

INVESTMENT POLICY
GUADALUPE APPRAISAL DISTRICT

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I. INVESTMENT SCOPE

This investment policy applies to the investment activities of the Guadalupe Appraisal District. This policy serves the statutory requirements to define and adopt a formal investment policy. All financial assets of all funds of the Guadalupe Appraisal District at the present time and any funds to be created in the future shall be administered in accordance with the provisions of this policy unless expressly prohibited by law or unless it is in contravention of any depository contract between Guadalupe Appraisal District and its depository bank.

II. INVESTMENT OBJECTIVES

a. Safety

The Guadalupe Appraisal District is concerned about the return of its principle, therefore, safety of principle is a primary objective in any investment transaction. In no event shall an investment to include interest exceed the maximum amount insured by the Federal Deposit Insurance Corporation or U.S. Government unless collateralized with pledged securities.

All investments shall be made in the name of the Guadalupe Appraisal District and shall not be commingled with any funds which are not an asset of the appraisal district.

b. Liquidity

The appraisal district's investment portfolio must be structured in a manner which will provide the liquidity necessary to pay obligations as they become due.

c. Diversification

The investment policy of the Guadalupe Appraisal District, except when investing with the depository bank or in the U.S. Treasury, will be to diversify its investments when investing in (a) certificates of deposits of other banks located in Guadalupe County, and (b) other investments instruments provided for by law. Investments of the appraisal district will be selected on the basis of stability of income and necessary liquidity so that obligations may be paid as they become due.

d. Yield

Subject to Federal and State law(s) and the Guadalupe Appraisal District's depository contract, it will be the district's objective to earn the maximum interest rate allowed within the constraints of safety, liquidity and convenience.

e. Maturity

The investment portfolio of the Guadalupe Appraisal District will be staggered in a way to achieve the highest return of interest but at the same time provide for the necessary liquidity to meet the cash needs of the appraisal district.

III. INVESTMENT RESPONSIBILITY AND CONTROL

a. Investment Representative

The Chief Appraiser is the official investment representative of the Guadalupe Appraisal District. The Chief Appraiser may delegate authority when deemed necessary to employee(s) of the district pursuant to Section 6.05(e) of the Texas Property Tax Code.

b. Prudence

Investments of the Guadalupe Appraisal District shall be made with the exercise of due care, caution, good judgment and foresight of future needs, and not for speculation but to investment considering the safety of capital, liquidity, as well as a reasonable return of interest income for the district.

c. Liability of Investment Representative

The Investment Representative or the designee(s) shall not be responsible for any loss of the Guadalupe Appraisal District funds through the failure or negligence of any depository; but nothing in this policy shall release any appraisal district investment representative for any loss resulting from any official misconduct or negligence on his or her part; nor from any responsibility for the funds of the appraisal district until a depository shall be selected and the funds deposited therein; nor for any misappropriation of such funds by him/her.

d. Audit Control

All necessary forms for the accounting and audit control of any and all investments shall be safely kept and maintained current by the Investment Representative or his/her designee(s).

e. Subject to Audit

All investments of the Guadalupe Appraisal District are subject to audit at any time

f. Audit by Independent Auditing Firm

The investments of the Guadalupe Appraisal District shall be subject to the annual financial audit performed by an independent auditing firm.

IV. INVESTMENT REPORTING

a. Record Keeping of Investments

A detailed listing of the Guadalupe Appraisal District's investment portfolio along with corresponding pledged securities and receipt numbers shall be kept by the Investment Representative or his/her designee(s). The listing shall state the date the certificate or security was purchased, the term of the investment, the amount of the investment, the rate of return on the investment, the projected earnings of the investment, a list of securities pledged to guarantee the investment(s) and the market value of the securities. A quarterly report on the amount and type of investments will be presented to the board of directors as a part of the regular financial report.

b. Annual Report

The Investment Representative will prepare a written yearly report concerning the appraisal district's investment transactions for the preceding year. The report will describe in detail the investment position of the district.

c. Notification of Investment Changes

The Investment Representative shall notify the Board of Directors of any significant changes in current investment methods and procedures prior to their implementation.

V. INVESTMENT INSTRUMENTS

The Investment Representative shall use any or all of the following authorized investment instruments consistent with federal and state law and the appraisal district's depository contract:

- 1.) Certificates of Deposit issued by banks located in Texas, the payment of which is insured in full by the Federal Deposit Insurance Corporation (FDIC).
- 2.) Direct obligations of the United States Government, its agencies and instrumentality's.
- 3.) Direct obligations of the State of Texas or its agencies.
- 4.) Money Market Investment Accounts.
- 5.) NOW Accounts (Negotiable Order of Withdrawal).
- 6.) Time Deposit.

VI. INVESTMENT INSTITUTIONS DEFINED

The Investment Representative or his/her designee(s) shall invest funds with any or all of the following institutions or groups consistent with federal and state law and the current depository bank contract:

- 1) Depository Bank;
- 2.) Other state or national banks located in Texas that are fully insured by the Federal Deposit Insurance Corporation (FDIC);
- 3.) Brokers and dealers of government securities that report to the Market Reports Division of the Federal Reserve Bank of New York, also know as the “Primary Government Securities Dealers” that are fully insured.

VII. SAFEKEEPING

When investments require pledged securities, a copy of the safekeeping receipt(s) showing the Federal Reserve System branch bank where the securities are held, shall be faxed to the District at the time of investment. The original safekeeping receipt(s) shall be delivered to the District no later than the second day after the investment is made.