

## ROWLETT HOUSING FINANCE CORPORATION

### Investment Policies

**WHEREAS** The Corporation adopted Investment Policies on April 25, 2018 (these “Policies”), as required by the Public Funds Investment Act, as amended, chapter 2256 of the Texas Government Code, as amended (the “Act”); and

**RESOLVED** By the Board of Directors of the Rowlett Housing Finance Corporation, the Investment Policies are as follows:

1. *Application of Policies and Investment Authority.*

(a) These Policies apply to funds owned and controlled by the Corporation and its wholly owned subsidiaries (collectively, the “Corporation”). These Policies shall remain effective until rescinded by the Corporation.

(b) The President or Vice President of the Corporation is authorized to invest the surplus funds of the Corporation in accordance with these Policies and the Act.

(c) The Corporation shall furnish a copy of these Policies to any person offering to engage in an investment transaction with the Corporation but shall not do business with the person until the person furnishes the Corporation the written acknowledgement required by section 2256.005(k) of the Act.

2. *Investment Objectives.*

In investing funds under its control, the Corporation shall primarily emphasize the safety, liquidity, and yield of its investments, and shall also consider the suitability, preservation of principal, marketability, and maturity of each investment as well as diversification of its investment portfolio.

3. *Investment Standard of Care; Disclosure of Personal Business.*

(a) The Corporation, in investing funds under its control, shall invest with judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

(b) If the Investment Officer (as hereinafter defined) has a personal business relationship with a business organization offering to engage in an investment transaction with the Corporation, the Investment Officer shall file a statement disclosing such personal relationship with the Texas Ethics Commission and the Board of Directors of the Corporation, substantially in the form attached hereto as Exhibit A.

(c) If the Investment Officer of the Corporation is related within the second degree by affinity or consanguinity, as determined under Chapter 573, Texas Government Code, to an individual seeking to sell an investment to the Corporation, the Investment Officer shall file a statement disclosing such relationship with the Texas Ethics Commission and the Board of Directors of the Corporation, substantially in the form attached hereto as Exhibit B.

4. *Authorized Investments.*

(a) The Corporation may invest the surplus funds under its control in:

(1) obligations of the United States, its agencies or instrumentalities;

(2) direct obligations of the State of Texas, its agencies or instrumentalities;

(3) obligations the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities;

(4) collateralized mortgage obligations directly issued by an agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(5) obligations of this or other states and their agencies, and of counties, cities, and other political subdivisions of these states, if the obligations are rated not less than A or its equivalent as to investment quality by a nationally recognized investment rating firm;

(6) certificates of deposit issued by state or national banks or savings banks domiciled in this state and guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by the pledge of obligations described in subdivisions (1) through (5);

(7) money market mutual funds regulated by the Securities & Exchange Commission, with a dollar weighted average portfolio maturity of 60 days or less that fully invest dollar-for-dollar all funds without sales commissions or loads and, whose investment objectives include seeking to maintain a stable net asset value of \$1 per share.

(8) a public funds investment pool, if it satisfies the requirements of sections 2256.016 and 2256.019 of the Act; or

(9) any other type of investment in which the Corporation's funds may be invested under the Act.

(b) The Corporation shall settle all securities transactions, except those involving investment pool funds, on a delivery versus payment basis.

(c) The Corporation is not required (except as provided in Section 4(d) hereof, to liquidate investments that no longer qualify as authorized investments under the Act or these Policies, if at the time such investment was purchased, such investment qualified under these Policies and the Act.

(d) An investment that requires a minimum rating under these Policies or under the Act does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Corporation shall take all prudent measures that are consistent with these Policies to liquidate an investment that does not have the minimum rating.

#### *5. Investment Officer.*

(a) The Board of Directors shall appoint an investment officer (the "Investment Officer"), who serves at the pleasure of the Board, to advise the Board of Directors in investing the surplus funds under the control of the Corporation, to periodically monitor the market price of the Corporation's investments, and to carry out the other duties imposed by the Corporation's Investment Policies and the Act. In carrying out his or her duties, the 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.

(b) The Investment Officer shall attend 10 hours of training relating to investment responsibilities conducted by an independent source approved by the Board of Directors within 12 months after taking office or assuming duties and in any case not less than once in a 2-year period.

#### *6. Quarterly Reports.*

The investment officer shall furnish the Board of Directors each fiscal quarter with a written report on the status of investments under the Corporation's control. The report must include at a minimum the information required by the Act; provided, however, that if the Corporation owns any investments other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, money market accounts or similar accounts, the reports prepared by the Investment Officer under this Section 6 shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board of Directors by such auditor.

#### *7. Annual Review of Investments and Compliance Audit.*

The Board of Directors shall annually review these Policies and the Corporation's investment strategy and objectives. It shall also direct its auditor, in conjunction with preparation of the Corporation's annual financial audit, to perform a compliance audit of management controls on the Corporation's investments and adherence to the Corporation's Investment Policies and the Act.

8. *Construction and Interpretation.*

These Policies are to be construed liberally to give the Corporation and the Investment Officer the broadest discretion possible in investing Corporation funds within the requirements of the Act.


Adopted April 25, 2018.  
Amended May 19, 2021.  
Re-adopted June 15, 2022.  
Re-adopted January 11, 2023



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President  
Karl Crawley

Attest:



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Secretary  
Rick Sheffield

**EXHIBIT A**

**DISCLOSURE OF REQUIRED PERSONAL BUSINESS INTEREST FORM**

Date

Texas Ethics Commission  
[Insert Current Address]

Dear Sir or Madam:

This letter is a disclosure statement to comply with the Public Funds Investment Act, Texas Government Code, Section 2256.005(i).

[Name of Broker/Dealer Firm] has offered to engage in an investment transaction with the Rowlett Housing Finance Corporation. As the Investment Officer of the Rowlett Housing Finance Corporation, I hereby disclose that I use [Name of Broker/Dealer Firm] for personal investment transactions.

Sincerely,

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Signature of Rowlett HFC Investment  
Officer

Name of Rowlett HFC Investment  
Officer

cc: Rowlett HFC Board of Directors

**EXHIBIT B**

**DISCLOSURE OF RELATIONSHIP WITHIN SECOND DEGREE OF AFFINITY OR CONSANGUINITY**

Date

Texas Ethics Commission  
[Insert Current Address]

Dear Sir or Madam:

This letter is a disclosure statement to comply with the Public Funds Investment Act, Texas Government Code, Section 2256.005(i).

[Name of Broker/Dealer Firm] has offered to engage in an investment transaction with the Rowlett Housing Finance Corporation. As the Investment Officer of the Rowlett Housing Finance Corporation, I hereby disclose that I am related to [Name of Individual] with [Name of Broker/Dealer Firm] within the second degree of affinity or consanguinity.

Sincerely,

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Signature of Rowlett HFC Investment  
Officer

Name of Rowlett HFC investment  
officer

cc: Rowlett HFC Board of Directors