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All investments made by the ESC shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules, or regulations. *Gov't Code 2256.026*

**Definitions**

Investment Pool	<p>“Investment pool” means an entity created under the Texas Government Code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are preservation and safety of principal, liquidity, and yield.</p>
Pooled Fund Group	<p>“Pooled fund group” means an internally created fund of an ESC in which one or more institutional accounts of an ESC are invested.</p>
Separately Invested Asset	<p>“Separately invested asset” means an account or fund of an ESC that is not invested in a pooled fund group.</p> <p><i>Gov't Code 2256.002(6), (9), (12)</i></p>
Repurchase Agreement	<p>“Repurchase agreement” means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations, described at Obligations of Governmental Entities, below, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. <i>Gov't Code 2256.011(b)</i></p>
Corporate Bond	<p>“Corporate bond” means a senior secured debt obligation issued by a domestic business entity and rated not lower than “AA-” or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that, on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation, or is an unsecured debt obligation. <i>Gov't Code 2256.0204(a)</i></p>
Written Policies	<p>The board shall adopt by rule, order, ordinance or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield and maturity, and the quality and capability of investment management. The policies must include:</p> <ol style="list-style-type: none"><li>1. A list of the types of authorized investments in which the ESC’s funds may be invested;</li><li>2. The maximum allowable stated maturity of any individual investment owned by the ESC;</li></ol>

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3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;
4. Methods to monitor the market price of investments acquired with public funds;
5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
6. Procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Government Code 2256.021 [see Loss of Required Rating, below].

*Gov't Code 2256.005(b)*

**Annual Review**

The board shall review its investment policy and investment strategies not less than annually. The board shall adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. *Gov't Code 2256.005(e)*

**Annual Audit**

An ESC shall perform a compliance audit of management controls on investments and adherence to the ESC's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. *Gov't Code 2256.005(m)*

**Investment Strategies**

As an integral part of the investment policy, the board shall adopt a separate written investment strategy for each of the funds or group of funds under the board's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the ESC;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

*Gov't Code 2256.005(d)*

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**Investment Officer**

The ESC shall designate by rule, order, ordinance or resolution, as appropriate, one or more officers or employees as investment officer(s) to be responsible for the investment of its funds consistent with the investment policy adopted by the board. If the board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting board's ESC. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the board retains the ultimate responsibility as fiduciaries of the assets of the ESC. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the ESC. Authority granted to a person to invest the ESC's funds is effective until rescinded by the ESC or until termination of the person's employment by the ESC, or for an investment management firm, until the expiration of the contract with the ESC. *Gov't Code 2256.005(f)*

The ESC or investment officer may use the ESC's employees or the services of a contractor of the ESC to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)*

**Investment Training**

Initial

Within 12 months after taking office or assuming duties, the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of the ESC shall attend at least one training session from an independent source approved by the board or a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

*Ongoing*

The treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of an ESC shall attend an investment training session not less than once in a two-year period that begins on the first day of the ESC's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer and the investment officer must also receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the board or by a designated investment committee advising the investment officer. *Gov't Code 2256.008(a-1)*

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Investment training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolios, and compliance with the Public Funds Investment Act. *Gov't Code 2256.008(c)*

Standard of Care

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

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

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

1. The investment of all funds, or funds under the ESC's control, over which the officer had responsibility rather than the prudence of a single investment; and
2. Whether the investment decision was consistent with the ESC's written investment policy.

*Gov't Code 2256.006*

*Personal Interest*

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

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

*Gov't Code 2256.005(i)*

*Quarterly Reports*

Not less than quarterly, the investment officer shall prepare and submit to the board a written report of investment transactions for all funds covered by the Public Funds Investment Act for the preceding reporting period. This report shall be presented not less than quarterly to the board and the executive director within a reasonable time after the end of the period. The report must:

1. Describe in detail the investment position of the ESC on the date of the report;
2. Be prepared jointly and signed by all ESC investment officers;
3. Contain a summary statement of each pooled fund group that states the:
  - a. Beginning market value for the reporting period;
  - b. Ending market value for the period; and
  - c. Fully accrued interest for the reporting period;
4. State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
5. State the maturity date of each separately invested asset that has a maturity date;
6. State the account or fund or pooled group fund in the ESC region for which each individual investment was acquired; and
7. State the compliance of the investment portfolio of the ESC as it relates to the investment strategy expressed in the ESC's investment policy and relevant provisions of the Public Funds Investment Act.

If the ESC invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be formally reviewed at least annually by an independent auditor, and

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the result of the review shall be reported to the board by that auditor.

*Gov't Code 2256.023*

**Selection of Broker**

The board or the designated investment committee shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the ESC.

*Gov't Code 2256.025*

**Authorized Investments**

The board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. *Gov't Code 2256.003(a)*

In the exercise of these powers, the board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under this authority may not be for a term longer than two years. A renewal or extension of the contract must be made by the board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

The board may specify in its investment policy that any authorized investment is not suitable Government Code 2256.005(j).

Obligations of  
Governmental  
Entities

The following are authorized investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; including the Federal Home Loan Banks;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state of Texas, the United States, or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality

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by a nationally recognized investment rating firm not less than A or its equivalent;

6. Bonds issued, assumed, or guaranteed by the state of Israel;
7. Interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund or its successor; and
8. Interest-bearing banking deposits other than those described at item 7, above if:
  - a. The funds are invested through a broker with a main office or a branch office in this state that the ESC selects from a list the board or designated investment committee of the ESC adopts as required at Selection of Broker, above, or a depository institution with a main office or a branch office in this state and that the ESC selects;
  - b. The broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the ESC's account;
  - c. The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
  - d. As the ESC's custodian of the banking deposits issued for the ESC's account, the ESC appoints the depository institution selected as described above, an entity described by Government Code 2257.041(d) (regarding a custodian with which to deposit securities), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating under Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

*Gov't Code 2256.009(a)*

*Unauthorized  
Obligations*

The following investments are not authorized:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

*Gov't Code 2256.009(b)*

Certificates of  
Deposit and Share  
Certificates

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

1. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
2. Secured by obligations described at Obligations of Governmental Entities, above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage-backed securities described at Unauthorized Obligations, above; or
3. Secured in accordance with Government Code Chapter 2257 (Public Funds Collateral Act) or in any other manner and amount provided by law for the deposits of the ESC.

*Gov't Code 2256.010(a)*

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

1. The funds are invested by the ESC through a broker that has its main office or a branch office in this state and is selected from a list adopted by the ESC as required at Selection of Broker, above, or a depository institution that has its main office or a branch office in this state and that is selected by the ESC;
2. The broker or depository institution selected by the ESC arranges for the deposit of the funds in certificates of deposit in one or more federally-insured depository institutions, wherever located, for the account of the ESC;
3. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

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

*Gov't Code 2256.010(b)*

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

Repurchase  
Agreements

A fully collateralized repurchase agreement is an authorized investment if it:

1. Has a defined termination date;
2. Is secured by a combination of cash and obligations described at Obligations of Governmental Entities, above;
3. Requires the securities being purchased by the ESC or cash held by the ESC to be pledged to the ESC, held in the ESC's name, and deposited at the time the investment is made with the ESC or a third party selected and approved by the ESC; and
4. Is placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas.

The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by an ESC under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Government Code 1371.059(c) (regarding validity and incontestability of obligations for certain public improvements) applies to the execution of a repurchase agreement by an ESC.

*Gov't Code 2256.011*

Securities Lending  
Program

A securities lending program is an authorized investment if:

1. The value of securities loaned is not less than 100 percent collateralized, including accrued income;

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2. A loan allows for termination at any time;
  3. A loan is secured by:
    - a. Pledged securities described at Obligations of Governmental Entities, above;
    - b. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state, and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
    - c. Cash invested in accordance with Government Code 2256.009 (obligations of governmental entities), 2256.013 (commercial paper), 2256.014 (mutual funds), or 2256.01 (investment pools);
  4. The terms of a loan require that the securities being held as collateral be pledged to the ESC, held in the ESC's name, and deposited at the time the investment is made with the ESC or with a third party selected by or approved by the ESC; and
  5. A loan is placed through a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003, or a financial institution doing business in this state.

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

*Gov't Code 2256.0115*

Banker's  
Acceptance

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

1. Has a stated maturity of 270 days or fewer from the date of issuance;
2. Will be, in accordance with its terms, liquidated in full at maturity;
3. Is eligible for collateral for borrowing from a Federal Reserve Bank; and
4. Is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

*Gov't Code 2256.012*

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Commercial Paper	<p>Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least:</p> <ol style="list-style-type: none"><li>1. Two nationally recognized credit rating agencies; or</li><li>2. One nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States law or any state.</li></ol> <p><i>Gov't Code 2256.013</i></p>
Mutual Funds	<p>A no-load money market mutual fund is an authorized investment if the mutual fund:</p> <ol style="list-style-type: none"><li>1. Is registered with and regulated by the Securities and Exchange Commission;</li><li>2. Provides the ESC with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and</li><li>3. Complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).</li></ol> <p><i>Gov't Code 2256.014(a)</i></p> <p>In addition to the no-load money market mutual fund authorized above, a no-load mutual fund is an authorized investment if it:</p> <ol style="list-style-type: none"><li>1. Is registered with the Securities and Exchange Commission;</li><li>2. Has an average weighted maturity of less than two years; and</li><li>3. Either has a duration of less than one year or more and is invested exclusively in obligations approved by the Public Funds Investment Act, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.</li></ol> <p><i>Gov't Code 2256.014(b)</i></p>
<i>Limitations</i>	<p>An ESC is not authorized to:</p> <ol style="list-style-type: none"><li>1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Government Code 2256.014(b);</li></ol>

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2. Invest any portion of bond proceeds, reserves, and funds held for debt service, in mutual funds described in Government Code 2256.014(b); or
3. Invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Government Code 2256.014(a) or (b) in an amount that exceeds ten percent of the total assets of the mutual fund.

*Gov't Code 2256.014(c)*

Guaranteed  
Investment  
Contracts

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

1. Has a defined termination date;
2. Is secured by obligations described at Obligations of Governmental Entities, above, excluding those obligations described at Unauthorized Obligations, in an amount at least equal to the amount of bond proceeds invested under the contract; and
3. Is pledged to the ESC and deposited with the ESC or with a third party selected and approved by the ESC.

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

To be eligible as an authorized investment:

1. The board must specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance or resolution authorizing the issuance of bonds;
2. The ESC must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;
3. The ESC must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
4. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
5. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

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Government Code 1371.059(c) (regarding validity and incontestability of obligations for certain public improvements) applies to the execution of a guaranteed investment contract by an ESC.

*Gov't Code 2256.015*

Investment Pools

An ESC may invest its funds or funds under its control through an eligible investment pool if the board by rule, order, ordinance or resolution, as appropriate, authorizes the investment in the particular pool. *Gov't Code 2256.016, .019*

To be eligible to receive funds from and invest funds on behalf of an ESC, an investment pool must furnish to the investment officer or other authorized representative of the ESC an offering circular or other similar disclosure instrument that contains the information specified in Government Code 2256.016(b). To maintain eligibility, an investment pool must furnish to the investment officer or other authorized representative investment transaction confirmations and a monthly report that contains the information specified in Government Code 2256.016(c). An ESC by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds. *Gov't Code 2256.016(b)-(d)*.

Corporate Bonds

An ESC that qualifies as an issuer as defined by Government Code 1371.001, may purchase, sell, and invest its funds and funds under its control in corporate bonds (as defined above) that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

An ESC is not authorized to:

1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or
2. Invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

An ESC subject to these provisions may purchase, sell, and invest its funds and funds under its control in corporate bonds if the board:

1. Amends its investment policy to authorize corporate bonds as an eligible investment;

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2. Adopts procedures to provide for monitoring rating changes in corporate bonds acquired with public funds and liquidating the investment in corporate bonds; and
3. Identifies the funds eligible to be invested in corporate bonds.

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

1. Issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or
2. Changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

Corporate bonds are not an eligible investment for a public funds investment pool.

*Gov't Code 2256.0204*

Prohibited  
Investments

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

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**Note:** As an "investing entity" under Government Code 2270.0001(7)(A), an ESC must comply with Chapter 2270, including reporting requirements, regarding prohibited investments in scrutinized companies listed by the comptroller in accordance with Government Code 2270.0201.

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Loss of Required  
Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. An ESC shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. *Gov't Code 2256.021*

Sellers of  
Investments

A written copy of the investment policy shall be presented to any business organization (as defined below) offering to engage in an investment transaction with an ESC. The qualified representative of the business organization offering to engage in an investment transaction with an ESC shall execute a written instrument in a

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form acceptable to the ESC and the business organization substantially to the effect that the business organization has:

1. Received and reviewed the ESC investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the ESC and the organization that are not authorized by the ESC's investment policy, except to the extent that this authorization:
  - a. Is dependent on an analysis of the makeup of the ESC's entire portfolio;
  - b. Requires an interpretation of subjective investment standards; or
  - c. Relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The investment officer of an ESC may not acquire or otherwise obtain any authorized investment described in the ESC's investment policy from a business organization that has not delivered to the ESC the instrument required above.

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

Nothing in this section relieves the ESC of the responsibility for monitoring investments made by the ESC to determine that they are in compliance with the investment policy. *Gov't Code 2256.005(k)*

Business  
Organization

For purposes of the provisions at Sellers of Investments, above, "business organization" means an investment pool or investment management firm under contract with an ESC to invest or manage the ESC's investment portfolio that has accepted authority granted by the ESC under the contract to exercise investment discretion in regard to the ESC's funds. *Gov't Code 2256.005(k)*

**Donations**

Investments donated to an ESC for a particular purpose or under terms of use specified by the donor are not subject to the requirements of the Public Funds Investment Act. *Gov't Code 2256.004(b)*

**Electronic Funds  
Transfer**

The ESC may use electronic means to transfer or invest all funds collected or controlled by the ESC. *Gov't Code 2256.051*