



CARROLLTON

T E X A S

Where Connections Happen

**INVESTMENT
POLICY**

November 2023²

INVESTMENT POLICY

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INVESTMENT POLICY

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The City of Carrollton ("City") is required to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

This investment policy is intended to satisfy the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA") that an investing entity adopts and reviews an investment policy.

I. Scope

This policy applies to all financial assets and investment activities of all current funds of the City. Any new funds created in the future, unless specifically excluded hereafter, will be administered in accordance with the objectives and restrictions set forth in this investment policy.

A. **Funds Included:** All funds are managed as a pooled fund group referred as the investment pool or portfolio. Funds included in this policy are accounted for in the City's Annual Comprehensive Financial Report and are divided as follows:

- 1) Governmental Funds
- 2) Proprietary Funds

B. **Funds Excluded:** This policy shall not govern funds which are managed under separate investment programs. Such funds currently include:

- 1) Funds established by the City for deferred employee compensation plans.
- 2) City's participation in the Texas Municipal Retirement System.
- 3) Defeased bonds held in trust escrow accounts.

C. **Pooling of Funds:** Except for cash in certain restricted and special funds, the City of Carrollton will combine cash balances from all funds to maximize investment earnings.

- 1) Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
- 2) In addition, all the bond funds proceeds (to include capital projects, debt service and reserve funds) will be managed by the governing debt ordinance and the provisions of the Internal Revenue Code of 1986 applicable to the issuance of tax-exempt obligations and the investment of debt proceeds.

II. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which 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 capital as well as the probable income to be derived and taking in consideration the following:

- A. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.
- B. Investment officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

- C. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that the adequate diversification has been implemented and the terms of this policy have been followed.
- D. Investment Officers shall seek to act responsibly as custodians of the public trust and avoid any transactions that might impair public confidence in the City's ability to govern effectively.

III. Objectives

The primary objectives, in priority order, of investment activities shall be:

- A. **Safety:** The foremost and primary objective of the City's investment program is the preservation and safety of principal in the overall portfolio. To attain this objective, the City will diversify its investments to mitigate credit risk and interest risk.
- B. **Liquidity:** The City's investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- C. **Yield:** The City's investment portfolio shall be designed with the objective of attaining or exceeding a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs.

IV. Delegation of Authority

Management responsibility for the investment program has been delegated from City Manager to the Chief Financial Officer.

- A. City employees authorized to engage in investment transactions and authorized as Investment Officers are the City Manager, the Chief Financial Officer, the City Treasurer, the Financial Specialist – Treasury, and the Senior Budget and Management Analyst. Investment officer shall comply with the following:
 - 1. No person shall engage in an investment transaction except as provided under the terms of this policy, the procedures established by the Chief Financial Officer and explicit authorization to withdraw, transfer, deposit and invest the City's funds.
 - 2. Authority granted to a person to invest the City's funds is effective until rescinded or until termination of the person's employment by the City.
- B. The Chief Financial Officer and the City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls and procedures to regulate the activities of subordinate Investment Officers.

V. Investment Training

The City shall provide periodic training to ensure the quality and capability of the City's Investment Officers, and to comply with all training requirements as described in 2256.008 of the PFIA:

- A. Attend 10 hours of training relating to cash management and investment responsibilities within twelve months after assuming these duties for the City. Training must include education in investments controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA.
- B. In addition, each investment official shall receive 8 hours of training once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive years after that date.

- C. Training should be provided from an independent source (see Appendix A) approved by the City’s Audit, Finance and Governance Committee (“Finance Committee”) and City Council.

VI. Ethics and Conflicts of Interest

Investment officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions.

- A. Any Investment Officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City, as described in 2256.005(i) of the PFIA, shall file a statement disclosing that personal business interest with the Texas Ethics Commission and City Council upon discovery of the conflict.
- B. Any investment officer of the City who 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 engage in an investment transaction with the City shall file a statement disclosing that relationship with the Texas Ethics Commission and City Council upon discovery of the conflict.

VII. Authorized Brokers / Dealers and Financial Institutions

The City shall maintain an approved list of financial institutions and security broker / dealers selected by creditworthiness who are authorized to provide investment services to the City of Carrollton, Texas.

- A. Broker / dealers and financial institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule).
- B. A list of ~~approved~~ financial institutions and broker/dealer firms approved by the Finance Committee and Council shall be maintained in Appendix A of this Investment Policy document and changed as appropriate.
- C. An annual review of the financial condition, registration, competitiveness and experiences of qualified financial institutions and broker/dealers will be conducted by the City Treasurer or designee. Any changes to the list of financial institution and broker/dealer firms must be approved by the Finance Committee and Council.
- D. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following:
 - 1. Audited financial statements.
 - 2. Proof of Financial Industry Regulatory Authority (FINRA) certification.
 - 3. Proof registration with the State of Texas Securities Board.
 - 4. Completed broker/dealer questionnaire.
 - 5. Certification from all sales representatives and a qualified representative of the financial institution of having received, read, understood, and agreeing to comply with the City’s Investment Policy.

VIII. Delivery vs. Payment, Safekeeping and Custody

All marketable security transactions entered into by the City shall be executed (cleared and settled) on a delivery-versus-payment (DVP) basis and held by a third-party custodian or safekeeping custodian.

- A. Security transactions need to be evidenced by safekeeping receipts of the institution with which the securities are deposited.

- B. The safekeeping institution shall be approved by the Chief Financial Officer and City Treasurer.
- C. A safekeeping agreement must be in placed clearly defining the responsibilities of the safekeeping bank.

IX. Collateralization

Collateralization is required on depository daily bank balances, certificates of deposit and repurchase agreements.

- A. To anticipate market changes and provide a level of security for all funds, the collateralization level will not be less than 110% of market value of principal and accrued interest less an amount of \$250,000, which represents insurance by the Federal Deposit Insurance Corporation (FDIC) on certain types of bank deposits.
- B. Investment officers shall monitor the collateral daily to ensure that the market value of the securities pledged equals or exceeds the daily bank balance.
- C. Evidence of the pledged collateral shall be held with an independent third-party financial institution and documented with a custodial agreement, or a master repurchase agreement with the collateral pledged clearly listed in the agreement and confirmations. A clearly marked evidence of ownership should be provided and retained.
- D. Any substitutions of collateral must meet the requirements of the Public Funds Collateral Act, Public Funds Investment Act, and this Investment Policy. All collateral shall be subject to verification and audit by the Chief Financial Officer, City Treasurer, and the City's independent auditors.
- E. The City shall accept only the following securities as collateral:
 - 1. FDIC insurance coverage.
 - 2. General obligations of the United States of America or its agencies and instrumentalities guaranteed as to principal and interest by the United States of America.
 - 3. Fixed rate collateralized mortgage obligations, the principal and interest on which are unconditionally guaranteed by the United States of America or their respective agencies and instrumentalities and does not constitute a high-risk mortgage security as established by the Collateral For Public Funds, Chapter 2257, Texas Government Code ("Chapter 2257).
 - 4. Obligations of states, agencies thereof, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of no less than A or its equivalent.
 - 5. Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit union Share Insurance.
 - 6. Bonds issued, assumed, or guaranteed by the State of Israel.
 - 7. Letter of credit issued to the City by the Federal Home Loan Bank.

X. Authorized Investments

The City is authorized to invest in the types of securities listed below, consistent with the PFIA. Investments not specifically listed below are not permitted by this policy.

The following investments are authorized by this policy:

A. Obligations of, or guaranteed by governmental entities

As described in 2256.009 the PFIA including:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;
2. Direct obligations of the state of Texas or its agencies and instrumentalities, including the Federal Home Loan Bank;
3. Collateralized Mortgage Obligations (CMO) 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 with 5 years or less stated final maturity date;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the state of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by at least one nationally recognized investment rating firm not less than AA or its equivalent;
6. Bonds issued, assumed or guaranteed by the State of Israel; and
7. Interest-bearing banking deposits that are guaranteed or insured by:
 - a. The Federal Deposit Insurance Corporation (FDIC) or its successor; or
 - b. The National Credit Union Share Insurance or its successor.

B. Certificate of Deposit

As described in 2256.010 of the PFIA, issued by a depository institution that has its main office or a branch office in the state of Texas and meet the following requirements:

1. Certificates of deposit are:
 - a. Guaranteed or insured by the FDIC, or its successor or the National Credit Union Share Insurance Fund or its successor;
 - b. Secured by obligations that are described in 2256.009(a) of the PFIA, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than 110% of the principal amount of the certificates, but excluding those mortgage-backed securities of the nature described in 2256.009(b) of the PFIA; or
 - c. Secured in accordance with Chapter 2257 or in any other manner and amount provided by law for deposits of the City.
2. Certificates of deposit are invested in accordance with the following conditions:
 - a. The funds are invested by the City through a broker or depository institution that has a main office or branch office in the state of Texas and is selected from a list adopted by the City as required in 2256.025 of the PFIA and this policy;
 - b. The broker or the depository institution selected by the City as specified above, 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 City;

- c. 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; and
- d. The City appoints the depository institution selected by the City as required under caption "Certificates of Deposit" from, or a depository bank or a clearing broker/dealer registered with the Securities and Exchange Commission Rule 15c-3 as custodian for the City's with respect to the certificates of deposit issued for the account of the City.

C. Fully Collateralized Repurchase Agreement

As described in 2256.011 of the PFIA and meets the following conditions:

1. "Repurchase agreement" is a simultaneous agreement to buy, hold for a specified period of time and sell back at a future date, 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.
2. Has a defined termination date not to exceed 30 days after the date the security repurchase agreement is delivered.
3. Is secured by a combination of cash and obligations as stated in this Investment Policy under the Collateralization section and pledged to the City.
4. Requires the securities purchased to be held in the City's name, and deposited at the time the investment is made with the City with a third-party selected and approved by the City.
5. Is placed through a primary broker/dealer or financial institution doing business in Texas.
6. A master repurchase agreement is executed and in place prior to the investment of funds. The agreements will be required to be priced not less than once a week.
7. Funds received by the City 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.

D. Commercial Paper

As described in 2256.013 of the PFIA and meets the following conditions:

1. Has a stated maturity of 180 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 two nationally recognized credit rating agencies, or by 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.

E. Mutual Funds

As described in 2256.014 of the PFIA and complies with the following requirements:

1. No-Load Money Market Mutual Fund:
 - a. Is registered with and regulated by the Securities and Exchange Commission;
 - b. Provides the City with a prospectus and other information required by the 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.); and

- c. Complies with ~~federal-the~~ Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the investment Company Act of 1940.
2. No-Load Mutual Fund:
 - a. Is registered with the Securities and Exchange Commission;
 - b. Has an average weighted maturity of less than two years;
 - c. Is invested exclusively in obligations approved by this policy;
 - d. 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
 - e. Conforms to the requirements in section 2256.09 to 2256.016 of the PFIA.
3. The City is not authorized to:
 - a. 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;
 - b. Invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds; and
 - c. 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 herein in an amount that exceeds 10 percent of the total assets of the mutual fund.

F. Investment Pools

As described 2256.016 of the PFIA and complies with the following requirements:

1. Is authorized by the City Council to receive investment funds;
2. Invests in authorized investments permitted by this investment policy.
3. Uses amortized cost or fair value accounting and must mark its portfolio to market daily. If the investment pool uses amortized cost:
 - a. The pool shall stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places.
 - b. The governing body of pool must take action to maintain the ratio between 0.995 and 1.005 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; and
 - c. Must report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting money market funds.
4. Is continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.
5. Has an advisory board in accordance with 2256.016 of the PFIA;
6. Furnishes to the investment officers or other authorized representative:
 - a. An offering circular or other similar disclosure instrument that contains information in accordance to 2256.016 of the PFIA;
 - b. Investment transaction confirmations;

- c. A monthly report that contains in accordance to 2256.016 of the PFIA;
- d. Annual audited financial statements.

XI. Unauthorized Investments

- A. Investment officers of the City are not authorized to invest in:
 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 5 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.
 5. Cryptocurrency.
- B. An investment that requires a minimum rating under this policy does not qualify as an authorized investment during the period the investment does not have the minimum rating per 2256.021 of the PFIA. If an investment is downgraded to a rating not complying with this Investment Policy
 1. The City shall take all prudent measures to liquidate the investment that does not have the minimum required rating. The investment shall not be held more than two months from the time it was downgraded.
 2. The Chief Financial Officer and the City Treasurer with the approval of the Finance Committee may approve the temporary holding of the investment to maturity or until it is beneficial for the City to redeem the security.

XII. Bidding Process for Investments

- A. The City requires competitive bidding for all securities except for:
 1. Transactions with money market mutual funds and investment pools.
 2. Agency securities and municipal notes and bonds purchased at issue through and authorized broker/dealer at the auction or issue price.
- B. Three bids or offers must be solicited for all transactions involving individual securities from financial institutions and broker/dealers.
 - Bids or offers for a comparable security will be considered when the secondary market availability does not allow to obtain three bids or offers for an investment transaction. A comparable security will have similar structures and maturities within 15 calendar days before and after the requested security.
- C. Offers or bids may be accepted orally, in writing, electronically, or in any combination of these methods.
- D. Investment Officials for the City may accept bids for certificates of deposit and for all marketable securities either orally, in writing, electronically, or in any combination of these methods.
- E. The investment officials will strive to receive three price quotes on marketable securities being sold but may allow one broker/dealer to sell at a predetermined price under certain market conditions.

XIII. Diversification and Maximum Maturities

The City shall diversify its portfolio to reduce credit and market risk by limiting concentration of assets in a specific maturity, a specific issuer, or a security type by:

- A. Not directly investing in securities maturing more than five years from the date of purchase;
- B. Ensuring the portfolio's average dollar-weighted maturity does not exceed two and half years based on the stated maturity date of the investment;
- C. Determining and reviewing periodically the City's diversification strategies; and
 - Strategies shall be reviewed by the Chief Financial Officer and City Treasurer, and approved by the Finance Committee and City Council.
- D. Complying with the maximum stated maturity, issuer limitations and, security type limitation listed in the table below at the time of purchase of the investment:
 - The Finance Committee shall authorize purchases of securities with stated maturities or issuer and security type limitations greater than the maximum authorized in this policy.

Security Type	Maximum Stated Maturity	Issuer / Mutual Fund Limitations	Maximum Percentage of investment
U. S. Treasuries	5 Years	100% of the portfolio's book value	100% of the portfolio's book value
U.S. Agencies / Instrumentalities	5 Years	30% of the portfolio's book value	100% of portfolio's book value
Municipal Notes and Bonds	5 Years	5% of the portfolio's book value	30% of the portfolio's book value
Certificates of Deposit	5 Years	5% of the portfolio's book value	20% of the portfolio's book value
Fully Collateralized Repurchase Agreement	30 days	10% of the portfolio's book value	20% of the portfolio's book value
Commercial Paper	180 days	5% of the portfolio's book value	20% of the portfolio's book value
Mutual Funds	N/A	10% of the total assets of the mutual fund	15% of monthly average portfolio
Investment Pools	N/A	20% of the portfolio book value in one pool	40% of the portfolio book value (60%) during City Council declared state of emergency.

XIV. Investment Strategy

The City shall maintain a consolidated portfolio in which all funds under the City's control, as specified in this Investment Policy, are pooled for investment purposes. The City's portfolio will be managed in accordance with this policy and the strategies established below. Safety (preservation of principal) will be achieved by:

1. Investing in high-quality securities with active secondary or resale markets;
 2. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity. Securities of all types are purchased with the intention of holding until maturity;
 3. Portfolio maturities and potential call dates shall be staggered in a way that protects interest income from volatility of interest rates and avoids undue concentration of securities from a specific maturity or callable sector. The objective is to create a portfolio structure that will experience minimal volatility during changing economic cycles; and
 4. Monitoring rating changes in investments acquired and held.
- A. Liquidity will be achieved by:
1. Investing in short and longer-term maturities laddered to meet general operating, capital project and debt service expenditures based on projected cash flows; and
 2. Continuously investing a portion of the portfolio (60-day average of cash flows) in readily available funds such as investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- B. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.
1. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.
 2. Securities shall not be sold prior to maturity with the following exceptions:
 - a. A security with declining credit may be sold early to minimize loss of principal.
 - b. A security swap would improve the quality, yield, or target duration in the portfolio. Security swaps are allowed if maturity extensions, credit quality changes and profits or losses taken are within the other guidelines set forth in this policy.
 - c. Liquidity needs of the portfolio require that the security be sold.
 - d. If market conditions present an opportunity for the City to benefit from the sale.

XV. Marking to Market

Market price for investments acquired for the City's investment portfolio shall be priced using independent pricing sources at least monthly. When independent pricing service is unable to provide a security price, an average of the bid price of the security by three broker/dealers will be used.

XVI. Performance Standards

The investment portfolio shall be managed in accordance with the parameters specified in this Investment Policy to obtain a market average rate of return during a market/economic environment of stable interest rates. The portfolio performance shall be benchmark at least quarterly to Treasury Bills or Notes with a final maturity closest to the weighted average maturity of the portfolio.

XVII. Internal Controls and Compliance Audit

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure and procedures designed to protect the assets of the City. Procedures shall include explicit delegation of authority to persons responsible for investment transactions, and reference to safekeeping, repurchase agreements, wire transfers agreements, banking service contracts, collateral/depository agreements, broker/dealer selection criteria, and security bidding and purchase processes.

This Investment Policy and 2256.005(m) of the PFIA require an annual compliance audit of the management controls on investments and adherence to the City's established investment policies, in conjunction with its annual audit.

XVIII. Reporting

A. Monthly Reporting

The City Treasurer must provide to Accounting detail monthly reports of the City's portfolio including investment activity, amortization /accreditation, accrued interest, book value, cost value, and market value by asset type and pool for the reported month.

B. Quarterly Reporting

The City Treasurer under the direction of the Chief Financial Officer, shall submit quarterly to the Finance Committee and City Council an investment report prepared and signed by all Investment Officers in accordance to 2256.023 of the PFIA.

The City Council shall adopt a written instrument stating it has reviewed the quarterly investment reports and investment strategies. Quarterly reports must be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to Council by the auditor.

The quarterly report must contain or state the following at a minimum:

1. Description in detail the investment position of the City on the date of the report;
2. Summary statement of each pooled fund group that states the:
 - a. Beginning market value for the reporting period;
 - b. Ending market value for the reporting period;
 - c. Fully accrued interest for the reporting period;
3. Book value and market value at the end of the period of each separately invested asset by asset type and fund type invested;
4. Maturity date of each separately invested asset that has a maturity date.
5. Compliance of the investment portfolio as it relates to the strategy expressed in the City's investment policy and compliance with the laws governing the City's investments;

6. Transactions made over the last quarter.
7. Duration or average maturity of each portfolio;
8. Diversification of the City's investments; and
9. Summary of economic activity and recent financial market conditions.

XIX. Finance Committee

The Chief Financial Officer and Treasurer shall meet quarterly with the Finance Committee to review investment guidelines, diversification strategies and monitor performance. The Finance Committee shall review and approve the quarterly investment reports, the annual review and changes to the investment policy, and changes to investment guidelines and strategies.

XX. Investment Policy Review and Adoption

This policy shall be reviewed on an annual basis. Any changes must be approved by the Investment Officers, Finance Committee and City Council. A written instrument should be adopted by the City Council, not less than annually, stating the City Council has reviewed and authorized the investment strategies and the amendments, to this Investment Policy.

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APPENDIX A

Broker / Dealers and Financial Institutions Authorized To Do Business With The City of Carrollton

Alamo Capital

Frost Bank

Great Pacific Securities Inc.

Mischler Financial Group Inc.

~~Multi-Bank Securities, Inc~~

Oppenheimer & Co. Inc.

PFM Financial Advisors LLC

Raymond James & Associates Inc.

Stifel, Nicolaus & Company Inc.

Wells Fargo Securities LLC

Government Pools Authorized By City Council Resolution

(LOGIC) Local Government Investment Cooperative

(TEXPOOL) Texas Local Government Investment Pool

(TEXAS RANGE) Texas Range Investment Program

(TEXASCLASS) Texas Cooperative Liquid Assets Securities System Trust

Approved Provider of PFIA Training

University of North Texas

Government Finance Officers Association

Government Finance Officers Association of Texas

Government Treasurers' Organization of Texas

Association of Public Treasurers of the United States and Canada

Texas Municipal League

APPENDIX B

Glossary

- **Certificate of Deposit (CD):** A time deposit, with a fixed term and usually a fixed interest rate sold by banks and credit unions.
- **Collateral:** An asset that a borrower or institution pledges to secure repayment of a loan or deposits public funds.
- **Collateralized Mortgage Obligation (CMO):** A type of mortgage-backed security that contains a pool of mortgages bundled together. CMOs distribute principal and interest payments to their investors based on predetermined rules and agreements.
- **Cryptocurrency:** digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by centralized authority.
- **Commercial Paper:** An unsecured, short-term debt instrument issued by corporations for specific amount of money that is to be repaid by a specific date.
- **Duration:** A measurement of a bond's interest rate risk that considers a bond's maturity, yield, coupon and call features. These many factors are calculated into one number that measures how sensitive a bond's value may be to interest rate changes.
- **Marking To Market:** The price or value of a security, portfolio, or account to reflect the current market value rather than book or cost value.
- **Mutual Fund:** An investment program funded by shareholders that trades in diversified holdings and is professionally managed.
- **Mortgage-Backed Securities:** Bonds secured by a number of home and other real estate loans with similar characteristics pooled together.
- **Investment Pool:** An instrumentality that serves as a vehicle for investing public funds of participating governmental units where participants purchase shares or units in the pool, and assets are invested in a manner consistent with the portfolio's stated investment objectives.
- **Custodial Safekeeping:** A third-party institution, other than the seller or buyer of a security, to provide for the transfer of the financial assets. This institution also holds the client's securities on behalf of the client.