



## **NOTICE OF MEETING OF THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION**

In accordance with the order of the Office of the Governor issued March 16, 2020, the Copperas Cove EDC will conduct a telephonic meeting in order to advance the public health goal of limiting face- to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19).

Notice is hereby given that a **Regular Meeting** of the Copperas Cove Economic Development Corporation will be held on **December 16, 2020 at 12:00 p.m.**

The public may participate in this meeting by the following method:

- Dial into the tollfree number: **(888) 475-4499** and use **Meeting ID: 338 329 0057**

The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up to two hours before the meeting via email to Diane Drussell, Assistant Director at [ddrussell@coveedc.com](mailto:ddrussell@coveedc.com).

A recording of the telephonic meeting will be made and will be available to the public in accordance with the Texas Public Information Act upon request.

**A. CALL TO ORDER**

**B. INVOCATION AND PLEDGE OF ALLEGIANCE**

**C. ROLL CALL**

**D. ANNOUNCEMENTS**

**E. CITIZENS FORUM**

At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

**F. CONSENT AGENDA**

All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Regular Meeting held on November 18, 2020. **Brittany Sanders, Economic Development Specialist, Copperas Cove EDC.**

**G. PUBLIC HEARINGS**

**H. ACTION ITEMS**

1. Consideration and action on approving the unaudited financial report of the Copperas Cove Economic Development Corporation for the month of September 2020. **Velia Key, Director of Financial Services.**
2. Consideration and action on approving Resolution # EDC 2020-10 and accepting the Quarterly Investment Report as presented for the quarter ending September 2020, per the Investment Policy. **Velia Key, Director of Financial Services**
3. Consideration and action on a resolution adopting the Investment Policy of the Economic Development Corporation. **Diane Drussell, Assistant Director, Copperas Cove EDC**

**I. REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS**

1. **Jonas Titas, Executive Director, Copperas Cove EDC.**
  - Industrial Spec Building- Development Plan Discussion
  - Narrows Business and Technology Park- Land Development Discussion
  - Update on Capital Projects

**J. ITEMS FOR FUTURE AGENDAS**

**K. EXECUTIVE SESSION**

**L. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION.**

**M. ADJOURN**

The Board of Directors reserves the right to adjourn into Executive Session at any time regarding any issue on this agenda for which it is legally permissible.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the Copperas Cove Economic Development Corporation was posted at **5:00 p.m. December 11, 2020** inside the Display Case of the Copperas Cove Economic Development Corporation, 113 W. Avenue D, Copperas Cove, Texas, a place convenient and readily accessible to the general public at all time.

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Brittany Sanders, ED Specialist  
Copperas Cove EDC

**Economic Development Corporation**

**F.1.**

**Meeting Date:** December 16, 2020

**Contact:** Brittany Sanders, Economic Development Specialist, Copperas Cove EDC

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**Subject:**

Consideration and action on approval of minutes for the Regular Meeting held on November 18, 2020.

**Brittany Sanders, Economic Development Specialist, Copperas Cove EDC**

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**Attachments:**

November 18, 2020 Regular Meeting Minutes



**COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION**  
**Meeting Minutes for November 18, 2020**

In accordance with the order of the Office of the Governor issued March 16, 2020, the Copperas Cove EDC will conduct a telephonic meeting in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19).

A recording of the telephonic meeting will be made and will be available to the public in accordance with the Texas Public Information Act upon request.

**A. CALL TO ORDER**

*Chairman JC Stubbs called the Regular meeting of the Copperas Cove Economic Development Corporation to order at 12:01 p.m.*

**B. INVOCATION AND PLEDGE OF ALLEGIANCE**

*Director Rick Kirkpatrick led the Invocation and the Pledge of Allegiance.*

**C. ROLL CALL**

*Roll call led by Brittany Sanders, Economic Development Specialist*

*Present:* JC Stubbs, Chairman  
Joey Acfalle, Vice Chairman  
Jay Jackson, Secretary  
Rick Kirkpatrick, Director  
Elizabeth Ruskiewicz, Director  
Jonas Titas, Executive Director-EDC  
Diane Drussell, Assistant Director -EDC  
*Others Present:* Barbara Boulware-Wells, EDC Legal Counsel  
Ryan Haverlah- City Manager

**D. ANNOUNCEMENTS**

*Economic Development Specialist provided information on the upcoming event:*

- *City Council Workshop Meeting- December 1, 2020*

## E. CITIZENS FORUM

At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

*None*

## F. CONSENT AGENDA - All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Regular Meeting held on October 28, 2020. **Brittany Sanders, Economic Development Specialist, Copperas Cove EDC.**

*Director Rick Kirkpatrick made a motion to approve Agenda Item F1. Vice Chairman Joey Acfalle seconded the motion and with a unanimous vote, motion carried.*

## G. PUBLIC HEARINGS

*None*

## H. ACTION ITEMS

1. Consideration and action on a resolution amending the 2020/2021 Budget for the Copperas Cove Economic Development Corporation (CCEDC). **Jonas Titas Executive Director, Copperas Cove EDC.**

*Vice Chairman Joey Acfalle made a motion to approve agenda Item H1. Secretary Jay Jackson seconded the motion and with a unanimous vote, motion carried.*

2. Consideration and action on a resolution adopting the Investment Policy of the Economic Development Corporation. **Jonas Titas Executive Director, Copperas Cove EDC.**

*EDC Board accepted motion to create committee consisting of Chairman JC Stubbs and Director Elizabeth Ruszkiewicz and to bring back the resolution to December's meeting. Director Rick Kirkpatrick made a motion to approve agenda item H2. Vice Chairman Joey Acfalle seconded the motion and with a unanimous vote, motion carried.*

## I. REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS

1. Update on Capital Projects. **Jonas Titas, Executive Director, Copperas Cove EDC.**
  - Business 190 utility burial
  - Natural Gas extension to the Narrows Business and Technology Park
  - Spec Building
  - Narrows Sidewalks

**J. ITEMS FOR FUTURE AGENDAS**

- Continuation of discussion regarding EDC owned property behind Constitution Court apartments.

**K. EXECUTIVE SESSION CONVENED AT 12:15 P.M.**

Pursuant to §551.087 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss a business prospect referenced as **Project Lane**.

**L. RECONVENE INTO OPEN SESSION AT 12:27 P.M. FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION**

**M. ADJOURN**

*Chairman JC Stubbs adjourned the meeting at 12:29 p.m.*

ATTEST:

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Brittany Sanders, ED Specialist

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Jay Jackson, Secretary

**Economic Development Corporation**

**H.1.**

**Meeting Date:** December 16, 2020

**Contact:** Velia Key, Director of Financial Services

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**Subject:**

Consideration and action on approving the unaudited financial report of the Copperas Cove Economic Development Corporation for the month of September 2020. **Velia Key, Director of Financial Services**

**Description/Information:**

The Financial report for September has been prepared by the Finance Department as per the agreement between the CCEDC and the City. The report is attached for review by the Board.

**Financial Impact:**

See the attached unaudited financial report.

**Action/Recommendation:**

EDC staff recommends the Board approve the unaudited financial report for September as presented by Velia Key, Director of Financial Services.

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**Attachments:**

September 2020 Unaudited Financial Report



"The City Built for Family Living"

Finance Department

December 9, 2020

Mayor, City Council Members and Board of Directors of the Copperas Cove Economic Development Corporation:

The Finance Department is pleased to submit the Unaudited Monthly Financial Report for the month of September 2020. The Finance Department performs all financial services for the Economic Development Corporation. The month of September includes two payroll runs for the employees. The employees received their payroll checks on September 4, 2020, and September 18, 2020. Total expenditures for the month of September 2020, include 33 disbursements to various vendors. All supporting documentation is available for review at the City's Finance Department.

As of September 30, 2020, the Economic Development Corporation investment portfolio consisted of bank deposits with National United Bank and Texpool. Total cash available at month end was \$6,848,279. Interest earned during this month equals to \$950, which is a decrease of \$9,276 in comparison to \$10,226 earned in prior year 2019.

We anticipate regular monitoring of the Economic Development Corporation's financial position and we will continue to provide the City Council and the Board of Directors with information that is useful for making sound policy decisions.

Respectfully submitted,

Velia Key- Dir. of Financial Services

P.O. Drawer 1449 914 South Main Street Copperas Cove, Texas 76522  
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[www.copperascovetx.gov](http://www.copperascovetx.gov)



# Copperas Cove Economic Development Corporation

## Portfolio Summary Management Report For the Month Ended September 30, 2020

All cash balances were deposited at National United Bank and TexPool

### Portfolio as of September, 2019

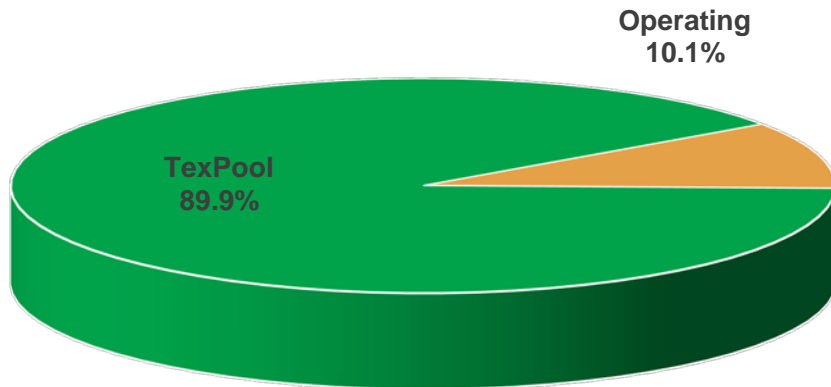
Operating Account.....	\$629,101
Texpool.....	\$5,571,639

### Portfolio as of September 30, 2020

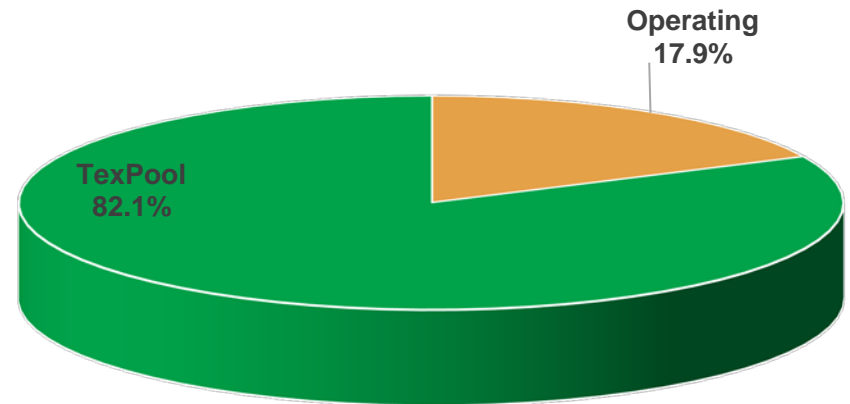
Operating Account.....	\$1,225,863
TexPool Account.....	\$5,622,416

# Copperas Cove Economic Development Corporation Portfolio Allocation Analysis

Fiscal Year 2018-19  
September 2019



Fiscal Year 2019-2020  
September 2020



Copperas Cove Economic Development Corporation  
Unaudited Financial Report  
September 30, 2020

<b>OPERATING REVENUES AND EXPENDITURES</b>
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- Year-to-date total revenue exceeded expenditures by \$718,577.
- Total Sales Tax Allocation received from the City was \$125,768.39.
- Interest earnings received for the month of September were \$950.
- Total Operating and Debt Service Expenditures for the month of September amount to \$39,089.
- Salary and benefits for the month of September 2020 amounted to \$24,611. This amount includes the salaries and benefits for three full time employees.
- The A/P runs during the month of September 2020 include the following disbursements:

Check #	Payee	Amount	Description
000778	City of Copperas Cove	\$1,019.23	Medical Benefits
000779	VOID	\$VOID	VOID
000780	City of Copperas Cove	\$1,837.05	TMRS
000781	City of Copperas Cove	\$1,019.23	Medical Benefits
000782	VOID	\$VOID	VOID
000783	City of Copperas Cove	\$1,745.75	TMRS
000784	City of Copperas Cove	\$222.15	August Invoice
000785	Cali Signs & Graphics, LLC	\$60.00	Glass Plaque
000786	CenturyLink	\$217.47	Service Period: 9/10/2020- 10/09/2020
000787	City of Copperas Cove	\$40.65	Service Period: 07/10/2020- 08/12/2020
000788	Card Service Center	\$1,061.95	Professional Dev. Board Lunches, Loop Net, & Storage
000789	Pristine Building Maintenance	\$322.50	Janitorial Services
000790	Quill Corporation	\$16.14	Cleaning Supplies

000791	Spectrum	\$142.02	Service Period: 9/12/2020- 10/11/2020
000792	Killeen Pest Control	\$55.00	Monthly Services
000793	In-house system	\$39.99	Alarm Services
000794	United Way	\$42.00	EE Deductions
000795	Texas Economic Development	\$750.00	Annual Conference
000796	Temple Economic Development	\$14.28	Wage & Benefit Study
P000797	GIS Planning	\$8,210.00	Contract Renewal
000798	Jerry L. Jackson	\$5,000.00	Mowing Services
000799	In-house System Inc	\$39.99	Alarm Services
000800	VOID	VOID	VOID
000801	Gregory Allen Harn	\$70.00	Mowing Services
000802	Samuel R. Owens	\$85.00	Repairs
A000803	The Knight Law Firm	\$332.50	July Invoice
A000804	Texas Economic Development	\$525.00	Membership Renewal
A000805	Gregory Allen Harn	\$450.00	Mowing Services
A000806	Card Service Center	\$2,317.12	Professional Dev. Board Lunches, Loop Net, & Storage
A000807	All-Tex Electric	\$1,040.00	Solar Panel & labor
A000808	Wal-Mart	\$4.95	Wrapping Accessories
A000809	The Knight Law Firm	\$792.50	August & September Invoices
A000810	City of Copperas Cove	\$46.17	Service Period: 8/12/2020- 09/17/2020
ACH Payment	Texas Mutual Insurance	\$752.00	Annual Insurance
WEB Payment	McMullin Property Management	\$1,600.00	Rent
ACH Payment	TXU	\$311.53	Monthly Services

**ECONOMIC DEVELOPMENT CORPORATION**  
**MONTHLY FINANCIAL REPORT**  
**AS OF SEPTEMBER 30, 2020 (FY 2019-2020)**

Description	Current Budget	Current Month Sept. 2020	Total Year to Date
<b>BEGINNING FUND BALANCE</b>			
Unassigned	\$ 6,364,170	\$ 6,957,760	\$ 6,364,170
<b>TOTAL BEG. FUND BALANCE</b>	<b>\$ 6,364,170</b>	<b>\$ 6,957,760</b>	<b>\$ 6,364,170</b>
<b>REVENUES:</b>			
<b>Taxes</b>			
Sales Tax	\$ 1,290,000	\$ 163,126	\$ 1,500,249
<b>Subtotal Taxes</b>	<b>\$ 1,290,000</b>	<b>\$ 163,126</b>	<b>\$ 1,500,249</b>
<b>Investment Earnings</b>			
Interest Revenue	\$ 118,000	\$ 950	\$ 54,838
<b>Subtotal Investment Earnings</b>	<b>\$ 118,000</b>	<b>\$ 950</b>	<b>\$ 54,838</b>
<b>Other Income</b>			
Sale of Property	\$ -	-	\$ 25,000
Miscellaneous Revenue	-	-	140
<b>Subtotal Other Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,140</b>
<b>TOTAL REVENUES</b>	<b>\$ 1,408,000</b>	<b>\$ 164,076</b>	<b>\$ 1,580,227</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 7,772,170</b>	<b>\$ 7,121,836</b>	<b>\$ 7,944,397</b>
<b>EXPENDITURES</b>			
<b>Administration</b>			
<b>Personnel Services</b>			
Salaries	\$ 245,908	\$ 18,848	\$ 236,191
Longevity	375	33	370
Fica Tax	18,303	1,445	18,069
Employee Insurance	16,404	1,139	13,666
Workers Compensation	508	-	-
Retirement	29,969	2,406	29,969
Other Personnel Expenses	8,546	740	8,545
<b>Total Personnel Services</b>	<b>\$ 320,013</b>	<b>\$ 24,611</b>	<b>\$ 306,810</b>
<b>Supplies &amp; Materials</b>			
Office Supplies	\$ 1,140	\$ 105	\$ 1,138
Cleaning Supplies	314	16	118
Printing Cost	1,300	-	528
Postage	400	-	357
Minor Tools	100	-	6
Furniture & Fixture	1,150	70	1,150
Minor Equipment-Electronic	1,257	114	1,257
Minor Equipment-Software	690	-	-
<b>Total Supplies &amp; Materials</b>	<b>\$ 6,351</b>	<b>\$ 305</b>	<b>\$ 4,554</b>
<b>Maintenance &amp; Repairs</b>			
Repair & Maintenance Building	\$ 11,400	\$ 799	\$ 7,437
Repair & Maintenance Facility	16,400	40	5,124
Repair & Maintenance Equipment	705	310	705
Repair & Maintenance software	18,100	-	17,778
<b>Total Maintenance &amp; Repairs</b>	<b>\$ 46,605</b>	<b>\$ 1,149</b>	<b>\$ 31,044</b>

ECONOMIC DEVELOPMENT CORPORATION  
MONTHLY FINANCIAL REPORT  
AS OF SEPTEMBER 30, 2020 (FY 2019-2020)

Description	Current Budget	Current Month Sept. 2020	Total Year to Date
<b>Expenditures (cont.)</b>			
<b>Contractual Services</b>			
Consulting Services	\$ 16,800	\$ 1,125	\$ 7,572
Advertisement	144	-	143
Communication	4,350	359	4,297
Rental of Equipment	2,100	-	1,683
Rental of Property	19,200	1,600	19,200
Dues & Subscription	10,307	1,501	10,305
Contract Labor	3,000	70	685
Professional Development	6,351	298	5,737
Professional Services	8,546	-	8,546
Provided City Services	6,214	222	3,872
Utilities	5,280	445	3,836
<b>Total Contractual Services</b>	<b>\$ 82,292</b>	<b>\$ 5,620</b>	<b>\$ 65,876</b>
<b>Designated Expenses</b>			
Insurance	\$ 6,000	\$ -	\$ 5,166
Public Relations	4,990	589	4,720
<b>Total Designated Expenses</b>	<b>\$ 10,990</b>	<b>\$ 589</b>	<b>\$ 9,886</b>
<b>TOTAL ADMINISTRATION EXPENDITURES</b>	<b>\$ 466,251</b>	<b>\$ 32,274</b>	<b>\$ 418,170</b>
<b>Non-Departmental</b>			
<b>Supplies &amp; Materials</b>			
Program/Project Supply	\$ 2,100	\$ -	\$ -
<b>Total Supplies &amp; Materials</b>	<b>\$ 2,100</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Contractual Services</b>			
Advertising	\$ 1,650	\$ 80	\$ 1,233
Dues and Subscriptions	300	-	-
Contract Labor	12,190	6,490	12,190
Business Attraction	140,081	245	139,780
Professional Services	7,328	-	7,328
<b>Total Contractual Services</b>	<b>\$ 161,549</b>	<b>\$ 6,815</b>	<b>\$ 160,531</b>
<b>Capital Outlay</b>			
Land	\$ 2,000,000	\$ -	\$ -
<b>Total Capital Outlay</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other</b>			
Grant Match	\$ 500,000	\$ -	\$ -
<b>Total Other</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL NON-DEPARTMENTAL EXPENDITURES</b>	<b>\$ 2,663,649</b>	<b>\$ 6,815</b>	<b>\$ 160,531</b>

ECONOMIC DEVELOPMENT CORPORATION  
MONTHLY FINANCIAL REPORT  
AS OF SEPTEMBER 30, 2020 (FY 2019-2020)

Description	Current Budget	Current Month Sept. 2020	Total Year to Date
<b>Expenditures (cont.)</b>			
<b>Debt Service</b>			
<b>Capital Outlay</b>			
Reliever Route Infrastructure	\$ 133,925	\$ -	\$ 133,925
<b>Total Capital Outlay</b>	<b>\$ 133,925</b>	<b>\$ -</b>	<b>\$ 133,925</b>
<b>Other</b>			
Principal 01 Sales Tax	\$ 60,000	\$ -	\$ 60,000
Principal 12 Sales Tax	40,000	-	40,000
Interest 01 Sales Tax	7,176	-	7,104
Interest 12 Sales Tax	41,920	-	41,920
<b>Total Other</b>	<b>\$ 149,096</b>	<b>\$ -</b>	<b>\$ 149,024</b>
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	<b>\$ 283,021</b>	<b>\$ -</b>	<b>\$ 282,949</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,412,921</b>	<b>\$ 39,089</b>	<b>\$ 861,650</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 4,359,249</b>	<b>\$ 7,082,747</b>	<b>\$ 7,082,747</b>

**Economic Development Corporation**

**H.2.**

**Meeting Date:** December 16, 2020

**Contact:** Velia Key, Director of Financial Services.

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**Subject:**

Consideration and action on approving Resolution # EDC-2020-10 and accepting the Quarterly Investment Report as presented for the quarter ending September 2020 per the Investment Policy.

**Velia Key, Director of Financial Services**

**Description/Information:**

The Public Funds Investment Act of Chapter 2256, Texas Government Code, requires investment management reports to be accepted by the Board. The Copperas Cove Economic Development Corporation's Investment Policy requires that the Investment Officer shall report, a detailed listing of all purchases, sales and payments, and a description of each security held as well as management summary information.

**Financial Impact:**

See attached Quarterly Investment Report for the month ending September 2020.

**Action/Recommendation:**

EDC staff recommends that the Board approves Resolution # EDC-2020-10 accepting the Quarterly Investment Report as presented for the quarter ending September 2020 per the Investment Policy.

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**Attachments:**

Resolution # EDC-2020-10





# **Quarterly Investment Report Ending as of September 30, 2020**

# *Copperas Cove Economic Development Corporation*

## *Quarterly Investment Report*

*July 1, 2020- September 30, 2020*

*The following report is submitted in accordance with the Public Funds Investment Act (Chapter 2256). The report also offers supplement not required by the Act to fully inform the Board of Directors of the position and activity within the Copperas Cove Economic Development's portfolio of investments. The report includes a management summary overview, detailed holdings report for the end of the period, and a transaction report as well as graphic representations of the portfolio to provide full disclosure to the Board.*

*The Copperas Cove EDC's portfolio is managed in full compliance with the Public Funds Investment Act, the Corporation's Investment Policy and Strategy and under the strictest safety parameters as set by the Board.*

# ***Copperas Cove Economic Development Corporation***

## *Operating Fund Quarterly Investment Report*

*July 1, 2020- September 30, 2020*

### **Portfolio Summary Management Report**

This quarterly report is in compliance with the investment policy and strategy as established by the Board and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

<u><i>Portfolio as of June 30, 2020</i></u>		<u><i>Portfolio as of September 30, 2020</i></u>	
Operating Account	\$1,191,140	Operating Account	\$1,225,863
TexPool Account	\$5,619,898	TexPool Account	\$5,622,416

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Ryan Haverlah  
City Manager

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Stephanie Potvin  
Staff Accountant III

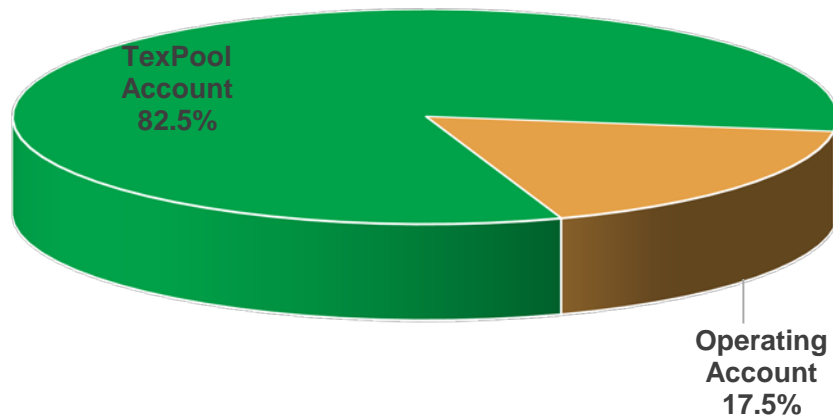
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Velia Key  
Director of Financial Services

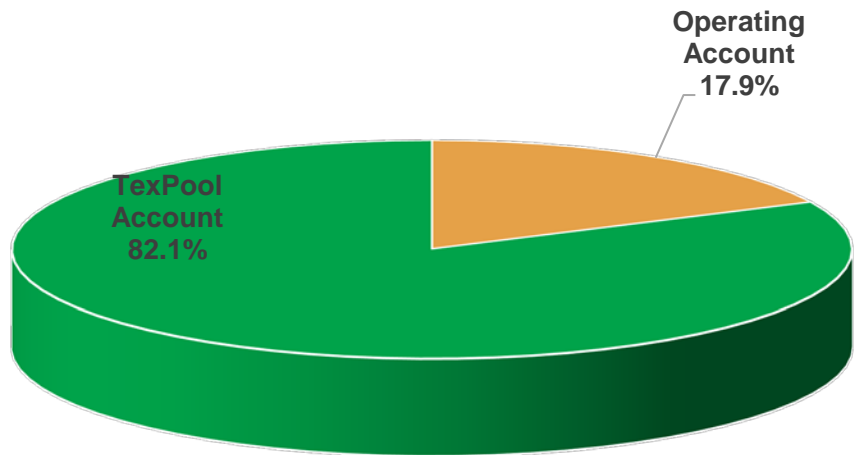
# *Copperas Cove Economic Development Corporation*

## Portfolio Allocation Analysis

Fiscal Year 2019-2020  
3<sup>rd</sup> Quarter as of June 30, 2020



Fiscal Year 2019-2020  
4<sup>th</sup> Quarter as of September 30, 2020



**RESOLUTION NO. EDC- 2020-10**  
**A RESOLUTION OF THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION,**  
**APPROVING THE INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 2020.**

**WHEREAS,** Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act,” requires the Investment Officer of the City to present s written report of investment transactions for all Economic Development Corporation’s accounts covered for the preceding reporting period to the Board of Directors; and

**WHEREAS,** this reporting is authorized by the Public Funds Investment Act; and

**WHEREAS,** the Public Funds Investment Act requires the Quarterly Investment Report be presented to the Board of Directors; and

**WHEREAS,** the attached Quarterly Investment Report complies with the Public Funds Investment Act.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE COPPERAS COVE ECONOMIC CORPORATION:**

**Section 1.**

That the Copperas Cove Economic Development Corporation has complied with the requirements of the Public Funds Investment Act, and the Quarterly Investment Report for quarter ending September 2020 attached hereto as “Exhibit A,” is hereby approved as the quarterly investment report for quarter ending September 2020 of the Corporation effective December 16<sup>th</sup>, 2020.

**PASSED, APPROVED, AND ADOPTED** on this 16<sup>th</sup> day of December 2020 at a regular meeting of the Economic Development Corporation which meeting was held in compliance with the Open Meetings Act, *Tex. Gov’t Code*, §551.001, et.seq. at which meeting a quorum was present and voting.

**ATTEST:**

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Brittany Sanders, ED Specialist

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JC Stubbs, Chairman

**APPROVED AS TO FORM:**

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The Knight Law Firm  
Copperas Cove Economic Development Corporation Attorney

**Economic Development Corporation**

**H. 3.**

**Meeting Date:** December 16, 2020

**Contact:** Diane Drussell, Assistant Director, Copperas Cove EDC

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**Subject:**

Consideration and action on a resolution adopting the Investment Policy of the Economic Development Corporation. **Diane Drussell, Assistant Director, Copperas Cove EDC**

**Description/Information:**

During the November 18, 2020 Regular Board meeting, an Investment Committee was formed to review the existing policy.

According to the Texas Government Code, Chapter 2256, also known as the "Public Funds Investment Act", the Board of Directors is required to review and adopt, by resolution, a formal investment policy on an annual basis.

The attached policy may be updated at any time during the year, but must be updated annually to satisfy the statutory requirements of the Texas Government Code 2256.005(e), which states, "The Board of Directors of an investment entity shall review its investment policy and investment strategies not less than annually. The Board 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."

The Investment Committee met to review the Investment Policy for any needed changes. The attached document now reflects the minor changes made.

Going forward, this policy will be reviewed each October during the annual meeting.

**Financial Impact:**

None

**Action/Recommendation:**

EDC Staff recommends that the Board of Directors approve Resolution #EDC 2020-09, adopting the Investment Policy of the Corporation.

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**Attachments:**

Investment Policy  
Resolution #EDC 2020-09

**RESOLUTION NO. EDC 2020-09**

**A RESOLUTION ADOPTING THE INVESTMENT POLICY AND INVESTMENT STRATEGIES FOR THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION, TEXAS.**

- WHEREAS,** Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act,” requires the Corporation to adopt an investment policy by rule, order, ordinance, or resolution; and
- WHEREAS,** This investment policy and investment strategies must be approved annually; and
- WHEREAS,** The review is authorized by the Public Funds Investment Act; and
- WHEREAS,** The Public Funds Investment Act requires the treasurer; chief financial officer, if not the treasurer; and the investment officer of the Copperas Cove Economic Development Corporation (the “Corporation”) to attend investment training; and
- WHEREAS,** The attached investment policy complies with the Public Funds Investment Act and authorizes the investment of Copperas Cove Economic Development Corporation funds in safe and prudent investments.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION:**

**Section 1.**

That the Copperas Cove Economic Development Corporation has complied with the requirements of the Public Funds Investment Act, and the investment policy attached hereto as “Exhibit A,” is hereby adopted as the investment policy of the Corporation effective December 16, 2020.

**PASSED, APPROVED, AND ADOPTED** on this 16th day of December 2020 at a regular meeting of the Corporation which meeting was held in compliance with the Open Meetings Act, *Tex. Gov’t Code*, §551.001, et.seq. at which meeting a quorum was present and voting.

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JC Stubbs, Chairman

**ATTEST:**

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Jay Jackson, Secretary

**APPROVED AS TO FORM:**

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The Knight Firm, EDC Attorney

EXHIBIT “A”  
INVESTMENT POLICY





## *INVESTMENT POLICY*

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**I. INVESTMENT AUTHORITY AND SCOPE OF POLICY**

The investment policy applies to the investment activities of the Copperas Cove Economic Development Corporation ("CCEDC"). It is the policy of the CCEDC to invest public funds in a manner, which will provide the highest investment return with the maximum security. This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Government Code Chapter 2256 to define and adopt a formal investment policy. This policy will be reviewed and adopted by resolution at least annually according to Section 2256.005(e).

Effective cash management is recognized as essential to good fiscal management. A comprehensive and effective cash management system will be pursued to optimized investment interest as viable and material revenue to all operating and capital funds. The CCEDC's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state, and federal law.

Funds Excluded. This policy according to Section 2256.004 shall not govern funds which are managed under separate investment programs. Such funds include the following:

- Deferred Employee Compensation Plans
- Texas Municipal Retirement System
- Defeased bonds held in trust escrow accounts

**II. INVESTMENT OBJECTIVES**

The primary objectives, in priority order, of the CCEDC's investment activities shall be according to section 2256.006:

Safety: Safety of principal is the foremost objective of the CCEDC. Investments of the CCEDC shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The CCEDC's investment portfolio will remain sufficiently liquid to enable the CCEDC to meet all operating requirements, which might be reasonably anticipated. Portfolio maturities will be structured to meet the obligations of the CCEDC first, and then to achieve the highest return of interest consistent with the objectives of this policy.

Yield: It will be the objective of the CCEDC to earn the maximum rate of return allowed on its investments within the policies imposed by its safety, liquidity objectives, and state and federal law governing investment of public funds.

**III. INVESTMENT COMMITTEE**

Members: The CCEDC Investment Committee will consist of members selected by the Board of Directors. The Investment Committee shall receive quarterly reports, as outlined in this policy, and monitor the results and performance of the investment portfolio. The Board of Directors shall ratify all investments made by the Investment Committee.

Scope: The Investment Committee shall include in its deliberations such topics: investment strategy,

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return on investments, market risk, economic outlook, portfolio diversification, maturity structure, potential risk to the CCEDC and authorized broker dealers.

### IV. RESPONSIBILITY AND CONTROL

Delegation. Authority to manage the CCEDC's investment program is derived from the CCEDC's Corporate Bylaws Article V, Section 11. All books and records of the Corporation will be maintained by the Corporation in a secured location. Pursuant to Section 501.073, Texas Local Government Code, the City of Copperas Cove will approve all programs and expenditures of the Corporation and annually review any financial statements of the Corporation. Further, the Corporations books and records are always available for review by the City of Copperas Cove.

The Investment Committee may designate deputies to assist with the management of the investment portfolio. The Investment Committee shall be responsible for all transactions and compliance with the internal control, insure the safekeeping, custodial, and collateral duties, consistent with this investment policy.

Management and Internal Controls. GC Section 2256.005 the Investment Committee shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the independent auditor during the annual financial audit. The controls shall be designed to reasonably prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by members of the Investment Committee.

Transaction Authority. Certain signatory responsibilities are required to transact investments. Positions authorized as depository signatories shall be the Assistant Director and the Chairman of the Board of Directors. The persons holding these positions are also designated as authorized to transact wire transfers, buy/sell, and trade investments in accordance with the goals and objectives of the CCEDC's investment strategy. Bonding of all those individuals authorized to place, purchase, or sell investment instruments shall be required. Transactions will be approved by the Board of Directors.

Prudence. In accordance with Government Code 2256.006, investments shall be made with the exercise of due care, 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 their own capital as well as the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; liquidity; and yield. This investment principle shall be applied in the context of managing the overall investment portfolio.

Training, Quality and Capability of Investment Management. It is the CCEDC's policy to provide training as required by the Public Funds Act, Sec. 2256.008, and periodic training in investments for the Executive Director, and designated investment officers. Authorized officers will be required to complete 10 hours of training within 12 months of assuming duties. Training shall be provided through courses and seminars offered by independent sources to ensure the quality, capability and competency of the Investment Officers in making investment decisions. At a minimum, the Executive Director and/or Assistant Director and Investment Officers must attend a training session once every two years and receive 8 hours of training.

Monitoring of Investments. Market value of all securities in the portfolio will be determined on a

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quarterly basis. These values will be obtained from a reputable and independent source and disclosed to the governing body in a written report.

**V. ETHICS**

Conflicts of Interest. Officers and employees directly involved in the investment process, and those authorized as depository signatories, 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.

Disclosure. Such employees shall disclose to the Executive Director any material financial interests they have in financial institutions that conduct business with the CCEDC, and shall further disclose any large personal financial or investment positions that could be related to the performance of the CCEDC's portfolio. Such employees shall subordinate their personal investment transactions to those of the CCEDC, particularly regarding the timing of purchases and sales. If the Investment Committee has a personal business relationship with an entity or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the CCEDC, the Investment Committee must file a statement disclosing that personal business interest or relationship with the Texas Ethics Commission in accordance with Government Code 2256.005 (i).

**VI. REPORTING INVESTMENT EARNING EVALUATION**

Quarterly Reports. In accordance with Government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the CCEDC's Board of Directors a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

- (1) describe in detail the investment position of the CCEDC on the date of the report;
- (2) be prepared jointly by all investment officer(s);
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement 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; and
  - C. ending market value for the period;
- (5) the quarterly investment reports shall be reviewed by the CCEDC's independent auditors, as part of the CCEDC's annual audit and the result of this review shall be reported to the CCEDC Board.

**VII. INVESTMENT TYPES**

Eligible Investments. Financial assets of the CCEDC may be invested in:

- A. Obligations of the United States or its agencies and instrumentalities, which have a stated maturity on the date of purchase of fifteen years or less.
- B. Direct obligations of the State of Texas or its agencies and instrumentalities;
- C. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas or a savings and loan association domiciled in the State of Texas and:
  - (1) is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;

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- (2) secured by obligations that are described by Section 2256.009(a) Public Funds Investment Act, but excluding those mortgages backed securities of the nature described by Section 2256.009(b) of the Public Funds Investment Act; or
- D. 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, which have a stated maturity on the date of purchase of fifteen years or less.
- E. 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 of not less than A or its equivalent, which have a stated maturity on the date of purchase of fifteen years or less.
- F. Eligible investment pools (as discussed in the Public Funds Investment Act, Sec.2256.016-2256.019) if the CCEDC Board by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from the CCEDC in authorized investments permitted by the Public Funds Investment Act.

Length of Investments. The CCEDC shall invest in instruments with scheduled maturity or duration not to exceed fifteen (15) years at the time of purchase. In the event a coupon security maturity exceeds the specified limit with a calculated duration of fifteen (15) years, the instrument will satisfy this policy requirement.

Diversification. It shall be the policy of the CCEDC to diversify the investment Portfolio. Diversification strategies shall be determined and revised periodically by the Investment Committee. In establishing specific diversification strategies, the following general constraints shall apply:

- A. Portfolio maturities shall be staggered to avoid concentration of assets in a specific maturity sector.
- B. Portfolio investment instruments shall be diversified by type.
- C. Competitive bidding of all investments must accompany diversification among security dealers.

Prohibited Investments. As outlined under GC Section 2256.009 the Investment Committee has no authority to use any of the following investment instruments, which are strictly prohibited:

- (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;
- (4) Any investment instrument which has a scheduled maturity or duration in excess of 15 years at the time of purchase;
- (5) The CCEDC investment portfolio will not invest in derivatives. For the purposes of this Investment Policy, the definition of derivatives includes instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not correlated on a one-to-one basis to the associated index or market.

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*Prohibited derivatives include the following:*

- (1) Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (I.e. Interest Rate Swaps).
- (2) Over-the-Counter/Exchange traded options or futures. (I.e. Option Contracts, Futures Contracts).
- (3) Instruments explicitly specified as follows: Collateralized Mortgage Obligations, Inverse Floating Rate Notes, Range Index Notes, Non-Money Market Index based Notes, Dual Index Notes, Index Amortizing Notes, Inverse Multi-index Bonds, Stepped Inverse Index Bonds, Inverse Index Bonds.

Allowable instruments which are not considered derivatives by the preceding definition are authorized investments listed as follows:

Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, Repurchase Agreements, Reverse Repurchase Agreements, Agency Notes with a defined maturity and fixed upon rate, Money Market Index variable rate Notes (i.e. floating rate notes tied to money market indices defined as Treasury Bills, London Interbank Offering Rate (LIBOR), Fed Funds, and Cost of Funds Index), Step-up notes, and Certificates of Deposit.

#### **VIII. SELECTION OF BANKS AND DEALERS**

Bidding Process. Depositories shall be selected through the CCEDC's banking services procurement process, which shall include a formal request for proposal (RFP) issued every five (5) years in accordance with Local Government Code Chapter 105 section 105.017. In selecting depositories, the credit worthiness of institutions shall be considered, and the Investment Committee shall conduct a comprehensive review of prospective depository's credit characteristics and financial history.

Insurability. Banks seeking to establish eligibility for the CCEDC's depository contract shall submit financial statements, evidence of Federal insurance and other information as required by the RFP.

Primary Dealers and Approved List. In accordance with 2256.005(k), a written copy of this investment policy shall be presented to any person seeking to sell to the CCEDC an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

- (1) Received and thoroughly reviewed the investment policy of the CCEDC; and
- (2) Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the CCEDC and the organization. The Investment Committee may not buy any securities from a person who has not delivered to the CCEDC an instrument in substantially the form provided above according to Section 2256.005(1).

All dealers and brokers who desire to become qualified bidders for investment transactions with the CCEDC, must be recommended by the Investment Committee and approved by the Executive Director and Chairman of the Board and the board members. Applications will be reviewed on a periodic basis and submitted for approval. The Investment Committee will maintain a list of primary dealers and brokers authorized to provide investment services to the CCEDC. The authorized list of primary dealers and brokers will be reviewed on an annual basis, and any broker/dealers who fail to meet the standards



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of this policy shall be removed from the list. All dealers and brokers who desire to become qualified bidders for investment transactions must supply the following:

- (1) Completed broker dealer questionnaire.
- (2) Proof of registration with the Texas State Securities Board.
- (3) Proof of National Association of Securities Dealers (NASD) certification.
- (4) Audited financial statements.
- (5) Written acknowledgment that the entity has read the CCEDC Investment Policy and has reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the entity and the CCEDC (Securities Broker Dealer Acknowledgment Form - Section XV).

Competitive Bidding of Investments. It is the policy of the Corporation to require competitive bidding for all individual security purchases and sales except for transactions with local government investment pools.

### IX. SAFEKEEPING AND COLLATERAL

Insurance or Collateral. All deposits and investments of CCEDC funds with commercial banks shall be secured by pledged collateral with a market value equal to no less than 100% of the deposits or investments. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by FDIC. The Executive Director or Chairman of the Board are responsible for entering into collateralization agreements with third party custodians in compliance with this policy. The agreement should specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities (safekeeping receipt) will be maintained in a secure location at the Copperas Cove EDC for proper accountability and should be retained for audit purposes.

Collateral Defined. The CCEDC shall accept only the following securities as collateral:

- A. U.S. Treasury securities maturing in less than fifteen (15) years;
- B. Short-term obligations of U.S.-Government Agencies which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- C. Federal Deposit Insurance (FDIC) coverage of principal invested;
- D. Direct or unconditionally guaranteed obligations of the State of Texas except that the city will not accept Industrial Revenue Bonds or Private Activity Bonds as pledged securities.
- E. Bonds of States, government agencies, counties, cities, or political subdivisions nationally rated "A" or above.

Subject to Audit. All collateral shall be subject to inspection and audit by the Investment Committee or the CCEDC's independent auditors.

Delivery vs. Payments. Section 2256.005(b) (4) (e) Treasury Bills, Notes, and Bonds and Government Agencies or other securities shall be purchased using the delivery vs. payment basis method. That is, funds shall not be wired or paid until verification has been made that the collateral was received by the CCEDC's Agent or the Trustee. The collateral shall be held in the name of the CCEDC. The Trustee's or Agent's records shall assure the notation of the CCEDC's ownership of or explicit claim on the securities.

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The original copy of all safekeeping receipts shall be maintained in a secure located at the CCEDC for proper accountability.

**X. INTERNAL CONTROLS**

Internal Controls. The Investment Committee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse according to section 2256.005(m). The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Investment Committee shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- (1) Control of collusion -Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- (2) Separation of transaction authority from accounting and record keeping -By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- (3) Custodial safekeeping -Securities purchased from any bank or dealer including appropriate collateral (as defined by State Law) shall be placed with an independent third party for custodial safekeeping.
- (4) Written confirmation or telephone transactions for investments and wire transfers -Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
- (5) Development of a wire transfer agreement with the lead bank or third-party custodian This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.
- (6) Documentation of transactions and strategies -By recording this necessary information, certification of investment procedures processing is accomplished.
- (7) Any security requiring a credit rating by the Act and this policy will not be authorized during the time that the security does not hold that rating. The Investment Officer will monitor, on at least a monthly basis the credit rating and should the rating fall below accepted levels, the Investment Committee should be notified in writing of the change in the portfolio.

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### XI. INVESTMENT STRATEGIES

Investment Strategies. In accordance with the Public Funds Investment Act, Section 2256.005(d), a separate written investment strategy will be developed for each of the funds under the CCEDC's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities 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;
- (6) Yield; and
- (7) Maturity restrictions.

The investment strategies to be employed by the CCEDC are:

- (1) Investment strategies for operating fund, the primary objective is to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles.
- (2) Investment strategy for special projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final maturity dates of securities held should not exceed the estimated project completion date.

### XII. POLICY

Exemption. Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Amendment. This policy shall be reviewed on an annual basis. Any changes must be approved by the Executive Director and presented to the Board of Directors in a public meeting.

### XIII. GLOSSARY

**Agencies:** Federal agency securities.

**Asked:** The price at which securities are offered.

**Bankers Acceptance (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Bid:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See offer.

**Broker:** A broker brings buyers and sellers together for a commission.

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**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced- by a certificate. Large-denomination CD's are typically negotiable.

**Collateral:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Comprehensive Annual Financial Report (CAFR):** The official annual report for the City of Copperas Cove. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**Coupon:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**Debenture:** A bond secured only with the general credit of the issuer. **Delivery Versus Payment:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Discount:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is at a discount.

**Discount Securities:** Non-interest-bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Credit Agencies:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals. e.g. S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC):** A deferral agency that insures bank deposits, currently up to \$250,000 per deposit.

**Federal Funds Rate:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB):** The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

**Federal National Mortgage Association (FNMA):** FNMA like GMNA was chartered under the Federal National mortgage Association Act in 1938. FNMA is a federal corporation working under the

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auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mac, as the corporation is called, is the private stockholder- owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans. In addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Chairmen. The Chairman of the New York Federal Reserve Bank is a permanent member, while the other Chairmen serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Federal Reserve System:** The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**Government National Mortgage Association (GNMA OR Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass through" is often used to describe Ginnie Mae'ss.

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Local Government Investment Pool (LCIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**Market Value:** The price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**Offer:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**Open Market Operations:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence

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the volume of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary Dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**Prudent Person Rule:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities by the custody state-the-so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person in discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Qualified Public Depositories:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its the Public Deposit Protection Commission to hold public deposits.

**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**Repurchase Agreement (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities & Exchange Commission:** Agency created by Congress to protect investors in securities and sale of outstanding issues following the initial distribution. SEC RULE 15C3-1: See Uniform Net Capital Rule.

**Treasury Bills:** A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury Bonds:** Long-term U.S. Treasury securities having initial maturities of more than 10 years.

**Treasury Notes:** A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as

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well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitment to purchases securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes Cash and assets easily converted into cash.

**Yield:** The rate of annual income return of an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD TO MATURITY** is current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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***XIV. COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION SECURITIES BROKER/DEALER  
ACKNOWLEDGEMENT***

In compliance with the Texas Government Code (Public Funds Investment Act) Section 2256.005 (k)-(1), acknowledges that the registered principal and all sales personnel conducting investment transactions with Copperas Cove Economic Development Corporation have received and have thoroughly reviewed the Investment Policy of the Corporation. Broker acknowledges that Broker has implemented reasonable procedures and controls to preclude imprudent investment activities arising out of the investment transactions conducted between the Corporation and Broker. Transactions between this firm and the Corporation will be directed toward protecting the Corporation from credit and market risk. This firm pledges due diligence in informing the Corporation of foreseeable risks with the financial transactions connected with this firm.

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Primary Representative, Date



**Economic Development Corporation**

**I.1.**

**Meeting Date:** December 16, 2020

**Contact:** Jonas Titas, Executive Director, Copperas Cove EDC

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### **INFORMATION**

**Subject:**

- Industrial Spec Building- Development Plan Discussion
- Narrows Business and Technology Park- Land Development Discussion
- Update on Capital Projects

**. Jonas Titas, Executive Director, Copperas Cove EDC.**

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