INVESTMENT POLICY

of the

ODESSA COLLEGE DISTRICT

Date of Review
August 25, 2026

ODESSA COLLEGE DISTRICT

Resolution

ANNUAL REVIEW OF INVESTMENT POLICY
August 25, 2026

Whereas, Sec. 2256.005 (e) of the Texas Public Funds Investment Act states:

> *"The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument* so *adopted shall record any changes made to either the investment policy or investment strategies."*;

Whereas, the investment officer has reviewed the policy and strategies with the finance committee of the board, and the investment officers have recommended no changes to the existing investment policy and investment strategies;

Be it resolved that the Board of Trustees of ODESSA COLLEGE DISTRICT has, on this date, reviewed its investment policy and strategies and the proposed changes and hereby adopts said policy and strategies.

The effective date of the Investment Policy shall be August 25, 2026

Gary S Johnson
Chair, Board of Trustees

Attest:

Judy L. Lewis
Secretary, Board of Trustees

ODESSA COLLEGE DISTRICT
INVESTMENT POLICY
August 2026

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ODESSA COLLEGE DISTRICT
INVESTMENT POLICY

ARTICLE I
PURPOSE AND OBJECTIVES

1.1 Purpose of Policy. The purpose of this Investment Policy is to provide the District with specific guidelines so that the return on available cash reserves in each of the funds under its control may be maximized while the risk to invested capital may be minimized.

1.2 Investment Objectives. Investment of funds shall be governed by the following investment objectives, **in order of priority**, for each investable fund listed in Article II.

a. **Safety of Principal** - to ensure that potential capital losses are avoided by minimizing both credit risk and interest rate risk.
   - Credit Risk – The District will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by
     - limiting investment to the safest types of investments,
     - pre-qualifying the financial institutions and broker/dealer with which the District will do investment business, and
     - diversifying the portfolio to avoid concentrations within individual financial institutions or types of investments.
   - Interest Rate Risk – The District will manage the risk that interest earnings and the market value of investments will fall due to changes in general interest rates by
     - limiting the maximum weighted average maturities of the investment pools,
     - structuring maturities to meet cash requirements to avoid the need to liquidate investments prior to maturity, and
     - diversifying maturities and staggering purchase dates to minimize the impact of interest rate movements over time.

b. **Liquidity** - by structuring maturities to enable the District to meet all cash requirements that might reasonably be anticipated. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds or local government investment pools that offer same-day liquidity. In addition, a portion of the portfolio will consist of securities with high marketability in secondary or resale markets.

c. **Yield** - to attain a market rate of return throughout budgetary and economic cycles, commensurate with prudent risk constraints and the cash flow requirements of the District. Specifically, the portfolio shall be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills with a maturity comparable to the portfolio's weighted average maturity.

d. **Public Trust** - in recognition of the District's primary educational mission and its role as a custodian of the public trust, to avoid any transaction that might impair public confidence in its ability to govern effectively.

1.3 Annual Review of Investment Policy. The Board of Trustees shall review the Investment Policy and Investment Strategy not less than annually and shall adopt a written resolution stating that it has reviewed the investment policy and investment strategies. The resolution so adopted shall record any changes made to either the investment policy or investment strategies.

ARTICLE II
SCOPE AND STRATEGY

2.1 Scope. This Investment Policy applies to all financial assets of the District which are accounted for in its annual financial report and may include:

a. **The Pooled Operating Funds** consisting of:
   1. Current unrestricted funds,
   2. Current restricted funds whose investments are required by state or federal laws or board policy,
   3. Endowment funds, and
   4. Agency funds held in trust for others.

b. **Unexpended Bond Proceeds;**

c. **Debt Service Interest and Sinking Funds;**

d. **Debt Service Reserve Funds;**

e. **Renewal and Replacement Funds;**

f. Any new fund or trust created by the District, unless specifically exempted from this Policy by the Board of Trustees or by State or Federal law.

2.2 Written Investment Strategy. Each major fund or fund group identified above has varying cash flow requirements and liquidity needs. Therefore, specific investment strategies shall be implemented and changed from time to time considering the fund's unique requirements, as well as changes in market and interest rate conditions. The Investment Officer will review the current investment strategy, make appropriate revisions, and present an updated Investment Strategy Statement as a part of each quarterly Investment Report (Article VIII). The written Investment Strategy Statement will address each of the investment objectives listed above.

a. The investment strategies for the **Pooled Operating Funds** have as their primary objective the assurance that anticipated cash flows are matched with adequate liquidity. A secondary objective is to minimize volatility during economic cycles. Preservation and stability of principal may be accomplished by purchasing high-quality, short to medium-term securities. The maximum dollar-weighted average maturity of the Pooled Operating Funds shall be 548 days, calculated using the stated final maturity dates of each security. No individual security shall have a stated final maturity of more than 5 years, and no more than 50 percent of the pooled operating funds shall be invested in securities having a stated final maturity of more than 2 years.

b. The investment strategies for **Unexpended Bond Proceeds** have as their primary objective the ability to generate a dependable revenue stream with a low degree of volatility. The investment maturity of bond proceeds (excluding reserve and debt service fund) shall generally be limited to the anticipated cash flow requirement of the "temporary period," as defined by Federal tax law. During the "temporary period," bond proceeds may be invested at an unrestricted yield, subject first to the objectives of preservation of principal and liquidity. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the funds and market conditions to achieve compliance with the applicable regulations.

c. Investment strategies for **Debt Service Interest and Sinking Funds** have as their primary objective the assurance of investment liquidity adequate to cover obligations on required payment dates. Funds shall be invested in such a manner so that the maturity date of any investment does not exceed an unfunded debt service date. The bond trustee will invest District funds that have been placed on deposit with the trustee in money market funds, local government investment pools, and U.S. government obligations with maturities matching semiannual debt service requirements.

d. Investment strategies for **Debt Service Reserve Funds** have as their primary objective the ability to generate a dependable revenue stream with a low degree of volatility. Market conditions, bond resolution covenants, and arbitrage regulation compliance will be considered when formulating Reserve Fund investment strategy. Except as otherwise required, securities should be of high quality, with short to intermediate-term maturities. Maturity limitations shall generally not exceed the call provisions of the bond resolution and shall not exceed the final maturity of the bond issue. The bond trustee will invest in securities that satisfy the Public Funds Investment Act and the terms of the trust indenture and bond resolution.

e. The investment strategies for **Renewal and Replacement Funds** have as their primary objective the assurance that anticipated cash flows are matched with adequate liquidity. As a result, the appropriate investment scenarios for these funds may change from year to year as plans are developed for the expenditure of these funds. Preservation and stability of principal may be accomplished by purchasing high-quality, short to medium-term securities. The maximum dollar-weighted average maturity of the Renewal and Replacement Funds shall be 2 years. No individual security shall have a stated final maturity of more than 5 years, with no more than 50 percent of the funds invested in securities having a stated final maturity of more than 2 years.

ARTICLE III
INVESTMENT PERSONNEL

3.1 Designated Investment Officer. The Chief Financial Officer shall be designated by resolution as the District's Investment Officer. The Investment Officer will approve all transactions conducted within the investment portfolio. The Investment Officer and Chairperson of the Finance Committee of the Board of Trustees or a designated alternate will be responsible for monitoring and reviewing all investment activity on a routine basis. The Executive Director of Finance and the Controller shall be designated as the District's Investment Officers to act in the absence of the Chief Financial Officer.

3.2 Term. Investment authority granted to the Investment Officer(s) to deposit, withdraw, invest, transfer, or manage the District's funds is effective until transcended by a resolution of the Board of Trustees.

3.3 Statement of Interest and Affiliation. Each Investment Officer shall file a statement disclosing any personal business relationships (as defined by Sec 2256.005 of the Government Code) with an entity seeking to engage in an investment transaction with the District. In addition, the Investment Officer shall file a disclosure statement if the officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573, Government Code, to an individual seeking to engage in an investment transaction with the District. Such statements must be filed with the Texas Ethics Commission and with the Board of Trustees of Odessa College.

3.4 Standard of Care. Investment decisions shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the person's own affairs, not for speculation, but for investment. The decisions shall be governed by, in order of priority, safety of principal; liquidity; and yield. The prudence of these decisions shall be determined by taking into consideration the investment of all funds in the District's portfolio and whether the decision is consistent with the District's written Investment Policy.

3.5 Personal Responsibility. The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy. The designated Investment Officers, when acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal liability.

ARTICLE IV
TRAINING REQUIREMENTS

4.1 Initial Training. The Investment Officers of the District shall attend at least one training session relating to the Officer's investment responsibilities within 6 months after taking office or assuming the investment duties. Each member of the governing board shall attend at least one training session or view the state-approved investment training video within 6 months after taking office.

4.2 Continuing Training. Thereafter, the Investment Officers must attend an investment training session not less than once in a two-year period that begins on the first day of the District's fiscal year and consists of the two consecutive fiscal years after that date from an independent source approved by the Board of Trustees. The Center for Public Management at the University of North Texas and the TexPool Academy online training program are approved by the Board of Trustees as providers of continuing investment training.

4.3 Topics. Such training shall include education in investment control, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Texas Public Funds Investment Act, as amended.

ARTICLE V
AUTHORIZED INVESTMENTS

District funds shall be invested only in the following authorized investments in accordance with the Texas Public Funds Investment Act, as amended:

5.0 Maximum Maturities: In addition to any further maturity restrictions specified in sections 5.1 through 5.9 below, the District

a. will maintain a maximum average dollar-weighted maturity of 548 days for its pooled operating funds;
b. will not invest more than 50% of pooled operating funds in securities maturing more than two (2) years from the date of purchase;
c. will not invest more than 50% of renewal and replacement funds in securities maturing more than two (2) years from the date of purchase; and
d. will not invest in any individual security maturing more than five (5) years from the date of purchase.

However, the District may invest its bond reserve funds in authorized securities exceeding these maturity limitations if the maturities are made to coincide as nearly as practicable with the expected use of the funds, do not exceed the call provisions of the bonds, and do not exceed the final maturity of the bond issue.

5.1 Obligations of, or Guaranteed by, Governmental Entities.

a. Obligations of the United States or its agencies and instrumentalities, including U.S. Treasury Bonds, U.S. Treasury Notes, and U. S. Treasury Bills;
b. Direct obligations of the state of Texas or its agencies and instrumentalities;

c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
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, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; and
e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality of not less than A by a nationally recognized investment rating firm.

5.2 Certificates of Deposit.

a. The District shall invest funds in certificates of deposit through:
    1. A broker that has its main office or a branch office in this state and is selected from a list adopted by the District as required by this policy; or
    2. A depository institution that has its main office or branch office in the state of Texas and is selected from a list adopted by the District as required by this policy;
b. The broker or depository institution shall arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions for the account of the District;
c. The full amount of the principal and accrued interest of each of the certificates of deposit must be insured by the FDIC or an instrumentality of the United States; and
d. The District shall appoint the depository institution or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to SEC Rule 15c3-3 as custodian for the certificates of deposit.

5.3 Repurchase Agreements.

a. A "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Article 5.1 above. The agreement must have a defined termination date no greater than 2 years from the date of purchase.
b. The agreement must be secured in accordance with the Texas State Public Funds Investment Act, as amended.
c. The securities must be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District.
d. The agreement must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas.

5.4 Reverse Repurchase Agreements.

a. The term must not exceed 90 days after the date the reverse repurchase agreement is delivered.
b. Money received under the terms of a reverse repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature no later than the expiration date stated in the reverse security repurchase agreement.

5.5 Bankers' Acceptances.

a. The stated maturity shall not exceed 270 days from the issuance date.
b. The investment shall be fully liquidated at maturity.
c. The investment may be used as collateral for borrowing from a Federal Reserve Bank.
d. The investment may only be accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank or of a bank holding company (of which the bank is the largest subsidiary) are rated not less than A-1, P-1, or an equivalent by at least one nationally recognized credit rating agency.

5.6 Commercial Paper.

a. The stated maturity shall not exceed 365 days from the issuance date.
b. The paper must be rated not less than A-1, P-1, or an equivalent by at least:
    1) two nationally recognized credit rating agencies; or
    2) 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.

5.7 No-Load Money Market Mutual Fund.

a. Such fund must be registered with and regulated by the Securities and Exchange Commission (SEC).
b. Such fund must have a dollar-weighted average stated maturity of not more than 90 days.
c. Such fund must include in its investment objectives the maintenance of a stable net asset value of $1 for each share.
d. The District may not invest, in the aggregate, more than 80% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such fund.
f. The District's portion may not exceed 10% of the total assets of any individual money market mutual fund.
g. Such fund must provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.

5.8 No-Load Mutual Fund.

a. The fund must be registered with the Securities and Exchange Commission (SEC).
b. The fund must have a weighted average maturity of less than 2 years.
c. The fund must be invested exclusively in obligations approved by the Texas Public Funds Investment Act, as amended.
d. The fund's investment quality must be continuously rated not less than AAA or its equivalent by at least one nationally recognized rating firm.
e. The District may not invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such fund.
f. The District may not invest any portion of bond proceeds, reserves, or funds held for debt service in mutual funds described by Article 5.8.

5.9 Public Funds Investment Pools.

a. The District must authorize investments to be made through a particular pool by resolution.

b. The investment pool must furnish to the investment officer an offering circular or another similar disclosure instrument than contains information required by Sections 2256.016 (b) through (h) of the Texas Public Funds Investment Act, as amended.

c. An investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a $1 net asset value.

d. A public funds investment pool that is managed by a state agency shall establish an advisory board in accordance with the Texas Public Funds Investment Act, as amended.

e. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

5.10 Corporate Bonds.

a. The District may invest in corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, as authorized by Section 2256.020 (Authorized Investments for Institutions of Higher Education.)

b. The District shall not invest, in the aggregate, more than 25% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such investments.

ARTICLE VI
UNAUTHORIZED INVESTMENTS

6.1 The District shall not invest in:

a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only strips);

b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal-only strips);

c. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (inverse floaters); or

d. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.

6.2 The District shall not invest any bond proceeds, interest and sinking funds, or reserve funds in any securities or obligations not otherwise authorized by the applicable bond resolution.

ARTICLE VII
INVESTMENT PROCEDURES

7.1 General.

a. All vouchers, checks, drafts, and certificates of deposit, and any other instruments necessary in the transaction of the District's financial affairs shall bear the signature of any two (2) District officers except orders for the release or exchange of securities held as collateral for the District's funds on deposit with its depository bank, which shall require a signature as set forth on the Pledged Signature Authorization Form on file with the bank.

b. Pursuant to the Texas Public Funds Investment Act, funds may be transferred by electronic means.

c. All security transactions, except investment pools and mutual funds, shall be conducted on a delivery versus payment (DVP) basis. Securities will be held by a third-party custodian and evidenced by safekeeping receipts.

d. The Investment Officer shall solicit bids for the purchase of certificates of deposit from at least three sources. The bids may be solicited orally, in writing, electronically, or in any combination of the above. Oral bids shall be recorded by the Investment Officer and shall include the bidder's name, telephone number, and date of offer.

7.2 Authorized Business Organizations.

a. The Investment Officer must present a written copy of the District's Investment Policy to each person or organization offering to engage in an investment transaction with the District.

b. The District is prohibited from purchasing investments unless the qualified representative of the business organization offering to engage in an investment transaction has signed and delivered a written instrument (in substantially the form as provided in Exhibit A) stating that the business organization:

(1) has received and reviewed this Investment Policy and

(2) has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by this investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

c. The Board of Trustees or the Finance Committee of the Board of Trustees shall annually review, revise, and adopt a list of qualified business organizations authorized to engage in investment transactions with the District.

ARTICLE VIII
REPORTING REQUIREMENTS

8.1 Internal Management Reports.

a. The Investment Officer shall prepare a written quarterly report of investment transactions.
b. The report shall be signed by the Investment Officer and presented to the Board of Trustees and the President of the College within a reasonable time after the end of the quarter.
c. The report must present detailed and summary investment information as prescribed in Section 2256.023 (b) of the Texas Public Funds Investment Act.
d. The report shall compare the portfolio's interest earnings to a performance standard. The benchmark shall be the average rate of return on 3-month U.S. Treasury Bills.
e. The report shall state the compliance of the investment portfolio as it relates to the District's Investment Strategy and the Texas Public Funds Investment Act.
f. The report shall state the investment strategy to be followed for each fund during the next quarterly reporting period.
g. If the District invests in other than money market mutual funds, investment pools, or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts, or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

8.2 Methods to Monitor Market Prices and Rating Changes

a. Market value shall be defined as the price at which a security is trading and could presumably be sold. For those securities that are not marked to market daily, market values will be determined on a quarterly basis. Acceptable methods of monitoring market prices to be reported in internal and external investment reports include:
    1. The Bid price as quoted in the Wall Street Journal, or
    2. The written bid indicator quoted by a financial institution or qualified security broker/dealer who is authorized to engage in investment transactions with the District and independent of the organization from which the security was purchased.
b. Credit ratings of investments that require a minimum rating under the Texas Public Funds Investment Act will be monitored on a monthly basis. The District will immediately liquidate any investment that does not have the minimum rating.

8.3 Audit Reports. A compliance audit of management controls on investments and adherence to this Investment Policy shall be performed in conjunction with the District's annual financial audit.

EXHIBIT A

CERTIFICATION BY BUSINESS ORGANIZATION
As required by the Texas Public Funds Investment Act

This certification is executed on behalf of **ODESSA COLLEGE DISTRICT** (the Investor) and _____ (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business organization hereby certifies on behalf of the Business organization that:

1. The undersigned is a Qualified Representative of the Business organization offering to enter an investment transaction with the Investor as such terms are used in the public funds Investment Act, Chapter 2256, Texas Government Code and

2. The Qualified Representative of the Business organization has received and reviewed the Investment Policy furnished by the Investor and

3. The Qualified Representative of the Business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the investor that are not authorized by the District's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of the Business Organization

Signature:

_____
Name

_____
Title

_____
Date

_____
Address

_____
City, State, Zip

_____