

NAVARRO COUNTY COMMISSIONER'S COURT

A REGULAR MEETING OF THE NAVARRO COUNTY COMMISSIONER'S COURT WAS HELD ON MONDAY THE, 14TH DAY OF JUNE, 2010 AT 10:00 A.M., IN THE COUNTY COURTROOM OF THE NAVARRO COUNTY COURTHOUSE IN CORSICANA, TEXAS PRESIDING JUDGE HM DAVENPORT, COMMISSIONERS PRESENT KIT HERRINGTON, FAITH HOLT, DAVID WARREN, AND JAMES OLSEN

1. 10:00 A.M. MOTION TO CONVENE BY HERRINGTON SEC BY HOLT
ALL VOTED AYE MOTION CARRIED
2. PRAYER BY COMMISSIONER OLSEN
3. PLEDGE OF ALLEGIANCE
4. COMMENTS-NO COMMENTS

CONSENT AGENDA

MOTION TO APPROVE 5 & 6 OF THE CONSENT AGENDA BY HERRINGTON SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED

5. MOTION TO APPROVE MINUTES FROM THE PREVIOUS MEETING OF MAY 24, 2010 AND JUNE 2, 2010
6. MOTION TO APPROVE AND PAY BILLS AS SUBMITTED BY THE COUNTY AUDITOR

REGULAR AGENDA

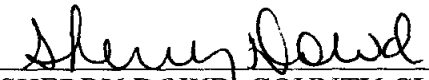
7. MOTION TO APPROVE REQUEST FOR FEDERAL ASSISTANCE UNDER PROVISION OF SECTION 216 OF THE FLOOD CONTROL ACT OF 1950, PUBLIC LAW 81-516 OR SECTION 403 OF THE AGRICULTURE CREDIT ACT OF 1978, PUBLIC LAW 95-334, TO RESTORE DAMAGES SUSTAINED IN NAVARRO COUNTY BY STORMS, EMERGENCY AND COMPELLING NATURE DUE TO RISK OF LIFE AND PROPERTY BY JUDGE DAVENPORT SEC BY WARREN
ALL VOTED AYE MOTION CARRIED **TO WIT PG 967-968**

8. MOTION TO APPROVE INTERNET AND INFORMATION SYSTEMS ACCEPTABLE USE POLICY FOR NAVARRO COUNTY BY HOLT SEC BY HERRINGTON **TO WIT PG 969-972**
ALL VOTED AYE MOTION CARRIED
9. PRESENTATION BY TYLER TECHNOLOGY PRESENTED BY DAWSON TYLER
10. MOTION TO APPROVE RESOLUTION REGARDING THE FEDERAL OFF-SYSTEM BRIDGE PROGRAM ADMINISTERED BY THE TEXAS DEPARTMENT OF TRANSPORTATION BY JUDGE DAVENPORT SEC BY WARREN **TO WIT PG 973-979**
ALL VOTED AYE MOTION CARRIED
11. MOTION TO TABLE ACCEPTING A PRIVATE ROAD THAT LEADS INTO ETHRIDGE ESTATES AS A COUNTY ROAD IN PRECINCT 2 BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED
12. MOTION TO APPROVE ACCEPTING RESIGNATION OF JUSTICE OF THE PEACE PRECINCT 3, BOB MCQUARY BY OLSEN SEC BY HOLT
ALL VOTED AYE MOTION CARRIED
13. MOTION TO APPROVE RESOLUTION APPROVING TAX ABATEMENT BETWEEN NAVARRO COUNTY AND PACTIV CORPORATION FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT BY HERRINGTON SEC BY HOLT **TO WIT PG 980-990**
ALL VOTED AYE MOTION CARRIED
14. MOTION TO APPROVE PROPOSED CROSSING CLOSURE CORRIDOR WITH BNSF RAILWAY AND TX DOT, COUNTY ROAD SE 1240 (DOT NO. 59721OP)-RAILROAD MILEPOST 223.15 AND COUNTY ROAD SE 1230 (DOT NO. 597211W)-RAILROAD MILEPOST 224.26 BY WARREN A 21 DAY PROCESS SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
15. MOTION TO APPROVE BUDGET AMENDMENT FOR PRECINCT 1 TRANSFER OF FUNDS FROM PERSONNEL TO OPERATING AND ROAD FUNDS BY HERRINGTON SEC BY OLSEN
ALL VOTED AYE MOTIO CARRIED
16. MOTION TO APPROVE OF THE NAVARRO COUNTY INVESTMENT POLICY AND INVESTMENT STRATEGIES BY HOLT SEC BY WARREN
ALL VOTED AYE MOTION CARRIED **TO WIT PG 991-1070**

17. MOTION TO APPROVE TAX REPORT BY RUSSELL HUDSON BY
HOLT SEC BY WARREN **TO WIT PG 1071-1075**
ALL VOTED AYE MOTION CARRIED
18. MOTION TO APPROVE TO DECLARE A 1997 AND 2003 FORD CROWN
VICTORIA AS SURPLUS, TRANSFER THE 1997 TO RICE ISD AND THE
2003 TO CITY OF KERENS BY HERRINGTON SEC BY WARREN
ALL VOTED AYE MOTION CARRIED
19. MOTION TO APPROVE COUNTY AUDITOR'S MAY 2010 MONTHLY
FINANCIAL REPORT, PURSUANT TO LGC SEC. 114.024 BY OLSEN SEC
BY WARREN **TO WIT PG 1076-1078**
ALL VOTED AYE MOTION CARRIED
20. MOTION TO APPROVE AUTHORIZING COUNTY AUDITOR TO GO OUT
FOR BIDS FOR THE 2011 FISCAL YEAR FOR AUTO PARTS, CULVERTS,
FUEL, BRIDGES, ROAD MATERIALS, BRIDGE MATERIALS AND
HAULING BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED
21. MOTION TO APPROVE REVISED NORTH TEXAS HIDTA CONTRACT
WITH LEXIS NEXIS TO ADD THREE USERS TO THE EXISTING
ACCOUNT BY HERRINGTON SEC BY OLSEN **TO WIT PG 1079-1084**
ALL VOTED AYE MOTION CARRIED
22. MOTION TO APPROVE BUDGET TRANSFER OF REVENUES AND
EXPENSES REALTED TO THE VICTIM COORDINATOR LIAISON GRANT
ORIGINALLY INCLUDED IN THE DISTRICT ATTORNEY'S BUDGET TO
A SPECIAL REVENUE FUND BY HERRINGTON SEC BY WARREN
ALL VOTED AYE MOTION CARRIED **TO WIT PG 1085**
23. MOTION TO ADJOURN BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED

I, SHERRY DOWD, NAVARRO COUNTY CLERK, ATTEST THAT THE FOREGOING IS A TRUE AND ACCURATE ACCOUNTING OF THE COMMISSIONERS COURT'S AUTHORIZED PROCEEDING FOR JUNE 14TH, 2010.

SIGNED 14 DAY OF JUNE 2010.


SHERRY DOWD, COUNTY CLERK



967

**TEXAS STATE SOIL AND WATER CONSERVATION BOARD
Flood Control Structural Repair Grant Program**

FORM NUMBER: TSSWCB-FC-3

Effective Date: May 4, 2010

**APPLICATION FOR EMERGENCY WATERSHED
PROTECTION PROGRAM MATCHING FUNDS**

Submit completed applications to:
TSSWCB
Attention: Flood Control
P.O. Box 658
Temple TX 76503

For assistance in completing this application, contact:
TSSWCB Flood Control Department
(254) 773-2250
www.tsswcb.state.tx.us/floodcontrol

Use this application to request grant funds to provide not more than 95% of the non-federal matching funds required for a federal Emergency Watershed Protection (EWP) Program project performed by the USDA-Natural Resources Conservation Service (NRCS).

To qualify for state appropriated matching funds from the TSSWCB's Structural Repair Grant Program, a formal letter of request for federal assistance through the EWP Program must have previously been submitted to the Texas State Conservationist at the NRCS. A copy of the letter of request must be attached to this form at the time of submittal.

THIS SPACE FOR TSSWCB USE ONLY

Applicant information:

Provide contact information for the individual representing the entity that has already applied requested federal EWP funding. *This individual shall be considered the "authorized representative" as defined by Texas Administrative Code, Section 529.51(1).

First Name:	Bobby	Last Name:	Wilson
Organization:	Navarro Soil and Water Conservation District # 514		
Address:	4323 West Highway 22	Zip Code:	75110
Office/Suite Number:		Phone Number:	903-874-5131
City:	Corsicana	Fax Number:	903-872-1130
State:	Texas	Email Address:	navarrowswcd@tx.nacdnet.org

Request for Federal Assistance through the EWP Program:

A copy of the letter of request for federal assistance through the EWP Program to the NRCS must be attached to this application.

Other Non-Federal Matching Funds:

Have matching funds been requested for this project from the Texas Department of Rural Affairs? Yes No

Certification:

Texas Administrative Code, Section 529.55(c) requires that all applications must have certification signatures by authorized individuals from all sponsors identified in the applicable watershed agreement with O&M responsibility for the flood control dam(s) on which repairs are proposed acknowledging and approving the application prior to it being submitted to the State Board for consideration. By signing below, sponsors are requesting state grant funds, in an amount not more than 95% of the non-federal matching requirement, for an EWP project. Space has been provided for three sponsors and for the authorized representative (if different from one of the sponsors).

[Signature] _____ 6-16-10
 Signature Date

[Signature] _____ 6-16-10
 Signature Date

***Authorized Representative:**
Representing:

Printed Name:
Representing:

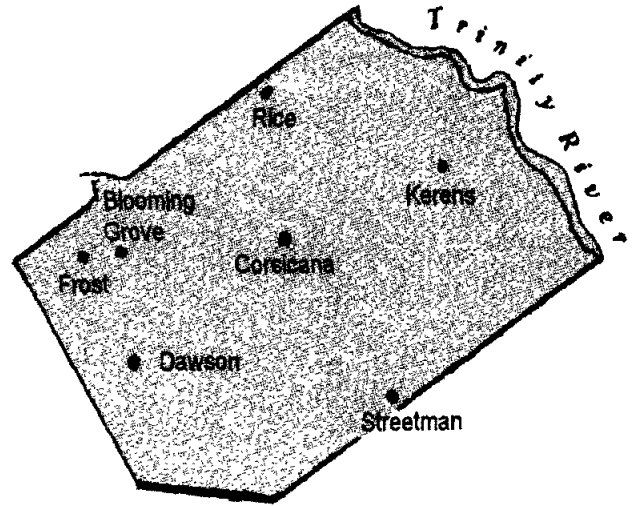
Signature _____ Date _____
 Printed Name:
 Representing:

Signature _____ Date _____
 Printed Name:
 Representing:

968

Navarro Soil and Water Conservation District

District 514
4323 West Highway 22
Corsicana, Texas 75110



Mr. Donald W. Gohmert
State Conservationist
101 South Main
Temple, Texas 76501

Dear Mr. Gohmert:

We request Federal assistance under provisions of section 216 of the Flood Control Act of 1950, Public Law 81-516 or Section 403 of the Agricultural Credit Act of 1978, Public Law 95-334, to restore damages in Navarro County by rain storms and resulting floods that occurred on June 9 and 10, 2010. this work is needed to safeguard lives and property from an imminent hazard of life and property.

We understand, as sponsors of an emergency Watershed Protection project that our responsibilities will include acquiring land rights and any permits needed to construct, and if required, to operate and maintain the proposed measures. We are prepared to provide local contribution.

The names, addresses, and telephone numbers of the administrative and technical contact persons in our organizations are as follows.


H. M. Davenport, County Judge
300 W. 3rd Ave.
Corsicana, Texas 75110
903-654-3025

Bobby Wilson
Navarro S W C D # 514
4323 West Hwy. 22
Corsicana, Texas 75110
903-874-5131

Please contact them for any additional information that you might need in assessing our request.

Sincerely,

H. M. Davenport
County Judge


C. M. Newton III
Chairman, Navarro S W C D

Navarro County
Internet and Information Systems
Acceptable Use
Policy

INTRODUCTION

Navarro County Acceptable Use Policy specifies policy for the use of information resources and information Systems systems. Enforcement of this acceptable use policy is consistent with the policies and procedures of this organization.

Being informed is a shared responsibility for all users of Navarro County information systems. Being informed means, for example:

- Knowing these acceptable use policies and other related rules and policies,
- Knowing how to protect your data and data that you are responsible for,
- Knowing how to use shared resources without damaging them,
- Knowing how to keep current with software updates,
- Knowing how to report a virus warning, a hoax, or other suspicious activity
- Participating in training, and
- Knowing that this policy will change, out of necessity, because technology changes rapidly. Navarro County government's goal is to keep up with these changes in order to provide the level of service Navarro County residents deserve.

POLICY

Compliance with this policy is mandatory for all officials, employees and contractors of this organization. This policy applies to all Navarro County information, computer systems and data that are used for official Navarro County business regardless of its location.

I. Authorized Use

Users must **not** use other users' passwords, user ids, or accounts, attempt to capture or guess other users' passwords. Users are also restricted from using business equipment for personal use, without authorization from Navarro County. Users must not hide their identity for malicious purposes or assume the identity of another user.

II. Privacy

User files may be subject to access by authorized employees of Navarro County during the course of official business. Accordingly, users should have no expectation of privacy and their activity may be monitored. The Information Systems Department will conduct periodic audits of all Navarro County's computers to insure that Navarro County is in compliance with all software licenses. During the audit, Information Systems will search

for computer viruses, spyware, games, and personal software and eliminate any that are found.

III. Restricted Access

Users must not attempt to access restricted files or portions of operating systems, security systems, or administrative systems to which they have not been given authorization. Accordingly, users must not access without authorization: email, data, programs, or information protected under state and federal laws. Users must not release another person's *restricted information*.

IV. Proper Use of Resources

Users should recognize that computing resources are limited and user activities may have an impact on the entire network. Users must **not**:

- misuse email
- spread email widely (chain letter) and without good purpose ("spamming") or flood an individual, group, or system with numerous or large email messages ("bombing")
- install software and/or hardware. This includes but is not limited to screen savers and screen backgrounds. Only the Information Systems Department is authorized to install software and/or hardware. The Information Systems Department will conduct periodic audits of all Navarro County's computers to insure Navarro County is in compliance with all software licenses. During the audit, Information Systems will search for computer viruses, spyware, games, and personal software and **eliminate** any that are found.
- **use streaming audio, video or real time applications such as weather monitoring or Internet radio.**
- **divulge any password(s) to other users.** Any user that is caught sharing his/her password with another user will be subject to departmental disciplinary action.
- install games on any County owned system. Information Systems is permitted to remove all games found without notice.
- use County software for personal non-County purposes, profit, entertainment, or violation of local, state, and/or federal laws.

V. Protecting Information and Shared Resources

Users must:

- Use Microsoft Outlook for any and all email that pertains to official business of Navarro County.
- Follow established procedures for protecting files, including managing passwords, using *encryption* Systems, and storing back-up copies of files.

- Protect the physical and electronic integrity of equipment, networks, software, and accounts on any equipment that is used for Navarro County business in any location.
- log into system using his/her user id/password. Any user that is caught sharing his/her user id/password with another user or attempting to log into the system with another user's id/password will be subject to departmental disciplinary action.
- Visit **only** business related websites. Social networking websites are business related **only** if you maintain a page for your department.
- Open email from known senders and/or email that does not appear suspicious.
- Take all precautions to not introduce worms or viruses or other malicious code into the system nor disable protective measures ie: antivirus, spyware firewalls.
- Send **only** data that is not restricted or confidential over the Internet or off your *locally managed network* unless appropriately encrypted and approved by your immediate supervisor and/or the Information Systems Department.
- Connect **only** authorized equipment or media, which includes but is not limited to: laptops, flash drives, removable drives, wireless access points, pdas, and mp3 players. Only the Information Systems Department may authorize the installation of equipment and/or media.

VI. Civility

Users must not harass other users using computer resources, or make repeated unwelcome contacts with other users. Users must not display material that is inappropriate in an office environment or material that is not consistent with Navarro County policies.

VII. Applicable Laws

Users must obey local, state, and federal laws including laws on copyright and other intellectual property laws.

Navarro County does not condone the illegal duplication of software and will not tolerate it. A Navarro County employee, who makes, acquires, or uses unauthorized copies of software may be disciplined in addition to having liability for civil and criminal penalties. According to U.S. Copyright Law, illegal reproduction of software is subject to civil penalties of as much as US\$150,000 for each title infringed and criminal penalties of as much as US\$250,000 for each title infringed together with imprisonment of up to five (5) years.

PENAL CODE

Penal Codes, Chapter 33 "Computer Crimes". Section 33.02 (B) states the following:

- (A.) A person commits an offense if the person knowingly accesses a computer, computer network, or computer system without the effective consent of the owner.
- (B.) A person commits an offense if the person intentionally or knowingly gives password, identifying code, personal identification number, debit *card* number, bank *account* number *or* other confidential information about a computer security system to another person without the effective consent of the person employing the computer security system to restrict access to a computer, computer network, computer system or data.
- (C.) An offense under this section is a Class A misdemeanor unless the actor's intent is to obtain a benefit or defraud or harm another. In which event the offense is:
 - 1.) A state jail felony if the value of the benefit or the amount of the loss or harm is less than \$20,000; or
 - 2.) A felony of the third degree if the value of the benefit or the amount of the loss or harm is \$20,000 or more.
- (D.) A person who is subject to prosecution under this section and any other section of this code may be prosecuted under either or both section.

I have read the Navarro County Acceptable Use Policy and agree to abide by it.

Employee Name

Department Name

Employee Signature

Date



NAVARRO COUNTY COMMISSIONERS' OFFICE

Kit Herrington - Precinct 1
Faith Holt - Precinct 2
David "Butch" Warren - Precinct 3
James Olsen - Precinct 4

300 West Third Avenue, Suite 14
Corsicana, TX 75110-4672

Julie Forgyson
Administrative Coordinator

Phone: (903) 654-3030

Fax: (903) 874-6053

The Honorable H. M. Davenport
Navarro County Judge
300 West Third Avenue
Corsicana, Texas 75110

County Navarro
Project BR 0918-18-964
Road/Street CRSE 0220
NBI Str. No. 181750AA0379001
Local Desig. No. AA379-001

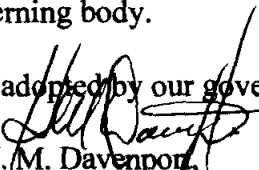
SUBJECT: Request for Waiver of Local Match Fund
Participation Requirement on Federal
Off-System Bridge Program Project

Darwin J. Myers, P.E.
Texas Department of Transportation
P.O. Box 16
Corsicana, Texas 75151

Dear Mr. Myers:

Under the provisions of Texas Administrative Code, Title 43, Section 15.55(d), this Local Government requests waiver of the local match fund participation requirement on the above referenced federal off-system bridge program project referred to as the "participation-waived" project. In return for waiver of this participation, it is proposed that our governing body perform, or cause to be performed, an equivalent dollar amount of structural improvement work on other deficient bridge(s) or deficient mainlane cross-drainage structure(s), referred to as "equivalent-match project(s)", within the jurisdiction of our governing body.

A copy of the appropriate required resolution adopted by our governing body is attached.


H.M. Davenport,
Navarro County Judge

Attachment: Resolution

For TxDOT Use Only

_____ Waiver Approved
_____ Waiver Disapproved _____

974



NAVARRO COUNTY COMMISSIONERS' OFFICE

Kit Herrington - Precinct 1
Faith Holt - Precinct 2
David "Butch" Warren - Precinct 3
James Olsen - Precinct 4

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The Honorable H. M. Davenport
Navarro County Judge
300 West Third Avenue
Corsicana, Texas 75110

County Navarro
Project BR 0918-18-963
Road/Street CRNE 0070
NBI Str. No. 181750AA0317002
Local Desig. No. AA317-002

**SUBJECT: Request for Waiver of Local Match Fund
Participation Requirement on Federal
Off-System Bridge Program Project**

Darwin J. Myers, P.E.
Texas Department of Transportation
P.O. Box 16
Corsicana, Texas 75151

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A copy of the appropriate required resolution adopted by our governing body is attached.


H. M. Davenport
Navarro County Judge

Attachment: Resolution

For TxDOT Use Only

_____ Waiver Approved
_____ Waiver Disapproved _____

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NAVARRO COUNTY COMMISSIONERS' OFFICE

Kit Herrington - Precinct 1
Faith Holt - Precinct 2
David "Butch" Warren - Precinct 3
James Olsen - Precinct 4

300 West Third Avenue, Suite 14
Corsicana, TX 75110-4672

Julie Forguson
Administrative Coordinator

Phone: (903) 654-3030

Fax: (903) 874-6053

The Honorable H. M. Davenport
Navarro County Judge
300 West Third Avenue
Corsicana, Texas 75110

**SUBJECT: Request for Waiver of Local Match Fund
Participation Requirement on Federal
Off-System Bridge Program Project**

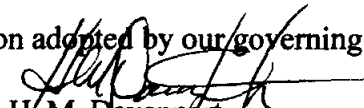
County Navarro
Project BR 0918-18-950
Road/Street CRSW 2210
NBI Str. No. 181750AA0518002
Local Desig. No. AA518-002

Darwin J. Myers, P.E.
Texas Department of Transportation
P.O. Box 16
Corsicana, Texas 75151

Dear Mr. Myers:

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A copy of the appropriate required resolution adopted by our governing body is attached.


H. M. Davenport,
Navarro County Judge

Attachment: Resolution

For TxDOT Use Only

_____ Waiver Approved
_____ Waiver Disapproved _____

976



NAVARRO COUNTY COMMISSIONERS' OFFICE

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David "Butch" Warren - Precinct 3
James Olsen - Precinct 4

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The Honorable H. M. Davenport
Navarro County Judge
300 West Third Avenue
Corsicana, Texas 75110

County Navarro
Project BR 0918-18-943
Road/Street CRSE 0210
NBI Str. No. 181750AA0366001
Local Desig. No. AA366-001

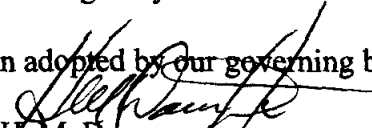
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Texas Department of Transportation
P.O. Box 16
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Dear Mr. Myers:

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A copy of the appropriate required resolution adopted by our governing body is attached.


H. M. Davenport,
Navarro County Judge

Attachment: Resolution

For TxDOT Use Only

_____ Waiver Approved
_____ Waiver Disapproved _____



NAVARRO COUNTY COMMISSIONERS' OFFICE

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300 West Third Avenue, Suite 14
Corsicana, TX 75110-4672

Julie Fergusson
Administrative Coordinator

Phone: (903) 654-3030

Fax: (903) 874-6053

RESOLUTION

The State of Texas
County of Navarro

WHEREAS, the federal off-system bridge program is administered by the Texas Department of Transportation (the State) to replace or rehabilitate structurally deficient and functionally obsolete (collectively referred to as deficient) bridges located on public roads and streets off the designated state highway system; and

WHEREAS, Navarro County, hereinafter referred to as the Local Government owns a bridge located at Rush Creek, on CRSE 0210, National Bridge Inventory (NBI) Structure Number 181750AA0366001, Local Designation Number AA366-001; and

WHEREAS, Navarro County, hereinafter referred to as the Local Government owns a bridge located at Little Pin Oak Creek Tributary, on CRSW 2210, National Bridge Inventory (NBI) Structure Number 181750AA0518002, Local Designation Number AA518-002; and

WHEREAS, Navarro County, hereinafter referred to as the Local Government owns a bridge located at Chambers Creek, on CRNE 0070, National Bridge Inventory (NBI) Structure Number 181750AA0317002, Local Designation Number AA317-002; and

WHEREAS, Navarro County, hereinafter referred to as the Local Government owns a bridge located at Rush Creek, on CRSE 0220, National Bridge Inventory (NBI) Structure Number 181750AA0379001, Local Designation Number AA379-001; and

WHEREAS, a project to remedy the bridge is included in the currently approved program of projects as authorized by Texas Transportation Commission Minute Order Number 10UTP dated March 2010. Control-Section-Job (CSJ) Number 0918-18-943, 0918-18-950, 0918-18-963 and 0918-18-964; and

WHEREAS, the usual fund participation ratio for projects on such program is 80 percent federal, 10 percent state and 10 percent Local Government; and

WHEREAS, Texas Administrative Code, Title 43, Section 15.55(d) (43 TAC Section 15.55(d)) provides that under specified conditions the 10 percent Local Government match fund participation requirement may be waived with agreement by the Local Government to perform, or cause to be performed, an equivalent dollar amount of structural improvement work on other

deficient bridges or deficient mainlane cross-drainage structures within its jurisdiction, such a project of structural improvement work being referred to as an "equivalent-match project"; and

WHEREAS, the estimated local match fund participation requirement on the approved federal off-system bridge project is \$161,254 (dollars), hereinafter referred to as the "participation-waived" project, such participation requirement the Local Government proposes be waived and in return perform or cause to be performed equivalent-match project structural improvement work.

THEREFORE, BE IT RESOLVED that the Local Government perform, or cause to be performed, the following equivalent-match project(s) in return for waiver of the local match fund participation requirement on the approved federal off-system bridge program (participation-waived) project not yet awarded:

LOCATION (and NBI structure identification number, if applicable)	ON SCHOOL BUS ROUTE?	DESCRIPTION OF STRUCTURAL IMPROVEMENT WORK	ESTIMATED COST
CR SW 3100 3 MI S OF SH 31 AT RICHLAND CREEK TRIB NBI# 181750AA0571001	Yes	Replace existing wooden bridge with new concrete bridge or comparable bridge.	\$51,688
CR NW 1250 2.7 MI. N. OF FM 1126 AT CHAMBERS CREEK TRIB NBI# 181750AA0227001	Yes	Replace existing concrete bridge with new concrete bridge or comparable bridge.	\$54,563
CR SE 4250 0.75 MI. EAST OF US 287 AT ALLIGATOR CREEK NBI# 181750AA0405002	Yes	Replace existing wooden bridge with new concrete bridge or comparable bridge.	\$52,522

BE IT FURTHER RESOLVED that in receiving this waiver the Local Government acknowledges its obligation to conform with all conditions of 43 TAC Section 15.55(d); such conditions that include but are not restricted to the following:

1. The Local Government must be currently in compliance with load posting and closure regulations as defined in National Bridge Inspection Standards under US Code of Federal Regulations, Title 23, Section 650.303.
2. The equivalent-match project work increases the load capacity of the existing bridge or other mainlane cross-drainage structure, or upgrades the structure to its original load capacity with a minimum upgrade to safely carry school bus loading if located on a school bus route.
3. In performing, or causing to be performed, the equivalent-match project(s), the Local Government assumes all responsibilities for engineering and construction, and complying with all applicable state and federal environmental regulations and permitting requirements for the structures being improved.
4. The work on the proposed equivalent-match project(s) has not begun and will not begin until the local match fund participation waiver approval process has been completed.

- 5. The Local Government will be allowed three years after the contract award of the participation-waived project to complete the structural improvement work on the equivalent-match project(s).
- 6. Should this waiver request be approved, an appropriate written agreement or amendment to a previously executed agreement will be executed between the State and Local Government.

Passed and approved on this the 14 day of June by the Navarro County Commissioners Court.

By: [Signature]
 H.M. Davenport
 County Judge

By: [Signature]
 Kit Herrington
 Commissioner, Precinct 1

By: [Signature]
 Faith Holt
 Commissioner, Precinct 2

By: [Signature]
 James Olsen
 Commissioner, Precinct 4

By: [Signature]
 Butch Warren
 Commissioner, Precinct 3

RESOLUTION

A RESOLUTION OF THE COMMISSIONER'S COURT OF THE COUNTY OF NAVARRO, TEXAS, APPROVING THE TERMS AND CONDITIONS OF AGREEMENT BY AND BETWEEN THE COUNTY OF NAVARRO, TEXAS AND PACTIV CORPORATION, FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT, AND AUTHORIZING ITS EXECUTION BY THE COUNTY JUDGE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Navarro County Commissioner's Court has been presented a proposed tax abatement agreement between the County of Navarro, Texas and Pactiv Corporation providing for a commercial/industrial tax abatement for certain improvements, a copy of which is attached hereto and incorporated herein by reference (hereinafter called "AGREEMENT"); and

WHEREAS, upon full review and consideration of the AGREEMENT and all matters attendant and related thereto, the Commissioner's Court is of the opinion that the terms and conditions thereof should be approved, and that the County Judge shall be authorized to execute it on behalf of Navarro County;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONER'S COURT OF NAVARRO COUNTY, TEXAS:

Section 1. The terms and conditions of the proposed AGREEMENT, having been reviewed by the Commissioner's Court of Navarro County and found to be acceptable and in the best interests of Navarro County and its citizens, are hereby in all things approved.

Section 2. The County Judge is hereby authorized to execute the AGREEMENT and all other documents in connection therewith on behalf of Navarro County, substantially according to the terms and conditions set forth in the AGREEMENT.

Section 3: That this approval and execution of the AGREEMENT on behalf of Navarro County is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

Section 4: This Resolution shall become effective from and after its passage.

PASSED and APPROVED on this the 14th day of June, 2010.



Sherry Dowd

Sherry Dowd
County Clerk

H. M. Davenport, Jr.

H. M. Davenport, Jr.
County Judge

STATE OF TEXAS §

COUNTY OF NAVARRO §

AGREEMENT

This Agreement is entered into by and between Navarro County, Texas, duly acting herein by and through its County Judge, hereinafter referred to as COUNTY; and Pactiv Corporation duly acting by and through its Representative, hereinafter referred to as OWNER.

WITNESSETH:

WHEREAS, on the 13th day of June, 2001, the City Council of the City of Corsicana, Texas, passed an ordinance establishing an Enterprise Zone in the City of Corsicana, Texas for commercial/industrial tax abatement, hereinafter referred to as ORDINANCE, as authorized by Chapter 312, Texas Tax Code; and

WHEREAS, the COUNTY has previously adopted a Tax Abatement Policy; and

WHEREAS, the Tax Abatement Policy constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the COUNTY as required by Chapter 312, Texas Tax Code; and

WHEREAS, the COUNTY has adopted a resolution stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, in order to maintain and/or enhance the commercial/industrial economic and employment base of the Corsicana area to the long term interest and benefit of the COUNTY; and

WHEREAS, the contemplated use of the property, as hereinafter defined, the contemplated improvements to the property in the amount as set forth in this AGREEMENT and the other terms hereof are consistent with encouraging development of said Enterprise Zone in accordance with the purposes for its creation and are in compliance with the COUNTY's Tax Abatement Policy;

NOW THEREFORE, the parties hereto do mutually agree as follows:

§1. The property to be the subject of this AGREEMENT shall be that property described by metes and bounds and map attached hereto as EXHIBITS "A" and "B" and made a part hereof and shall be hereinafter referred to as PROPERTY.

§2. The OWNER shall make improvements to the property and personal property acquisitions as specifically described in EXHIBIT "C" (hereinafter referred to as IMPROVEMENTS) with a total taxable valuation of three million one hundred seventy-five thousand and no/100 dollars (\$3,175,000.00), more specifically defined as follows: a minimum taxable valuation of four hundred seventy five thousand and no/100 dollars (\$475,000.00) in real property improvements; and, a minimum taxable valuation of two million seven hundred thousand and no/100 dollars (\$2,700,000.00) in personal property improvements to be added (hereinafter collectively referred to as INVESTMENT); and, create and maintain a minimum of twenty (20) new, full time jobs; IMPROVEMENTS shall be substantially complete on or about December 31, 2010; provided, that OWNER shall have such additional time to complete the IMPROVEMENTS as may be required in the event of "force majeure" if OWNER is diligently and faithfully pursuing completion of the IMPROVEMENTS. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of OWNER including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of OWNER), fires, explosions or floods, and strikes. The date of completion of the IMPROVEMENTS shall be defined as the date a Certificate of Occupancy is issued by the City of Corsicana.

§3. The OWNER agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, pursue the completion of the IMPROVEMENTS as a good and valuable consideration of this AGREEMENT. OWNER further covenants and agrees that all construction of the IMPROVEMENTS will be in accordance with all applicable State and local laws, codes and regulations or valid waiver thereof.

§4. In the event that OWNER fails to complete or maintain (a) the proposed total taxable investment of three million one hundred seventy-five thousand and no/100 dollars (\$3,175,000.00) in IMPROVEMENTS for which an abatement has been granted and IMPROVEMENTS are not completed or made in accordance with this AGREEMENT; or, (b) OWNER fails to create and maintain a minimum taxable investment of four hundred seventy-five thousand and no/100 dollars (\$475,000.00) in real property improvements; or, (c) OWNER fails to create and maintain a minimum taxable investment of two million seven hundred thousand and no/100 dollars (\$2,700,000) in personal property improvements; or, (d) OWNER fails to does not create and maintain the required number of twenty (20) full time jobs; or, (e) OWNER allows its ad valorem taxes owed the COUNTY to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; or (f) OWNER breaches any of the terms or conditions of this AGREEMENT, then this AGREEMENT shall be in default. In the event that the OWNER defaults in its performance of either (a), (b), (c), (d), (e), or (f) above, then the COUNTY shall give the OWNER written notice of such default and if the OWNER has not cured such default within thirty (30) days of said written notice, or, if such default cannot be cured by the payment of money and cannot with due

diligence be cured within a 90-day period owing to cause beyond the control of the OWNER, this AGREEMENT may be terminated by the COUNTY. Notice shall be in writing and shall be delivered by personal delivery or certified mail to the President/Owner at its Corporation Office address of record. As liquidated damages in the event of default, all taxes which otherwise would have been paid to the COUNTY without the benefit of abatement (interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, but without the addition of a penalty) will become a debt to the COUNTY and shall be due, owing and paid to the COUNTY within sixty (60) days of the expiration of the above mentioned applicable cure period as the sole remedy of the COUNTY subject to any and all lawful offsets, settlements, deductions, or credits to which OWNER may be entitled. The parties acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine.

§5. It is understood and agreed among the parties that the PROPERTY, also known as the Enterprise Zone and Reinvestment Zone shall be appraised at market value for the purposes of property tax assessment effective January 1, 2011, and continued at market value until the expiration of this AGREEMENT.

§6. The COUNTY represents and warrants that the PROPERTY does not include any property that is owned by a member of the County Commissioners Court approving, or having responsibility for the approval of this AGREEMENT.

§7. The terms and conditions of the AGREEMENT are binding upon the successors and assigns of all parties hereto. However, this AGREEMENT cannot be assigned by OWNER other than to a wholly-owned subsidiary of OWNER unless written permission is first granted by the COUNTY, which permission shall not be unreasonably withheld.

§8. It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and the COUNTY assumes no responsibility or liability in connection therewith to third parties and OWNER agrees to indemnify and hold harmless the COUNTY therefrom; it is further understood and agreed among the parties that the COUNTY, in performing its obligations hereunder, is acting independently, and the OWNER assumes no responsibility or liability in connection therewith to third parties and the COUNTY agrees to indemnify and hold harmless the OWNER therefrom.

§9. The OWNER further agrees that the COUNTY, its agents and employees, shall have reasonable right of access to the PROPERTY to inspect the IMPROVEMENTS in order to ensure that the construction of the IMPROVEMENTS is in accordance with this AGREEMENT and all applicable State and local laws and regulations or valid waiver thereof. After completion of the IMPROVEMENTS, the COUNTY shall have the continuing right to inspect the PROPERTY to ensure that it is thereafter maintained and operated in accordance with this AGREEMENT during the term of this AGREEMENT.

§10. Subject to the terms and conditions of this agreement, and subject to the rights of holders of any outstanding bonds of the COUNTY, a portion of ad valorem real property taxes and certain taxes including personal property in place on January 1st of each year from the PROPERTY taxes otherwise owed to the COUNTY shall be abated. Said real property abatement shall be an amount equal to fifty percent (50%) per year for a ten (10) year term of the taxes assessed upon the increased value of the eligible PROPERTY over the value in the year in which the project was begun in accordance with the terms of this AGREEMENT and all applicable State and local regulations or valid waiver thereof; provided that the OWNER shall have the right to protest and/or contest any assessment of the PROPERTY over and above the minimum INVESTMENT as required by this AGREEMENT. Said abatement(s) shall extend for a period of ten (10) years as applicable to real property and personal property tax abatement with tax abatement beginning on January 1, 2011, and shall remain in effect as long as the OWNER creates and maintains the minimum total taxable valuation of three million one hundred seventy-five thousand and no/100 dollars (\$3,175,000.00), more specifically defined as follows: a minimum taxable valuation of four hundred seventy five thousand and no/100 dollars (\$475,000.00) in real property improvements; and, a minimum taxable valuation of two million seven hundred thousand and no/100 dollars (\$2,700,000.00) in personal property improvements to be added (hereinafter collectively referred to as INVESTMENT); and, create and maintain a minimum of twenty (20) new, full time jobs; IMPROVEMENTS shall be substantially complete on or about December 31, 2010; and, create and maintain a minimum of twenty (20) new, full time jobs; IMPROVEMENTS shall be substantially complete on or about December 31, 2010

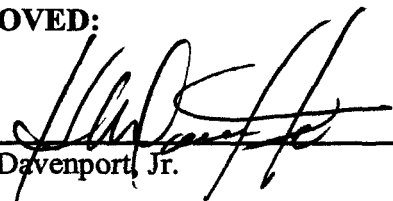
§11. This AGREEMENT was authorized by resolution of the County Commissioners Court at its regularly scheduled meeting on the 14th day of JUNE, 2010, authorizing the County Judge to execute the AGREEMENT on behalf of the COUNTY.

§12. This AGREEMENT was entered into by Pactiv Corporation pursuant to authority granted by its Board of Directors/Owner on the 8th day of July, 2010.

§13. This AGREEMENT shall constitute a valid and binding agreement between the COUNTY and OWNER when executed in accordance herewith, regardless of whether any other taxing unit executes a similar agreement for tax abatement.

This AGREEMENT is performable in Navarro County, Texas, witness our hands this day of June 14, 2010.

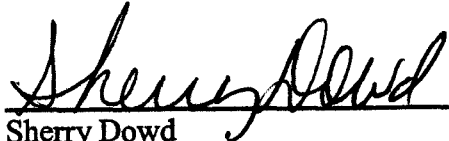
APPROVED:



H. M. Davenport, Jr.

PACTIV CORPORATION - TAX ABATEMENT
NAVARRO COUNTY, TEXAS
JUNE 2010

ATTEST:



Sherry Dowd
County Clerk



PACTIV CORPORATION

By: 

Gregory Hanson
Vice President and Treasurer
Pactiv Corporation

2010 APPLICATION FOR TAX ABATEMENT

Instructions: Please print or type. Submit the completed and signed original copy of the 2010 Application for Tax Abatement with attachments to: The City of Corsicana Economic Development Department, 200 North 12th Street, Corsicana, Texas 75110

1. Date

2. Name of Firm, Partnership or Corporation and mailing address

Please print or type:

PACTIV CORPORATION
4501 East Highway 31
Corsicana, TX 75111

2a. Have you received a previous tax abatement from the City of Corsicana?

Yes (YES/ NO)

2b. If yes, when?

3. Number of new full time employees to be added
*(*A minimum of 20 new, full-time [e.g. 40 hours/week] jobs are required.)*

4. Number of acres of property to be developed

4a. Plat of property and Development or Site Plan attached? (YES/ NO)
(Official Property Survey with metes and bounds required)

5. Estimated value of existing real property to be developed

6. Estimated value of real property improvements
(A minimum \$1,000,000.00 investment required, unless otherwise approved by City Council)

7. Estimated value of existing inventory

8. Estimated value of inventory to be added

9. Estimated value of existing personal property

10. Estimated value of taxable personal property improvements

11. Total estimated value of new taxable investment to be made (Total of Items # 5, 8 & 10)

12. Description of real property improvements to be made:

12. Description of Public Services available for project development and new facilities and / or services required.

Water:	n/a
Wastewater:	n/a
Railways:	n/a
Natural Gas:	n/a
Electricity:	n/a

13. One Year Development Schedule for all improvements.

1st Quarter (2011):	Full manufacturing production and distribution to customer
2nd Quarter (2010):	Real and personal property improvements/additions
3rd Quarter (2010):	Real and personal property improvements/additions, debug, start-up
4th Quarter (2010):	Mfg. production ramp, inventory build, product shipments to customer

* Qualification for pro-rating new employees is determined on a case-by-case basis.

2010 APPLICATION FOR TAX ABATEMENT (Page 2)

14. Expected impact on the Corsicana Independent School District.

The creation of at least 20 full time equivalent manufacturing hourly positions should have negligible impact to the CISD.

15. Expected benefit to the local economy.

Taxable improvements to real and personal property in addition to the creation of at least 20 full time equivalent manufacturing hourly positions with associated benefits (medical, dental, 401k, etc.).

16. Estimated annual payroll of new employees.

At least \$624,000 (not including standard benefits package that will be provided to each new full time employee).

17. Description of product to be manufactured or distributed.

Plastic frozen entrée trays for use by food processor plants.

18. Expected productive life of all real property improvements.

20 years

19. Identification and quantity of all Pollutants and Emissions:

TYPE	QUANTITY
AIR:	Negligible
NOISE:	Negligible
SOLID WASTE:	Negligible
WASTEWATER:	Negligible

20. Certification of no materially adverse environmental impact as a result of the improvements and operations

Reference attached letter

21. Project in compliance with relevant zoning requirements.

Yes


22. Reasonable proof of financial ability.

Yes

23. References from past communities, if applicable.

n/a

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.

sign here > 

Phone: _____ Date: _____

Submitted By (Please Print)	
Name:	S. R. Gallinger
Title:	Executive Director, Financial Services
Date:	5/26/2010

Received by the City of Corsicana	
Name:	
Title:	
Date:	

For assistance in completing this form call the City of Corsicana, Texas - 903.654.4806. An Equal Opportunity Employer.

The City of Corsicana Economic Development Department
200 North 12th Street, Corsicana, Texas 75110

988



Pactiv Corporation
1900 West Field Court
Lake Forest, Illinois 60045

Tel 847-482-2000

May 20, 2010

Ms. Connie Standridge
City Manager
City of Corsicana, Texas
200 N. 12th Street
Corsicana, Texas 75110

Dear Ms. Standridge:

The purpose of this correspondence is to provide assurances that the planned \$4,425,000 (approximate) improvements to Pactiv's Foodservice plant located in Corsicana, Texas will have no unacceptable environmental impact according to existing Environmental Protection Agency (EPA), Texas Commission on Environmental Quality (TCEQ), and the City of Corsicana, Texas codes, guidelines, and environmental regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "S. R. Gallinger".

S. R. Gallinger
Executive Director, Financial Services

cc: Rod Kucera
Ben Bacon

989

EXHIBIT A

STANGER SURVEYING COMPANY
6381 NEW COPELAND ROAD
TYLER, TEXAS 75703

PH: 903-534-0174

FAX: 903-534-0176

20.004 ACRES
J. W. CARNES SURVEY, ABSTRACT 158
NAVARRO COUNTY, TEXAS

METES AND BOUNDS DESCRIPTION FOR 20.004 ACRES OF LAND

BEING 20.004 acres of land situated in the J. W. Carnes Survey, Abstract 158 of Navarro County, Texas, and being all of that certain called 20.000 acre tract of land, described in a Warranty Deed from Clifton A. Carlidge et ux to Corsicana Industrial Foundation, Inc., dated February 26, 1987 and recorded in Volume 1094, Page 722 of the Records of Navarro County, Texas, said 20.004 acres of land to be more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" iron rod (set) at the southeast corner of the above referenced 20.000 acre tract, and being in the north right-of-way line of the St. Louis and Southwestern Railroad, also being in the west right-of-way of Navarro County Road No. 0070;

THENCE South 75° 29' 23" West, for a distance of 1086.37 feet, with the north right-of-way line of the above mentioned St. Louis and Southwestern Railroad, to a 5/8" iron rod (found) at the southwest corner of the above mentioned 20.000 acre tract, same being the southeast corner of the residue of that certain called 72 acre tract of land as described in Volume 895, Page 561;

THENCE North 26° 31' 05" West, for a distance of 863.61 feet, to a 5/8" iron rod (found) at the northwest corner of said 20.000 acre tract, same being the northeast corner of the residue of the above mentioned 72 acre tract, and being in the south right-of-way of State Highway No. 31;

THENCE North 79° 03' 20" East, for a distance of 1079.47 feet, with the south right-of-way line of the above mentioned State Highway No. 31, to a 5/8" iron rod (found) at the northeast corner of said 20.000 acre tract, and being in the west right-of-way of the above mentioned Navarro County Road No. 0070;

THENCE South 28° 08' 52" East, for a distance of 800.14 feet, back to the point of beginning and containing 20.004 acres of land.

Bearings are based on the monumented north boundary line of that certain called 20.000 acre tract of land as recorded in Volume 1094, Page 722.

I, R. L. McCrary, Registered Professional Land Surveyor, do hereby certify that the above description was prepared from a survey made on the ground under my supervision during the month of April 2003.

GIVEN UNDER MY HAND AND SEAL, this the 15th day of April 2003.

R. L. McCrary

R. L. McCrary
Registered Professional
Land Surveyor No. 5384



DATE: June 14, 2010

SUBJECT: Pactiv Corporation
Request for Tax Abatement

Comments: Pactiv Corporation has been a well respected industrial partner with Navarro County, the City of Corsicana, and Navarro College since the year 1988 when the company first opened conducting business under the name AMOCO Foam Products. In 1999, the name was changed to Pactiv Corporation.

Today, Pactiv Corporation is submitting this tax abatement agreement for consideration and approval by the Navarro County Commissioner's Court for the proposed capital investment of four hundred seventy five thousand and no/100 dollars (\$475,000) in taxable real property improvements, and two million seven hundred thousand and no/100 dollars (\$2,700,000) in personal property improvements. The total estimated value of the taxable investment submitted for tax abatement consideration is three million one hundred seventy five thousand and no/100 dollars (\$3,175,000). In addition, Pactiv Corporation projects the estimated value of inventory to be added will be one million two hundred fifty thousand and no/100 dollars (\$1,250,000) which will not be abated.

The length of the proposed tax abatement would be for a ten (10) year period of time. The level of the proposed tax abatement would be fifty percent (50%).

In addition, Pactiv Corporation will add twenty (20) new full time employees as a result of this expansion project.

Recommendation: Approve tax abatement agreement with Pactiv Corporation.

NAVARRO COUNTY, TEXAS
INVESTMENT POLICY
and
INVESTMENT STRATEGIES



**As Adopted by
Commissioners Court**

June 14, 2010

NAVARRO COUNTY, TEXAS
INVESTMENT POLICY

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**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

I. PREFACE

It is the policy of Navarro 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, this Investment Policy and 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 Navarro County funds. Navarro County's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this Policy.

Investments shall be made with the primary objectives of:

- Safety and Preservation of Navarro County funds.
- Public trust from prudent investment activity.
- Maintenance of sufficient liquidity to meet operating needs.
- Diversification of investments.
- Optimization of interest earnings within acceptable risk constraints.

**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

II. PURPOSE

The purpose of this investment policy is to comply with Chapter 2256 of the Texas Government Code *Public Funds Investment Act* (PFIA) which requires an entity to adopt a written policy regarding the investment funds under its control. The Investment policy must address the methods, procedures and practices that will be exercised to ensure effective and judicious fiscal management of Navarro County funds.

A. Formal Adoption

This Investment Policy is authorized by the Navarro County Commissioners Court in accordance with the Texas Government Code, Section 2256, *Public Funds Investment Act* (PFIA) and the Texas Local Government Code, Chapter 116, *Depositories for County Public Funds*.

B. Scope

This Investment Policy applies to all financial assets of all funds of Navarro County at the present time and any funds to be created in the future unless expressly prohibited by law or unless it is in contravention of any depository contract between Navarro County and the Depository Bank.

C. Review and Amendment

This Investment Policy shall be reviewed and approved by the Commissioners' Court on an annual basis. Amendments must be approved and adopted by the Commissioners Court and must be in the best interest of the financial well being of the County in accordance with Section 2256.005 (e), of the PFIA and Local Government Code Chapter 116.

D. Investment Strategy

In conjunction with the annual policy review, the Commissioners' Court shall review the separate "Written Investment Strategy" for each Navarro County fund. The Investment Strategy must describe the investment objectives for each particular fund according to the following priorities as per Section 2256.005 (d) (1-6) of the PFIA:

1. Safety and preservation of principal;
2. Liquidity;
3. Investment suitability including marketability prior to maturity of each investment;
4. Diversification, and
5. Yield

**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

III. 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 Government Code, Section 2256.005(b)(2-3), PFIA.

A. Safety and Preservation of Principal

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

B. 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 and further by maintaining appropriate portfolio diversification as well as suitability of the investment.

C. Yield

It will be the objective of Navarro County 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 investments of public funds.

**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

IV. INVESTMENT POLICIES

A. Authorized Investments

Investments described in the following paragraphs are hereby authorized by the PFIA and are eligible investments for Navarro County. County funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities. Section 2256.009 (a) (1), PFIA and 116 Local Government Code.
2. Direct obligations of the State of Texas, or its agencies and instrumentalities. Section 2256.009 (a) (2), PFIA and 116 Local Government Code.
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities. Section 2256.009 (a) (4), PFIA.
4. Certificates of deposit issued by a depository institution that has its main office or a branch office in this state in accordance with Section 2256.010 (a) (1), PFIA:
 - a. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successors; or, secured by obligations that are described by paragraphs 1 through 3 above, which are intended to include all direct Federal agency or instrumentality issued mortgage backed securities, but excluding those mortgage backed securities of the nature described in Section 2256.009 (b), PFIA, that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the County;
 - b. Governed by a Depository Agreement, as described in Section 2256.010 (b) (4), PFIA, that complies with Federal and State regulation to properly secure a pledged security interest and;
 - c. Solicited for bid orally, in writing, electronically, or any combination of these methods. Section 2256.005 (c) (1-4), PFIA.
5. Eligible investment pools organized and operating in compliance with the PFIA that have been authorized by the Commissioners' Court; and whose investment philosophy and strategy are consistent with this Policy and the County's ongoing investment strategy. Disclosures of compliance with Section 2256.0016, PFIA, must be submitted by the pool. Investment Pools shall invest only in obligations approved by the PFIA. An Investment Pool created to function as a money market mutual fund must mark its portfolio to market daily and stabilize at a net asset value of \$1 (one dollar).

Navarro County expressly allows eligible investment pools, as authorized by the Commissioners' Court, to invest to the full extent permissible within the PFIA, Section 2256.016, PFIA.

**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

B. Prohibited Investments

1. The County expressly prohibits any direct investment in asset or mortgage backed securities.
2. The County expressly prohibits any direct investment in interest-only and principal-only mortgage backed securities and collateralized mortgage obligations with stated final maturities in excess of ten years or with coupon rates that float inversely to market index movements. Refer to Section 2256.009 (b) (1-4), PFIA.

C. Protection of Principal

Navarro County shall seek to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined by this Policy; by collateralization as required by law; and through portfolio diversification by maturity and type. Refer to Section 2256.005 (b) (2-3), PFIA.

The purchase of individual securities shall be executed "delivery versus payment" (DVP). By so doing, Navarro County funds are not released until the County has received the securities purchased. Refer to Section 2256.005 (b) (4) (E), PFIA.

1. Diversification by Investment Type

Diversification by Investment type shall be maintained by ensuring an active and efficient secondary market in portfolio investments and by controlling the market and opportunity risks associated with specific investment types. It is the policy of Navarro County to diversify its portfolio to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer, or a specific class of investments. Investments of the County shall always be selected with proven stability of income and reasonable liquidity. Refer to Section 2256.005 (d) (5) of the PFIA.

Diversification by investment type will be established by the following maximum percentages of investment type to the total County investment portfolio at the time of each investment transaction. The portfolio includes funds maintained in the Navarro County's Depository Bank.

- | | |
|--------------------------------------|------|
| a. U.S. Treasury Bills/Notes/Bonds | 100% |
| b. U.S. Agencies & Instrumentalities | 100% |
| c. States, Counties, Cities & Other | 50% |
| d. Certificates of Deposit | 50% |
| e. Eligible Investment Pools | 80% |

2. Diversification by Investment Maturity

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. Maturity guidelines by fund are as follows:

a. Operating Funds

The weighted average days to maturity for the operating fund portfolio shall be less than 270 days and the maximum allowable maturity shall be no longer than two years and consistent with cash flow projections.

**NAVARRO COUNTY, TEXAS
INVESTMENT POLICY**

b. Debt Service Funds

The investment maturity of debt service funds shall generally be limited to the anticipated cash flow requirement. The maximum maturity for all debt service funds shall not be more than one year.

c. Special Revenue Funds

Special revenue funds are legally restricted to expenditures for a particular purpose. They may be invested in compliance with this policy and all applicable state and federal laws and subject to cash flow requirements with maximum maturity not to exceed two years.

3. Ensuring Liquidity

Liquidity shall be achieved by anticipating cash flow requirements of the County consistent with the objectives of this policy, through scheduled maturity of investments.

A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio.

4. Depository Agreements

Consistent with the requirements of State law, the County shall require all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as County Depositories will be required to sign a Depository Agreement with the County. The Depository Agreement shall define the County's rights to the collateral in case of default, bankruptcy or closing and shall establish a perfected security interest in compliance with Federal and State regulations including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and the County contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the Board Resolution delivered to the County;
- the Agreement must be part of the Depository's "official record" continuously since its execution.

5. Collateral

a. Allowable Collateral

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act and shall meet the general constraints of this Policy.

b. Collateral Levels

To compensate for increase or decrease in County deposits and fluctuation of market value of pledged collateral, the minimum market value of collateral shall be 110% of County deposits that are not insured by the Federal Deposit Insurance Corporation (FDIC). Deposits include: time deposits, interest bearing checking accounts, certificates of deposits, accrued interest and any other instrument deposited into County funds. The depository institution will monitor pledged collateral daily to ensure sufficient collateral to be in compliance with this policy. The

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depository institution will pledge additional collateral necessary to meet the 110% requirement immediately and without delay. Additional pledged collateral shall bear the county's name as the beneficiary.

c. Monitoring Collateral Adequacy

The County shall require monthly reports with market values of pledged securities from all financial institutions with which the County has deposits. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

d. Security Substitution

Collateralized deposits often require substitution of securities. Any financial institution requesting substitution must contact the Investment Officer. After reasonable notice and approved resolution by the Commissioners' Court and in accordance with the Local Government Code 116.82(a) and the PFIA, the Depository is entitled to substitute one type of security for another or replace a particular security or securities with others of the same type if the substituting or replacing security meets the requirements of the law, this investment policy and the Depository Contract. The Investment Officers must provide written notification by Court Order of the decision to the bank or the safekeeping agent holding the security prior to any security release.

6. Safekeeping

Safekeeping of Deposit Collateral

A third-party institution shall hold all collateral which secure bank deposits acceptable to and under contract with Navarro County or by the Federal Reserve Bank.

D. Investment Advisors and Investment Providers

Investment Advisors shall adhere to the spirit, philosophy and specific terms of this policy and shall invest with the same "Standard of Care" and shall avoid recommending or suggesting transactions outside that "Standard of Care."

The Investment Officers of the County may select Investment Advisors and Providers. The Investment Officers will establish criteria to evaluate Investment Advisors and Investment Providers, including:

- 1. Adherence to the County's policies and strategies;
- 2. Investment performance and transaction pricing within accepted risk constraints;
- 3. Responsiveness to the County's request for services, information and open communication;
- 4. Understanding the inherent fiduciary responsibility of investing public funds;
- 5. Similarity in philosophy and strategy with the County's objectives.

Selected Investment Advisors and Investment Providers shall provide timely transaction confirmations and monthly activity reports.

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A written copy of the County's Investment Policy shall be presented to any person(s) offering to engage in an investment transaction with an investing entity.

For purposes of this subsection, a business organization includes investment pools. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investment provider to determine that they are in compliance with the investment policy. A qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall complete Navarro County's standard Certification by Business Organization, or, 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:

1. Received and reviewed the County's Investment Policy and;
2. 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 Navarro County Investment Policy.

Navarro County will require the business organization to complete a signed affidavit accompanied by the following:

1. Proof of institutional investment experience.
2. Proof of membership in good standing in the National Association of Securities Dealers, Inc.
3. Valid license from the State of Texas.

At least on an annual basis, the Investment Officers shall review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with Navarro County in accordance with Section 2256.025, PFIA.

E. Investment Committee

The Investment Committee as selected by the Navarro County Commissioners' Court shall be comprised of the County Auditor and the County Treasurer. The Investment Committee shall adhere to the spirit, philosophy and specific term of this Policy and shall execute investments using the same "Standard of Care" and shall avoid recommending or suggesting transactions outside that "Standard of Care."

The Navarro County Commissioners' Court shall:

1. Approve Investments of county funds;
2. Adopt the county's broker/dealer list when applicable;
3. Approve investment strategies;
4. Approve the sources of investment training;
5. Approve changes to the county investment policy and investment strategy policy;
6. Approve the quarterly reports of investment transactions of the county.

A written copy of the Investment Policy shall be presented to each member of the Commissioners' Court and each Investment Officer.

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At least on an annual basis, the Navarro County Commissioners' Court shall review, revise and adopt the Investment Policy.

F. Responsibility and Controls

1. Authority to Invest

The Commissioner's Court designates the County Auditor and the County Treasurer as Navarro County's Investment Officers comprising the Investment Committee. Both Investment Officers are authorized to execute investment transactions on behalf of Navarro County. The Investment Officers shall review the investment portfolio's status and performance, determine and implement appropriate portfolio adjustments, monitor compliance with the Investment Policy and Investment Strategy Statement and perform other duties as necessary to manage the County's funds. The Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage County funds in accordance with this Policy. The Investment Officers shall disclose to the Commissioners Court of Navarro County any personal business relationship with any business organization offering to sell investments to the County. The disclosure must include whether he/she is related within the second degree by affinity or consanguinity to the individual seeking to sell the investment. The Navarro County Commissioners' Court retains ultimate responsibility as fiduciaries of the assets of the County as stated in Section 2256.005 (f), PFIA.

2. Training

Investment training is required for the Investment Officers in accordance with section 2256.007 of the PFIA. Training must be received from an independent source and approved by the Commissioners' Court.

3. Prudent Investment Management

The designated Investment Officers shall perform his/her duty in accordance with the adopted Investment Policy and internal procedures. In determining whether the Investment Officers have exercised prudence with respect to an investment decision, the investment of all funds over which the Investment Officers have responsibility; rather than the prudence of a single investment shall be considered. The Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability as stated in Section 2256.006, PFIA.

4. Standard of Care

The standard of care used by the County shall be the prudent person rule and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The PFIA states:

"Investments must be made with the judgment and care, under prevailing circumstances, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs for investment, not for speculation, considering the probable safety of their capital as well as the probable income to be derived".

5. Standard of Ethics

The designated Investment Officers shall act as custodian 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. The

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Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, the Investment Officers shall file with the Texas Ethics Commission and the Navarro County Commissioners' Court a statement disclosing any personal business relationship or any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code with an entity seeking to sell investment to the County. Section 2256.005 (I), PFIA.

6. Establishment of Internal Controls

The County Auditor will maintain a system of internal controls over the investment activities of the County. Navarro County, in conjunction with the annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the County's Investment Policy and Investment Strategy Statement. Section 2256.005 (m), PFIA.

7. Reporting

Investment performance shall be monitored and evaluated by the Investment Officers. The Investment Officers shall provide a signed quarterly comprehensive report to the Commissioners' Court. This investment report shall comply with Section 2256.023 of the PFIA as follows:

- a. Describe in detail the investment position of the County,
- b. State the reporting period beginning book and market value, additions or changes to the book and market value during the period and ending book and market value for the period of each pooled fund group;
- c. State the reporting period beginning book and market value and reporting period ending book and market value for each investment security by asset type and fund type;
- d. State the maturity date of each investment security;
- e. State the fund for which each investment security was purchased, and;
- f. State the compliance of the investment portfolio with the County's Investment Policy and strategy and the PFIA.

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V. INVESTMENT STRATEGY STATEMENT

A. PREFACE

It is the policy of Navarro 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, adopted Investment Policy and adopted Investment Strategy.

In accordance with the PFIA, County 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. Aggressive 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. County funds shall be analyzed and invested according to the following major fund types:

- Operating Funds
- Debt Service Funds
- Special Revenue Funds

B. INVESTMENT STRAGIES BY FUND TYPE

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 follow:

1. Operating Funds (Including General Fund & Road & Bridge Funds)

- a. **Suitability** – Any investment eligible in the Investment Policy is suitable for the Operating Funds.
- b. **Safety of Principal** – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will however occur, by managing the weighted average days to maturity for the Operating Fund Portfolio to less than 270 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

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- c. **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 particular security type of less than a quarter of percentage point shall define an efficient secondary market.
- d. **Liquidity** – Operating Funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
- e. **Diversification** – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the County. Diversifying the appropriate maturity structure will reduce market cycle risk.
- f. **Yield** – Attaining a competitive market yield for comparable security types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

2. Debt Service Funds

- a. **Suitability** – Any investment eligible in the Investment Policy is suitable for the Debt Service Funds.
- b. **Safety of Principal** – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will however occur. 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.
- c. **Marketability** – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash requirement is not probable.
- d. **Liquidity** – Debt service funds have predictable payment schedules. Therefore investment maturities shall not exceed the anticipated cash flow requirements. Investment pools shall provide a competitive yield alternative for short term fixed maturity investments.
- e. **Diversification** – Market conditions influence the attractiveness of fully extending maturity to the next “unfunded” 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.
- f. **Yield** – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.

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3. Special Revenue Funds

- a. **Suitability** – Any investment eligible in the Investment Policy is suitable for the Special Revenue Funds.
- b. **Safety of Principal** – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will however occur, by managing the weighted average days to maturity for the Special Revenue Fund Portfolio to less than 270 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.
- c. **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 particular security type of less than a quarter of percentage point shall define an efficient secondary market.
- d. **Liquidity** – Special Revenue funds have a specific purpose. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Investment pools shall provide readily available funds generally equal to one month’s anticipated cash flow needs, or a competitive yield alternative for short term fixed maturity investments.
- e. **Diversification** – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the County. Diversifying the appropriate maturity structure will reduce market cycle risk.
- f. **Yield** – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.



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SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE.

This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation

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acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is

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part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 1, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 1, Eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER.

(a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers 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 under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1999, 76th Leg., Ch. 1454, Sec. 2, Eff. Sept. 1, 1999.

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Sec. 2256.004. APPLICABILITY.

(a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section 802.001;
- (2) state funds invested as authorized by Section 404.024;
- (3) an institution of higher education having total endowments of at least \$95 million in book value on May 1, 1995;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 505, Sec. 24, Eff. Sept. 1, 1997; Acts 1997, 75th Leg., Ch. 1421, Sec. 2, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 62, Sec. 8.21, Eff. Sept. 1, 1999; Acts 1999, 76th Leg., Ch. 1454, Sec. 3, Eff. Sept. 1, 1999.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER.

(a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:

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(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds; and

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of 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.

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(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution 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.

(f) 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 consistent with the investment policy adopted by the entity. If the governing body of an investing entity 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 first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. 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 of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsection. (h) as amended by Acts 1997, 75th Leg., Ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

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Text of subsection. (h) as amended by Acts 1997, 75th Leg., Ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity 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 under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship.

A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. 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.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) 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 subsection, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest or manage the entity's investment

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portfolio. Nothing in this subsection 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 with an investing entity 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:

(1) received and reviewed the investment policy of the entity; and

(2) 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 is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a person who has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If

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review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 685, Sec. 1, Eff. Sept. 1, 1997; Acts 1997, 75th Leg., Ch. 1421, Sec. 3, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 4, Eff. Sept. 1, 1999; Acts 2003, 78th Leg., Ch. 785, Sec. 41, Eff. Sept. 1, 2003.

Sec. 2256.006. STANDARD OF CARE.

(a) 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 the person's own affairs, not for speculation, but for 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:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) 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 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 entity.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS.

(a) Each member of the governing board of a state agency and its investment officer shall

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attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 73, Sec. 1, Eff. May 9, 1997; Acts 1997, 75th Leg., Ch. 1421, Sec. 4, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 5, Eff. Sept. 1, 1999.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (b) and (e), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) except as provided by Subsections (b) and (e), attend an investment training session not less than once in a two-year period and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

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(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 5, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 6, Eff. Sept. 1, 1999; Acts 2001, 77th Leg., Ch. 69, Sec. 4, Eff. May 14, 2001.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES.

(a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;

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(2) direct obligations of this state or its agencies and instrumentalities;

(3) 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;

(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 and instrumentalities;

(5) obligations of states, agencies, counties, 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

(6) bonds issued, assumed, or guaranteed by the State of Israel.

(b) The following are not authorized investments under this section:

(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.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1999, 76th Leg., Ch. 1454, Sec. 7, Eff. Sept. 1, 1999; Acts 2001, 77th Leg., Ch. 558, Sec. 1, Eff. Sept. 1, 2001.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES.

(a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

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

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

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through 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 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;

(4) the depository institution selected by the investing entity under Subdivision (1) acts as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity; and

(5) at the same time that the funds are deposited and the certificates of deposit are issued for the account of the investing entity, the depository institution selected by the investing entity under Subdivision (1) receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the investing entity through the depository institution selected under Subdivision (1).

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Amended by Acts 1995, 74th Leg., Ch. 32, Sec. 1, Eff. April 28, 1995; Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 6, Eff. Sept. 1, 1997.
Amended by: Acts 2005, 79th Leg., Ch. 128, Sec. 1, Eff. September 1, 2005.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS.

(a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

- (1) has a defined termination date;
- (2) is secured by obligations described by Section 2256.009(a)(1); and
- (3) requires the securities being purchased by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a 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.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM.

(a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

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(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section 2256.009;

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of

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one year or less.

Added by Acts 2003, 78th Leg., Ch. 1227, Sec. 1, Eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES.

A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance;
- (2) will be, in accordance with its terms, liquidated in full at maturity;
- (3) is eligible for collateral for borrowing from a Federal Reserve Bank; and
- (4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER.

Commercial paper is an authorized investment under this subchapter if the commercial paper:

- (1) has a stated maturity of 270 days or fewer from the date of its issuance; and
- (2) is rated not less than A-1 or P-1 or an equivalent rating by at least:
 - (A) two nationally recognized credit rating agencies; or
 - (B) 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.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter 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

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Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);

(3) has a dollar-weighted average stated maturity of 90 days or fewer; and

(4) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years;

(3) is invested exclusively in obligations approved by this subchapter;

(4) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

(5) conforms to the requirements set forth in Sections 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

(c) An entity is not authorized by this section to:

(1) invest 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 Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) 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 Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 7, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 8, Eff. Sept. 1, 1999.

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Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS.

(a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

- (1) has a defined termination date;
- (2) is secured by obligations described by 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; and
- (3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

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

(c) To be eligible as an authorized investment:

- (1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;
- (2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;
- (3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
- (4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
- (5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 8, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 1454, Sec. 9, 10, Eff. Sept. 1, 1999.

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Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS.

(a) 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 this subchapter.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of investments in which money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safe keep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- (9) 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;
- (10) the name and address of the independent auditor of the pool;
- (11) 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

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and withdraw funds from the pool; and

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) 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.

(e) 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

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1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) 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

(2) 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.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, 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.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1421, Sec. 9, Eff. Sept. 1, 1997.

Sec. 2256.017. EXISTING INVESTMENTS.

An entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., Ch. 76, Sec. 5.46(a), Eff. Sept. 1, 1995; Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., Ch. 1421, Sec. 10, Eff. Sept. 1, 1997.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS.

A public funds 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 or no lower than investment

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grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., Ch. 1421, Sec. 11, Eff. Sept. 1, 1997.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION.

In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY.

(a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related

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agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., Ch. 405, Sec. 48, Eff. Sept. 1, 1999.
Amended by: Acts 2007, 80th Leg., R.S., Ch. 7, Sec. 1, Eff. April 13, 2007.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST.

(a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121, Sec. 1, Eff. September 1, 2005.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING.

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

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Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY.

Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., Ch. 785, Sec. 42, Eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS.

(a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

- (1) describe in detail the investment position of the entity on the date of the report;
- (2) be prepared jointly by all investment officers of the entity;
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement, prepared in compliance with generally accepted accounting principles, 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;
 - (C) ending market value for the period; and
 - (D) 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 state agency or local government for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the state agency or local government

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as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) 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.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts 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 this section 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.

Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., Ch. 1421, Sec. 12, Eff. Sept. 1, 1997.

Sec. 2256.024. SUBCHAPTER CUMULATIVE.

(a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b), this subchapter does not:

- (1) prohibit an investment specifically authorized by other law; or
- (2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

- (1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

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- (2) an entity created under Chapter 392, Local Government Code; or
- (3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS.

The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., Ch. 1421, Sec. 13, Eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE.

All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., Ch. 1421, Sec. 13, Eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER.

Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR.

Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE.

The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving

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an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1423, Sec. 8.67, Eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE.

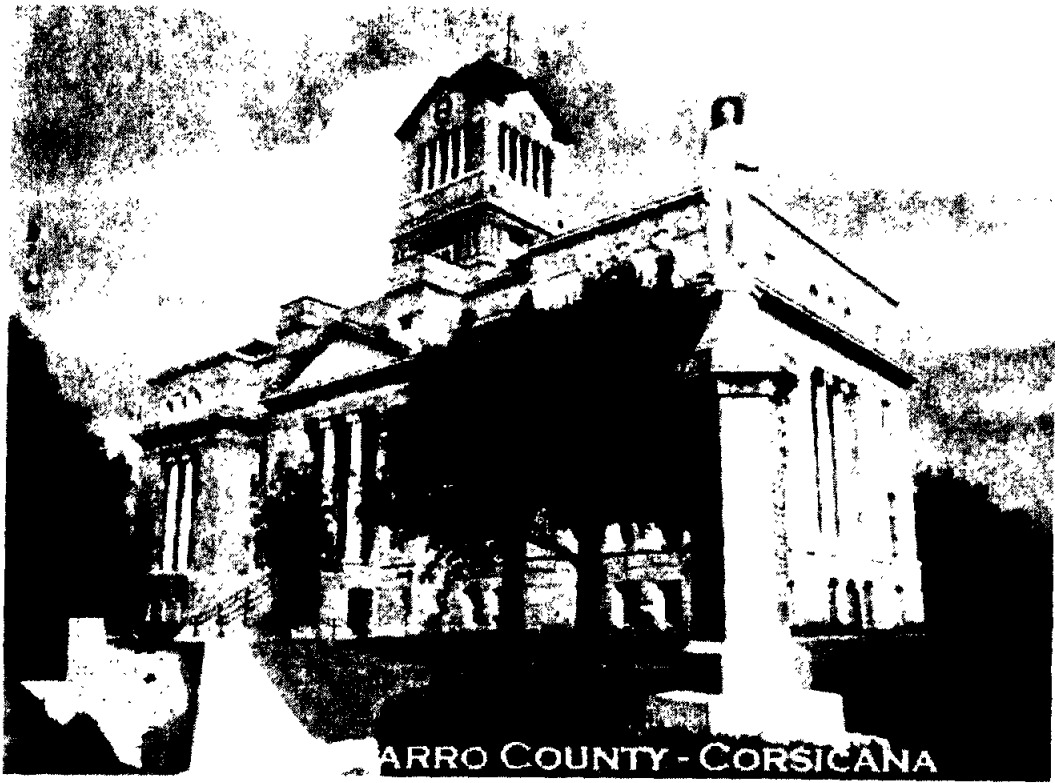
A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1423, Sec. 8.68, Eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE.

At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., Ch. 402, Sec. 1, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 1423, Sec. 8.69, Eff. Sept. 1, 1997.



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CHAPTER 2257. COLLATERAL FOR PUBLIC FUNDS
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2257.001. SHORT TITLE.

This chapter may be cited as the Public Funds Collateral Act.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.002. DEFINITIONS.

In this chapter:

(1) "Bank holding company" has the meaning assigned by Section 31.002(a), Finance Code.

(2) "Control" has the meaning assigned by Section 31.002(a), Finance Code.

(3) "Deposit of public funds" means public funds of a public entity that:

(A) the comptroller does not manage under Chapter 404; and

(B) are held as a demand or time deposit by a depository institution expressly authorized

by law to accept a public entity's demand or time deposit.

(4) "Eligible security" means:

(A) a surety bond;

(B) an investment security;

(C) an ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;

(D) a fixed-rate collateralized mortgage obligation that has an expected weighted average life of 10 years or less and does not constitute a high-risk mortgage security; or

(E) a floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security.

(5) "Investment security" means:

(A) an obligation that in the opinion of the attorney general of the United States is a general obligation of the United States and backed by its full faith and credit;

(B) a general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues; or

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(C) a security in which a public entity may invest under Subchapter A, Chapter 2256.

(6) "Permitted institution" means:

(A) a Federal Reserve Bank;

(B) a clearing corporation, as defined by Section 8.102, Business & Commerce Code;

(C) a bank eligible to be a custodian under Section 2257.041; or

(D) a state or nationally chartered bank that is controlled by a bank holding company that controls a bank eligible to be a custodian under Section 2257.041.

(7) "Public agency" means a state or a political or governmental entity, agency, instrumentality, or subdivision of a state, including a municipality, an institution of higher education, as defined by Section 61.003, Education Code, a junior college, a district created under Article XVI, Section 59, of the Texas Constitution, and a public hospital.

(8) "Public entity" means a public agency in this state, but does not include an institution of higher education, as defined by Section 61.003, Education Code.

(9) "State agency" means a public entity that:

(A) has authority that is not limited to a geographic portion of the state; and

(B) was created by the constitution or a statute.

(10) "Trust receipt" means evidence of receipt, identification, and recording, including:

(A) a physical controlled trust receipt; or

(B) a written or electronically transmitted advice of transaction.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., Ch. 76, Sec. 5.48(a), Eff. Sept. 1, 1995; Acts 1995, 74th Leg., Ch. 914, Sec. 5, Eff. Sept. 1, 1995; Acts 1997, 75th Leg., Ch. 254, Sec. 1, Eff. Sept. 1, 1997; Acts 1997, 75th Leg., Ch. 891, Sec. 3.22(4), Eff. Sept. 1, 1997; Acts 1997, 75th Leg., Ch. 1423, Sec. 8.70, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 62, Sec. 7.63, Eff. Sept. 1, 1999.

Sec. 2257.0025. HIGH-RISK MORTGAGE SECURITY.

(a) For purposes of this chapter, a fixed-rate collateralized mortgage obligation is a high-risk mortgage security if the security:

(1) has an average life sensitivity with a weighted average life that:

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(A) extends by more than four years, assuming an immediate and sustained parallel shift in the yield curve of plus 300 basis points; or

(B) shortens by more than six years, assuming an immediate and sustained parallel shift in the yield curve of minus 300 basis points; and

(2) is price sensitive; that is, the estimated change in the price of the mortgage derivative product is more than 17 percent, because of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

(b) For purposes of this chapter, a floating-rate collateralized mortgage obligation is a high-risk mortgage security if the security:

(1) bears an interest rate that is equal to the contractual cap on the instrument; or

(2) is price sensitive; that is, the estimated change in the price of the mortgage derivative product is more than 17 percent, because of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

Added by Acts 1997, 75th Leg., Ch. 254, Sec. 2, Eff. Sept. 1, 1997.

Sec. 2257.003. CHAPTER NOT APPLICABLE TO DEFERRED COMPENSATION PLANS.

This chapter does not apply to funds that a public entity maintains or administers under a deferred compensation plan, the federal income tax treatment of which is governed by Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Sections 401(k) and 457).

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.004. CONFLICT WITH OTHER LAW.

This chapter prevails over any other law relating to security for a deposit of public funds to the extent of any conflict.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.005. CONTRACT GOVERNS LEGAL ACTION.

A legal action brought by or against a public entity that arises out of or in connection with the duties of a depository, custodian, or permitted institution under this chapter must be brought and

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maintained as provided by the contract with the public entity.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

SUBCHAPTER B. DEPOSITORY; SECURITY FOR DEPOSIT OF PUBLIC FUNDS

Sec. 2257.021. COLLATERAL REQUIRED.

A deposit of public funds shall be secured by eligible security to the extent and in the manner required by this chapter.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.022. AMOUNT OF COLLATERAL.

(a) Except as provided by Subsection (b), the total value of eligible security to secure a deposit of public funds must be in an amount not less than the amount of the deposit of public funds:

(1) increased by the amount of any accrued interest; and

(2) reduced to the extent that the United States or an instrumentality of the United States insures the deposit.

(b) The total value of eligible security described by Section 45.201(4)(D), Education Code, to secure a deposit of public funds of a school district must be in an amount not less than 110 percent of the amount of the deposit as determined under Subsection (a). The total market value of the eligible security must be reported at least once each month to the school district.

(c) The value of a surety bond is its face value.

(d) The value of an investment security is its market value.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 201, Sec. 46, Eff. Sept. 1, 2003.

Sec. 2257.023. COLLATERAL POLICY.

(a) In accordance with a written policy approved by the governing body of the public entity, a public entity shall determine if an investment security is eligible to secure deposits of public funds.

(b) The written policy may include:

(1) the security of the institution that obtains or holds an investment security;

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(2) the substitution or release of an investment security; and

(3) the method by which an investment security used to secure a deposit of public funds is valued.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.024. CONTRACT FOR SECURING DEPOSIT OF PUBLIC FUNDS.

(a) A public entity may contract with a bank that has its main office or a branch office in this state to secure a deposit of public funds.

(b) The contract may contain a term or condition relating to an investment security used as security for a deposit of public funds, including a term or condition relating to the:

(1) possession of the collateral;

(2) substitution or release of an investment security;

(3) ownership of the investment securities of the bank used to secure a deposit of public funds; and

(4) method by which an investment security used to secure a deposit of public funds is valued.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., Ch. 344, Sec. 5.006, Eff. Sept. 1, 1999.

Sec. 2257.025. RECORDS OF DEPOSITORY.

(a) A public entity's depository shall maintain a separate, accurate, and complete record relating to a pledged investment security, a deposit of public funds, and a transaction related to a pledged investment security.

(b) The comptroller or the public entity may examine and verify at any reasonable time a pledged investment security or a record a depository maintains under this section.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.16, Eff. Sept. 1, 1997.

Sec. 2257.026. CHANGE IN AMOUNT OR ACTIVITY OF DEPOSITS OF PUBLIC FUNDS.

A public entity shall inform the depository for the public entity's deposit of public funds of a significant

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change in the amount or activity of those deposits within a reasonable time before the change occurs.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

SUBCHAPTER C. CUSTODIAN; PERMITTED INSTITUTION

Sec. 2257.041. DEPOSIT OF SECURITIES WITH CUSTODIAN.

(a) In addition to other authority granted by law, a depository for a public entity other than a state agency may deposit with a custodian a security pledged to secure a deposit of public funds.

(b) At the request of the public entity, a depository for a public entity other than a state agency shall deposit with a custodian a security pledged to secure a deposit of public funds.

(c) A depository for a state agency shall deposit with a custodian a security pledged to secure a deposit of public funds. The custodian and the state agency shall agree in writing on the terms and conditions for securing a deposit of public funds.

(d) A custodian must be approved by the public entity and be:

(1) a state or national bank that:

(A) is designated by the comptroller as a state depository;

(B) has its main office or a branch office in this state; and

(C) has a capital stock and permanent surplus of \$5 million or more;

(2) the Texas Treasury Safekeeping Trust Company;

(3) a Federal Reserve Bank or a branch of a Federal Reserve Bank; or

(4) a federal home loan bank.

(e) A custodian holds in trust the securities to secure the deposit of public funds of the public entity in the depository pledging the securities.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., Ch. 1010, Sec. 1, Eff. June 17, 1995; Acts 1997, 75th Leg., Ch. 891, Sec. 3.17, Eff. Sept. 1, 1997; Acts 1999, 76th Leg., Ch. 344, Sec. 5.007, Eff. Sept. 1, 1999.

Sec. 2257.042. DEPOSIT OF SECURITIES WITH PERMITTED INSTITUTION.

(a) A custodian may deposit with a permitted institution an investment security the custodian

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holds under Section 2257.041.

(b) If a deposit is made under Subsection (a):

(1) the permitted institution shall hold the investment security to secure funds the public entity deposits in the depository that pledges the investment security;

(2) the trust receipt the custodian issues under Section 2257.045 shall show that the custodian has deposited the security in a permitted institution; and

(3) the permitted institution, on receipt of the investment security, shall immediately issue to the custodian an advice of transaction or other document that is evidence that the custodian deposited the security in the permitted institution.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.043. DEPOSITORY AS CUSTODIAN OR PERMITTED INSTITUTION.

(a) A public entity other than a state agency may prohibit a depository or an entity of which the depository is a branch from being the custodian of or permitted institution for a security the depository pledges to secure a deposit of public funds.

(b) A depository or an entity of which the depository is a branch may not be the custodian of or permitted institution for a security the depository pledges to secure a deposit of public funds by a state agency.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.044. CUSTODIAN AS BAILEE.

(a) A custodian under this chapter or a custodian of a security pledged to an institution of higher education, as defined by Section 61.003, Education Code, whether acting alone or through a permitted institution, is for all purposes the bailee or agent of the public entity or institution depositing the public funds with the depository.

(b) To the extent of any conflict, Subsection (a) prevails over Chapter 8 or 9, Business & Commerce Code.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

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Sec. 2257.045. RECEIPT OF SECURITY BY CUSTODIAN. On receipt of an investment security, a custodian shall:

(1) immediately identify on its books and records, by book entry or another method, the pledge of the security to the public entity; and

(2) promptly issue and deliver to the appropriate public entity officer a trust receipt for the pledged security.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.046. BOOKS AND RECORDS OF CUSTODIAN; INSPECTION.

(a) A public entity's custodian shall maintain a separate, accurate, and complete record relating to each pledged investment security and each transaction relating to a pledged investment security.

(b) The comptroller or the public entity may examine and verify at any reasonable time a pledged investment security or a record a custodian maintains under this section. The public entity or its agent may inspect at any time an investment security evidenced by a trust receipt.

(c) The public entity's custodian shall file a collateral report with the comptroller in the manner and on the dates prescribed by the comptroller.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.18, Eff. Sept. 1, 1997.

Sec. 2257.047. BOOKS AND RECORDS OF PERMITTED INSTITUTION.

(a) A permitted institution may apply book entry procedures when an investment security held by a custodian is deposited under Section 2257.042.

(b) A permitted institution's records must at all times state the name of the custodian that deposits an investment security in the permitted institution.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.048. ATTACHMENT AND PERFECTION OF SECURITY INTEREST.

(a) A security interest that arises out of a depository's pledge of a security to secure a deposit of public funds by a public entity or an institution of higher education, as defined by Section 61.003, Education Code, is created, attaches, and is perfected for all purposes under state law from the time

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that the custodian identifies the pledge of the security on the custodian's books and records and issues the trust receipt.

(b) A security interest in a pledged security remains perfected in the hands of a subsequent custodian or permitted institution.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

SUBCHAPTER D. AUDITS AND EXAMINATIONS; PENALTIES

Sec. 2257.061. AUDITS AND EXAMINATIONS.

As part of an audit or regulatory examination of a public entity's depository or custodian, the auditor or examiner shall:

(1) examine and verify pledged investment securities and records maintained under Section 2257.025 or 2257.046; and

(2) report any significant or material noncompliance with this chapter to the comptroller.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.19, Eff. Sept. 1, 1997.

Sec. 2257.062. PENALTIES.

(a) The comptroller may revoke a depository's designation as a state depository for one year if, after notice and a hearing, the comptroller makes a written finding that the depository, while acting as either a depository or a custodian:

(1) did not maintain reasonable compliance with this chapter; and

(2) failed to remedy a violation of this chapter within a reasonable time after receiving written notice of the violation.

(b) The comptroller may permanently revoke a depository's designation as a state depository if the comptroller makes a written finding that the depository:

(1) has not maintained reasonable compliance with this chapter; and

(2) has acted in bad faith by not remedying a violation of this chapter.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.19, Eff. Sept. 1, 1997.

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Sec. 2257.063. MITIGATING CIRCUMSTANCES.

(a) The comptroller shall consider the total circumstances relating to the performance of a depository or custodian when the comptroller makes a finding required by Section 2257.062, including the extent to which the noncompliance is minor, isolated, temporary, or no recurrent.

(b) The comptroller may not find that a depository or custodian did not maintain reasonable compliance with this chapter if the noncompliance results from the public entity's failure to comply with Section 2257.026.

(c) This section does not relieve a depository or custodian of the obligation to secure a deposit of public funds with eligible security in the amount and manner required by this chapter within a reasonable time after the public entity deposits the deposit of public funds with the depository.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.19, Eff. Sept. 1, 1997.

Sec. 2257.064. REINSTATEMENT.

The comptroller may reinstate a depository's designation as a state depository if:

(1) the comptroller determines that the depository has remedied all violations of this chapter;

and

(2) the depository assures the comptroller to the comptroller's satisfaction that the depository will maintain reasonable compliance with this chapter.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 891, Sec. 3.19, Eff. Sept. 1, 1997.

SUBCHAPTER E. EXEMPT INSTITUTIONS

Sec. 2257.081. DEFINITION.

In this subchapter, "exempt institution" means:

(1) a public retirement system, as defined by Section 802.001; or

(2) the permanent school fund, as described by Section 43.001, Education Code.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., Ch. 165, Sec. 6.31, Eff. Sept. 1, 1997.

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Sec. 2257.082. FUNDS OF EXEMPT INSTITUTION.

An exempt institution is not required to have its funds fully insured or collateralized at all times if:

(1) the funds are held by:

(A) a custodian of the institution's assets under a trust agreement; or

(B) a person in connection with a transaction related to an investment; and

(2) the governing body of the institution, in exercising its fiduciary responsibility, determines that the institution is adequately protected by using a trust agreement, special deposit, surety bond, substantial deposit insurance, or other method an exempt institution commonly uses to protect itself from liability.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.

Sec. 2257.083. INVESTMENT; SELECTION OF DEPOSITORY.

This chapter does not:

(1) prohibit an exempt institution from prudently investing in a certificate of deposit; or

(2) restrict the selection of a depository by the governing body of an exempt institution in accordance with its fiduciary duty.

Added by Acts 1993, 73rd Leg., Ch. 268, Sec. 1, Eff. Sept. 1, 1993.



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CHAPTER 116. DEPOSITORIES FOR COUNTY PUBLIC FUNDS
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 116.001. **DEFINITIONS.** In this chapter:

(1) "Bank" means a:

(A) bank organized under the laws of this state, another state, or federal law that has its main office or a branch office in this state; or

(B) savings and loan association or savings bank organized under the laws of this state, another state, or federal law that has its main office or a branch office in this state.

(2) "Demand deposit" means a deposit of funds that may be withdrawn on the demand of the depositor.

(3) "Time deposit" means a deposit of funds subject to a contract between the depositor and the depository under which the depositor may not withdraw any of the funds by check or by another manner until the expiration of a certain period following written notice of the depositor's intent to withdraw the funds.

(4) "Subdepository bank" means an authorized bank, other than a depository, that holds demand deposits, not exceeding the Federal Deposit Insurance Corporation's limit, of a district, county, or precinct officer.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 527, Sec. 1, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 234, Sec. 4, eff. Sept. 1, 1993; Acts 1999, 76th Leg., ch. 344, Sec. 5.009, eff. Sept. 1, 1999.

Sec. 116.002. **MONEY AFFECTED.**

(a) This chapter applies to money collected or held by a district, county, or precinct officer in a county and by the officers of a defined district or subdivision in the county, including the funds of a municipal or quasi-municipal subdivision or corporation that has the power to select its own depository but has not done so. The money shall be deposited under this chapter, and the money shall be considered in fixing, and is protected by, a county depository's bond.

(b) Warrants, checks, and vouchers evidencing the money deposited in the county depository under Subsection (a) are subject to audit and countersignature as provided by law.

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Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER B. ESTABLISHMENT OF DEPOSITORY

Sec. 116.021. DEPOSITORY AND SUBDEPOSITORY CONTRACTS.

(a) The commissioners court of a county shall select by the process provided by this subchapter or by Subchapter C, Chapter 262, one or more banks in the county and enter a contract with each selected bank for the deposit of the county's public funds. The county shall contract with a bank under this section for a two-year or four-year contract term. On expiration of a contract under this section, the contract may be renewed for two years under terms negotiated by the commissioners court.

(b) If the contract is for a four-year term, the contract shall allow the county to establish, on the basis of negotiations with the bank, new interest rates and financial terms of the contract that will take effect during the final two years of the four-year contract.

(c) On the renewal of a contract, the county may negotiate new interest rates and terms with the bank for the next two years in the same way and subject to the same conditions as provided by Subsection (b).

(d) If for any reason a county depository is not selected under Subsection (a), the commissioners court, at any subsequent time after 20 days' notice, may select, by the process described by Section 116.024 or by negotiated bid, one or more depositories in the same manner as at the regular time.

(e) If the commissioners court selects a depository by the process provided by Subchapter C, Chapter 262, the depository may be selected by:

- (1) competitive bidding; or
- (2) another method under that subchapter that the county is qualified to use.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 527, Sec. 2, eff. Sept. 1, 1991; Acts 1995, 74th Leg., ch. 65, Sec. 1, eff. Aug. 28, 1995. Amended by: Acts 2007, 80th Leg., R.S., Ch. 899, Sec. 1, eff. June 15, 2007.

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Sec. 116.022. NOTICE.

(a) Once each week for at least 20 days before the date to submit an application under Section 116.023(a), the county judge shall place over the judge's name in a newspaper of general circulation in the county a notice that the commissioners court intends to receive applications from which to select a depository bank. A notice shall also be posted at the courthouse door of the county.

(b) If a newspaper is not published in the county, the newspaper notice shall be placed in a newspaper published in the nearest county.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 65, Sec. 2, eff. Aug. 28, 1995.

Amended by: Acts 2007, 80th Leg., R.S., Ch. 899, Sec. 2, eff. June 15, 2007.

Sec. 116.023. APPLICATIONS.

(a) A bank in the county that wants to be a county depository must deliver its application to the county judge or a designated representative of the judge on or before a date set by the commissioners court that is no later than the 60th day before the date of the expiration of the existing depository contract.

(b) The application must state the amount of the bank's paid-up capital stock and permanent surplus, and the application must be accompanied by:

(1) a statement showing the financial condition of the bank on the date of the application;
and

(2) a certified check or cashier's check for at least one-half percent of the county's revenue for the preceding year.

(c) The certified or cashier's check that accompanies an application is a good-faith guarantee on the part of the applicant that if accepted as a county depository it will execute the bond required under this chapter. If a bank is selected as a depository and does not provide the bond, the county shall retain the amount of the check as liquidated damages, and the county judge shall readvertise for applications, if necessary, to obtain a depository for the county.

(d) A bank in the county that wants to be a county subdepository must comply with Subsections

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(a) and (b)(1). The subdepository's application must include a proposal outlining its security for the county public funds to be held in addition to revenue offers.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 628, Sec. 4, eff. Aug. 28, 1989; Acts 1991, 72nd Leg., ch. 527, Sec. 3, eff. Sept. 1, 1991. Amended by: Acts 2007, 80th Leg., R.S., Ch. 899, Sec. 3, eff. June 15, 2007.

Sec. 116.024. SELECTION OF DEPOSITORIES AND SUBDEPOSITORIES.

(a) At the meeting at which banks are to be selected as county depositories, the commissioners court shall:

- (1) enter in the minutes of the court all applications filed with the county judge;
- (2) consider all applications; and
- (3) select the qualified applicants that offer the most favorable terms and conditions for the

handling of the county funds.

(b) The commissioners court may reject those applicants whose management or condition, in the opinion of the commissioners court, does not warrant placing county funds in their possession.

(c) After selecting one or more county depositories, the commissioners court shall immediately return the certified checks of the rejected applicants. The commissioners court shall return the check of a successful applicant when the applicant executes and files a depository bond that is approved by the commissioners court.

(d) The conflict of interests provisions of Section 131.903 apply to the selection of the depositories.

(e) After selecting one or more subdepositories, the commissioners court shall immediately notify each selected applicant of its selection. Within 15 days, the selected applicant must file a bond or other security as approved by the commissioners court.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 527, Sec. 4, 5, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 268, Sec. 29, eff. Sept. 1, 1993. Amended by: Acts 2007, 80th Leg., R.S., Ch. 899, Sec. 4, eff. June 15, 2007.

Sec. 116.025. DESIGNATION OF DEPOSITORY OR SUBDEPOSITORY. When security is provided in accordance with Subchapter C and is approved by the commissioners court, the

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commissioners court shall, by an order entered in its minutes, designate the bank as a depository or subdepository for the funds of the county. The designation is effective until the end of the 60th day after the date fixed for the next selection of a depository or subdepository.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 527, Sec. 6, eff. Sept. 1, 1991.

Sec. 116.026. APPLICANTS OUTSIDE COUNTY. If no bank located in the county applies to be designated as the county depository, the commissioners court may advertise, in the same manner provided by Section 116.022 for advertising for a depository within the county, for applications from banks in an adjoining county or any other county in this state.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.027. SELECTION OF NONAPPLICANT DEPOSITORY.

(a) If no application to be a county depository is submitted, or if all of the applications are declined, the commissioners court shall deposit the funds of the county with any one or more banks in the county or in the adjoining counties in the amounts and for the periods as the commissioners court considers advisable.

(b) A bank that receives deposits under this section shall provide security in the manner and form, and subject to the same conditions, as is required for a depository of county funds. The penalty of the security must at least equal the total amount of county funds deposited with the bank.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER C. SECURITY FOR FUNDS HELD BY DEPOSITORY

Sec. 116.051. QUALIFICATION AS DEPOSITORY OR SUBDEPOSITORY.

Within 15 days after the date a bank is selected as a county depository or subdepository, the bank must qualify as the depository or subdepository by providing security for the funds to be deposited by the county with the bank. The depository or subdepository may secure these funds, at the option of the commissioners court, by:

(1) personal bond; surety bond; bonds, notes, and other securities; first mortgages on real property; real property; certificates of deposit; or a combination of these methods, as provided by

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this subchapter; or

(2) investment securities or interests in them as provided by Chapter 726, Acts of the 67th Legislature, Regular Session, 1981 (Article 2529b-1, Vernon's Texas Civil Statutes).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 15(b), eff. Aug. 28, 1989; Acts 1991, 72nd Leg., ch. 527, Sec. 7, eff. Sept. 1, 1991.

Sec. 116.052. PERSONAL BOND.

(a) One or more personal bonds executed and filed with the commissioners court, payable to the county judge and the judge's successors in office, qualify as security under this subchapter if:

(1) the bonds are signed by at least five solvent sureties who own unencumbered real property in the state that is not exempt from execution under the constitution and other laws of this state;

(2) the unencumbered and nonexempt real property owned by the sureties has a value at least equal to the amount of the bonds; and

(3) the bonds are approved by the commissioners court.

(b) When a bond is filed for approval with the commissioners court under Subsection (a), the sureties shall also file a statement containing:

(1) a description of the unencumbered and nonexempt real property sufficient to identify it on the ground; and

(2) the value of each tract of real property listed, including the value of the improvements on the property.

(c) After the commissioners court approves a personal bond, it shall be filed in the county clerk's office with the statement of the sureties attached to the bond.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.053. SURETY BOND.

(a) One or more bonds issued and executed by one or more solvent surety companies authorized to do business in this state, payable to the county judge and the judge's successors in office and filed with the commissioners court, qualifies as security under this subchapter if the bond

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is approved by the commissioners court.

(b) After the commissioners court approves a surety bond, it shall be filed in the county clerk's office.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.054. BONDS, NOTES, AND OTHER SECURITIES.

(a) A county depository may pledge with the commissioners court as security under this subchapter:

(1) a bond, note, security of indebtedness, or other evidence of indebtedness of the United States if the evidence of indebtedness is supported by the full faith and credit of the United States or is guaranteed as to principal and interest by the United States;

(2) a bond of this state or of a county, municipality, independent school district, or common school district;

(3) a bond issued under the federal farm loan acts;

(4) a road district bond;

(5) a bond, pledge, or other security issued by the board of regents of The University of Texas System;

(6) bank acceptances of banks having a capital stock of at least \$500,000;

(7) a note or bond secured by mortgages insured and debentures issued by the Federal Housing Administration;

(8) shares or share accounts of a savings and loan association organized under the laws of this state or of a federal savings and loan association domiciled in this state if the payment of the share or share accounts is insured by the Federal Savings and Loan Insurance Corporation; or

(9) a bond issued by a municipal corporation in this state.

(b) Securities provided under this section must have a total market value equal to the amount of the depository bond.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

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Sec. 116.055. FIRST MORTGAGES ON IMPROVED REAL PROPERTY.

(a) If approved by the commissioners court, closed first mortgages on improved and unencumbered real property located in this state that are assigned to the county judge in a duly acknowledged instrument qualify as security under this subchapter.

(b) Before approving a mortgage as security, the commissioners court shall require:

(1) a written opinion by an attorney selected by the commissioners court showing that the lien is superior to any other claim to or right in the real property; and

(2) insurance approved by the county judge covering the improvements on each tract of pledged real property and providing that a loss is payable to the county judge.

(c) An insurance policy required under Subsection (b) must be issued by a stock fire insurance company or mutual fire insurance company that has a \$100,000 surplus in excess of all legal reserves and other liabilities.

(d) A mortgage accepted as security under this section shall immediately be recorded in each county in which part of the real property is located.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.056. REAL PROPERTY.

(a) If approved by the commissioners court, improved and unencumbered real property, pledged directly by deed of trust to a trustee selected by the commissioners court, with the county judge as beneficiary, qualifies as security under this subchapter.

(b) Before approving real property offered as security, the commissioners court shall require:

(1) a written opinion by an attorney selected by the commissioners court showing that the lien is superior to any other claim to or right in the real property; and

(2) insurance approved by the county judge covering the improvements on the pledged real property and providing that a loss is payable to the county judge.

(c) An insurance policy required under Subsection (b) must be issued by a stock fire insurance company or mutual fire insurance company that has a \$100,000 surplus in excess of all legal

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reserves and other liabilities.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.0565. CERTIFICATE OF DEPOSIT.

(a) A certificate of deposit qualifies as security under this subchapter if the certificate is:

(1) held in the custody of a Federal Reserve Bank for safekeeping and made the subject of a valid pledge agreement designating the county as the beneficiary of the pledge agreement;

(2) insured in full by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation;

(3) described in detail by a safekeeping receipt issued to the county by the Federal Reserve Bank having custody of the certificates; and

(4) issued with the county as registered owner.

(b) A person to whom presentment of a certificate of deposit pledged to secure county funds is made may not pay or otherwise accept the certificate unless the certificate or the safekeeping receipt required by this section has been endorsed by the county and the depository.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 15(b), eff. Aug. 28, 1989.

Sec. 116.057. CONDITION OF PERSONAL BOND OR CONTRACT FOR SECURITIES.

(a) A personal bond provided or a contract for the pledge of securities under this subchapter must be conditioned that the depository will:

(1) faithfully keep the county funds and faithfully perform all duties and obligations imposed by law on the depository;

(2) pay all checks drawn on a demand deposit account in a depository on presentation by the county treasurer;

(3) pay all checks drawn on a time deposit account on presentation after the expiration of the required period of notice; and

(4) account for the county funds as required by law.

(b) A suit on a personal bond or a contract for securities provided or pledged under this

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subchapter must be tried in the county for which the depository is selected.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.058. AMOUNT OF SECURITY REQUIRED.

(a) Personal or surety bonds that secure county deposits must be in an amount equal to the estimated highest daily balance of the county, as determined by the commissioners court. However, the commissioners court may not estimate the highest daily balance at an amount that is less than 75 percent of the highest daily balance of the county for the preceding year, less the amount of bond funds received and expended.

(b) Securities pledged to secure county funds on deposit in a depository must be in an amount equal to the amount of those funds. However, real property securities may not be required in an amount greater than 25 percent of the assessed value of the property in the county, as shown by the certified tax roll for the preceding year.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.059. VALUATION OF REAL PROPERTY PROVIDED AS SECURITY.

The commissioners court shall investigate all real property security and determine the value at which the property will be accepted. The commissioners court may not accept real property as security at a value greater than 50 percent of the reasonable market value of the property covered by a mortgage unless the mortgage is insured or guaranteed by the Federal Housing Administration.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.060. SECURITY NOT REQUIRED FOR FEDERALLY INSURED DEPOSITS.

A depository is not required to provide security for the deposit of county funds to the extent the deposits are insured under 12 U.S.C.A. Sections 1811-1832.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER D. MAINTENANCE AND MODIFICATION OF SECURITY

Sec. 116.081. NEW BOND.

(a) The commissioners court may by written order require a depository to execute a new bond

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whenever the commissioners court considers it advisable or considers it necessary for the protection of the county.

(b) Except for an additional bond required under Section 116.087, if a depository fails for any reason to file the required new bond within five days after the date the depository is served with a copy of the order, the commissioners court may select a new depository in the same manner as it would select a depository at the regular time.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.082. SUBSTITUTION OF SECURITIES.

(a) After reasonable notice to the commissioners court, a depository is entitled to substitute one type of security for another or replace particular securities with others of the same type if the substituting or replacing security meets the requirements of law and is approved by the commissioners court. Instead of approval of each substitute or replacement security by the commissioners court, the commissioners court may:

(1) adopt a procedure for approving a substitute or replacement security under this section; and

(2) designate a county employee or official, including a county judge, to approve the substitute or replacement security under the procedure adopted under Subdivision (1).

(b) The county judge shall execute the necessary instruments to transfer to the depository or its order a lien withdrawn from real property for which another security is substituted.

(c) The commissioners court may direct the manner in which securities pledged in place of personal or surety bonds are to be deposited.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2003, 78th Leg., ch. 742, Sec. 1, eff. June 20, 2003.

Sec. 116.083. RELEASE OF EXCESS SECURITY.

If the securities pledged by a depository to secure county funds exceed the amount required under this chapter, the commissioners court shall permit the release of the excess.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

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Sec. 116.084. INADEQUATE SECURITY.

If for any reason the county funds on deposit with the county depository exceed the amount of security pledged, the depository shall immediately pledge additional security with the commissioners court.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.085. SOLVENCY OF PERSONAL SURETY.

(a) At least twice each year while a personal bond securing the county's deposits is in effect, the commissioners court shall investigate the solvency of each surety on the bond. The commissioners court may require the surety to make an itemized and verified financial statement correctly showing the surety's financial position and, if the bond requires the surety to own real property, identifying each tract of real property owned by the surety and stating its value.

(b) The commissioners court shall require a depository to provide a new bond meeting the requirements of this chapter if a financial statement provided under Subsection (a) indicates that:

- (1) a surety is insolvent;
- (2) a surety's net worth is less than the amount required by this chapter;
- (3) the assets listed on the statement are depreciated or their value is in any way impaired;

or

(4) real property required by the bond has been disposed of or encumbered and the value of the surety's remaining unencumbered and nonexempt real property is inadequate to meet the requirements of this chapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.086. SOLVENCY OF SURETY COMPANY AND ADEQUACY OF SECURITIES.

Whenever the commissioners court considers it necessary for the protection of the county, the commissioners court may investigate the solvency of a surety company that issues a bond on behalf of a depository of county funds or investigate the value of securities pledged by a depository to secure county funds.

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Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.087. ADDITIONAL BOND.

(a) If after a county establishes a depository the county or a subdivision of the county receives funds from the sale of bonds or otherwise, at the next meeting of the commissioners court, or as soon afterward as is practical, the commissioners court may make written demand on the depository to provide an additional bond in an amount equal to the amount of funds received. If county funds derived from the sale of county securities during the term of a depository bond are deposited with the depository, the commissioners court shall require an additional bond in an amount equal to the additional county funds. The depository shall continue the additional bond in effect as long as the additional funds remain in the depository.

(b) The depository may cancel this extra or special bond and concurrently substitute a new bond for it as the additional funds are reduced. However, the additional bond must always at least equal the amount of the additional funds.

(c) If a depository does not provide an additional bond under Subsection (a) within 30 days after the date the commissioners court demands the additional bond, the commissioners court may withdraw the additional funds from the depository by the draft of the county treasurer and deposit them in a solvent national or state bank that has a combined capital stock and surplus greater than the amount of the additional funds. The commissioners court may leave the additional funds on deposit with this alternative bank until the county depository files the required additional bond with the commissioners court, after which the commissioners court shall redeposit the balance of the additional funds with the county depository.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.088. RELEASE OF SURETY COMPANY.

(a) A surety company may be relieved of its obligations under a surety bond executed on behalf of a county depository after the 30th day after the date it gives written notice to the commissioners court requesting to be released.

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(b) A surety company is not relieved under Subsection (a) of liability for a loss sustained by the county before the expiration of the bond.

(c) If a depository's surety company requests to be relieved from its obligations under Subsection (a), the depository shall provide further security acceptable to the commissioners court to secure county funds under this chapter. The depository shall provide the further security before termination of the surety's obligations under the bond. The new security shall be filed in the county clerk's office.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.089. SURRENDER OF INTEREST ON SECURITIES.

On the request of a county depository, the commissioners court shall surrender, when due, interest coupons or other evidence of interest on securities deposited by the depository with the commissioners court if the securities remaining pledged by a depository are adequate to meet the requirements of the commissioners court.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER E. DEPOSITORY ACCOUNTS

Sec. 116.111. CHARACTER AND AMOUNT OF DEPOSITS. The commissioners court may determine and designate the character and amount of county funds that will be demand deposits and that will be time deposits. The commissioners court may contract with a depository for interest on time deposits at any legal rate under a federal law or under a rule adopted by the board of governors of the Federal Reserve System or by the board of directors of the Federal Deposit Insurance Corporation.

Acts 1987, 70th Leg , ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.112. INVESTMENT OF FUNDS.

(a) The commissioners court may direct the county treasurer to withdraw any county funds deposited in a county depository that are not immediately required to pay obligations of the county and invest those funds as provided by this section unless such an investment or withdrawal is

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prohibited by law or the withdrawal is contrary to the terms of the depository contract.

(b) The funds may be invested in accordance with Subchapter A, Chapter 2256, Government Code. In addition to the obligations, certificates, and agreements described by that Act, the funds may be invested in certificates of deposit issued by a state or federal savings and loan association domiciled in this state, the payment of which is insured in full by the Federal Savings and Loan Insurance Corporation or its successor.

(c) If a county purchases a security repurchase agreement, the agreement must be purchased under a master contractual agreement that specifies the rights and obligations of both parties and that requires that securities involved in the transaction be held in a safekeeping account subject to the control and custody of the county.

(d) Repealed by Acts 1989, 71st Leg., ch. 754, Sec. 2, eff. June 15, 1989.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 15(c), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 754, Sec. 1, 2, eff. June 15, 1989; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(11), eff. Sept. 1, 1995.

Sec. 116.113. DEPOSIT OF FUNDS.

(a) Immediately after the commissioners court designates a county depository, the county treasurer shall transfer to the depository all of the county's funds and the funds of any district or municipal subdivision of the county that does not select its own depository. The treasurer shall also immediately deposit with the depository to the credit of the county, district, or municipality any money received after the depository is designated.

(b) A county tax assessor-collector shall immediately deposit in the county depository taxes collected on behalf of the state, the county, or a district or municipal subdivision of the county. The taxes remain on deposit pending the preparation and settlement of the assessor-collector's report on the tax collections.

(c) If a commissioners court that controls school district funds elects to transfer the funds during a school year from a county depository to another bank, the school district may require the commissioners court to delay the transfer until the earlier of the end of the school district's current

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fiscal year or the next September 1.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.114. COLLECTIONS BY DEPOSITORY.

A county depository shall collect all checks, drafts, and demands for money deposited with it by the county.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.115. CLEARINGHOUSE FOR MULTIPLE DEPOSITORIES.

If the funds of a county are deposited with more than one depository, the commissioners court shall by order name one of the depositories to act as a clearinghouse for the others. All county warrants are finally payable at the depository named as the clearinghouse.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.116. OBLIGATIONS PAYABLE AT COUNTY DEPOSITORY.

(a) A county depository shall pay a check or warrant drawn by the county treasurer against funds deposited with the depository on presentation of the check or warrant if the funds subject to the check or warrant are in the possession of the depository, and, in the case of a time deposit, if the agreed period of notice has expired.

(b) If the commissioners court selects a depository in another county under Section 116.026, the depository shall file a statement with the county treasurer designating the place in the county governed by the commissioners court where, and the person by whom, deposits by the treasurer may be received and checks will be paid, or the place in another county where deposits may be made and checks may be paid. The statement must be filed within five days after the date notice is given to the depository of its selection.

(c) A warrant or check, including a warrant or check issued prior to September 1, 1993, issued by the county treasurer in settlement of a claim against a county that is not presented for payment before the 366th day following the date of issuance is overdue and nonnegotiable. The sum of the overdue warrant or check shall be credited as revenue to the county if delivery to the payees was

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attempted or occurred within a reasonable time following the issuance of the warrant or check. No right to full settlement of a proper unpaid claim is extinguished by this subsection.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1991, 72nd Leg., ch. 326, Sec. 1, eff. June 5, 1991; Acts 1993, 73rd Leg., ch. 931, Sec. 1, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 329, Sec. 1, eff. May 26, 1997.

Sec. 116.117. STATEMENTS OF ACCOUNT.

A depository shall make a detailed monthly statement to the commissioners court at each regular term of the court. The statement must show the daily balance credited to each of the funds on deposit.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.118. DEBTS PAYABLE OTHER THAN AT COUNTY TREASURY.

The commissioners court may instruct the county treasurer to deposit money adequate to pay a bond, coupon, or other indebtedness of the county at a place other than at the county treasury if by its terms the indebtedness is payable on maturity at the other location and if the payment is otherwise made in the manner required by law.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.119. REQUIREMENTS FOR AUDITING AND COUNTERSIGNING UNAFFECTED.

This chapter does not affect the application of a law or regulation providing for auditing and countersigning.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.120. COLLECTION OF CERTAIN OVERDUE COUNTY WARRANTS OR CHECKS.

(a) This section applies only to a warrant or check issued by a county treasurer in settlement of a claim against a county that has not been presented for payment.

(b) A person attempting to recover funds from the county for a check or warrant issued by the county treasurer may not charge the person to whom the check or warrant was issued and on whose behalf the attempted recovery is made, or that person's successors or assigns, a fee in an amount equal to more than 10 percent of the face value of the check or warrant.

(c) A county treasurer may collect a reasonable research fee to determine if a claim submitted

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under this section is valid. The treasurer may include the costs of inquiries to depository banks, research of accounting records, and other similar actions in setting the fee. A county treasurer may require the fee to be paid before a claim may be processed or researched under this section.

Added by Acts 1997, 75th Leg., ch. 142, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER F. LIABILITIES

Sec. 116.151. LIABILITIES OF SURETIES ON SEPARATE BONDS.

If a county depository provides separate bonds to secure county funds, each surety under a bond is liable only for that part of a loss resulting from the failure of the depository that bears to the total loss the same ratio as the amount of the bond bears to the total amount of all bonds and securities held by the county for the protection of the funds covered by the bond.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.152. SUBROGATION OF SURETIES.

If a personal surety or a surety company pays for a loss to a county under a depository bond, the surety is subrogated to the rights of the county in an amount equal to the amount of the surety's payment. However, the amount of the subrogation may not exceed the amount of the deposit secured by the surety at the time of the depository's default.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.153. PRO RATA RECOVERY BY STATE AND COUNTY.

If a county depository becomes insolvent and it becomes necessary to resort to the depository's bond or bonds to recover funds of the county and the state, the state and county are entitled to share pro rata in the recovery.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.154. LIABILITY OF DEPOSITORY PENDING COLLECTION OF DEPOSITS.

A county depository that uses due diligence to collect a check, draft, or demand for money deposited by the county with the depository is not liable for the collection until the proceeds have been received by the depository. The depository shall charge the county and the county shall pay a

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collection expense that the depository may not pay or absorb because of a federal law or a regulation adopted by the board of governors of the Federal Reserve System or by the board of directors of the Federal Deposit Insurance Corporation.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 116.155. FAILURE OF DEPOSITORY TO PAY CHECK OR WARRANT.

A depository that does not pay a check or warrant as required by Section 116.116(a) is liable for and shall pay to the holder 10 percent of the amount of the check or warrant, and the commissioners court shall revoke the order creating the depository.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

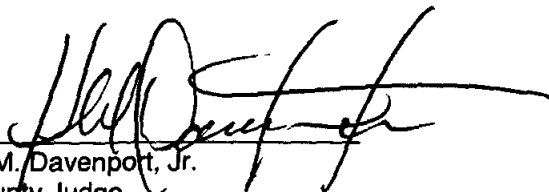


**NAVARRO COUNTY, TEXAS
RESOLUTION
ADOPTION OF NAVARRO COUNTY'S
INVESTMENT POLICY AND INVESTMENT STRATEGIES**

WHEREAS, In accordance with Government Code, section 2256.005(e), Public Funds Investment Act, Navarro County is required to review its Investment Policy and Investment Strategies not less than annually, and adopt a written resolution 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,

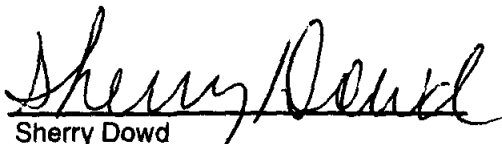
NOW, THEREFORE, BE IT RESOLVED, that the Commissioners Court of Navarro County, after review and amendment of its Investment Policy and Investment Strategies does hereby adopt and approve said policy and strategies with changes recorded therein.

PASSED AND APPROVED THIS 14th DAY OF JUNE 2010.

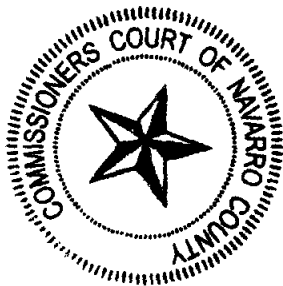


H. M. Davenport, Jr.
County Judge

ATTEST:



Sherry Dowd
County Clerk





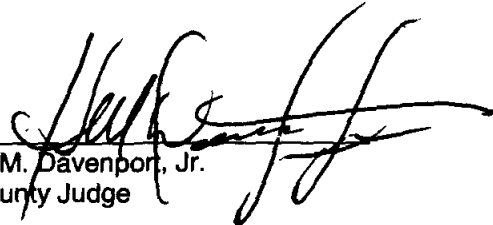
**NAVARRO COUNTY, TEXAS
RESOLUTION
DESIGNATION OF COUNTY INVESTMENT OFFICERS**

WHEREAS, In accordance with Government Code, section 2256.005(f), Public Funds Investment Act, Navarro County is required to designate one or more officers or employees of the local government as the Investment Officer to be responsible for the investment of its funds consistent with the Navarro County Investment Policy, and;

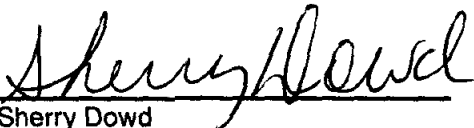
WHEREAS, In the administration of the duties of an Investment Officer, the person designated as Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise. The Navarro County Commissioners Court retains ultimate responsibility as fiduciaries of the assets of the entity.

NOW, THEREFORE, BE IT RESOLVED, that the Navarro County Commissioners Court does hereby designate the County Treasurer, Ruby Coker, and the County Auditor, Kathy B. Hollomon, as the authorized Investment Officers for Navarro County to be responsible for the investment of its funds consistent with the Navarro County Investment Policy and the Public Funds Investment Act.

PASSED AND APPROVED THIS 13th DAY OF APRIL, 2009.


H. M. Davenport, Jr.
County Judge

ATTEST:


Sherry Dowd
County Clerk



1071

I, RUSSELL P HUDSON, NAVARRO COUNTY TAX ASSESSOR/COLLECTOR, DO HEREBY SWEAR
THAT THE ATTACHED REPORT IS A TRUE AND CORRECT F

& OATH,

#17

TOTAL PAGES INCLUDING COVER SHEET 5

FILED FOR RECORD
AT 10:00 O'CLOCK A.M.

JUN 10 2010

SHERRY DOWD
COUNTY CLERK NAVARRO COUNTY, TEXAS
BY [Signature] DEPUTY

NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING MAY 2010

1072

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
NAVARRO COUNTY								LEVY
CURRENT	146,264.59		18,093.68	164,358.27	5,254.83	159,103.44	622.81	15,513,534.57
DELINQUENT	16,358.91		5,755.52	22,114.43	1,520.74	20,593.69	4,339.23	%
TOTAL	162,623.50	-	23,849.20	186,472.70	6,775.57	179,697.13	4,962.04	0.94%
NAVARRO COLLEGE								LEVY
CURRENT	28,445.70		3,497.42	31,943.12	1,016.61	30,926.51	118.21	3,013,737.80
DELINQUENT	3,473.64	-	1,325.14	4,798.78	348.68	4,450.10	924.53	%
TOTAL	31,919.34	-	4,822.56	36,741.90	1,365.29	35,376.61	1,042.74	0.94%
CITY OF RICE								LEVY
CURRENT	1,660.41	-	205.62	1,866.03	59.74	1,806.29	6.36	111,678.45
DELINQUENT	272.79		86.60	359.39	23.01	336.38	71.72	%
TOTAL	1,933.20	-	292.22	2,225.42	82.75	2,142.67	78.08	1.49%
CITY OF KERENS								LEVY
CURRENT	3,875.30		490.39	4,365.69	141.99	4,223.70	65.78	244,872.02
DELINQUENT	1,244.31	-	430.13	1,674.44	113.76	1,560.68	334.89	%
TOTAL	5,119.61	-	920.52	6,040.13	255.75	5,784.38	400.67	1.58%
CITY OF CORSICANA								LEVY
CURRENT	41,961.53	-	5,082.78	47,044.31	1,480.50	45,563.81	10.22	7,513,503.60
DELINQUENT	5,501.08	-	2,661.21	8,162.29	692.79	7,469.50	1,574.65	%
TOTAL	47,462.61	-	7,743.99	55,206.60	2,173.29	53,033.31	1,584.87	0.56%

NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING MAY 2010

1073

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
CITY OF BARRY								LEVY
CURRENT	201.61		25.52	227.13	7.39	219.74		15,241.67
DELINQUENT	18.52		5.19	23.71	1.39	22.32	4.74	%
TOTAL	220.13	-	30.71	250.84	8.78	242.06	4.74	1.32%
CITY OF EMHOUSE								LEVY
CURRENT	30.51	-	3.97	34.48	1.16	33.32		8,598.91
DELINQUENT				-		-		%
TOTAL	30.51	-	3.97	34.48	1.16	33.32	-	0.35%
CITY OF RICHLAND								LEVY
CURRENT	132.23	-	9.52	141.75	3.04	138.71	2.82	14,105.26
DELINQUENT				-		-		%
TOTAL	132.23	-	9.52	141.75	3.04	138.71	2.82	0.94%
CITY OF GOODLOW								LEVY
CURRENT	53.04	-	6.96	60.00	2.05	57.95	5.37	3,018.27
DELINQUENT	32.42		9.07	41.49	2.44	39.05	8.29	%
TOTAL	85.46	-	16.03	101.49	4.49	97.00	13.66	1.76%
CITY OF FROST								LEVY
CURRENT	801.85		104.24	906.09	30.10	875.99		70,744.20
DELINQUENT				-		-		%
TOTAL	801.85	-	104.24	906.09	30.10	875.99	-	1.13%
CITY OF DAWSON								LEVY
CURRENT	1,883.34		217.32	2,100.66	63.74	2,036.92	12.51	69,133.57
DELINQUENT	132.08		38.46	170.54	10.29	160.25	34.11	%
TOTAL	2,015.42	-	255.78	2,271.20	74.03	2,197.17	46.62	2.72%

AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING MAY 2010

1074

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
CITY-BLOOMING GROVE								LEVY
CURRENT	953.34		110.75	1,064.09	32.45	1,031.64		93,120.68
DELINQUENT	133.65		65.14	198.79	16.95	181.84	39.76	%
TOTAL	1,086.99	-	175.89	1,262.88	49.40	1,213.48	39.76	1.02%
NAVARRO COUNTY ESD #1								LEVY
CURRENT	2,115.10	-	269.58	2,384.68	77.97	2,306.71	26.18	109,001.80
DELINQUENT	209.46	-	58.35	267.81	15.65	252.16	53.55	%
TOTAL	2,324.56	-	327.93	2,652.49	93.62	2,558.87	79.73	1.94%
BLOOMING GROVE ISD								LEVY
CURRENT	15,734.47		1,925.22	17,659.69	559.99	17,099.70	90.44	1,382,061.05
DELINQUENT	1,871.89		642.19	2,514.08	169.92	2,344.16	502.81	%
TOTAL	17,606.36	-	2,567.41	20,173.77	729.91	19,443.86	593.25	1.14%
DAWSON ISD								LEVY
CURRENT	21,002.75		2,558.23	23,560.98	744.60	22,816.38	207.39	1,205,100.46
DELINQUENT	2,644.03		1,128.03	3,772.06	295.26	3,476.80	754.43	%
TOTAL	23,646.78	-	3,686.26	27,333.04	1,039.86	26,293.18	961.82	1.74%
RICE ISD								LEVY
CURRENT	21,477.78		2,773.28	24,251.06	800.72	23,450.34	21.49	1,154,992.39
DELINQUENT	2,417.08		659.53	3,076.61	176.97	2,899.64	531.34	%
TOTAL	23,894.86	-	3,432.81	27,327.67	977.69	26,349.98	552.83	1.86%
GRAND TOTAL	320,903.41	-	48,239.04	369,142.45	13,664.73	355,477.72	10,363.63	

MEMO:
 TOTAL COLLECTED 379,508.08
 ROLLBACK TAXES _____
 TAX CERTIFICATES 1,470.00
 HOT CK FEES 100.00

COUNTY 93.90%
 COLLEGE 93.82%
 RICE 90.23%
 KERENS 91.52%
 CORSICANA 94.68%
 BARRY 91.74%
 EMHOUSE 73.60%
 RICHLAND 82.26%

YR-TO-DATE % CURRENT COLLECTED:
 GOODLOW 69.51%
 FROST 86.89%
 CITY-DAWSON 88.17%
 CITY-BL GROVE 90.66%
 NC ESD #1 92.84%
 B G ISD 91.60%
 DAWSON ISD 93.12%
 RICE ISD 90.86%

NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH OF MAY 2010

1075

	TAXES	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTORNEY FEES
CURRENT TAXES						
COUNTY	119,439.74	14,769.13	134,208.87	4,289.51	129,919.36	507.51
ROAD & BRIDGE	24,746.92	3,068.44	27,815.36	890.86	26,924.50	106.39
FLOOD CONTROL	2,077.93	256.11	2,334.04	74.46	2,259.58	8.91
TOTAL	146,264.59	18,093.68	164,358.27	5,254.83	159,103.44	622.81
DELINQUENT TAXES						
COUNTY	13,481.20	4,681.44	18,162.64	1,237.78	16,924.86	3,576.71
STATE	-	-	-	-	-	-
ROAD & BRIDGE	2,630.88	981.81	3,612.69	258.61	3,354.08	697.14
FLOOD CONTROL	246.83	92.27	339.10	24.35	314.75	65.38
TOTAL	16,358.91	5,755.52	22,114.43	1,520.74	20,593.69	4,339.23
TOTAL ALLOCATION						
COUNTY	132,920.94	19,450.57	152,371.51	5,527.29	146,844.22	4,084.22
STATE	-	-	-	-	-	-
ROAD & BRIDGE	27,377.80	4,050.25	31,428.05	1,149.47	30,278.58	803.53
FLOOD CONTROL	2,324.76	348.38	2,673.14	98.81	2,574.33	74.29
TOTAL	162,623.50	23,849.20	186,472.70	6,775.57	179,697.13	4,962.04

COUNTY TAX REPORT
Prepared by Gail Smith
Navarro County Tax Office

1076

Navarro County
May 2010 Financial Report
by Fund

	Budget	Current Month	YTD
General Fund:			
Revenues			
Property Taxes	12,125,052.00	188,334.45	11,458,776.81
Other	4,839,477.00	517,921.34	2,903,565.79
Total	16,964,529.00	706,255.79	14,362,342.60
Expenditures			
Commissioner's Court	155,411.00	21,060.22	106,249.25
Planning & Dev.	324,775.00	18,509.87	170,950.96
County Clerk	502,635.00	30,743.23	317,626.25
District Clerk	370,599.00	25,128.37	234,307.58
Veterans' Service	20,049.00	1,515.34	12,159.73
Information Systems	183,879.00	6,627.50	141,821.97
HAVA	0.00	0.00	7,740.00
Elections	202,488.00	29,940.35	170,325.15
Courthouse	2,164,559.00	204,907.42	1,257,991.66
Extension	197,968.00	14,573.44	131,498.30
Historical Commission	5,500.00	186.65	(23.29)
County Judge	232,705.00	20,562.79	153,132.58
District Court	585,158.00	40,675.62	395,510.59
JP Pct 1	158,415.00	13,288.40	107,222.88
JP Pct 2	156,103.00	11,957.20	102,757.20
JP Pct 3	191,408.00	15,275.64	126,600.37
JP Pct 4	204,616.00	16,421.21	137,109.28
District Attorney	846,365.00	59,751.17	515,998.80
Law Library	5,200.00	902.80	3,960.80
County Auditor	404,276.50	31,452.98	276,465.55
County Treasurer	122,964.00	9,526.28	81,715.85
Tax Assessor/Collector	723,982.05	36,162.18	515,988.47
County Jail	5,287,248.00	374,487.09	3,065,460.80
Constable Pct 1	33,219.00	2,453.62	20,249.95
Constable Pct 2	30,898.00	2,527.01	16,495.37
Constable Pct 3	16,106.00	1,186.68	10,885.27
Constable Pct 4	29,439.00	1,924.83	16,927.75
Sheriff	2,964,154.00	230,471.75	1,910,085.73
Sheriff Communications	648,916.00	43,363.66	393,229.90
Highway Patrol	79,652.00	6,160.53	54,584.72
License & Weights	3,400.00	26.92	1,103.96
Emergency Mgt	50,000.00	2,437.36	12,301.62
CSCD	10,500.00	871.02	6,116.28
Juvenile Expenditures	108,937.00	5,416.04	49,081.20
Indigent Health	630,135.00	71,664.90	401,351.94
Total	17,651,659.55	1,352,160.07	10,924,984.42
General Net	(687,130.55)	(645,904.28)	3,437,358.18

1077

Navarro County
May 2010 Financial Report
by Fund

	Budget	Current Month	YTD
Flood Control			
Revenues			
Property Taxes	225,525.00	3,702.58	215,052.40
Other	6,000.00	0.00	810.68
Total	231,525.00	3,702.58	215,863.08
Expenditures			
Flood Control Net	(174,475.00)	702.58	146,164.59
Debt Service			
Revenues			
Property Taxes	447,552.00	7,755.94	467,405.60
Other	1,500.00	0.00	188.91
Total	449,052.00	7,755.94	467,594.51
Expenditures			
Debt Svc. Net	(58,678.00)	7,755.94	765.60
Road & Bridge Pct. 1			
Revenues			
Property Taxes	661,476.00	10,026.33	617,634.83
State of TX	23,000.00	0.00	17,174.51
Vehicle Registration	225,000.00	41,936.58	168,999.99
Fines & Forfeitures	107,750.00	12,381.06	88,661.40
Other	1,200.00	0.00	995.80
Total	1,018,426.00	64,343.97	893,466.53
Expenditures			
Personnel	469,713.00	29,970.52	252,667.73
Supplies	362,000.00	24,260.76	320,219.27
Other Svcs & Charges	125,800.00	15,760.50	93,211.06
Capital Outlay	172,169.00	12,998.23	152,040.99
Total	1,129,682.00	82,990.01	818,139.05
R & B #1 Net	(111,256.00)	(18,646.04)	75,327.48
Road & Bridge Pct. 2			
Revenues			
Property Taxes	661,476.00	10,026.37	617,634.89
State of TX	23,000.00	0.00	17,174.51
Vehicle Registration	225,000.00	41,936.58	168,999.99
Fines & Forfeitures	107,750.00	12,381.06	88,661.39
Other	1,500.00	0.00	43,682.75
Total	1,018,726.00	64,344.01	936,153.53
Expenditures			
Personnel	513,415.00	36,773.78	320,892.10
Supplies	400,000.00	11,652.41	97,085.47
Other Svcs & Charges	119,100.00	6,509.03	73,632.35
Capital Outlay	76,000.00	3,739.56	23,271.96
Total	1,108,515.00	58,674.78	514,881.88
R & B #2 Net	(89,789.00)	5,669.23	421,271.65

Navarro County
May 2010 Financial Report
by Fund

	Budget	Current Month	YTD
Road & Bridge Pct. 3			
Revenues			
Property Taxes	661,476.00	10,026.31	617,634.82
State of TX	23,000.00	0.00	17,174.51
Vehicle Registration	225,000.00	41,936.57	168,999.97
Fines & Forfeitures	107,750.00	12,381.06	88,661.40
Other	66,200.00	124.50	40,559.50
Total	1,083,426.00	64,468.44	933,030.20
Expenditures			
Personnel	503,635.00	40,467.14	321,833.56
Supplies	547,856.00	96,496.46	247,997.22
Other Svcs & Charges	114,163.00	3,512.11	46,209.56
Capital Outlay	75,224.00	10,352.09	61,060.65
Total	1,240,878.00	150,827.80	677,100.99
R & B #3 Net	(157,452.00)	(86,359.36)	255,929.21
Road & Bridge Pct. 4			
Revenues			
Property Taxes	661,476.00	10,026.33	617,634.85
State of TX	23,000.00	0.00	17,174.50
Vehicle Registration	225,000.00	41,936.57	168,999.97
Fines & Forfeitures	107,750.00	12,381.06	88,661.41
Other	1,000.00	0.00	301.12
Total	1,018,226.00	64,343.96	892,771.85
Expenditures			
Personnel	478,611.00	34,652.90	313,936.88
Supplies	530,000.00	46,660.43	454,376.30
Other Svcs & Charges	88,750.00	17,205.42	60,933.91
Capital Outlay	57,000.00	1,622.32	4,866.96
Total	1,154,361.00	100,141.07	834,114.05
R & B # 4 Net	(136,135.00)	(35,797.11)	58,657.80
May Taxes Recorded 6/8/2010			
General Fund		188,334.45	11,647,111.26
Flood Control		3,702.58	218,754.98
Debt Service		7,755.94	475,161.54
Road & Bridge		40,105.34	2,510,644.73
Total		<u>239,898.31</u>	<u>14,851,672.51</u>

1079

RECEIVED

JUN 08 2010

NAVARRO COUNTY
AUDITOR'S OFFICE



SCHEDULE A
Accurint for Law Enforcement
(Per User Subscription)

Agency Name:	<u>North Texas Hidta</u>	Address:	<u>8404 ESTERS BLVD</u>
Dept:	<u></u>	City, State, Zip:	<u>IRVING, TX 75063</u>
Contact Name:	<u>Don Harris</u>	Phone:	<u>972-915-9552</u>
Billgroup #(s):	<u>ST1312574</u>	Email:	<u>don.harris@nthidta.org</u>
LN Account Manager:	<u>Walter L Purvis</u>		

This Schedule A sets forth additional or amended terms and conditions for the use of the Accurint for Law Enforcement services ("LN Services"), as set forth in the services agreement between Customer and LN or LN's affiliate(s) for the LN Services ("Agreement"), to which this Schedule A is incorporated by reference. The LN Services herein shall be provided by LexisNexis Risk Solutions FL Inc. ("LN"). The services set forth in this Schedule A are non-FCRA Services.

1. SCHEDULE A TERM

The term of this Schedule A will be 12 months beginning 07/01/2010 (the "Initial Term"), and shall automatically renew for additional periods of twelve (12) months (each one, a "Renewal Term"), unless a party provides written notice of termination to the other at least sixty (60) days prior to the expiration of the Initial Term or any Renewal Term. If an account is activated after the first day of a calendar month, charges will not be pro-rated.

2. FEES

2.1 User Fees: The following table (the "Price Table") describes the agreed upon user fees (the "User Fees"):

Monthly Minimum Users:		13
Standard Features Fee:		\$108.90
Premium Features Fee:	<input type="checkbox"/> News <input type="checkbox"/> Phones Plus <input checked="" type="checkbox"/> Real Time Phone Search <input type="checkbox"/> Real Time MVR (up to 20) <input type="checkbox"/> Real Time MVR (up to 50) <input type="checkbox"/> Real Time MVR (up to 100) <input type="checkbox"/> Real Time MVR (up to 150) <input type="checkbox"/> Real Time MVR (up to 200)	\$17.00
Total Monthly User Fees (per user):		\$125.90
Total Monthly Minimum Amount:		\$1,636.70

All of the searches and reports included in the Price Schedule are referred to as the "Features". The User Fees include unlimited access to all Features, excluding those Features identified in Section 2.2. User Fees shall be due each month for: (i) any user ID upon which any search occurs during a calendar month; and (ii) any user ID activated on Customer's account which was not used to perform any searches and is not suspended or terminated by the close of business on the last day of such month.

2.2 Transactional Fees: Unless otherwise selected in the Price Table, the following Features shall be charged a transactional fee (the "Transactional Fees") as specified in the attached Price Schedule: Advanced Sexual Offender, Aerial Imaging, Bankruptcy Documents, Delaware Corporation Search and Report, Dun and

68229.1v2

Fax all pages of the completed Schedule A to your Account Manager
Accurint for Law Enforcement (Plan 44)

Bradstreet Search, MVR, News Searches, Court Search Wizard, Phones Plus, Property Deed Image, Real Time MVR, Real Time Person Search, Satellite Image, Sexual Offender Alerts, XML, Smart Jury and Batching Service. Features with Transactional Fees will be disabled when account is set up. Please contact your account manager at any point to have these features with Transactional Fees enabled.

2.3 Payment Amount: Customer shall pay to LN each month the greater of (i) total User Fees and applicable Transactional Fees or (ii) the total monthly minimum amount(s) as specified in the Price Table.

2.4 Annual User Fee Adjustment: At the end of the Initial Term and any Renewal Term, User Fees will be increased 3%.

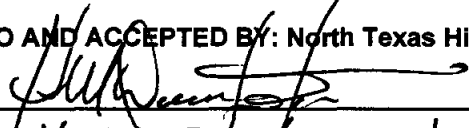
3. EXPIRATION

Unless otherwise accepted by LN, the terms herein are valid if the Schedule A is signed by the Customer and received by LN on or before 06/21/2010.

4. CONFIDENTIAL INFORMATION

This Schedule A contains confidential information of LN. Customer acknowledges that the disclosure of such information could cause competitive harm to LN, and as such, Customer agrees to maintain Schedule A in trust and confidence and take reasonable precautions against such disclosure to any third party.

AGREED TO AND ACCEPTED BY: North Texas Hidta

Signed: 

Name: H. M. DAVENDONT, Jr.

Title: NAVARRO Co. Judge

Date: 6-14-10

Accurint for Law Enforcement

(Effective 4/20/2010)

(Pricing is per hit unless otherwise indicated)

PRICE SCHEDULE (Subscription)	
ADVANCED PERSON SEARCH	Standard Feature
BANKRUPTCY SEARCH (Charged per search)	Standard Feature
Bankruptcy Report	Standard Feature
Bankruptcy Dockets (\$0.50 for first 5 pages & \$0.20 per page thereafter)	\$0.50
Bankruptcy Documents (per page, up to max charge of \$6 per document)	\$0.20
BASIC LOOKUP SEARCH (Directory Assistance)	Standard Feature
BUSINESS CREDIT SEARCH	Standard Feature
Business Credit Report	Standard Feature
BUSINESS SEARCH	Standard Feature
BUSINESSES IN THE NEWS SEARCH	\$5.00
CIVIL COURTS SEARCH (Report Included) (Charged per search)	Standard Feature
CONCEALED WEAPONS PERMIT SEARCH	Standard Feature
CORPORATION FILINGS SEARCH (Report Included except in Delaware)	Standard Feature
COURT SEARCH WIZARD (On Site) (Orders are non-refundable)	
COUNTY-LEVEL SEARCH (Additional court access fees may apply) (Not discounted)	
Criminal - 7 Year	\$25.00
Criminal - 10 Year	\$30.00
Civil Lower & Upper Court - 7 Year	\$35.00
Civil Lower & Upper Court - 10 Year	\$40.00
FEDERAL-LEVEL SEARCH (Additional court access fees may apply) (Not discounted)	
Criminal - 7 Year	\$16.00
Criminal - 10 Year	\$25.00
Civil - 7 Year	\$16.00
Civil - 10 Year	\$25.00
STATE CRIMINAL HISTORY DATABASES (Additional court access fees may apply) (Not discounted)	\$24.00
CRIMINAL RECORDS SEARCH (Charged per search)	Standard Feature
Criminal Records Report	Standard Feature
DEA CONTROLLED SUBSTANCES LICENSE SEARCH	Standard Feature
DEATH RECORDS SEARCH (Charged per search)	Standard Feature
Death Records Report (Charged per search)	Standard Feature
DELAWARE CORPORATION SEARCH	\$1.00
Delaware Corporation Report	\$11.00
DRIVER LICENSES SEARCH	Standard Feature
DUN & BRADSTREET (D&B) SEARCH	\$0.25
Dun & Bradstreet (D&B) Report	Standard Feature
FAA AIRCRAFT SEARCH (Report Included)	Standard Feature
FAA PILOT SEARCH (Report Included)	Standard Feature
FEDERAL FIREARMS & EXPLOSIVES LICENSE SEARCH	Standard Feature
FLORIDA ACCIDENTS SEARCH (Report Included)	Standard Feature
FORECLOSURES SEARCH (Report Included)	Standard Feature
HUNTING/FISHING LICENSE SEARCH	Standard Feature
INTERNET DOMAINS SEARCH	Standard Feature
LIENS & JUDGMENTS SEARCH (Charged per search)	Standard Feature
Liens & Judgments Report	Standard Feature
MARRIAGES/DIVORCES SEARCH	Standard Feature
MOTOR VEHICLES SEARCH	Standard Feature

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Fax all pages of the completed Schedule A to your Account Manager
Accurint for Law Enforcement (Plan 44)

Motor Vehicles Report	Standard Feature
MVR REPORTS (DRIVING RECORDS) (Charged per search)	
Alabama 3-year	\$12.00
Delaware	\$21.50
Florida 3-year	\$7.15
Florida 7-year	\$8.15
Illinois	\$17.00
Indiana 7-year	\$11.00
Iowa	\$13.50
Kansas	\$11.50
Maine 3-year	\$12.00
Maryland	\$14.00
Minnesota 5-year	\$7.50
Mississippi 3-year	\$16.00
Missouri 3-year	\$6.25
Nebraska 5-year	\$8.00
North Carolina 3-year/7-year	\$10.00
Ohio 3-year	\$7.00
Rhode Island 3-year	\$23.00
South Carolina 3-year	\$12.25
Tennessee 5-year	\$12.00
Utah 3-year	\$12.25
Vermont 3-year	\$13.00
West Virginia 7-year	\$10.00
MVR WILDCARD SEARCH	Standard Feature
NATIONAL UCC FILINGS SEARCH (Report Included)	Standard Feature
OFFICIAL RECORDS SEARCH (Report Included)	Standard Feature
PATRIOT ACT SEARCH (Charged per search)	Standard Feature
PEOPLE AT WORK SEARCH	Standard Feature
PEOPLE IN THE NEWS SEARCH	\$5.00
PERSON ALERTS MONITORING (Total Monthly Monitoring Transactions Per Accurant Account) (Alerts charged at regular price)	
1 - 50	Standard Feature
51 - 250	Standard Feature
251 - 500	Standard Feature
501 - 1,000	Standard Feature
1,001 - 5,000	Standard Feature
5,001 - 25,000	Standard Feature
25,001 - 10,0000	Standard Feature
PERSON SEARCH	Standard Feature
PHONES PLUS SEARCH	\$0.50
PROFESSIONAL LICENSES SEARCH (Charged per search)	Standard Feature
PROPERTY ASSESSMENT SEARCH	Standard Feature
Property Assessment Report	Standard Feature
PROPERTY DEED SEARCH	Standard Feature
Property Deed Report	Standard Feature
Property Deed Image	\$8.00
REAL TIME MVR (Charged per search)	\$3.50
REAL TIME PERSON SEARCH (Charged per search)	\$3.50
REAL TIME PHONE SEARCH	\$0.50
RELAVINT VISUAL LINK ANALYSIS (PER DIAGRAM)	Standard Feature
REVERSE LOOKUP SEARCH (Reverse Directory)	Standard Feature
SATELLITE IMAGE SEARCH	\$1.00
SEXUAL OFFENDERS SEARCH (Report Included) (Charged per search)	Standard Feature
VOTER REGISTRATION SEARCH	Standard Feature

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Fax all pages of the completed Schedule A to your Account Manager
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WATERCRAFT SEARCH	Standard Feature
Watercraft Report	Standard Feature
SUMMARY REPORT	Standard Feature
Included in this report: Address Summary, Others using SSN, Date/Location where SSN issued, Census Data, Bankruptcy Indicator, Property Indicator and Corporate Affiliations Indicator.	
ASSET REPORT	Standard Feature
Included in this report: Summary Report, Property Deeds & Assessments, Vehicle Registrations, Watercraft, FAA Pilots, FAA Aircraft and UCC Filings.	
FINDER REPORT	Standard Feature
Included in this report: Address Summary, Others using SSN, Date/Location where SSN issued, Phone Summary, Current Listed Phones, Unverified phones with Type and Date Indicators, Current Neighbor Phones, Possible Relative Phones (2 Degrees), Possible Associate Phones, Phones at Historical Addresses, Bankruptcy Filings and Corporate Affiliations.	
COMPREHENSIVE REPORT (BEST VALUE)	Standard Feature
Included in this report: Summary Report, Bankruptcy, Liens/Judgments, UCC Filings, People at Work, Driver's Licenses, Vehicle Registrations, Property, Watercraft, FAA Pilots, FAA Aircraft, Professional Licenses, Florida Accidents, Voter Registration, Hunting/Fishing Permits, Concealed Weapons Permits, Associates, Relatives (3 Degrees), Neighbors, Criminal Records and Sexual Offenders.	
COMPREHENSIVE ADDRESS REPORT	
Base Report Features: (Current and Previous Residents and Phones at Address)	Standard Feature
Additional Report Options:	
Property Ownership Current / Previous	Standard Feature
Businesses at Address	Standard Feature
Neighbors at Address	Standard Feature
Driver Licenses at Address	Standard Feature
Motor Vehicles Registered at Address	Standard Feature
Bankruptcy (Charged per search)	Standard Feature
Liens and Judgments (Charged per search)	Standard Feature
Neighborhood Profile (2000 Census)	Standard Feature
COMPREHENSIVE BUSINESS REPORT	
Base Report Features: (Name, Address and Phone Variations; Parent Company, Id Numbers and Industry Information)	Standard Feature
Additional Report Options:	Standard Feature
Bankruptcy (Charged per search) (Not discounted)	Standard Feature
Liens and Judgments (Charged per search)	Standard Feature
Corporation Filings	Standard Feature
Business Registrations	Standard Feature
UCC Filings	Standard Feature
Associated Businesses	Standard Feature
Associated People	Standard Feature
Properties	Standard Feature
Motor Vehicles	Standard Feature
FAA Aircraft	Standard Feature
Watercraft	Standard Feature
Internet Domain Names	Standard Feature
Dun & Bradstreet Records (Not Discounted)	\$3.75
IRS 5500	Standard Feature
CUSTOM COMPREHENSIVE REPORT	
Base Report Features: (Others Using Same SSN, Date and Location where SSN issued, Company Header, Address Summary, Comprehensive Report Summary)	Standard Feature
Additional Report Options:	
Associates	Standard Feature
Properties	Standard Feature
Bankruptcy (Charged per search) (Not discounted)	Standard Feature
Phones Plus	Standard Feature
People at Work	Standard Feature
UCC Filings	Standard Feature
Criminal Records (Charged per search)	Standard Feature
Sexual Offenses (Charged per search)	Standard Feature

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Florida Accidents	Standard Feature
Driver Licenses Information	Standard Feature
Motor Vehicle(s) Registration (Watercraft & Boat Trailers included)	Standard Feature
Liens and Judgments (Charged per search)	Standard Feature
Neighborhood Profile (2000 Census)	Standard Feature
Professional Licenses (Charged per search)	Standard Feature
Supplemental Data Sources (Charged per search)	Standard Feature
Neighbors (Up to 6 Neighbors at 10 Different Addresses)	Standard Feature
Relatives (Per Degree of Separation; Up to 3 Degrees)	Standard Feature
ADDITIONAL SERVICES	
Address (single)	\$0.13
Address (multiple)	\$0.16
EDA Phones (Directory Assistance) (single)	\$0.10
EDA Phones (Directory Assistance) (multiple)	\$0.12
Waterfall Phones - Directory Assistance Match, Address and Name Variations, Co-Residents, Phones Plus & Relatives; Add-ons Possible Relocation, Neighbors & People at Work (single)	\$0.23
Waterfall Phones - Directory Assistance Match, Address and Name Variations, Co-Residents, Phones Plus & Relatives; Add-ons Possible Relocation, Neighbors & People at Work (multiple)	\$0.25
Address and Phones (single)	\$0.25
Address and Phones (multiple)	\$0.30
Address and/or Phone Dedupe (per input) (single)	\$0.03
Address and/or Phone Dedupe (per input) (multiple)	\$0.04
Phones Plus	\$0.50
Real Time Phone Search	\$0.50
Real Time Motor Vehicle Registration	\$1.50
Property - Add Up to Five Properties owned by the subject	\$1.00
Consumer InstantID	\$0.65
Consumer InstantID with Fraud Defender	\$0.95
Consumer InstantID with Red Flags Rule	\$0.90
Business InstantID	\$1.30
Business InstantID with Fraud Defender	\$1.30
Multiple = 2 or more phones/addresses returned	

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Accurint for Law Enforcement (Plan 44)

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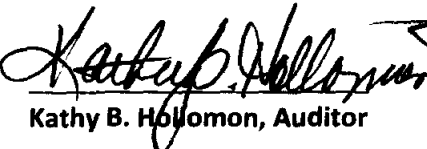
Navarro County, Texas
Special Budget Adjustment
For the Fiscal Year Ending 9/30/2010

Requested budget transfer for Victim Coordinator Liaison Grant:

Fund/Dept	Description	Current Budget	Increase (Decrease)	Revised Budget
Transfer To:	VCLG Special Revenue Fund			
475-333-010	VCLG Grant Revenue	\$0.00	\$37,241.00	\$37,241.00
475-401-103	Victim Assistance Coordinator	0.00	22,814.00	22,814.00
475-401-201	Social Security (FICA)	0.00	1,414.00	1,414.00
475-401-202	Medicare	0.00	331.00	331.00
475-401-203	Retirement	0.00	2,099.00	2,099.00
475-401-201	Group Medical Insurance	0.00	4,830.00	4,830.00
475-401-205	Unemployment Insurance	0.00	23.00	23.00
475-401-206	Workers' Compensation	0.00	71.00	71.00
475-401-310	Office Supplies	0.00	2,486.00	2,486.00
475-401-320	Operating Equipment	0.00	738.00	738.00
475-401-428	Travel/Training/Conferences	0.00	2,435.00	2,435.00
	Total Expenses	0.00	37,241.00	37,241.00
Transfer From:	District Attorney's Office			
101 380 478	District Atty - Victim Coord. Grant	\$37,241.00	(\$37,241.00)	\$0.00
101 475 103	Deputies & Assistants	\$28,817.00	(\$28,817.00)	\$0.00
101 475 201	Social Security (FICA)	1,787.00	(1,787.00)	0.00
101 475 202	Medicare	418.00	(418.00)	0.00
101 475 203	Retirement	143.00	(143.00)	0.00
101 475 204	Group Medical Insurance	5,958.00	(5,958.00)	0.00
101 475 205	Unemployment Insurance	29.00	(29.00)	0.00
101 475 206	Workers' Compensation	89.00	(89.00)	0.00
	Total Expenses	\$37,241.00	(\$37,241.00)	\$0.00


This budget adjustment is needed to move grant funded salary, benefits and office expenses for Grant Coordinator position funded by two different grants from the General Fund into a new Special Revenue Fund. Another Special Revenue Fund has been established for the new grant received after the budget was court approved and the fiscal year had already begun.

Submitted by:


Kathy B. Hollomon, Auditor

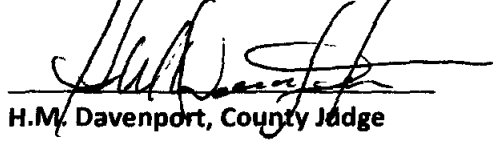
6/11/10

Submitted by:


R. Lowell Thompson,
District Attorney

6/11/10

Approved by Commissioners Ct:


H.M. Davenport, County Judge

6-14-10