

Special, 12/22/2025 9:00:00 AM

BE IT REMEMBERED that on December 22, 2025, there was begun and holden a SPECIAL session of the Commissioners Court of Jefferson County, Texas, with the following members and officers present and participating except those absent as indicated:

Honorable Jeff Branick, County Judge

Commissioner Brandon Willis, Commissioner Pct. No. 1

Commissioner Cary Erickson, Commissioner Pct. No. 2

Commissioner Michael Sinegal, Commissioner Pct. No. 3

Commissioner Everette D. Alfred, Commissioner Pct. No. 4

Honorable Zena Stephens, Sheriff

Honorable Roxanne Acosta-Hellberg, County Clerk

When the following proceedings were had and orders made, to-wit:

Notice of Meeting and Agenda
December 22, 2025

Jeff R. Branick, County Judge
Brandon Willis, Commissioner, Precinct One
Cary Erickson, Commissioner, Precinct Two
Michael S. Sinegal, Commissioner, Precinct Three
Everette "Bo" Alfred, Commissioner, Precinct Four



**NOTICE OF MEETING AND AGENDA
OF COMMISSIONERS' COURT
OF JEFFERSON COUNTY, TEXAS
December 22, 2025**

Notice is hereby given that the Commissioners' Court of Jefferson County, Texas, will meet at **10:30 AM**, on the **22nd** day of **December 2025** at its regular meeting place in the Commissioners' Courtroom, 4th Floor, Jefferson County Courthouse, 1149 Pearl Street, Beaumont, Texas.

Said meeting will be a **Special** meeting for the purpose of transacting the routine business of the County. Persons with disabilities requiring auxiliary aids for services who wish to attend this meeting should contact the County Judge's Office to arrange for assistance.

In addition to the routine business of the County, the subject of said meeting will be the following:

Jefferson County has taken steps to minimize the exposure of COVID-19 by implementing the following steps to allow the public to view the Commissioner's Court meeting.

The following options are available:

**View live with audio from the County Webpage:
https://co.jefferson.tx.us/comm_crt/commlink.htm**

Listen to audio by calling 347-973-4395, conference id 113569383# The court will also have a time for public comments at the beginning of the meeting. If you would like to speak at that time, please be on the phone call. The Court will allow public comments related to items on the agenda that

Notice of Meeting and Agenda
December 22, 2025

day at the beginning of the meeting. Public comments will be limited to 3 minutes per person.

Please be mindful that the audio portion of this meeting will be of better quality from the website.

INVOCATION: Brandon Willis, Commissioner, Precinct One

PLEDGE OF ALLEGIANCE: Cary Erickson, Commissioner, Precinct Two

Notice of Meeting and Agenda
December 22, 2025

COUNTY AUDITOR:

- (a).Consider and approve budget transfer - Mosquito Control - additional cost for truck.

SEE ATTACHMENTS ON PAGES 8 - 8

124-5081-448-6042	TRUCKS & TRAILERS	\$1,100.00	
124-5081-448-4007	AIRPLANE		\$1,100.00

Motion by: Erickson

Second by: Alfred

In Favor: Branick, Willis, Erickson, Sinegal, Alfred

Action: APPROVED

- (b).Consider and approve electronic disbursement for \$964,912.22 to State Comptroller
 for Intergovernmental Governmental Transfer for Jefferson County LPPF for the
 Hospital Augmented Reimbursement Program.

SEE ATTACHMENTS ON PAGES 9 - 9

Motion by: Erickson

Second by: Alfred

In Favor: Branick, Willis, Erickson, Sinegal, Alfred

Action: APPROVED

- (c).Regular County Bills – check #535107 through check #535293.

SEE ATTACHMENTS ON PAGES 10 - 16

Motion by: Erickson

Second by: Alfred

In Favor: Branick, Willis, Erickson, Sinegal, Alfred

Action: APPROVED

COUNTY COMMISSIONERS:

- (a).Consider, possibly approve, authorize the County Judge to execute, receive and file the annual Certification of Loaned Government Property for the torpedo displayed at Veterans Memorial Park.

SEE ATTACHMENTS ON PAGES 17 - 18

Notice of Meeting and Agenda
December 22, 2025

Motion by: Alfred
Second by: Erickson
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

COUNTY TREASURER:

- (a).Receive and File Investment Schedule for November, 2025, including the year to date total earnings on County funds.

SEE ATTACHMENTS ON PAGES 19 - 21

Motion by: Sinegal
Second by: Willis
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

- (b).Consider and possibly approve, review, receive and file the 2025-2026 Jefferson County Investment Policies and Procedures.

SEE ATTACHMENTS ON PAGES 22 - 81

Motion by: Sinegal
Second by: Willis
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

ENGINEERING DEPARTMENT:

- (a).Consider, approve, ratify, receive, and file payment and damage release document for damages associated with Pipeline Construction Permits 03-P-24 and 07-OW-24 and the Road Use Agreement from Enterprise Ethane Pipeline LLC, for road damages in Jefferson County Precinct 4.

SEE ATTACHMENTS ON PAGES 82 - 87

Motion by: Alfred
Second by: Erickson
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

SHERIFF'S DEPARTMENT:

- (a).Please receive and file fully executed Modification 28 of Intergovernmental Agreement 78-01-077 with the USMS for the operational per-diem rate for prisoners.

SEE ATTACHMENTS ON PAGES 88 - 88

Notice of Meeting and Agenda
December 22, 2025

Motion by: Sinegal
Second by: Willis
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

- (b). Consider and possibly approve a Resolution recognizing Jamie A. Miller for her 27 years and 1 month of service to the Jefferson County Sheriff's Office and wishing her well in retirement.

SEE ATTACHMENTS ON PAGES 89 - 89

Motion by: Sinegal
Second by: Willis
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

- (c). Please receive and file fully executed Memorandum of Understanding between the Jefferson County Sheriff's Office and the Hardin County Sheriff's Office to assist with the care and rehabilitation of a malnourished horse.

SEE ATTACHMENTS ON PAGES 90 - 91

Motion by: Sinegal
Second by: Willis
In Favor: Branick, Willis, Erickson, Sinegal, Alfred
Action: APPROVED

OTHER BUSINESS:

*****DISCUSSION ON ANY OTHER ITEM NOT ON AGENDA
WITHOUT TAKING ACTION.**

Receive reports from Elected Officials and staff on matters of community interest without taking action.

Possible Consideration and approval of Resolutions or Proclamations not to be read during court.

Jeff R. Branick
County Judge

Notice of Meeting and Agenda
December 22, 2025

Special, December 22, 2025

There being no further business to come before the Court at this time, same is now here adjourned on this date, December 22, 2025.

Jefferson County Mosquito Control District

Organized in 1950

Denise Marcel, Director

8905 First Street

Beaumont, Texas 77705

Phone: (409) 719-5940

Fax: (409) 727-4176

Denise.Marcel@jeffersoncountytexas.gov



Advisory Commission:

Dr. M. O. Way, Chairman

Jaime Batiste, Secretary

George Mitchell

Jerry Hinson

Reginald Boykins Sr.

Rufus LaVergne

December 11, 2025

Good morning, Mrs. Fran,

This is a request to transfer funds in the amount of \$1,100 from line item 124-5081-448-4007 which is Airplane Maintenance to line item 124-5081-448-6042 which is Capital Outlay/Trucks & Trailers. This transfer request is to cover the cost difference to purchase two new trucks that were included in my 2025 - 2026 budget.

If you have any questions please give me a call at extension 5923.

Thank you

Denise Marcel



FFY26 HARP Advance - Jefferson LPPF

From Kimberly Lam <Kimberly@ahcv.com>

Date Tue 12/16/2025 11:21 AM

To Rebekah Patin <Rebekah.Patin@jeffersoncountytx.gov>; Fran Lee <Fran.Lee@jeffersoncountytx.gov>

Cc Justin Flores <justin@ahcv.com>; Colt Sullivan <colt@ahcv.com>; Sherra Mershon <smershon@ahcv.com>;
Caroline Simpson <caroline@ahcv.com>

 1 attachment (275 KB)

FFY26 HARP Advance IGT Alloc Model - Jefferson LPPF.xlsx;

Caution! This message was sent from outside your organization.

[Allow sender](#) | [Block sender](#)

Hello, Jefferson County Team,

As you know, the upcoming HARP FFY26 Advance IGT is taking place on **Monday, January 5th, 2026**. Accordingly, the hospitals participating in the Jefferson LPPF would like to request the following IGT amount noted below. (Please review the accompanying allocation.)

FFY26 Advance – total requested IGT amount \$964,912.22

HHSC requires this amount to be entered into TexNet no later than the close of business **1/5/2026 with a settlement date of 1/6/2026**. These funds will need to be placed in the “HARP Private” bucket. Upon successful completion of the IGT, please submit the PDF of the TexNet Trace Sheets and allocation forms to hscpdfharppayments@hhs.texas.gov.

AHCV also kindly requests to be copied on the TexNet submission to HHSC on or before the deadline noted above.

Please do not hesitate to contact us with any questions.

Regards,

Kimberly Lam | Finance Manager
Adelanto HealthCare Ventures L.L.C.
401 W. 15th Street, Suite 840
Austin, TX 78701
Cell: 626-322-7837
<http://www.ahcv.com/>

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 1
NAME	AMOUNT	CHECK NO. 10 TOTAL
JURY FUND		
CHAPMAN VENDING	1,031.00	535255
ROAD & BRIDGE PCT.#1		1,031.00**
ENTERGY	598.27	535148
ROAD & BRIDGE PCT.#2		598.27**
SPIDLE & SPIDLE	4,640.80	535127
ENTERGY	693.35	535148
ACE IMAGEWEAR	19.92	535165
AT&T	98.26	535174
CENTERPOINT ENERGY RESOURCES CORP	159.74	535204
ROAD & BRIDGE PCT. # 3		5,612.07**
SOUTHERN TIRE MART, LLC	756.60	535181
CENTERPOINT ENERGY RESOURCES CORP	62.45	535204
WHITE CAP CONST SUPPLY	390.94	535208
ON TIME TIRE	125.00	535226
SAM'S CLUB DIRECT	659.12	535229
ODP BUSINESS SOLUTIONS, LLC	167.63	535264
TEXAS MATERIALS	11,894.85	535280
AMERICAN WELDING AND GAS INC	299.99	535292
ROAD & BRIDGE PCT.#4		14,356.58**
AT&T	56.13	535174
US BANK NATIONAL ASSOCIATION	44.25	535288
ENGINEERING FUND		100.38**
VERIZON WIRELESS	111.66	535191
AMAZON CAPITAL SERVICES	657.38	535267
PARKS & RECREATION		769.04**
ENTERGY	1,128.11	535148
WARREN EQUIPMENT CO.	364.22	535176
LOWE'S HOME CENTERS, INC.	406.58	535198
RALPH'S INDUSTRIAL ELECTRONICS SUPP	306.82	535265
GENERAL FUND		2,205.73**
TAX OFFICE		
UNITED STATES POSTAL SERVICE	730.04	535193
ODP BUSINESS SOLUTIONS, LLC	1,681.04	535264
COUNTY HUMAN RESOURCES		2,411.08*
CASH ADVANCE ACCOUNT	823.27	535153
UNITED STATES POSTAL SERVICE	.74	535193
US BANK NATIONAL ASSOCIATION	598.00	535288
AUDITOR'S OFFICE		1,422.01*
UNITED STATES POSTAL SERVICE	15.74	535193
ODP BUSINESS SOLUTIONS, LLC	282.24	535264
ERICA BELL	34.30	535290
COUNTY CLERK		332.28*
JEFFERSON CTY. CLERK	48.50	535125
FED EX	34.81	535145
UNITED STATES POSTAL SERVICE	275.97	535193
AMAZON CAPITAL SERVICES	314.97	535267
COUNTY JUDGE		674.25*
JOHN EUGENE MACEY	500.00	535156

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 2
NAME	AMOUNT	CHECK NO. 11 TOTAL
TAMARA DEROUEN	200.00	535179
UNITED STATES POSTAL SERVICE	12.58	535193
KATY LEIGH CORCORAN	500.00	535215
JERRY JOHN BRAGG	500.00	535217
GREGORY LAW FIRM	1,000.00	535224
MONTGOMERY COUNTY CLERK	425.00	535228
JAMES M BLACK	500.00	535242
THE BRINKLEY LAW FIRM, PC	500.00	535256
ODP BUSINESS SOLUTIONS, LLC	132.37	535264
		4,269.95*
RISK MANAGEMENT		
UNITED STATES POSTAL SERVICE	3.25	535193
		3.25*
COUNTY TREASURER		
UNITED STATES POSTAL SERVICE	107.41	535193
		107.41*
PRINTING DEPARTMENT		
LINDENMEYR MUNROE	90.40	535253
		90.40*
PURCHASING DEPARTMENT		
THE EXAMINER	506.25	535143
PORT ARTHUR NEWS, INC.	803.72	535159
UNITED STATES POSTAL SERVICE	9.06	535193
AMAZON CAPITAL SERVICES	21.24	535267
		1,340.27*
GENERAL SERVICES		
THE LABICHE ARCHITECTURAL GROUP	2,000.00	535131
JEFFERSON CTY. APPRAISAL DISTRICT	311,726.93	535152
CASH ADVANCE ACCOUNT	30.00	535153
CHAPMAN VENDING	85.91	535255
		313,842.84*
DATA PROCESSING		
DELL MARKETING L.P.	220,282.50	535139
SHI GOVERNMENT SOLUTIONS, INC.	321.37	535195
		220,603.87*
VOTERS REGISTRATION DEPT		
UNITED STATES POSTAL SERVICE	18.50	535193
		18.50*
ELECTIONS DEPARTMENT		
UNITED STATES POSTAL SERVICE	14.77	535193
PENSKE TRUCK LEASING CO LP	3,120.17	535202
		3,134.94*
DISTRICT ATTORNEY		
UNITED STATES POSTAL SERVICE	68.25	535193
ODP BUSINESS SOLUTIONS, LLC	58.74	535264
		126.99*
DISTRICT CLERK		
COUNTY & DISTRICT CLERK ASSN. OF TX	150.00	535178
UNITED STATES POSTAL SERVICE	258.60	535193
CHAPMAN VENDING	219.80	535255
ODP BUSINESS SOLUTIONS, LLC	61.77	535264
		690.17*
CRIMINAL DISTRICT COURT		
THOMAS J. BURBANK PC	1,500.00	535137
MARSHA NORMAND	8,750.00	535157
UNITED STATES POSTAL SERVICE	10.73	535193
ADA V. CHRISTY, CSR	308.00	535200
		10,568.73*
58TH DISTRICT COURT		
SOUTHEAST TEXAS WATER	39.95	535172
UNITED STATES POSTAL SERVICE	.74	535193

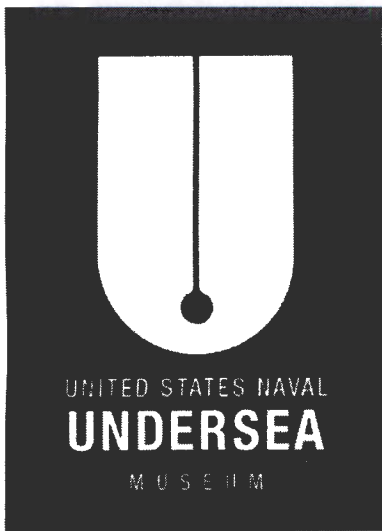
PGM: GMCOMMV2	DATE 12-23-2025		PAGE: 3
NAME	AMOUNT	CHECK NO. 12	TOTAL
ODP BUSINESS SOLUTIONS, LLC	161.46	535264	
US BANK NATIONAL ASSOCIATION	103.89	535288	
60TH DISTRICT COURT			306.04*
UNITED STATES POSTAL SERVICE	.74	535193	
TONYA JACKSON	695.00	535205	
136TH DISTRICT COURT			695.74*
UNITED STATES POSTAL SERVICE	1.03	535193	
LEXIS-NEXIS	125.00	535194	
252ND DISTRICT COURT			126.03*
DOUGLAS M. BARLOW, ATTORNEY AT LAW	1,518.75	535132	
THOMAS J. BURBANK PC	3,300.00	535137	
MIKE VAN ZANDT	8,750.00	535175	
SUMMER TANNER	363.00	535207	
M.K. HAMZA, PHD, P.A.	1,800.00	535230	
JENNIFER DELAGE	900.00	535237	
279TH DISTRICT COURT			16,631.75*
SOUTHEAST TEXAS WATER	14.95	535173	
DONEANE E. BECKCOM	220.00	535196	
JENNIFER DELAGE	4,620.00	535237	
THE LAW OFFICE OF CHRISTY L CAUTHEN	902.64	535272	
EVA COLETTE SHELANDER	1,760.00	535286	
317TH DISTRICT COURT			7,517.59*
THOMAS J. BURBANK PC	350.00	535137	
LAIRON DOWDEN, JR.	1,125.00	535140	
KEVIN PAULA SEKALY PC	325.00	535163	
SOUTHEAST TEXAS WATER	16.95	535168	
CHARLES ROJAS	1,150.00	535183	
LANGSTON ADAMS	2,125.00	535199	
RONALD PLESSALA	650.00	535213	
JUSTICE COURT-PCT 1 PL 1			5,741.95*
SOUTHEAST TEXAS WATER	44.70	535170	
UNITED STATES POSTAL SERVICE	56.50	535193	
JUSTICE COURT-PCT 1 PL 2			101.20*
UNITED STATES POSTAL SERVICE	18.79	535193	
JUSTICE COURT-PCT 4			18.79*
AT&T	56.13	535174	
JUSTICE COURT-PCT 6			56.13*
UNITED STATES POSTAL SERVICE	40.44	535193	
DIRECTV, LLC	111.99	535257	
COUNTY COURT AT LAW NO.1			152.43*
UNITED STATES POSTAL SERVICE	2.96	535193	
TINA M GRANGER	522.75	535289	
COUNTY COURT AT LAW NO. 2			525.71*
DAVID GROVE	350.00	535128	
JACK LAWRENCE	350.00	535129	
DONALD BOUDREAUX	350.00	535135	
UNITED STATES POSTAL SERVICE	177.60	535193	
LAURIE PEROZZO	700.00	535216	
THE LAW OFFICE OF CHRISTY L CAUTHEN	700.00	535272	
UNITED STATES TREASURY	350.00	535275	
COUNTY COURT AT LAW NO. 3			2,977.60*

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 4
NAME	AMOUNT	CHECK NO. 13 TOTAL
TODD W LEBLANC	350.00	535126
DAVID GROVE	350.00	535128
A. MARK FAGGARD	700.00	535144
MARVA PROVO	1,525.00	535160
UNITED STATES POSTAL SERVICE	21.46	535193
LANGSTON ADAMS	775.00	535199
JOEL WEBB VAZQUEZ	700.00	535203
KIMBERLY PHELAN, P.C.	850.00	535206
MATUSKA LAW FIRM	425.00	535233
LAW OFFICE OF GILES R COLE & ASSOC	775.00	535254
THE LAW OFFICE OF CHRISTY L CAUTHEN	700.00	535272
BLUE TRITON BRANDS INC	159.44	535282
COURT MASTER		7,330.90*
SOUTHEAST TEXAS WATER	16.95	535169
LAWRENCE E THORNE III	7,114.59	535220
KENT W JOHNS	500.00	535223
MEDIATION CENTER		7,631.54*
BEAUMONT TROPHIES	1,143.87	535134
ODP BUSINESS SOLUTIONS, LLC	291.95	535264
US BANK NATIONAL ASSOCIATION	4,178.00	535288
COMMUNITY SUPERVISION		5,613.82*
REDWOOD TOXICOLOGY LABORATORY, INC	1,451.13	535210
VECTOR SECURITY	516.00	535238
SHERIFF'S DEPARTMENT		1,967.13*
J.S. EDWARDS & SHERLOCK INS. AGENCY	71.00	535142
ENTERGY	651.67	535148
KIRKSEY'S SPRINT PRINTING	49.90	535154
AT&T	147.39	535174
OCARC INC	2,400.00	535180
UNITED STATES POSTAL SERVICE	757.40	535193
LOWE'S HOME CENTERS, INC.	474.05	535198
RITA HURT	275.00	535225
GALLS LLC	236.76	535235
3L PRINTING COMPANY	40.00	535236
BEAUMONT OCCUPATIONAL SERVICES	75.90	535269
US BANK NATIONAL ASSOCIATION	287.00	535288
CRIME LABORATORY		5,466.07*
AGILENT TECHNOLOGIES	756.25	535130
QUALTRAX COMPLIANCE SOFTWARE	14,475.30	535221
NMS LABS	17,435.25	535222
ODP BUSINESS SOLUTIONS, LLC	50.65	535264
LGC STANDARDS	486.62	535284
JAIL - NO. 2		33,204.07*
ECOLAB	10,774.00	535141
ROMERO GLASS CO.	1,113.00	535162
AT&T	39.95	535174
WHOLESALE ELECTRIC SUPPLY CO.	1,075.69	535177
LOWE'S HOME CENTERS, INC.	603.81	535198
TEXAS GAS SERVICE	879.83	535201
KUBOTA TRACTOR CORPORATION	17,972.72	535218
THOMSON REUTERS-WEST	3,938.21	535231
DARR EQUIPMENT CO	7,215.82	535239
TRINITY SERVICES GROUP INC	51,251.15	535246
ODP BUSINESS SOLUTIONS, LLC	2,683.51	535264
MASSEY SERVICES INC	1,800.00	535278
US BANK NATIONAL ASSOCIATION	43.55	535288
JTS	15,019.32	535293
JUVENILE PROBATION DEPT.		114,410.56*
UNITED STATES POSTAL SERVICE	3.70	535193
JUVENILE DETENTION HOME		3.70*

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 5
NAME	AMOUNT	CHECK NO. 14 TOTAL
HANDLE WITH CARE BEHAVIOR	625.00	535197
CENTERPOINT ENERGY RESOURCES CORP	243.63	535204
BIG THICKET PLUMBING INC	1,513.67	535240
CONSTABLE PCT 1		2,382.30*
UNITED STATES POSTAL SERVICE	19.71	535193
CONSTABLE-PCT 4		19.71*
AT&T	56.13	535174
DISH NETWORK	99.43	535209
CONSTABLE-PCT 6		155.56*
UNITED STATES POSTAL SERVICE	11.23	535193
COUNTY MORGUE		11.23*
FORENSIC MEDICAL	98,280.00	535244
AGRICULTURE EXTENSION SVC		98,280.00*
CASH ADVANCE ACCOUNT	218.12	535153
KIRKSEY'S SPRINT PRINTING	24.95	535154
SOUTHEAST TEXAS WATER	16.95	535171
ODP BUSINESS SOLUTIONS, LLC	106.84	535264
REBECCA CARPENTER	47.47	535270
JENNIFER COLEMAN	28.78	535285
US BANK NATIONAL ASSOCIATION	249.75	535288
HEALTH AND WELFARE NO. 1		692.86*
BROUSSARD'S MORTUARY	900.00	535136
UNITED STATES POSTAL SERVICE	83.27	535193
BLUE TRITON BRANDS INC	97.93	535283
INDIGENT MEDICAL SERVICES		1,081.20*
CARDINAL HEALTH 110 INC	367.59	535232
ODP BUSINESS SOLUTIONS, LLC	181.74	535264
MAINTENANCE-BEAUMONT		549.33*
THE LABICHE ARCHITECTURAL GROUP	7,000.00	535131
W.W. GRAINGER, INC.	229.14	535146
M&D SUPPLY	733.87	535155
LOWE'S HOME CENTERS, INC.	455.05	535198
FIRETROL PROTECTION SYSTEMS, INC.	3,732.00	535214
FRIENDS OF THE TEXAS HISTORICAL	195.00	535219
MASSEY SERVICES INC	163.00	535278
MAINTENANCE-PORT ARTHUR		12,508.06*
ENTERGY	4,280.92	535148
SUPERIOR SUPPLY & STEEL	28.00	535185
LOWE'S HOME CENTERS, INC.	794.09	535198
INDUSTRIAL & COMMERCIAL MECHANICAL	256.00	535227
CHARTER COMMUNICATIONS	116.00	535258
WAVE SOLUTIONS LLC	9,110.00	535261
PARKER'S BUILDING SUPPLY	453.68	535266
AMAZON CAPITAL SERVICES	716.49	535267
US BANK NATIONAL ASSOCIATION	1,546.07	535288
MAINTENANCE-MID COUNTY		17,301.25*
ENTERGY	2,413.12	535148
RITTER @ HOME	46.96	535161
SETZER HARDWARE, INC.	22.96	535164
SHERWIN-WILLIAMS	170.04	535166
CENTERPOINT ENERGY RESOURCES CORP	327.45	535204
SERVICE CENTER		2,980.53*

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 6
NAME	AMOUNT	CHECK NO. 15 TOTAL
AT&T	98.26	535174
JEFFERSON CTY. TAX OFFICE	7.50	535186
JEFFERSON CTY. TAX OFFICE	7.50	535187
JEFFERSON CTY. TAX OFFICE	7.50	535188
JEFFERSON CTY. TAX OFFICE	7.50	535189
JEFFERSON CTY. TAX OFFICE	7.50	535190
US BANK NATIONAL ASSOCIATION	255.75	535288
		391.51*
VETERANS SERVICE		
UNITED STATES POSTAL SERVICE	10.44	535193
		10.44*
		906,479.67**
MOSQUITO CONTROL FUND		
ENTERGY	462.22	535148
CENTERPOINT ENERGY RESOURCES CORP	504.21	535204
MID CONTINENT AIRCRAFT CORPORATION	1,423,870.00	535279
US BANK NATIONAL ASSOCIATION	104.41	535288
		1,424,940.84**
BREATH ALCOHOL TESTING		
IAC	100.00	535151
		100.00**
J.C. FAMILY TREATMENT		
MARY BEVIL	1,309.00	535250
ROXANNE RENEE EVANS	540.00	535287
		1,849.00**
SECURITY FEE FUND		
ALLIED UNIVERSAL SECURITY SERVICES	9,433.66	535247
		9,433.66**
LAW LIBRARY FUND		
THOMSON REUTERS-WEST	2,128.10	535231
		2,128.10**
CWPP /GAF ERIC PREV		
H2O PARTNERS	7,436.00	535273
LANGFORD COMMUNITY MGMT SERVICES IN	15,000.00	535274
		22,436.00**
JUVENILE PROB & DET. FUND		
RITE OF PASSAGE	9,750.00	535249
		9,750.00**
GRANT A STATE AID		
PEGASUS SCHOOL	6,820.20	535158
BI INCORPORATED	880.00	535184
GRAYSON COUNTY DEPT OF JUVENILE	18,435.27	535234
TCSI, LLC	20,112.60	535248
		46,248.07**
COMMUNITY SUPERVISION FND		
UNITED STATES POSTAL SERVICE	165.21	535193
LOCAL GOVERNMENT SOLUTIONS LP	7,662.00	535212
CHARTER COMMUNICATIONS	130.83	535259
ODP BUSINESS SOLUTIONS, LLC	1,239.71	535264
		9,197.75**
DWI PRETRIAL DIVERSION		
REDWOOD TOXICOLOGY LABORATORY, INC	3,487.54	535210
		3,487.54**
LAW OFFICER TRAINING GRT		
ENTERGY	329.03	535148
		329.03**
HOTEL OCCUPANCY TAX FUND		
M&D SUPPLY	.43	535155
UNITED STATES POSTAL SERVICE	10.44	535193
		10.87**
CAPITAL PROJECTS FUND		

PGM: GMCOMMV2	DATE 12-23-2025	PAGE: 7
NAME	AMOUNT	CHECK NO. 16 TOTAL
THE LABICHE ARCHITECTURAL GROUP	1,100.00	535131
AIRPORT FUND		1,100.00**
BEAUMONT TRACTOR COMPANY	1,959.25	535133
CINTAS, INC.	142.89	535138
ENTERGY	13,095.91	535150
S.E. TEXAS BUILDING SERVICE	5,868.34	535167
AT&T	451.73	535174
LOWE'S HOME CENTERS, INC.	130.67	535198
CENTERPOINT ENERGY RESOURCES CORP	604.17	535204
MID COUNTY PLUMBING	750.00	535211
IMAGE 360 BEAUMONT	181.36	535241
TITAN AVIATION FUELS	20,449.63	535243
CY-FAIR TIRE	180.36	535245
JM TEST SYSTEMS INC	410.00	535252
CHARTER COMMUNICATIONS	125.65	535260
AMAZON CAPITAL SERVICES	65.00	535267
TOWN AND COUNTRY FORD	407.00	535271
US BANK NATIONAL ASSOCIATION	1,124.10	535288
HD SUPPLY FACILITIES MAINTENANCE	454.61	535291
		46,400.67**
SE TX EMP. BENEFIT POOL		
RETIREE FIRST	212,812.84	535276
LANTERN SPECIALTY CARE	168.35	535281
		212,981.19**
PAYROLL FUND		
JEFFERSON CTY. - FLEXIBLE SPENDING	19,007.24	535107
CLEAT	3,520.00	535108
JEFFERSON CTY. TREASURER	11,675.63	535109
INTERNAL REVENUE SERVICE	208.00	535110
JEFFERSON CTY. COMMUNITY SUP.	6,430.21	535111
JEFFERSON CTY. TREASURER - HEALTH	596,896.92	535112
JEFFERSON CTY. TREASURER - PAYROLL	2,309,350.72	535113
JEFFERSON CTY. TREASURER - PAYROLL	777,150.30	535114
POLICE & FIRE FIGHTERS' ASSOCIATION	3,270.65	535115
TEXAS CHILD SUPPORT SDU	415.38	535116
JEFFERSON CTY. TREASURER - TCDS	910,020.49	535117
JEFFERSON COUNTY TREASURER	3,702.06	535118
JEFFERSON COUNTY - TREASURER -	11,299.18	535119
NECHES FEDERAL CREDIT UNION	30,601.34	535120
JEFFERSON COUNTY - NATIONWIDE	59,254.68	535121
ALLSTATE BENEFITS	8,841.51	535122
SECURIAN LIFE INSURANCE COMPANY	1,176.88	535123
CHUBB	4,975.52	535124
		4,757,796.71**
ARPA CORONAVIRUS RECOVERY		
TIDAL BASIN GOVERNMENT CONSULTING	16,280.00	535251
BRAVE/ARCHITECTURE INC	3,151.00	535277
		19,431.00**
MARINE DIVISION		
ENTERGY	823.93	535148
AT&T	118.62	535174
ADVANCED SYSTEMS & ALARM SERVICES,	60.00	535182
G&G PEST CONTROL	200.00	535268
		1,202.55**
		7,499,975.72***



CERTIFICATION OF LOANED GOVERNMENT PROPERTY

I certify that the government property listed below is still required, displayed, and maintained in a clean and safe condition according to the U.S. Naval Undersea Museum's Outgoing Loan Policy:

Accession Number	Description of Artifact	Artifact Serial #
NUM.2005.036.002	MK 16 Mod 7 Torpedo	N/A

Physical Address:

1 Garnett Way, Keyport, WA 98345

Mailing Address:

United States Naval Undersea Museum
1103 Ramirez de Arellano Road
Silverdale, WA 98315

(360) 396-4148

www.navalunderseamuseum.org

Signature: _____

Fred Jackson

Date: _____

12/16/25

Organization: _____

JEFFERSON COUNTY, TX

Annual Visitation: _____

UNKNOWN

Name: _____

FRED JACKSON

Title: _____

STAFF ATTORNEY

Address: _____

*1149 PEARL ST., 4TH FLOOR
BEAUMONT, TX 77701*

Email: _____

fred.jackson@jeffersoncountytx.gov

Telephone: _____

409-835-8566

Fax: _____

409-839-2311



Please email a color photograph taken within the last 60 days that shows the entire artifact or the entire artifact in multiple, overlapping shots to collections@navalunderseamuseum.org. If the artifact is no longer needed for exhibit, please contact Collections Manager Beth Sanders immediately at collections@navalunderseamuseum.org or 360-315-1179.

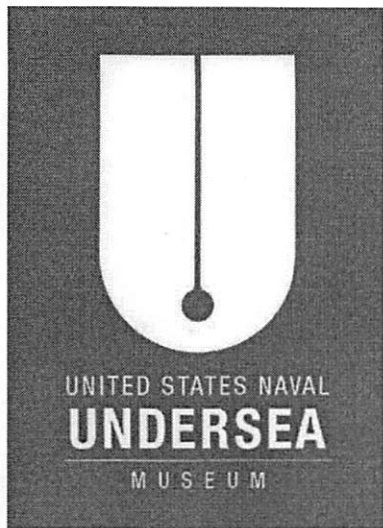
ATTEST _____

DATE _____

[Signature]
12/22/2025

[Signature]
JEFF R. BRANICK
COUNTY JUDGE

12/22/2025



Physical Address:

1 Garnett Way, Keyport, WA 98345

Mailing Address:

United States Naval Undersea Museum
1103 Ramirez de Arellano Road
Silverdale, WA 98315

(360) 396-4148

www.navalunderseamuseum.org

8 December 2025

Mr. Fred L. Jackson, Staff Attorney
Jefferson County, Texas
P.O. Box 4025
Beaumont, Texas 77704

Enclosed you will find a Certification of Loaned Government Property form pertaining to the torpedo on loan to your organization from the U.S. Naval Undersea Museum.

Please sign the document and return it via email with a photograph of the object by January 23, 2026. As a reminder, please photograph the artifact in its entirety. If you are unable to capture the whole artifact in one photograph, please send multiple, overlapping shots so the entire artifact can be seen. If you have any concerns about the artifact's condition, please take extra care to document those areas.

The artifact remains the property of the U.S. Navy and the U.S. Naval Undersea Museum. The U.S. Naval Undersea Museum is the asset manager for this item and will inventory it on an annual basis. Should your organization experience difficulty maintaining them, or if you decide you no longer require it, your organization will be responsible for returning the artifact to the U.S. Naval Undersea Museum.

If you have questions regarding this loan, please contact Collections Manager Beth Sanders at 360-315-1179 or by email at collections@navalunderseamuseum.org.

Sincerely,

Lindy Doshier
Director



Clint Turner
Chief Deputy
E-Mail
Clint.Turner@jeffcotx.us

Tim Funchess
County Treasurer
1149 Pearl Street – Basement
Beaumont, Texas 77701

Office (409) 835-8509
Fax (409) 839-2347
E-Mail
tim.funchess@jeffcotx.us

December 16, 2025

Judge Jeff R. Branick and
Commissioners Court
Jefferson County Courthouse
Beaumont, Texas 77701

Gentlemen:

Enclosed is the Investment Schedule as of November 30, 2025, including interest earnings.

The weighted average yield to maturity on the County's investments is 4.221%. The 90 day Treasury discount rate on November 30, 2025 was 3.73% and the interest on your checking accounts for the month of November was 3.48

Included in the attached report are the balances for the County's pledged collateral.

This report meets the requirements for investment officers in compliance with the Texas Government Code. Title 10, Section 2256.023.

This should be on the agenda December 23, 2025, to be received and filed.

Sincerely,

Tim Funchess, CCT, CIO
Enclosure

Agenda should read:

Receive and File Investment Schedule for November, 2025, including the year to date total earnings on County funds.

**JEFFERSON COUNTY
MONTH END NOVEMBER 30, 2025 INVESTMENT SCHEDULE**

[illegible]

Tim Vinchess, Jefferson County Treasurer/Investment Officer

This is an unaudited statement made in accordance with provisions of Government Code Title 10 Section 2256.023 The Public Funds Investment Act. The investment portfolios of Jefferson County comply with the strategies in the Jefferson County Investment Policy and Procedures.

John Adams

[illegible]

FISCAL YEAR 2025-2026

21

YIELD TO MATURITY AND INTEREST EARNINGS

MONTH	90 DAY T. BILL RATE	INVESTMENT INTEREST EARNED	CHECKING ACCOUNT YIELD	TEXAS CLASS INTEREST	TEXAS CLASS YIELD
OCTOBER	3.730%	\$483,448.31	3.610%		
NOVEMBER	3.730%	\$547,156.23	3.480%		
ANNUAL TOTALS		\$1,030,604.54		\$0.00	\$1,030,604.54



2025-2026

Jefferson County

**Investment Policy
and
Procedures**

Jeff R. Branick

County Judge

Brandon Willis
Commissioner, Pct. 1

Cary Erickson
Commissioner, Pct. 2

Michael Sinegal
Commissioner, Pct. 3

Everette "Bo" Alfred
Commissioner, Pct. 4

Tim Funchess
County Treasurer/Investment Officer

JEFFERSON COUNTY INVESTMENT POLICY AND PROCEDURES

1.0 INVESTMENT STRATEGY

PAGE

1.01 Jefferson County Pooled Cash Funds	4
1.02 Other funds of Jefferson County	4

2.0 INVESTMENT SCOPE

2.01 Legal Authority to Invest	5
2.02 County Investment Portfolio Structure	5
2.03 Applicability of Policy	5

3.0 INVESTMENT OBJECTIVES AND PRIORITIES

3.01 General Statement	5
3.02 Safety of Principal	5
3.03 Maintenance of Adequate Liquidity	5
3.04 Desired Diversification	6
3.05 Rate of Return on Investments	6
3.06 Maturity	6
3.07 Quality and Education of Investment Manager.....	6

4.0 INVESTMENT RESPONSIBILITY AND CONTROL

4.01 Delegation of Investment Authority	6
4.02 Investment Advisory Committee	6
4.03 Fiduciary, Prudence, and Ethical Standards	7
4.04 Liability of Investment Officer	7
4.05 Accounting and Audit Control	7
4.06 Subject to Audit	7

5.0 INVESTMENT REPORTING

5.01 Monthly Reporting	7
5.02 Quarterly Reporting	8

6.0	INVESTMENT INSTITUTIONS	PAGE #
6.01	Depository Bank	8
6.02	Broker/Dealers	8
6.03	Approval of Broker/Dealers	8
7.0	INVESTMENT INSTRUMENTS	
7.01	Bank Investments	9
7.02	Direct Investments	9
8.0	INVESTMENT PROCEDURES	
8.01	Confirmation of Trade	9
8.02	Delivery Versus Payment	9
8.03	Safekeeping Institution	10
9.0	COLLATERAL AND SAFEKEEPING	
9.01	Collateral or Insurance	10
9.02	Safekeeping	10
9.03	Collateral Reporting	10
10.0	INVESTMENT POLICY REVIEW AND AMENDMENT	
10.01	Review Procedures	10
10.02	Changes to the Investment Policy	10

ATTACHMENTS, EXHIBITS, AND APPENDICES

Appendix A:	Govt. Code Title 10: Chapter 2256
	The Public Funds Investment Act
Appendix B:	Govt. Code Title 10: Chapter 2257
	The Public Funds Collateral Act
Exhibit #1:	Broker/Dealer Certification
Exhibit #2:	Approved List of Broker/Dealers
Exhibit #3:	Approving Order: Jefferson County Commissioners Court

1.0 INVESTMENT STRATEGY

1.01 Jefferson County Pooled Cash Funds:

Funds included are: Road and Bridge
 Debt Service
 Jury
 General
 Library
 Mosquito Control
 Airport
 Engineering
 Parks and Recreation
 Special Revenue
 Capital Projects
 Internal Service

1.0101 The funds of Jefferson County, that are invested, are invested by matching the maturity of investments with liabilities. Investments are made with the intention of holding to maturity, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing highly liquid short term Certificates of Deposit, Treasury Bills and Obligations of the United States or its agencies and instrumentalities with a stated final maturity of three years or less.

1.02 Other funds of Jefferson County:

Funds included are: Tax Office
 Community Supervision
 State Fee Officers
 Child Support
 Other account with surplus funds

1.0201 Other funds of Jefferson County, that are invested, are invested by matching maturity of investments with cash needs. Investments are made with the intention of holding to maturity, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing highly liquid, short term, Treasury Bills and Obligations of the United States or its agencies and instrumentalities with a stated final maturity of three years or less.

2.0 INVESTMENT SCOPE

2.01 Legal Authority to Invest

TEXAS GOVERNMENT CODE ANN., sec. 2256.003 et seq. (Vernon 1995) authorizes the Commissioners Court to invest county funds.

2.02 County Investment Portfolio Structure

This investment policy applies to all financial assets of all funds of the County of Jefferson, Texas, at the present time and any funds to be created in the future and other funds held in custody by the County Treasurer, unless expressly prohibited by law or unless it is in contravention of any depository contract between Jefferson County and any depository bank.

2.03 Applicability of Policy

This policy governs the investment of all financial assets of all funds of Jefferson County, and are managed in compliance with this policy and all applicable state and federal laws.

3.0 INVESTMENT OBJECTIVES AND PRIORITIES

3.01 General Statement

This policy serves to satisfy the statutory requirements of the TEXAS GOVERNMENT CODE, ANN., Title 10, Section 2256, Public Funds Investment Act, to define and adopt a formal investment policy.

3.02 Safety of Principal

The primary objective of Jefferson County is to ensure the safety of principal in all funds and to avoid speculative investing.

3.03 Maintenance of Adequate Liquidity

The secondary objective of Jefferson County is to strive to maintain adequate liquidity, through scheduled maturity of investments, to cover the cash needs of the county consistent with the objectives of this policy.

3.04 Desired Diversification

It will be the policy of Jefferson County to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investment. Investments of the County shall always be selected that provide for stability of income and reasonable liquidity.

3.05 Rate of Return on Investments

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

3.06 Maturity

Portfolio maturities will be structured to achieve the highest return of interest consistent with liquidity requirements of the County's cash needs. No investment shall have a legal stated maturity of more than thirty six (36) months.

3.07 Quality and Capability of Investment Manager

It is the County's policy to provide periodic training in investments for the County Treasurer through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the County Treasurer in making investment decisions, in compliance with Sec. 2256.008 of the Public Funds Investment Act.

4.0 INVESTMENT RESPONSIBILITY AND CONTROL

4.01 Delegation of Investment Authority

In accordance with Sec. 2256.005 of the Public Funds Investment Act, the County Commissioners Court, may invest County funds that are not immediately required to pay obligations of the County. The County Treasurer, hereby appointed as Investment Officer, shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

4.02 Investment Advisory Committee

The Investment Advisory Committee reviews investment policies and procedures, investment strategies, and investment performance. Members of the Committee should be composed of Jeff Branick County Judge, Fran Lee, County Auditor, Tim Funchess, County Treasurer and Kathleen Kennedy, Head of the Civil Division of the District Attorney's Office. The Chairman will be elected by the Committee, and meetings will be called no less than annually and as needed.

4.03 Fiduciary, Prudence, and Ethical Standards

Jefferson County adopts the prudent fiduciary rule as applied in the then prevailing circumstances, when managing the County's portfolio, within the applicable legal and policy constraints. The prudent person rule is restated as follows:

"Investments must be made with the judgement and care, under prevailing circumstances, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs for investment, not for speculation, considering the probable safety of their capital as well as the probable income to be derived."

4.04 Liability of Investment Officer

In accordance with Sec. 113.005, Texas Local Government Code, the County Treasurer is not responsible for any loss of the county funds through the failure or negligence of a depository. This section does not release the Treasurer from responsibility for a loss resulting from the official misconduct or negligence of the Treasurer, including a misappropriation of the funds, or from responsibility for funds until a depository is selected and the funds are deposited.

4.05 Accounting and Audit Control

The Jefferson County Treasurer will establish liaison with the Jefferson County Auditor in preparing investment forms to assist the County Auditor for accounting and auditing control.

4.06 Subject to Audit

The Jefferson County Treasurer is subject to audit by the Jefferson County Auditor. In addition, it is the policy of the Jefferson County Commissioner's Court, at a minimum, to have an annual audit of all County funds by an independent auditing firm. The Jefferson County Treasurer and the county's investment procedures shall be subject to the annual and any special audits as required.

5.0 INVESTMENT REPORTING

5.01 Monthly Reporting

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the Jefferson County Treasurer will report in writing monthly to Commissioners' Court and to the County Auditor. The report shall include a detailed listing of all purchases, sales and payments, and description of each security held.

5.02 Quarterly Reporting

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the Jefferson

County Treasurer will report quarterly the portfolio statistics, listing the type and description of investment in detail, the broker/dealer used for purchase, the yield to maturity, the stated maturity date, and the previous and current market value.

6.0 INVESTMENT INSTITUTIONS

6.01 Depository Bank

Fully collateralized Time Deposits, Certificates of Deposit, and interest-bearing checking accounts shall be placed at the County Depository Bank under a depository contract executed by Jefferson County Commissioners' Court and in compliance with V.C.T.A., Texas Local Government Code, Chapter 116 and Chapter 117.

6.02 Broker/Dealers

The Jefferson County Treasurer shall invest county funds through the Federal Reserve Bank book entry system, consistent with federal and state law and the current Bank Depository contract. Purchases shall be made with:

- 6.0201 U.S. Government Securities Dealers maintaining a National Association of Securities Dealers Series 7 license, and with knowledge of Institutional Investing, recommended by the County Treasurer, the Jefferson County Investment Advisory Committee, and approved by Commissioners Court. Dealers must comply with Section 6.03 of this Investment Policy to be selected.
- 6.0202 The Capital Markets Division of the Depository Bank.
- 6.0203 Investment Pools meeting the standards of Section 2256.016 of the Texas Public Funds Investment Act.

6.03 Approval of Broker/Dealer

The Jefferson County Treasurer reviews the applications of the broker/dealer/financial institutions for compliance with this policy and recommends institution must demonstrate possession of the following criteria:

- 6.0301 Institutional investment experience,
- 6.0302 Good references from public fund investment officers.
- 6.0303 Adequate capitalization per the Capital Adequacy Guidelines for Government Securities Dealers published by the New York Federal Reserve Bank.
- 6.0304 An understanding of this Investment Policies and Procedures Manual,
- 6.0305 Regulation by the Securities and Exchange Commission (SEC),
- 6.0306 Membership in good standing in the National Association of Securities Dealers, Inc., and
- 6.0307 Valid licensure from the State of Texas.

7.0 INVESTMENT INSTRUMENTS

The Jefferson County Treasurer shall use any or all of the following authorized investment instruments consistent with governing law and this policy:

7.01 Bank Investments

- 7.0101 Fully collateralized Time Deposits.**
- 7.0102 Fully collateralized Certificates of Deposit.**
- 7.0103 Fully collateralized interest-bearing checking accounts.**
- 7.0104 Fully collateralized sweep accounts**

7.02 Direct Investments

- 7.0201 United States Treasury Securities.**
- 7.0202 Obligations of the United States or its agencies and instrumentalities, with a legal stated maturity of no more than thirty six (36) months.**
- 7.0203 Excluded in the direct investments are derivative securities including but not limited to Collateralized Mortgage Obligations.**
- 7.0204 Investment Pools meeting the standards of Section 2256.016 of the Texas Public Funds Investment Act.**

8.0 INVESTMENT PROCEDURES

8.01 Confirmation of Trade

A confirmation of trade will be provided by the broker/dealer to the Jefferson County Treasurer for every purchase of an investment security. This trade ticket and confirmation will become a part of the file that is maintained on every investment security.

Delivery Versus Payment

It will be the policy of the County that all Treasury, and Government Agency securities shall be purchased using the delivery vs. Payment (DVP) method through the Federal Reserve System. By so doing, County funds are not released until the county has received, through the Federal Reserve wire, the securities purchased.

Safekeeping Institutions

All purchased securities shall be held in safekeeping by the County, or a County account in a third party financial institution, or with a Federal Reserve Bank.

9.0 COLLATERAL AND SAFEKEEPING

9.01 Collateral or Insurance

The Jefferson County Treasurer shall insure that all county funds are fully collateralized or insured consistent with federal and state law and the current Depository Contract in one or more of the following manners:

9.0101 FDIC insurance coverage

9.0102 United States Government Bonds, Notes, and Bills

9.0103 Securities of federally-sponsored U. S. Agencies and instrumentalities of the United States Government.

9.0104 Letters of Credit issued by the Federal Home Loan Bank of Dallas.

9.02 Safekeeping

Securities pledged as collateral shall be deposited in trust with the Federal Reserve Bank, or another disinterested third party bank, under an appropriate legal contract. The amount of such securities pledged shall be determined by their market value.

9.03 Collateral Reporting

The Treasurer of Jefferson County shall report to the County Commissioners' Court valuation of all collateral compared to all county deposits on a monthly basis. Collateral deficiencies should be identified and immediately corrected through additional collateral deposited or reductions in the volume of deposited funds.

10.0 INVESTMENT POLICY REVIEW AND AMENDMENT

Review Procedures

The Jefferson County Commissioners' Court shall review its investment policy and investment strategies not less than annually.

Changes to the Investment Policy

The County Treasurer and the Investment Advisory Committee, must review the Jefferson County Investment Policy not less than annually and recommend any changes to the Commissioners' Court.

EXHIBIT 1**Certification**

CERTIFICATION

I hereby certify that I have personally read and understand the investment policy and procedures of Jefferson County, and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this firm and Jefferson County, will be directed towards precluding imprudent investment activities and protecting the Counties from credit risk.

All the sales personnel of this firm dealing with Jefferson County's accounts have been informed and will be routinely informed of the County's investment horizons, limitations, strategy, and risk constraints, whenever we are so informed.

This firm pledges due diligence in informing the County of foreseeable risks associated with financial transactions connected to this firm.

(Firm)

(Firm Representative)

(Representative's Title)

(Registration or Dealer Number)

(Signature)

(Date)

EXHIBIT 2**APPROVED LIST OF BROKER/DEALERS**

Approved List of Broker/Dealers

**Stellar Bank
55 IH-10 South
Beaumont, TX 77707**

**National Alliance Securities
2245 Texas Drive
Suite 300
Sugar Land, TX 77479**

**Wells Fargo Capital Markets
1445 Ross Ave., Suite 420
Dallas, Texas 75202**

**RBC Capital Markets, LLC (Safekeeping)
60 S. 6th Street
Minneapolis, MN 55402-1106**

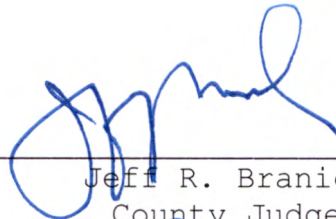
**Texas Class
2435 N. Central Expressway, Suite 1200
Richardson, TX 75080**

EXHIBIT 3
APPROVING ORDER


ORDER APPROVING
JEFFERSON COUNTY INVESTMENT POLICY AND PROCEDURES

Upon a motion of Commissioner Michael S. Sinegal, seconded by Commissioner Brandon Willis, unanimously adopted the following policies and procedures, and the same are hereby approved, received and ordered filed.


ORDERED this 22nd day of December, 2025




Jeff R. Branick
County Judge



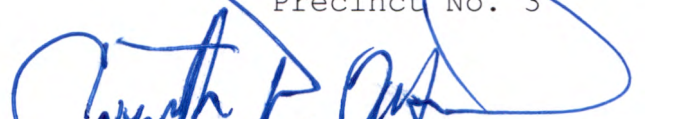
Commissioner Brandon Willis
Precinct No. 1



Commissioner Michael Sinegal
Precinct No. 3



Commissioner Cary Erickson
Precinct No. 2



Commissioner Everette D. Alfred
Precinct No. 4

ATTEST:



Roxanne Acosta-Hellberg
Jefferson County Clerk



APPENDIX A

Chapter 2256-Public Funds Investment Act

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2257. COLLATERAL FOR PUBLIC FUNDS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2257.001. SHORT TITLE. This chapter may be cited as the Public Funds Collateral Act.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.002. DEFINITIONS. In this chapter:

(1) "Bank holding company" has the meaning assigned by Section 31.002(a), Finance Code.

(2) "Control" has the meaning assigned by Section 31.002(a), Finance Code.

(3) "Deposit of public funds" means public funds of a public entity that:

- (A) the comptroller does not manage under Chapter 404; and
- (B) are held as a demand or time deposit by a depository institution expressly authorized by law to accept a public entity's demand or time deposit.

(4) "Eligible security" means:

- (A) a surety bond;
- (B) an investment security;
- (C) an ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;
- (D) a fixed-rate collateralized mortgage obligation that has an expected weighted average life of 10 years or less and does not constitute a high-risk mortgage security;
- (E) a floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security; or
- (F) a letter of credit issued by a federal home loan bank.

(5) "Investment security" means:

- (A) an obligation that in the opinion of the attorney general of the United States is a general obligation of the United States and backed by its full faith and credit;
- (B) a general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues; or
- (C) a security in which a public entity may invest under Subchapter A, Chapter 2256.

(6) "Permitted institution" means:

- (A) a Federal Reserve Bank;

- (B) a clearing corporation, as defined by Section 8.102, Business & Commerce Code;
- (C) a bank eligible to be a custodian under Section 2257.041; or
- (D) a state or nationally chartered bank that is controlled by a bank holding company that controls a bank eligible to be a custodian under Section 2257.041.
- (7) "Public agency" means a state or a political or governmental entity, agency, instrumentality, or subdivision of a state, including a municipality, an institution of higher education, as defined by Section 61.003, Education Code, a junior college, a district created under Article XVI, Section 59, of the Texas Constitution, and a public hospital.
- (8) "Public entity" means a public agency in this state, but does not include an institution of higher education, as defined by Section 61.003, Education Code.
- (9) "State agency" means a public entity that:
- (A) has authority that is not limited to a geographic portion of the state; and
- (B) was created by the constitution or a statute.
- (10) "Trust receipt" means evidence of receipt, identification, and recording, including:
- (A) a physical controlled trust receipt; or
- (B) a written or electronically transmitted advice of transaction.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.48(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 914, Sec. 5, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 254, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 891, Sec. 3.22(4), eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1423, Sec. 8.70, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 7.63, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 783 (H.B. 2103), Sec. 1, eff. June 17, 2011.

Sec. 2257.0025. HIGH-RISK MORTGAGE SECURITY. (a) For purposes of this chapter, a fixed-rate collateralized mortgage obligation is a high-risk mortgage security if the security:

- (1) has an average life sensitivity with a weighted average life that:
- (A) extends by more than four years, assuming an immediate and sustained parallel shift in the yield curve of plus 300 basis points; or
- (B) shortens by more than six years, assuming an immediate and sustained parallel shift in the yield curve of minus 300 basis points; and
- (2) is price sensitive; that is, the estimated change in the price of the mortgage derivative product is more than 17 percent, because of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.
- (b) For purposes of this chapter, a floating-rate collateralized mortgage obligation is a high-risk mortgage security if the security:

(1) bears an interest rate that is equal to the contractual cap on the instrument; or

(2) is price sensitive; that is, the estimated change in the price of the mortgage derivative product is more than 17 percent, because of an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

Added by Acts 1997, 75th Leg., ch. 254, Sec. 2, eff. Sept. 1, 1997.

Sec. 2257.003. CHAPTER NOT APPLICABLE TO DEFERRED COMPENSATION PLANS. This chapter does not apply to funds that a public entity maintains or administers under a deferred compensation plan, the federal income tax treatment of which is governed by Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Sections 401(k) and 457).

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.004. CONFLICT WITH OTHER LAW. This chapter prevails over any other law relating to security for a deposit of public funds to the extent of any conflict.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.005. CONTRACT GOVERNS LEGAL ACTION. A legal action brought by or against a public entity that arises out of or in connection with the duties of a depository, custodian, or permitted institution under this chapter must be brought and maintained as provided by the contract with the public entity.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

SUBCHAPTER B. DEPOSITORY; SECURITY FOR DEPOSIT OF PUBLIC FUNDS

Sec. 2257.021. COLLATERAL REQUIRED. A deposit of public funds shall be secured by eligible security to the extent and in the manner required by this chapter.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.022. AMOUNT OF COLLATERAL. (a) Except as provided by Subsection (b), the total value of eligible security to secure a deposit of public funds must be in an amount not less than the amount of the deposit of public funds:

(1) increased by the amount of any accrued interest; and

(2) reduced to the extent that the United States or an instrumentality of the United States insures the deposit.

(b) The total value of eligible security described by Section 45.201(4)(D), Education Code, to secure a deposit of public funds of a school district must be in an amount not less than 110 percent of the amount of the deposit as determined under

Subsection (a). The total market value of the eligible security must be reported at least once each month to the school district.

(c) The value of a surety bond is its face value.

(d) The value of an investment security is its market value.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 201, Sec. 46, eff. Sept. 1, 2003.

Sec. 2257.023. COLLATERAL POLICY. (a) In accordance with a written policy approved by the governing body of the public entity, a public entity shall determine if an investment security is eligible to secure deposits of public funds.

(b) The written policy may include:

(1) the security of the institution that obtains or holds an investment security;

(2) the substitution or release of an investment security; and

(3) the method by which an investment security used to secure a deposit of public funds is valued.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.024. CONTRACT FOR SECURING DEPOSIT OF PUBLIC FUNDS. (a) A public entity may contract with a bank that has its main office or a branch office in this state to secure a deposit of public funds.

(b) The contract may contain a term or condition relating to an investment security used as security for a deposit of public funds, including a term or condition relating to the:

(1) possession of the collateral;

(2) substitution or release of an investment security;

(3) ownership of the investment securities of the bank used to secure a deposit of public funds; and

(4) method by which an investment security used to secure a deposit of public funds is valued.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., ch. 344, Sec. 5.006, eff. Sept. 1, 1999.

Sec. 2257.025. RECORDS OF DEPOSITORY. (a) A public entity's depository shall maintain a separate, accurate, and complete record relating to a pledged investment security, a deposit of public funds, and a transaction related to a pledged investment security.

(b) The comptroller or the public entity may examine and verify at any reasonable time a pledged investment security or a record a depository maintains under this section.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.16, eff. Sept. 1, 1997.

Sec. 2257.026. CHANGE IN AMOUNT OR ACTIVITY OF DEPOSITS OF PUBLIC FUNDS. A public entity shall inform the depository for the public entity's deposit of public funds of a significant change in the amount or activity of those deposits within a reasonable time before the change occurs.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

SUBCHAPTER C. CUSTODIAN; PERMITTED INSTITUTION

Sec. 2257.041. DEPOSIT OF SECURITIES WITH CUSTODIAN. (a) In addition to other authority granted by law, a depository for a public entity other than a state agency may deposit with a custodian a security pledged to secure a deposit of public funds.

(b) At the request of the public entity, a depository for a public entity other than a state agency shall deposit with a custodian a security pledged to secure a deposit of public funds.

(c) A depository for a state agency shall deposit with a custodian a security pledged to secure a deposit of public funds. The custodian and the state agency shall agree in writing on the terms and conditions for securing a deposit of public funds.

(d) A custodian must be approved by the public entity and be:

(1) a state or national bank that:

(A) is designated by the comptroller as a state depository;

(B) has its main office or a branch office in this state; and

(C) has a capital stock and permanent surplus of \$5 million or more;

(2) the Texas Treasury Safekeeping Trust Company;

(3) a Federal Reserve Bank or a branch of a Federal Reserve Bank;

(4) a federal home loan bank; or

(5) a financial institution authorized to exercise fiduciary powers that is designated by the comptroller as a custodian pursuant to Section 404.031(e).

(e) A custodian holds in trust the securities to secure the deposit of public funds of the public entity in the depository pledging the securities.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 1010, Sec. 1, eff. June 17, 1995; Acts 1997, 75th Leg., ch. 891, Sec. 3.17, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 344, Sec. 5.007, eff. Sept. 1, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 3, eff. September 1, 2009.

Sec. 2257.042. DEPOSIT OF SECURITIES WITH PERMITTED INSTITUTION. (a) A custodian may deposit with a permitted institution an investment security the custodian holds under Section 2257.041.

(b) If a deposit is made under Subsection (a):

(1) the permitted institution shall hold the investment security to secure funds the public entity deposits in the depository that pledges the investment security;

(2) the trust receipt the custodian issues under Section 2257.045 shall show that the custodian has deposited the security in a permitted institution; and

(3) the permitted institution, on receipt of the investment security, shall immediately issue to the custodian an advice of transaction or other document that is evidence that the custodian deposited the security in the permitted institution.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.043. DEPOSITORY AS CUSTODIAN OR PERMITTED INSTITUTION. (a) A public entity other than a state agency may prohibit a depository or an entity of which the depository is a branch from being the custodian of or permitted institution for a security the depository pledges to secure a deposit of public funds.

(b) A depository or an entity of which the depository is a branch may not be the custodian of or permitted institution for a security the depository pledges to secure a deposit of public funds by a state agency.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.044. CUSTODIAN AS BAILEE. (a) A custodian under this chapter or a custodian of a security pledged to an institution of higher education, as defined by Section 61.003, Education Code, whether acting alone or through a permitted institution, is for all purposes the bailee or agent of the public entity or institution depositing the public funds with the depository.

(b) To the extent of any conflict, Subsection (a) prevails over Chapter 8 or 9, Business & Commerce Code.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.045. RECEIPT OF SECURITY BY CUSTODIAN. (a) On receipt of an investment security, a custodian shall immediately identify on its books and records, by book entry or another method, the pledge of the security to the public entity.

(b) For a deposit of public funds under Subchapter F, the custodian shall issue and deliver to the comptroller a trust receipt for the pledged security.

(c) For any other deposit of public funds under this chapter, at the written direction of the appropriate public entity officer, the custodian shall:

(1) issue and deliver to the appropriate public entity officer a trust receipt for the pledged security; or

(2) issue and deliver a trust receipt for the pledged security to the public entity's depository and instruct the depository to deliver the trust receipt

to the public entity officer immediately.

(d) The custodian shall issue and deliver the trust receipt as soon as practicable on the same business day on which the investment security is received.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 434 (S.B. 581), Sec. 1, eff. June 14, 2013.

Sec. 2257.046. BOOKS AND RECORDS OF CUSTODIAN; INSPECTION. (a) A public entity's custodian shall maintain a separate, accurate, and complete record relating to each pledged investment security and each transaction relating to a pledged investment security.

(b) The comptroller or the public entity may examine and verify at any reasonable time a pledged investment security or a record a custodian maintains under this section. The public entity or its agent may inspect at any time an investment security evidenced by a trust receipt.

(c) The public entity's custodian shall file a collateral report with the comptroller in the manner and on the dates prescribed by the comptroller.

(d) At the request of the appropriate public entity officer, the public entity's custodian shall provide a current list of all pledged investment securities. The list must include, for each pledged investment security:

- (1) the name of the public entity;
- (2) the date the security was pledged to secure the public entity's deposit;
- (3) the Committee on Uniform Security Identification Procedures (CUSIP) number of the security;
- (4) the face value and maturity date of the security; and
- (5) the confirmation number on the trust receipt issued by the custodian.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.18, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 434 (S.B. 581), Sec. 2, eff. June 14, 2013.

Sec. 2257.047. BOOKS AND RECORDS OF PERMITTED INSTITUTION. (a) A permitted institution may apply book entry procedures when an investment security held by a custodian is deposited under Section 2257.042.

(b) A permitted institution's records must at all times state the name of the custodian that deposits an investment security in the permitted institution.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.048. ATTACHMENT AND PERFECTION OF SECURITY INTEREST. (a) A security interest that arises out of a depository's pledge of a security to secure a deposit of public funds by a public entity or an institution of higher education, as

defined by Section 61.003, Education Code, is created, attaches, and is perfected for all purposes under state law from the time that the custodian identifies the pledge of the security on the custodian's books and records and issues the trust receipt.

(b) A security interest in a pledged security remains perfected in the hands of a subsequent custodian or permitted institution.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

SUBCHAPTER D. AUDITS AND EXAMINATIONS; PENALTIES

Sec. 2257.061. AUDITS AND EXAMINATIONS. As part of an audit or regulatory examination of a public entity's depository or custodian, the auditor or examiner shall:

- (1) examine and verify pledged investment securities and records maintained under Section 2257.025 or 2257.046; and
- (2) report any significant or material noncompliance with this chapter to the comptroller.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.19, eff. Sept. 1, 1997.

Sec. 2257.062. PENALTIES. (a) The comptroller may revoke a depository's designation as a state depository for one year if, after notice and a hearing, the comptroller makes a written finding that the depository, while acting as either a depository or a custodian:

- (1) did not maintain reasonable compliance with this chapter; and
- (2) failed to remedy a violation of this chapter within a reasonable time after receiving written notice of the violation.

(b) The comptroller may permanently revoke a depository's designation as a state depository if the comptroller makes a written finding that the depository:

- (1) has not maintained reasonable compliance with this chapter; and
- (2) has acted in bad faith by not remedying a violation of this chapter.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.19, eff. Sept. 1, 1997.

Sec. 2257.063. MITIGATING CIRCUMSTANCES. (a) The comptroller shall consider the total circumstances relating to the performance of a depository or custodian when the comptroller makes a finding required by Section 2257.062, including the extent to which the noncompliance is minor, isolated, temporary, or nonrecurrent.

(b) The comptroller may not find that a depository or custodian did not maintain reasonable compliance with this chapter if the noncompliance results from the public entity's failure to comply with Section 2257.026.

(c) This section does not relieve a depository or custodian of the obligation to secure a deposit of public funds with eligible security in the amount and manner

required by this chapter within a reasonable time after the public entity deposits the deposit of public funds with the depository.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.19, eff. Sept. 1, 1997.

Sec. 2257.064. REINSTATEMENT. The comptroller may reinstate a depository's designation as a state depository if:

(1) the comptroller determines that the depository has remedied all violations of this chapter; and

(2) the depository assures the comptroller to the comptroller's satisfaction that the depository will maintain reasonable compliance with this chapter.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 891, Sec. 3.19, eff. Sept. 1, 1997.

SUBCHAPTER E. EXEMPT INSTITUTIONS

Sec. 2257.081. DEFINITION. In this subchapter, "exempt institution" means:

(1) a public retirement system, as defined by Section 802.001; or

(2) the permanent school fund, as described by Section 43.001, Education Code.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 6.31, eff. Sept. 1, 1997.

Sec. 2257.082. FUNDS OF EXEMPT INSTITUTION. An exempt institution is not required to have its funds fully insured or collateralized at all times if:

(1) the funds are held by:

(A) a custodian of the institution's assets under a trust agreement;

or

(B) a person in connection with a transaction related to an investment; and

(2) the governing body of the institution, in exercising its fiduciary responsibility, determines that the institution is adequately protected by using a trust agreement, special deposit, surety bond, substantial deposit insurance, or other method an exempt institution commonly uses to protect itself from liability.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2257.083. INVESTMENT; SELECTION OF DEPOSITORY. This chapter does not:

(1) prohibit an exempt institution from prudently investing in a certificate of deposit; or

(2) restrict the selection of a depository by the governing body of an exempt institution in accordance with its fiduciary duty.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

SUBCHAPTER F. POOLED COLLATERAL TO SECURE

DEPOSITS OF CERTAIN PUBLIC FUNDS

Sec. 2257.101. DEFINITION. In this subchapter, "participating institution" means a financial institution that holds one or more deposits of public funds and that participates in the pooled collateral program under this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.102. POOLED COLLATERAL PROGRAM. (a) As an alternative to collateralization under Subchapter B, the comptroller by rule shall establish a program for centralized pooled collateralization of deposits of public funds and for monitoring collateral maintained by participating institutions. The rules must provide that deposits of public funds of a county are not eligible for collateralization under the program. The comptroller shall provide for a separate collateral pool for any single participating institution's deposits of public funds.

(b) Under the pooled collateral program, the collateral of a participating institution pledged for a public deposit may not be combined with, cross-collateralized with, aggregated with, or pledged to another participating institution's collateral pools for pledging purposes.

(c) A participating institution may pledge its pooled securities to more than one participating depositor under contract with that participating institution.

(d) The pooled collateral program must provide for:

(1) participation in the program by a participating institution and each affected public entity to be voluntary;

(2) uniform procedures for processing all collateral transactions that are subject to an approved security agreement described by Section 2257.103; and

(3) the pledging of a participating institution's collateral securities using a single custodial account instead of an account for each depositor of public funds.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.103. PARTICIPATION IN POOLED COLLATERAL PROGRAM. A financial institution may participate in the pooled collateral program only if:

(1) the institution has entered into a binding collateral security agreement with a public agency for a deposit of public funds and the agreement permits the institution's participation in the program;

(2) the comptroller has approved the institution's participation in the program; and

(3) the comptroller has approved or provided the collateral security agreement form used.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.104. COLLATERAL REQUIRED; CUSTODIAN TRUSTEE. (a) Each participating institution shall secure its deposits of public funds with eligible securities the total value of which equals at least 102 percent of the amount of the deposits of public funds covered by a security agreement described by Section 2257.103 and deposited with the participating institution, reduced to the extent that the United States or an instrumentality of the United States insures the deposits. For purposes of determining whether collateral is sufficient to secure a deposit of public funds, Section 2257.022(b) does not apply to a deposit of public funds held by the participating institution and collateralized under this subchapter.

(b) A participating institution shall provide for the collateral securities to be held by a custodian trustee, on behalf of the participating institution, in trust for the benefit of the pooled collateral program. A custodian trustee must qualify as a custodian under Section 2257.041.

(c) The comptroller by rule shall regulate a custodian trustee under the pooled collateral program in the manner provided by Subchapter C to the extent practicable. The rules must ensure that a custodian trustee depository does not own, is not owned by, and is independent of the financial institution or institutions for which it holds the securities in trust, except that the rules must allow the following to be a custodian trustee:

- (1) a federal reserve bank;
- (2) a banker's bank, as defined by Section 34.105, Finance Code; and
- (3) a federal home loan bank.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.105. MONITORING COLLATERAL. (a) Each participating institution shall file the following reports with the comptroller electronically and as prescribed by rules of the comptroller:

- (1) a daily report of the aggregate ledger balance of deposits of public agencies participating in the pooled collateral program that are held by the institution, with each public entity's funds held itemized;
- (2) a weekly summary report of the total market value of securities held by a custodian trustee on behalf of the participating institution;
- (3) a monthly report listing the collateral securities held by a custodian trustee on behalf of the participating institution, together with the value of the securities; and

(4) as applicable, a participating institution's annual report that includes the participating institution's financial statements.

(b) The comptroller shall provide the participating institution an acknowledgment of each report received.

(c) The comptroller shall provide a daily report of the market value of the securities held in each pool.

(d) The comptroller shall post each report on the comptroller's Internet website.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.106. ANNUAL ASSESSMENT. (a) Once each state fiscal year, the comptroller shall impose against each participating institution an assessment in an amount sufficient to pay the costs of administering this subchapter. The amount of an assessment must be based on factors that include the number of public entity accounts a participating institution maintains, the number of transactions a participating institution conducts, and the aggregate average weekly deposit amounts during that state fiscal year of each participating institution's deposits of public funds collateralized under this subchapter. The comptroller by rule shall establish the formula for determining the amount of the assessments imposed under this subsection.

(b) The comptroller shall provide to each participating institution a notice of the amount of the assessment against the institution.

(c) A participating institution shall remit to the comptroller the amount assessed against it under this section not later than the 45th day after the date the institution receives the notice under Subsection (b).

(d) Money remitted to the comptroller under this section may be appropriated only for the purposes of administering this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.107. PENALTY FOR REPORTING VIOLATION. The comptroller may impose an administrative penalty against a participating institution that does not timely file a report required by Section 2257.105.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.108. NOTICE OF COLLATERAL VIOLATION; ADMINISTRATIVE PENALTY. (a) The comptroller may issue a notice to a participating institution that the institution appears to be in violation of collateral requirements under Section 2257.104 and rules of the comptroller.

(b) The comptroller may impose an administrative penalty against a participating institution that does not maintain collateral in an amount and in the manner required by Section 2257.104 and rules of the comptroller if the participating institution has not remedied the violation before the third business day after the date a notice is issued under Subsection (a).

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.109. PENALTY FOR FAILURE TO PAY ASSESSMENT. The comptroller may impose an administrative penalty against a participating institution that does not pay an assessment against it in the time provided by Section 2257.106(c).

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.110. PENALTY AMOUNT; PENALTIES NOT EXCLUSIVE. (a) The comptroller by rule shall adopt a formula for determining the amount of a penalty under this subchapter. For each violation and for each day of a continuing violation, a penalty must be at least \$100 per day and not more than \$1,000 per day. The penalty must be based on factors that include:

(1) the aggregate average weekly deposit amounts during the state fiscal year of the institution's deposits of public funds;

(2) the number of violations by the institution during the state fiscal year;

(3) the number of days of a continuing violation; and

(4) the average asset base of the institution as reported on the institution's year-end report of condition.

(b) The penalties provided by Sections 2257.107-2257.109 are in addition to those provided by Subchapter D or other law.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.111. PENALTY PROCEEDING CONTESTED CASE. A proceeding to impose a penalty under Section 2257.107, 2257.108, or 2257.109 is a contested case under Chapter 2001.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.112. SUIT TO COLLECT PENALTY. The attorney general may sue to collect a penalty imposed under Section 2257.107, 2257.108, or 2257.109.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.113. ENFORCEMENT STAYED PENDING REVIEW. Enforcement of a penalty imposed under Section 2257.107, 2257.108, or 2257.109 may be stayed during the time the order is under judicial review if the participating institution pays the penalty to the clerk of the court or files a supersedeas bond with the court in the amount of the penalty. A participating institution that cannot afford to pay the penalty or file the bond may stay the enforcement by filing an affidavit in the manner required by the Texas Rules of Civil Procedure for a party who cannot afford to file security for costs, subject to the right of the comptroller to contest the affidavit as provided by those rules.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

Sec. 2257.114. USE OF COLLECTED PENALTIES. Money collected as penalties under this subchapter may be appropriated only for the purposes of administering this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 486 (S.B. 638), Sec. 1, eff. September 1, 2009.

APPENDIX B

Chapter 2257-Public Funds Collateral Act

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER.

(a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under

the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section 802.001;
- (2) state funds invested by the comptroller;
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or
- (6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

- Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.
Acts 2025, 89th Leg., R.S., Ch. 957 (S.B. 21), Sec. 3, eff. June 20, 2025.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;

(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

(1) orally;

(2) in writing;

(3) electronically; or

(4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order 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; and

(6) yield.

(e) 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.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing

entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the

previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a

risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. 1701), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS.

(a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS. (a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) Except as provided by Subsection (g), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality, in addition to the requirements of Subsection (a)(1), shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a

designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter 392, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section 2256.010.

(g) Subsection (a-1) does not apply to the treasurer, chief financial officer, or investment officer of a school district if:

- (1) the district:
 - (A) does not invest district funds; or
 - (B) only deposits those funds in:
 - (i) interest-bearing deposit accounts; or
 - (ii) certificates of deposit as authorized by Section 2256.010;

and

(2) the treasurer, chief financial officer, or investment officer annually submits to the agency a sworn affidavit identifying the applicable criteria under Subdivision (1) that apply to the district.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. 1148), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. 870), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 2, eff. September 1, 2017.

Acts 2019, 86th Leg., R.S., Ch. 477 (H.B. 293), Sec. 1, eff. June 7, 2019.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (2) direct obligations of this state or its agencies and instrumentalities;
- (3) 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;
- (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state 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;
- (5) 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 not less than A or its equivalent;

- (6) bonds issued, assumed, or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed or insured by:
 - (A) the Federal Deposit Insurance Corporation or its successor; or
 - (B) the National Credit Union Share Insurance Fund or its successor;

and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

- (A) the funds invested in the banking deposits are invested through:
 - (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or
 - (ii) a depository institution with a main office or branch office in this state that the investing entity selects;
- (B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;
- (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
- (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:
 - (i) the depository institution selected as described by Paragraph (A);
 - (ii) an entity described by Section 2257.041(d); or
 - (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. 2647), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in accordance with Chapter 2257 or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. 256), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204;

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity either directly or through a joint account approved by the entity, held in the entity's name either directly or through a joint account approved by the entity, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(a-1) A repurchase agreement made by an investing entity under this section may be submitted for clearing and settlement to a covered clearing agency, as defined by the Securities and Exchange Commission in Rule 17Ad-22 (17 C.F.R. Section 240.17Ad-22).

(b) In this section:

(1) "Joint account" means an account maintained by a custodian bank and established on behalf of two or more parties to engage in aggregate repurchase agreement transactions.

(2) "Repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section 1371.059(c) applies to the execution of a repurchase agreement by an investing entity.

(f) An investing entity that contracts with an investment management firm under Section 2256.003(b) may authorize the firm to invest the entity's public funds or other funds under the entity's control in repurchase agreements as provided by this section using a joint account.

(g) An investment management firm responsible for managing a repurchase agreement transaction using a joint account on behalf of an investing entity as authorized under Subsection (f) must ensure that:

(1) accounting and control procedures are implemented to document the investing entity's aggregate daily investment and pro rata share in the joint account;

(2) each party participating in the joint account retains the sole rights of ownership to the party's pro rata share of assets invested in the joint account, including investment earnings on those assets; and

(3) policies and procedures are implemented to prevent a party participating in the joint account from using any part of a balance of the joint account that is credited to another party.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 3, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 1, eff. September 1, 2019.

Acts 2023, 88th Leg., R.S., Ch. 1093 (S.B. 1246), Sec. 7, eff. June 18, 2023.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section 2256.009;

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is 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 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 365 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies; or

(B) 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.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 2, eff. September 1, 2019.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

- (1) is registered with and regulated by the Securities and Exchange Commission;
- (2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and
- (3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

- (1) is registered with the Securities and Exchange Commission;
- (2) has an average weighted maturity of less than two years; and
- (3) either:
 - (A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or
 - (B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

- (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);
- (2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or
- (3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

- (1) has a defined termination date;
- (2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section 1371.059(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safekeep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- (10) the name and address of the independent auditor of the pool;
- (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
- (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
- (13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

- (1) investment transaction confirmations; and
- (2) a monthly report that contains, at a minimum, the following information:
 - (A) the types and percentage breakdown of securities in which the pool is invested;
 - (B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - (C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - (D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - (E) the size of the pool;
 - (F) the number of participants in the pool;
 - (G) the custodian bank that is safekeeping the assets of the pool;
 - (H) a listing of daily transaction activity of the entity participating in the pool;
 - (I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
 - (J) the portfolio managers of the pool; and
 - (K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, for purposes of an investment pool for which a \$1.00 net asset value is maintained, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter:

(1) a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily; and

(2) if the investment pool uses amortized cost:

(A) the investment pool must, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places;

(B) the governing body of the investment pool must, if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005; and

(C) the investment pool must, in addition to the requirements of its investment policy and any other forms of reporting, report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an 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.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c) (2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 6, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 3, eff. September 1, 2019.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. 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.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) 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, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. 495), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. 894), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. 2346), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Repealed by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. 1543), Sec. 1, eff. June 17, 2011.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. 1464), Sec. 1, eff. September 1, 2005.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least \$250 million in:

(i) outstanding long-term indebtedness;

(ii) long-term indebtedness proposed to be issued; or

(iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section 1371.001.

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section 1371.059(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

(1) an operation and maintenance expense of the eligible entity;

(2) an acquisition expense of the eligible entity;

(3) a project cost of an eligible project; or

(4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, eff. June 14, 2017.

Sec. 2256.0207. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior

college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, eff. September 1, 2017.

Redesignated from Government Code, Section 2256.0206 by Acts 2019, 86th Leg., R.S., Ch. 467 (H.B. 4170), Sec. 21.001(34), eff. September 1, 2019.

Sec. 2256.0208. LOCAL GOVERNMENT INVESTMENT OF BOND PROCEEDS AND PLEDGED REVENUE. (a) In this section, "pledged revenue" means money pledged to the payment of or as security for:

- (1) bonds or other indebtedness issued by a local government;
- (2) obligations under a lease, installment sale, or other agreement of a local government; or
- (3) certificates of participation in a debt or obligation described by Subdivision (1) or (2).

(b) The investment officer of a local government may invest bond proceeds or pledged revenue only to the extent permitted by this chapter, in accordance with:

- (1) statutory provisions governing the debt issuance or the agreement, as applicable; and
- (2) the local government's investment policy regarding the debt issuance or the agreement, as applicable.

Added by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 4, eff. September 1, 2019.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(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) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity 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.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section 2256.017, this subchapter does not:

- (1) prohibit an investment specifically authorized by other law; or
- (2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

- (1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;
- (2) an entity created under Chapter 392, Local Government Code; or
- (3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

FULL, FINAL AND COMPLETE DAMAGE RELEASE

This Full, Final and Complete Damage Release (the "Agreement"), is made and entered into as of the 22nd day of December 2025 (the "Effective Date") by and between Enterprise Ethane Pipeline LLC, with offices at 1100 Louisiana St, Ste. 1000, Houston, Texas 77002 and mailing address for all correspondence to P.O. Box 4324, Attn: Land Dept., Houston, Texas 77210-4324 (such entity and its successors and assigns are collectively referred to as "Enterprise"), and Jefferson County, with offices at 1149 Pearl Street, Beaumont, Texas 77701, (the "County"). Enterprise and County may be referred to herein either individually and/or collectively as "Party" or "Parties," unless otherwise required by the context.

WHEREAS, on April 29, 2024, Enterprise and County entered into that certain Road Use Agreement Between Jefferson County and Enterprise Ethane Pipeline LLC, which was approved by the Jefferson County Commissioners Court on April 30, 2024 (the "Road Use Agreement") for the installation and construction of a thirty-inch (30") pipeline (the "Project");

WHEREAS, pursuant to the Road Use Agreement, Enterprise was allowed to utilize Ebner Road, Clark Road, Willis Road, League Road, and Johnson Road, all as more specifically described on the map attached to the Road Use Agreement (collectively, the "County Roads"), for the transportation of all necessary equipment and/or loads on the County Roads without a weight limit from June 1, 2024 to July 15, 2025;

WHEREAS, the Road Use Agreement provides that Enterprise shall pay County all actual cost, including labor, equipment use (including fuel, depreciation and overhead costs) and materials for all repairs, replacement or maintenance incurred as a result of the transport of equipment on, over, and across the County Roads for the Project;

WHEREAS, the Road Use Agreement required Enterprise to provide a surety bond in the amount of ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00) with the County Treasurer of Jefferson County, to provide for prompt payment by the surety upon demand from the County for the repairs, replacement and maintenance costs incurred by the County to return the road to substantially the same condition the County Roads possessed prior to commencement of the Project;

WHEREAS, Enterprise, as principal, and Arch Insurance Company, a corporation duly organized under the laws of the State of Missouri, as Surety, firmly bound themselves to Jefferson County in the penal amount of ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00) under Bond Number 1201473, dated March 27, 2024, for the Heavy Haul/Road Use Agreement (the "Road Bond");

WHEREAS, Jefferson County, granted Enterprise Overweight Vehicle Permit, Permit Number 07-OW-24 for the Project;

WHEREAS, Jefferson County required Enterprise to provide a surety bond in the amount of FORTY THOUSAND DOLLARS (\$40,000.00) with the County Treasurer of Jefferson County, to provide for prompt payment by the surety upon demand from the County for any loss Jefferson

County may be subject by reason of Enterprise's breach of any ordinance, rule or regulation related to the above described permit for the Project;

WHEREAS, Enterprise, as principal, and Arch Insurance Company, a corporation duly organized under the laws of the State of Missouri, as Surety, firmly bound themselves to Jefferson County in the penal amount of FORTY THOUSAND DOLLARS (\$40,000.00) under Bond Number 1201474, dated March 27, 2024, for the Pipeline Road Crossings- AFE A66651 (the "Pipeline Bond") (the Road Bond and the Pipeline Bond will be collectively referred to herein as the "Bonds");

WHEREAS, Jefferson County, granted Enterprise Pipeline Permit, Permit Number 03-P-24 for the Project;

WHEREAS, Enterprise has completed the Project;

WHEREAS, the County has made demand to Enterprise for its actual cost, including labor equipment use (including fuel, depreciation and overhead costs) and materials, for repairs, replacement or maintenance incurred by the County as a result of the Project; and

WHEREAS, Enterprise has agreed to pay the County the total sum of TWO HUNDRED FIFTY-EIGHT THOUSAND EIGHTY-EIGHT DOLLARS AND 94/100 (\$258,088.94) for a full, final and complete release from the County for any and all cost, including labor equipment use (including fuel, depreciation and overhead costs) and materials, for repairs, replacement or maintenance incurred by the County for the County Roads and a full, final and complete release of Enterprise and Arch Insurance Company of any obligations under the Road Use Agreement, Pipeline Permit or the Bonds.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS MADE HEREIN, INCLUDING THE RECITALS SET FORTH ABOVE, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Enterprise shall, within seven (7) business days of the Effective Date of this Agreement, cause to be paid to Jefferson County the total sum of TWO HUNDRED FIFTY-EIGHT THOUSAND EIGHTY-EIGHT DOLLARS AND 94/100 (\$258,088.94) (the "Damage Release Payment");
2. Jefferson County, on behalf of itself and its respective attorneys, agents, representatives, assigns, and successors-in-interest does hereby COMPROMISE, SETTLE, AND ABSOLUTELY, UNCONDITIONALLY, AND FULLY RELEASE and FOREVER DISCHARGE Enterprise, together with its predecessors, successors, direct and indirect parent companies, direct and indirect subsidiary companies, companies under common control with any of the foregoing, affiliates, assigns, and its and their past, present, and future officers, directors, shareholders, interest holders, members, partners, attorneys, agents, employees, managers, insurers, sureties, including, but not limited to, Arch Insurance Company, representatives, assigns,

successors-in-interest, contractors, and subcontractors from any and all liabilities, demands, claims, causes of action of any kind whatsoever, damages, punitive damages, penalties, losses, costs, debts, and charges, both legal and equitable, whether at common law, statutory, regulatory, contractual, tortious, or otherwise, whether now owned or hereafter acquired, known or unknown, accrued or unaccrued, that arise out of, relate to, or are in any way connected with: (i) the Project; (ii) the Road Use Agreement; (iii) the Pipeline Agreement or (iv) the Bonds; specifically including, but not limited to, damages to the County Roads for raveling, wash boarding, rutting, edge drop off, depressions, potholes, alligator cracking, longitudinal cracking, block cracking, edge cracks, upheaval, drainage, and water infiltration and all restoration and remediation obligations to level, grade, bind, compact, mill, resurface, overlay, patch (full, surface, and infrared), seal, or fill the County Roads.

3. The Bonds are null and void and of no further force and effect.
4. Each of the Parties to this Agreement shall bear its own attorneys' fees, costs, and expenses.
5. This Agreement constitutes the entire agreement between the Parties and supersedes all prior understandings and agreements concerning the subject of this Agreement; this Agreement may not be modified or amended except by a writing signed by the Party against whom said modification or amendment is to be enforced. No waiver of this Agreement, or the obligations or conditions herein, shall be valid unless evidenced by a writing signed on or after the date hereof by the Party against whom said waiver is to be enforced. No evidence of any amendment, modification or waiver of this Agreement shall be offered or received in evidence in any proceeding unless such waiver is in writing signed by the Party against whom said waiver is to be enforced. No Party shall be liable or bound to any other Party in any manner except as specifically set forth herein.
6. In entering into this Agreement, the Parties acknowledge that they have read the entire Agreement and relied upon the legal advice of their respective attorneys, who are the attorneys of their own choosing, that such terms are fully understood and voluntarily accepted by them, and that, other than the consideration set forth herein, no promises or representations of any kind have been made to them by any other Party. The Parties represent and acknowledge that in executing this Agreement they did not rely, and have not relied, upon any representation or statement, whether oral or written, made by any other Party or by any other Party's agents, representatives, or attorneys with regard to the subject matter, basis, or effect of this Agreement or otherwise.
7. Each of the Parties to this Agreement separately represent and warrant that they have full power and exclusive authority to enter into and execute this Agreement.
8. If any provision, term, or condition of this Agreement shall be held invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction,

the validity, legality and enforceability of the remaining provisions, terms and conditions shall not in any way be affected or impaired thereby, and the term, condition or provision that is held illegal, invalid, or unenforceable shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation or law is in effect.

9. This Agreement may be executed by the Parties in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[remainder of page intentionally blank]

**JEFFERSON COUNTY, TEXAS**

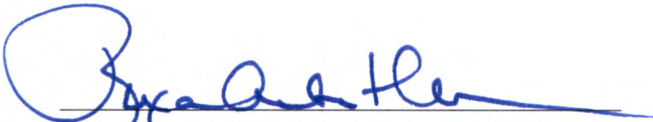
By: _____

Name: Jeff Branick

Title: County Judge

Approved by Jefferson County Commissioners Court on the 22nd day of December
2025.

Attest:



Roxanne Acosta-Hellberg, County Clerk

ENTERPRISE ETHANE PIPELINE LLCBy: 

Name: Alfred C. Bull

Title: Agent and Attorney in Fact

ACKNOWLEDGEMENT

STATE OF TEXAS

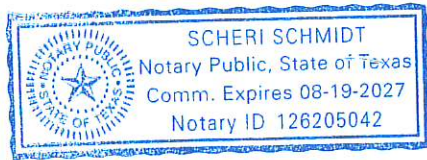

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§

COUNTY OF HARRIS

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This instrument was acknowledged before me on this 10th day of December 2025, by Alfred C. Bull, Agent and Attorney in Fact of Enterprise Ethane Pipeline LLC, a Texas limited liability company, on behalf of said entity.



 Notary Public, State of Texas
 My Commission Expires: 8/19/27

Agreement No. 78-01-0077	2. Effective Date November 1, 2025	3. Facility Code(s) 6DH	4. Modification No. Twenty-eight (28)	5. DUNS No. 010807-535
6. Issuing Federal Agency United States Marshals Service Prisoner Operations Division Intergovernmental Agreements Branch CG-3, Suite 300 Washington, DC 20530-0001		7. Local Government Jefferson County Jail 1001 Pearl Street Beaumont, TX 77701		
8. Appropriation Data 15X1020	9. Per-Diem Rate \$120.00		10. Guard/Transportation Hourly Rate \$39.50 Mileage shall be reimbursed by the Federal Government at the GSA Federal Travel Regulation Mileage Rate.	

11. EXCEPT AS PROVIDED SPECIFICALLY HEREIN, ALL TERMS AND CONDITIONS OF THE IGA DOCUMENT REFERRED TO IN BLOCK 1, REMAIN UNCHANGED. TERMS OF THIS MODIFICATION:

- A. The purpose of this modification is to increase the operational per diem rate.
- B. To execute the above, the following changes are made:
1. Increase the per diem rate from \$92.66 to \$120.00
- C. The hourly rate for medical appointments, hospital, and JPATS transportation service increased from \$33.23 to \$39.50. Guard/transportation for court will remain encompassed in the per diem.
- D. The per-diem rate and the guard/transportation hourly rate shall be fixed for a period from the effective date of this agreement forward for forty-eight (48) consecutive months except for any pricing adjustments resulting from DOL wage determinations or collective bargaining agreements. An economic rate adjustment to either rate can be requested by the Local Government after forty-eight (48) months of continuous performance. Request for economic rate adjustments before the end of the forty-eight (48) month period preceding the most recent rate adjustment shall only be considered if there are extreme circumstances that warrant a review of an out-of-cycle economic rate adjustment. Granting an out-of-cycle economic rate adjustment is not guaranteed.

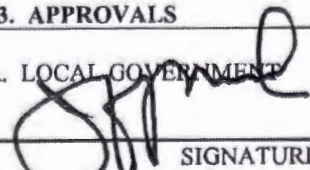
ALL OTHER CONDITIONS AND TERMS ARE TO REMAIN THE SAME UNDER THE TERMS OF THE CURRENT INTERGOVERNMENTAL AGREEMENT.

12. INSTRUCTIONS TO THE LOCAL GOVERNMENT FOR THE EXECUTION OF THIS MODIFICATION:

- A. ☐ LOCAL GOVERNMENT IS NOT REQUIRED TO SIGN THIS DOCUMENT
- B. ☒ LOCAL GOVERNMENT IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN ALL COPIES TO U. S. MARSHAL

13. APPROVALS

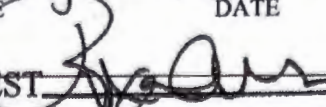
A. LOCAL GOVERNMENT



SIGNATURE
County Judge

TITLE
12/2/25

DATE

ATTEST 

DATE 12/2/25

FEDERAL GOVERNMENT

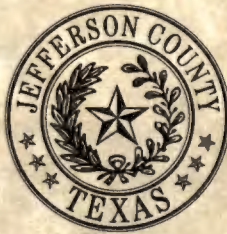
ARNESS HARRIS

Digitally signed by ARNESS HARRIS
Date: 2025.12.10 09:42:57
05:00

SIGNATURE

Chief, Procurement
TITLE

DATE



Resolution

STATE OF TEXAS

§

COMMISSIONERS COURT

COUNTY OF JEFFERSON

§

OF JEFFERSON COUNTY, TEXAS

BE IT REMEMBERED at a meeting of Commissioners Court of Jefferson County, Texas, held on the 22 day of December, 2025, on motion made by Michael S. Sinegal, Commissioner of Precinct No. 3, and seconded by Brandon Willis, Commissioner of Precinct No. 1, the following Resolution was adopted:

WHEREAS, *Jamie A. Miller*, has devoted 27 years and 1 month of her life serving the people of Jefferson County with pride and professionalism; and

WHEREAS, *Jamie A. Miller*, has dedicated her talents and service to the Jefferson County Sheriff’s Office, serving as an Office Specialist in the Warrant Division; a Secretary in the Criminal Investigations and Warrant Divisions; at the Correctional Facility; and as an Administrative Assistant to the Chief of Law Enforcement;”

WHEREAS, through hard work and commitment to excellence, *Jamie A. Miller*, has earned the respect of her colleagues and the citizens of Jefferson County; and

WHEREAS, having made a significant contribution to the Jefferson County Sheriff’s Office, *Jamie A. Miller*, is recognized for her unselfish devotion to the common good and welfare of the citizens of Jefferson County; and will be missed by her friends and co-workers.

NOW THEREFORE, BE IT RESOLVED that the Jefferson County Commissioners Court does hereby honor and commend *Jamie A. Miller*, for her dedicated service as a valuable employee of Jefferson County and wishes her well in her retirement.

SIGNED this 22nd day of December, 2025.

JUDGE JEFF R. BRANICK
County Judge



COMMISSIONER BRANDON WILLIS
Precinct No. 1

COMMISSIONER MICHAEL S. SINEGAL
Precinct No. 3

COMMISSIONER CARY ERICKSON
Precinct No. 2

COMMISSIONER EVERETTE D. ALFRED
Precinct No. 4

**MEMORANDUM OF UNDERSTANDING
BETWEEN HARDIN COUNTY AND JEFFERSON COUNTY
REGARDING THE CARE, HOUSING, AND DISPOSITION OF A SEIZED HORSE**

This **Memorandum of Understanding (MOU)** is entered into by and between the **Hardin County Sheriff's Office** (hereinafter "Hardin County") and the **Jefferson County Sheriff's Office** (hereinafter "Jefferson County") for the purpose of outlining responsibilities regarding the care and disposition of a male brown horse seized under a **cruelty seizure** by order of a Hardin County Justice of the Peace, and awarded to the **Hardin County Sheriff's Office**.

1. PURPOSE

The purpose of this MOU is to establish an agreement between Hardin County and Jefferson County for the care, housing, and eventual disposition of a neglected or abused horse seized under civil authority in Hardin County.

2. BACKGROUND

The Hardin County Sheriff's Office, acting under the authority of a Hardin County Justice of the Peace, has taken possession of a male brown horse as the result of a cruelty seizure. Due to the horse's poor condition and the lack of proper facilities and resources to provide necessary treatment, housing, and nourishment, Hardin County seeks the assistance of the Jefferson County Sheriff's Office Livestock Division.

3. TERMS OF AGREEMENT

A. Responsibilities of Jefferson County:

1. Jefferson County agrees to take custody of the seized horse and provide all necessary care, treatment, and housing at the Jefferson County Livestock Barn.
2. Jefferson County will supply all feed, medical care, and other resources required to restore the horse to good health and maintain its well-being.
3. Jefferson County agrees not to sell, transfer, or otherwise dispose of the horse prior to **November 13, 2025**.
4. Upon sale of the horse, Jefferson County shall retain all proceeds as reimbursement for costs incurred in housing, feeding, and rehabilitating the animal.

B. Responsibilities of Hardin County:

1. Hardin County agrees to transfer custody of the horse to Jefferson County for the duration of its care and rehabilitation.

2. Hardin County will make reasonable efforts to identify and locate the horse's owner.
3. If the owner is located prior to the sale of the horse, Hardin County will conduct any necessary criminal investigation and hold the owner responsible for all expenses incurred by Jefferson County related to the horse's care and rehabilitation.
4. In the event the proceeds from the sale of the horse do not fully cover the expenses incurred by Jefferson County, Hardin County agrees to pay the remaining balance.

4. DURATION AND TERMINATION

This MOU shall remain in effect until the horse has been sold and all related financial matters have been resolved.

Either party may terminate this agreement by providing **thirty (30) days** written notice to the other party.

5. GENERAL PROVISIONS

This MOU represents the full understanding between the parties concerning the matters addressed herein. Any amendments must be made in writing and signed by authorized representatives of both counties.

The parties further agree, pursuant to Sec. 791.015, Texas Government Code, that any dispute regarding the terms of this agreement will be submitted to an agreed upon mediator for resolution.

IN WHEREOF, the undersigned parties have executed this Memorandum of Understanding

HARDIN COUNTY SHERIFF'S OFFICE

By: Mark L. Davis
 Signature: Mark L. Davis
 Title: SHERIFF
 Date: 11-25-2025

HARDIN COUNTY JUDGE

By: Wayne McDaniel
 Signature: Wayne McDaniel
 Title: County Judge
 Date: 11-25-2025

JEFFERSON COUNTY SHERIFF'S OFFICE

By: Zane Stephens
 Signature: Zane Stephens
 Title: Sheriff
 Date: 11/18/2025

JEFFERSON COUNTY JUDGE

By: Jeff. R. Brant
 Signature: Jeff. R. Brant
 Title: Jefferson County Judge
 Date: 11-18-2025



ATTEST [Signature]

DATE 11/18/2025