

APPROPRIATIONS AND REVENUE SOURCES  
SALE, TRADE, OR LEASE OF COLLEGE-OWNED PROPERTY

CAL  
(LEGAL)

**Publication of Notice** Except for the types of land and interests described in Local Government Code 272.001 and 253.008, before land owned by a political subdivision of the state, including a college district, may be sold or exchanged for other land, notice to the general public of the offer of the land for sale or exchange must be published in a newspaper of general circulation in either the county in which the land is located or, if there is no such newspaper, in an adjoining county. The notice must include a description of the land, including its location, and the procedure by which sealed bids to purchase the land or offers to exchange the land may be submitted. The notice must be published on two separate dates and the sale or exchange may not be made until after the 14th day after the date of the second publication. *Local Gov't Code 272.001(a)*

Exceptions  
*Generally*

The notice and bidding requirements set out above do not apply to the types of land and real property interests described below and owned by a political subdivision. The land and those interests described below may not be conveyed, sold, or exchanged for less than the fair market value of the land or interest unless the conveyance, sale, or exchange is with one or more abutting property owners who own the underlying fee simple. The fair market value is determined by an appraisal obtained by the political subdivision that owns the land or interest. The appraisal price is conclusive of the fair market value of the land or interest. This applies to:

1. Narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances;
2. Streets or alleys, owned outright or used by easement;
3. Land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash;
4. Land that the political subdivision wants to have developed by contract with an independent foundation;
5. A real property interest conveyed to a governmental entity that has the power of eminent domain; or
6. The land or interests described by items 1 and 2 above may be sold to:
  - a. Abutting property owners in the same subdivision if the land has been subdivided; or

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- b. Abutting property owners in proportion to their abutting ownership, and the division between owners must be made in an equitable manner.

This section does not require the governing body of a political subdivision to accept any bid or offer or to complete a sale or exchange.

*Local Gov't Code 272.001(b)–(d)*

Other Higher  
Education  
Institutions

A political subdivision may donate, exchange, convey, sell, or lease land, improvements, or an interest in real property to an institution of higher education to promote a public purpose related to higher education. The political subdivision shall determine the terms and conditions of the transaction so as to effectuate and maintain the public purpose. A political subdivision may donate, exchange, convey, sell, or lease the real property interest for less than its fair market value and without complying with the notice and bidding requirements set out above. *Local Gov't Code 272.001(j)*

Other Political  
Subdivisions

A political subdivision may donate or sell for less than fair market value and without complying with the notice and bidding requirements set out above a designated parcel of land or an interest in real property to another political subdivision if:

1. The land or interest will be used by the political subdivision to which it is donated or sold in carrying out a purpose that benefits the public interest of the donating or selling political subdivision;
2. The donation or sale of the land or interest is made under terms that effect and maintain the public purpose for which the donation or sale is made; and
3. The title and right to possession of the land or interest revert to the donating or selling political subdivision if the acquiring political subdivision ceases to use the land or interest in carrying out the public purpose.

*Local Gov't Code 272.001(l)*

**Property Acquired  
Through Eminent  
Domain**

A governmental entity may sell real property acquired through eminent domain to the person who owned the real property interest immediately before the governmental entity acquired the property interest, or to the person's heirs, successors, or assigns, at the price the entity paid at the time of acquisition if:

1. The public use for which the property was acquired through eminent domain is canceled;

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2. No actual progress is made toward the public use during a prescribed period of time; or
3. The property is unnecessary for the public use.

*Tex. Const. Art. III, 52j*

**Lease of Property to  
a Governmental  
Entity**

To promote a public purpose of the political subdivision, a political subdivision may:

1. Lease property owned by the political subdivision to another political subdivision or an agency of the state or federal government; or
2. Make an agreement to provide office space in property owned by the political subdivision to the other political subdivision or agency.

When leasing property or providing office space in its property the political subdivision:

1. Shall determine the terms of the lease or agreement so as to promote and maintain the public purpose;
2. May provide for the lease of the property or provision of the office space at less than fair market value; and
3. Is not required to comply with any competitive purchasing procedure or any notice and publication requirement imposed by Local Government Code Chapter 272 or other law.

*Local Gov't Code 272.005*

**Lease Terms**

A lease between a governmental entity, including a college district, and another person regarding public property must contain lease terms requiring the person to:

1. Include in each contract for the construction, alteration, or repair of an improvement to the leased property a condition that the contractor:
  - a. Execute a payment bond that conforms to Property Code Chapter 53, Subchapter I; and
  - b. Execute a performance bond in an amount equal to the amount of the contract for the protection of the governmental entity and conditioned on the faithful performance of the contractor's work in accordance with the plans, specifications, and contract documents; and
2. Provide to the governmental entity a notice of commencement consistent with this section at least 90 days before the date

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the construction, alteration, or repair of any improvement to the leased property begins.

Notice of  
Commencement

A notice of commencement must:

1. Identify the public property where the work will be performed;
2. Describe the work to be performed;
3. State the total cost of the work to be performed;
4. Include copies of the required performance and payment bonds; and
5. Include a written acknowledgment signed by the contractor stating that copies of the required performance and payment bonds will be provided to all subcontractors not later than the fifth day after the date a subcontract is executed.

On or before the 10th day after the date a governmental entity receives a notice of commencement for the construction, alteration, or repair of an improvement to leased property, the governmental entity may notify the leaseholder that the construction, alteration, or repair may not proceed.

*Gov't Code 2252.909(b)-(d)*

Failure to Include  
Lease Terms

If a governmental entity fails to include in a lease the lease terms required by Government Code 2252.909, the entity is subject to the same liability as a surety would have if the surety had issued a payment bond and if the entity had obtained the bond, and a payment bond beneficiary is entitled to a lien on money due to the prime contractor in the same manner and to the same extent as if the contract were subject to Property Code Chapter 53, Subchapter J. *Gov't Code 2253.027(a)*

*Exception*

A governmental entity is not liable as a surety if a person leasing property from the entity fails to submit to the entity the notice of commencement. *Gov't Code 2253.027(c)*

**Sharing of  
Underused  
Classrooms**

A public institution of higher education, including a college district, may make the institution's classrooms not scheduled for use by the institution or by students, student organizations, or faculty of the college district between 5:00 p.m. and 10:00 p.m. on one or more weekdays or between 8:00 a.m. and 5:00 p.m. on one or more Saturdays available for that day to another public junior college on request for teaching courses in the core curriculum, as defined by Education Code 61.821, or continuing education courses.

A public institution of higher education that under Education Code 51.975 makes a classroom available to another institution shall

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continue to make that classroom, or a comparable classroom, available to the other institution for the duration of the semester or other academic term.

An institution of higher education may charge another institution for the use of a classroom under Education Code 51.975 at a rate not to exceed the rate permitted for this purpose as determined by the Coordinating Board. The Coordinating Board shall establish those rates in an amount to reimburse the host institution for utility costs and other costs, such as maintenance and custodial services, based on the infrastructure formula funding that the host institution would receive if teaching a course in that space itself for that time.

*Education Code 51.975*

[See GH for funds paid by school districts in exchange for the use of an instructional or athletic facility]

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**Note:** Regarding geospatial data products, see CRA.

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Client Amount	Transact Fees	User Paid Fee	Client Paid Fees	Total Amount	Tx #	Bus Date	Customer Code
<b>School:</b>							
<b>TEXARKANA</b>							
<b>_PROD</b>							
656.00	0.00	0.00	15.74400	656.00	1035240	08/08/2024	105956
429.00	0.00	0.00	10.29600	429.00	1035241	08/08/2024	145975
0.00	30.00	0.00	0.00000	30.00	1035242	08/08/2024	145975
-266.00	0.00	0.00	0.00000	-266.00	1035244	08/08/2024	63070
766.50	0.00	0.00	18.39600	766.50	1035247	08/08/2024	115459
0.00	30.00	0.00	0.00000	30.00	1035248	08/08/2024	115459
235.50	0.00	0.00	5.65200	235.50	1035252	08/08/2024	121483
0.00	30.00	0.00	0.00000	30.00	1035253	08/08/2024	121483
711.00	0.00	0.00	17.06400	711.00	1035258	08/08/2024	130611
0.00	30.00	0.00	0.00000	30.00	1035259	08/08/2024	130611
377.00	0.00	0.00	9.04800	377.00	1035261	08/08/2024	122248
315.75	0.00	0.00	7.57800	315.75	1035262	08/08/2024	107335
0.00	30.00	0.00	0.00000	30.00	1035263	08/08/2024	107335
471.50	0.00	0.00	11.31600	471.50	1035265	08/08/2024	140099
0.00	30.00	0.00	0.00000	30.00	1035266	08/08/2024	140099
634.50	0.00	0.00	15.22800	634.50	1035270	08/08/2024	125933
0.00	30.00	0.00	0.00000	30.00	1035271	08/08/2024	125933
2556.00	0.00	0.00	61.34400	2556.00	1035273	08/08/2024	145061
790.00	0.00	0.00	18.96000	790.00	1035275	08/08/2024	147945
0.00	30.00	0.00	0.00000	30.00	1035276	08/08/2024	147945
767.50	0.00	0.00	18.42000	767.50	1035278	08/08/2024	148613
0.00	30.00	0.00	0.00000	30.00	1035279	08/08/2024	148613
258.50	0.00	0.00	6.20400	258.50	1035282	08/08/2024	149738
0.00	30.00	0.00	0.00000	30.00	1035283	08/08/2024	149738
425.75	0.00	0.00	10.21800	425.75	1035285	08/08/2024	57794
0.00	30.00	0.00	0.00000	30.00	1035286	08/08/2024	57794
127.25	0.00	0.00	3.05400	127.25	1035290	08/08/2024	147910
0.00	30.00	0.00	0.00000	30.00	1035291	08/08/2024	147910
429.00	0.00	0.00	10.29600	429.00	1035293	08/08/2024	138920
0.00	30.00	0.00	0.00000	30.00	1035294	08/08/2024	138920
354.50	0.00	0.00	8.50800	354.50	1035297	08/08/2024	117712
988.75	0.00	0.00	23.73000	988.75	1035298	08/08/2024	150019
0.00	30.00	0.00	0.00000	30.00	1035299	08/08/2024	150019
446.25	0.00	0.00	10.71000	446.25	1035302	08/08/2024	150232
0.00	30.00	0.00	0.00000	30.00	1035303	08/08/2024	150232
1022.00	0.00	0.00	24.52800	1022.00	1035307	08/08/2024	138240
674.00	0.00	0.00	16.17600	674.00	1035308	08/08/2024	138584
246.00	0.00	0.00	5.90400	246.00	1035313	08/08/2024	140530
411.50	0.00	0.00	0.00000	411.50	1035314	08/08/2024	129956
0.00	30.00	0.00	0.00000	30.00	1035315	08/08/2024	129956
704.00	0.00	0.00	16.89600	704.00	1035316	08/08/2024	80773
251.00	0.00	0.00	6.02400	251.00	1035318	08/08/2024	129211
0.00	30.00	0.00	0.00000	30.00	1035319	08/08/2024	129211
957.50	0.00	0.00	0.00000	957.50	1035322	08/08/2024	149741
0.00	30.00	0.00	0.00000	30.00	1035323	08/08/2024	149741
339.50	0.00	0.00	0.00000	339.50	1035325	08/08/2024	146067
0.00	30.00	0.00	0.00000	30.00	1035326	08/08/2024	146067
461.50	0.00	0.00	19.61375	461.50	1035328	08/08/2024	143997
0.00	30.00	0.00	0.00000	30.00	1035329	08/08/2024	143997

[illegible]

Client Amount	Transact Fees	User Paid Fee	Client Paid Fees	Total Amount	Tx #	Bus Date	Customer Code
235.50	0.00	0.00	0.00000	235.50	1035330	08/08/2024	113165
0.00	30.00	0.00	0.00000	30.00	1035331	08/08/2024	113165
255.75	0.00	0.00	6.13800	255.75	1035332	08/08/2024	13440
0.00	30.00	0.00	0.00000	30.00	1035333	08/08/2024	13440
4380.00	0.00	0.00	105.12000	4380.00	1035337	08/08/2024	148633
201.00	0.00	0.00	4.82400	201.00	1035338	08/08/2024	120806
0.00	30.00	0.00	0.00000	30.00	1035339	08/08/2024	120806
355.50	0.00	0.00	0.00000	355.50	1035341	08/08/2024	128228
0.00	30.00	0.00	0.00000	30.00	1035342	08/08/2024	128228
84.50	0.00	0.00	0.00000	84.50	1035345	08/08/2024	139279
0.00	30.00	0.00	0.00000	30.00	1035346	08/08/2024	139279
<b>22053.50</b>	<b>750.00</b>	<b>0.00</b>	<b>486.99</b>	<b>22803.50</b>			

**Grand Totals (60 records)**



Vendor

TEXARKANA  
TEXARKANA  
TEXARKANA  
TEXARKANA  
TEXARKANA  
TEXARKANA  
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TEXARKANA

(60 records)

APPROPRIATIONS AND REVENUE SOURCES  
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<b>Public Funds Investment Act</b>	A college district must comply with the Public Funds Investment Act, Government Code Chapter 2256.
<b>Investment Compliance</b>	All investments made by investing entities, including college districts, shall comply with Government Code Chapter 2256, Subchapter A, and all federal, state, and local statutes, rules, or regulations. <i>Gov't Code 2256.026</i>
<b>Written Policies</b>	<p>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 under its control. The investment policies must be written; primarily emphasize safety of principal and liquidity; and address investment diversification, yield, and maturity and the quality and capability of investment management; and include:</p> <ol style="list-style-type: none"><li>1. A list of the types of authorized investments in which the investing entity's funds may be invested;</li><li>2. The maximum allowable stated maturity of any individual investment owned by the entity;</li><li>3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;</li><li>4. Methods to monitor the market price of investments acquired with public funds;</li><li>5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and</li><li>6. Procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Government Code 2256.021 [see Loss of Required Rating, below].</li></ol> <p><i>Gov't Code 2256.005(a)–(b)</i></p>
<b>Annual Review</b>	<p>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. <i>Education Code 51.0032; Gov't Code 2256.005(e)</i></p>

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Investment  
Strategies

As an integral part of the 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.

*Gov't Code 2256.005(d)*

Investment Officer

Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees 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 Government Code Chapter 2256. 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 the ultimate responsibility as fiduciaries of the assets of the investing entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity. *Gov't Code 2256.005(f)*

Government Code Chapter 2256 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 Government Code Chapter 2256. *Gov't Code 2256.003(c)*

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**Investment Training**

Initial Training for  
Board Members  
and Investment  
Officer

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 Government Code Chapter 2256 within six months after taking office or assuming duties. The Coordinating Board shall provide the training under Government Code 2256.007. The training must include education in:

1. Investment controls;
2. Security risks;
3. Strategy risks;
4. Market risks;
5. Diversification of investment portfolio; and
6. Compliance with Chapter 2256.

*Gov't Code 2256.007(a)–(c)*

Biennial Training for  
Investment Officer

The 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. *Gov't Code 2256.007(d)*

Training for  
Investment Officer  
and Other College  
Officials

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 ten hours of instruction relating to the treasurer's or officer's responsibilities under Government Code Chapter 2256, Subchapter A, 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 ten hours of instruction relating to investment responsibilities under Chapter 2256, Subchapter A, 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.

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The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with Government Code Chapter 2256.

*Gov't Code 2256.008(a), (c)*

**Standard of Care**

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 his or her 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 objectives in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken 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.

*Gov't Code 2256.006*

**Personal Interest**

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 by Government Code Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A required statement must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten 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;

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2. Funds received by the investment officer from the business organization exceed ten 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.

*Gov't Code 2256.005(i)*

**Reports**

Quarterly Reports

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 the Public Funds Investment Act for the preceding reporting period. This 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. 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 for each pooled fund group (i.e., each internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested) 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 the investment strategy expressed in the agency's or local government's in-

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vestment policy and relevant provisions of Government Code Chapter 2256.

If the 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 officer under Government Code Chapter 2256 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.

*Education Code 51.0032; Gov't Code 2256.001, .002 (9), .023*

Biennial Report

The investment officer shall prepare a report on Government Code Chapter 2256, Subchapter A, and deliver it to the governing body of the state agency no later than the 180th day after the last day of each regular session of the legislature. *Gov't Code 2256.007(d)*

Selection of Broker

The governing body of an entity subject to Government Code Chapter 2256, Subchapter A, or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity. *Gov't Code 2256.025*

Authorized  
Investments

Each governing body of a local government or a state agency may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with investment policies approved by the governing body and according to the standard of care set out in this policy. The governing body of an investing entity may specify in its investment policy that any investment authorized by Government Code Chapter 2256 is not suitable. Investments may be made directly by the governing body or by a nonprofit corporation acting on behalf of the governing body or an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

In the exercise of these powers, 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 for such purpose 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 an investing entity by order, ordinance, or resolution.

*Gov't Code 2256.003(a)–(b), .005(j)*

Obligations

Except as provided below, the following are authorized investments under the Public Funds Investment Act:

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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, the state of Texas, the United States, or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) 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 FDIC 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 item 7 if:
  - a. The funds invested in the banking deposits are invested through 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 Government Code 2256.025 or a depository institution with a main office or branch office in this state that the investing entity selects;
  - b. The selected broker or depository institution 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;



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- 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 the selected depository institution, an entity described by Government Code 2257.041(d), or 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. 240.15c3-3).

*Gov't Code 2256.009(a)*

The following investments are not authorized:

- 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 ten years.
- 4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

*Gov't Code 2256.009(b)*

Certificates of  
Deposit and Share  
Certificates

A certificate of deposit or share certificate is an authorized investment if the certificate is issued by a depository institution that has its main office or a branch office in Texas and is:

- 1. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
- 2. Secured by obligations described by Government Code 2256.009(a) above, 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 Government Code Chapter 2257 or in any other manner and amount provided by law for the deposits of the investing entity.

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In addition to the authority to invest funds in certificates of deposit under the previous section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under Government Code 2256.010:

1. The funds are invested by an investing entity through 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 Government Code 2256.025, or 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 depository institution selected by the investing entity 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 item 1, above, 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. 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

*Gov't Code 2256.010*

The investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. *Gov't Code 2256.005(c)*

Repurchase  
Agreements

A fully collateralized repurchase agreement is an authorized investment under the Public Funds Investment Act if the repurchase agreement:

1. Has a defined termination date;
2. Is secured by a combination of cash and obligations described by Government Code 2256.009(a)(1) or 2256.013 or, if applicable, 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

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by the entity, and deposited with the entity or 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 Texas.

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. 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.

A repurchase agreement made by an investing entity under this provision 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. 240.17Ad-22.

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

An investing entity that contracts with an investment management firm under Government Code 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.

An investment management firm responsible for managing a repurchase agreement transaction using a joint account on behalf of an investing entity as authorized under this provision 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.

A "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obliga-

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tions described by Section 2256.009(a)(1) or 2256.013 or, if applicable, 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.

A "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.

*Gov't Code 2256.011*

Securities Lending  
Program

A securities lending program is an authorized investment if:

1. The value of securities loaned must not be less than 100 percent collateralized, including accrued income, and the loan must allow for termination at any time;
2. The loan must be secured by:
  - a. Pledged securities described by Government Code 2256.009;
  - b. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and 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 Government Code 2256.009, 2256.013, 2256.014, or 2256.016;
3. The terms of the loan require that the securities being held as collateral be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity; and
4. The loan must be placed through a primary government securities dealer, as defined by 5 C.F.R. 6801.102(f), as that regulation existed on September 1, 2003, or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

*Gov't Code 2256.0115*

Banker's  
Acceptance

A banker's acceptance is an authorized investment if the banker's acceptance:

1. Has a stated maturity of 270 days or fewer from the date of issuance;

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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.

*Gov't Code 2256.012*

Commercial Paper

Commercial paper is an authorized investment if the commercial paper:

1. Has a stated maturity of 365 days or fewer from the date of issuance; and
2. Is rated not less than A1-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, or by one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

*Gov't Code 2256.013*

Mutual Funds

A no-load money market mutual fund is an authorized investment 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 and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 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.).

A no-load mutual fund is an authorized investment 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

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3. Either has a duration of one year or more and is invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act) or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

Investments in no-load money market mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c). In addition, the investing entity may not invest any portion of bond proceeds, reserves, and funds held for debt service, in no-load mutual funds.

*Gov't Code 2256.014*

Guaranteed  
Investment  
Contracts

A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

1. Has a defined termination date;
2. Is secured by obligations described by Government Code 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.

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

To be eligible as an authorized investment:

1. The governing body of the entity must specifically authorize guaranteed investment contracts as eligible investments 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

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

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

*Gov't Code 2256.015*

Investment Pools

A public funds investment pool is an authorized investment if it meets the requirements of Government Code 2256.016 and 2256.019, including that the governing body of the entity authorizes the investment in the particular pool by rule, order, ordinance, or resolution, as appropriate. *Gov't Code 2256.016, .019*

Hedging  
Transactions

A hedging transaction is an authorized investment if an eligible entity meets the requirements of Government Code 2256.0206.

"Eligible entity" means a political subdivision, including a college district, that has:

1. A principal amount of at least \$250 million in outstanding long-term indebtedness, long-term indebtedness proposed to be issued, or a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and
2. 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.

*Gov't Code 2256.0206*

Funds from Mineral  
Rights

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 Property Code Title 9, Subtitle B (Texas Trust Code).

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.

*Gov't Code 2256.0207*

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Authorized  
Investments  
Specific to  
Institutions of  
Higher Education

In addition to the authorized investments permitted by Government Code Chapter 2256, Subchapter A, 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 (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.

*Gov't Code 2256.020*

Change in Law

Except as provided by Government Code Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*

Loss of Required  
Rating

An investment that requires a minimum rating under Government Code Chapter 2256, Subchapter A, 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. *Gov't Code 2256.021*

**Investment of Bond  
Proceeds and  
Pledged Revenue**

The investment officer of a local government, including a college district, may invest bond proceeds or pledged revenue only to the extent permitted by Government Code Chapter 2256, 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.

"Pledged revenue" means money pledged to the payment of or as security for bonds or other indebtedness issued by a local government; obligations under a lease, installment sale, or other agree-



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ment of a local government; or certificates of participation in a debt or obligation.

*Gov't Code 2256.0208*

**Investment of Debt  
Service Funds**

A school district, including a junior college district, may enter into a contract with a term not to exceed seven years to purchase investments with the proceeds of taxes levied or to be levied by the district for the purpose of paying debt service on bonds issued by the district.

A contract under this section may provide for the purchase of investments at a stated yield or yields.

Before entering a contract under this section, a school district must solicit and receive bids from at least three separate providers. The district must accept the qualifying bid that provides for the highest yield investments over the term of the contract.

A contract under this section may provide only for the purchase of an obligation described by Government Code 2256.009(a)(1), other than an obligation described by Government Code 2256.009(b).

*Education Code 45.112*

**General Deposits**

The governing board of each institution of higher education may invest the funds received as general deposits authorized by Education Code 54.502 in the manner provided under either Education Code 51.003 or 51.0031. *Education Code 54.5022*

**Sellers of  
Investments**

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 section, "business organization" means an investment pool or an 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. 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

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preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards, or 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.

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 described above.

*Gov't Code 2256.005(k)-(l)*

**Donations**

Government Code Chapter 2256, Subchapter A, does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor. *Gov't Code 2256.004(b)*

**Electronic Funds Transfer**

Any local government, including a college district, may use electronic means to transfer or invest all funds collected or controlled by the local government. *Gov't Code 2256.051*

**Private Auditor**

Notwithstanding any other law, a state agency, including a college district, 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. *Gov't Code 2256.052*