

**AGENDA ITEM 21**

Consider approving amendments to the Investment Policy recommended by Investment Committee.

Moved: **Judge Doerfler**

Seconded: **Commissioner Heiligenstein**

Motion: To approve amendments to the Investment Policy recommended by the Investment Committee.

Vote: 4 - 0

< Attachment >

**WILLIAMSON COUNTY INVESTMENT POLICY  
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**WILLIAMSON COUNTY  
INVESTMENT POLICY  
March 12, 2002**

**I. INVESTMENT AUTHORITY**

In accordance with Section 116.112(a) of the Local Government Code and/or Title X, Chapter 2256, Section 2256.005 (f) and (g), the Williamson County Treasurer, under the direction of the Williamson County Commissioners' Court, may invest the County funds that are not immediately required to pay obligations of Williamson County (County). The Treasurer shall act as the Investment Officer of the County. The Commissioner's Court may designate one or more county officers or employees as Investment Officers to assist the Treasurer in investment related duties.

**II. INVESTMENT OBJECTIVES**

**II.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 group of funds as they are adopted by the commissioner's court resolution.

**II.2 Safety and Maintenance of Liquidity**

The 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.

**II.3 Diversification**

It will be the policy of the County to diversity its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. Investments of the County shall always be selected to provide stability of income and reasonable liquidity.

**II.4 Yield**

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 group of funds and state and federal law governing investment of public funds.

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## II.5 Maturity

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 upon the investment strategy for each group of funds. The maximum allowable stated maturity of any individual investment owned by the County is three years.

## II.6 Quality and Capability of Investment Management

It is the County's policy to provide training as required by the Public Funds Investment Act. Periodic training in investments policy and procedures for the County Investment Officers and members of the Investment Advisory Committee will be provided through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of county investment decisions. The County Investment Officer will be required to attend at least ten (10) hours of investment training each year provided through an independent source approved by the County Commissioner's Court or the Investment Advisory Committee. **Investment Advisory Committee members shall also be required to attend at least ten (10) hours of investment training within every two (2) calendar years. Certification of training for the Investment Officer and the Investment Advisory Committee members will be presented for acceptance and entry into the official minutes of the County Commissioners Court.**

approved 3-12-02  
John C. Dwyer

## II.7 Method of Monitoring

It will be the policy of the County to monitor pricing of investment by using a bid method of purchasing investments. No investments will be purchased for the County without first contacting three business organizations that have been approved by Commissioners' Court to do business with the County to obtain such bid. Periodic valuation of investments will be determined using prices from recognized independent market sources.

## II.8 Investment Advisors

The County may designate, with approval from the Commissioner's Court, a professional investment advisory firm, registered with the Securities and Exchange Commission under the 1940 Investment Advisors Act, as well as the State Securities Board to assist the County in the management of its funds. This Investment Advisor shall act solely in an advisory and administrative capacity within the guidelines of this policy.

## III. INVESTMENT STRATEGY

The overall investment strategy of the County is as follows:

1. Matching the suitability of investments to financial requirements;

2. Preservation and safety of principal;
3. Maintain required liquidity;
4. Marketability of the investment, if need arises to liquidate;
5. Diversification of the portfolio;
6. Yield; and
7. Maturities controlled by the investment policy.

Separate fund strategies, as required by the Public Funds Investment Act, are presented as part of this policy in section

#### IV. INVESTMENT RESPONSIBILITY AND CONTROL

##### IV.1 Investment Advisory Committee

The Investment Advisory Committee reviews investment policies and procedures, investment strategies, and investment performances. Members of the Committee include the County Judge, a County Commissioner, the Tax Assessor/Collector, and the County Auditor. The County Investment Officer will serve as an ex-officio member of the committee. Members should have demonstrated knowledge and expertise in the area of finance, investments, or cash management. The Committee members will elect the Chair and the meetings will be held quarterly or more frequently if needed.

*approved 3-12-02  
John C. Daefler*

##### IV.2 Liability of Investment Officer

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 a loss resulting from any act of official misconduct, or negligence, or for any misappropriation of such funds. The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

##### IV.3 Audit

The County Commissioners' Court will review the Investment Policy and Strategies annually and, at a minimum, will have an annual compliance audit of management controls on investments and adherence to established investment policies. The independent auditor will report the results of the audit to the County Commissioners' Court after completion of the audit.

##### IV.4 Standard of Care

Investments shall be made with judgement and care, under prevailing circumstances, that person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for the 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: preservation and safety of principal; liquidity; and yield.

In determining whether the 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 County's control, over which the officer had 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 County.

#### **IV.5 Investment Institution Defined**

The County Investment Officer shall invest County funds with any or all of the institutions or groups consistent with federal and state regulations and approved by the Commissioners' Court.

#### **IV.6 Qualifications for Approval of Broker/Dealer**

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with the County. The qualified representative of the business organization seeking to sell an authorized investment shall execute a written instrument, provided by the County, that the business organizations has:

1. received and thoroughly reviewed the investment policy of the County; and
2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the County's investment policy.
3. The investment officer may not buy any securities from a person who has not delivered to the County the instrument signed by the qualified representative.

Along with the signed affidavit the business organization shall supply the County with the following:

1. Completed Broker/Dealer questionnaire.
2. Completed Anti-Collusion Agreement.
3. Executed TBMA Master Repurchase Agreement (primary dealers only).
4. Financial statements (to provided annually).
5. Delivery instructions.
6. NASD Certification Proof.
7. Texas State Securities Commission Registration Proof.

If the County chooses to utilize the services of an Investment Advisor, the advisor shall be responsible for performing due diligence on the dealers with which it conducts

investment transactions. The County's relationship with the advisor shall be governed by formal management contract between the two parties.

#### **IV.7 Standards of Operation**

The County Investment Officer shall 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 shall determine the amount of cash available for payments by the County, invest the funds not required in the performance of that duty, and shall exercise good judgement and discretion to effectuate the policies herein set forth. The County Investment Officer shall be authorized to delegate to an employee(s) 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. Such designated employee(s) must have achieved the same certifications and training hours as the County Investment Officer.

#### **IV.8 Delivery vs. Payment**

It will be the policy of the County that all investment securities shall be purchased using "Delivery vs. Payment" (DVP) method through the Federal Reserve System. By doing so, the County funds are not released until the County has received through the Federal Reserve wire, the securities purchased.

#### **IV.9 Standard of Ethics**

The designated Investment Officers shall act as custodians of the public trust avoiding any transaction, which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that might conflict with proper execution of the investment program, or might impair their ability to make impartial investment decisions. Additionally, all Investment Officers shall file with Williamson County and the Texas Ethics Commission, a statement disclosing any personal business relationship with any organization seeking to sell investments to the County or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the County. For purposes of this subsection, an Investment Officer has a personal business relationship with a business organization if:

- (1) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
- (3) the Investment Officer has acquired 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.

## **V. INVESTMENT REPORTING AND PERFORMANCE EVALUATION**

### **V.1 QUARTERLY REPORT**

Not less than quarterly, the Investment Officer shall prepare and submit to the County Investment Advisory Committee and 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:

1. Describe in detail the investment position of the County on the date of the report;
2. Be signed by the investment officer of the County;
3. Contain a summary statement of each pooled fund group that states the:
  - A. beginning market value for the reporting period;
  - B. additions and changes to the market value during the period; and
  - C. ending market value for the period;
4. state the book value and market value of each separately invested asset at the beginning and the end of the reporting period by the type of asset and fund type invested.
5. state the maturity date of each separately invested asset that has a maturity date;
6. state the account or fund or pooled group fund in the County for which each individual investment was required: and
7. 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 the Public Funds Investment Act.

**The independent auditor shall review reports annually** with findings presented to the County Commissioner's Court.

### **V.2 Notification of Investment Changes**

It shall be the duty of the County Investment Officer of the County 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.



## **VI. INVESTMENT COLLATERAL AND SAFEKEEPING**

### **VI.1 Collateral or Insurance**

The County Investment Officer shall ensure that all County funds are fully collateralized or insured consistent with federal and state regulations and the current Bank Depository Contract in one or more of the following manners:

1. FDIC insurance coverage; and
2. United States Treasury obligations.

### **VI.2 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 the FDIC, purchased outside the County Depository Bank shall be held in safekeeping by the County.

All pledged securities by the County Depository Bank shall be held in safekeeping with the Federal Reserve Bank.

## **VII. INVESTMENT TYPES**

### **VII.1 Authorized**

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. No-load money market mutual funds if the mutual fund;
  - A. is regulated by the SEC;
  - B. has a dollar-weighted average stated maturity of 90 days or less;
  - C. includes in its investment objectives the maintenance of a stable \$1.00 net asset value per each share;
  - D. is limited as to the amount invested per the requirements set forth in Chapter 2256, Government Code Section 2256.014; and
  - E. has supplied the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
4. 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 or instrumentalities; and

5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent.
6. Certificates of deposit, if issued by a state or national bank domiciled in this state and is;
  - A. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
  - B. secured in any other manner and amount provided by law for deposits of the County.
7. A fully collateralized repurchase agreement, if it:
  - A. has a defined termination date;
  - B. is secured by obligations described by Section 2256.009 (a)(1) of the Public Funds Investment Act; and
  - C. requires the securities being purchased by the County to be pledged to the County, held in the county's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County; and
  - D. is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in this state.
8. Commercial paper is an authorized investment, if the commercial paper; if it:
  - A. has a stated maturity of 270 days or fewer from the date of its issuance; and
  - B. is rated not less than A-1 or P-1 or an equivalent rating by at least;
    1. two nationally recognized credit rating agencies; or
    2. one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.
9. Eligible investment pools if the County Commissioners' Court by resolution authorizes investment in the particular pool. The investment pool must invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. 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; and

#### **VIII. NON – COUNTY FUNDS**

The Tax Assessor/Collector, County Clerk, and District Clerk funds fall into this category. These funds are not considered funds that belong to the County but could be considered a liability for the County. All funds will be invested in compliance with the Public Funds Investment Act and the County's Investment Policy except when a court order is issued to follow a different procedure.

**VIII.1 Tax Assessor/Collector**

County funds are invested to enhance investment return for the County before the County receipts the funds. State of Texas funds in the custody of the Tax Assessor/Collector may be invested before remitting to the state.

**VIII.2 County Clerk Registry Funds**

County Clerk Registry Funds are received by court order from either Commissioners' Court, County Court-at-Law, or County Courts. These funds must be deposited in the County depository and then invested according to the court orders. A court order is required from the County Courts and the County Courts-at-Law prior to disbursement of the funds.

**VIII.3 District Clerk Registry Funds**

District Clerk Registry Funds are received by court order from the District Courts. These funds must be deposited in the County depository and then invested according to the court orders. A court order is required from the District Courts prior to the disbursement of the funds.

**VIII.4 County Treasurer's Adult Probation Funds**

Funds designated as the "County Treasurer's Adult Probation" funds may be invested by the County Investment Officer upon an inter-governmental agreement with the Commissioners' Court and the Williamson County Community Supervision and Corrections Department. All funds invested will adhere to the policies and procedures as set forth in the County's investment policy.

**VIII.5 Williamson County/Cities Health District Funds**

The County Investment Officer upon an inter-governmental agreement approved by the Commissioners' Court may invest Williamson County/Cities Health District Funds. All funds invested will adhere to the policies and procedures as set forth in the County's investment policy.

**VIII.6 Williamson County Benefits Funds**

**The County Investment Officer upon an inter-governmental agreement approved by the Commissioners' Court may invest Williamson County Benefit Funds. All funds invested will adhere to the policies and procedures as set forth in the County's investment policy.**

**IX. INVESTMENT FUND STRATEGIES****PREFACE**

It is the policy of Williamson County that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, adopted Investment Policy and adopted Investment Strategy.

In accordance with the Public Funds Investment Act, the Counties investment strategies shall address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the County,
- Preservation and safety of principal,
- Liquidity,
- Marketability of the investment prior to maturity,
- Diversification of the investment portfolio, and
- Yield.

Effective investment strategy development coordinates the primary objectives of the County's Investment Policy and cash management procedures to enhance interest earnings and reduce investment risk. Active cash management will increase the available "investment period" and subsequently interest earnings. Maturity selections shall be based on cash flow and market conditions to take advantage of various interest rate cycles. The County's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

Each major fund type has varying cash flow requirements and liquidity needs. Therefore specific strategies shall be implemented considering the fund's unique requirements. The County's funds shall be analyzed and invested according to the following major fund types:

Operating Funds  
Construction and Capital Improvement Funds  
Debt Service Funds  
Enterprise Funds  
Internal Service Funds

## **INVESTMENT STRATEGIES**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

### **A. Operating Funds**

**Suitability** - Any investment eligible in the Investment Policy is suitable for the Operating Funds.

**Safety of Principal** - All Operating Funds shall be invested in high quality securities with no perceived default risk. Market price fluctuations will occur, but by managing the portfolio's weighted average maturity to less than 365 days and restricting

the maximum allowable maturity to three years, the price volatility of the overall portfolio will be minimized.

**Marketability** - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

**Liquidity** - The Operating Fund requires the greatest short-term liquidity of any of the fund types. Short-term investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

**Diversification** - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the County. Market cycle risk will be reduced by diversifying the appropriate maturity structure out along the maturity curve.

**Yield** - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The 6-month Constant Maturity Treasury (CMT) bill shall be the minimum yield objective.

#### **B. Construction and Capital Improvement Funds**

**Suitability** - Any investment eligible in the Investment Policy is suitable for Construction and Capital Improvement (CC&I) Funds.

**Safety of Principal** - All CC&I Funds shall be invested in high quality securities with no perceived default risk. Market price fluctuations will occur, but by managing the Construction and Capital Improvement Fund's portfolio not to exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized.

**Marketability** - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

**Liquidity** - County funds used for construction and capital improvement programs have reasonably predictable draw down schedules. Therefore investment maturities shall generally follow the anticipated cash flow requirements. Investment pools and money market mutual funds shall provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request, this investment structure is commonly referred to as a flexible repurchase agreement.

**Diversification** - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds and other construction and capital improvement funds. With bond proceeds, if investment rates exceed the applicable arbitrage yield, the County is best served by locking in most investments. If the arbitrage yield can not be exceeded, then concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger

lumps. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield with any County funds.

Yield - Achieving a positive spread to the applicable arbitrage yield is the desired objective for bond proceeds. Non-bond proceed construction and capital project funds will seek to exceed the 6-month Constant Maturity Treasury average.

#### **C. Debt Service Funds**

Suitability - Any investment eligible in the Investment Policy is suitable for the Debt Service Fund.

Safety of Principal - All Debt Service Funds shall be invested in high quality securities with no perceived default risk. Market price fluctuations will occur, but by managing the Debt Service Fund's portfolio to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash requirement is not probable.

Liquidity - Debt service funds have predictable payment schedules. Therefore investment maturities shall not exceed the anticipated cash flow requirements. Investment pools and money market mutual funds shall provide a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment, this investment structure is commonly referred to as a flexible repurchase agreement

Diversification - Market conditions influence the attractiveness of fully extending maturity to the next "un-funded" payment date. Generally if investment rates are trending down, the County is best served by locking in most investments. If interest rates are flat or trending up, then concurrent market conditions will determine the attractiveness of extending maturity or investing in shorter alternatives. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The 6-month Constant Maturity Treasury (CMT) bill shall be the minimum yield objective.

#### **D. Enterprise Funds**

Suitability - Any investment eligible in the Investment Policy is suitable for the Enterprise Funds.

Safety of Principal - All Enterprise Funds shall be invested in high quality securities with no perceived default risk. Market price fluctuations will occur, but by managing the weighted average days to maturity for the Enterprise Fund portfolio to less than 365 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the

bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Liquidity - The Enterprise Fund requires the short-term liquidity. Constant Dollar investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the County. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The minimum yield objective shall be the 91-day Treasury bill average.

#### **E. Internal Service**

Suitability - Any investment eligible in the Investment Policy is suitable for the Internal Service Funds.

Safety of Principal - All funds shall be invested in high quality securities with no perceived default risk. Market price fluctuations will occur, but by managing the weighted average days to maturity for the Internal Service Fund portfolio to less than 365 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Liquidity - The Internal Service Fund requires short-term liquidity. Constant Dollar investment pools and money market mutual funds shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

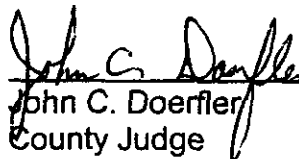
Diversification - Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the County. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The average 91-day Treasury bill yield shall be the minimum yield objective.

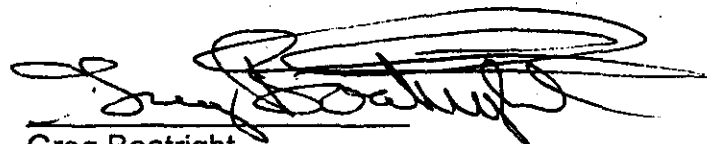
**ORDER APPROVING WILLIAMSON COUNTY  
INVESTMENT POLICY AND PROCEDURES**

Upon motion by Judge Doerfler, seconded by Comm. Heiligenstein, and adopted by a vote of 4 to 0, the Williamson County Investment Policy is hereby approved, received and order filed:

ORDERED this 12th day of March, 2002.

  
John C. Doerfler  
County Judge

  
Mike Heiligenstein  
Commissioner Precinct # 1

  
Greg Boatright  
Commissioner Precinct # 2

  
David S. Hays  
Commissioner Precinct # 3

  
Frankie Limmer  
Commissioner Precinct # 4

ATTEST:

  
Nancy Rister  
Williamson County Clerk



EDUCATION CERTIFICATIONS

MEMBER	ENTITY	DATE	COM COURT
John C. Doerfler	G.T.O.T.	5/25-26/00	5/8/01
Mike Heiligenstein	Nationwide TxDpt Ins	12/23/98 1/14/02	10/16/01
David U. Flores	G.T.O.T.	12/13-14/00	5/15/01
Vivian L. Wood	TAC-CIO	12/31/00-12/31/01	5/15/01

**TEXAS ASSOCIATION OF COUNTIES**

1204 San Antonio • Austin, TX 78701



P.O. Box 2131 • Austin, TX 78768-2131

Sam D. Seale • Executive Director

**PRESS RELEASE**

For more information contact:

November 15, 2001

Karen Norris, Assistant Executive Director  
(512) 478-8753**WILLIAMSON COUNTY TREASURER HONORED FOR  
MAINTAINING INVESTMENT CERTIFICATION FIVE YEARS**

HOUSTON—Williamson County Treasurer, Honorable Vivian Wood, was honored Wednesday, November 14, for five years' continuing certification as a County Investment Officer (CIO). Wood joined other CIOs from the Class of 1996 who were honored at a special awards dinner sponsored by the Texas Association of Counties.

The CIO designation is a professional credential earned by county officials who complete a course of concentrated study and pass a thorough examination of investment skills. The program's aim is to train county officers, including commissioners' court members, treasurers, auditors, CPAs, and others, of their statutory responsibilities and the most modern techniques to maintain and invest public accounts. CIOs work in compliance with government accounting standards and the Public Funds Investment Act.

"Certified CIOs are a distinguished group of county officials, and these who have maintained their credential over the past five years have demonstrated a true commitment to taxpayers," said Texas Association of Counties Assistant Executive Director Karen Norris.

In addition to the special award dinner, participants attended educational seminars to meet the mandatory education requirements for their office and satisfy the curriculum mandates instituted by the Texas Legislature for all local public fund investment officers.

The Texas Association of Counties, headquartered in Austin, is comprised of the 254 counties in Texas. Its purpose is to support county government and county officials through education programs and legislative awareness in order to make local government work for all Texans.

**END OF RELEASE**

(512)-478-8753 • 1-(800)-456-5974 • FAX (512)-478-0519



Carole Keeton Rylander  
Texas Comptroller of Public Accounts

February 1, 2002

512/463-4000

FAX: 512/463-4965

P.O. Box 13528  
AUSTIN, TEXAS 78711-3528

Vivian Wood  
Williamson County  
710 Main Street, Suite 302  
Georgetown, Texas 78626

Dear Vivian:

I am pleased to inform you that the State of Texas has executed a new contract for TexPool investment management, marketing and participant services. The new contract is the result of a rigorous process that included a Request for Proposal, oral presentations by the respondents, and review and evaluation by an Evaluation Committee that I appointed. The Evaluation Committee unanimously selected the joint proposal submitted by Lehman Brothers and Federated Investors, Inc.

Under the joint proposal, Lehman Brothers will provide marketing and participant services. Federated Investors, Inc. will provide investment management services and State Street Bank will serve as custodian for TexPool. The relationship between these entities is not new, nor was it created solely to provide these services to TexPool. Lehman and Federated have a solid 25-year history of working together, and State Street Bank is the primary custodian for Federated.

Briefly, let me outline some of the more significant benefits to you, the Participants of TexPool, as a result of this change:

1. The cost to TexPool for these services has been significantly reduced. This translates into higher yields for you.
2. Customer service hours have been extended; the new hours are 7:00 a.m. to 7:00 p.m.
3. Transaction cut-off times have been extended. Deposits and withdrawals can occur up to 4:00 p.m. (central standard time). Cash receipts for all wire transactions can occur up to 5:00 p.m. The ACH cut-off remains at 3:30 p.m.
4. Superior money market returns.
5. Transaction execution the way you choose—either by telephone, fax, VRU, or the Internet.

Federated Investors, Inc. is the largest manager of AAA-rated market portfolios in the U.S. and the largest institutional money market fund manager. Lehman Brothers is highly regarded for fixed income research and most notably for the Lehman Treasury Index, the benchmark for the fixed income industry. They have been an active participant in the Texas Municipal finance market and maintain offices in both Houston and Dallas. Likewise, State Street Bank is the world's largest custodian. All of this adds up to world-class resources for TexPool participants under the new contract.

**The conversion will occur on or before May 1, 2002.** Unlike the conversion five years ago, you will not be required to execute additional paperwork. Over the next few weeks, you will be hearing directly from the Lehman/Federated team.

Those involved in the selection process could not be more pleased and excited about the future of TexPool. I am very confident that you will benefit from the reduced cost structure and increased services. Please join me in welcoming the Lehman/Federated team.

Please let me know if I can ever be of assistance. Thanks for all that you do for Texas.

Sincerely,

Carole Keeton Rylander  
Texas Comptroller





January 17, 2002

Vivian Wood  
Williamson County  
710 Main St., Ste. 302  
Georgetown, TX 78626

Dear Vivian:

As you may know, the management of the Texas Local Government Investment Pool ("TexPool") by the combined team of J.P. Morgan Chase & Co. ("JP Morgan") and First Southwest Asset Management, Inc. ("First Southwest") was initiated in 1997 and was formulated to be a 5 year contractual term. Recently, in anticipation of the upcoming maturity of the original term in August 2002, an RFP was issued by the Comptroller of the State of Texas for the next contract period. First Southwest and JP Morgan responded to the RFP, in hopes to continue managing the affairs of TexPool and further enhancing the great success the program has enjoyed under our tenure.

Regrettably, we were notified by the Texas Treasury Safekeeping Trust Company on December 21, 2001, that the management of the TexPool program had been awarded to a new team of service providers who will assume responsibility for the day to day operations of TexPool effective Monday, April 8, 2002. While we were undoubtedly disappointed with the Comptroller's decision, we take great pride in the accomplishments and enhancements we have implemented into the TexPool program and to you, its participants.

As our management responsibilities wind down in coming months, First Southwest and JP Morgan have pledged personnel and resources to transition participant balances and records to the new management team on April 5, 2002 to provide for as little interruption to TexPool affairs as possible. Until that time, we want to personally assure each of you that we will continue to provide the participants of TexPool with the same level of service that you have come to expect from the team of JP Morgan and First Southwest. Should you desire further information or assistance, please contact TexPool Participant Services at 1-888-839-7665 or email Ms. Mary Ann Dunda at [mdunda@firstsw.com](mailto:mdunda@firstsw.com) or Mr. David Erwin at [david.erwin@chase.com](mailto:david.erwin@chase.com).

On behalf of every member of the TexPool team at First Southwest and JP Morgan, it has been a pleasure working with and serving you as a participant in TexPool. We extend our sincere thanks for your participation and support of the TexPool program during our tenure.

Sincerely,

A handwritten signature in cursive script that reads 'David A. Erwin'.

David A. Erwin  
J.P. Morgan Chase & Co.

A handwritten signature in cursive script that reads 'Mary Ann Dunda'.

Mary Ann Dunda  
First Southwest Asset Management, Inc.

**AGENDA ITEM 22**

Discuss and consider setting a date to hold a public hearing on a re-subdivision of Lost River Ranches, Section 3, Lots 14B and 15.

Moved: **Judge Doerfler**

Seconded: **Commissioner Boatright**

Motion: To set date and hold a public hearing on the re-subdivision of Lost River Ranches, Section 3, Lots 14B and 15 for Tuesday, April 9, 2002 at 10:00 a.m. in the Commissioners' Courtroom.

Vote: 4 - 0

**AGENDA ITEM 23**

Consider correcting minutes of February 5, 2002 Item 19 pertaining to a variance for a 33-acre tract off CR 277.

Moved: **Commissioner Heiligenstein**

Seconded: **Commissioner Limmer**

Motion: To correct the minutes of February 5, 2002, Item 19, to read as follows:

*Motion: To approve a variance ~~for a 33-acre tract~~ to the subdivision regulations for a 33.79-acre tract off of CR 277 owned by Robert Campbell, to allow the division of the property into three tracts, one 11.29-acre tract and two 11.25-acre tracts, and to allow an existing private road easement known as Liberty Hill Drive to serve ~~a 12-acre tract~~ the tracts, with the stipulation that none of the tracts may be further subdivided unless the easement is brought up to county road standards by the property owner seeking further subdivision.*

Vote: 4 - 0

< Attachment >

**AGENDA ITEM 19**

Consider approving a variance for a 33-acre tract off CR 277.

Realtor Ron Kemper, representing landowner Robert Campbell, addressed the court concerning the requested variance.

Moved: **Commissioner Boatright**

Seconded: **Judge Doerfler**

Motion: To approve a variance to the subdivision regulations for a 33.79-acre tract off of CR 277 owned by Robert Campbell, to allow the division of the property into three tracts, one 11.29-acre tract and two 11.25-acre tracts, and to allow an existing private road easement known as Liberty Hill Drive to serve the tracts, with the stipulation that none of the tracts may be further subdivided unless the easement is brought up to county road standards by the property owner seeking further subdivision.

Vote: 4 - 0. **Commissioner Heiligenstein was absent from the dais.**

*approved 3-12-02  
John C. Doerfler*