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HUNT COUNTY

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INVESTMENT POLICY

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By: *J. Andrews*

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It is the policy of Hunt 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, formal Investment Policy and informal investment strategy.

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all County funds. The County's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this policy.

**SCOPE**

This Investment Policy applies to all of the investment activities of Hunt County. This policy establishes guidelines for those authorized to invest funds, for how County funds will be invested and for when and how a periodic review of investments will be made. In addition to this policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing resolution and all applicable State and Federal Law.

**SAFETY OF PRINCIPAL**

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

**MAINTENANCE OF ADEQUATE LIQUIDITY**

The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; investing in securities with active secondary markets; and maintains appropriate portfolio diversification. "THE COUNTY AUDITOR SHALL COORDINATE WITH THE COUNTY TREASURER AND ADVISE WHEN FUNDS ARE AVAILABLE FOR INVESTMENT AND REQUIRED MATURITY DATE, OR WITHDRAWAL."

**RETURN ON INVESTMENTS**

Consistent with Article 4413(34) © V.A.S., the County "shall invest local funds in investments which yield the highest possible rate of return while providing necessary protection of the principal consistent with the operating requirements as determined by the governing body."

For bond proceeds to which Federal yield or arbitrage restrictions apply, the primary objectives shall be to obtain maximum market yields and to minimize the costs associated with the investment of such funds within the constraints of all applicable regulations.

**STANDARD OF CARE**

The standard of care used by Hunt County shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraint. The Public Funds Act 2256.006(a) states: