

**REQUEST FOR PROPOSAL:  
BANK DEPOSITORY SERVICES**

Gulf Bend Mental Health Mental Retardation Center, DBA Gulf Bend Center (GBC), is requesting proposals for a one-year bank depository services contract to begin September 1, 2024 with the option to be extended for two, two-year extensions.

**I. BACKGROUND INFORMATION**

GBC is a community center in the State of Texas formed as the result of the Texas Mental Health and Mental Retardation Act of 1965. GBC is a 501(c)(3) non-profit agency governed by a nine-member Board of Trustees. It has grown from a small organization offering limited services to a major behavioral health provider, serving over 2,000 individuals annually in a comprehensive array of mental health, intellectual developmental disabilities, and substance use disorder services. GBC provides services in a seven-county region that includes: Victoria, Jackson, Calhoun, Refugio, Goliad, Dewitt, and Lavaca Counties.

**II. SCOPE OF SERVICES TO BE PROVIDED**

Through this contract, GBC intends to minimize banking costs, improve operational efficiency, and maximize its investment capabilities. This Request for Proposal (RFP), specifies all required qualifications, the banking services required, the estimated activity volumes on accounts, the method and terms of compensation, submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this RFP must be insured through the Federal Deposit Insurance Corporation (FDIC), must have a bank facility within the City of Victoria, and must be able to demonstrate a capacity to meet GBC’s requirements as stated in the RFP.

**III. SUBMISSIONS OF PROPOSAL**

**Requirements of Proposal**

All proposals in response to this request must meet the following conditions to be considered:

- a. Include a cover letter clearly stating the bank name, address, and telephone number of the representative;
- b. Submitted by the deadline;
- c. Meet eligibility requirements in IV, and
- d. Address all required items in VII and VIII.

**Schedule for Proposal Submission**

GBC will make every effort to adhere to the following schedule:

RFP	DEADLINE DATE
Request for proposal issued	07/15/2024
Deadline to submit questions	07/26/2024
Deadline to submit proposal	08/02/2024
Selected applicate presented to Board for approval	08/27/2024
Contract commencement (see implementation deadline)	09/1/2024

**Proposal Submission**

All RFPs submitted for GBC’s consideration can be emailed or hand delivered to the following address:

Gulf Bend Center  
Attn: Kasie Mundine  
6502 Nursery Drive, Ste 100  
Victoria, TX 77904  
cfo@gulfbend.org

**Proposals must be received no later than EOB August 2, 2024.**

**Proposal Inquiries**

Questions regarding this RFP, or the services requested, will be accepted in email format to [cfo@gulfbend.org](mailto:cfo@gulfbend.org) on or before EOB July 26, 2024. All emails should include the subject “Depository RFP Questions”.

**Proprietary Information**

To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of the contents until after award of the contract. Proprietary information contained in the proposal should be designated as such on each page containing the restricted information.

**IV. PROPOSAL QUALIFICATIONS**

**Eligibility**

- a. To assure a close working relationship and to facilitate services, depository institutions with full depository service capabilities within the geographic boundaries of the GBC’s catchment area will be given preference.
- b. In order to equitably evaluate each bank's ability to meet the banking service needs of GBC, a standard format for all proposals is required. A response must be given to each item in Sections VII-VIII of this RFP. Responses must be in the same order as the questions presented and a response given for each question, stating acceptance of, modifications or additions to, or a statement of the inability to provide said service. Associated fees, rates, basis, and/or additional explanatory information should follow the same order.

**Selection Criteria**

The following criteria will be used by GBC as the weighting basis for evaluation of the proposals and the award recommendation:

- Banking services offered 40%
- Banking services costs and earnings potential 30%
- Creditworthiness and stability of the bank 20%
- Experience and references of bank 10%

These elements will be combined for evaluation of the proposals. Award may not be made to the institution submitting the lowest price proposal. GBC will choose the institution submitting the best, most responsive overall proposal which best satisfies the needs of GBC.

**GBC’s Rights**

GBC reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,
- accept any proposal or portion thereof most advantageous to GBC,
- request additional information or require a meeting with bank representatives for clarification,
- cancel, revise, and/or reissue this request for proposal or any portions thereof,
- negotiate any conditions with proposers,
- retain all other provisions even if any provision of the proposal is deemed invalid,
- modify deadlines, and
- select any proposal deemed to be in its best interest as determined by GBC.

## V. GBC FINANCIAL OVERVIEW

GBC's Accounting Department handles all banking, treasury, and investment activities as well as accounts payable, receivables, and financial reporting functions. The Chief Financial Officer (CFO) is responsible for the department and reports to the Chief Operations Officer and Executive Director. Deposits are only made by Accounting Department staff and all transactions are under the direction/control of the Accounting Department. The Accounting Department handles all reconciliations. A separation of these duties is maintained.

GBC plans to utilize automated banking services when efficient and cost effective. This proposal should address automation potential on any services.

GBC currently maintains five (5) bank accounts:

- General Operating Fund - Public Fund Contractual Checking with Interest Account
- Depository Account – Public Fund Contractual Checking with Interest Account
- Payroll Account - Public Fund Contractual Checking with Interest Account
- Cafeteria Fund - Public Fund Contractual Checking with Interest Account
- Merchant Processing Account - Public Fund Contractual Non-Interest Checking Account

GBC's General Operating Fund serves as the checking account with approximately 1,500 checks issued annually. GBC is currently making minimal electronic payments but would prefer to enhance this practice. GBC's Depository Account receives all outside deposit, ACH or transfers in. Credit card payments are handled through a separate merchant services agreement and deposited to the Merchant Processing Account.

Any or all GBC funds may be maintained and invested outside this contract. GBC will be under no obligation to maintain funds in the bank. GBC will continue to direct liquid funds to pools or other authorized investments as interest rates and conditions vary.

The CFO will monitor the bank's performance against provisions of the agreement, including the bank's proposal submitted in the response to this RFP. The CFO will also be responsible for administering the agreement with respect to day-to-day activities, including deposits and withdrawals, ACH transactions, maintenance of account balances, daily reporting, etc. A list of personnel authorized to deal directly with the bank will be provided following award of contract. The bank shall provide GBC with a similar list of authorized personnel.

## VI. GENERAL STATEMENT OF BANKING SERVICES REQUIRED

The banking services described in this RFP are directed toward the following major goals:

- safety of GBC's funds and securities,
- 100% utilization of idle funds,
- efficient utilization of available banking services,
- minimization of banking costs, and
- timely and accurate information flow.

### **Collateral**

GBC requires a depository that is fiscally strong and able to provide the required services on an uninterrupted basis. GBC funds are public funds and fall under certain provisions of the Public Funds Collateral Act. All uninvested funds must be collateralized to 102% with securities authorized by GBC's Investment Policy – Attachment A.

### **Investment Policy Certification**

As a provider of financial services, the depository will be required to agree to review GBC's Investment Policy and certify that reasonable procedures have been established to assure that the conditions set in the Policy are met.

## VII. FINANCIAL INSTITUTION QUALIFICATIONS

(The proposal must include a response to each question in Section VII.)

### **Creditworthiness**

In order to fulfill GBC's fiduciary responsibility and to protect public funds, each bank submitting applications shall provide the following:

- a. Provide an audited annual financial statement for the most recent fiscal period submitted in electronic form or provided as a reference link on bank's website.
- b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its rating agency.
- c. The bank will be contractually liable for notifying GBC within thirty (30) days of any change in any decrease of ratings during the contract period. Confirm agreement to this requirement.

### **Customer Service**

Service will be a primary focus of GBC on a continuing basis.

- a. Describe the experience of the financial institution in providing similar services for other public clients.
- b. How does the bank intend to support the new and ongoing automation needs of GBC?
- c. Briefly describe your institution's disaster recovery plan.
- d. Depository will be required to review the GBC's Investment Policy and certify that review in accordance with Texas Local Government Code 2256. Confirm agreement with this requirement.

### **References**

List references from three comparable Texas public entity clients. For each reference, include the length of time under contract, a client contact, title, and phone number or email address.

### **Depository Agreement and Service Agreements**

Provide a copy of all agreements which will be required to be executed under the contract for services rendered including depository and collateral agreements, even if not directly referenced in this RFP.

### **Implementation timeline**

The contract period will commence September 1, 2024. GBC recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date and that all services should be transferred by September 30, 2024, if GBC chooses a depository different from current one. Collateral should be in place three days before any funds are transferred.

Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities.

## VIII. REQUIRED BANKING SERVICES

(The proposal must include a response to each of the questions in Section VIII and all associated fees must be detailed in the response. Add any level of detail as necessary for complete disclosure.)

### **Account Structure**

GBC is interested in assuring that all funds are earning at the best, most-current interest rates available at all times. GBC currently pays for services on a fee basis.

The bank shall propose the bank's most cost-effective methodology for creating the most efficient account structure - with or without a sweep, interest bearing, money market, ZBA, etc. Fully describe this proposed structure, including in low and high interest periods, additional accounts necessary, how the proposed structure will be reported, and all necessary detail to fully understand the proposed structure. A history of net rates for any vehicle proposed is to be provided.

GBC may be required or may desire to open additional accounts or change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount.

### **Automated Treasury Services**

GBC requires automated cash management services and balance reporting for timely access to daily balance reporting on transactions.

- a. Fully describe the bank's service capabilities and whether service is to be a direct link or web based. Provide a link to visit the site if possible.
- b. Fully describe the bank's automated reporting system, its capabilities and back-up provisions.
- c. Provide access times and update times for daily information.
- d. List all information available on-line at both summary and detail levels.
- e. Specify GBC's hardware and software requirements.
- f. How many hours has the system been down in the last six months?
- g. Describe the back-up process for on-line balance reporting.
- h. Describe the bank's security features. Is there a dual PIN requirement? Can access be restricted by account and amount?

### **Standard Deposit Services**

Standard commercial deposit services are required. The majority of deposits will be made to the Depository Account daily. GBC does accept credit card payments.

GBC expects all deposited checks to clear based on the bank's current published FRB availability schedule. All cleared deposits received by the bank's established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wire transfers, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit GBC accounts in a timely fashion will require interest payment reimbursement to GBC at the then-current daily Fed Funds rate.

- a. Does the bank image all checks, deposit slips, and deposit items?
- b. What security measures are used on deposits?
- c. What is the bank's daily cut-off time to assure same day ledger, and - pending availability - collected credit? Will this vary by location (lobby, teller, vault)?
- d. Does the bank software have the capability to allow GBC to input ACH requests with effective payment date being a future date greater than 48 hours from date of entry?
- e. What type of deposit bags are used/required? Are these available from the bank? At what cost?
- f. What is the bank's availability schedule?
- g. Provide a list of all the bank's deposit locations and alternatives near or in GBC.

### **Standard Disbursing Services**

Standard disbursing services for all accounts are required to include the payment of all GBC payroll checks without charge upon presentation. Because of the proliferation of fraudulent checks, if advance reconciliation (positive pay) services are not available or not chosen as a service under this contract, please state the bank's policy on GBC's liability in the case of fraudulent checks.

GBC also intends to move toward more vendor payments by ACH.

### **Funds Transfer and Wire Services**

GBC currently has an average of three outgoing wires per week and one incoming wire per month along with internal transfers. Incoming wire transfers must receive same day credit. Wire initiation and monitoring should be available over the automated system. GBC will require compensation for delays caused by bank errors at that day's Fed Funds rate.

- a. List the methods of wire initiation available.
- b. Is online monitoring of wire status available?
- c. What back-up process is available for the on-line process?
- d. State wire access times, incoming notification methods, posting times, and required authorizations.
- e. Is future dating available for both repetitive and non-repetitive wires? How far in advance?

### Positive Pay and Reconciliation

Describe the bank's automated positive pay (advanced reconciliation) services. GBC does not currently use this feature but would be interested in incorporating it.

- a. Describe the data transmission/transfer requirements and alternatives for computer generated check runs.
- b. Describe the input process and requirements for individual, manual checks written. Is input available online?
- c. How can check records be changed or deleted by GBC, if necessary?
- d. How is GBC to be notified of a positive pay exception?
- e. At what time is exception information reported to GBC?
- f. What is the response deadline (what time) for GBC exception elections?
- g. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing?
- h. If positive pay is planned by not available at this time, please provide the anticipated start date.

### Optical Imaging

Describe the bank's optical imaging process and what items are captured (checks, statements, deposited items, etc.).

### ACH Services

ACH service is required. ACH is currently used for direct deposit of payroll, tax deposits, and various other items.

- a. Describe the bank's ACH service availability on-line.
- b. Provide required deadlines for file submittal.
- c. What is the deadline for a Friday payroll?
- d. What process is used for reversals and corrections?
- e. How is notification of ACH returns provided?
- f. Provide the bank's scheduled settlement times for ACH files

### Safekeeping Services

GBC may choose to purchase time deposits from the bank but all time deposits will be competitively bid at the time of purchase. The bank may be required to provide a book-entry safekeeping services for securities owned by GBC. If used, safekeeping must be in the bank and not a brokerage subsidiary of the bank. All securities must be cleared on a delivery versus payment (DVP) basis and ownership documented by clearing confirmations and/or safe-keeping receipts provided within one business day of the transaction.

### Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total time and demand deposits net of FDIC insurance with a **102%** margin on the collateral maintained daily by the bank. All GBC requirements, including those beyond the Public Funds Collateral Act, must be met by the bank.

The proposal must state agreement to the following terms and conditions:

- All collateral pledged to GBC must be held in an independent, third party bank outside the bank's holding company.
- A collateral/depository agreement shall be executed designating the custodian and regarding pledged securities in full compliance with FIRREA requiring a bank resolution.
- All time and demand deposits above FDIC coverage shall be collateralized at a **minimum of 102%** of principal plus accrued interest daily.
- The bank shall be contractually liable for the continuous monitoring and maintaining of collateral at GBC's required margin levels.
- Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to GBC by the custodian within one business day of receipt.
- GBC shall receive a monthly report of collateral pledged including description, par, market value and CUSIP from the custodian.
- Substitution rights shall be granted if the bank obtains GBC's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
- Authorized collateral includes only:
  - Obligations of the US Treasury
  - Obligations of US Government agencies and instrumentalities including mortgage backed securities which pass the bank test and excluding letters of credit.

- Bonds of any state or its subdivisions if rated A or better by at least one nationally recognized rating agency.

**Account Analysis**

Monthly account analysis reports must be provided for each account and on a consolidated basis.

- a. Provide a sample account analysis including calculation bases.
- b. When is the analysis available each month?
- c. Is the analysis available online or only on paper?

**Monthly Statements**

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle and statements received on a timely basis. Timeliness of statements is critical, and non-performance will be grounds for termination of contract.

**Account Executive**

To ensure smooth contract implementation and continuation of services, a specific account executive and a back-up must be assigned to GBC's account to coordinate services and expedite the solution of any problem encountered. The account executive should be knowledgeable in governmental line of business and be available to meet with staff on banking matters as needed and at a minimum semi-annually.

**Overdrafts**

Every effort will be made to eliminate intra-day and inter-day overdrafts. However, because this situation may arise, state the bank's policy regarding account and total account overdraft policy and detail rates and fees, if any, to be charged on a per event or per account basis.

**Insufficient Funds (NSF) Items**

Deposited NSF checks are to be automatically redeposited for payment, twice if necessary. Complete information must be provided daily on all NSF returned items including name and reason for return.

**Stop Payments**

Describe the service and bank's policy on stop payments.

**Additional Services**

If the banks have additional services which may be of enhanced value or interest to GBC, they should be fully described in this section. Any service presented should have all associated costs detailed in this proposal.

# Investment Policy

## Gulf Bend Center

Standard Operating Procedures

*Signature on File*

Approved:

Steve Hipes, Board Chair

<b>Section:</b> Financial (FIN)	<b>Facility:</b> All
	<b>Section No.:</b> FIN 01.01
<b>Subject:</b> Investment Policy	<b>Date Issued:</b> 03-01-97
	<b>Date Revised:</b> 02-23-21, 2-10-22, 3-28-23, <b>03-26-24</b>

### Purpose

It is the policy of Gulf Bend Center (the "Center") that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the Center.

The receipt of a market yield will be secondary to the requirements for safety, diversification, and liquidity. It is the intent of the Center to be in complete compliance with the Texas Public Funds Investment Act (the "Act"), Texas Government Code 2256. The earnings from investment will be used in a manner that best serves the public trust and interests of the Center.

### References

- Texas Public Funds Investment Act, Chapter 2256, Texas Government Code
- Public Funds Collateral Act, Chapter 2257, Texas Government Code
- Interlocal Cooperation Act, Chapter 791, Texas Government Code

### Enforcement

The Investment Officer of the Center is responsible for investment management decisions and activities. All participants in the investment process shall seek to act responsibly as custodians of the public trust. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy.

### Procedures

#### I. Scope

This investment policy applies to all the financial assets and funds held by the Center excluding pension and retirement funds. The Center may commingle its funds into one or more pooled investments for investment purposes for efficiency and maximum investment opportunity.

In addition to this Policy, the investment of all funds shall be governed by the requirements of any respective trust indentures or contracts. Any new funds created by the Center, unless specifically exempted by the Center's Board of Trustees, will be managed in accordance with this policy.



# Investment Policy

## II. Objectives and Strategy

It is the policy of the Center that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification, and yield. These objectives encompass:

### Safety of Principal

Safety of principal is the foremost objective of the Center. Investments of the Center shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition.

### Liquidity

The Center's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements, which might be reasonably anticipated. The total portfolio should maintain a maximum weighted average maturity of no more than twelve months to protect liquidity needs.

### Diversification

Diversification of the portfolio will include diversification by maturity and market sector and will include the use of several brokers/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

### Yield

The Center's investment portfolio shall be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles, considering the Center's risk constraints and the cash flow of the portfolio. A benchmark of the average yield of the six-month U.S. Treasury Bill during the same period shall be used to guard against market risk and over-extension.

### Strategy

Funds will be invested in accordance with the Investment Policy on a "buy and hold" basis. The authorized securities chosen, or pool(s) utilized, will be of the highest credit quality and marketability supporting the Center's objectives of safety and liquidity. Securities, when not matched to a specific liability, will be short term and of a liquid nature to provide adequate liquidity for the Center. The portfolio(s) shall be diversified to protect against market and credit risk in any one sector. Diversification requirements can be met through use of an authorized investment pool.

The maximum maturity for any individual security in the portfolio shall not exceed two (2) years.

The Center will not invest in mortgage-backed derivatives and mortgage-backed securities in accordance with the PFIA's unauthorized investment types.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies to ensure maximum cash availability. The Center shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

# Investment Policy

## III. Legal Limitations, Responsibilities and Authority

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the “Act”). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public fund deposits.

The Interlocal Cooperation Act, Chapter 791, Texas Government Code, authorizes local governments in Texas to participate in an investment pool established thereunder. That statute and reference to authorized investment in investment pools in the Act, is primary authority for use of investment pools by political subdivision of the State of Texas.

## IV. Delegation of Investment Authority

The authority to act as investment officers under this Policy shall be made by Board resolution. This officer will obtain investment training in investments in compliance with state law. The designated officer is the Chief Financial Officer and/or other Accounting Management Position.

An Investment Officer may give written authorization for a member of the Center’s accounting staff to execute electronic fund transfers between Center financial institution accounts, but responsibility and confirmation remains with the Investment Officer.

The Investment Officer shall attend at least ten (10) hours of training relating to the investment officer’s responsibilities within twenty-four (24) months of being designated by the Board or assuming responsibilities and attend at least ten (10) hours of investment training within each two-year period thereafter.

The Investment Officer of the Center is responsible for investment management decisions and activities. All participants in the investment process shall seek to act responsibly as custodians of the public trust. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy.

In accordance with the Act, Section 2256.005(i), Investment Officer shall refrain from personal and business relationships and activities involving any of the Center’s custodians, depositories, broker/dealers, or investment advisors which might influence the officer’s ability to conduct his duties in an unbiased manner. The Investment Officers shall file a statement disclosing any such relationship or activity with the Executive Director and the Board.

## V. Prudence

The standard of prudence to be used in the investment function shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. These standard states “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.”

# Investment Policy

## Limitation of Personal Liability

The Investment Officers and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this policy and in accord with the Prudent Person Rule, shall be relieved of liability in the management of the portfolio if deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

## **VI. Internal Controls**

The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes.

## **VII. Authorized Investments**

Acceptable investments under this policy shall be limited to the instruments listed below. The investments are to be chosen in a manner which promotes diversity of market sector and maturity. The choice of high-grade government investments and high-grade, money market instruments are designed to assure the marketability of those investments should liquidity needs arise.

- A. Obligations of the United States Government, its agencies and instrumentalities excluding all mortgage-backed securities and not to exceed two years to stated maturity.
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that institution, not to exceed twenty-four months to stated maturity.
- C. Money market mutual funds must be AAA rated and be restricted to investments authorized by the Act.
- D. Constant-dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the Center until this Policy has been amended and the amended version adopted by the Board.

## Competitive Bidding Requirement

All securities, including certificates of deposit, will be purchased, or sold only after three (3) offers/bids are taken orally, electronically or any combination of these methods to verify that the Center is receiving fair market value/price for the investment.

## Delivery versus Payment

All security transactions, including collateral for repurchase agreements entered into by the Center, shall be conducted on a delivery versus payment (DVP) basis.

# Investment Policy

## VIII. Authorized Financial Dealers and Instructions

Every dealer with whom the Center transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. The broker will be required to return a signed copy of the Certification Form, substantially in the form required by the Act, certifying that the Policy has been received and reviewed.

## IX. Diversification and Maturity Limitations

It is the policy of the Center to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. At a minimum, diversification standards by security type and issuer shall be:

U.S. Treasuries and securities with the US Government's guarantee	80%
U.S. Government agencies and instrumentalities	not to exceed 75%
Fully insured or collateralized CDs	not to exceed 80%
Money Market funds	not to exceed 80%
Local Government Investment Pools Liquidity Pools	100%

The Investment Officers shall be required to diversify maturities. The Investment Officers, to the extent possible, will attempt to match investment with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk. Unless matched to a specific requirement, the Investment Officers may not invest more than 80% of the Fixed Asset Funds for a period greater than two (2) years.

## X. Safekeeping

### Securities Owned by the Center

The laws of the State and prudent treasury management require that all securities owned by the Center be held in safekeeping by either a third-party financial institution independent from the purchase or the Center's designated depository.

All safekeeping arrangements shall be authorized by the Investment Officers and an agreement of the terms executed in writing. The third-party custodian shall be required to issue original safekeeping receipts to the Center describing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is pledged to the Center.

### Pledged Securities

All securities pledged to the Center for certificates of deposit or demand deposits shall be held by an independent bank outside the holding company of the pledging bank. The custodian shall be required to issue original safekeeping receipts to the Center describing each specific security including market value. Each safekeeping receipt will be clearly marked that the security is pledged to the Center.

## XI. Collateral

All pledged securities will be held by an independent bank approved by the Center. To anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 102% of the market value of the principal and accrued interest.

# Investment Policy

## **XII. Credit Line**

Any Credit Line determined for the Center will be annually reviewed and approved by the Board. Collateralization will be covered by Centers' own CDs to cover 100% of the principal amount available through the credit line.

## **XIII. Performance Evaluation and Reporting**

The Investment Officer shall submit quarterly to the Board reports in compliance with the Act and containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program.

The Center will obtain market prices for all securities for reporting purposes from an independent source.

The report will be prepared jointly and signed by the Investment Officer, and all involved in the investment activity.

## **XIV. Depositories**

The Center will designate one banking institution through a competitive process as its central banking services provider. This process will be completed at least every five years. This institution will be used for normal banking services including disbursements, deposits, lockbox, and safekeeping of securities. Other banking institutions from which the Center may purchase certificates of deposits will also be designated after they provide their latest audited financial statements to the Center.

All depositories will execute a depository contract including terms for collateralization of funds above insured levels.

## **XV. Investment Policy Adoption by Center Board**

The Center's Investment Policy shall be reviewed and adopted no less than annually by the Board. A written resolution approving that review/adoption shall detail any changes made to the Policy.

## **XVI. Attachments**

- Investment Policy Certification Form

Previous Revision dates: 09-27-05,01-27-15,05-24-16, 02-28-17, 04-28-20, 02-23-21, 02-10-22, 03-28-23

# Investment Policy

INVESTMENT POLICY CERTIFICATION FORM  
As required by Texas Government Code 2256.005 (k)

For GULF BEND CENTER

\_\_\_\_\_ (the "Firm")

I, as a registered principal for the Firm named above, do hereby certify that I, and the broker covering this account, \_\_\_\_\_, have received and both have thoroughly reviewed the investment policy of the Center dated \_\_\_\_\_.

We acknowledge that this firm has implemented reasonable internal procedures and controls to preclude investment transactions conducted between this firm and the Center that are not authorized by the Center's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Center's entire portfolio or requires an interpretation of subjective investment standards.

Firm: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_