

HOUSTON INDEPENDENT SCHOOL DISTRICT
RESOLUTION RELATING TO THE APPROVAL OF THE
CASH MANAGEMENT AND INVESTMENT POLICY

WHEREAS, Section 2256.005(e) of the Government Code requires the governing body to, not less than annually, adopt a written instrument stating that it has reviewed the *Investment Policy* and investment strategies and that the written instrument so adopted shall record any changes made to either the policy or strategies.

WHEREAS, the changes made to the policy include the following:

- (1) Revision for flow and continuity – Overall formatting and reorder of paragraphs revised to maintain flow and continuity; several paragraphs were reordered, renamed, and/or combined to enhance the overall flow of content.
- (2) Revision for clarity – The second paragraph titled OBJECTIVES was formatted to emphasize (using italics) the major objectives of *safety, liquidity, diversification, and rate of return (yield)*. Note: the reference to the word “yield” was added for further clarity. The following three paragraphs titled SAFETY, LIQUIDITY AND MATURITY, and DIVERSITY are removed due to redundancy, all content being addressed in other portions of the policy.
- (3) Paragraph added – PRUDENCE: This paragraph was added to include the “Prudent Person” statement relating to the standard of care that must be exercised when investing public funds. Public Funds Investment Act (PFIA) 2256.006 (a-b)
- (4) Paragraph added – ETHICS AND CONFLICT OF INTEREST: The *Investment Policy* must require the investment officer(s) to file a disclosure statement with the Texas Ethics Commission and the governing body if:
 - a. the officer has a personal business relationship with a business organization offering to engage in an investment transaction with the district (as defined in 2256.005 (i) (1-3)); or
 - b. the officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the entity. PFIA 2256.005 (i)
- (5) Paragraph added – TRAINING: Investment training is required for the treasurer, chief financial officer, and the investment officer(s) of a local government. Training must be received from an independent source, approved by the entity’s governing body or investment committee, and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA. The hours of training vary and must be completed within a specific number of months of taking office or assuming duties. Thereafter, renewal training hours must be completed every two years, concurrent with the district’s fiscal year.

- (6) Paragraph added – AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS: This replaces the paragraph titled SELLERS OF INVESTMENTS. The *Investment Policy* must require either the entity’s governing body or its Investment Committee to, at least annually, review, revise, and adopt a list of qualified brokers/dealers and financial institutions that are authorized to engage in investment transactions with the entity. PFIA 2256.025
- (7) Revision for clarity – Paragraph titled SOLICITING BIDS FOR INVESTMENTS was revised to include (1) types of individual securities that do not require bids and (2) where dealers do not offer the exact security, offers on the closest comparable investment may be used to establish a fair market price for the security.
- (8) Paragraph added – COLLATERALIZATION: The governing body must approve a written policy relating to collateralization. It should be included in the *Investment Policy* and require collateralization for all uninsured collected balances, plus accrued interest, if any. In addition, the policy should address acceptance, substitution, release, and valuation of collateral. Collateral for Public Funds, Chapter 2257, Texas Government Code
- (9) Revision for clarity – Paragraph titled SAFEKEEPING AND CUSTODY: Meaningful change to this paragraph was to relocate the “delivery vs. payment (DVP)” provision from the paragraph titled INVESTMENT AUTHORITY to this one.
- (10) Revision for clarity – Paragraph titled QUARTERLY REPORTS: Language included that the reporting is in accordance with the PFIA.

THEREFORE, BE IT RESOLVED THAT:

All the above paragraphs are incorporated and made a part of this Resolution and be it,

RESOLVED AND ORDAINED that the board has reviewed and approved the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to the *Cash Management and Investment Policy* of the Houston Independent School District, as presented May 9, 2024.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY
OF May, 2024.

HOUSTON INDEPENDENT SCHOOL DISTRICT

By: _____
President

Attest: _____
Secretary