

# Investment Policy

TLC Academy

5687 Melrose San Angelo, TX 76901

OTHER REVENUES:  
INVESTMENTS

All investments made by TLC Academy shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. Gov't Code 2256.026

WRITTEN POLICIES

Investments shall be made in accordance with written policies approved by the Board. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield, and maturity and the quality and capability of investment management. The policies must include:

1. A list of the types of authorized investments in which TLC Academy's funds may be invested;
2. The maximum allowable stated maturity of any individual investment owned by TLC Academy;
3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;
4. Methods to monitor the market price of investments acquired with public funds and mutual funds, on a delivery versus payment basis.

Gov't Code 2256.005(b)

ANNUAL REVIEW

The investment policy and the investment strategy shall be reviewed not less than annually. The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. Gov't Code 2256.005(e)

ANNUAL AUDIT

The Board shall perform a compliance audit of management controls on investments and adherence to the Board's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. Gov't Code 2256.005(m)

INVESTMENT STRATEGIES

As part of the investment policy, the Board shall adopt a separate written investment strategy for each of the funds or group of funds under the Board's control. Each investment strategy must describe the investment objectives for the particular fund under the following priorities in order or importance:

1. Understanding of the suitability of the investment to the financial requirements of the Board;
2. Preservation and safety of principal;
3. Liquidity;

4. Marketability of the investment if the investment needs to be liquidated before maturity;
5. Diversification of the investment portfolio; and
6. Yield

### Gov't Code 2256.005(d)

### INVESTMENT OFFICER

The Board shall designate one or more officers or employees as investment officer(s) to be responsible for the investment of its funds. If the Board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting Board's District. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management or the person's own affairs, but the Board retains the ultimate responsibility as fiduciaries of the assets of TLC Academy. Unless authorized by law, a person may not deposit, withdraw, transfer or manage in any other manner the funds of the investing entity. Authority granted to a person to invest an entity's funds is effective until rescinded by the Board or until termination of the person's employment by TLC Academy. Gov't Code 2256.005(1)

TLC Academy or investment office may use TLC Academy's employees or the services of a contractor of TLC Academy to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. Gov't Code 2256.003(c)

### INVESTMENT TRAINING

#### INITIAL

Within 12 months after taking office or assuming duties, the treasurer or chief financial officer and the investment officer of TLC Academy shall attend at least one training session from an independent source approved either by the Board or by a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. Gov't Code 2256.008(a)

#### WITHIN A TWO-YEAR POLICY

The treasurer or chief financial officer and the investment officer must also attend an investment training session not less than once in a two-year period and receive not less than ten hours of instruction relating to investment responsibilities under the Public Funds investment Act from an independent source approved by the Board or a designated investment committee advising the investment officer. If TLC Academy has contracted with another investing entity to invest TLC Academy's funds, this training requirement may be satisfied by having a Board officer attend four hours of appropriate instruction in a two-year period. Gov't Code 225G.008(a), (b)

## STANDARD OF CARE

Investment training shall include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Government Code, Chapter 225G. Gov't Code 2256.008(c)

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

Investment shall be governed by the following objectives in order of priority:

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

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

1. The investment of all funds, rather than the prudence of a single investment, over which the officer had responsibility.
2. Whether the investment decision was consistent with the Board's written investment policy.

## Gov't Code 2256.006

## PERSONAL INTEREST

A TLC Academy investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with TLC Academy shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573, to an individual seeking to sell an investment to TLC Academy shall file a statement disclosing that relationship with the Board and with the Texas ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten 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 ten 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.

## Gov't Code 2256.005(i)

### QUARTERLY REPORTS

Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act. The report shall be presented to the Board and the Superintendent not less than quarterly, within a reasonable time after the end of the period. The report must:

1. Contain a detailed description of the investment position of TLC Academy on the date of the report;
2. Be prepared jointly and signed by all TLC Academy investment officers.
3. Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for investing purposes).  
The report must be prepared in compliance with generally accepted accounting principles and must state:
  - a. Beginning market value for the reporting period;
  - b. Additions and changes to the market value during the period;
  - c. Ending market value for the period; and
  - d. Fully accrued interest for the reporting period
4. 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.
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 TLC Academy for which each individual investment was acquired.
7. State the compliance of the investment portfolio of TLC Academy as it relates to TLC Academy's investment strategy expressed in TLC Academy's investment policy and relevant provisions of Government Code, Chapter 2256.

## Gov't Code 2256.023

### SELECTION OF BROKER

The Board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with TLC Academy. Gov't Code 2256.025

## Gov't Code 2256.025

### AUTHORIZED INVESTMENTS

The Board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. Investment may be made directly by the Board or by a nonprofit corporation acting on behalf of the Board or

an investment pool acting on behalf of two or more local governments, state agencies, or a combination of the two. Gov't Code 2256.003(a)

In the exercise of these powers, the Board may contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must be made by the board by order, ordinance or resolution. Gov't code 2256.003(b)

The following investments are authorized:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; direct obligations of the state of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, the United States, or their respective agencies and instrumentalities; obligations of states, agencies, countries, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and bonds issued, assumed. Or guaranteed by the state of Israel. Gov't Code 2256.009(a)

The following investments are not authorized:

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

### Gov't Code 2256.009(b)

2. Certificates of deposit or share certificates issued by a state or national bank domiciled in Texas or a savings bank domiciled in Texas or a state or federal credit union domiciled in Texas that is guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor and is secured by obligations described in item 1 above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount or the certificates (but excluding those mortgage-backed securities described in Section 2256.009Ib]) or secured in any other manner and amount provided by law for the deposits of the investing entity. Gov't Code 2256.010

The investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. Gov't Code 2256.005(c)

1. Fully collateralized repurchase agreements that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities, are pledged to TLC Academy, held in TLC Academy's name, and deposited with TLC Academy or a third party selected and approved by the Board, and placed through a primary government securities dealer, as defined by the

Federal Reserve or a financial institution doing business in Texas. The term of any reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement. Gov't Code 2256.011

2. A securities lending program if:
  - a. The value of securities loaned is not less than 100 percent collateralized, including accrued income, and the loan allows for termination at any time;
  - b. The loan is secured by:
    1. Pledged securities described by Government Code 2256.009;
    2. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
    3. Cash invested in accordance with Government Code 2256.009, 2256.013, 2256.014, or 2256.016;
  - c. The terms of the loan require that the securities being held as collateral be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity; and
  - d. The loan is placed through a primary government securities dealer or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

### Gov't Code 2256.0115

5. Banker's acceptance, with a stated maturity of 270 days or fewer from the date of issuance that will be liquidated in full at maturity, which is eligible for collateral for borrowing from a Federal Reserve Bank, and is accepted by a bank meeting the requirements of Government Code 2256.012(4). Gov't Code 2256.012
6. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U.S. law or the law of any state. Gov't Code 2256.013
7. No-load money market mutual funds that:
  - a. Are registered with and regulated by the Securities and Exchange Commission;
  - b. Provide TLC Academy with a prospectus and other information required by the Securities and Exchange Act of 1933. (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.);
  - c. Have a dollar-weighted average stated maturity of 90 days or fewer; and
  - d. Include in their investment objectives the maintenance of a stable net asset value of \$1 for each share.

However, investments in no-load money market mutual funds shall be limited to the percentages authorized by Government Code 2256.014 (c).

8. No-load mutual funds that:
  - a. Are registered with the Securities and Exchange Commission;

- b. Have an average weighted maturity of less than two years;
- c. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
- d. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
- e. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

Investments in no-load mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c). In addition, TLC Academy may not invest any portion of bond proceeds, reserves, and funds held for debt service, in no-load mutual funds described in this item.

### Gov't Code 2256.014

- 9. A guaranteed investment contract, as an investment vehicle for bond proceeds, if the guaranteed investment contract:
  - a. Has a defined termination date.
  - b. Is secured by obligations described by Government Code Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract.
  - c. Is pledged to TLC Academy and deposited with TLC Academy or with a third party selected and approved by TLC Academy.

Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.

To be eligible as an authorized investment:

- d. The Board must specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance or resolution authorizing the issuance of bonds.
- e. TLC Academy must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received.
- f. TLC Academy must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received.
- g. The price of the guaranteed investment contract must take into the reasonably expected drawdown schedule for the bond proceeds to be invested.
- h. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

### Gov't Code 2256.015

- 10. A public funds investment pool meeting the requirements of Government Code 2256.016 and 2256.019, if the Board authorizes the investment in the particular pool by resolution. Gov't Code 2256.016, 2256.019

## CHANGE IN LAW

TLC Academy is not required to liquidate investments that were authorized investments at the time of purchase.

Gov't Code 2256.017

## SELLERS OF INVESTMENTS

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. For purposes of this policy, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest portfolio. The qualified representative of the business organization offering to engage in an investment transaction with TLC Academy shall execute a written instrument in a form acceptable to TLC Academy and the business organization substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the TLC Academy investment policy; and
2. Has acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between TLC Academy and the organization that are not authorized by TLC Academy's policy, except to the extent that this authorization is dependent on an analysis or the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not acquire or otherwise obtain any authorized investment described in the TLC Academy's investment policy from a person who has not delivered to the TLC Academy instrument described above.

Gov't Code 2256.005

## DONATIONS

A gift, devise, or bequest made to provide college scholarships for TLC Academy graduates may be invested by the Board as provided in Property Code 117.004, unless otherwise specifically provided by the terms of the gift, devise, or bequest. Education Code 45.107

Investments donated to TLC Academy for a particular purpose or under terms of use specified by the donor are not subject to the requirements of Government Code Chapter 2256, Subchapter A. Gov't Code 2256.004.(b)

## ELECTRONIC FUNDS TRANSFER

TLC Academy may use electronic means to transfer or invest all funds collected or controlled by TLC Academy. Gov't Code 2256.051

**Resolution Stating Review of Investment Policy and Investment Strategies and  
Designation of Investment Officer  
For the TLC Academy Charter District**

*Whereas*, Section 2256.005, Texas Government Code, as amended, requires the governing body of an investing entity review its investment policy and investment strategies, not less than annually;

*Whereas*, the Board of Directors of the TLC Academy Charter District, "District", has adopted an Investment Policy for the District, in the form attached hereto as Exhibit "A," pursuant to Chapter 2256, Texas Government Code, as amended from time to time;

*And Whereas*, the Board of Directors wishes to designate one or more employees of the District as investment officer to be responsible for the investment of its funds consistent with the Investment Policy;

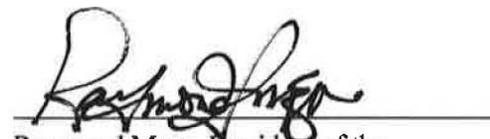
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TLC ACADEMY CHARTER DISTRICT THAT:

*Section 1.* The Investment Policy, in the form attached hereto as Exhibits "A," and investment strategies contained in such policy has been reviewed and is hereby adopted with no changes.

*Section 2.* The CFO and Business Manager of the District are hereby named as investment officers of the District to be responsible for the investment of its funds consistent with the Investment Policy.

*Section 3.* The provisions of this Resolution shall be effective as of the date of adoption and shall remain in effect until modified by action of the Board of Directors.

Adopted this 22<sup>nd</sup> day of October, 2018.



Raymond Meza, President of the  
Board of Directors

