued for the account of the investing entity.

### Prohibited

Marion County will not use any of the following investment instruments:

- (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; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index

## Marion County Investment Policy

- (5) investing 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 section III ( E)
- (6) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in section III (E)
- (7) 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 section III (D) and (E) in an amount that exceeds 10 percent of the total assets of the mutual fund.

### IV. Investment Responsibility and Control

#### Investment Institutions Defined

The Marion County Investment Officer(s) shall invest County funds with any or all of the following institutions or groups consistent with federal and state law and current Depository Contract:

- (1) Depository Bank;
- (2) Other state or national banks domiciled in Texas that are insured by FDIC or its successor or the National Credit Union Share Insurance Fund or its successor.
- (3) Public funds investment pools; or
- (4) Government securities broker and dealers.

See Exhibit I

#### Qualifications for approval of Investment Institutions

In accordance with 2256.005 (k), a written copy of this investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of section 2256.005 (k) a "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract or exercise investment discretion in regard to the investing entity's funds. Nothing in section 2256.005 (k) relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

- a. Received and reviewed the investment policy of the county; and
- b. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

## Marion County Investment Policy

1. Is dependent on an analysis of the makeup of the entity's entire portfolio;
2. Requires an interpretation of the subjective investment standards, or;
3. Relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority..

The investment officer may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k) presented at Exhibit II.

Marion County has chosen to have each investment institution we do business with to review the Marion County Investment Policy and complete the form attached as Exhibit II.

### Standards of Operation

The Investment Officer(s) shall develop and maintain written procedures for the operation of the investment program, consistent with this investment policy.

### Delivery Vs. Payment

According to Section 2256.005 (b)(4) (E), it will be the policy of the County that all securities , except for investment pool funds and mutual funds, will settle using the "Delivery vs. Payment " (DVP) basis through the Federal Reserve System. By doing so, County funds are not released until the County has received, through the Federal Reserve wire, the securities purchased.

### Audit Control

The Marion County Investment Officer(s) will establish liaison with the Marion County Auditor in preparing investment forms to assist with the accounting and auditing control. The Investment Officer(s) is subject to audit by the outside auditing firm. In addition, the Marion County Commissioners' Court, at a minimum, will have an annual audit of all County funds by an independent auditing firm as well as a compliance audit of management controls on investments and adherence to the entity's established investment policies.

### Standard of Care

Investments shall be made with judgement and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and probable income to be derived. Investment of funds shall be



## Marion County Investment Policy

governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity; and yield.

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

- (1) the investment of all funds, or funds under the entity's control, over which the officer has responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

### V. Investment Reporting and Performance Evaluation

#### Quarterly Report

At least quarterly, the Investment officer(s) shall prepare and submit to the 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:

- (1) describe in detail the investment position of the county on the date of the report;
- (2) be prepared jointly by all investment officer(s) of the county;
- (3) be signed by each of the investment officer(s) of the county;
- (4) contain a summary statement, of each pooled fund group that states the:
  - (a) beginning market value for the reporting period;
  - (b) ending market value for the period; and
  - (c) fully accrued interest for the reporting period.
- (5) 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;
- (6) state the maturity date of each separately invested asset that has a maturity date;
- (7) state the account or fund or pooled group fund in the county for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the county as it relates to:
  - (a) the investment strategy expressed in the county's investment policy; and
  - (b) relevant provisions of this chapter.

The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period. If an entity invests in other than the money market mutual funds, investment pools or accounts

## Marion County Investment Policy

offered by its depository bank in the form of certificates of deposit or money market accounts or similar accounts, the reports prepared by the investment officers under section 2256.023 shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

### Notification of Investment Changes

Any significant changes in current investment methods and procedures shall be made a part of the open records of the Marion County Commissioners' Court prior to any implementation of same.

## VI. Investment Collateral and Safekeeping

### Collateral or Insurance

Marion County shall insure that all county funds are fully collateralized or insured consistent with federal and state laws and the current Bank Depository Contract in one or more of the following manners:

- (1) FDIC insurance coverage;
- (2) Obligations of the United States or its agencies and instrumentalities;
- (3) Obligations of the State of Texas or its agencies and instrumentalities; and
- (4) Securities of federally-sponsored U.S. Agencies and instrumentalities of the United States Government.

### Safekeeping:

All purchased securities shall be held in safekeeping by the County or a County account in a third party financial institution, or with the Federal Reserve Bank.

All certificates of deposit, insured by FDIC, 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.

## Marion County Investment Policy

ADOPTED in open court at a Regular Meeting of the Marion County Commissioners' Court this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Leward J LaFleur, County Judge

\_\_\_\_\_  
J.R. Ashley, Commissioner Precinct #1

\_\_\_\_\_  
Joe McKnight, Commissioner Precinct #2

\_\_\_\_\_  
Glenn Dorough, Commissioner Precinct #3

\_\_\_\_\_  
C.W. (Charlie) Treadwell, Commissioner Precinct #4

ATTEST: \_\_\_\_\_  
Vickie Smith, Marion County Clerk

# Marion County Investment Policy

## Exhibit I

### APPROVED LIST OF INVESTMENT INSTITUTIONS

VERABANK

NORTH EAST TEXAS CREDIT UNION

# Marion County Investment Policy

## Exhibit II

Thereby certify that I have personally read and understand the investment policy and procedures of Marion County, and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this firm and Marion County will be directed towards precluding imprudent investment activities and protecting the County from credit risk.

All employees of this institution dealing with Marion County's accounts have been informed and will be routinely informed of the County's investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This institution pledges due diligence in informing the County of foreseeable risks associated with financial transactions connected to this firm.

[Redacted]  
(Institution)

[Redacted]  
(Representative)

[Redacted]  
(Representative's Title)

[Redacted]  
(Registration or Dealer Number)

[Redacted]  
(Signature)

[Redacted]  
(Date)

**RESOLUTION OF THE MARION COUNTY COMMISSIONERS' COURT  
RELATING TO STATE MANDATED INVESTMENT POLICY  
Attachment A**

WHEREAS, Sec. 2256.005 (f) of the Government Code specifies: "Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds."....;

WHEREAS, it shall be the responsibility of the County Auditor to determine the amount of funds, which are available for investment and advise the Commissioners' Court of said amount;

WHEREAS, an Investment Committee comprised of the Marion County Treasurer, County Judge, and County Auditor, shall be the Investment Officers of Marion County, Texas,

NOW, THEREFORE BE IT RESOLVED that the Marion County Treasurer, Judge, and Auditor, shall be the investment officers of the County.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Leward J LaFleur, County Judge

\_\_\_\_\_  
J.R. Ashley, Commissioner Precinct #1

\_\_\_\_\_  
Joe McKnight, Commissioner Precinct #2

\_\_\_\_\_  
Glenn Dorough, Commissioner Precinct #3

\_\_\_\_\_  
C.W. (Charlie) Treadwell, Commissioner Precinct #4

ATTEST: \_\_\_\_\_  
Vickie Smith, Marion County Clerk

**Marion County Investment Strategy  
Attachment B**

Marion County, Texas maintains portfolios which utilize three specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short-to-medium term securities, which will complement each other in a laddered or barbell maturity structure. The dollar weighted average maturity of 365 days or less will be calculated using the state final maturity dates of each security.

Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date.

Investment strategies for special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Leward J LaFleur, County Judge

\_\_\_\_\_  
J. R. Ashley, Commissioner Precinct #1

\_\_\_\_\_  
Joe McKnight, Commissioner Precinct #2

\_\_\_\_\_  
Glenn Dorrough, Commissioner Precinct #3

\_\_\_\_\_  
C. W. (Charlie) Treadwell, Commissioner Precinct #4

ATTEST: \_\_\_\_\_  
Vickie Smith, Marion County Clerk