

CERTIFICATE FOR  
RESOLUTION ADOPTING INVESTMENT POLICIES AND  
GUIDELINES FOR THE WOODLANDS TOWNSHIP

I, the undersigned officer of the Board of Directors (the "Board") of The Woodlands Township (the "Township"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on May 16, 2024, at 2801 Technology Forest Blvd., The Woodlands, Montgomery County, Texas 77381, and the roll was called of the members of the Board, to-wit:

Ann Snyder, Chairman  
Kyle Watson, Vice Chairman  
Linda Nelson, Secretary  
Richard Franks, Treasurer  
Brad Bailey, Director  
Shelley Sekula-Gibbs, Director  
Cindy Heiser, Director

All of the members of the Board were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting: A written

RESOLUTION ADOPTING INVESTMENT POLICIES AND  
GUIDELINES FOR THE WOODLANDS TOWNSHIP

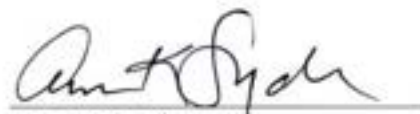
was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be adopted, and, after due discussion, such motion, carrying with it the adoption of such Resolution, prevailed and carried by the following vote:

AYES: 7                      NOES: 0

2. A true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; such Resolution has been duly recorded in the Board's minutes of such meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of such meeting, and that such Resolution would be introduced and considered for adoption at such meeting; and such meeting was open to the public, and public notice of the time, place and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code, as amended.



SIGNED AND SEALED this 16<sup>th</sup> day of May, 2024.

  
Dr. Ann K. Snyder  
Chairman, Board of Directors

  
Linda Nelson,  
Secretary, Board of Directors

**RESOLUTION NO. 008-24**  
**ADOPTING INVESTMENT POLICIES AND GUIDELINES**  
**FOR THE WOODLANDS TOWNSHIP**

WHEREAS, The Woodlands Township (the "Township") is a body politic and corporate and a governmental agency of the State of Texas, created, established and operating pursuant to Chapter 289, Acts of the 73<sup>rd</sup> Texas Legislature, Regular Session; and

WHEREAS, pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Investment Act"), the Board of Directors of the Township, desires to establish policies and procedures for the prudent and systematic investment of the funds of the Township, to designate one or more of its officers or employees to be responsible for such funds, and to provide guidance to such investment officials concerning the objectives and priorities of the investment program of the Township; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WOODLANDS TOWNSHIP THAT:

**Section 1: Investment Objectives**

Investments by the Township shall be made upon the basis of the specific investment objectives and strategies set forth below and a full understanding of the suitability of the proposed investment to the financial requirements of the Township.

The principal objectives of such investment policies and processes with respect to each fund and group of funds of the Township, in order and priority, shall be safety of principal, liquidity, diversification, and yield as follows:

1. **Safety of principal** - The foremost objective of the Township. Each investment transaction shall seek to first ensure that capital losses are avoided through the purchase of high credit quality securities or insured deposits to avoid security defaults or erosion of market value. Investment decisions should not incur unreasonable investment risks in order to maintain current or forecasted investment income.
2. **Liquidity** - The investment portfolio of the Township shall remain sufficiently liquid to enable the Township to meet all operating and debt service requirements which might be reasonably anticipated.
3. **Diversification** - The Township will attempt to diversify its investments to avoid risks associated with portfolio concentration. The portfolio shall be diversified by market sector, issuer, and maturity in order to avoid credit and market risk.
4. **Yield** - The investment portfolio shall be designed to attain a market-average yield throughout budgeting and economic cycles, taking into account investment risk constraints, the cash flow characteristics of the portfolio, and applicable laws restricting the placement of the funds of the Township.



The Township will not make investments for the purpose of trading or speculation as the dominant criteria, such as anticipating an appreciation of capital through changes in market interest rates.

Priority should be given to proper security of the funds of the Township over maximizing the yield on investments. In cases where the yield on an investment security offered by competing organizations are substantially equivalent, the Investment Officer (defined herein) shall give preference to those investments offering the greatest degree of administrative convenience, flexibility of investment arrangements and/or similar intangible benefits and community good will.

### **Section 2: Standard of Care**

All participants in the investment process shall seek to act responsibly as custodians of the public trust. The Investment Officer shall avoid any transaction that might impair public confidence in the ability of the Township to manage its funds effectively. The investment program shall be designed and managed with a degree of professionalism that is worthy of public trust. The standard of care shall be the Prudent Person Rule:

"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 probable income to be derived."

Prudence shall be exercised in the selection of securities as a way to minimize default risks. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

### **Section 3: Strategy**

The Township maintains one commingled portfolio for all funds, which incorporates the specific investment strategy considerations based upon the unique characteristics of the funds represented in that portfolio.

The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. Secondly, the objective is to create a diversified portfolio structure which will experience minimal risk and volatility. This will be accomplished by purchasing high quality, short-term maturity securities which will complement each other in a laddered maturity structure permitting some extension for yield enhancement. From time to time, debt proceeds and reserves (and, as applicable, pledge revenues, as defined by Section 2256.0208(a), Texas Government Code) may be separately invested assets in a

manner consistent with the requirements and restrictions stated in the applicable debt covenants, statutory provisions, and related investment agreements specific to each individual issue.

Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity. Liquidity shall be ensured through practices to ensure that disbursements and payroll are covered through maturing investments.

### **Section 3.1: Maximum Maturity and Weighted Average Maturity**

If funds are to be placed for periods longer than one (1) year, the Investment Officer shall first consult with the Board of Directors. In no event shall the maximum allowable stated maturity of any individual investment owned by the Township exceed two (2) years.

### **Section 4: Designation and Responsibilities Investment Officer**

The Board of Directors recognizes that, within the framework of the investment policies and strategies set forth herein, decisions must be made concerning the type and duration of each investment transaction, and that each such decision is best made by the person responsible for implementing the transaction, based upon the facts, market conditions, and circumstances prevailing at the time.

The Board of Directors hereby designates as Investment Officer the person holding from time to time the position of President and Chief Executive Officer of the Township. However, the Board of Directors of the Township shall retain ultimate responsibility for the investment of its funds as fiduciaries of the assets of the Township.

The Investment Officer, acting for and on behalf of the Township, shall have full authority, from time to time, to invest, deposit, transfer or otherwise manage the investment of the funds of the Township and shall be responsible for the periodic investment and reinvestment of same. All such transactions shall be made and accomplished in accordance with the adopted Policy, and the limitations, guidelines and procedures set forth herein.

No investment shall be made except by the written and signed direction of an Investment Officer, and only in the name of and solely for the account of the "The Woodlands Township."

The Investment Officer shall be primarily responsible for determining whether funds of the Township are not required immediately for Township purposes and for initiating the investment or reinvestment of such funds in accordance with this resolution.

The Investment Officer may utilize the assistance of administrative staff and consultants of the Township to assist the Investment Officer in carrying out his or her duties.

In addition to the Investment Officer, the Board of Directors designates the Treasurer and Secretary of the Board of Directors as persons responsible for establishing and periodically reviewing the Township's Investment Policy, and for ensuring that Collateral Security Agreements are properly executed.



The Investment Officer, the Chief Financial Officer, and the Treasurer of the Board of Directors of the Township shall attend at least ten (10) hours of training relating to their responsibilities under the Investment Act from an independent source approved by the Board of Directors of the Township within twelve (12) months of taking office or assuming the duties of Investment Officer, Chief Financial Officer, and/or Treasurer. The Investment Officer, the Chief Financial Officer, and the Treasurer of the Board of Directors shall attend not less than ten (10) hours of training within every succeeding two-year period that begins on the first day of the Township's fiscal year and consists of the two consecutive fiscal years after that date relating to investment responsibilities under the Investment Act from an independent source approved by the Board of Directors of the Township. Such investment training shall include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the provisions of the Investment Act.

#### **Section 5: Authorized Investments**

The funds of the Township shall be invested or reinvested only in the following instruments, securities or obligations, as further defined by the Investment Act. If changes are made to the Investment Act to include additional authorized investments, such additional investments will not be authorized until this Policy is modified and adopted by the Board of Directors of the Township to allow same. All investment transactions will be made on a competitive basis.

A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities (including the Federal Home Loan Banks), but excluding mortgage backed securities;

B. Direct obligations of the State of Texas or its agencies and instrumentalities;

C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or any of 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, but excluding mortgage backed securities;

D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by two nationally recognized investment rating firms not less than "A" or its equivalent; provided, however, the Township shall not own or invest in any obligations which it has issued.

E. Interest-bearing banking deposits that are:

- (i) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or
- (ii) placed through a broker with a main office or branch office located in the State of Texas that is included on the Township's List of Qualified Brokers or deposited in a depository institution selected

by the Township with a main office or branch office located in the State of Texas, and:

- a. the broker or depository institution arranges for the deposit of the funds in banking deposits in one or more federally insured depository institutions, regardless of where located, for the Township's account;
- b. the full amount of the principal and accrued interest of the banking deposit is insured by the United States or its agencies and instrumentalities; and
- c. the Township appoints as its custodian of such banking deposits either:
  - i. the depository institution with a main office or branch office located in the State of Texas at which the funds were initially placed by the Township;
  - ii. a custodian meeting the requirements of Section 2257.041(d), Texas Government Code; or
  - iii. a clearing broker dealer registered with the Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);

F. Fully insured or collateralized certificates of deposit:

- (i) issued by any depository institution having its main or a branch office in the State of Texas, that are collateralized in accordance with Section 6 of this policy and meet requirements set forth in Texas Government Code 2256.010(a); or
- (ii) acquired in the manner described in Section 2256.010(b), Texas Government Code, as amended; provided, however, that each investment of Township funds in the foregoing shall require specific prior approval by the Board of Directors;

G. Fully collateralized repurchase agreements meeting the requirements set forth in Section 2256.011 of the Investment Act;

H. Commercial paper with a stated maturity of 365 days or fewer from the date of issuance and rated A1/P1 or equivalent by two nationally recognized rating agencies which meets the requirements set forth in Section 2256.013 of the Investment Act;

I. SEC registered no-load money market mutual funds that provide the Township 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 comply 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.);

J. Constant dollar local government investment pools which meet the requirements set forth in Sections 2256.016 and 2256.019 of the Investment Act; and

K. Fully collateralized, guaranteed investment contracts which meet the requirements set forth in Section 2256.015 of the Investment Act.

Any investments currently held that do not meet the guidelines of this policy shall be reviewed to determine the ability to liquidate. If it is determined that it would be imprudent to liquidate the investment because of an adverse change in the value since the time of purchase, and holding the investment to maturity does not negatively affect disbursements or cash flow, a recommendation of holding said investment to maturity is acceptable.

Notwithstanding the foregoing, in the event an investment or investment vehicle in which the Township has placed funds, or the security therefor, is required to maintain a minimum rating pursuant to the Investment Act fails to maintain the minimum required rating, the Investment Officer shall take all prudent measures consistent with this Policy to liquidate the investment and reinvest such funds in a conforming investment, if appropriate.

In addition to all other requirements set forth herein, the Investment Officer shall invest and reinvest Township funds in a manner consistent with and in compliance with applicable laws and regulations, including, without limitation: (i) Chapter 2270, Texas Government Code, relative to prohibition of investment or reinvestment of public funds in publicly traded securities of scrutinized companies, as determined by the Texas State Comptroller, engaging in scrutinized business operations in the Sudan, Iran, or with a designated foreign terrorist organization; and (ii) Chapters 2271 and 2274, Texas Government Code, relative to prohibition of certain contracts unless they contain a written verification by the counterparty thereto that said counterparty does not and will not (a) boycott Israel, (b) boycott energy companies, or (c) discriminate or have a policy discriminating against a firearm entity or trade association. In the event an investment or investment vehicle in which the Township has placed funds, or the security therefor, requires divestment in accordance with the requirements of Chapter 2270, Texas Government Code, the Investment Officer shall sell, redeem, divest, or withdraw all publicly traded securities of the company engaging in scrutinized business operations, all in accordance with Chapter 2270.

Not later than December 31 of each year, the Investment Officer shall prepare and file on behalf of the Township: (i) a publicly available report with the presiding officer of each chamber of the State Legislature and the State Attorney General identifying: (a) all investments sold, redeemed, divested, or withdrawn in compliance with Section 2270.0206, Texas Government Code; (b) all prohibited investments under Section 2270.0209, Texas Government Code; and (c) summarizing any changes made with respect to investments of the Township exempted from divestment pursuant to Section 2270.0207, Texas Government Code; and (ii) a report with the United States presidential special envoy to Sudan that identifies investments in Sudan identified in the report filed with the State Legislature and Attorney General and any changes made under Section 2270.0207 related to those investments. Prior to December 31 of each year, the Investment Officer shall provide the Township with a copy of both reports required by this subsection, along with evidence of filing same with the required entities.

## **Section 6: Collateralization**

All time and demand deposits of the Township's funds not insured by an agency of the United States Government shall be collateralized at (i) one hundred ten percent (110%), if the determination of market value of collateral is calculated less frequently than weekly, or (ii) one hundred five percent (105%) if the determination of market value of collateral is calculated at least weekly, on the principal and interest of the deposit in the manner required by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended from time to time (the "Collateral Act") and further restricted by this Policy. The pledging bank shall be responsible for monitoring daily balances and maintaining collateral margins to assure that the market value of the pledged securities is at least 105% or 110%, as appropriate.

The Custodian holding securities collateralizing time and demand deposits of the Township's funds shall be approved by the Township. The Custodian shall be required to provide a monthly collateral report describing the securities pledged and the par and market value, at a minimum. The monthly collateral report is to be provided directly to the Township by the Custodian.

### **Section 6.1: Authorized Collateral**

Authorized collateral for time and demand deposits includes only the following:

- obligations of the United States Government, its agencies and instrumentalities, excluding letters of credit (except as provided hereinbelow), but including Pass-through mortgage backed securities 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; provided, however, such mortgage backed securities are not Collateralized Mortgage Obligations (CMOs) and further provided that not more than \$8,000,000 of the Township's aggregate time or demand deposits may be secured by such mortgage backed securities;
- direct obligations of the State of Texas or its agencies and instrumentalities;
- other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, or the United States or any of their respective agencies and instrumentalities, but excluding mortgage backed securities (except as provided hereinabove);
- letters of credit issued by the Federal Home Loan Bank;
- obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by two nationally recognized investment rating firms not less than "A" or its equivalent; and
- surety bonds issued by a surety company having a rating of at least "A+" in the current Best's Key Rating Guide.



Securities pledged to the Township shall be deposited and held in safekeeping at an independent commercial banking institution outside the holding company of the pledging institution(s) meeting the requirements of Chapter 2257.041(a)(1) of the Collateral Act, a Federal Home Loan Bank, or the Federal Reserve Bank in a restricted securities account.

#### **Section 6.2: Collateral Agreement – Time and Demand Deposits**

Securities pledged for Township time and demand deposits shall be pledged pursuant to and in compliance with a Collateral Security Agreement to be entered into by and among the Township, the pledging institution, and the Custodian, the terms and conditions of which shall be in substantially the form attached hereto as Exhibit "B", the terms and conditions of which are incorporated herein by reference. If the Federal Reserve Bank is the designated Custodian, the Federal Reserve's "Circular 7 Pledge Agreement" including the terms and conditions of those Federal Reserve Bank agreements shall substitute for their execution of the Collateral Security Agreement. If the Federal Home Loan Bank of Des Moines ("FHLB-DM") is the designated Custodian, execution of FHLB-DM's Securities Custodial Agreement (Public Unit Depositors) by the Township, the pledging institution and FHLB-DM shall substitute for FHLB-DM's execution of the Collateral Security Agreement. The Investment Officer is hereby authorized to execute Collateral Security Agreements and any agreements, documents or forms required by the Federal Reserve Bank on behalf of the Township, as and when required, and to approve the substitution of securities pledged to the Township as collateral pursuant to and in the manner set forth in any Collateral Security Agreement entered into.

The Investment Officer or his designee shall be responsible for reviewing the monthly collateral report of the Custodian and if necessary verify market prices to ensure that the uninsured funds of the Township are at all times secured as required in the manner set forth in the Collateral Security Agreement.

#### **Section 7: Periodic Review by Investment Officer**

The Investment Officer and the Treasurer and the Secretary of the Board of Directors, either individually or jointly, shall periodically review the investment practices and policies of the Township and shall make recommendations from time to time to the Board of Directors of the Township which, when approved and adopted by the Board of Directors of the Township, shall be reflected in amendments to this Resolution and/or the rules, regulations and policies of the Township for the investment of its funds.

#### **Section 8: Reporting**

Not less frequently than each fiscal quarter, the Investment Officer shall prepare and submit to the Board of Directors of the Township a written report of investment transactions for all invested funds of the Township for the preceding quarter. Such report must:

- (1) describe in detail the investment position of the Township on the date of the report;
- (2) be prepared by the Investment Officer;
- (3) be signed by the Investment Officer;

- (4) contain a summary statement of each portfolio, stating the beginning market value for the reporting period, ending market value for the period, and fully accrued interest and earnings for the reporting period;
- (5) state the book value and market value of each separately invested asset of the Township 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 current rating assigned to each investment, investment vehicle, or investment security by a nationally recognized investment rating firm, nationally recognized credit rating agency or nationally recognized rating service, as appropriate.
- (8) state the account or fund or pooled group fund, if the Township has any, for which each individual investment was acquired; and
- (9) state the compliance of the Township's investment portfolio as it relates to the investment strategy for each account of the Township, and with the relevant provisions of the Investment Act.

All investment transactions of the Township shall be recorded in a complete and timely manner accompanied by complete documentation and shall be reported in summary fashion to the Board of Directors of the Township as part of the investment report.

For reporting purposes, the Investment Officer shall determine the market value of each Township investment from independent sources. Such market values shall be included in the written reports submitted to the Board of Directors of the Township. The following methods shall be used:

- (1) Certificates of deposit book values are valued at par and reported at their face value plus any accrued interest. Market value is par (100).
- (2) Shares in money market mutual funds and investment pools book values are valued at par and reported as their net balance at the end of the reporting period. Market value is par (100).
- (3) Investment securities are valued at amortized book value. Market value is reported at the bid price for such security published by any nationally recognized security pricing service or an independent source.

#### **Section 9: Annual Audits**

In conjunction with the annual financial audit of the Township, a compliance audit of management controls on investments and adherence to the investment rules, regulations and policies of the Township shall be performed.



If the Township invests in other than (i) money market mutual funds, (ii) investment pools or (iii) accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared under this Section 8 shall be formally reviewed at least annually by an independent auditor, and the result of such review shall be reported to the Board of Directors of the Township by such auditor.

#### **Section 10: Policy and Strategy Adoption**

On no less than an annual basis, the Board of Directors of the Township shall review and adopt its investment policies and investment strategies. Any changes made to the Policy or strategy shall be noted in the adopting resolution.

#### **Section 11: Internal Controls**

The Investment Officer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee error or misrepresentation by third parties or imprudent actions. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and, the valuation of costs and benefits requires ongoing estimates and judgments by management.

The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and record keeping,
- Custodial safekeeping,
- Specific limitations regarding securities losses and remedial actions;
- Clear delegation of authority,
- Written confirmation for all transactions, and
- Review, maintenance and monitoring of security procedures both manual and automated.

In particular, access to all account numbers, checkbooks, check registers, passbooks and personal identification numbers shall be safeguarded and restricted.

#### **Section 12: Competitive Bidding**

Prior to placing certificates of deposits, bids shall be solicited from at least two (2) bidders, either orally, in writing, electronically or in any combination of those methods. Prior to entering into a guaranteed investment contract, bids shall be received from at least three (3) separate providers with no material financial interest in the bonds from which the proceeds to be invested were derived.

### **Section 13: Delivery versus Payment**

All securities, except investments in investment pools or in money market mutual funds, shall be made on a delivery versus payment basis to assure that funds are under the Township's control at all times.

### **Section 14: Funds Transfer Authority**

Electronic transfers of funds (wires and ACHs) of the Township shall be permitted, but only if made by an authorized signer and for specific purposes as defined in the Township's Financial Management Policy Statements or pursuant to a resolution or other express written instructions of the Board of Directors of the Township. Electronic payments shall be made in the manner prescribed by one or more written wire transfer services agreements between the Township and the applicable designated depository bank.

### **Section 15: Scope**

The rules, regulations and policies set forth herein relate only to the investment or reinvestment of the funds of the Township, and nothing herein shall be deemed or construed to authorize the withdrawal, expenditure or appropriation of funds of the Township except as otherwise authorized by the depository resolutions, rules, regulations, policies, orders or proceedings of the Board of Directors of the Township and/or one of its Committees.

### **Section 16: Financial Counter-parties**

All investment transactions shall be made with or through qualified financial institutions. The list of authorized pools, banks, money funds, and broker/dealers shall be reviewed and adopted by the Board on no less than an annual basis.

#### ***Time Deposit Depositories***

In accordance with this Policy, the Township may utilize any bank having its main or a branch office in Texas for the purchase of fully insured or collateralized time deposits (certificates of deposit).

#### ***Security Broker/Dealers***

All financial institutions and broker/dealers who desire to transact business with the Township must supply the following documents which will be maintained by the Investment Officer or his designee:

- Most recent (and annual) audited financial statements,
- Financial Industry Regulatory Authority (FINRA) registration and CRD #, and
- Proof of Texas State Securities registration.

Each business organization offering to engage in an investment transaction with the Township must be provided a copy of the current Investment Policy and a qualified representative of the business organization shall certify to a review stating understanding of the Policy and that controls are in place to assure only Policy approved investments will be sold to the Township. The written certification shall be acceptable to the Investment Officer substantially in the form of Exhibit "A" (Policy Certification) of this Policy. For purposes of this Section 16, the term



"business organization" means: (i) an investment pool or (ii) an investment management firm under contract with the Township to invest or manage the Township's investment portfolio that has accepted authority from the Township to exercise investment discretion in regard to the Township's funds. For purposes of this Section 16, the "qualified representative" of a business organization offering to engage in an investment transaction with the Township 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:

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

The "qualified representative" of an investment management firm under contract with the Township for the investment and management of its public funds is a person who is an officer or principal of such firm.

#### **Section 17: Conflicts of Interest**

Each Investment Officer shall disclose in writing to the Board of Directors of the Township any (i) "personal business relationship" that he or she may have with a business organization offering to engage in an investment transaction with the Township, or (ii) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, as amended, to any individual seeking to sell an investment to the Township.

Any written disclosure statement filed with the Board of Directors of the Township by an Investment Officer pursuant to this Section must also be filed with the Texas Ethics Commission. A "personal business relationship" shall be defined in accordance with Texas Government Code 2256.005(i).

#### **Section 18: Miscellaneous**

A. In the event of any conflict or inconsistency between the terms of this Investment Policy and applicable requirements of law, such conflict or inconsistency will be resolved in favor of the more restrictive of this Investment Policy or the applicable requirements of law. In the event of any ambiguity or uncertainty as to the intent and application of any part, section, paragraph or provision hereof, a written request for clarification or approval of a proposed action describing such circumstances shall be submitted to the Board of Directors of the Township for a decision as to a proper course of action.

B. The rules, regulations, and policies set forth herein shall be and remain in full force and effect unless and until amended, revised, rescinded or repealed by action of the Board of Directors. The Board of Directors of the Township is required to review and adopt the Policy and Strategy annually and specifically reserves the right to change, alter or amend any provision of this Investment Policy at any time.

C. The provisions of this Investment Policy are severable, and if any provision or part of this Investment Policy or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Investment Policy and the application of such provision or part of this Investment Policy shall not be affected thereby.

D. All rules, regulations and policies, including "Resolution 004-23; Adopting Investment Policies and Guidelines for The Woodlands Township" and all related exhibits heretofore adopted on the subject matter hereof or in conflict herewith are hereby repealed, revoked and rescinded as of May 16, 2024.

PASSED AND APPROVED this 16<sup>th</sup> day of May, 2024.

THE WOODLANDS TOWNSHIP

  
Chairman, Board of Directors

  
Secretary, Board of Directors





**EXHIBIT "A"**

**INVESTMENT POLICY CERTIFICATION  
AS REQUIRED BY THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

**To:** The Woodlands Township (the "Township")

**From:** \_\_\_\_\_  
[Name] [Title]  
[Name of the "qualified representative" of the business organization offering to engage in an investment transaction with the Township]

**Firm:** \_\_\_\_\_  
[the "Business Organization"]  
[Name of financial institution, bank, business organization or investment pool]

**Date:** \_\_\_\_\_, 20\_\_

In accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Act"), I hereby certify that:

1. I am a "qualified representative" of the Business Organization, as such terms are used in the Act, offering to enter into an investment transaction with the Township (the "Seller"), and Seller meets all requirements under the Act to execute this Certificate.

2. The Seller is an investment pool or an investment management firm under contract with the Township to invest or manage the Township's investment portfolio that has accepted authority from the Township to exercise investment discretion in regard to the Township's funds.

3. Seller anticipates selling to the Township investments that are authorized by the Township's Investment Policy and the Public Funds Investment Act (collectively, the "Investments").

4. I or a registered investment professional that services the Township's account, as applicable, have received and reviewed the Investment Policy now in full force and effect. The Township has further acknowledged that Seller may rely upon the Investment Policy until the Township provides Seller with any amendments to or any newly adopted form of the Investment Policy.

5. Seller has implemented reasonable procedures and controls in an effort to preclude investment transactions between the Township and Seller that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the Township's entire portfolio or requires an interpretation of subjective investment standards, or relates to investment transactions of the Township that are not made through accounts or other contractual arrangements over which the Seller has accepted discretionary investment authority.

6. Seller has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the Township and has determined or will determine, prior to sale, that (i) each of the Investments is an authorized investment for local governments under the Public Funds Investment Act and (ii) each of the Investments is an authorized investment under the Investment Policy.

7. Seller acknowledges that the Township has disclosed and hereby discloses that certain funds within the custody of the Township deposited or invested with Seller are by law or under bond indenture required to be set aside to discharge a debt owed to the holder(s) of the Township's outstanding notes and bonds (the "Holder(s)"). As such, these funds shall be deemed to be a deposit by a trustee of trust funds of which the Holder(s) are pro rata beneficiaries in accordance with 12 C.F.R. Section 330.15(c). Such funds held in trust for the Holder(s) are deposited within the account(s) titled "Bond Fund", "Bond Account", "Debt Service Fund", "Debt Service Account", "Interest and Sinking Fund", "Interest and Sinking Account" or other similar name sufficient to satisfy the requirements of 12 C.F.R. Section 330.5(b) indicating that such funds are pledged towards payment of principal and interest on the Township's bonds and notes. Seller further acknowledges that the Township may be acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for subsequent purchasers and/or holders of the Township's outstanding bonds and notes.

8. Seller will continuously maintain an executed copy of this Certificate of Compliance in its "deposit account records", as defined in 12 C.F.R. Section 330.1(e), for so long as Seller holds any funds of or within the custody of the Township.

By: \_\_\_\_\_

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

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



## **EXHIBIT "B"**

### **COLLATERAL SECURITY AGREEMENT**

This Collateral Security Agreement (the "Agreement") is made and entered into this the \_\_\_ day of \_\_\_\_\_, 20\_\_ by and between THE WOODLANDS TOWNSHIP (the "DEPOSITOR") and \_\_\_\_\_ ("BANK") as a depository to receive time and demand deposits from DEPOSITOR. Any prior Agreement between DEPOSITOR and BANK relative to the subject matter hereof is hereby terminated as of the date first written above.

DEPOSITOR, through action of its Board of Directors, has designated BANK as a Depository for DEPOSITOR funds. All funds on deposit with BANK to the credit of DEPOSITOR in excess of federal deposit insurance are required to be secured by collateral as defined by the Public Funds Collateral Act, V.T.C.A. Government Code Section 2257 et seq. (the "PFCA") and further restricted by the Policy of the DEPOSITOR and this Agreement.

#### **Section 1: Designation of CUSTODIAN**

BANK and DEPOSITOR, by execution of this Agreement, hereby designate \_\_\_\_\_, being either (i) a state or national bank with its main office or a branch office in Texas and which has been designated by the State Comptroller as a Texas State Depository, (ii) a federal home loan bank, or (iii) a Federal Reserve Bank or branch thereof, as CUSTODIAN to hold in trust, according to the terms and conditions of this Agreement, any necessary collateral and substitute collateral which may be required under this Agreement. If the Federal Reserve is designated as CUSTODIAN a FRB Pledge Agreement executed under the terms of Appendix C of the Federal Reserve's Circular 7, as it may be amended from time to time, shall be executed and all the provisions of such Circular 7 are incorporated herein by reference.

Any and all fees from the CUSTODIAN associated with the safekeeping of securities pledged to DEPOSITOR shall be borne by the BANK and the DEPOSITOR will have no liability therefore.

BANK and CUSTODIAN acknowledge that CUSTODIAN is the bailee of DEPOSITOR for purposes of Section 2257.044 of the PFCA, and its custodial capacity is deemed to be set forth on any Trust Receipt or report delivered to BANK and DEPOSITOR, whether such capacity is expressly so noted.

CUSTODIAN shall promptly identify any pledge by BANK to DEPOSITOR of the Collateral on the CUSTODIAN books and records and simultaneously issue to BANK and DEPOSITOR Trust Receipts covering the Collateral. Similarly, CUSTODIAN shall promptly remove from its books and records any securities released from the pledge by BANK in compliance with the terms of this Agreement and simultaneously issue to BANK and DEPOSITOR appropriate Releases identifying the released securities.

#### **Section 2: CUSTODIAN Obligations**

CUSTODIAN shall promptly provide DEPOSITOR with Trust Receipts for Collateral as received from BANK clearly marked as a pledge to the DEPOSITOR. CUSTODIAN shall

provide directly to DEPOSITOR a monthly report of Collateral to include a description of the securities including cusip, par value, and market values, at a minimum.

CUSTODIAN shall permit the DEPOSITOR or its independent auditor to examine Collateral in the presence of the appropriate officials of said BANK at any time during normal business hours.

### **Section 3: Grant of Security Interest**

In accordance with the terms of this Agreement, to secure the uninsured deposits maintained by DEPOSITOR with BANK from time to time, BANK hereby pledges and grants to DEPOSITOR security interest in securities and assigns and pledges securities owned by the BANK and held by the CUSTODIAN for benefit of the DEPOSITOR hereinafter referred to as "Collateral" upon which the DEPOSITOR shall have first and prior lien.

The DEPOSITOR shall have the power to determine and designate the character and amount of the funds which will be deposited in the BANK. DEPOSITOR deposits shall never be the subject of any garnishment or attachment and BANK shall not recognize any attempt to garnish or attach same or be a party to any action.

### **Section 4: BANK Representations and Warranties**

BANK represents, warrants and agrees:

- a. BANK has full power and authority to enter into this Agreement.
- b. BANK Board has approved this Agreement by resolution.
- c. BANK is owner of the Collateral.
- d. BANK shall be entitled to income on Collateral held by CUSTODIAN and the CUSTODIAN may dispose of such income as directed by the BANK without approval of DEPOSITOR, provided an Event of Default does not exist.

### **Section 5: DEPOSITOR Representations and Warranties**

DEPOSITOR represents, warrants and agrees:

- a. DEPOSITOR has full power and authority to enter into this Agreement.
- b. DEPOSITOR will comply with the terms of any other agreements it may have with the BANK for services provided.

### **Section 6: Authorized Collateral**

The aggregate market value of the Collateral held by CUSTODIAN at all times during the term of this Agreement shall be in an amount not less than one hundred five percent (105%) if determined less frequently than daily or one hundred ten percent (110%) if determined less frequently than weekly of (a) the amount of DEPOSITOR'S total collected funds on deposit with BANK, increased by (b) the amount of accrued but uncredited interest on such deposited funds



and (c) reduced by that portion of the funds insured by the FDIC. Such amount to be designated the "Required Collateral Value".

The BANK shall be liable for the monitoring and maintaining of the Required Collateral Value at all times. The market price on such collateral shall be obtained from an independent, nationally recognized source as frequent as required by the Required Collateral Value and applicable margin. The final determination of such value shall be at the discretion of the DEPOSITOR, whose decision shall be final and binding.

Authorized Collateral shall be limited to:

- obligations of the United States Government, its agencies and instrumentalities, excluding letters of credit (except as provided hereinbelow), but including Pass-through mortgage backed securities 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; provided, however, such mortgage backed securities are not Collateralized Mortgage Obligations (CMOs) and further provided that not more than \$8,000,000 of the DEPOSITOR's aggregate time or demand deposits may be secured by such mortgage backed securities;
- direct obligations of the State of Texas or its agencies and instrumentalities;
- other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, or the United States or any of their respective agencies and instrumentalities, but excluding mortgage backed securities (except as provided hereinabove);
- letters of credit issued by a Federal Home Loan Bank;
- obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by two nationally recognized investment rating firms not less than "A" or its equivalent; and
- surety bonds issued by a surety company having a rating of at least "A+" in the current Best's Key Rating Guide.

#### **Section 7: Receipts**

All Collateral held by CUSTODIAN for the benefit of DEPOSITOR under this Agreement shall be described on Trust Receipts (as defined in the PFCA) issued by CUSTODIAN upon receipt of the Collateral, of which CUSTODIAN shall forward directly to DEPOSITOR within one business day. With respect to substitute Collateral and released Collateral hereafter delivered by BANK to CUSTODIAN to hold for the benefit of DEPOSITOR, BANK shall cause CUSTODIAN to issue Trust Receipts or Releases describing such additional or substitute Collateral or released securities and promptly forward such to DEPOSITOR.

Such Trust Receipts and Releases which are furnished to DEPOSITOR by CUSTODIAN from time to time shall be deemed a part of this Agreement without further action.

If the CUSTODIAN is the Federal Home Loan Bank of Dallas ("FHLB Dallas"), notwithstanding the foregoing, such Trust Receipts may be forwarded to BANK with instructions for BANK to immediately forward the same to DEPOSITOR. BANK hereby agrees to comply with CUSTODIAN's instructions and forward each Trust Receipt to DEPOSITOR immediately upon receipt of same. Upon request of DEPOSITOR, BANK agrees to provide or cause CUSTODIAN to provide a then-current list of all Collateral pledged by BANK to secure DEPOSITOR's funds to update Exhibit "B-1" to this Agreement. If the CUSTODIAN is FHLB Dallas and the CUSTODIAN is forwarding Trust Receipts to BANK, DEPOSITOR may, at any time and from time to time, request that FHLB Dallas provide one or more Trust Receipts directly to DEPOSITOR, and FHLB Dallas shall, as soon as possible, but in no event later than three (3) business days from its receipt of the request, so provide the requested Trust Receipts to the DEPOSITOR, at no cost to the DEPOSITOR.

If the CUSTODIAN is the Federal Reserve Bank, such Trust Receipts or Releases shall be subject to the terms and conditions of all applicable regulations, operating circulars, bulletins and policies of the Federal Reserve Bank, (collectively "Applicable Regulations").

At any time upon request of DEPOSITOR, BANK agrees to provide or cause CUSTODIAN to provide a then-current list of all Collateral pledged by BANK to secure DEPOSITOR funds.

#### **Section 8: Release of Collateral**

CUSTODIAN shall not release any part of the Collateral without DEPOSITOR's written authorization. DEPOSITOR agrees to furnish such authorization promptly upon BANK's request under the circumstances described in Section 9 of this Agreement. DEPOSITOR's authorization to CUSTODIAN to release from the Collateral only designated Eligible Securities shall terminate the security interest granted by BANK in this Agreement only with respect to such designated Eligible Securities. If the CUSTODIAN is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the release of Collateral.

#### **Section 9: Deposit, Substitution, and Withdrawal of Collateral**

If the aggregate market value of Collateral held by CUSTODIAN at any time does not equal or exceed the Required Collateral Value, BANK shall provide additional Collateral within that business day to bring the total aggregate market value equal to or in excess of the Required Collateral Value without further action by DEPOSITOR.

If the aggregate market value of Collateral held by CUSTODIAN at any time exceeds the Required Collateral Value, BANK may withdraw any excess Collateral by providing CUSTODIAN with a withdrawal notice signed by an authorized representative of both the BANK and DEPOSITOR. DEPOSITOR agrees that approval of the withdrawal notice will not be unreasonably withheld if the Collateral exceeds the Required Collateral Value.

BANK may substitute authorized Collateral for any of the Collateral held by CUSTODIAN at any time by providing CUSTODIAN with a withdrawal notice provided that the market value of the Collateral following such substitution would equal or exceed the Required Collateral Value.



All substitutions require DEPOSITOR'S written consent, which consent shall not be unreasonably withheld if the substitution is equal to or exceeds the Required Collateral Value.

If the CUSTODIAN is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the substitution of Collateral.

Each permitted release of previously pledged Collateral and each addition to or permitted substitution for Collateral shall be deemed and considered, without further action by BANK or DEPOSITOR, as an amendment to Exhibit "B-1" attached hereto and a contemporaneous renewal and extension of this Agreement for the term hereinafter stated upon the same terms and containing the same provisions as set for the herein, except as the Collateral subject to this Agreement may be modified or amended thereby; provided, however, that any such renewal and extension shall not affect any transaction entered into prior to such renewal and extension until BANK shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and DEPOSITOR shall have authorized CUSTODIAN to redeliver to BANK's sole control all collateral then in CUSTODIAN's possession. Otherwise, this Agreement may not be amended or modified except as provided in Section 18 hereof.

#### **Section 10: Default and Remedies**

If BANK fails at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against DEPOSITOR deposits, a default shall exist under this Agreement and DEPOSITOR shall give written notice of such failure, breach or default to BANK, and BANK shall have three (3) days to cure same. In the event BANK fails to cure same within the three (3) days, or should BANK be declared insolvent by a Federal bank regulatory agency, or if a receiver is appointed for the BANK (each an Event of Default) it shall be the duty of CUSTODIAN, upon written demand of DEPOSITOR (supported by proper evidence of an Event of Default) to surrender or transfer the Collateral to DEPOSITOR or DEPOSITOR nominee. BANK hereby irrevocably authorizes CUSTODIAN to surrender or transfer the Collateral upon the conditions herein specified.

DEPOSITOR may sell all or any part of such Collateral in a commercially reasonable manner and out of the proceeds thereof pay DEPOSITOR all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure. DEPOSITOR shall release to BANK the remainder, if any, of said proceeds.

Collateral may be sold by DEPOSITOR at public or private sale; provided, however, that BANK shall have ten days written notice of the time and place of the sale. CUSTODIAN and BANK shall have the right to bid at such sale.

#### **Section 11: Authorization and Records**

BANK shall deliver to DEPOSITOR a fully executed Resolution Certificate and Certificate of Incumbency substantially in the form of Exhibit "B-2" as a condition precedent to the effectiveness of this Agreement and shall advise DEPOSITOR immediately of any revocation, amendment or modification thereof. BANK acknowledges that the DEPOSITOR has disclosed and hereby discloses that certain funds within the custody of the DEPOSITOR which may be deposited or invested with BANK are by law or under a bond indenture required to be set aside

to discharge a debt owed to the holder(s) of the DEPOSITOR'S outstanding notes and/or bonds. As such, these funds shall be deemed to be a deposit by a trustee of trust funds of which the holder(s) are pro rata beneficiaries in accordance with 12 C.F.R. §330.15(c). Such funds held in trust for the holder(s) of the DEPOSITOR'S notes and bonds are deposited within the account(s) titled "Bond Fund", "Bond Account", "Debt Service Fund", "Debt Service Account", "Interest and Sinking Fund", "Interest and Sinking Account", or other similar name sufficient to satisfy the requirements of 12 C.F.R. §330.5(b) indicating that such funds are pledged towards the payment of principal and interest on the DEPOSITOR'S bonds and notes. BANK further acknowledges that the DEPOSITOR may be acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for subsequent purchasers and/or holders of the DEPOSITOR'S outstanding bonds and notes. BANK shall continuously maintain this Agreement, its copies of all Trust Receipts, Releases and Advices, and the Resolution Certificate among its official "deposit account records" (as defined in 12 C.F.R. §330.1(e)) until such time as this Agreement is terminated and all uninsured deposits of DEPOSITOR have been properly and fully paid out. This Agreement may be executed in one or more counterparts, each of which shall be an original.

In the event of any conflict between the provisions of this Agreement and any other agreement between the DEPOSITOR and the BANK relating to the deposits, this Agreement will control, unless the conflict is with the Applicable Regulations, in which event the Applicable Regulations will control.

#### **Section 12: Authorized DEPOSITOR Representative(s)**

DEPOSITOR has through appropriate action of its Board of Directors authorized its designated Investment Officer(s), singly or jointly to execute this Agreement and any documentation required in connection therewith, including specifically pursuant to the Applicable Regulations and documentation related thereto, and to represent it and act on its behalf in any and all matters of every kind arising under this Agreement and to (a) execute and deliver to BANK an electronic funds transfer agreement (and any addenda thereto), (b) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfers on behalf of DEPOSITOR, and (c) make withdrawals or transfers by written instrument.

#### **Section 13: Authorized BANK Representative(s)**

The BANK Board has authorized the undersigned BANK officer to enter into, execute and deliver to DEPOSITOR this Agreement on behalf of BANK and to take all action which may be necessary or appropriate to create and perfect the security interest in the Collateral contemplated hereunder.

#### **Section 14: Financial Condition**

BANK will provide to the DEPOSITOR an annual statement audited by its outside auditors including a statement by its outside auditors as to its "fair presentation."

#### **Section 15: Term**

It is the intention of the parties hereto that the covenants and agreements, terms and conditions hereof shall extend to the entire period during which the BANK shall act as depository for



DEPOSITOR. Either BANK or DEPOSITOR shall have the right to terminate this Agreement at any time by advance written to the other of its election to do so, and this Agreement shall be void from and after the expiration of sixty (60) days after receipt of such notice, provided all provisions of this Agreement have been fulfilled. When the relationship of DEPOSITOR and BANK shall have ceased to exist, and when BANK has properly paid out all deposits to DEPOSITOR, CUSTODIAN shall, upon written notification by DEPOSITOR, release all collateral to the BANK.

Notwithstanding any of the provisions hereof, the DEPOSITOR shall have, and does hereby retain the right to utilize other depositories and the right to terminate this contract.

#### **Section 16: Law Governing**

This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Texas applicable to agreements made and to be performed wholly in such state.

#### **Section 17: Assigns**

No portion of the Agreement may be assigned without the express written consent of the other party and any assignment must comply with all provisions of this Agreement.

#### **Section 18: Representations.**

(a) Pursuant to Chapter 2271, Texas Government Code, as amended, BANK and CUSTODIAN each hereby verify, on behalf of themselves but not the other, that BANK and CUSTODIAN, including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott Israel and will not boycott Israel through the term of this Agreement. As used in the foregoing verifications, the term "boycott Israel" has the meaning assigned to such term in Section 808.001, Texas Government Code, as amended.

(b) Pursuant to Chapter 2252, Texas Government Code, as amended, BANK and CUSTODIAN each hereby represent and certify, on behalf of themselves but not the other, that neither BANK nor CUSTODIAN, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code.

(c) Pursuant to Section 2276.002, Texas Government Code, as amended, BANK and CUSTODIAN each hereby verify, on behalf of themselves but not the other, that BANK and CUSTODIAN, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott energy companies, and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code, as amended.

(d) Pursuant to Section 2274.002, Texas Government Code, as amended, BANK and CUSTODIAN each hereby verify, on behalf of themselves but not the other, that BANK and CUSTODIAN, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, (i) does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association, and (ii) will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verifications, "discriminate against a firearm entity or trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code, as amended.

(e) BANK acknowledges that the DEPOSITOR has disclosed and hereby discloses that certain funds within the custody of the DEPOSITOR which may be deposited or invested with BANK are by law or under a bond indenture required to be set aside to discharge a debt owed to the holder(s) of the DEPOSITOR 's outstanding notes and/or bonds. As such, these funds shall be deemed to be a deposit by a trustee of trust funds of which the holder(s) are pro rata beneficiaries in accordance with 12 C.F.R. §330.15(c). Such funds held in trust for the holder(s) of the DEPOSITOR 's notes and bonds are deposited within the account(s) titled "Bond Fund", "Bond Account", "Debt Service Fund", "Debt Service Account", "Interest and Sinking Fund", "Interest and Sinking Account", or other similar name sufficient to satisfy the requirements of 12 C.F.R. §330.5(b) indicating that such funds are pledged towards the payment of principal and interest on the DEPOSITOR 's bonds and notes. BANK further acknowledges that the DEPOSITOR may be acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for subsequent purchasers and/or holders of the DEPOSITOR 's outstanding bonds and notes.

(f) BANK will continuously maintain an executed copy of this Agreement in its "deposit account records" (as defined in 12 C.F.R. §330.1(e)) for so long as Bank holds any funds of or within the custody of the DEPOSITOR.

#### **Section 19: Miscellaneous**

The headings in this Agreement are for the convenience of reference only and should not be used in interpreting the Agreement. If any provision of this Agreement is found to be illegal or unenforceable under applicable law, that provision shall be deemed reformed so as to be enforceable to the extent permitted by applicable law.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on either party unless it is in writing and signed by all parties hereto.

The provisions of this agreement are severable, and if any provision or part of this agreement or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this agreement and the application of such provision or part of this agreement shall not be affected thereby.

This Agreement shall be governed by and construed in accordance with the Laws of the State of Texas.



This Agreement shall be for the benefit of the Parties hereto and their legal successors and assigns and, except as may be provided in Section 11 hereof, shall not be construed to confer rights upon any other person.

**Section 20: Execution of Agreement**

BANK represents that its Board of Directors or Loan Committee has passed a resolution dated \_\_\_\_\_, \_\_\_\_ 20\_\_\_\_ authorizing and approving this Agreement providing for the deposit of funds and pledge of Collateral; that such resolution is reflected in the minutes of the BANK Board of Directors and that a copy of this Agreement shall be maintained as an official record of the BANK.

{Signature Pages Follow}

In witness whereof, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day first above written.

**DEPOSITOR:**

**THE WOODLANDS TOWNSHIP**

By: \_\_\_\_\_

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

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



**BANK:**

\_\_\_\_\_

By: \_\_\_\_\_

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

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

Bank hereby agrees that it will periodically determine the market value of Collateral and maintain the corresponding Required Collateral Value throughout the term of this agreement as indicated below (provided, however, that in the event no indication is made below, the Required Collateral Value for all purposes of this Agreement shall be 110%):

**Check one:**

\_\_\_\_\_ Less frequent than weekly (no less than 110%)

\_\_\_\_\_ Weekly (no less than 105%)

**TEXAS ETHICS COMMISSION FORM 1295 COMPLIANCE**

UNDER SECTION 2252.908, TEXAS GOVERNMENT CODE, AS AMENDED, A GOVERNMENTAL ENTITY MAY NOT ENTER INTO CERTAIN CONTRACTS WITH A BUSINESS ENTITY UNLESS THE BUSINESS ENTITY SUBMITS A DISCLOSURE OF INTERESTED PARTIES FORM (A "FORM 1295") TO THE GOVERNMENTAL ENTITY AT THE TIME THE BUSINESS ENTITY SUBMITS THE SIGNED CONTRACT TO THE GOVERNMENTAL ENTITY. BY EXECUTION OF THIS AGREEMENT ABOVE AND BELOW, THE BUSINESS ENTITY REPRESENTS AND WARRANTS TO THE TOWNSHIP THAT IT (**CHECK THE APPROPRIATE BOX**):

- ☐ IS A PUBLICLY TRADED BUSINESS ENTITY, OR A WHOLLY OWNED SUBSIDIARY OF A PUBLICLY TRADED BUSINESS ENTITY, AND A FORM 1295 IS NOT REQUIRED TO BE SUBMITTED TO THE TOWNSHIP PURSUANT TO SECTION 2252.908(C)(4), TEXAS GOVERNMENT CODE, AS AMENDED; OR
- ☐ SUBMITTED THE ATTACHED AND FOLLOWING FORM 1295 TO THE TOWNSHIP ON \_\_\_\_\_, 20\_\_, WHICH IS THE TIME BUSINESS ENTITY SUBMITTED THE SIGNED AGREEMENT TO THE TOWNSHIP.

\_\_\_\_\_  
REPRESENTATIVE OF BUSINESS ENTITY

**CUSTODIAN:**

\_\_\_\_\_  
By: \_\_\_\_\_

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

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

The Custodian, if other than the Federal Reserve Bank or the Federal Home Loan Bank of Des Moines, shall join in the execution of this Agreement; however, if the Custodian is: (i) the Federal Reserve Bank, such joinder is to be evidenced by the Application and related Receipt or Advice as set forth in the Applicable Regulations, all of which are to be attached to this Agreement as Exhibit "B-3", or (ii) the Federal Home Loan Bank of Des Moines, the custodial provisions of Sections 2, 7, 8, 9, 10 and 15 hereof shall be governed by that certain Securities Custodial Agreement (Public Unit Depositors) of even date herewith by and among the Depositor, the Bank and Federal Home Loan Bank of Des Moines (the "Custodial Agreement"). Nothing contained in the Custodial Agreement nor the failure of Federal Home Loan Bank of Des Moines to join in this Agreement shall affect the application or enforceability of this Agreement between the Depositor and the Bank.

**TEXAS ETHICS COMMISSION FORM 1295 COMPLIANCE**

UNDER SECTION 2252.908, TEXAS GOVERNMENT CODE, AS AMENDED, A GOVERNMENTAL ENTITY MAY NOT ENTER INTO CERTAIN CONTRACTS WITH A BUSINESS ENTITY UNLESS THE BUSINESS ENTITY SUBMITS A DISCLOSURE OF INTERESTED PARTIES FORM (A "FORM 1295") TO THE GOVERNMENTAL ENTITY AT THE TIME THE BUSINESS ENTITY SUBMITS THE SIGNED CONTRACT TO THE GOVERNMENTAL ENTITY. BY EXECUTION OF THIS AGREEMENT ABOVE AND BELOW, THE BUSINESS ENTITY REPRESENTS AND WARRANTS TO THE TOWNSHIP THAT IT (**CHECK THE APPROPRIATE BOX**):

- ☐ IS A PUBLICLY TRADED BUSINESS ENTITY, OR A WHOLLY OWNED SUBSIDIARY OF A PUBLICLY TRADED BUSINESS ENTITY, AND A FORM 1295 IS NOT REQUIRED TO BE SUBMITTED TO THE TOWNSHIP PURSUANT TO SECTION 2252.908(C)(4), TEXAS GOVERNMENT CODE, AS AMENDED; OR
- ☐ SUBMITTED THE ATTACHED AND FOLLOWING FORM 1295 TO THE TOWNSHIP ON \_\_\_\_\_, 20\_\_\_\_, WHICH IS THE TIME BUSINESS ENTITY SUBMITTED THE SIGNED AGREEMENT TO THE TOWNSHIP.

\_\_\_\_\_  
REPRESENTATIVE OF BUSINESS ENTITY



**EXHIBIT "B-1"**

[Attach list/description of eligible securities initially pledged, if applicable]

**EXHIBIT "B-2"**

**RESOLUTION CERTIFICATE  
AND CERTIFICATE OF INCUMBENCY**

OF \_\_\_\_\_ [BANK]

The undersigned hereby certifies as follows:

1. I am the officer of the BANK holding the title designated on the signature line of this Certificate.

2. Attached hereto is a full, true and correct copy of the resolution (the "Resolution") duly adopted by the [Board of Directors] [Loan Committee] of the BANK in conformity with the Articles of Association and By-laws of the BANK and in accordance with the laws of the State of Texas.

3. The Resolution has not been amended, modified or rescinded, and is in full force and effect on the date hereof.

4. The BANK is duly organized and existing under the laws of \_\_\_\_\_  
\_\_\_\_\_ [state].

5. All franchise and other taxes required to maintain the BANK's existence have been paid and none of such taxes are delinquent.

6. No proceedings are pending for the forfeiture of the BANK's authority to do business or for its dissolution, voluntarily or involuntarily.

7. The BANK is qualified to do business in each state where the nature of its business requires such qualification.

8. There is no provision in the Articles of Association, By-laws or any other agreement, indenture or contract to which the BANK or its property is subject which limits the Resolution, and the Resolution is in conformity with the provision of the BANK's Articles of Association and By-laws and with proceedings of the Board of Directors.

9. This resolution is made in order to comply with requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and 12 U.S.C. 1823(e), and shall constitute a business record of the BANK and shall be continuously maintained in the official business records of BANK.

10. The undersigned officers have been duly elected to the positions set opposite their respective names below and are qualified to act in the present capacities in which they sign for the BANK.

11. The signatures appearing opposite each of the undersigned officers is his or her authentic signature and each of the undersigned holds the office designated for the same.



Name

Title

Signature

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Bank: \_\_\_\_\_

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

Title: [Secretary] [Recording Officer]

## **RESOLUTION OF [BANK]**

BE IT RESOLVED, that this Bank shall secure all deposits of The Woodlands Township (the "depositor") in excess of amounts insured by the Federal Deposit Insurance Corporation ("Excess Funds") on deposit with the Bank at any time in whatever amount; and further

RESOLVED, in regard to the above referenced deposits, that the Chairman of the Board of Directors, President, any Executive Vice President, any Vice President, any Assistant Vice President, or any other officer of the Bank is hereby authorized and directed to execute for and on behalf of the Bank the following documents, it being further agreed that the execution of any of the same prior to the adoption of these resolutions is hereby ratified, confirmed and adopted:

1. A Collateral Security Agreement in favor of the depositor, covering the Collateral described therein;
2. Such other and further documents as may be deemed necessary or desirable by such officer or as required by the depositor in regard to the securing of the Excess Funds; and further

RESOLVED, that the officers executing any of the above described documents are hereby authorized and empowered to execute the same in the name and on behalf of the Bank, in such number of counterparts as the officer or officers executing the same shall deem necessary or desirable, with such terms, conditions, modifications, changes and provisions as the officer or officers executing the same may approve, the execution of such documents to evidence approval of the terms thereof conclusively; and further

RESOLVED, that any and all instruments executed and delivered on behalf of the Bank in connection with these resolutions by any person purporting to be an officer of the Bank shall be deemed to be the act of the Bank and shall be in all respects binding against the Bank; and further

RESOLVED, that all actions of all officers, agents or other representatives of the Bank taken or performed up to the date hereof in respect to the preparation, execution and delivery of the documents, certificates or other instruments contemplated hereby, and the taking prior to the date hereof of any and all actions otherwise required by the terms and provisions of the above referenced documents, be, and they hereby are, in all respects approved, ratified and confirmed; and further

RESOLVED, that this approval is intended to comply in all respects with the requirements of applicable statutory law relating to insurance of accounts including specifically, but without limitation, the requirements of 12 U.S.C. §§1821(d)(9)(A) and 1823(e); and further

RESOLVED, that any deposit agreements between the Bank and depositor and/or the Collateral Security Agreement are all intended to be, and shall be deemed to be, official records of the Bank; and further



RESOLVED, that any deposit agreements between the Bank and depositor, the Collateral Security Agreement, and these Resolutions shall be continuously maintained in the business records of the Bank.

**EXHIBIT "B-3"**

[Attach form of Application to the Federal Reserve Bank for holding of securities in joint safekeeping, if applicable]