



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

Collaboration - We partner with others to improve the health of our community.

BOARD OF MANAGERS MEETING Wednesday, October 26, 2022, 5:00 p.m. Or immediately following the Executive Committee Meeting

Videoconference meeting¹

A quorum of the Board and the presiding officer will be present at:

Central Health Administrative Offices
1111 E. Cesar Chavez St.
Austin, Texas 78702
Board Room

Members of the public may attend the meeting at the address above, or observe and participate in the meeting by connecting to the Ring Central meeting link listed below (copy and paste into your web browser):

<https://meetings.ringcentral.com/j/1489242577?pwd=T1VIQ0YyS2tNQ013RXA5OEIPRWFXUT09>

Password: 368763

Members of the public may also listen and participate by telephone at:

Dial: (888) 501-0031
Meeting ID: 148 924 2577

The Board will meet via videoconference with a quorum present in person and allow public participation via videoconference and telephone as allowed under the Open Meetings Act. Although a quorum of the Central Health Board will be physically present at the location posted in the meeting notice, we strongly encourage all members of the public to observe the meeting virtually and participate in public comment, if desired, through the virtual meeting link or telephone number listed on each meeting notice.

Members of the public who attend in person should conduct a self-assessment before coming to the building to ensure they do not have a high temperature or any symptoms of COVID-19. Anyone who is symptomatic and/or has a fever should contact their healthcare provider for further instructions. Symptomatic members of the public can still participate, if desired, through the virtual meeting link or telephone number listed on each meeting notice. Resources related to COVID-19 can be found at the following link <https://www.austintexas.gov/covid19>.

A member of the public who wishes to make comments virtually during Public Communication for the Board of Managers meeting or the Executive Committee meeting must properly register with Central Health **no later than 3:30 p.m. on October 26, 2022**. Registration can be completed in one of three ways:

- Complete the virtual sign-in form at <https://www.centralhealth.net/meeting-sign-up/>;
- Call 512-978-9190. Please leave a voice message with your full name and your request to comment via telephone at the meeting; with the name of the meeting at which you wish to speak; or
- Sign-in at the front desk on the day of the meeting, prior to the start of the meeting.

Individuals who register to speak on the website or by telephone will receive a confirmation email and/or phone call by staff with instructions on how to join the meeting and participate in public communication.

PUBLIC HEARING

1. Receive public comment on the proposed mandatory payment rate to be assessed on institutional healthcare providers during fiscal year 2023 under the local healthcare provider participation program (LPPF) in Travis County and how the revenue derived from those payments is to be spent, as required by Texas Health & Safety Code §298E.101. (*Informational Item*)

PUBLIC COMMUNICATION

Public Communication rules for Central Health Board and Committee meetings include setting a fixed amount of time per person to speak and limiting Board responses to public inquiries, if any, to statements of specific factual information or existing policy.

CONSENT AGENDA

All matters listed under the CONSENT AGENDA will be considered by the Board of Managers to be routine and will be enacted by one motion. There will be no separate discussion of these items unless members of the Board request specific items be moved from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the vote on the motion to adopt the CONSENT AGENDA.

- C1. Approve the minutes of the Central Health Board of Managers August 31, September 7, and September 26, 2022 meetings.
- C2. Receive and ratify Central Health Investments for September 2022.
- C3. Approve the reappointment of Ms. Betty DeLargy and Mr. Juan Garza to the Sendero Health Plans Board of Directors as recommended by the Executive Committee.

REGULAR AGENDA²

1. Discuss and take appropriate action on the proposed mandatory payment rate to be assessed on institutional healthcare providers during Fiscal Year 2023 under the local healthcare provider participation program (LPPF) in Travis County and how the revenue derived from those payments is to be spent, as required by Texas Health & Safety Code §298E.151. (*Action Item*)
2. Receive an update on the Central Health Investments Policy and Strategy for Fiscal Year 2023 and adopt the Fiscal Year 2023 Central Health Investment Policy as presented by the Travis County Cash/Investment Management Department. (*Action Item*)
3. Receive and discuss a report on fiscal year-to-date healthcare services for, the preliminary August and September 2022 financial statements for, Central Health and the Community Care Collaborative. (*Informational Item*)
4. Receive and discuss a Central Health Enterprise state of the organization update. (*Informational Item*)
5. Receive and discuss an update regarding Sendero Health Plans, Inc., including:
 - a. Update on Central Health Premium Assistance Program (CHAP) and other subsidy programs
 - b. Financial update. ^{3,4} (*Informational Item*)
6. Discuss Central Health owned or occupied real property and potential property for acquisition, lease, or development in Travis County, including next steps in the redevelopment of the Central Health Downtown Campus, administrative offices of Central Health Enterprise partners, and new developments in Eastern Travis County; deliberation and action on possible delegation to President and CEO to purchase property.^{4,5} (*Action Item*)
7. Confirm the next regular Board meeting date, time, and location. (*Informational Item*)

Notes:

- ¹ This meeting may include one or more members of the Board of Managers participating by videoconference. It is the intent of the presiding officer to be physically present and preside over the meeting at Central Health Administrative Offices, 1111 E. Cesar Chavez, Austin, TX 78702, Board Room. This meeting location will be open to the public during the open portions of the meeting, and any member participating by videoconference shall be both visible and audible to the public whenever the member is speaking. **Members of the public are strongly encouraged to participate remotely through the toll-free videoconference link or telephone number provided.**
- ² The Board of Managers may take items in an order that differs from the posted order and may consider any item posted on the agenda in a closed session if the item involves issues that require consideration in a closed session and the Board announces that the item will be considered during a closed session.
- ³ Possible closed session discussion under Texas Government Code §551.085 (Governing Board of Certain Providers of Health Care Services).
- ⁴ Possible closed session discussion under Texas Government Code §551.071 (Consultation with Attorney).
- ⁵ Possible closed session discussion under Texas Government Code §551.072 (Deliberation Regarding Real Property).

A recording of this meeting will be made available to the public through the Central Health website (www.centralhealth.net) as soon as possible after the meeting.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify Central Health at least two days in advance, so that appropriate arrangements can be made. Notice should be given to the Board Governance Manager by telephone at (512) 978-8049.

Cualquier persona con una discapacidad que planee asistir o ver esta reunión y requiera ayudas o servicios auxiliares debe notificar a Central Health con la mayor anticipación posible de la reunión, pero no menos de dos días de anticipación, para que se puedan hacer los arreglos apropiados. Se debe notificar al Gerente de Gobierno de la Junta por teléfono al (512) 978-8049.

Consecutive interpretation services from Spanish to English are available during Public Communication or when public comment is invited. Please notify the Board Governance Manager by telephone at (512) 978-8049 if services are needed.

Servicios de interpretación consecutiva del español al inglés están disponibles durante la Comunicación Pública o cuando se le invita al público a comentar. Notifique al Gerente de Gobierno de la Junta por teléfono al (512) 978-8049 si necesita servicios.

Central Health Board of Managers Shared Commitments **Agreed adopted on June 30, 2021**

Whereas, the Board of Managers of Central Health has come together as a governing body to ensure the Vision of Central Health: Central Texas is a model health Community;

Whereas, the Board of Managers of Central Health bring this vision into reality by enacting the mission of caring for those who need it most and thereby improving the health of our community;

Whereas, the Board of Managers of Central Health achieves excellence toward this vision and mission through the stated values of Stewardship, Innovation, Respect, and Collaboration;

Whereas, the Board of Managers of Central Health further known as we in this document understand that systemic racism is the root of health inequities that emerge from a history of racism in Texas including Travis County that contributes to the social determinants of health that play a primary role in producing inequitable health outcomes;

Whereas, as an organization, Central Health is anti-racist and committed to a diverse and inclusive culture that seeks equity and social justice in the pursuit of its mission:

1. We Commit to informing all of our actions as Board Managers with the understanding that we are accountable to recognizing and to interrupting systems of oppression. This includes understanding the power structure in the United States, and Texas, and Travis County, that advantages certain community members and has historically disadvantaged other community members based on the color of their skin, race, ethnicity, language, and/or other characteristics. We further understand that to disrupt this power structure and the health inequities it produces, we must collaborate to collectively respond to the lived realities of all ethnicities, races, and identities disadvantaged within this system and all historically oppressed identities and communities disadvantaged within this system. We Commit to understanding that when disadvantaged communities compete against each other, we all lose in this system, and the only way forward is to work together for the benefit of all oppressed communities collectively.
2. We Commit to a model of Generative Leadership which requires us to understand and practice collaboration and accountability demonstrated by following our agreed upon meeting procedures and ensuring all members have the opportunity for comparable speaking time. We further Commit to intentionality prior to speaking including: considering: what is the goal of what I

want to share; is this the right time to share it; and is this in keeping with our collective goal for this particular moment within this particular meeting?

3. We Commit to Generative Conflict which includes engaging in disagreements and differences in perspective in a way that deepens relationships and trust by expanding knowledge and understanding of each other, including expecting our ideas to be expanded and enriched by learning and engaging with other Board Manager ideas, choosing curiosity over competition of ideas, and anchoring our conversations in our common purpose.
4. We Commit to practicing emotional intelligence as leaders which includes being aware of our own emotions and reactions and managing them, as well as being aware of our impact on others and managing this impact for the collective good when we are in our role as Board Managers.
5. We Commit to being aware of our own privileges and advantages in the sociopolitical and economic structure of the United States, Texas, and Travis County to use these for the benefit of interrupting inequities across historically disadvantaged identities.
6. We Commit to preventing the commission of microaggressions through the awareness of the history and oppression of diverse identities and communities. To this end, we Commit to strive to learn the historical context informing the lived realities of all historically oppressed identities and communities, and to use this to prevent use of language and commission of actions that can be harmful given these histories.
7. If we inadvertently commit a microaggression, we strive to immediately become aware on our own of the harm we have caused. If another Board Manager generously helps us become aware of a microaggression we have committed we welcome the support in our learning and growing process as a leader and immediately express appreciation for having made us aware, own the mistake we have made, acknowledge the impact of the harm we have caused, and engage repair through apology and the articulation of what we will do to avoid the repetition of such harm in the future.
8. If we observe one of our fellow Board Managers commit a microaggression, we Commit to calling them in by letting them know in a respectful and kind manner of the mistake that has been made.
9. We understand that many of us, as survivors of historically oppressed identities and communities, carry internalized narratives of oppression, and we can inadvertently express these oppressions against others in ways that cause harm and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.
10. We understand that even without the history of oppression potentiating the weight of harm, expressions of prejudice and rudeness can also cause harm to our shared aims, and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.

11. We Commit to using our Racial and Social Justice Framework (next page) for decision-making as we work together for the collective good of our communities as we eradicate health inequities and create a model healthy community.
12. We understand that we are entrusted with a vital responsibility for our communities and are accountable stewards for the time and resources available to our Board of Managers. We understand that these commitments are entered into to ensure responsible stewardship of this time and resources through generative collaborative processes to reach our vision and mission and we agree that if we do not follow any one of these commitments we welcome our Board Manager colleagues to bring this to our attention through the agreed upon process reflected here and when this occurs, we commit to immediately acknowledging the mistake and engaging in a repair and correction process as indicated in these commitments so that our work to dismantle systemic racism and resulting barriers and achieve health equity can move forward.

Be it adopted that the above agreements will be honored and acted upon by each Board Manager as of 6/30/2021 and henceforth forward as indicated by signature below.

Board Manager Signature

Date

Board Manager Printed Name

Calling In and Repairing Harm

Calling In after Harm in Groups with Shared Values and Aims Stance

Hey, this thing you said/did hurt some folks or could hurt some folks.

A) Here's why that can be hurtful or,

B) Please do some research to learn the history of why that's hurtful.

Implied message: I know you are good and are on this journey with us and we are all going to make mistakes as we unlearn things.

Calling In after Harm in Groups with Shared Values and Aims Sample Language

- I know it wasn't your intention, but what you just said minimizes the horror of _____ e.g. the history of racism, enslavement, the holocaust, etc.
- I know it wasn't your intention but what you just said has the impact of implying that _____ are not competent or as intelligent as others.
- What you just said suggests that _____ people don't belong.
- That phrase has been identified as being disrespectful and painful to _____ people and it's important that we not use it.
- Oh, I have also used that term, but I have now learned that when we use it we are leaving out people who _____ or we are implying that _____ and the word people are learning to use now is _____.
- The term used now by people living with that identity is _____.

Repairing Harm after Microaggressions, Mistakes, and expressions of Prejudice

- Own / Name it
- Recognize the Impact
- Apologize (Do not share context or explanations)
- Make any amends that are possible
- State what you are going to do to learn and do better in the future.

Sample Language: Thank you so much for letting me know. You are right, I used this term or said that phrase and realize that it has the impact of minimizing the experience of _____ or implying that _____. I am deeply sorry and will practice learning the correct language and will research and learn more about this to ensure that I do not make this mistake and cause this harm in the future.

RACIAL and SOCIAL JUSTICE FRAMEWORK

Values and Anti-Racism/Anti-Oppression

- Is this consistent with our values?
- Are we taking steps so we cannot predict outcomes by race and other systemically disadvantaged characteristics?

Intentional and Accountable Storytelling

- What data are we using and has it been disaggregated by race? What is the source of the data? Who is it making visible and invisible? Whose experience is being centralized and whose is being marginalized in the data? Does the way we are using the data reflect the complexity of the issues and reflect the issues accurately?
- What are the stories and narratives we are telling? What is the purpose? Who is interpreting the meaning? Who's it meant for? Who's impacted and how?
- Are we refusing to be ahistorical? Are we fully considering history and the impacts of the historical context?

Power Analysis

- What are the power dynamics in this situation? What are the intersecting spheres of oppression at work in this situation?
- What are the cultural norms of white supremacy at work in this situation?
- Who would benefit and who would be harmed by this action/decision?
- Does this interrupt/disrupt or collude with/reinforce oppressive systems/power structures?
- If this is attempting a solution, where are we locating the problem?
- Does the solution/strategy we are proposing change the system or the individual?
- Who are we asking to change and why?

Relationships

- Who is in the room and who isn't and why? Who is sharing and who is not and why?
- Whose perspective is represented/who is left out? And who is doing the representing? Who do we believe, who do we find credible? Why? Why not?
- Whose experience is being centralized and whose experience is being marginalized? Who is gazing and who is being gazed upon?
- Are we boldly leading toward our racial justice aim by building a broad coalition of support?
- Are we operating from a similar/shared understanding of anti-racism work? Do we have a shared anti-racist understanding of where the problem is located and a shared anti-racist theory of change to generate a solution? Have we agreed upon a shared goal?



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PUBLIC HEARING

October 26, 2021

AGENDA ITEM 1

Receive public comment on the proposed mandatory payment rate to be assessed on institutional healthcare providers during fiscal year 2023 under the local healthcare provider participation program (LPPF) in Travis County and how the revenue derived from those payments is to be spent, as required by Texas Health & Safety Code §298E.101. (*Informational Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date October 26, 2022

Who will present the agenda item? (Name, Title) Katie Coburn, RHP Director

General Item Description FY 23 LPPF Rate Setting

Is this an informational or action item? Action Item

Fiscal Impact None

Recommended Motion (if needed – action item) Approve the FY 23 rate LPPF mandatory payment rate as proposed by Central Health staff

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- Central Health staff propose a mandatory payment rate of ___% intended to support the IGT requirements for the Comprehensive Hospital Increased Rate Program (CHIRP) and the
- 1) Uncompensated Care program.
This is the initial rate setting for FY 23. Due to uncertainties and irregular timing of information from HHSC related to these programs, staff anticipate that the rate will need to be amended
 - 2) during the year to maximize federal funding for the community.

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) PPT, memo

Estimated time needed for presentation & questions? 10 minutes (maybe less)

Is closed session recommended? (Consult with attorneys.) No

Form Prepared By/Date Submitted: Katie Coburn, October 19, 2022



MEMORANDUM

To: Central Health Board of Managers
From: Katie Coburn
CC: Mike Geeslin, President & CEO
Date: October 26, 2022
Re: Setting the Local Provider Participation Fund (LPPF) mandatory payment rate for FY 2023 – ACTION ITEM

Summary

Central Health staff request the board take action to set the FY 2023 Local Provider Participation Fund (LPPF) mandatory payment rate at ____% of net patient revenue of Travis County inpatient hospitals.

Background

Under Chapter 298E of the Texas Health & Safety Code, the Central Health board is authorized to set the mandatory payment rate for hospitals that provide inpatient services in Travis County. Funds generated by the payment must be used to provide intergovernmental transfer (IGT) payments on behalf of nonpublic hospitals to draw down Federal matching funds available in certain Medicaid supplemental payment programs. The Travis LPPF program is not authorized to fund Delivery System Reform Incentive Payments (DSRIP) and Disproportionate Share (DSH) Program payments per its enabling legislation.

By state law and federal regulation, the mandatory fee must be uniform and broad based. This is accomplished by assessing the same (uniform) percentage of the net patient revenue of all inpatient hospitals (broad-based) within Central Health's jurisdiction. An updated list of all Travis County private, inpatient hospitals, including address and services provided, is attached as an appendix.

The proposed payment rate of ____% will generate approximately \$____ million annually. It is intended to provide the local funding portion for the Comprehensive Hospital Increased Reimbursement Program (CHIRP) and the Uncompensated Care Pool.

Central Health staff have evaluated the rate and recommend the board adopt the proposed amended rate of ____%.

Action Requested

Central Health staff request the board take action to set the FY 2023 Local Provider Participation Fund (LPPF) mandatory payment rate at ____% of net patient revenue of Travis County inpatient hospitals.



**CENTRAL
HEALTH**

Travis County LPPF: FY 22 Proposed Mandatory Payment Rate Amendment

October 26, 2022

Central Health Board of Managers Meeting

PRESENTER

Katie Coburn

Board Action Request

- **Set the FY 23 Travis County Local Provider Participation Fund (LPPF) annual rate to ____% to fund Intergovernmental Transfer (IGT) requirements for:**
 - Comprehensive Hospital Increased Reimbursement Program (CHIRP)
 - Uncompensated Care Pool Payments



Local Provider Participation Fund (LPPF) Mandatory Payment Rate

- **Assessed as a uniform percentage of net patient revenue of Travis County inpatient hospitals**
- **Set by the Board of Managers**
- **Central Health, as LPPF Administrator, collects funds to be held in fiduciary capacity and completes intergovernmental transfers**
- **Use of funds**
 - Limited to legislatively defined purpose of leveraging federal supplemental payments; DSH and DSRIP are prohibited
 - Central Health collaborates with hospital representatives on uses of funds
- **FY 22 final approved rate: 6.00%**
- **Delays and changes in program information from HHSC may require us to amend the FY 23 LPPF rate as needed during the fiscal year to maximize federal funding to community**



Which facilities are assessed?

- From SB 1350: *“a hospital that is not owned and operated by a federal, state, or local government and provides inpatient hospital services.”*
- For the Central Health LPPF, this means all private hospitals located in Travis County that are licensed to provide inpatient services, including medical and behavioral health facilities
- Twenty-two (22) facilities in Travis County



Uniform and Broad-Based Assessment

- **Uniform** = all hospitals are assessed the same percentage of NPR
- **Broad-based** = All hospitals in the same class are assessed, i.e. private hospitals providing inpatient services
- **Below is an example of how payments are calculated:**

Inpatient Facility	Net Patient Revenue	Assessment Rate	Mandatory Payment
Hospital A	\$748,887,158	6.00%	\$44,933,229
Hospital B	\$24,259,306	6.00%	\$1,455,558
Hospital C	\$527,977,598	6.00%	\$31,678,656
Hospital D	\$15,729,178	6.00%	\$943,751
Hospital E	\$5,628,756	6.00%	\$337,725



FY 23 Rate Proposal

BOM Action Date	Rate	Use	Annual Amount
October 2022	____%	Comprehensive Hospital Increased Reimbursement Program (CHIRP) Uncompensated Care Payments	\$____ million





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BOARD MEETING

October 26, 2022

AGENDA ITEM C1

Approve the minutes of the Central Health Board of Managers August 31, September 7, and September 26, 2022 meetings.

MINUTES OF MEETING – AUGUST 31, 2022
CENTRAL HEALTH
BOARD OF MANAGERS

On Wednesday, August 31, 2022, a meeting of the Central Health Board of Managers convened in open session at 5:00 p.m. remotely by toll-free videoconference and in person at the Central Health Administrative Offices. Clerk for the meeting was Briana Yanes.

Board members present at Central Health: Chairperson Bell, Vice Chairperson Brinson, Secretary Valadez, Manager Greenberg, Manager Jones, Manager Motwani, and Manager Museitif

Absent: Treasurer Zuniga, Manager Greenberg, and Manager Zamora

PUBLIC HEARING

1. **Present an overview of the proposed Central Health Fiscal Year 2023 budget and its associated tax rate.**

Clerk’s Notes: Discussion on this item began at 5:03 p.m.

Ms. Lisa Owens, Deputy Chief Financial Officer presented on this item. The presentation included a look at the Fiscal Year 2023 (FY 2023) proposed tax rate of 6.0% over the maintenance and operations no-new-revenue rate and a look at the FY 2023 proposed budget.

2. **Receive public comment on the proposed Central Health Fiscal Year 2023 budget and its associated tax rate..**

Clerk’s Notes: Discussion on this item began at 5:07 p.m.

The Public Hearing began at 5:07 p.m. Yesenia Ramos announced that no speakers signed up for the Public Hearing.

At 5:13 p.m. Manager Valadez moved that that the Board close the Public Hearing.

Manager Brinson seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

The Public Hearing was closed at 5:14 p.m.

PUBLIC COMMUNICATION

Clerk’s Notes: Public Communication began at 5:20 p.m. Yesenia Ramos introduced one speaker for Public Communication.

Members of the Board heard from: Manager Cynthia Valadez.

CONSENT AGENDA

C1. Receive the Central Health Quarter Three Investment Report.

Clerk's Notes: Discussion on this item began at 5:28 p.m.

Manager Valadez moved that the Board approve Consent Agenda Item C1.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

REGULAR AGENDA

At 5:29 p.m. Manager Motwani moved that the Board of Managers limit debate on all items on the agenda to five minutes per member per item.

Manager Valadez seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

1. Receive and discuss an update on community engagement and outreach regarding the Healthcare Equity Plan and FY 2023 budget and strategic priorities.

Clerk's Notes: Discussion on this item began at 5:29 p.m.

Mr. Ted Burton, VP of Communications; Mr. Ivan Davila, Director of Communications and Community Engagement; and Ms. Yesenia Ramos, Communications and Community Engagement Program Manager, presented on the FY 2022 community engagement report. The presentation first included a look at community engagement goals and communications and community engagement tactics. Next, they highlighted projects, including Systems Planning/Voice of the Community, Healthcare Equity Plan, FY 2023 Budget and Strategic Priorities, and Clinic Expansions. Lastly, they discussed marketing and communications and reviewed participant breakdowns by demographics and geography.

2. Confirm the next regular Board meeting date, time, and location.

At 6:02 p.m. Manager Valadez moved that the meeting adjourn.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

The meeting was adjourned at 6:02 p.m.

Charles Bell, Chairperson
Central Health Board of Managers

ATTESTED TO BY:

Cynthia Valadez, Secretary
Central Health Board of Managers

MINUTES OF MEETING – SEPTEMBER 7, 2022
CENTRAL HEALTH
BOARD OF MANAGERS

On Wednesday, September 7, 2022, a meeting of the Central Health Board of Managers convened in open session at 5:49 p.m. remotely by toll-free videoconference and in person at the Central Health Administrative Offices. Clerk for the meeting was Briana Yanes.

Board members present at Central Health: Chairperson Bell, Vice Chairperson Brinson, Treasurer Zuniga, Secretary Valadez, Manager Greenberg, Manager Jones, Manager Motwani, Manager Museitif, and Manager Zamora

CONSENT AGENDA

- C1. Approve the minutes of the Central Health Board of Managers August 24, 2022 meeting.**
- C2. Receive and ratify Central Health Investments for August 2022.**
- C3. Approve the reappointment of Dr. Guadalupe Zamora and Mr. Hal Katz to the Integral Care Board of Trustees as recommended by the Executive Committee.**

Clerk’s Notes: Discussion on this item began at 5:49 p.m.

Manager Valadez moved that the Board approve Consent Agenda Items C1 through C3.

Manager Motwani seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	Absent
Manager Guadalupe Zamora	For

REGULAR AGENDA

At 5:50 p.m. Manager Motwani moved that the Board of Managers limit debate on all items on the agenda to five minutes per member per item.

Manager Greenberg seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

1. Receive and discuss a presentation on CommUnityCare Health Centers' Fiscal Year 2023 budget.

Clerk's Notes: Discussion on this item began at 5:51 p.m. Dr. Jaeson Fournier, CommUnityCare CEO, and Ms. Joy Sloan, CommUnityCare Chief Financial Officer, presented on this item. The presentation included a look at how many patients CommUnityCare served in 2021, current fiscal year-to-date services, FY22-23 operational priorities, financial pressures, and a detailed look at their FY22-23 budget.

2. Receive and take appropriate action on the proposed Central Health Fiscal Year 2023 budget.

Clerk's Notes: Discussion on this item began at 6:56 p.m. Mr. Jeff Knodel, Chief Financial Officer, and Ms. Lisa Owens, Deputy Chief Financial Officer, presented on this item. They reviewed the Central Health FY 2023 proposed budget and highlighted the changes made since the last presentation. They noted the increases in healthcare services, highlighted the community engagement and outreach done around the budget, and shared how they are providing financial accountability.

Budget Funding:

At 7:22 p.m. Manager Brinson moved that the Board approve the budget items in the Central Health Fiscal Year 2023 budget that pertain to The University of Texas at Austin.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Abstain
Secretary Cynthia Valadez	Abstain
Manager Sherri Greenberg	Abstain
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:24 p.m. Manager Motwani moved that the Board approve the budget items in the Central Health Fiscal Year 2023 budget that pertain to The University of Texas System.

Manager Brinson seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Abstain
Secretary Cynthia Valadez	Abstain
Manager Sherri Greenberg	Abstain
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	Abstain
Manager Guadalupe Zamora	For

At 7:26 p.m. Manager Zuniga moved that the Board approve the budget items in the Central Health Fiscal Year 2023 budget that pertain to Integral Care and Project Access.

Manager Greenberg seconded the motion.

Chairperson Charles Bell	For
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Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Abstain

At 7:27 p.m. Manager Valadez moved that the Board approve the budget items in the Central Health Fiscal Year 2023 budget that pertain to Sendero Health Plans, Inc.

Manager Brinson seconded the motion.

Chairperson Charles Bell	Abstain
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:28 p.m. Manager Museitif moved that the Board approve the budget items in the Central Health Fiscal Year 2023 budget that pertain to People’s Community Clinic.

Manager Valadez seconded the motion.

Chairperson Charles Bell	Abstain
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:30 p.m. Manager Jones moved that the Board approve the Central Health Fiscal Year 2023 budget as presented by staff for all items other than the items relating to The University of Texas at Austin, The University of Texas System, Integral Care, Project Access, People’s Community Clinic, and Sendero Health Plans, Inc.

Manager Valadez seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

Budget Resolution:

At 7:32 p.m. Manager Greenberg moved that the Board approve the budget resolution that was provided to the Board via email.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	Abstain
Manager Sherri Greenberg	For
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:33 p.m. Manager Museitif moved that the Board approve Amendment 3 to the Budget resolution, relating to Cancer Screening.

Manager Valadez seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:35 p.m. Manager Valadez moved that the Board approve Amendment 4 to the Budget Resolution, related to conducting a Performance Review.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 7:37 p.m. Manager Jones moved that the Board approve Amendment 2 to the Budget Resolution, related to funding in support of the Black Men's Clinic.

Manager Valadez seconded the motion.

At 8:15 p.m., after deliberation on the motion, Manager Valadez moved that the Board approve amending the motion on Amendment 2 to the Budget Resolution to increase the funding in support of the Black Men's Clinic to \$290,000.

Manager Zamora seconded the motion for the amended Amendment 2, which was then voted as amended

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	Abstain
Manager Guadalupe Zamora	For

At 8:29 p.m. Manager Brinson moved that the Board approve Amendment 1, version 2, to the Budget Resolution, related to Dell Medical School funding and reporting.

Manager Museitif seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Abstain
Secretary Cynthia Valadez	Abstain
Manager Sherri Greenberg	Abstain
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

At 8:44 p.m. Manager Motwani moved that the Board adopt the budget resolution, as amended, with staff incorporating amendments as appropriate to the structure of the resolution.

Manager Brinson seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	Abstain
Manager Sherri Greenberg	For
Manager Shannon Jones	Abstain
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

3. Discuss and take appropriate action on Central Health's proposed Fiscal Year 2023 (Tax Year 2022) tax rates:

- a. Total Maintenance and Operations Tax Rate (Roll Call Vote);**
- b. Total Debt Service Tax Rate (Roll Call Vote); and**
- c. Total Ad Valorem Tax Rate (Roll Call Vote).**

Clerk's Notes: Discussion on this item began at 6:42 p.m. Mr. Jeff Knodel, Chief Financial Officer, and Mr. David Duncan, Travis County Attorney's Office, presented on this item. They briefly reviewed the FY 2023 proposed tax rate of 6.0% over maintenance and operations no new revenue rate.

a. At 6:49 p.m. Manager Zamora moved, for the maintenance and operations tax rate, that the Board approve the property tax rate be increased by the adoption of a tax rate of \$0.096604, which is effectively a six percent (6.0%) increase in the tax rate.

Manager Valadez seconded the motion.

The vote was recorded by roll call, and the Managers voted as follows:

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

b. At 6:51 p.m. Manager Greenberg moved for the debt service tax rate, that the Board approve the property tax be increased by the adoption of a tax rate of \$0.002080, which is effectively a negative twenty point three percent (-20.3%) increase in the tax rate.

Manager Valadez seconded the motion.

The vote was recorded by roll call, and the Managers voted as follows:

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

c. At 6:53 p.m. Manager Motwani moved for the total ad valorem tax rate, which is the sum of the maintenance and operations tax rate and debt service tax rate, that the Board approve the property tax rate be increased by the adoption of a tax rate of \$0.098684, which is effectively a negative eleven point seven percent (-11.7%) increase in the tax rate.

Manager Valadez seconded the motion.

The vote was recorded by roll call, and the Managers voted as follows:

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

4. Receive an update on Sendero Health Plan's financials and proposed business strategies.

Clerk's Notes: Discussion on this item began at 8:46 p.m.

At 8:46 p.m. Chairperson Bell announced that the Board was convening in closed session to discuss agenda item 4 under Texas Government Code §551.085 Governing Board of Certain Providers of Health Care Services.

At 9:18 p.m. the Board returned to open session.

- 5. Receive and discuss updates on the 1115 Medicaid Waiver, Delivery System Reform Incentive Payment (DSRIP) program and associated projects, the Community Care Collaborative, and other healthcare delivery partners, programs, projects, and arrangements, including agreements with Ascension Texas and the University of Texas at Austin.**

Clerk's Notes: Discussion on this item began at 8:46 p.m.

At 8:46 p.m. Chairperson Bell announced that the Board was convening in closed session to discuss agenda item 5 under Texas Government Code §551.071 Consultation with Attorney.

At 9:18 p.m. the Board returned to open session.

- 6. Confirm the next regular Board meeting date, time, and location.**

At 9:18 p.m. Manager Greenberg moved that the meeting adjourn.

Manager Valadez seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	For
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	For

The meeting was adjourned at 9:18 p.m.

Charles Bell, Chairperson
Central Health Board of Managers

ATTESTED TO BY:

Cynthia Valadez, Secretary
Central Health Board of Managers

MINUTES OF MEETING – SEPTEMBER 26, 2022
CENTRAL HEALTH
BOARD OF MANAGERS

On Wednesday, September 26, 2022, a meeting of the Central Health Board of Managers convened in open session at 11:30 a.m. remotely by toll-free videoconference and in person at the Central Health Administrative Offices. Clerk for the meeting was Briana Yanes.

Board members present at Central Health: Chairperson Bell, Vice Chairperson Brinson, Secretary Valadez, Manager Jones, Manager Motwani, and Manager Museitif

Absent: Treasurer Zuniga, Manager Greenberg, and Manager Zamora

PUBLIC COMMUNICATION

Clerk's Notes: Public Communication began at 11:31 a.m. Yesenia Ramos announced that no speakers signed for Public Communication.

REGULAR AGENDA

1. **Consider feedback given by individual Travis County Commissioners in their September 20, 2022 meeting regarding the Central Health Fiscal Year 2023 budget and appropriate action regarding:**
 - a. **The reserves and issues related to reserves discussed in the Central Health budget presentation; and**
 - b. **Sendero Health Plans, including related financial matters.**

Clerk's Notes: Discussion on this item began at 11:32 p.m. Precinct Four Travis County Commissioner Margaret Gomez made comments on the agenda item, and the Board Managers were given the opportunity to ask any clarifying questions regarding comments made by Commissioner Gomez.

Mr. Jeff Knodel, Chief Financial Officer, and Ms. Lisa Owens, Deputy Chief Financial Officer, presented on this item. Their presentation included a look at the Central Health reserves financial strategy, future healthcare system investments, and an 8-year forecast 6.0% year-over-year increase in maintenance and operations no-new-revenue rate. Lastly, they showed what it would look like to reduce reserves by an additional \$100 million in FY23 with a 6% year over year increase in maintenance and operations no-new-revenue rate.

Chair Bell called on each Manager to express whether they would like to change the contingency reserves and, if so, to give a supporting reason of how it would assist the people whom Central Health serves currently, as well as in the future.

At 1:30 p.m. Manager Valadez moved that the Board add an additional \$100 million to the Central Health Budget for FY 2023, divided as follows:

- a. To provide an additional \$30 million for Sendero STAR+PLUS to provide Medicaid for the disabled and elderly;
- b. To provide an additional \$16 million for 2,000 additional persons to participate in the Sendero CHAP program for FY 2023;
- c. To increase the Premium Assistance Program so that HAAM and other musicians will be able to benefit from the Sendero Health Insurance Plans; and
- d. To provide an additional \$6 million for 30,000 specialty appointments for MAP members.

Manager Jones seconded the motion.

At 1:34 p.m. Manager Valadez withdrew the motion.

At 1:55 p.m. Chairperson Bell announced that the Board was convening in closed session to discuss agenda item 1 under Texas Government Code §551.071 Consultation with Attorney and under Texas Government Code §551.085 Governing Board of Certain Providers of Health Care Services.

At 2:46 p.m. the Board returned to open session.

At 2:46 p.m. Manager Valadez moved that the Board spend additional millions to be included in the proposed Central Health budget for FY2023. The proposed additional spending amounts, totaling \$55 million, are as follows:

- a. To provide a capital reserve of \$30 million for Sendero STAR+PLUS to provide Medicaid to the disabled and elderly;
- b. To increase the Sendero CHAP program by \$16 million for 2,000 persons;
- c. To increase the Premium Assistance Program by \$3 million to extend assistance to Austin musicians; and
- d. To spend an additional \$6 million for additional specialty-care appointments for MAP members.

There was not a second to the motion.

At 2:48 p.m. Manager Valadez moved that Central Health allow for an extended expenditure of:

- a. \$16 million to go to expanding the CHAP program by 2,000 persons;
- b. \$3 million to extend the Premium Assistance to Austin musicians; and
- c. \$6 million for specialty-care appointments for MAP members,

with the proviso that the Board will continue working with Sendero to see how it can expand services to more people of Travis County.

There was not a second to the motion.

At 2:50 p.m. Manager Motwani moved that the Board resolve to work with the Commissioners Court to set up work sessions for the following fiscal year, at a minimum of 3 months before the Board passes the budget and tax rate.

Manager Valadez amended the motion to add City Council, and the amendment was accepted.

Manager Museitif seconded the amended motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	Absent
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

2. Confirm the next regular Board meeting date, time, and location.

At 2:51 p.m. Manager Valadez moved that the meeting adjourn.

Manager Brinson seconded the motion.

Chairperson Charles Bell	For
Vice Chairperson Cynthia Brinson	For
Treasurer Julie Zuniga	Absent
Secretary Cynthia Valadez	For
Manager Sherri Greenberg	Absent
Manager Shannon Jones	Absent
Manager Amit Motwani	For
Manager Maram Museitif	For
Manager Guadalupe Zamora	Absent

The meeting was adjourned at 2:51 p.m.

Charles Bell, Chairperson
Central Health Board of Managers

ATTESTED TO BY:

Cynthia Valadez, Secretary
Central Health Board of Managers



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

Collaboration - We partner with others to improve the health of our community.

BOARD MEETING

October 26, 2022

AGENDA ITEM C2

Receive and ratify Central Health Investments for September 2022.

STATE OF TEXAS

COUNTY OF TRAVIS

CENTRAL HEALTH

Whereas, it appears to the Board of Managers of the Central Health, Travis County, Texas that there are sufficient funds on hand over and above those of immediate need for operating demand,

Now, Therefore, the Board of Managers hereby orders

- 1.) that the County Treasurer of Travis County, Texas, acting on behalf of Central Health, execute the investment of these funds in the total amount of \$13,548,614.27 in legally authorized securities as stipulated in the Travis County Healthcare District Investment and Collateral Policy for the periods as indicated in Attachment A, which consists of 15 pages.
- 2.) that the County Treasurer, acting on behalf of Central Health, take and hold in safekeeping all individual security investment instruments, relinquishing same only by order of the Board of Managers or for surrender at maturity.

Date: October 26, 2022

CHAIR, BOARD OF MANAGERS

VICE CHAIR, BOARD OF MANAGERS

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/1/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	649,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	649,000.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	649,000.00	CUSIP #:	N/A
TRADE DATE:	9/1/2022	SETTLEMENT DATE:	9/1/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/1/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	4,025.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	4,025.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	4,025.00	CUSIP #:	N/A
TRADE DATE:	9/1/2022	SETTLEMENT DATE:	9/1/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/1/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	1,001,765.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	1,001,765.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	1,001,765.00	CUSIP #:	N/A
TRADE DATE:	9/1/2022	SETTLEMENT DATE:	9/1/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/1/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	10,416.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	10,416.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	10,416.00	CUSIP #:	N/A
TRADE DATE:	9/1/2022	SETTLEMENT DATE:	9/1/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/1/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	4,623,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	4,623,000.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	4,623,000.00	CUSIP #:	N/A
TRADE DATE:	9/1/2022	SETTLEMENT DATE:	9/1/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/6/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	18,750.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2000%
PRINCIPAL:	18,750.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	18,750.00	CUSIP #:	N/A
TRADE DATE:	9/6/2022	SETTLEMENT DATE:	9/6/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/7/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	Texdaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	87,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2100%
PRINCIPAL:	87,000.00	PURCHASED THRU:	Texdaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	87,000.00	CUSIP #:	N/A
TRADE DATE:	9/7/2022	SETTLEMENT DATE:	9/7/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/16/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	5,000,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2700%
PRINCIPAL:	5,000,000.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	5,000,000.00	CUSIP #:	N/A
TRADE DATE:	9/16/2022	SETTLEMENT DATE:	9/16/2022

AUTHORIZED BY: Deborah A. Lauder milk
CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/15/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	Tex Pool	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	19,200.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2442%
PRINCIPAL:	19,200.00	PURCHASED THRU:	Tex Pool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	19,200.00	CUSIP #:	N/A
TRADE DATE:	9/15/2022	SETTLEMENT DATE:	9/15/2022

AUTHORIZED BY:


CASH INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/15/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	Tex Pool	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	859,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2442%
PRINCIPAL:	859,000.00	PURCHASED THRU:	Tex Pool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	859,000.00	CUSIP #:	N/A
TRADE DATE:	9/15/2022	SETTLEMENT DATE:	9/15/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/19/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	35,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.3100%
PRINCIPAL:	35,000.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	35,000.00	CUSIP #:	N/A
TRADE DATE:	9/19/2022	SETTLEMENT DATE:	9/19/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/20/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	21,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.3100%
PRINCIPAL:	21,000.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	21,000.00	CUSIP #:	N/A
TRADE DATE:	9/20/2022	SETTLEMENT DATE:	9/20/2022

AUTHORIZED BY:


CASH INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/26/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	\$ 22,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.8548%
PRINCIPAL:	\$ 22,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	\$ 22,000.00	CUSIP #:	N/A
TRADE DATE:	9/26/2022	SETTLEMENT DATE:	9/26/2022

AUTHORIZED BY:


CASH INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/28/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH OPERATING
PAR VALUE:	\$ 1,170,258.27	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.8413%
PRINCIPAL:	\$ 1,170,258.27	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	\$ 1,170,258.27	CUSIP #:	N/A
TRADE DATE:	9/28/2022	SETTLEMENT DATE:	9/28/2022

AUTHORIZED BY: Deborah A. Lauder milk
CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/30/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexDaily	FUND NAME:	CENTRAL HEALTH
PAR VALUE:	28,200.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.9000%
PRINCIPAL:	28,200.00	PURCHASED THRU:	TexDaily
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	28,200.00	CUSIP #:	N/A
TRADE DATE:	9/30/2022	SETTLEMENT DATE:	9/30/2022

AUTHORIZED BY:

Deborah A. Lauder milk
CASH/INVESTMENT MANAGER

CENTRAL HEALTH MONTHLY INVESTMENT REPORT
 PORTFOLIO STATISTICS

DATE: September 30, 2022

By Fund Type

Operating	\$	437,560,266.16	85.00%
LPPF		22,788,587.76	4.43%
Bond Proceeds		54,432,041.88	10.57%
Other		-	0.00%
Total Portfolio	\$	<u>514,780,895.80</u>	<u>100.00%</u>

By Security Type

Operating-

TexasDAILY	\$	18,522,066.19	4.23%
TexPool	\$	114,936,455.99	26.27%
TexSTAR	\$	1,018,365.98	0.23%
TexasTERM CP		-	0.00%
Non-Int Bearing Bank Account		1,228,500.00	0.28%
Certificates of Deposit		-	0.00%
Treasury Securities		-	0.00%
Government Agencies		229,990,537.50	52.56%
Commercial Paper		-	0.00%
Municipal Bonds		71,864,340.50	16.42%
Total	\$	<u>437,560,266.16</u>	<u>100.00%</u>

LPPF-

TexPool		22,788,587.76	100.00%
Total	\$	<u>22,788,587.76</u>	<u>100.00%</u>

Bond Proceeds-

TexPool	\$	54,432,041.88	100.00%
Total	\$	<u>54,432,041.88</u>	<u>100.00%</u>

Compared to Policy Limits

		Actual %	Guidelines
TexasDAILY	18,522,066.19	3.61%	30.00%
TexPool	192,157,085.63	37.42%	50.00%
TexSTAR	1,018,365.98	0.20%	30.00%
TexasTERM CP	0.00	0.00%	30.00%
Total LGIPS	\$ 211,697,517.80	41.22%	70.00%
Certificates of Deposit	-	0.00%	50.00%
Treasury Securities	-	0.00%	100.00%
Government Agencies	229,990,537.50	44.78%	75.00%
Commercial Paper	-	0.00%	20.00%
Municipal Bonds	71,864,340.50	13.99%	20.00%
	\$ <u>513,552,395.80</u>	<u>100.00%</u>	

Commercial Paper by Entity as a Percentage of Portfolio

\$	-	0.00%	5.00%
\$	-	0.00%	20.00%

Municipal Bonds by Entity as a Percentage of Portfolio

Alpine UT Sch Dist	\$	3,864,844.80	0.88%	5.00%
City of Dallas Waterworks	\$	5,154,300.00	1.18%	5.00%
City of Hampton VA - GO	\$	1,157,199.00	0.26%	5.00%
City of Lafayette LA Utility - Rev	\$	5,870,448.00	1.34%	5.00%
City of Yuma AZ - REV	\$	1,500,000.00	0.34%	5.00%
Clear Creek TX ISD 2/15/2025	\$	4,856,355.00	1.11%	5.00%
Commonwealth of Virginia - GO	\$	5,089,600.00	1.16%	5.00%
DFW Airport - REV	\$	3,616,168.05	0.83%	5.00%
Multnomah CNTY OR - GO	\$	5,415,174.00	1.24%	5.00%
NYC Tran Fin Tax - REV	\$	5,000,000.00	1.14%	5.00%
Pen State Unv REV	\$	1,253,057.20	0.29%	5.00%
San Diego CA Pub Facs - Rev	\$	1,067,164.80	0.24%	5.00%
State of Mississippi CP	\$	3,000,000.00	0.69%	5.00%
Shakopee MN ISD - GO	\$	1,000,000.00	0.23%	5.00%
Texas Tech Univ	\$	525,840.00	0.12%	5.00%
Univ Cincinnati OH Tax - Rev	\$	1,000,000.00	0.23%	5.00%
Upper Ocoquan VA - Rev	\$	3,110,000.00	0.71%	5.00%
Port Auth NY & NJ TAX - Rev	\$	9,893,650.00	2.26%	5.00%
State of Hawaii - GO	\$	2,812,170.00	0.64%	5.00%
Texas A&M Univ - Rev	\$	1,734,014.40	0.40%	
WA DC INC Tax - Rev	\$	4,944,355.25	1.13%	5.00%
	\$	<u>71,864,340.50</u>	<u>16.42%</u>	<u>25.00%</u>

Investment Revenue & Accrued Interest

September-22

Fiscal YTD

Interest/Dividends-

TexasDAILY	\$	32,250.79	\$	85,661.45
TexPool		402,153.37	\$	1,465,428.49
TexSTAR		2,667.69	\$	43,708.84
TexasTERM CP		0.00	\$	29,652.06
Certificates of Deposit		0.00	\$	-
Treasury Securities		0.00	\$	-
Government Agencies		190,950.00	\$	1,148,777.50
Commercial Paper		0.00	\$	-
Municipal Bonds		58,406.00	\$	887,960.58
	\$	<u>686,427.85</u>	\$	<u>3,661,188.92</u>

Discounts, Premiums, & Accrued Interest

TexasTERM CP	\$	-	\$	1,273.97
-less previous accruals		0.00	\$	(18,558.91)
Certificates of Deposit		0.00	\$	-
-less previous accruals		0.00	\$	-
Treasury Securities		0.00	\$	-
-less previous accruals		0.00	\$	-
Government Agencies		113,622.50	\$	1,145,715.18
-less previous accruals		(160,352.45)	\$	(946,103.95)
Commercial Paper		1,222.22	\$	25,345.83
-less previous accruals		0.00	\$	(9,657.53)
Municipal Bonds		80,251.81	\$	889,612.15
-less previous accruals		(79,857.19)	\$	(1,227,960.20)
	\$	<u>(45,113.11)</u>	\$	<u>(140,333.46)</u>

Total Investment Revenue & Accrued Interest

\$ 641,314.74

\$ 3,520,855.46

STATE OF TEXAS

COUNTY OF TRAVIS

CENTRAL HEALTH - LPPF

Whereas, it appears to the Board of Managers of the Central Health, Travis County, Texas that there are sufficient funds on hand over and above those of immediate need for LPPF demand,

Now, Therefore, the Board of Managers hereby orders

- 1.) that the County Treasurer of Travis County, Texas, acting on behalf of Central Health LPPF, execute the investment of these funds in the total amount of \$22,552,000.00 in legally authorized securities as stipulated in the Travis County Healthcare District Investment and Collateral Policy for the periods as indicated in Attachment A, which consists of 6 page(s).
- 2.) that the County Treasurer, acting on behalf of Central Health LPPF, take and hold in safekeeping all individual security investment instruments, relinquishing same only by order of the Board of Managers or for surrender at maturity.

Date: October 26, 2022

CHAIR, BOARD OF MANAGERS

VICE CHAIR, BOARD OF MANAGERS

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/2/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	20,242,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2235%
PRINCIPAL:	20,242,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	20,242,000.00	CUSIP #:	N/A
TRADE DATE:	9/2/2022	SETTLEMENT DATE:	9/2/2022

AUTHORIZED BY:

Deborah A. Lauder milk
CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/19/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	73,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2463%
PRINCIPAL:	73,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	73,000.00	CUSIP #:	N/A
TRADE DATE:	9/19/2022	SETTLEMENT DATE:	9/19/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/20/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	300,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.2528%
PRINCIPAL:	300,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	300,000.00	CUSIP #:	N/A
TRADE DATE:	9/20/2022	SETTLEMENT DATE:	9/20/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/21/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	109,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.2943%
PRINCIPAL:	109,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	109,000.00	CUSIP #:	N/A
TRADE DATE:	9/21/2022	SETTLEMENT DATE:	9/21/2022

AUTHORIZED BY:

Deborah A. Lauder milk
CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/23/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	340,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE	N/A	BOND EQ. YIELD:	2.5560%
PRINCIPAL:	340,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	340,000.00	CUSIP #:	N/A
TRADE DATE:	9/23/2022	SETTLEMENT DATE:	9/23/2022

AUTHORIZED BY:

Deborah A. Lauder milk

CASH/INVESTMENT MANAGER

CENTRAL HEALTH
INVESTMENT DEPARTMENT
SECURITY TRANSACTION FORM

DATE: 9/26/2022

TIME: 10:30

The following transaction was executed on behalf of Central Health:

DESCRIPTION:	TexPool	FUND NAME:	CENTRAL HEALTH LPPF
PAR VALUE:	\$ 1,488,000.00	SAFEKEEPING NO:	N/A
CPN/DISC RATE:	N/A	PRICE:	100%
MATURITY DATE:	N/A	BOND EQ. YIELD:	2.8548%
PRINCIPAL:	\$ 1,488,000.00	PURCHASED THRU:	TexPool
ACCRUED INT:	N/A	BROKER:	N/A
TOTAL DUE:	\$ 1,488,000.00	CUSIP #:	N/A
TRADE DATE:	9/26/2022	SETTLEMENT DATE:	9/26/2022

AUTHORIZED BY:


CASH/INVESTMENT MANAGER

CENTRAL HEALTH - LPPF INVESTMENT REPORT
 PORTFOLIO STATISTICS

DATE: September 30, 2022

By Fund Type		
LPPF	\$ 22,788,587.76	100.00%
Total Portfolio	\$ 22,788,587.76	100.00%

By Security Type		
LPPF-		
TexasDAILY	\$ -	0.00%
TexPool	\$ 22,788,587.76	100.00%
TexSTAR	\$ -	0.00%
TexasTERM CP	\$ -	0.00%
Non-Int Bearing Bank Account	\$ -	0.00%
Certificates of Deposit	\$ -	0.00%
Treasury Securities	\$ -	0.00%
Government Agencies	\$ -	0.00%
Commercial Paper	\$ -	0.00%
Municipal Bonds	\$ -	0.00%
Total	\$ 22,788,587.76	100.00%

LPPF Investment Revenue & Accrued Interest	May-22	Fiscal YTD
Interest/Dividends-		
TexasDAILY	0.00	0.00
TexPool	55,900.43	141,034.20
TexSTAR	0.00	0.00
TexasTERM CP	0.00	0.00
Certificates of Deposit	0.00	0.00
Treasury Securities	0.00	0.00
Government Agencies	0.00	0.00
Commercial Paper	0.00	0.00
Municipal Bonds	0.00	0.00
LPPF Total Investment Revenue & Accrued Interest	\$ 55,900.43	\$ 141,034.20



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

Collaboration - We partner with others to improve the health of our community.

BOARD MEETING

October 26, 2022

AGENDA ITEM C3

Approve the reappointment of Ms. Betty DeLargy and Mr. Juan Garza to the Sendero Health Plans Board of Directors as recommended by the Executive Committee.



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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 1

Discuss and take appropriate action on the proposed mandatory payment rate to be assessed on institutional healthcare providers during Fiscal Year 2023 under the local healthcare provider participation program (LPPF) in Travis County and how the revenue derived from those payments is to be spent, as required by Texas Health & Safety Code §298E.151. (*Action Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date October 26, 2022

Who will present the agenda item? (Name, Title) Katie Coburn, RHP Director

General Item Description FY 23 LPPF Rate Setting

Is this an informational or action item? Action Item

Fiscal Impact None

Recommended Motion (if needed – action item) Approve the FY 23 rate LPPF mandatory payment rate as proposed by Central Health staff

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- Central Health staff propose a mandatory payment rate of ___% intended to support the IGT requirements for the Comprehensive Hospital Increased Rate Program (CHIRP) and the
- 1) Uncompensated Care program.
- This is the initial rate setting for FY 23. Due to uncertainties and irregular timing of information from HHSC related to these programs, staff anticipate that the rate will need to be amended
- 2) during the year to maximize federal funding for the community.

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) PPT, memo

Estimated time needed for presentation & questions? 10 minutes (maybe less)

Is closed session recommended? (Consult with attorneys.) No

Form Prepared By/Date Submitted: Katie Coburn, October 19, 2022



CENTRAL HEALTH

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Innovation - We create solutions to improve healthcare access.

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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 2

Receive an update on the Central Health Investments Policy and Strategy for Fiscal Year 2023 and adopt the Fiscal Year 2023 Central Health Investment Policy as presented by the Travis County Cash/Investment Management Department. (*Action Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date October 26, 2022

Who will present the agenda item? (Name, Title) Debbie Lauder milk, Chief Investment Officer, Travis County
Lisa Owens, Deputy CFO, Central Health

General Item Description Receive an update on Investments Policy and Strategy for FY2023

Is this an informational or action item? Action Item

Fiscal Impact N/A

Recommended Motion (if needed – action item) Move that the board accept the FY2023 Investment Policy as presented by staff.

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- 1) Receive an overview of the Central Health Investment policy and any proposed changes for FY23.
- 2) Receive an overview of Central Health Investment strategies and alignment with policy limits.
- 3) _____
- 4) _____
- 5) _____

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Redlined (if applicable) copy of any changes to the Central Health Investment Policy for FY2023 (adopted annually)

Estimated time needed for presentation & questions? 15 minutes

Is closed session recommended? (Consult with attorneys.) No

Form Prepared By/Date Submitted: Lisa Owens, Deputy CFO



INVESTMENTS - PFIA

DEBBIE LAUDERMILK

CHIEF INVESTMENT OFFICER – TRAVIS COUNTY

PRESENTATION TO CENTRAL HEALTH BOARD OF MANAGERS

OCTOBER 26, 2022

Prudent Person Rule

A legal maxim **restricting the discretion** allowed in managing a client's account to the types of investment that a prudent person seeking **reasonable income** and preservation of capital might buy for his or her own portfolio.

Texas Government Code

Chapter 2256 – Public Funds Investment

- ▶ The policy statement should:
 - ▶ Emphasize the guiding principles of the investment program
 - ▶ Conform to all statutes, rules and regulations governing the investment of public funds
 - ▶ List funds covered by the policy
 - ▶ Funds combined for investing purposes – Pooled fund group
 - ▶ Funds managed as separately invested assets

Texas Government Code – Chapter 2256

Public Funds Investment Act (PFIA)

- Preservation & safety of principal
- Liquidity
- Yield

Key Steps

- Adopt Investment Policy
 - Written
 - Emphasize safety of principal & liquidity
 - Address diversification, yield, maturity and quality and capability of investment management

Investment Policy

- Investment Policy needs to include:
 - Types of authorized investments
 - Maximum allowable stated maturity
 - Maximum dollar-weighted maturity allowed based on maturity date for portfolio
 - Settlement – DVP
 - Monitor rating changes

Authorized Investments

- Obligations of, or guaranteed by governmental entities
- Certificates of Deposit
 - Issued by a main office or branch office within the state
 - Guaranteed by the FDIC or National Credit Union Share Insurance Fund
- Repurchase agreements
- Securities Lending Program
- Bankers Acceptances – not more than 270 days

Authorized Investments (cont.)

- Commercial Paper
 - Maturity not more than 365 days*
 - Ratings not less than A-1 or P-1
- Mutual Funds
 - Registered with SEC
 - Dollar weighted average stated maturity of 90 days or less
 - Stable NAV \$1 per share
- Guaranteed Investment Contracts

Authorized Investments (cont.)

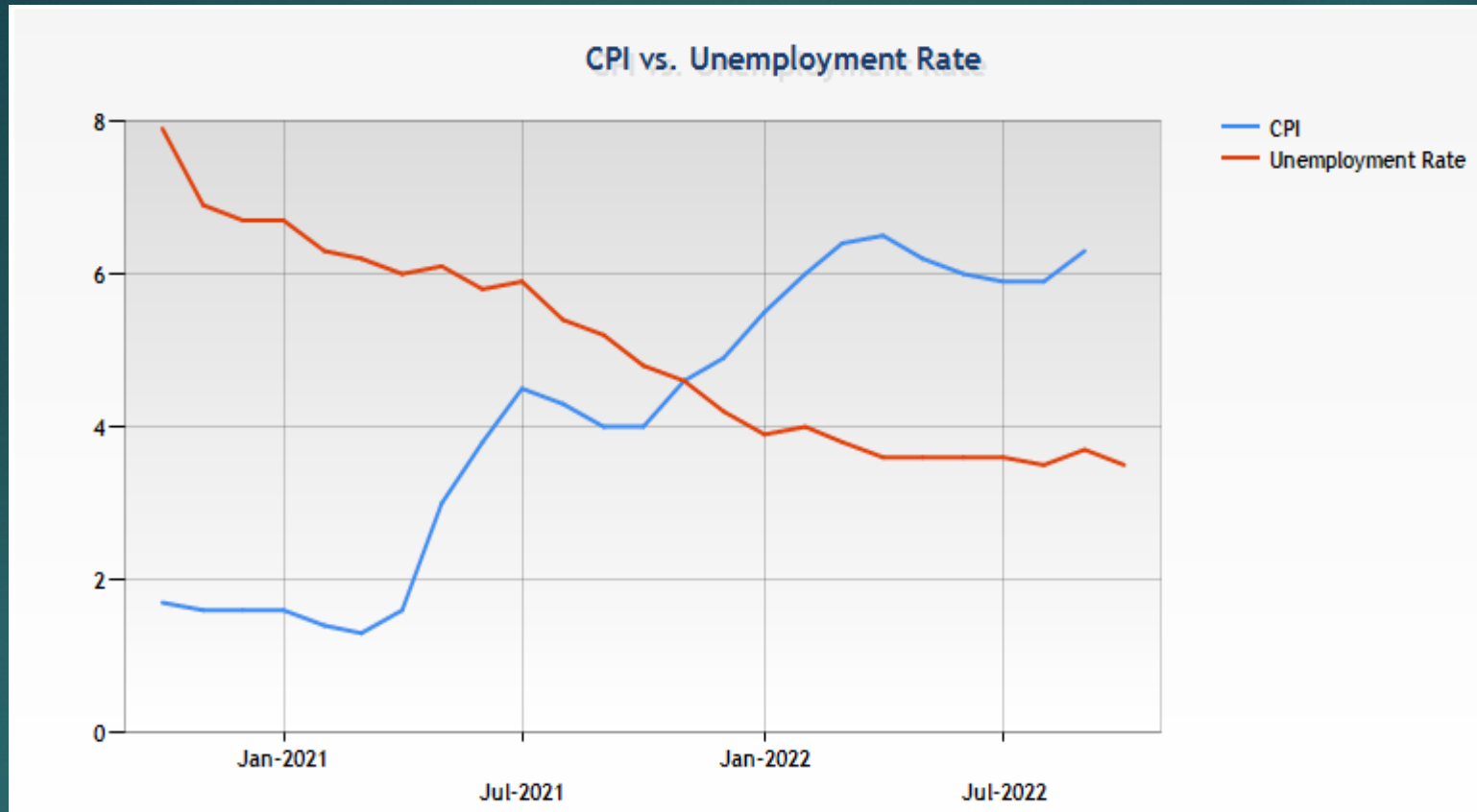
- Investment Pools (ratings no lower than AAA or AAA-m)
 - Texas Term
 - TexSTAR
 - TexPool
- Existing Investments – not required to liquidate investments that were authorized at the time of purchase

Diversification of Investments

<u>Investment Type</u>	<u>% Limit</u>
▶ U.S. Treasury Notes/Bonds/Bills	100%
▶ U.S. Government Agencies	75%
▶ Direct Obligations of the State of Texas	60%
▶ Other Obligations where the principal & interest is guaranteed by State of Texas or the U.S. gov't or FDIC	60%
➤ Municipals (with a limit of 5% per entity)	20%
➤ Domestic Commercial Paper (with a limit of 5% per entity)	20%
➤ All LGIPs (in total)	80%
TexPool	50%
All other LGIPs	30%

Training – Local Governments

- Treasurer, Chief Financial Officer, Investment Officers
 - Ten hours of training within first 12 months after taking office or assuming duties, from an independent source
 - Additional training of 8 hours every two fiscal years after initial training



Market Impacts – Federal Reserve

Politics

- ▶ COVID
- ▶ ELECTIONS
- ▶ IMMIGRATION
- ▶ SOCIAL UNREST
- ▶ UKRAINIAN WAR

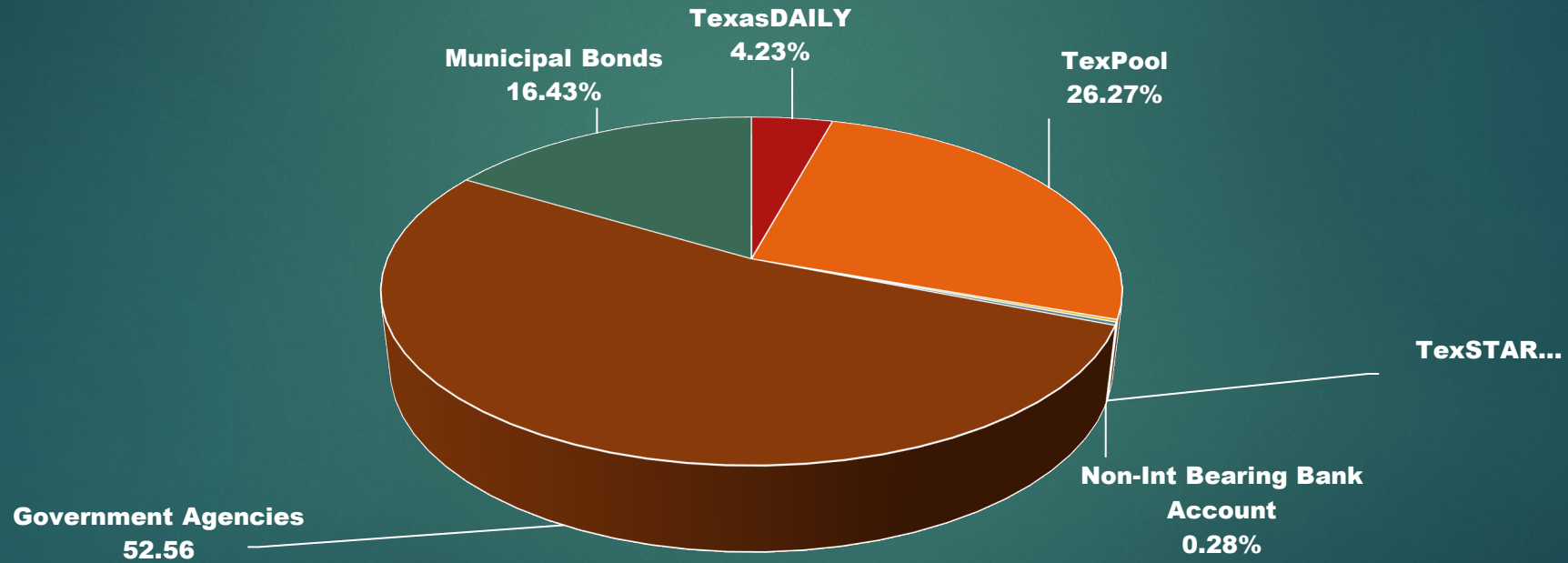


U.S. Business Environment

- Uncertainty = Volatility
- From Abysmally Low-Rate Environment to Rapidly Rising Rates
- CPI
- Unemployment
- Housing
- Healthcare
- Worldwide Business Environment

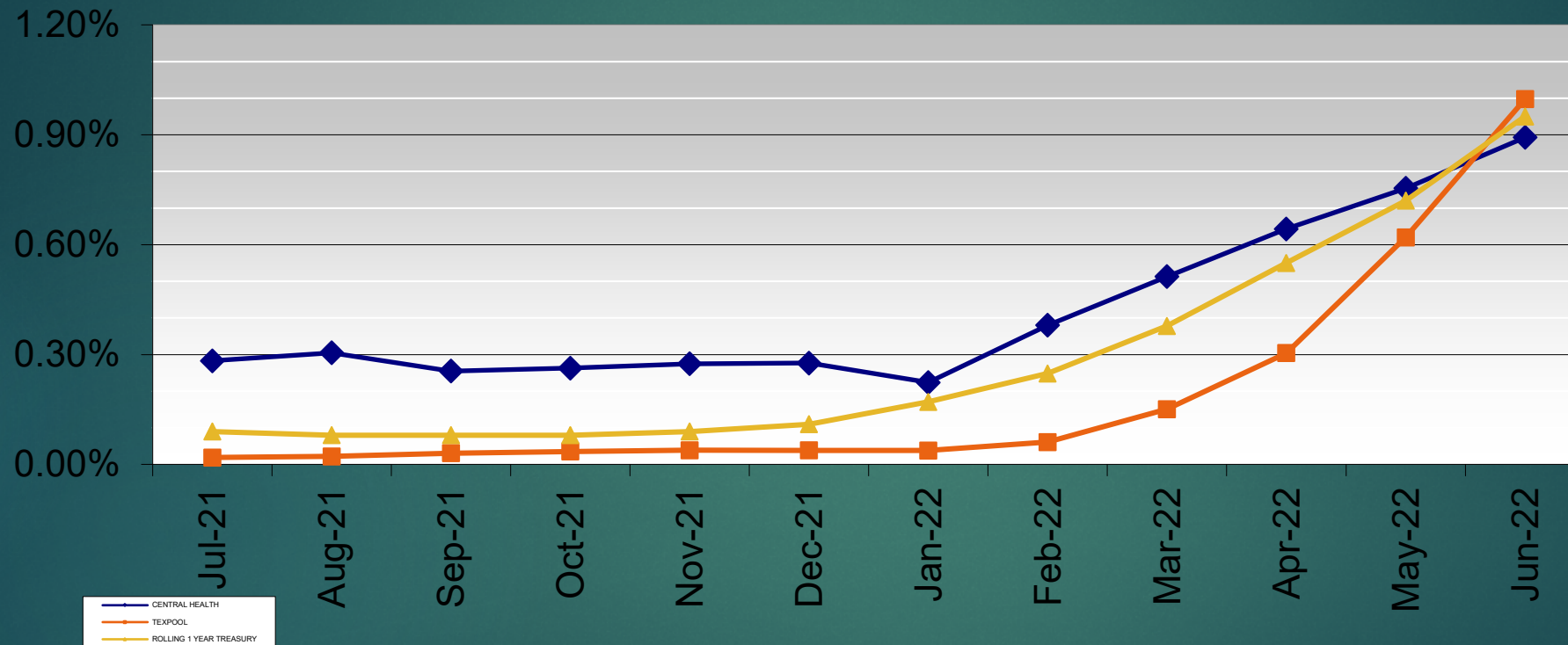
Travis County Healthcare District Portfolio Diversity

Portfolio Diversity September 30, 2022



Benchmarks and Performance

Portfolio Performance September 30, 2022

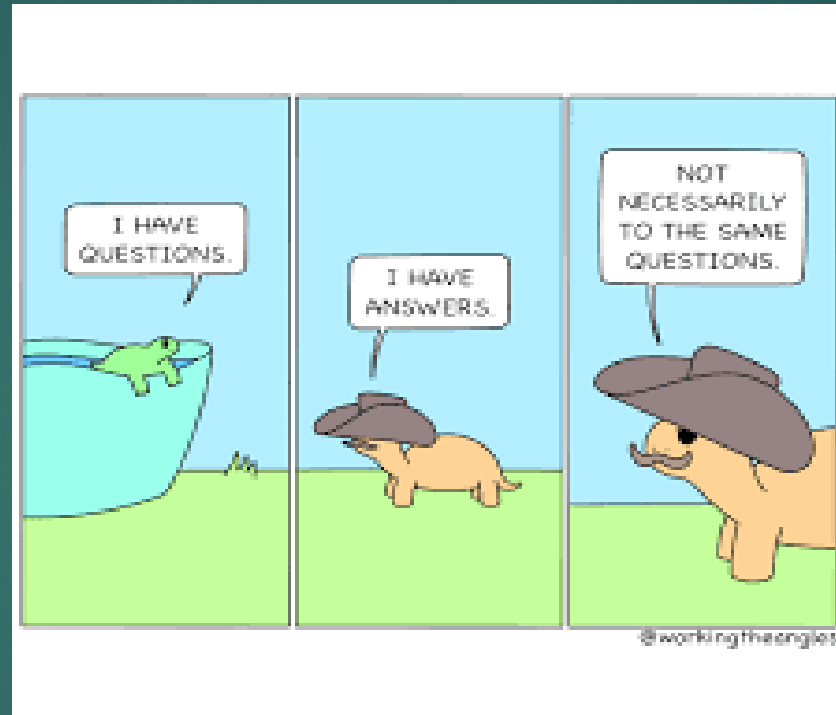


GASB 31

- ▶ GASB 31 requires fair value reporting of all investments
 - ▶ Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
 - ▶ Fair value gains/losses is to be reflected in the income statement of the entity and is a NON-CASH item.

	Fed Funds Target Rate Range	Excludes LGIPs/Pools					Interest/ Dividends	LGIPs/Pools 9/30/2022
		Beginning Investments Face value	Purchases	Maturities	Ending Market Value	Change in Market Value		
FY 2022	0% - 3.25%	\$ 204,805,000	\$ 107,395,145	\$ 10,680,000	\$ 282,051,241	\$ (19,135,708)	\$ 3,661,189	\$ 211,697,518
FY 2021	0% - .025%	\$ 80,940,000	\$ 180,784,593	\$ 56,760,000	\$ 204,471,804	\$ (1,042,965)	\$ 1,068,337	\$ 195,922,964
FY 2020	1.75% - 0.25%	\$ 31,285,000	\$ 157,182,303	\$ 107,231,000	\$ 81,490,176	\$ 193,112	\$ 2,270,849	\$ 95,566,378
FY 2019	2% - 1.75%	\$ 44,740,000	\$ 45,712,800	\$ 59,150,000	\$ 31,345,761	\$ 421,198	\$ 2,820,391	\$ 73,508,139
FY 2018	1.25% - 2.25%	\$ 41,855,000	\$ 15,000,000	\$ 12,115,000	\$ 44,361,763	\$ (434,833)	\$ 1,635,222	\$ 38,714,436

Questions?



Thank You!

INVESTMENT MANAGEMENT DEPARTMENT

TRAVIS COUNTY, TEXAS



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Email: deborah.laudermilk@traviscountytx.gov

DATE: October 12, 2022

TO: Charles E. Bell, M.D., M.S., Chairperson
Cynthia Brinson, M.D., Vice Chairperson
Julie Zuniga, PHD, R.N., FAAN, Treasurer
Cynthia Valadez, Sr., Secretary
Sherri Greenberg,
Shannon Jones III, M.P.A., Manager
Amit Motwani, Manager
Maram Museitif, Manager, MPH, CPH
Guadalupe Zamora, M.D., Manager

FROM: Deborah A. Laudermilk, Chief Investment Officer
Reagan Grimes, Investment Manager

RE: Review and Approval of Chapter 23, Investment Policy and Procedures

In conjunction with our annual review of the Investment Policy and Procedures for the Travis County Healthcare District ("the Policy"), doing business as, and also referred to, as Central Health, Investment Management (IM) recommends one minor change to the Travis County Healthcare District Investment and Collateral Policy and Procedures. The maximum stated maturity for commercial paper was changed from 270 days to 365 days in accordance with section 2256.013 of the Public Funds Investment Act.

The final version of Chapter 23, the Travis County Investment Policy and Procedures, is included in the agenda package. The current version of the policy will be emailed to the Court and is available to anyone upon request.

Investment Advisory Committee

The annual Investment Advisory Committee meeting was held September 6, 2022, and the committee agreed unanimously that the proposed change was acceptable to the current Travis County Investment Policy and Procedures presented here to the Court. Therefore, Investment Management is submitting the policy for the Travis County Commissioners Court to affirm as the Investment Policy and Procedures for Fiscal 2023.

Travis County Investment Management staff recommends that the Board of Managers for Central Health approve the order amending Chapter 23, Travis County Policy, Procedures, and Regulations Manual in the foregoing manner.

Attachment A, Travis County Healthcare District Investment Policy – Final
Attachment B, Redline - Travis County Healthcare District Investment Policy
Attachment C Texas Government Code, Chapter 2256

CC: Mike Geeslin, President and Chief Executive Officer
Jeff Knodel, VP and Chief Financial Officer

Lisa Owens, Deputy Chief Financial Officer
Jessica Rio, County Executive, Planning and Budget
Christy Moffett, Director Economic Development and Strategic Investing
Dolores Ortega-Carter, County Treasurer
Rhonda Ambrose, County Treasurer's Office

Travis County Healthcare District Investment & Collateral Policies and Procedures¹

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Subchapter A. General Provisions of Chapter

23.001 Authority

- (a) The Public Funds Investment Act and the Public Funds Collateral Act authorize the Board of Managers to promulgate this chapter on investment policy and procedures.
- (b) Texas Local Government Code Section 116.112(a) (Vernon 1994) authorizes the Board of Managers to invest the District funds in compliance with Texas Government Code Chapter 2256.

23.002 Application

This chapter governs the investment of the operating account portfolio, the pooled bond funds portfolio, the debt service portfolio, and the Local Provider Participation Funds (LPPF) portfolio. The pooled bond funds portfolio is managed in compliance with its governing ordinances and federal laws, including the Tax Reform Act of 1986, as amended, in addition to compliance with this chapter.

23.003 Effective Date

This chapter is effective upon adoption by the Board of Managers.

23.004 Definitions

- (a) In this manual, the following words and phrases have the following meanings:
 - (1) "Auditor" means the Travis County Auditor or her designees.
 - (2) "District" means the Travis County Healthcare District d/b/a Central Health
 - (3) "Investment Officer(s)" means the Travis County Chief Investment Officer and/or the Investment Manager or her designees.
 - (4) "Board of Managers" means the Central Health Board of Managers.
 - (5) "Treasurer" means the Travis County Treasurer or her designees.
- (b) In this chapter, the words "bond proceeds", "book value", "funds", "investing entity", "entity", "investment pool", "local government", "market value", "separately invested asset", "qualified representative", and "state agency" are used as defined in Texas Government Code Section 2256.002.
- (c) Whenever applicable, definitions in Chapter 2256 of the Texas Government Code and Chapter 298E of the Texas Health & Safety Code shall be used to interpret this chapter.

23.005 Construction and Interpretation

Despite any other provision to the contrary, this chapter must be construed to meet the following provisions:

- (1) This chapter must be construed liberally, so as to give the relevant parties the full authorization intended for the investment of all portfolios.
- (2) Throughout the chapter, words that begin with an initial capital are defined terms whose meaning may be found in Section 23.004, Chapter 2256 of the Texas Government Code, Chapter 298E of the Texas Health and Safety Code, or other statutes or regulations that this Chapter cites.
- (3) All hours stated in this chapter are stated in Central Standard Time or Central Daylight Saving Time, whichever is applicable in Austin, Texas at that time of year.

23.006 The Public Funds Investment Act

When this chapter is provided to broker/dealer/financial institutions, the Investment Management Office shall also include a copy of Texas Government Code Chapter 2256, which is titled the Public Funds Investment Act.

(23.007 - 23.010 Reserved for expansion)

Subchapter B. Investment Authority and Scope of Policy

23.011 Delegation of Investment Authority

- (a) Board of Managers delegates the authority to select investment instruments in which District or Paying Provider funds may be placed and to prepare any documentation necessary to evidence the investment of District and Paying Provider funds to the Chief Investment Officer, Investment Manager, and Senior Financial Analyst. Occasionally, the Board of Managers may designate in writing other Travis County personnel authorized to invest District or Paying Provider funds as back-ups.
 - (1) The Board of Managers approves or ratifies the investments, and the Board of Managers retains ultimate responsibility as fiduciaries of the assets of the District.
 - (2) The Chief Investment Officer, Investment Manager, and Senior Financial Analyst advise the Travis County Treasurer of the investment instruments purchased. The Travis County Treasurer's office, with the verification of the District's President and CEO or his or her authorized designee, wires the funds for the investment instruments purchased.
 - (3) No other person may invest, withdraw, transfer or manage District funds without the express written authority of the Board of Managers.

- (4) Authority granted under this section is effective until rescinded by Board of Managers or until termination of employment by Travis County of all of the persons in the designated positions or until elimination by Travis County of the designated positions.
- (b) These designated Investment Officers must perform their duties in compliance with Chapter 23 and Chapter 32, subchapter C, of the Travis County Code and with the Texas Public Funds Investment Act. When these Investment Officers act in good faith and in compliance with these chapters, they have no personal liability for their actions.
- (c) Officers and employees of any regional planning commission created under Texas Local Government Code Annotated Chapter 391 are not eligible to be designated any authority under this section.

23.012 District Investment Portfolio Structure

The funds that are entrusted to the Board of Managers for investment are divided into the following portfolios based on the source of funds:

- (1) The operating account portfolio means funds from the general fund account, the risk management fund account, the employee benefit fund account, the general county reserve account, and all other Travis County Healthcare District funds except capital projects, and debt service.
- (2) The pooled bond funds portfolio means bond funds from all capital projects except road district funds.
- (3) The debt service portfolio means all interest and sinking funds.
- (4) The LPPF portfolio means all funds received by the District from Paying Providers in connection with the Program described in Chapter 298E of the Texas Health & Safety Code and authorized by the Board of Managers.

23.013 Prudence and Ethical Standards

These standards apply to Travis County Investment Officers and anyone acting on their behalf.

- (1) Prudence
 - (A) Travis County Investment Officers serve as fiduciaries of the District and are responsible for prudently investing the District's assets. The Investment Officers shall comply with the provisions of this section, the Public Funds Investment Act, and all other applicable laws.
 - (B) The Investment Officers shall observe the "prudent investor rule" when performing the duties of an investment officer within the applicable legal and policy constraints.

The prudent investor rule is restated as follows: The Investment Officers shall invest and manage District assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the portfolio. In satisfying this standard, the Travis County Investment Officers shall exercise professional care, skill, and judgment. Among the circumstances that an Investment Officer shall consider in investing and managing District assets include, but are not limited to the following:

- (i) general economic conditions;
- (ii) the yield curve;
- (iii) the role that each investment plays within the overall portfolio; and
- (iv) the risk/reward relationship of investments considered.

(C) In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made as follows:

- (i) the Investment Officer's investment and portfolio management decisions must be evaluated not in isolation of an individual purchase or sale but in the context of the District's portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the portfolio; and
- (ii) whether the investment decision was consistent with this chapter.

(D) Investment Officers must be honest in the exercise of their duties and must not take actions that will discredit the District.

(E) Travis County Investment Officers must comply with the Travis County Healthcare District Ethics Policy.

(2) Avoidance of Conflicts of Interest

(A) Travis County Investment Officers shall be loyal to the interests of the District, the Board of Managers, and to Travis County residents, to the extent that such loyalty is not in conflict with other duties or legal requirements. Investment Officers shall avoid personal, employment, or business relationships that create conflicts of interest. Should the Investment Officers become aware of any conflict of interest, they have an affirmative duty to disclose and remedy the conflict promptly.

(B) A conflict of interest exists whenever Investment Officers have personal or private commercial or business relationships that could reasonably be expected to diminish their independence of judgment in the performance of their duties.

(C) Serving on the board of a local government investment pool shall not be prohibited. However, the Investment Officer who is a board member should not be allowed to invest funds in such local

government investment pool without additional approval from another authorized signer, who does not serve on the board of the proposed investment pool and is not a subordinate of the board member.

(3) Acceptance of Gifts

- (A) Investment Officers may not personally accept gifts or entertainment from vendors or consultants doing or seeking to do investment or banking related business with the District, except as noted below:
- (B) Gifts, which may be accepted under these guidelines, from a single vendor or consultant should not exceed \$50.00 per person in a given fiscal year. If gifts over \$50.00 are provided by a vendor or consultant, they must be returned, donated to a charitable cause, or shared with other District employees and disclosed to the President and CEO of the District. However, entertainment, food, or goods provided to all persons attending a conference or a continuing education activity and goods or services provided during meetings convened to conduct business necessary to manage a contract generally do not violate this prohibition.
- (C) In addition to the disclosure required to be made to the District President and CEO, disclosure shall be made to the Travis County Director of Economic Development and Strategic Investments of the acceptance of all gifts, entertainment, food, goods, or services no later than 30 days following the calendar quarter in which received.

23.014 Quality and Capability of Investment Management

The District shall pay for the following persons to receive investment training at courses and seminars offered by professional organizations and associations: the Chief Investment Officers, the President and CEO, and the Chief Financial Officer.

23.015 Disclosure of Personal Business

- (a) Investment Officers who have a personal business relationship, as described in Texas Government Code Section 2256.005(i), with any qualified representative offering to engage in an investment transaction with the District, shall file a statement disclosing that personal business interest with the Texas Ethics Commission and the Board of Managers.
- (b) Investment Officers who are related within the second degree by affinity or consanguinity, as determined under Texas Government Code Chapter 573, to an individual seeking to engage in an investment transaction with the District shall file a statement disclosing that relationship with the Texas Ethics Commission and the Board of Managers.

(23.016 - 23.020 Reserved for expansion)

Subchapter C. Investment Objectives

23.021 Safety of Principal

The primary investment objective of the District is to ensure the safety of principal placed in all portfolios. (See Subchapter E, Safety of Principal.)

23.022 Maintenance of Adequate Liquidity

The secondary investment objective of the District for all portfolios is to provide the liquidity necessary to pay obligations as they become due. (See Subchapter F, Liquidity.)

23.023 Return on Investments

- (a) The District must invest all its portfolios in eligible investments (see Section 23.043(b)) that yield the highest possible rate of return while providing the necessary protection of the principal. The District seeks to optimize return on investments in all portfolios. The goal of the Investment Officers is to match or outperform the twelve-month rolling average pf of the 1 Year Treasury. This rate is published by the U.S. Treasury Department and is comparable to the average maturity timeframe that is typical of the District Investment Portfolio. As with any benchmark, there could be economic situations, such as a period of rapidly changing interest rates that could prevent the portfolio from exceeding the benchmark. In addition, if funds are subject to yield restrictions due to federal arbitrage regulations, those funds are excluded from the yield calculation.
- (b) The District may only invest in a particular eligible investment if its yields are equal to or greater than the Treasury Convention or Street Convention yield provided by the Bloomberg Financial Information System or the Interactive Data Corporation yield on United States Treasury obligations of comparable maturity. The Chief Investment Officer and the Investment Advisory Committee may establish additional appropriate criteria for investment performance measures.

23.024 Additional Objectives for Pooled Bond Funds Portfolio

The major objectives for the pooled bond funds portfolio governed by federal arbitrage regulations are to maximize permitted market yield and to minimize investment costs.

(23.025 - 23.030 Reserved for expansion)

Subchapter D. Investment Strategies

23.031 Operating Account Portfolio

- (a) The primary objective of the investment strategy for the operating account portfolio is to create a diversified structure (see 23.048 through 23.051) which will experience minimal volatility during economic cycles, thus providing for preservation and safety of principal.
- (b) The secondary objective is to assure that anticipated cash expenditures are matched with adequate liquidity.
- (c) The tertiary objective is to ensure that the portfolio is invested in eligible short-to medium term securities that are high quality, marketable, complement each other in a laddered maturity structure, and that yield the highest possible rate of return while providing the necessary protection of principal. The dollar weighted average maturity of two and one-half years or less will be calculated using the stated final maturity dates of each security.

23.032 Debt Service Portfolio

The primary, secondary, and tertiary objectives of the investment strategy for the debt service portfolio are the same as the operating account portfolio. The suitable securities to accomplish these objectives are high quality, marketable, short-term securities that mature on or before the debt service payment dates. The securities suitable for this fund are described in Section 23.042.

23.033 Pooled Bond Funds Portfolio

The primary, secondary, and tertiary objectives of the investment strategy for the pooled bond funds portfolio are the same as the operating account portfolio. The suitable securities to accomplish these objectives are high quality, marketable, short-to-medium term securities that match forecasted project expenditures to investment maturities. In addition, a three month historical cash expenditure balance is maintained in highly liquid securities to cover unexpected project outlays. All eligible securities described by this Chapter 23 are suitable for this fund.

23.034 LPPF Portfolio

The primary, secondary, and tertiary objectives of the investment strategy for the LPPF portfolio are the same as the operating account portfolio. The suitable securities to accomplish these objectives are high quality, marketable, short-term securities that mature on or before the dates that the money in the LPPF must be transferred to accomplish the purposes for which such funds can be spent pursuant to Chapter 298E

of the Texas Health & Safety Code. The securities suitable for this fund are described in Section 23.042.

(23.0035 - 23.040 Reserved for expansion)

Subchapter E. Safety of Principal

23.041 Protection of Principal

- (a) The District seeks to control the risk of loss due to the failure of a security issuer or grantor.
 - (1) To control that risk, the District purchases only eligible investments, requires prior approval of qualified representatives/business organizations with which it transacts business, diversifies investments in all portfolios based on maturity and type, monitors the market price of investments by way of independent sources such as market telecommunication services and financial publications, when possible, or through an approved Broker/Dealer other than the one that sold the District the security, and collateralizes deposits.
 - (2) The quarterly report will identify the method and source used to monitor the market price of investments. The quarterly report will also indicate whether the method and source changed from the previous quarterly report.
- (b) The ratings of all investments held by the District are monitored on a regular basis to ensure that the investments remain eligible. If an investment is downgraded to a level lower than the minimum rating required by this chapter, the Investment Officers will take prudent action as described in Section 23.013(1).
- (c) In addition, the District must execute the purchase of individual eligible investments only on the “delivery versus payment” (DVP) method with the exception of investment pools and money market mutual funds to ensure that District funds are not released until the District has received the securities purchased.
- (d) Investment securities must be held in either the District’s name or the name of the Travis County Healthcare District LPPF by a third party custodian, as evidenced by safekeeping receipts from the institution with which the securities are deposited.
- (e) All investments made by the District must comply with all federal, state, and local statutes, rules, and regulations.

23.042 Purchasing Only Eligible Investments

- (a) Ineligible Investments: The following investments, which are legal investments under the Public Funds Investment Act, are ineligible investments for the District's funds, but not the funds placed in the LPPF Portfolio, which are sometimes referred to as the Paying Provider funds:
- (1) Collateralized mortgage obligations
 - (2) Any security the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.
- (b) Eligible Investments: The following investments, which do not include all of the securities allowed by the Public Funds Investment Act, are the only eligible investments for all of the District's portfolios, except the LPPF Portfolio:
- (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 the State of Texas or its agencies and instrumentalities;
 - (3) Other obligations, the principal and interest on 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 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;
 - (4) Obligations of states, agencies, counties, cities, and other political subdivisions of any state, so long as they are rated not less than A or its equivalent by a nationally recognized investment rating firm.
 - (5) Domestic commercial paper, including commercial paper issued in the United States by corporations doing business and having a significant market presence in the United States, which are wholly owned by foreign entities, and with a stated maturity of ~~270~~ 365 days or less from the date of its issuance and that is rated not less than A-1 by Standard and Poor's and P-1 by Moody's, two nationally recognized credit rating agencies.
 - (6) Fully collateralized repurchase agreements including direct security repurchase agreements and reverse security repurchase agreements that:
 - (A) have a defined termination date that does not exceed 90 days after delivery;
 - (B) are placed either through a primary government securities dealer as defined by the Federal Reserve, or a financial institution doing business in this state;

- (C) are secured by a combination of cash and obligations described by Section 23.042(b)(1), its agencies or instrumentalities to include commercial paper that are pledged to the District, held in the District's name, and deposited with a third party selected and approved by the District; and
 - (D) have a market value at the time funds are disbursed of not less than the principal amount of the funds disbursed. (See Section 23.056, Collateral Requirements for Repurchase Agreements.)
- (7) Certificates of deposit issued by a depository institution that has its main office or a branch office in this state that are:
- (A) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or
 - (B) secured by obligations that are described by Section 23.042(b)(1), 23.042(b)(2), 23.042(b)(3) or 23.042(b)(4) that have a market value of not less than 102% of the principal amount plus accrued interest of the certificates; and (See 23.052 Collateral Requirements for All Deposits.)
 - (C) secured in accordance with Government Code Chapter 2257 or in any other manner and amount provided by law for deposits of the investing entity.
- (8) Certificates of deposit when:
- (A) the funds are invested through a broker that has its main office or a branch office in this state and is selected from a list adopted by the District as required by Sections 23.043 through 23.047 or
 - (B) the broker or the District depository 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 District;
 - (C) the full amount of 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
 - (D) The District appoints one of the following as its custodian for these certificates of deposit
 - (i) the District depository,
 - (ii) the Texas Treasury Safekeeping Trust Company;
 - (iii) a Federal Reserve Bank or a branch of a Federal Reserve Bank; or
 - (iv) a Federal Home Loan Bank.
- (9) A no-load money market mutual fund ("MMMMF") that is registered with and regulated by the Securities and Exchange Commission and:

- (A) complies with the Securities and Exchange Commission Rule 2a-7 (17 C.F.R. sect 270.2a-7), promulgated under the Investment Company Act of 1940 (15 United States Code § 80a-1 et seq.); and
 - (B) provides the District with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 United States Code. § 78a et seq.) or the Investment Company Act of 1940 (15 United States Code. § 80a-1 et seq.)
- (10) Public funds and local government investment pools (“LGIP”) if the following conditions are met:
- (A) the LGIP is organized under the Interlocal Cooperation Act, as amended;
 - (B) the Board of Managers has authorized investment in that particular LGIP;
 - (C) the assets of the LGIP consist exclusively of obligations that are authorized investments under Texas Government Code Chapter 2256, known as the Texas Public Funds Investment Act;
 - (D) the LGIP meets all eligibility acts including disclosure and reporting;
 - (E) the LGIP meets all management requirements of the Public Funds Investment Act, including existence and reliance on maintenance of advisory board, net asset value, maintenance ratings, and disclosing its policy regarding holding deposits in cash; and
 - (F) the LGIP maintaining a \$1.00 net asset value must calculate and report yield to investors in the pool in accordance with federal regulations applicable to money market funds. An LGIP using amortized cost accounting, to the extent reasonably possible, must stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. The governing body of an investment pool using amortized cost account must also take action to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing pool participants, including a sale of portfolio holdings, to attempt to maintain the ratio of market value of the portfolio divided by the book value of the portfolio between 0.995 and 1.005.(G) the LGIP must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.
- (11) A securities lending program in which the loan meets the following conditions:
- (A) The loan may be terminated at any time;
 - (B) The loan is placed through

- (i) a primary government securities dealer, as defined by 5 Code of Federal Regulation section 6801.102(f), as that regulation existed on September 1, 2003, or
 - (ii) a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services;
- (C) The loan agreement has a term of one year or less and complies with the provisions of section 1058 of the Internal Revenue Code;
- (D) The loan is secured by
 - (i) cash invested in accordance with subsections (1), (2), (3), (4), (5), (8), or (9) of Section 23.042 for a term that ends no later than the expiration date of the loan agreement;
 - (ii) pledged irrevocable letters of credit issued by a bank that is organized and exists under the laws of the United States or any of its states and is continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
 - (iii) pledged securities issued by the United States government or its agencies and instrumentalities as described in Section 23.042(1) through (4) inclusive;
- (E) The loan agreement requires securities being held as collateral to be pledged to the District, held in the District's name, and deposited at the time the investment is made with a third party approved by Travis County Healthcare District;
- (F) The amount of the collateral is not be less than 102% of the market value of securities loaned, including accrued income with the market value of securities determined daily.

(c) Purchasing Eligible Investments

- (1) The Travis County Chief Investment Officer and the Travis County Investment Manager may invest all portfolios in the eligible investments described by Section 23.042. When contemplating a new type of investment instrument, the Chief Investment Officer will submit a description to the Travis County Attorney's Office to ensure that the proposed investment instruments are eligible investments described by Section 23.042.
- (2) If an investment that was eligible at the time of purchase becomes ineligible during the holding period, consistent with the Public Funds Investment Act, Section 2256.017, the Travis County Investment Officer is not required to liquidate the investment. The Travis County Investment Officer shall take all prudent measures that are consistent

with this Chapter to analyze the investment and determine the most prudent course of action to minimize any potential loss.

Requiring Approval of Broker/Dealer/Financial Institutions

23.043 Applications for Approval as Broker/Dealer/Financial Institutions

- (a) When a primary broker/dealer/financial institution applies for the Board of Managers' approval, the Travis County Investment Management Office provides a copy of the District's Investment and Collateral Policies and Procedures to the qualified representative of that institution. To qualify for approval, the qualified representative of the primary broker/dealer/financial institution must comply with the following requirements:
 - (1) Provide the most recent audited financial statements of the institution;
 - (2) Acknowledge receipt, thorough review, and understanding of the District's Investment and Collateral Policies and Procedures, and
- (b) When a non-primary broker/dealer/financial institution doing business that is regulated by the Comptroller of Currency or registered with the Securities and Exchange Commission applies for the Board of Managers' approval, the Travis County Investment Management Office provides a copy of the District's Investment and Collateral Policies and Procedures to the qualified representative of that institution. To qualify for approval, the qualified representative of the broker/dealer/financial institution must submit a written application that complies with the following requirements:
 - (1) Provides references who are public fund investment officers, preferably in Texas;
 - (2) Gives evidence of capital adequacy (See Section 23.044(b)(3));
 - (3) Acknowledges receipt, thorough review, and understanding of the District's Investment and Collateral Policies and Procedures;
 - (4) Includes a completed Broker/Dealer Questionnaire available on the Travis County Investment Management website.
- (c) The District strives to include in the application process broker/dealers located in Travis County who are currently serving institutional clients.

23.044 Qualifications for Approval as Broker/Dealer/Financial Institutions

The Travis County Investment Management Office reviews the applications of the broker/dealer/financial institutions for compliance with this policy and recommends broker/dealer/financial institutions for approval. Although having an office in Texas is not a required criteria, the District prefers working with broker/dealer/financial institutions with offices located in Texas.

- (a) To be recommended for approval, the qualified representative of the primary broker/dealer/financial institution must provide the information and comply with the requirements set forth in Section 23.043(a).
- (b) To be recommended for approval, a non-primary broker/dealer/financial institution and/or its qualified representative(s) must demonstrate possession of the following criteria:
 - (1) Institutional investment experience;
 - (2) Good references from public fund investment officers, preferably in Texas, with the exception of incumbents;
 - (3) For financial institutions, adequate capitalization in compliance with the Capital Adequacy Guidelines for Government Securities Dealers published by the New York Federal Reserve Bank;
 - (4) For brokers/dealers, adequate capitalization in compliance with the Securities and Exchange Commission;
 - (5) Acknowledgement of a thorough review and understanding of this Investment Policy and Procedures Chapter;
 - (6) Membership in good standing in the Financial Industry Regulatory Authority (FINRA) by broker/dealers and subsidiaries of national banks;
 - (7) Valid licensure from the State of Texas, except for national banks.
- (c) To be recommended for approval, broker/dealer/financial institutions previously approved by the Board of Managers will also be evaluated based on the following criteria:
 - (1) Performance since the last review based on participation in competitive bids documented on bid sheets; and
 - (2) Activity level based on proposals presented since the last review.

23.045 Approval of Broker/Dealer/Financial Institutions

The Board of Managers reviews the recommendations of the Travis County Chief Investment Officer and may approve any number of broker/dealer/financial institutions. The District and Investment Officers may only purchase securities, except for commercial paper, from qualified broker/dealer/financial institutions. Commercial paper shall be purchased in compliance with Section 23.101, captioned Competitive Bidding. The Travis County Chief Investment Officer may limit the number of institutions with which the District does business.

23.046 Annual Review of Approved Broker/Dealer/Financial Institutions

Each year Travis County Investment Management performs due diligence reviews on all broker/dealer/financial institutions currently on the approved list in compliance with the Texas Public Funds Investment Act. If any broker/dealer financial institution does not meet the financial requirements, they will be removed from the list. New applications will only be considered every 2 years effective FY 2022. All changes to the approved list recommended by the Travis County Chief Investment Officer must be submitted to the Board of Managers for approval on an annual basis.

23.047 Removal from Approved List

When the Travis County Investment Management Office reviews and reevaluates the broker/dealer/financial institutions currently on the approved list, which review may occur any time that the Travis County Chief Investment Officer discovers good cause, the Travis County Chief Investment Officer may recommend that a broker/dealer/financial institution be removed from the approved list for any of the following reasons:

- (1) Placing the District’s funds at risk;
- (2) Inactivity of the broker/dealer/financial institution;
- (3) Failure to satisfy one or more of the criteria in Section 23.044;
- (4) Offering to sell investments other than eligible investments described by Section 23.042(b);
- (5) Consistently causing an administrative burden by inaccurate documentation or late verification of trade;
- (6) Consistently offering/bidding securities at non-competitive prices; or
- (7) Undergoing material change through divestiture, merger, purchase, or other similar corporate transformations.

Diversifying Portfolios

23.048 Diversifying Operating Account Portfolio by Type

The Investment Officer must minimize loss of principal in the operating account portfolio by diversifying investments by type and maturity. The Investment Officer must maintain diversity in the types of eligible investments purchased for all District portfolios (see Section 23.042(b) for a full description of eligible investments) by limiting the percentage for each type of eligible investment to the percentage listed in this section. These percentages will be applied to all District portfolios in aggregate. The limits will be tested each Friday and the Investment Officer will have 30 days following the test to bring the percentage back within the limits described below:

Investment Type	Percentage Limit for Combined Portfolios
Obligations of the U.S. – Treasury Notes/Bonds/Bills	100%

Obligations of U.S. Agencies – U.S. Agencies	75%
Direct obligations of the State of Texas or its agencies and instrumentalities	60%
Other obligations, the principal and interest on 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 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.....	60%
Obligations of states, agencies, counties, cities, and other political subdivisions of any state. The Investment Officers must not invest more than 5% of the portfolio in municipal securities of a single entity (see Section 23.042(b) for full description)	20%
Domestic commercial paper. The Investment Officer must not invest more than 5% of the portfolio in the commercial paper of a single entity. If the amount held exceeds 5% during the life of the investment, the Investment Officer shall take all prudent measures that are consistent with this Chapter to analyze the investment and determine the most prudent course of action to minimize any potential economic loss. (See Section 23.042(b) for full description.).....	20%
Fully collateralized repurchase agreements are limited to 15% of the portfolio when purchased from an individual broker. (See Section 23.042(b) for full description.)	50%
Certificates of Deposit (See Section 23.042(b) for full description.)	50%
MMMF. The Investment Officers must not make an investment in any MMMF that exceeds 10% of the total assets of that MMMF. (See Section 23.042(b) for full description.)	20%
TexPool if the following conditions are met:	
(a) TexPool is organized under the Interlocal Cooperation Act, as amended;	
(b) the Board of Managers has authorized investment in TexPool;	
(c) the assets of TexPool consist exclusively of obligations that are authorized investments under Texas Government Code Chapter 2256, known as the Texas Public Funds Investment Act;	
(e) TexPool meets all eligibility requirements of the Public Funds Investment Act including disclosure and reporting; and	
(e) TexPool meets all management requirements of the Public Funds Investment Act, including existence and reliance on maintenance of advisory board, net asset value and maintenance ratings	50%
LGIPs. (See 23.042(b) for full description.)	30%
All LGIPs in total.....	80%

23.049 Diversifying All Other Portfolios by Type

- (a) Within the pooled bond funds portfolio and the debt service portfolio the proceeds of a single bond issue may be segregated and invested in a single eligible investment or group of eligible investments designed to facilitate compliance with arbitrage regulations if the Investment Officers or the District’s arbitrage advisors determine that this type of strategy is necessary to comply with federal arbitrage restrictions or to facilitate arbitrage recordkeeping and calculation.
- (b) In all other cases, the Investment Officers must apply the diversification and measurement requirements to the pooled bond funds portfolio combined with all the District Operating Account portfolio in accordance with Section 23.048, with the exception of the LPPF portfolio.
- (c) Due to the short-term nature of the funds in the LPPF portfolio, the diversification calculation for these funds will be calculated separately from the other District funds. All efforts will be made to diversify the LPPF portfolio when possible, but the primary objective of the investment strategy will be safety and liquidity in order to meet the cash flow needs of the fund.

23.050 Diversifying Operating Account Portfolio by Maturity

- (a) The Investment Officers must monitor the maturity dates of all investments in the operating account portfolio to minimize risk of loss from interest rate fluctuations and to ensure that the maturities do not exceed the anticipated cash flow requirements of the operating account portfolio. The Investment Officer must also monitor the maturity dates of all investments in the operating account portfolio to ensure that the dollar-weighted average maturity are less than 547 days. The weighted average maturity is calculated as of the end of each month using the stated final maturity dates for each security.
- (b) If these levels are exceeded, the Investment Officer shall take all prudent measures that are consistent with this Chapter to analyze the investment and determine the most prudent course of action to minimize any potential economic loss.
- (c) The maximum allowable stated maturity of any individual investment owned by the operating account portfolio is as follows (see Section 23.042(b) for full description of eligible investments):

Investment Type	Maturity Limit
Obligations of the U.S. – Treasury Notes/Bonds/Bills	4 years
Obligations of U.S. Agencies.....	4 years
Direct obligations of the State of Texas or its agencies and instrumentalities	4 years
Other obligations, the principal and interest on which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United	

States 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.....	4 years
Obligations of states, agencies, counties, cities, and other political subdivisions of any state (See Section 23.042(b) for full description).....	4 years
Domestic commercial paper (See Section 23.042(b) for full description.)	270 days
Fully collateralized repurchase agreements (See Section 23.042(b) for full description.)	90 days
Certificates of Deposit (See Section 23.042(b) for full description)	18 months
MMMF (See Section 23.042(b) for full description)	1 day
LGIPs (See Section 23.042(b) for full description)	1 day
TexasTERM local government investment pool	365 days

23.051 Diversifying All Other Portfolios by Maturity

- (a) The Investment Officers may limit the maturity of the pooled bond funds portfolio, the debt service portfolio, the LPPF portfolio, and the agency funds portfolio to the “temporary period”, as such term is defined by the Internal Revenue Code, Section 148, during which period bond proceeds may be segregated and invested at an unrestricted yield. After the temporary period ends, the Investment Officers must consider the anticipated cash flow requirements of the funds and invest the portions of the pooled bond funds portfolio, the debt service portfolio, agency funds portfolio, and the LPPF portfolio, subject to yield restriction within limits permitted by Federal arbitrage regulations.
- (b) The Investment Officers must monitor the maturity dates of all investments in the pooled bond funds portfolio, the debt service portfolio, and the LPPF portfolio to ensure that the dollar-weighted average maturity for each portfolio does not exceed one year. The weighted average maturity is calculated as of the end of each month using the stated final maturity dates for each security.
- (c) If these levels are exceeded, the Travis County Investment Officers shall take all prudent measures that are consistent with this Chapter to analyze the investment and determine the most prudent course of action to minimize any potential economic loss.
- (d) The maximum allowable stated maturity of any individual investment owned by the pooled bonds fund portfolio and the debt service portfolio, that is not subject to the temporary period, is the same as the operating portfolio (See Section 23.050); provided, however, that the maximum allowable stated maturity for the below investment types shall be as follows:

Investment Type	Maturity Limit
Obligations of the U.S. – Treasury Notes/Bonds/Bills	3 years
Obligations of U.S. Agencies.....	3 years

Collateralizing Deposits

23.052 Collateral Requirements for All Deposits

- (a) Certificates of deposit and bank deposits in financial institutions must be either federally insured or collateralized only with the following securities:
 - (1) Direct obligations of the United States or its agencies and instrumentalities;
 - (2) Other obligations, the principal and interest on which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or its 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;
 - (3) Letters of credit issued to the District by the Federal Home Loan Banks, if approved in advance by Travis County Healthcare District.
- (b) If an event causes an increase in collateral of more than \$50 million to be needed after noon on any business day, the market value of collateral must be equal to or greater than 100% of the par value of the certificates of deposit, plus accrued interest, and equal to or greater than 100% of the bank deposits plus accrued interest, less the amount insured by the Federal Deposit Insurance Corporation and may remain at that level until the next business day when additional collateral can be obtained. At all other times, the market value of collateral must be equal to or greater than 105% of the par value of the certificate of deposits plus accrued interest and equal to or greater than 105% of the bank deposits plus accrued interest, less the amount insured by the Federal Deposit Insurance Corporation.

23.053 Monitoring Collateral Adequacy for All Deposits

Financial institutions with which the District has certificates of deposit or bank deposits must provide the District with monthly reports that state the market values of collateral. The Investment Officers monitor the adequacy of collateral at least weekly. If the value of the collateral falls below the required level, the financial institution must pledge additional collateral no later than the end of the next business day after the value falls below the required level.

23.054 Substituting Collateral for All Deposits

- (a) If the financial institution collateralizing certificates of deposit and bank deposits wants to substitute new collateral, the financial institution must contact the Treasurer for approval;
- (b) The Investment Officer must calculate the value of the substituted collateral and determine that the substituted collateral is within the requirements of this Chapter and the depository bank contract;
- (c) The value of the new collateral must equal at least the value of the original collateral. If the collateral has sufficient value, the Treasurer may approve the substitution;
- (d) The Treasurer must notify the financial institution or the safekeeping agent holding the collateral when any substitution is approved. Although substitution is allowable, it should be limited to minimize a potential administrative burden. The Treasurer may limit substitutions and assess reasonable fees if requests for substitution become excessive or abusive.

23.055 Agreements and Safekeeping for All Deposits

Financial institutions serving as District depositories must enter into agreements for the safekeeping of collateral with both the District and its safekeeping agent, or agree to cooperate with the Federal Reserve Bank under the terms of its Pledgee Agreement Form, to define the District's rights to the collateral in case of default, bankruptcy, or bank closing. All collateral securing deposits is held by the safekeeping agent.

23.056 Collateral Requirements for Repurchase Agreements

Issuers of repurchase agreements must collateralize them with a combination of cash and obligations of the United States or its agencies or instrumentalities to include commercial paper. These issuers must wire transfer the collateral to the safekeeping agent designated by the District through the Federal Reserve System. If the collateral matures in one year or less, the value of the collateral must be at least 101% of the par value of the repurchase agreement plus accrued interest. If the collateral matures in one to two years, the value of the collateral must be at least 102% of the par value of the repurchase agreement plus accrued interest. Collateral maturity is limited to two years.

23.057 Monitoring Collateral Adequacy for Repurchase Agreements

The Investment Officer must monitor all collateral underlying repurchase agreements weekly. More frequent monitoring may be necessary during periods of market volatility. If the value of the collateral for a repurchase agreement falls below the required level, the Investment Officer must make a margin call unless the repurchase agreement matures within five business days and the difference between the value of the collateral and the required level is immaterial.

23.058 Substituting Collateral for Repurchase Agreements

Seller shall obtain written consent of the Healthcare District prior to substitution. The duration (or maturity) of securities offered as substitutes may not exceed the duration or maturity of the originally purchased securities.

23.059 Safekeeping of Repurchase Agreement Collateral

Issuers of repurchase agreements must transfer collateral for repurchase agreements to the safekeeping agent with whom the District has established a safekeeping agreement.

(23.060 - 23.070 Reserved for expansion)

Subchapter F. Liquidity

23.071 Achieving Liquidity

Investments are selected to meet anticipated cash needs. The Investment Officers must achieve liquidity by purchasing eligible investments described by Section 23.042(b) with active secondary markets, eligible MMMFs, and LGIPs.

23.072 Liquidating Investments

The Travis County Investment Officers may liquidate an investment to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to adjust the portfolios for other reasons.

(23.0073 - 23.080 Reserved for expansion)

Subchapter G. Investment Return Achievement

23.081 Priority of Investment Goals

The Investment Officers must consider legality, safety, liquidity, diversification, risk, and rate of return in investment selection for all portfolios. Investments are made in securities with maturities corresponding to anticipated cash requirements. Investments are to take advantage of yield curves and earn additional returns. The Investment Officers must actively manage all District portfolios to enhance total income in compliance with the “prudent investor rule” described by Section 23.013. The Investment Officers may use bond swaps to achieve these management goals.

23.082 Bond Swaps

If the demand for a bond from a particular agency creates a situation where the yields in that agency’s bonds are the same or less than an equivalent treasury security, swapping the agency’s bond for a treasury security can improve the quality of the District’s portfolios. If bonds in a particular maturity range are limited in the market,

swapping a bond in demand for a similar bond in a different maturity range may be advantageous.

- (1) The Investment Officers may swap a bond held in any District portfolio for a comparable bond in the market to improve portfolio yield even if the transaction results in an accounting loss.
- (2) The Investment Officers may swap a bond held in any District portfolio if the overall yield of the portfolio will not decrease after the swap and the date of maturity of the new security is less than 181 days after the maturity date of the old security.
- (3) The Investment Officers must solicit competitive bids for bond swaps. All bids received are documented and filed for auditing purposes.

(23.0083 - 23.090 Reserved for expansion)

Subchapter H. Investment Responsibilities by Office

23.091 Training

- (a) The Treasurer, the Investment Officers, the Chief Financial Officer and the Controller of the District shall attend at least one 10 hour training session from an independent source within twelve months after taking office. These persons shall also attend an 8 hour investment training session not less than once every two years, which two-year period shall begin on the first day of the District's fiscal year and shall end on the last day of the second consecutive fiscal year. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act.
- (b) The independent sources approved by Commissioners Court are:
 - Government Finance Officers Association
 - Government Finance Officers Association of Texas
 - Government Treasurers Organization of Texas
 - Texas Association of Counties
 - Austin Treasury Management Association
 - Alliance of Texas Treasury Associations
 - Texas Municipal League
 - Texas Society of CPAs
 - Association of Government Accountants
 - University of North Texas
 - University of Texas
 - Texas A&M University
 - County Treasurers Association of Texas

23.092 Treasurer's Office

In the investment function, the Treasurer has the following responsibilities:

- (1) Notifying of Controlled Disbursement Requirements. The Treasurer notifies the Investment Officers if additional funds are required for the daily controlled disbursement to ensure that investments are liquidated in time to meet the controlled disbursement requirements.
- (2) Processing Investments. The Treasurer may transact wire transfers for District investment purposes. The Investment Officers notify the Treasurer of the amount to be transferred. The Treasurer transfers funds to the safekeeping account to purchase the investment. In addition, the Treasurer and the Investment Officers approve the wire transfer form.
- (3) Depositing Investment Principal and Interest. The Treasurer deposits principal and interest at maturity to the funds bank account indicated by the Investment Officers.
- (4) Ensuring Security of Investments. The Treasurer accesses the depository's files daily to verify the District's account balances. The Treasurer adds the certificates of deposit purchased by the Investment Officers to the total District's cash balances to obtain the total district balance. The Treasurer compares the total District balance to the total collateral purchased by the depository banks.
 - (a) The collateral must be 105% of the District's total balances held with the depository;
 - (b) If the collateral is less than 105% of the District's total balances, the Treasurer must contact the depository bank to verify that the depository bank has increased the collateral to the required level.

23.093 Investment Management Office

- (a) The Travis County Chief Investment Officer is the primary manager of the District's investment portfolios.
- (b) The Travis County Chief Investment Officer, the Travis County Investment Manager, and the Senior Financial Analyst make investment decisions and keep proper records of District investments. In the investment function, the Investment Officers have the following responsibilities:
 - (1) Developing Investment Strategies. The Investment Officers develop an investment strategy to administer investments of the District. The

Investment Officers use the following procedures in the investment strategy:

- (A) summarize the economic and market analysis;
 - (B) forecast available cash for investment;
 - (C) formulate strategies for asset mix, investment instruments, maturities, and target yields;
 - (D) monitor performance against the current investment strategy and evaluating reasons for variances;
 - (E) report portfolio performance for the previous quarter to the Board of Managers; and
- (2) Selecting and Processing Investments
- (A) The Investment Officers review the composition of the current portfolio and determine whether the securities under consideration maintain the portfolio within policy guidelines.
 - (B) The Investment Officers and the Treasurer approve the wire transfer form authorizing the transfer of funds for a specific investment transaction.
- (3) Documenting Investments and Providing Details. The Investment Officers retain documentation of all investment transactions, including bond swaps. The Investment Officers provide information and supporting documentation for all investment transactions to the President and CEO or Chief Financial Officer of the District for appropriate accounting and recording. The Investment Officers provide information and back-up documentation of all investment transactions to the Treasurer to ensure accurate calculation of cash position and accurate posting to appropriate fund bank accounts.
- (4) Developing Cash Flow Projections for All Portfolios. The Investment Officers analyze prior period data and meet with the President and CEO or Chief Financial Officer of the District to develop and amend cash flow projections to meet the District's cash requirements. The Travis County Investment Officers use cash flow projections to match assets and liabilities in addition to maximizing the return on investments.
- (5) Determining Cash Available for Investment. The Investment Officers determine the amount of District and Paying Provider funds available for investment each business day. All funds that can be legally invested and that are not required for that day's controlled disbursement are considered funds available for investment.
- (6) Monitoring Investment Performance
- (A) The Travis County Chief Investment Officer must routinely perform market and economic analyses to forecast probable market conditions for the investment period. Analysis is done by

assembling and analyzing current and trend data to develop and plan investment strategy. This analysis uses information obtained from investment advisors, brokers, investment industry publications, and investment industry information systems.

- (B) The Travis County Chief Investment Officer monitors the current and expected yield curves for interest rate movements. When interest rates are expected to decline, maturity ranges are extended within portfolio constraints and the limits set forth in this Chapter. When interest rates are expected to increase, maturity ranges are shortened. The Travis County Chief Investment Officer monitors yield spreads between various government agency issues and United States notes and bonds to determine the best value. The Travis County Chief Investment Officer summarizes economic and market trend information. The Travis County Chief Investment Officer also presents recommendations for investment strategy based on economic and market conditions.
- (7) Reconciling Investment Records and General Ledger. The Investment Officers provide the President and CEO of the District with a monthly report that states investments at par value, the identifying cusip number, the premium or discount, and the interest purchased. The report includes monthly and year-to-date interest accruals and amortization/accretion of premium/discount. The District's Chief Financial Officer reconciles this report to the investment accounts in the general ledger.
- (8) Providing Revenue Estimates for All Portfolios. The Travis County Chief Investment Officer provides an estimate of the investment revenue for the District's annual budget.

23.094 Auditor's Office

The Auditor, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to this Chapter and the Texas Public Funds Investment Act.

23.095 District Finance Department

The Chief Financial Officer of the District is the primary monitor of District transactions. The District's Finance Department staff, on the Chief Financial Officer's direction, prepares the general ledger and makes all entries in it. In the investment function, the Finance Department has the following responsibilities:

- (1) Posting Investments and Reconciling to the General Ledger. The Finance Department posts investment transactions, investment interest revenue received, and accrued interest income to the general ledger.

- (A) The Chief Financial Officer reviews and approves the monthly reconciliation of investments, investment interest revenue received, and accrued interest income to the general ledger.
 - (B) The Chief Financial Officer notifies the Investment Officers if there are any discrepancies between the monthly investment report described in Section 23.042(7) and the general ledger so that these two entities can work together to reconcile the differences.
- (2) Reconciling Safekeeping Reports with Investments. On a quarterly basis, the Finance Department reconciles the investment securities safekeeping report, which is provided to the Treasurer by the Depository Bank, to the report of currently owned investment securities as of that date, which is provided by the Investment Officers.
 - (3) Monitoring Arbitrage. The Finance Department monitors the District's arbitrage responsibilities, if necessary, and provides the bond fund transaction information required by the District's arbitrage advisors.
 - (4) Allocating Budget from Interest Revenue. The Finance Department allocates the interest revenue earned from investments proportionately to all funds that participate in the investment function.

23.096 District President and CEO

The President and CEO of the District is the chief custodian of District funds. The President and CEO receives funds due to the District, makes disbursements authorized by the Board of Managers after the checks are co-signed by one other authorized signatory for the District, and keeps proper records of District finances. The duties of the President and CEO under this section may be carried out on a daily basis by District Finance Department staff.

(23.097 - 23.100 Reserved for expansion)

Subchapter I. Investment Purchasing Procedures

23.101 Competitive Bidding

- (a) The District requires competitive bidding for all individual security purchases except for those transactions with MMMFs, LGIPs, treasuries purchased through the Federal Reserve Treasury Direct Accounts, and for government securities purchased at issue through an approved broker/dealer at the auction price. The Investment Officers may rely not only on yield in selecting MMMFs and LGIPs but also on adherence to applicable Securities and Exchange Commission (SEC) guidelines for MMMFs and other criteria determined by the Travis County Chief Investment Officer.

- (b) At least three bids or offers must be solicited in all transactions involving individual securities. For those situations where it may be impractical or unreasonable to receive three bids for a District transaction due to secondary market availability, bids may be considered comparable for agencies with comparable structures and having maturities within 15 calendar days before and after the requested security. Competitive bidding for security swaps is also required. Bids may be solicited in any manner provided by law. All bids received must be documented and filed for auditing purposes.
- (c) At least three bids or offers must be solicited in transactions involving domestic commercial paper. These bids shall be obtained from approved broker/dealers or from a financial information source, such as Bloomberg. When bids are obtained from a financial information source, the commercial paper selected may be purchased directly from the issuer. Different issuers may be compared to select the highest yielding, domestic commercial paper. The Investment Officers may rely not only on yield in selecting commercial paper but also on other criteria determined by the Travis County Chief Investment Officer. The criteria to follow when soliciting bids are as follows:
 - (1) The maturity dates must be the same, and
 - (2) The method of settlement must be the same whether regular settlement next day or cash settlement same day.

23.102 Preliminary Requirements for Repurchase Agreements

Before the District enters into a repurchase agreement with any issuer, that issuer must sign a Master Repurchase Agreement and return it to the Investment Officers for filing. All Repurchase Agreements are recommended by the Investment Officers, reviewed by Travis County Attorney's Office, and approved by the Board of Managers.

23.103 Wire Transfer Procedures

- (a) In executing investment transactions, the Treasurer must use pre-formatted repetitive wire transfers, whenever possible, to restrict transfers of funds to pre-authorized accounts.
- (b) For transfer of investment funds via wire to non-district accounts, the agreement with the depository bank must require the depository bank to call the Investment Officer for confirmation that this transfer is authorized prior to the transfer.

(23.104 - 23.110 Reserved for expansion)

Subchapter J. Performance Evaluation and Reporting

23.111 Levels of Evaluation

Evaluation is conducted at several levels. The Investment Officers continually monitor and evaluate the investment performance. The Board of Managers evaluates the Travis County Investment Officers entire performance.

23.112 Performance Analysis and Reporting

The Travis County Chief Investment Officer determines the level and content of daily and weekly performance analysis and reporting. The Travis County Chief Investment Officer and the Board of Managers jointly decide the level and content of monthly performance analysis and reporting.

23.113 Quarterly Performance Analysis and Reporting

- (a) The Investment Officers must prepare, provide, and sign a quarterly summary report for each fund group that describes in detail the investment position of the District and evaluates investment performance based on this Chapter's investment objectives. The quarterly report will identify the method and source used to monitor the market price of investments and will also indicate whether the method and source changed from the previous quarterly report. This report must be submitted to the Board of Managers. A comparison of the performance of the District's portfolio to appropriate benchmarks selected by the Travis County Chief Investment Officer is presented. The report addresses compliance with this Chapter's diversification requirements by type and maturity. The report also includes the following information:
- (1) Cash availability,
 - (2) Market review,
 - (3) Investment strategy – next quarter,
 - (4) Performance measurement: the standard used by the District to measure its investment return is based on the yield to maturity of all investments in the portfolio, using the stated final maturity date of each security,
 - (5) Portfolio statistics,
 - (6) Collateral adequacy for repurchase agreements,
 - (7) Collateral adequacy for bank deposits and certificates of deposit,
 - (8) Investment activity,
 - (9) Market valuation:

- (A) at beginning of quarter, and
 - (B) at end of the quarter, for each portfolio,
 - (10) Distribution of investments by broker/dealer/financial institution,
 - (11) Distribution of investments by type of investment,
 - (12) Fully accrued interest for the reporting period,
 - (13) For each separately invested asset,
 - (A) state book value and market value at the beginning and end of the quarter by the type of asset and fund type,
 - (B) state maturity date, and
 - (C) state the fund for which it was acquired, and
 - (14) Signatures of the Travis County Chief Investment Officer and the Travis County Investment Manager certifying compliance with this Chapter and the Public Funds Investment Act.
- (b) The reference to Generally Accepted Accounting Principles in Section 23.113(a) relates only to internal reporting of investments by the Travis County Chief Investment Officer as required under Texas Government Code Section 2256.023, and does not apply to annual financial statements and other external reports of the District as a whole.

23.115 Annual Performance Analysis and Reporting

- (a) The Travis County Chief Investment Officer compiles the quarterly reports into an annual report at the end of each District fiscal year.
- (b) An independent auditor chosen to audit the District's annual financial statements must formally review the quarterly investment reports that are prepared in compliance with the Public Funds Investment Act. In conjunction with this audit, the District shall perform a compliance audit of management controls on investments and adherence to this Chapter. This review should be performed at least annually and the results reported to the Board of Managers.

(23.116 - 23.120 Reserved for expansion)

Subchapter K. Investment Policy Review And Amendment

23.121 Review Procedures

The Travis County Chief Investment Officer must review this Chapter annually to make revisions due to legislative actions and changing market conditions. This review must be done by the third quarter of the calendar year after each legislative session. The Travis County Chief Investment Officer must present a summary report of the review

with changes recommended to the Board of Managers. The Board of Managers must review this Chapter and investment strategies at least annually.

23.122 Changes to the Investment Policy

After adoption of this Chapter, the Board of Managers must approve any revisions to the Chapter before they become effective, by adopting a written instrument stating it has reviewed the Investment Policy and investment strategies. This written instrument must record any changes made to either the policy or strategies.

(23.123 - 23.130 Reserved for expansion)

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

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

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

Sec. 2256.002. DEFINITIONS. In this chapter:

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

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

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

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

(B) the investing entity has authority to invest.

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

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

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

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section [52\(b\)\(1\)](#) or [\(2\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the

State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

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

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

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

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

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

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

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

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

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

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

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

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section [2256.006](#):

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

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

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

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

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

- (1) a public retirement system as defined by Section [802.001](#);
- (2) state funds invested as authorized by Section [404.024](#);
- (3) an institution of higher education having total endowments of at least \$150 million in book value on September 1, 2017;
- (4) funds invested by the Veterans' Land Board as authorized by Chapter [161](#), [162](#), or [164](#), Natural Resources Code;
- (5) registry funds deposited with the county or district clerk under Chapter [117](#), Local Government Code; or

(6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

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

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

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.

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

(b) The investment policies must:

- (1) be written;
- (2) primarily emphasize safety of principal and liquidity;
- (3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
- (4) include:

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

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

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

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

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

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

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

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

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

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the

investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

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

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

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

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

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

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

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

fair market value of the business organization;

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

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

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

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

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

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

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

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

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

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

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

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section [321.020](#). Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section [321.013](#), the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

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

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

Amended by:

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

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

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

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

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

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

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

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

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

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

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

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg.,

ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:

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

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

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

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

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

(b) An investing entity created under authority of Section [52\(b\)](#), Article III, or Section [59](#), Article XVI, Texas Constitution, that has contracted with an investment management firm under Section [2256.003\(b\)](#) and

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

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

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

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

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

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

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

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

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

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

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

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

(1) the district:

(A) does not invest district funds; or

(B) only deposits those funds in:

(i) interest-bearing deposit accounts; or

(ii) certificates of deposit as authorized by Section

[2256.010](#); and

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

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

Amended by:

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

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

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

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

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

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

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

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

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

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

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section [2256.025](#); or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section [2257.041\(d\)](#); or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

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

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

Amended by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by:

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

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

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

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

- (1) has a defined termination date;
- (2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204;
- (3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

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

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

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

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

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

Amended by:

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

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

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

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM.

(a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

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

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

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

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

(A) pledged securities described by Section 2256.009;

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

that is:

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

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

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

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

(A) pledged to the investing entity;

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

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

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

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

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

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

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

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

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

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

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

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

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

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

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

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

(A) two nationally recognized credit rating agencies; or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

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

Amended by:

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

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

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

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

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

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years; and

(3) either:

(A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or

(B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

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

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

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

Amended by:

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

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

(1) has a defined termination date;

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

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

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

(c) To be eligible as an authorized investment:

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

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

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

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

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

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

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

Amended by:

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

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

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

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

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

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

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

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

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

- (1) a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily; and
- (2) if the investment pool uses amortized cost:
 - (A) the investment pool must, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed

to two decimal places;

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

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

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

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

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

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

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

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

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

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

Amended by:

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

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

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

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

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

Amended by:

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

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

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

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

Amended by:

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

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

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

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a

holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

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

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

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

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

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

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

Amended by:

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

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for

oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

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

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

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

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

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

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

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

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

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally

recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

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

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

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

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

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

(2) adopts procedures to provide for:

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

(B) liquidating the investment in corporate bonds; and

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

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

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

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

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

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

Amended by:

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

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a)

In this section:

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

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

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

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

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a)

In this section:

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

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

(i) outstanding long-term indebtedness;

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

(iii) a combination of outstanding long-term

indebtedness and long-term indebtedness proposed to be issued; and

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

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

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

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

- (1) another law; or
- (2) an eligible entity's municipal charter, if applicable.

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

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

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

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

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

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

- (1) an operation and maintenance expense of the eligible entity;
- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

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

Sec. 2256.0207. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

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

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

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

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

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

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

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

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

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

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

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state

auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section [321.013](#).

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

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

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

(b) The report must:

- (1) describe in detail the investment position of the entity on the date of the report;
- (2) be prepared jointly by all investment officers of the entity;
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement of each pooled fund group that states the:
 - (A) beginning market value for the reporting period;
 - (B) ending market value for the period; and
 - (C) fully accrued interest for the reporting period;
- (5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
- (6) state the maturity date of each separately invested asset that has a maturity date;
- (7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the state agency or local government as it relates to:
 - (A) the investment strategy expressed in the agency's or local government's investment policy; and
 - (B) relevant provisions of this chapter.

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

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be

formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

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

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

Amended by:

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

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

(1) prohibit an investment specifically authorized by other law;

or

(2) authorize an investment specifically prohibited by other law.

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

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

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter 392, Local Government Code;

or

(3) an entity created under Chapter 394, Local Government Code.

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

Amended by:

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

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

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

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

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

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made

under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

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

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

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



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

Collaboration - We partner with others to improve the health of our community.

BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 3

Receive and discuss a report on fiscal year-to-date healthcare services for, the preliminary August and September 2022 financial statements for, Central Health and the Community Care Collaborative. (*Informational Item*)



Central Health

Financial Statement Presentation

FY 2022 – as of September 30, 2022
(Preliminary)

Central Health Board of Managers

October 26, 2022

Lisa Owens, Deputy CFO

Patti Bethke, Controller

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- Slide 6 Sources & Uses
- Slide 7 HCD - Summary
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- Slide 10 HCD - Primary Care
- Slide 11 HCD - Specialty Care

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Note: HCD = Health Care Delivery



- Year-to-date through September collected net property tax revenue is \$262 million compared to \$239 million as of September 2021 representing 98.2% of the adjusted tax levy compared to 98.7% as of September 2021.
- Healthcare Delivery is \$147 million for the twelve months ending 9/30/2022.
- GAAP reporting Net Assets increased \$118 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 9/30/2022 is \$23 million.

GAAP: Generally Accepted Accounting Principles refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. GAAP primary focus is to improve clarity, consistency, and comparability of the communication of financial information.

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Assets	Preliminary as	
	of 9/30/2022	as of 9/30/2021
Current Assets		
Cash and cash equivalents	3,393,399	1,072,336
Short-term investments	381,528,100	260,258,910
Ad valorem taxes receivable	1,885,295	1,615,518
Other receivables	2,771,568	27,244,213
Prepaid expenses	557,430	586,239
Total Current Assets	<u>390,135,792</u>	<u>290,777,216</u>
Restricted Cash and Investments or Noncurrent		
Restricted for capital acquisition	89,967,836	102,840,380
Sendero paid-in-capital	71,000,000	71,000,000
Working capital advance to CommUnityCare	4,000,000	4,000,000
Sendero Surplus Debenture	37,083,000	37,083,000
Restricted TCHD LPPF Cash & Investments	22,814,275	36,851,079
Total Restricted Cash and Investments or Noncurrent	<u>224,865,112</u>	<u>251,774,459</u>
Capital Assets		
Land	26,372,222	26,302,222
Buildings and improvements	56,637,346	56,495,971
Equipment and furniture	17,954,906	17,692,503
Capital Projects in progress	17,024,100	9,259,026
Less accumulated depreciation	(30,216,549)	(24,664,337)
Total Capital Assets	<u>87,772,025</u>	<u>85,085,385</u>
Total Assets	<u><u>702,772,929</u></u>	<u><u>627,637,061</u></u>

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Liabilities	Preliminary	
	as of 9/30/2022	as of 9/30/2021
Current Liabilities		
Accounts payable	10,245,867	13,663,485
Salaries and benefits payable	2,998,501	1,535,700
Other Payables	404,636	22,983,834
Debt service payable, short-term	4,522,989	4,407,345
Deferred tax revenue	-	-
Other deferred revenue	500,063	-
Total Current Liabilities	18,672,055	42,590,364
Restricted or Noncurrent Liabilities		
Funds held for TCHD LPPF	22,814,275	36,851,079
Debt service payable, long-term	75,810,178	80,264,606
Total Restricted or Noncurrent Liabilities	98,624,453	117,115,685
Total Liabilities	117,296,509	159,706,049
Net Assets		
Unrestricted	468,685,508	326,789,632
Restricted	55,385,798	56,055,994
Investment in Capital Assets	61,405,114	85,085,385
Total Net Assets	585,476,420	467,931,011
Liabilities and Net Assets	702,772,929	627,637,061

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Sources / Uses	Sep 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Sources					
Property Tax Revenue	1,780,630	261,531,264	260,933,097	100%	238,919,147
Lease Revenue	888,519	12,255,794	13,422,399	91%	11,957,434
Other Revenue	(17,989,681)	(14,804,903)	3,000,000	-493%	134,025
Tobacco Settlement Revenue	-	4,676,730	3,000,000	156%	3,872,274
Contingency Reserve (Carryforward)	-	235,884,286	226,521,399	104%	136,179,266
Total Sources	(15,320,532)	499,543,171	506,876,895	99%	391,062,146
Uses of Funds					
Healthcare Delivery	13,485,827	147,425,681	491,485,796	30%	124,234,374
Administrative Program					
Salaries and benefits	581,666	5,769,677	7,134,758	81%	4,986,919
Consulting Fees	99,151	505,144	1,341,120	38%	855,175
Legal Fees	275,851	1,132,674	1,456,636	78%	597,817
Other Purchase Goods and Services	296,499	1,817,660	3,287,732	55%	1,846,493
Total Administrative Program	1,253,167	9,225,155	13,220,246	70%	8,286,404
Tax Collection Expenses	231,326	1,897,327	2,170,853	87%	1,804,635
Total Uses	14,970,320	158,548,163	506,876,895	31%	134,325,413
Excess Sources / (Uses)	(30,290,852)	340,995,008			256,736,733

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Healthcare Delivery Summary	Sep 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Inter-Governmental Transfers (IGTs)	-	15,385,737	15,509,298	99%	19,983,752
Healthcare Services					
Primary Care - (see detail on Slide 10)	7,207,346	52,504,251	59,040,000	89%	46,702,689
Specialty Care, incld Dental - (see detail on Slide 11)	1,326,240	8,358,519	17,175,000	49%	5,987,273
Specialty Behavioral Health and Substance Use	60,679	623,553	1,383,855	45%	749,364
Pharmacy	843,217	10,653,245	14,250,000	75%	9,409,904
Post Acute Care	76,346	254,957	2,125,000	12%	-
All Other Healthcare Services	57,253	687,035	6,737,035	10%	687,035
Community Healthcare Initiatives Fund	-	-	875,000	0%	-
Subtotal Healthcare Services	9,571,081	73,081,560	101,585,890	72%	63,536,265
ACA Premium Assist, Education, Enrollment	1,079,977	14,105,830	13,902,929	101%	12,707,953
Healthcare Facilities and Campus Redevelopment	121,393	3,697,814	6,284,795	59%	2,983,181
Healthcare Delivery Operating Costs	2,581,032	21,456,100	35,631,887	60%	17,209,170
SubTotal	13,353,483	112,341,304	157,405,501	71%	96,436,569
Debt, Reserves and Transfers	132,344	19,698,640	318,570,997	6%	7,814,053
Total Healthcare Delivery	13,485,827	147,425,681	491,485,796	30%	124,234,374

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Details for Health Care Delivery on the following slides.

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Healthcare Delivery Detail	Sep 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Healthcare Operations and Support					
ACA and Premium Assistance Programs					
High Risk Premium Programs	834,478	10,719,586	10,240,575	105%	8,443,077
CHAP Program	244,421	2,830,759	3,079,354	92%	3,686,894
ACA Enrollment and Education Services	1,078	555,485	583,000	95%	577,982
Subtotal ACA & Premium Assist Program	1,079,977	14,105,830	13,902,929	101%	12,707,953
Healthcare Facilities and Campus					
Salaries and benefits	48,106	365,170	395,914	92%	124,825
Consulting Services	19,889	52,801	1,512,000	3%	322,088
Legal Fees	-	42,540	370,000	11%	183,930
Other Goods & Svc incl. UT Ground Lease	53,398	3,237,303	4,006,881	81%	2,352,338
Subtotal Healthcare Facilities and Campus	121,393	3,697,814	6,284,795	59%	2,983,181
Healthcare Delivery Operating Costs					
Salaries and benefits	1,550,892	15,222,331	18,866,066	81%	11,783,893
Consulting Services	5,625	298,948	840,000	36%	74,992
Legal Fees	6	44,860	339,000	13%	82,586
Other Services and Purchased Goods	1,024,509	5,889,961	15,586,821	38%	5,267,699
Subtotal HCD Operating Cost	2,581,032	21,456,100	35,631,887	60%	17,209,170
Debt Service, Reserves and Transfers					
Debt Service	132,344	6,009,627	6,152,676	98%	1,314,053
Healthcare Capital Line of Credit	-	-	1,091,773	-	-
FY2022 Capital reserve	-	13,689,013	12,546,013	109%	6,500,000
FY2022 Contingency reserve appropriation	-	-	298,780,535	-	-
Subtotal Debt, Reserves and Transfers	132,344	19,698,640	318,570,997	6%	7,814,053
Total Healthcare Delivery	13,485,827	147,425,681	491,485,796	30%	124,234,374

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Healthcare Delivery - Primary Care	Sep 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Primary Care					
CommUnity Care	6,437,269	44,539,976	45,885,000	97%	39,164,245
Lone Star Circle of Care	498,266	5,340,535	6,755,000	79%	5,150,109
People's Community Clinic	217,313	2,245,563	2,600,000	86%	2,180,573
Other Primary Care	54,498	378,177	3,800,000	10%	207,762
Subtotal Primary Care Services	7,207,346	52,504,251	59,040,000	89%	46,702,689

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(continued on next page)



Healthcare Delivery - Specialty Care	Sep 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD	YOY Percent Change	Comments*
Specialty Care							
Ancillary Services & DME	43,906	156,800	735,000	21%	64,208	144%	
Cardiology	34,926	355,356	265,000	134%	141,087	152%	Service Expansion
Referral Services	25,000	300,000	500,000	60%	300,000	0%	
Dental Specialty	125,056	1,036,169	1,300,000	80%	704,431	47%	Service Expansion
Dermatology	74,468	795,798	550,000	145%	443,498	79%	Service Expansion
Ear, Nose & Throat ENT	3,608	111,393	350,000	32%	276,444	-60%	Provider Vacancy
Endocrinology	66,709	739,935	575,000	129%	390,681	89%	Service Expansion
Gastroenterology	112,650	1,190,341	2,100,000	57%	823,516	45%	Service Expansion
General Surgery	103,284	177,847	300,000	59%	48,492	267%	
Gynecology Complex	0	0	100,000	0%	0	0%	CCC Agreement
Nephrology	10,075	51,675	200,000	26%	19,361	167%	
Oncology	79,296	377,873	700,000	54%	347,025	9%	
Ophthalmology	89,921	1,177,563	1,650,000	71%	1,174,158	0%	
Prosthetics	45,000	159,649	200,000	80%	144,641	10%	
Podiatry	232,358	685,026	350,000	196%	259,957	164%	Service Expansion
Pulmonology	35,547	354,551	375,000	95%	212,581	67%	Service Expansion
Reproductive and Sexual Health	32,707	250,530	1,150,000	22%	441,208	-43%	
Rheumatology	24,121	178,691	250,000	71%	136,805	31%	
Neurology	6,717	13,867	100,000	14%	0	0%	New CUC Service
Dialysis	172,800	172,800	0	0%	0	0%	Service Expansion, new service
Wound Care	8,091	72,655	150,000	48%	59,180	23%	Service Expansion
Subtotal Specialty Care	1,326,240	8,358,519	11,900,000	70%	5,987,273	40%	
MAP Basic Expansion	0	0	1,975,000	0%	0	0	
Systems Planning Expansion	0	0	3,300,000	0%	0	0	
Total Specialty Care	1,326,240	8,358,519	17,175,000	49%	5,987,273	40%	

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* Changes greater than \$90,000 and +/- 33%



Questions ? Comments ?

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Balance Sheet (Assets) – Slide 4

Current Assets

Cash and Cash Equivalents – \$3.4M compared to \$1.1M September 2021

Short-term Investments – Short-term investments were \$382M at month-end, net of restricted investments totaling \$90M.

Ad Valorem Taxes Receivable – \$1.9M balance is composed of:

Gross Tax Receivables	\$ 4.7M
Taxable Assessed Valuation Adjustment	(1.5)M
Est. Allowance for Doubtful collections	(1.3)M
Total Taxes Receivable	<u>\$ 1.9M</u>

Other Receivables – Other receivables total \$2.8M and includes intercompany balances:

- Sendero - \$726K
- CUC - \$748K
- Community Care Collaborative - \$76K
- Accrued Interest - \$616K
- Miscellaneous Receivables – \$484K
- AR Enterprise Health Claims (self-funding) - \$122K



September 2022 Preliminary Monthly Financial Statements (unaudited)

Page 2 of 6

Balance Sheet (Assets) – Slide 4 (continued)

Prepaid Expenses – \$557K balance composed of:

- TCAD appraisal fee - \$282K
- Prepaid Insurance - \$97K
- Deposits - \$82K
- Condo fees - \$33K
- Software - \$20K
- Memberships - \$22K
- JTT Equipment - \$21K

Total Current Assets – \$390M

Restricted Cash & Investments or Noncurrent

Investments Restricted for Capital Acquisition – \$90M in securities and reserves restricted for capital acquisition.

Sendero Paid-in-Capital – \$71.0M (unchanged)

Working Capital Advance to CommUnityCare – \$4.0M (unchanged)

Sendero Surplus Debenture – \$37.1M (unchanged)

Restricted TCHD LPPF Cash & Investments - \$23M

Capital Assets – \$88M, net of accumulated depreciation

Total Assets – \$703M



Current Liabilities – Slide 5

Accounts Payable – Major components of the \$10.2M balance are:

- \$6.6M estimated IBNR for healthcare services.
- \$3.6M vendor invoices due.

Salaries and Benefits Payable – \$3M balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued personal time off.

Other Payables – \$405K Contract Liability.

Debt Service Payable, Short-Term – \$4.5M in Certificates of Obligation and Interest Payable for Series 2020 and 2021 Taxable and non-Taxable debt.

Other Deferred Revenue - \$500K Episcopal Health Foundation Grant

Total Current Liabilities – **\$18.7M**

Restricted or Noncurrent Liabilities

Funds held for TCHD LPPF - \$23M receipts from participants in the LPPF.

September 2022 Preliminary Monthly Financial Statements (unaudited)

Page 4 of 6

Balance Sheet (Liabilities) – Slide 5 (continued)

Debt Service Payable, Long-Term – \$75.8M balance (unchanged):

	Series 2020	Series 2021	
	General Obligation Bonds	Certificates of Obligation Bonds	
Non-tax LT	3.7 M	12.7 M	
Taxable LT		57.4 M	
Premium		2.0 M	
Totals	3.7 M	72.2 M	75.8 M

\$7.285M was originally issued in 2011 for the North Central clinic and refunded May 2020. \$72.9M was issued in 2021 for two clinics and an administration building. Annual payments are due on 3/1 for all Series.

Total Restricted of Noncurrent Liabilities – \$98.6M

Total Liabilities – \$117M

Net Assets

Unrestricted Net Assets – \$469M

Restricted Net Assets – \$55M

Investment in Capital Assets – \$61M

Total Net Assets – \$585M

Total Liabilities and Net Assets – \$703M



Sources and Uses Report – Slide 6

September financials → twelve months, 100% of the fiscal year.

Sources – Total (\$15M) for the month

Property Tax Revenue – Net property tax revenue for the month was \$1.8M. Net revenue includes \$35K current month's collections; \$1.9M adjustment for uncollectible property tax; \$48K Penalties and Interest; and \$(177K) in adjustments for prior year delinquent taxes.

Lease Revenue – \$889K recorded for Seton and Hancock Clinic

Other Revenue – (\$18M) which includes:

- Investments - Unrealized Losses (\$19M)
- Monthly investment income – \$476K

Uses of Funds – Total (\$15M) for the month

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$13.5M for the month and \$147M YTD compared to \$124M FY21 YTD.

Healthcare Delivery Budget includes funds for service expansion in Post-Acute Care \$2.1M, Primary & Specialty Care \$6.7M, and Community Health Care Initiatives \$875K

Administration Program – \$1.3M in expense for the month, which includes:

- Personnel costs – \$582K
- Consulting fees - \$99K
- Legal fees – \$276K
- Other general and administrative – \$296K



September 2022 Preliminary Monthly Financial Statements (unaudited)

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Tax Collection Expenses – \$231K for the month.

Excess Sources/(Uses) – (\$30M) in September. Current YTD is \$341M compared to \$257M FY21 YTD.

Healthcare Delivery Expense – Slide 7

Healthcare Delivery Expense – Total \$13.5M September; \$147M YTD compared to \$124M FY21 YTD.

Intergovernmental Transfers ("IGT's") – YTD \$15.4M for DSRIP IGT compared to \$20M YTD last year for DSRIP IGT.

Healthcare Services – Healthcare delivery providers' expense for September totaled \$9.5M, which includes:

- Primary care – \$7.2M
- Specialty Care including Dental – \$1.3M
- Specialty Care - Behavioral Health – \$61K
- Pharmacy - \$843K
- All Other - \$134K

ACA Premium Assist, Education, Enrollment – \$1.1M in expenses for the month; \$14M YTD compared to \$13M FY21 YTD

Healthcare Facilities and Campus Redevelopment - \$121K in expense for the month and \$3.7M YTD.

Healthcare Delivery Operating Cost – \$2.6M in expenses for the month and includes:

- Personnel costs – \$1.6M
- Consulting Services – \$6K
- Legal Fees - \$0
- Other services and purchased goods – \$1M

Debt, Reserves and Transfer – \$132K in Debt Service

Total Healthcare Delivery - for the month of September was \$13.5M.



Central Health

Financial Statement Presentation

FY 2022 – as of August 31, 2022 (Preliminary)

Central Health Board of Managers

October 26, 2022

Lisa Owens, Deputy CFO

Patti Bethke, Controller

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Note: HCD = Health Care Delivery

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- Year-to-date through August collected net property tax revenue is \$260 million compared to \$237 million as of August 2021 representing 98.1% of the adjusted tax levy compared to 98.7% as of August 2021.
- Healthcare Delivery is \$134 million for the eleven months ending 8/31/2022.
- GAAP reporting Net Assets increased \$132 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 8/31/2022 is \$8 million.

GAAP: Generally Accepted Accounting Principles refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. GAAP primary focus is to improve clarity, consistency, and comparability of the communication of financial information.

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Assets	Preliminary as	
	of 8/31/2022	as of 8/31/2021
Current Assets		
Cash and cash equivalents	3,264,509	1,269,383
Short-term investments	410,933,255	272,004,079
Ad valorem taxes receivable	2,137,545	2,261,228
Other receivables	3,487,252	5,626,744
Prepaid expenses	331,381	448,227
Total Current Assets	420,153,943	281,609,661
Restricted Cash and Investments or Noncurrent		
Restricted for capital acquisition	90,663,264	26,061,511
Sendero paid-in-capital	71,000,000	71,000,000
Working capital advance to CommUnityCare	4,000,000	4,000,000
Sendero Surplus Debenture	37,083,000	37,083,000
Restricted TCHD LPPF Cash & Investments	8,318,912	36,174,368
Total Restricted Cash and Investments or Noncurrent	211,065,176	174,318,879
Capital Assets		
Land	26,372,222	23,037,767
Buildings and improvements	56,575,959	57,135,616
Equipment and furniture	17,887,703	18,794,441
Capital Projects in progress	14,988,071	12,855,701
Less accumulated depreciation	(29,742,488)	(25,914,121)
Total Capital Assets	86,081,467	85,909,404
Total Assets	717,300,585	541,837,944

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	Preliminary	
	as of	as of
Liabilities	8/31/2022	8/31/2021
Current Liabilities		
Accounts payable	5,930,456	9,161,913
Salaries and benefits payable	3,166,514	2,390,577
Other Payables	566,954	1,297,385
Debt service payable, short-term	5,230,306	1,228,461
Deferred tax revenue	2,026,815	2,051,957
Total Current Liabilities	16,921,045	16,130,294
Restricted or Noncurrent Liabilities		
Funds held for TCHD LPPF	8,318,912	36,174,368
Debt service payable, long-term	75,819,297	4,915,000
Total Restricted of Noncurrent Liabilities	84,138,209	41,089,368
Total Liabilities	101,059,255	57,219,662
Net Assets		
Unrestricted	499,500,319	421,669,174
Restricted	56,055,994	-
Investment in Capital Assets	60,685,018	62,949,108
Total Net Assets	616,241,331	484,618,282
Liabilities and Net Assets	717,300,585	541,837,944

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Sources / Uses	Aug 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Sources					
Property Tax Revenue	(285,436)	259,750,634	260,933,097	100%	237,354,760
Lease Revenue	888,519	11,367,276	13,422,399	85%	11,073,888
Other Revenue	333,614	3,184,778	3,000,000	106%	1,534,884
Tobacco Settlement Revenue	-	4,676,730	3,000,000	156%	3,872,274
Contingency Reserve (Carryforward)	-	235,884,286	226,521,399	104%	136,179,266
Total Sources	936,697	514,863,704	506,876,895	102%	390,015,072
Uses of Funds					
Healthcare Delivery	11,454,563	133,939,861	491,485,796	27%	110,691,056
Administrative Program					
Salaries and benefits	491,748	5,188,010	7,134,758	73%	4,521,162
Consulting Fees	77,910	405,993	1,341,120	30%	249,829
Legal Fees	106,460	856,823	1,456,636	59%	479,260
Other Purchase Goods and Services	177,922	1,521,161	3,287,732	46%	1,787,351
Total Administrative Program	854,040	7,971,987	13,220,246	60%	7,037,602
Tax Collection Expenses	(93,582)	1,666,001	2,170,853	77%	1,724,622
Total Uses	12,215,021	143,577,849	506,876,895	28%	119,453,280
Excess Sources / (Uses)	(11,278,324)	371,285,855			270,561,792

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Healthcare Delivery Summary	Aug 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Inter-Governmental Transfers (IGTs)	-	15,385,737	15,509,298	99%	19,983,752
Healthcare Services					
Primary Care - (see detail on Slide 10)	4,940,337	45,296,905	59,040,000	77%	38,851,912
Specialty Care, incld Dental - (see detail on Slide 11)	710,397	7,032,281	17,175,000	41%	5,322,195
Specialty Behavioral Health and Substance Use	65,133	562,875	1,383,855	41%	657,851
Pharmacy	962,464	9,810,027	14,250,000	69%	8,496,439
Post Acute Care	38,126	178,611	2,125,000	8%	-
All Other Healthcare Services	57,253	629,782	6,737,035	9%	629,782
Community Healthcare Initiatives Fund	-	-	875,000	0%	-
Subtotal Healthcare Services	6,773,710	63,510,481	101,585,890	63%	53,958,179
ACA Premium Assist, Education, Enrollment	2,066,303	13,025,854	13,902,929	94%	10,767,174
Healthcare Facilities and Campus Redevelopment	391,013	3,576,422	6,284,795	57%	2,715,850
Healthcare Delivery Operating Costs	2,091,193	18,875,071	35,631,887	53%	15,509,393
SubTotal	11,322,219	98,987,828	157,405,501	63%	82,950,596
Debt, Reserves and Transfers	132,344	19,566,296	318,570,997	6%	7,756,708
Total Healthcare Delivery	11,454,563	133,939,861	491,485,796	27%	110,691,056

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Details for Health Care Delivery on the following slides.

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Healthcare Delivery Detail	Aug 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Healthcare Operations and Support					
ACA and Premium Assistance Programs					
High Risk Premium Programs	1,827,996	9,885,108	10,240,575	97%	7,744,490
CHAP Program	238,307	2,586,339	3,079,354	84%	2,453,741
ACA Enrollment and Education Services	-	554,407	583,000	95%	568,943
Subtotal ACA & Premium Assist Program	2,066,303	13,025,854	13,902,929	94%	10,767,174
Healthcare Facilities and Campus					
Salaries and benefits	45,188	317,064	395,914	80%	99,662
Consulting Services	-	32,912	1,512,000	2%	326,699
Legal Fees	6,225	42,540	370,000	11%	170,374
Other Goods & Svc incl. UT Ground Lease	339,600	3,183,906	4,006,881	79%	2,119,115
Subtotal Healthcare Facilities and Campus	391,013	3,576,422	6,284,795	57%	2,715,850
Healthcare Delivery Operating Costs					
Salaries and benefits	1,488,272	13,671,439	18,866,066	72%	10,742,665
Consulting Services	4,886	293,323	840,000	35%	61,233
Legal Fees	11,698	44,854	339,000	13%	83,821
Other Services and Purchased Goods	586,337	4,865,455	15,586,821	31%	4,621,674
Subtotal HCD Operating Cost	2,091,193	18,875,071	35,631,887	53%	15,509,393
Debt Service, Reserves and Transfers					
Debt Service	132,344	5,877,283	6,152,676	96%	1,256,708
Healthcare Capital Line of Credit	-	-	1,091,773	-	-
FY2022 Capital reserve	-	13,689,013	12,546,013	109%	6,500,000
FY2022 Contingency reserve appropriation	-	-	298,780,535	-	-
Subtotal Debt, Reserves and Transfers	132,344	19,566,296	318,570,997	6%	7,756,708
Total Healthcare Delivery	11,454,563	133,939,861	491,485,796	27%	110,691,056

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Healthcare Delivery - Primary Care	Aug 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD
Primary Care					
CommUnity Care	4,079,589	38,102,707	45,885,000	83%	32,190,913
Lone Star Circle of Care	497,037	4,842,269	6,755,000	72%	4,566,191
People's Community Clinic	186,696	2,028,250	2,600,000	78%	1,939,699
Other Primary Care	177,015	323,679	3,800,000	9%	155,109
Subtotal Primary Care Services	4,940,337	45,296,905	59,040,000	77%	38,851,912

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(continued on next page)



Healthcare Delivery - Specialty Care	Aug 2022	FY22 YTD	FY22 Budget	Percent of Budget Used	FY21 YTD	YOY Percent Change	Comments*
Specialty Care							
Ancillary Services & DME	16,730	112,897	735,000	15%	73,408	54%	
Cardiology	27,699	320,430	265,000	121%	87,047	268%	Service Expansion
Referral Services	25,000	275,000	500,000	55%	300,000	-8%	
Dental Specialty	129,336	911,113	1,300,000	70%	702,686	30%	Service Expansion
Dermatology	59,226	721,330	550,000	131%	429,231	68%	Service Expansion
Ear, Nose & Throat ENT	8,486	107,785	350,000	31%	232,468	-54%	Provider Vacancy
Endocrinology	78,109	673,226	575,000	117%	292,755	130%	Service Expansion
Gastroenterology	75,081	1,077,691	2,100,000	51%	768,733	40%	Service Expansion
General Surgery	16,441	74,564	300,000	25%	33,241	124%	
Gynecology Complex	0	0	100,000	0%	0	0%	CCC Agreement
Nephrology	(1,932)	41,600	200,000	21%	15,587	167%	
Oncology	33,974	298,577	700,000	43%	305,891	-2%	
Ophthalmology	97,725	1,087,640	1,650,000	66%	1,053,453	3%	
Prosthetics	17,802	114,649	200,000	57%	119,878	-4%	
Podiatry	110,067	452,668	350,000	129%	208,360	117%	Service Expansion
Pulmonology	25,582	319,004	375,000	85%	152,992	109%	Service Expansion
Reproductive and Sexual Health	(33,553)	217,823	1,150,000	19%	373,750	-42%	
Rheumatology	22,574	154,570	250,000	62%	121,884	27%	
Neurology	(4,225)	7,150	100,000	7%	0	0%	New CUC Service
Wound Care	6,275	64,564	150,000	43%	50,831	27%	Service Expansion
Subtotal Specialty Care	710,397	7,032,281	11,900,000	59%	5,322,195	32%	
MAP Basic Expansion	0	0	1,975,000	0%	0	0	
Systems Planning Expansion	0	0	3,300,000	0%	0	0	
Total Specialty Care	710,397	7,032,281	17,175,000	41%	5,322,195	32%	

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* Changes greater than \$90,000 and + / - 33%



Questions ? Comments ?

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August 2022 Preliminary Monthly Financial Statements (unaudited)

Page 1 of 6

Balance Sheet (Assets) – Slide 4

Current Assets

Cash and Cash Equivalents – \$3.3M compared to \$1.3M August 2021

Short-term Investments – Short-term investments were \$411M at month-end, net of restricted investments totaling \$91M.

Ad Valorem Taxes Receivable – \$2.1M balance is composed of:

Gross Tax Receivables	\$ 7.9M
Taxable Assessed Valuation Adjustment	(2.9)M
Est. Allowance for Doubtful collections	(2.9)M
Total Taxes Receivable	<u>\$ 2.1M</u>

Other Receivables – Other receivables total \$3.5M and includes intercompany balances:

- Sendero - \$1.7M
- CUC - \$787K
- Community Care Collaborative - \$57K
- Accrued Interest - \$647K
- Miscellaneous Receivables – \$264K
- AR Enterprise Health Claims (self-funding) - \$88K



Balance Sheet (Assets) – Slide 4 (continued)

Prepaid Expenses – \$331K balance composed of:

- Prepaid Insurance - \$122K
- ICC Dues - \$57K
- Deposits - \$82K
- Software - \$29K
- Memberships - \$31K
- JTT Equipment - \$10K

Total Current Assets – \$420M

Restricted Cash & Investments or Noncurrent

Investments Restricted for Capital Acquisition – \$91M in securities and reserves restricted for capital acquisition.

Sendero Paid-in-Capital – \$71.0M (unchanged)

Working Capital Advance to CommUnityCare – \$4.0M (unchanged)

Sendero Surplus Debenture – \$37.1M (unchanged)

Restricted TCHD LPPF Cash & Investments - \$8.3M

Capital Assets – \$86M, net of accumulated depreciation

Total Assets – \$717M



Current Liabilities – Slide 5

Accounts Payable – Major components of the \$5.9M balance are:

- \$2.6M estimated IBNR for healthcare services.
- \$3.3M vendor invoices due.

Salaries and Benefits Payable – \$3.2M balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued personal time off.

Other Payables – \$567K Contract Liability.

Debt Service Payable, Short-Term – \$5.2M in Certificates of Obligation and Interest Payable for Series 2020 and 2021 Taxable and non-Taxable debt.

Deferred Tax Revenue - \$2.0M pending collection

Total Current Liabilities – **\$16.9M**

Restricted or Noncurrent Liabilities

Funds held for TCHD LPPF - \$8.3M receipts from participants in the LPPF.

Balance Sheet (Liabilities) – Slide 5 (continued)

Debt Service Payable, Long-Term – \$75.8M balance (unchanged):

	Series 2020	Series 2021	
	General Obligation Bonds	Certificates of Obligation Bonds	
Non-tax LT	3.7 M	12.7 M	
Taxable LT		57.4 M	
Premium		2.0 M	
Totals	3.7 M	72.2 M	75.8 M

\$7.285M was originally issued in 2011 for the North Central clinic and refunded May 2020. \$72.9M was issued in 2021 for two clinics and an administration building. Annual payments are due on 3/1 for all Series.

Total Restricted of Noncurrent Liabilities – \$84M

Total Liabilities – \$101M

Net Assets

Unrestricted Net Assets – \$500M

Restricted Net Assets – \$56M

Investment in Capital Assets – \$61M

Total Net Assets – \$616M

Total Liabilities and Net Assets – \$717M



Sources and Uses Report – Slide 6

August financials → eleven months, 92% of the fiscal year.

Sources – Total \$937K for the month

Property Tax Revenue – Net property tax revenue for the month was (\$285K). Net revenue includes (\$144K) current month's collections; \$53K Penalties and Interest; and (\$195K) in adjustments for prior year delinquent taxes.

Lease Revenue – \$889K recorded for Seton and Hancock Clinic

Other Revenue – \$334K in monthly investment income

Uses of Funds – Total \$12.2M for the month

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$11.5M for the month and \$134M YTD compared to \$111M FY21 YTD.

Healthcare Delivery Budget includes funds for service expansion in Post-Acute Care \$2.1M, Primary & Specialty Care \$6.7M, and Community Health Care Initiatives \$875K

Administration Program – \$854K in expense for the month, which includes:

- Personnel costs – \$492K
- Consulting fees - \$78K
- Legal fees – \$106K
- Other general and administrative – \$178K

Tax Collection Expenses – (\$94K) for the month.

Excess Sources/(Uses) – (\$11.3M) in August. Current YTD is \$372M compared to \$271M FY21 YTD.



Healthcare Delivery Expense – Slide 7

Healthcare Delivery Expense – Total \$11.5M August; \$134M YTD compared to \$111M FY21 YTD.

Intergovernmental Transfers (“IGT’s”) – YTD \$15.4M for DSRIP IGT compared to \$20M YTD last year for DSRIP IGT.

Healthcare Services – Healthcare delivery providers’ expense for August totaled \$6.8M, which includes:

- Primary care – \$5M
- Specialty Care - including Dental – \$710K
- Specialty Care - Behavioral Health – \$65K
- Pharmacy - \$962K
- All Other - \$95K

ACA Premium Assist, Education, Enrollment – \$2.1M in expenses for the month; \$13M YTD compared to \$11M FY21 YTD

Healthcare Facilities and Campus Redevelopment - \$391K in expense for the month and \$3.6M YTD.

Healthcare Delivery Operating Cost – \$2.1M in expenses for the month and includes:

- Personnel costs – \$1.5M
- Consulting Services – \$5K
- Legal Fees - \$12K
- Other services and purchased goods – \$586K

Debt, Reserves and Transfer – \$132K in Debt Service

Total Healthcare Delivery - for the month of August was \$11.5M.

Community Care Collaborative

Financial Statement Presentation

FY 2022 – as of September 30, 2022 (Preliminary)

Central Health Board of Managers
Board of Managers Meeting
October 26, 2022

Jeff Knodel, Chief Financial Officer
Lisa Owens, Deputy Chief Financial Officer



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Highlights Community Care Collaborative

September 30, 2022



- * Cash is at \$17.0M compared to \$26.5M last year.
- * Total Liabilities are at \$13.5M at the end of September.
- * Net Assets at the end of September are \$3.6M.

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Balance Sheet Community Care Collaborative

September 30, 2022



	<u>9/30/2022</u>	<u>9/30/2021</u>
Assets		
Cash and Cash Equivalents	17,033,373	26,463,648
Other Receivables	505	9,129
Prepaid and Other	102,929	93,712
Total Assets	<u>17,136,806</u>	<u>26,566,489</u>
Liabilities		
AP and Accrued Liabilities	4,101,659	4,783,515
Deferred Revenue	9,352,382	7,455,418
Other Liabilities	51,053	150,661
Accrued Payroll	0	53,750
Total Liabilities	<u>13,505,093</u>	<u>12,443,344</u>
Net Assets	<u>3,631,713</u>	<u>14,123,145</u>
Liabilities and Net Assets	<u>17,136,806</u>	<u>26,566,489</u>

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Sources and Uses Report, Budget vs Actual

Fiscal Year-to-Date through September 30, 2022



Sources of Funds	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
DSRIP Revenue	61,168,472	44,726,483	73%	59,363,558
Operations Contingency Carryforward	5,362,495	9,123,145	170%	11,316,128
Other Sources	100,000	68,823	69%	276,579
Total Sources of Funds	66,630,967	53,918,450	81%	70,956,265
Uses - Programs				
Healthcare Delivery	19,630,967	15,040,641	77%	15,241,893
UT Services Agreement	35,000,000	35,000,000	100%	35,000,000
DSRIP Project Costs	12,000,000	5,246,097	44%	11,591,227
Total Uses	66,630,967	55,286,738	83%	61,833,120
Net Sources (Uses)	-	(1,368,288)		9,123,145
Net Assets		3,631,713		14,123,145

* Operating under FY20 approved budget.

Preliminary

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Healthcare Delivery Costs - Summary

Fiscal Year-to-Date through September 30, 2022

	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
Healthcare Delivery				
Primary Care & Emergency Transport	921,822	849,008	92%	978,864
Specialty Care	3,908,000	2,635,202	67%	2,163,566
Specialty Behavioral Health	8,000,000	7,944,131	99%	7,899,071
Post-Acute Care	2,675,000	2,061,711	77%	1,964,470
Urgent and Convenient Care	475,000	71,164	15%	123,589
Healthcare Delivery - Operations	2,849,742	1,479,425	52%	2,112,333
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	15,040,641	77%	15,241,893

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* Operating under FY20 approved budget.

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Preliminary



September 2022 FYTD Financial Statements (unaudited)
Page 1 of 4

Balance Sheet

Current Assets

Cash and Cash Equivalents – \$17.0M

Other Receivables – \$1K Atrium Lease Receivable

Prepaid and Other – \$103K – \$66K prepaid clinical software and \$37K Atrium security deposit

Total Assets – \$17.1M

Liabilities

Accounts Payable and Accrued Liabilities – \$4.1M, which includes:

- \$4.0M estimated IBNR (Incurred But Not Received) for healthcare provider services
- \$76K due to Central Health

Deferred Revenue – \$9.4M deferred revenue related to DSRIP projects

Other Liabilities – \$51K includes leasehold improvement allowance liability of \$14K and deferred rent of \$37K

Total Liabilities – \$13.5M

Net Assets

Unrestricted Net Assets – \$3.6M



September 2022 FYTD Financial Statements (unaudited)
Page 2 of 4

Total Net Assets – \$3.6M

Total Liabilities and Net Assets – \$17.1M

Sources and Uses Report

September financials > 12 months > 100% of fiscal year

Sources of Funds, Year-to-Date - \$53.9M

DSRIP Revenue - \$44.7M

Operations Contingency - \$9.1M from FY2021, excluding emergency reserves of \$5M.

Other Sources – \$69K Interest income

Uses of Funds, Year-to-Date

Operating Expenses

Healthcare Delivery (Excludes DSRIP) – \$55.3M

	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
Healthcare Delivery				
Primary Care & Emergency Transport	921,822	849,008	92%	978,864
Specialty Care	3,908,000	2,635,202	67%	2,163,566
Specialty Behavioral Health	8,000,000	7,944,131	99%	7,899,071
Post-Acute Care	2,675,000	2,061,711	77%	1,964,470
Urgent and Convenient Care	475,000	71,164	15%	123,589
Healthcare Delivery - Operations	2,849,742	1,479,425	52%	2,112,333
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	15,040,641	77%	15,241,893

UT Services Agreement – \$35M



September 2022 FYTD Financial Statements (unaudited)
Page 4 of 4

DSRIP Project Costs – \$5.2M, primarily made up of provider earnings of:

- Community Care - \$4.8M
- Lone Star Circle of Care – \$363K
- Hospice Austin – \$21K
- DSRIP Operating Expenses - \$99K

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Community Care Collaborative

Financial Statement Presentation

FY 2022 – as of August 31, 2022 (Preliminary)

Central Health Board of Managers
Board of Managers Meeting
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Highlights Community Care Collaborative

August 31, 2022



- * Cash is at \$17.7M compared to \$31.5M last year.
- * Total Liabilities are at \$12.7M at the end of August.
- * Net Assets at the end of August are \$5.2M.

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Balance Sheet Community Care Collaborative

August 31, 2022



	<u>8/31/2022</u>	<u>8/31/2021</u>
Assets		
Cash and Cash Equivalents	17,713,663	31,477,199
Other Receivables	46,935	27,954
Prepaid and Other	109,571	100,068
Total Assets	<u>17,870,169</u>	<u>31,605,221</u>
Liabilities		
AP and Accrued Liabilities	3,256,360	7,864,091
Deferred Revenue	9,352,382	7,455,418
Other Liabilities	61,263	158,788
Accrued Payroll	0	100,704
Total Liabilities	<u>12,670,005</u>	<u>15,579,001</u>
Net Assets	<u>5,200,164</u>	<u>16,026,220</u>
Liabilities and Net Assets	<u>17,870,169</u>	<u>31,605,221</u>

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Preliminary

Sources and Uses Report, Budget vs Actual

Fiscal Year-to-Date through August 31, 2022



Sources of Funds	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
DSRIP Revenue	61,168,472	44,726,483	73%	59,363,558
Operations Contingency Carryforward	5,362,495	9,123,145	170%	11,316,128
Other Sources	100,000	50,689	51%	14,039
Total Sources of Funds	66,630,967	53,900,317	81%	70,693,724
Uses - Programs				
Healthcare Delivery	19,630,967	13,459,400	69%	13,089,719
UT Services Agreement	35,000,000	35,000,000	100%	35,000,000
DSRIP Project Costs	12,000,000	5,240,753	44%	11,577,786
Total Uses	66,630,967	53,700,153	81%	59,667,505
Net Sources (Uses)	-	200,164		11,026,220
Net Assets		5,200,164		16,026,220

* Operating under FY20 approved budget.

Preliminary

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Healthcare Delivery Costs - Summary

Fiscal Year-to-Date through August 31, 2022

	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
Healthcare Delivery				
Primary Care & Emergency Transport	921,822	775,746	84%	904,646
Specialty Care	3,908,000	2,123,131	54%	1,965,827
Specialty Behavioral Health	8,000,000	7,198,354	90%	6,506,424
Post-Acute Care	2,675,000	1,857,810	69%	1,825,474
Urgent and Convenient Care	475,000	68,309	14%	113,817
Healthcare Delivery - Operations	2,849,742	1,436,050	50%	1,773,531
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	13,459,400	69%	13,089,719

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* Operating under FY20 approved budget.

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Preliminary



August 2022 FYTD Financial Statements (unaudited)
Page 1 of 4

Balance Sheet

Current Assets

Cash and Cash Equivalents – \$17.7M

Other Receivables – \$47K Atrium Lease Receivable

Prepaid and Other – \$110K – \$73K prepaid clinical software and \$37K Atrium security deposit

Total Assets – \$17.9M

Liabilities

Accounts Payable and Accrued Liabilities – \$3.3M, which includes:

- \$3.2M estimated IBNR (Incurred But Not Received) for healthcare provider services
- \$57K due to Central Health
- \$39K trade payables

Deferred Revenue – \$9.4M deferred revenue related to DSRIP projects

Other Liabilities – \$61K includes leasehold improvement allowance liability of \$17K and deferred rent of \$44K

Total Liabilities – \$12.7M

Net Assets

Unrestricted Net Assets – \$5.2M



August 2022 FYTD Financial Statements (unaudited)
Page 2 of 4

Total Net Assets – \$5.2M

Total Liabilities and Net Assets – \$17.9M

Sources and Uses Report

August financials > 11 months > 92% of fiscal year

Sources of Funds, Year-to-Date - \$53.9M

DSRIP Revenue - \$44.7M

Operations Contingency - \$9.1M from FY2021, excluding emergency reserves of \$5M.

Other Sources – \$51K Interest income

Uses of Funds, Year-to-Date

Operating Expenses

Healthcare Delivery (Excludes DSRIP) – \$53.7M



	Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
Healthcare Delivery				
Primary Care & Emergency Transport	921,822	775,746	84%	904,646
Specialty Care	3,908,000	2,123,131	54%	1,965,827
Specialty Behavioral Health	8,000,000	7,198,354	90%	6,506,424
Post-Acute Care	2,675,000	1,857,810	69%	1,825,474
Urgent and Convenient Care	475,000	68,309	14%	113,817
Healthcare Delivery - Operations	2,849,742	1,436,050	50%	1,773,531
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	13,459,400	69%	13,089,719



UT Services Agreement – \$35M

DSRIP Project Costs – \$5.2M, primarily made up of provider earnings of:

- Community Care - \$4.8M
- Lone Star Circle of Care – \$363K
- Hospice Austin – \$21K
- DSRIP Operating Expenses - \$93K



CENTRAL HEALTH

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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 4

Receive and discuss a Central Health Enterprise state of the organization update. (*Informational Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date Wednesday, October 26, 2022

Who will present the agenda item? (Name, Title) Mike Geeslin

General Item Description State of Organization

Is this an informational or action item? Informational

Fiscal Impact NA

Recommended Motion (if needed – action item) NA

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- Will review Central health workforce demographics.
- Highlight references used to align staff work with Board direction
- Introduction of leaders within the organization

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Backup and verbal update

Estimated time needed for presentation & questions? 30-45 minutes

Is closed session recommended? (Consult with attorneys.) No

Form Prepared By/Date Submitted: 10/20/2022

STATE OF THE ORGANIZATION

Mike Geeslin, President & CEO



CENTRAL HEALTH

OVERVIEW



CENTRAL HEALTH

- **Workforce: Who are we?**
- **How We Navigate: What do we use to determine what to be and do?**

WORKFORCE DEMOGRAPHICS



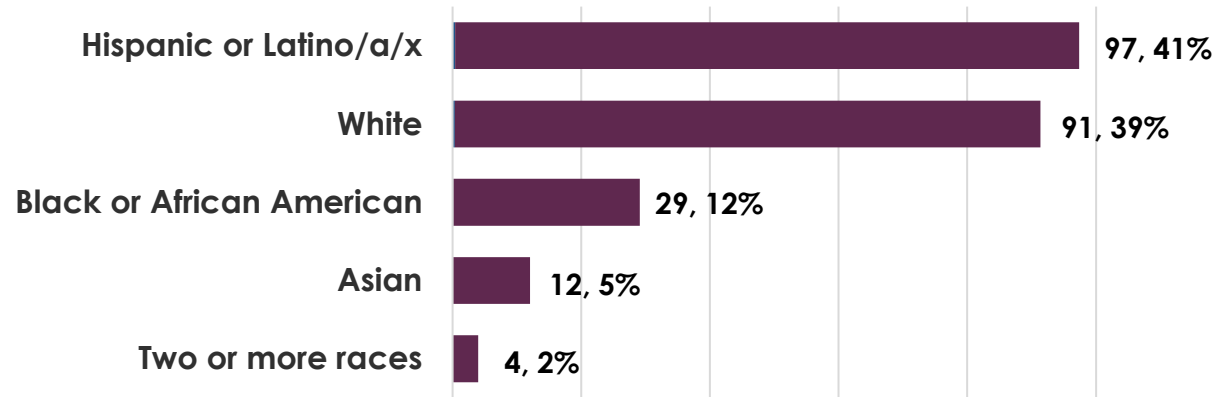
CENTRAL HEALTH

Q4 FY22 Central Health Employee Demographics

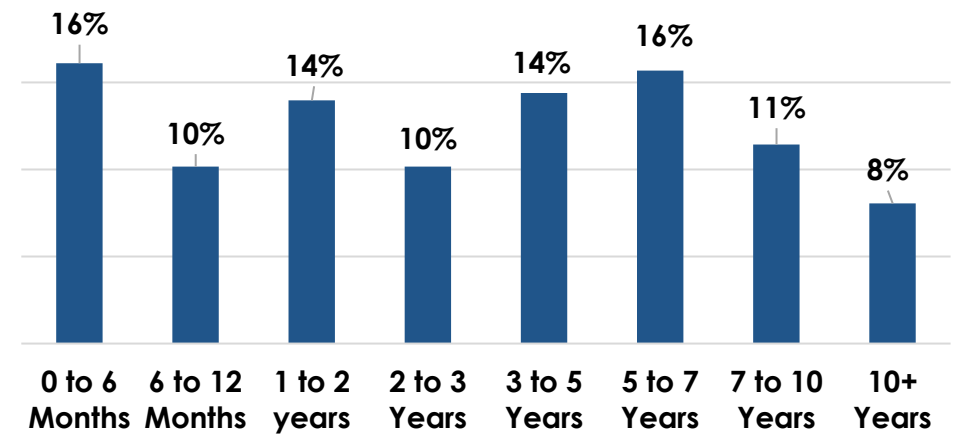
Including a Look at the Last Four Years of Workforce Colleague Changes

CENTRAL HEALTH EMPLOYEE DEMOGRAPHICS, Q4 FY22

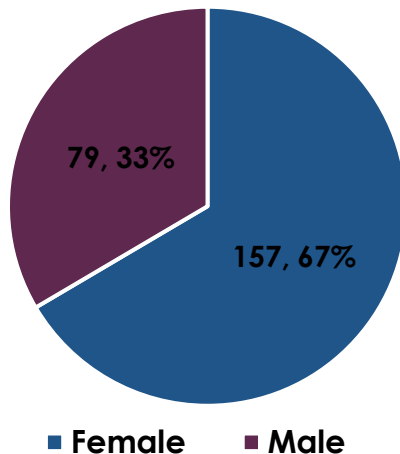
Racial/Ethnic Distribution



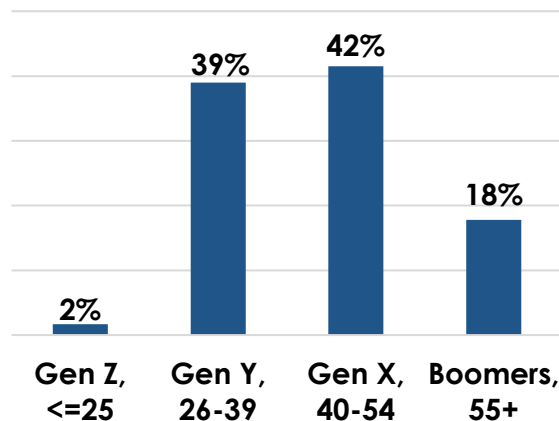
Employee Tenure



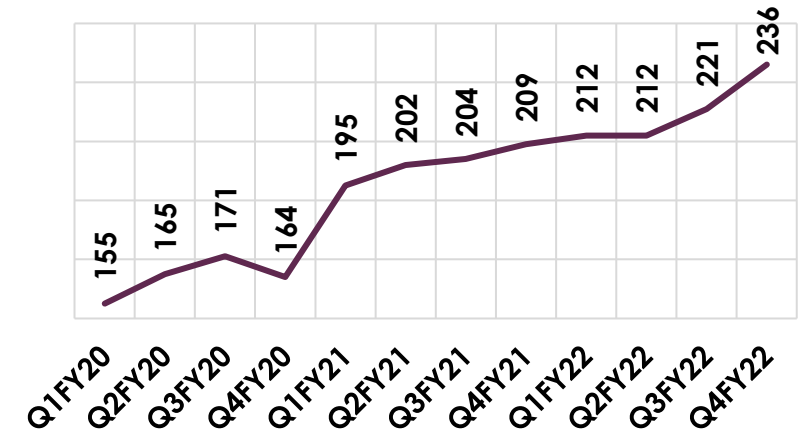
Gender Distribution



Generational Information

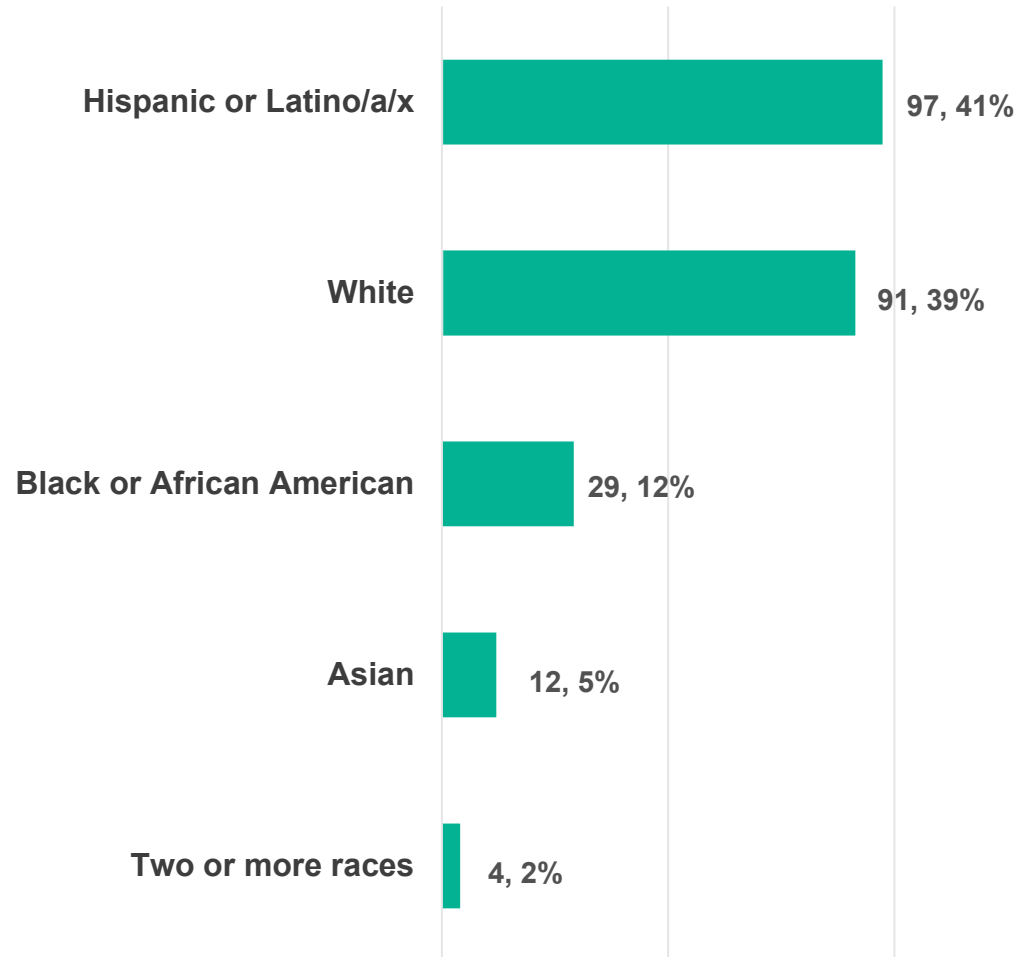


Headcount Over Time

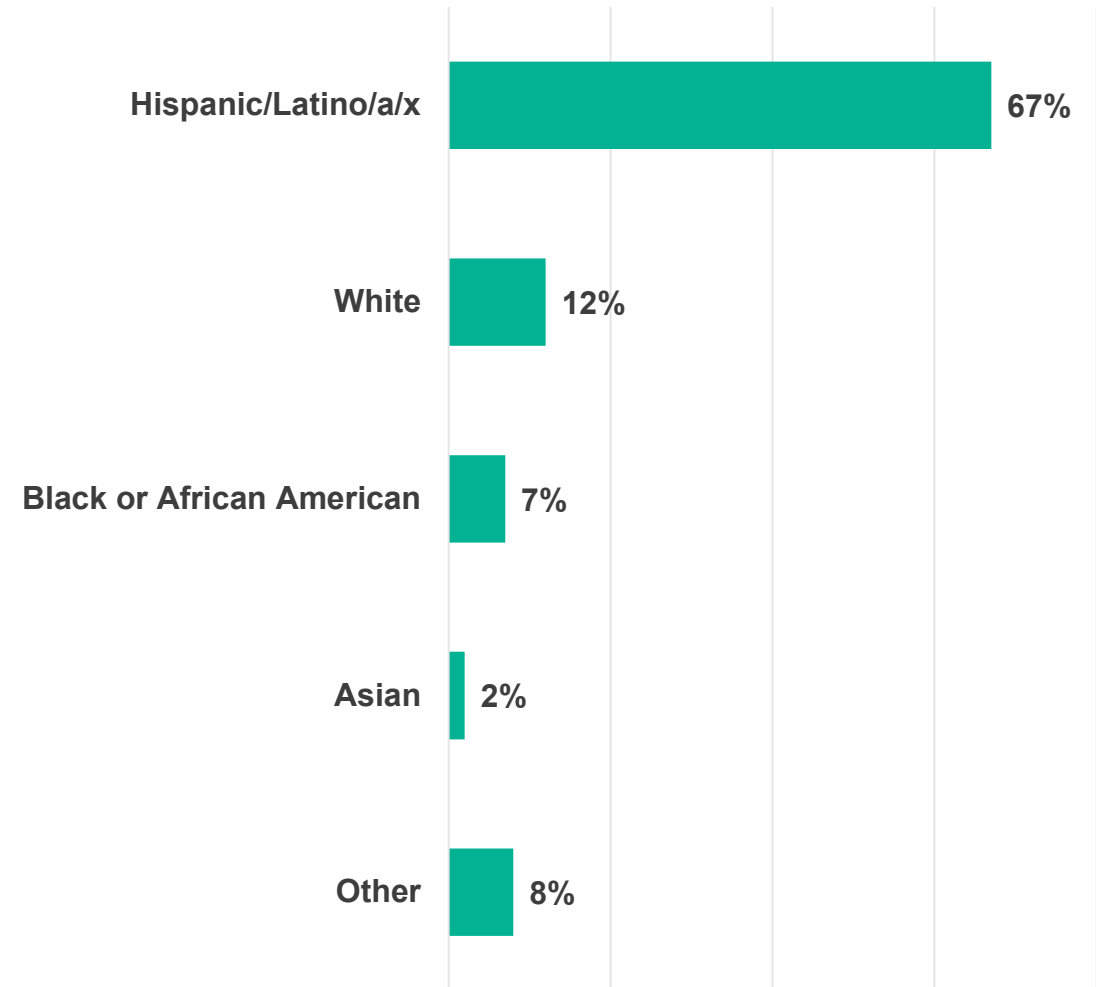


Central Health Racial/Ethnic Demographics

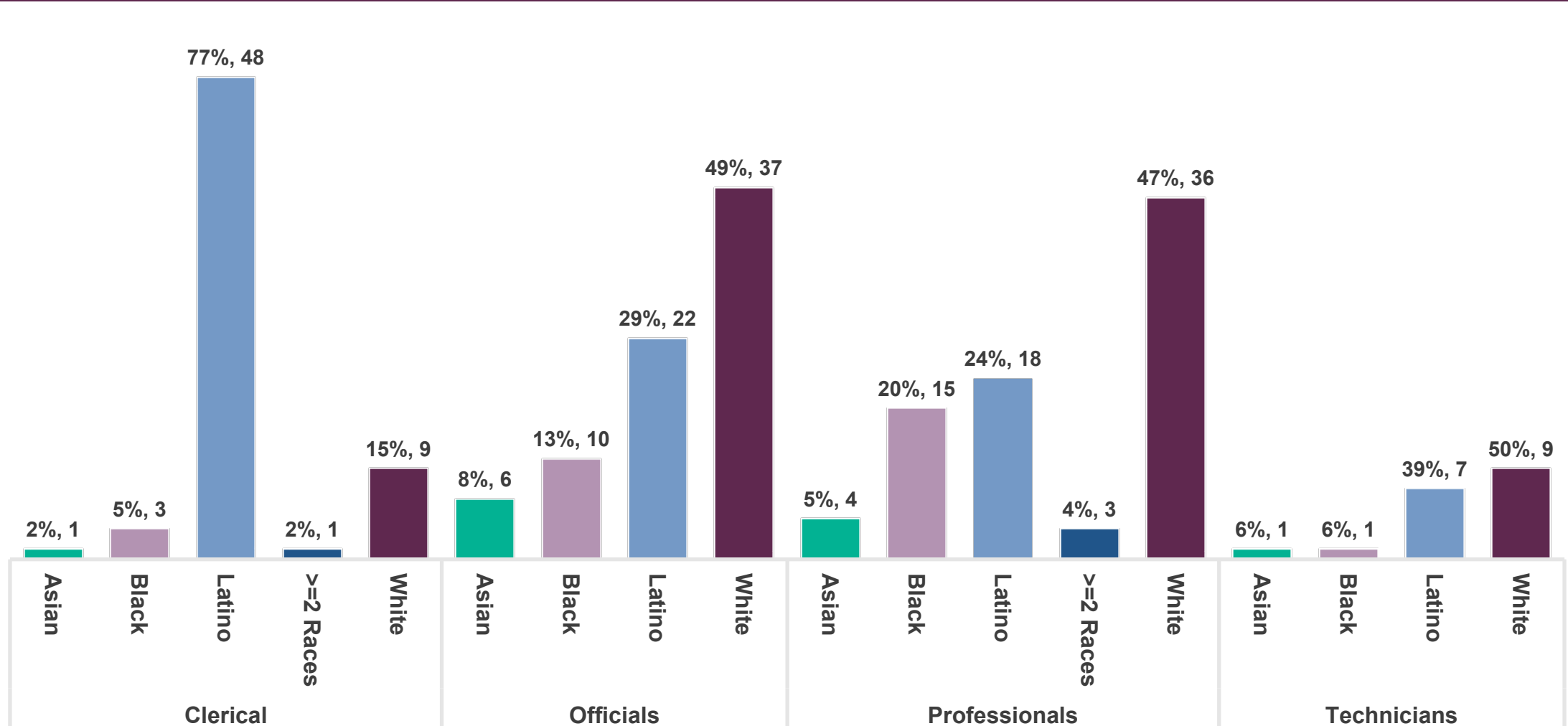
Central Health Employee Population



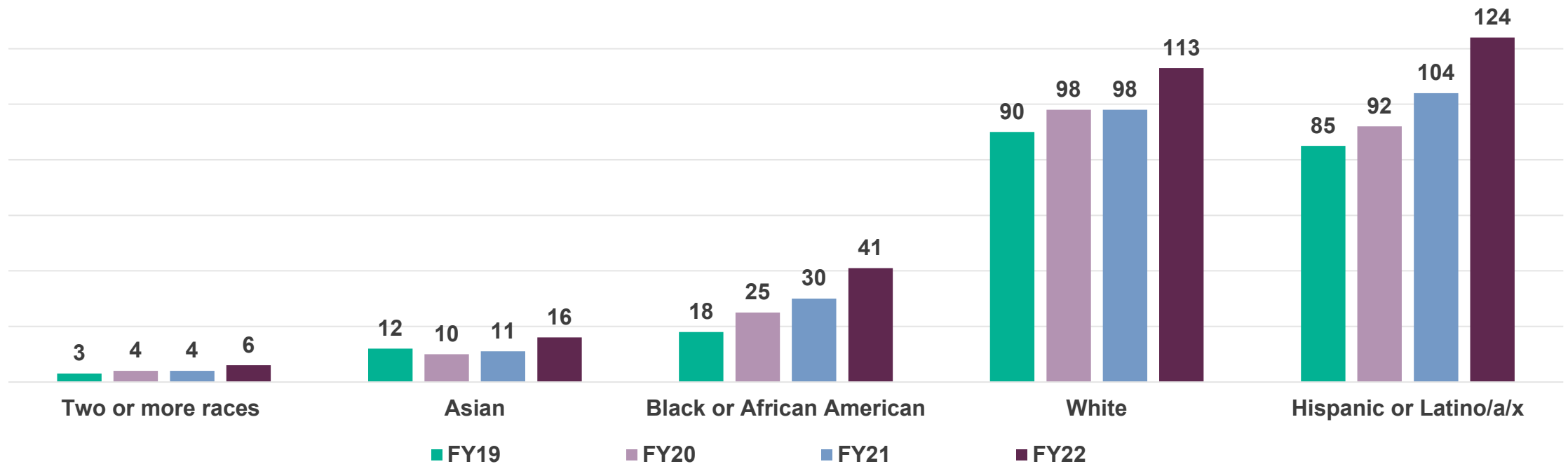
The Population We Serve



Racial/Ethnic Distribution by EEO-4 Group



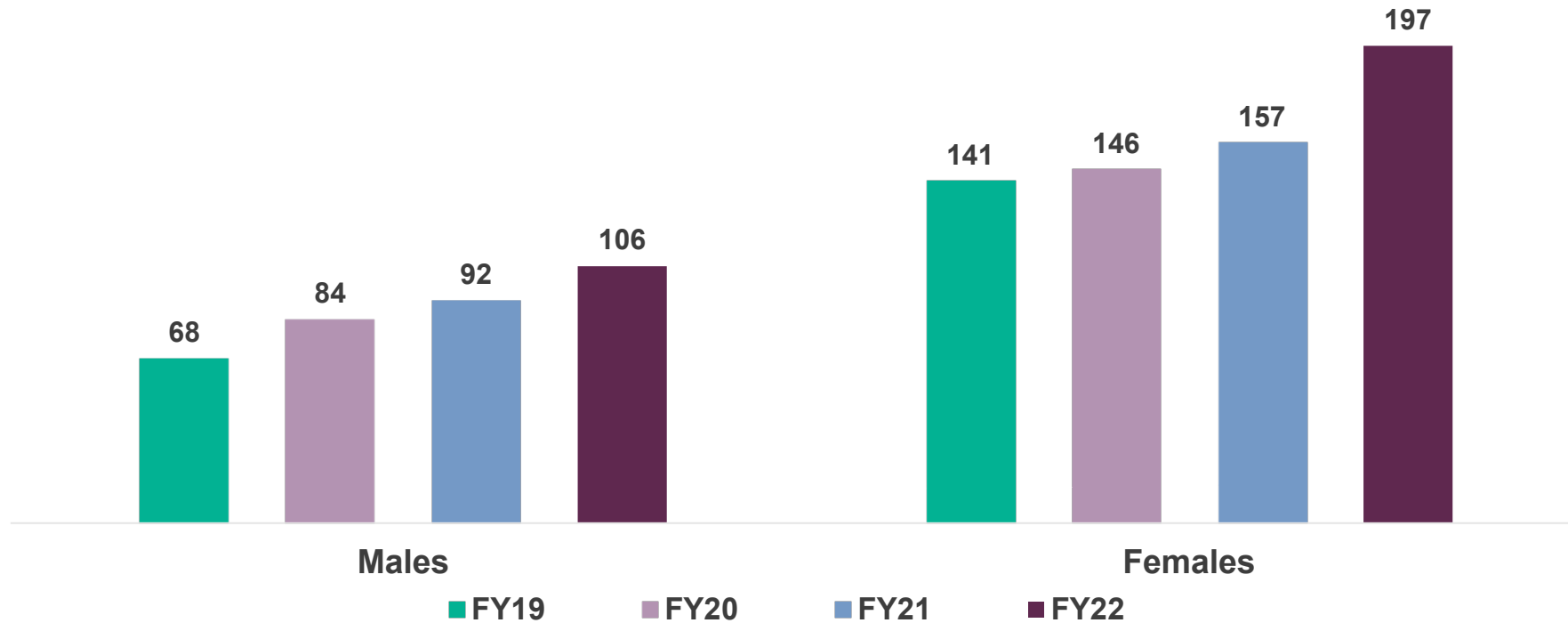
Race/Ethnicity at CH: Four Years



- The population from FY21 to FY22 grew by 22%. The population is defined as anyone having worked at Central Health during each entire fiscal year, regardless of any terminations during that time that may have occurred.
- The population of Two or More Races had a 50% increase between FY21 and FY22, the Asian group saw a 45% increase, the Black or African American population grew by 37%, the White racial group had a 15% increase, and the Hispanic/Latino/a/x population grew by 19%.
- Between the most recent two fiscal years, neither the White nor Hispanic or Latino/a/x groups grew as much as the population.



Gender at CH: Four Years



- As previously noted, the population from FY21 to FY22 grew by 22%. The population is defined as anyone having worked at Central Health during each entire fiscal year, regardless of any terminations during that time that may have occurred.
- From FY21 to FY22 the female population grew 25%, while the male population grew 15%.
- Between FY19 and FY22, the *overall* population change 45%.
- The gender growth was 40% for Central Health employees that identify as female, and 56% for those that identify as male.



Expanding Gender Identity Reporting

- Central Health has not had the ability to collect information on employees who identify as non-binary until April of last year.
- Since that time, 20 employees have self-identified their gender identification, but none have selected the non-binary gender identification.
- Since reporting this information is completely voluntary, Human Resources is developing a plan that will increase this particular “Self-ID” reporting.



But, We're Not Numbers



How We Navigate

GUIDE STARS ★

Landmarks !!!



How We Navigate

GUIDE STARS

- Mission, Values & Culture
- FY 23 Budget Resolution & Budget
- Health Equity Plans (February 2022 Health Needs Report & Operational and Financial Sustainability Plan, est. April 2023)
- Compliance & Risk Management (Risk Management program under development)

Said another way ... “Who we are and what motivates us, where we are going, what we need to resource, and what are the guardrails”



How We Navigate

Major Landmarks

- HUB Program
- Two-Year Demographic Report
- Annual Financial Audit
- Reporting on Board FY 2023 Budget Resolution Objectives,* January-July (*Unless a specific timeline is stated per the Resolution)
- Health Equity Plan Operational and Financial Sustainability Plan, est. April 2023
- MAP/MAP-Basic Enrollments & Utilization
- Five-Year Performance Audit/Review + County Workshops



Appendix



FY 23 BUSINESS CASES



CENTRAL HEALTH

- FY2023 Business Cases

Proposal Title	Proposal Summary
Construction/Development Project Manager 1	Increase support for active and future facilities construction and maintenance
Facilities Mgmt, Construction & Development	
Enterprise HR Benefits & Leave Specialist	Expand human resources department to support growing organization and new practice of medicine
Enterprise HR Coordinator	
Human Resources Business Partner	
Language Access Audit/Consulting	Evaluate and implement CLAS (Culturally and linguistically appropriate services)standards
Risk Management	Centralize and enhance risk management
Clinical Services Infrastructure	Deliver direct specialty care services and develop infrastructure to support the practice of medicine
Clinical Practice	
ETC Health & Wellness Operations	Expand staff to support new eastern Travis County Health and Wellness operations
Methadone Maintenance Therapy	Pilot purchased services for substance use disorder treatment
IT Operational Excellence	Expand joint technology to support additional technology and security systems
Mission Support and Resources	Develop internal support operations coordination and integration of operations to support health care delivery

FY2023 Healthcare Delivery Programs

Healthcare Delivery Programs FY23 Proposed Budget	<i>Eligibility & Enrollment</i>	<i>Joint Technology</i>	<i>Clinical Services & Medical Management</i>	<i>Provider Reimbursement & Network Services</i>	<i>Health & Wellness Operations</i>	<i>Quality Assessment & Performance</i>	<i>Community Engagement & Outreach</i>	<i>Service Delivery Operations & Project Management Office</i>	<i>RHP7, 1115 Waiver & Population Health Strategy</i>	Total Healthcare Operations and Support	<i>Direct Healthcare Services</i>	Total Healthcare Delivery
Total FY23	6,629,764	12,024,012	8,777,359	3,508,727	6,965,406	2,463,530	2,158,330	4,425,786	1,876,848	48,829,763	5,673,261	54,503,024
Total FY22	6,202,331	6,346,703	6,851,349	3,495,027	6,662,620	2,108,657	1,788,776	2,299,896	1,146,563	36,901,922	-	-
Total FY23 FTEs (end of year)	45.5	26.8	36.6	6.0	21.9	12.0	7.0	46.0	6.1	207.9	63.5	271.4
Total FY22 FTEs	42.0	15.7	34.6	6.0	13.5	11.0	7.0	16.0	5.4	151.1	1.0	152.1

NOTE: Hiring for newly approved positions will align with when services or programs are anticipated to begin throughout the fiscal year



FY2023 Administration Programs

Administration Programs FY23 Proposed Budget	<i>Finance & Procurement Operations</i>	<i>Office of the CEO & Government Affairs</i>	<i>Administration</i>	<i>Strategy</i>	<i>Human Resources</i>	<i>Communications</i>	<i>Compliance</i>	Total
Total FY23	4,873,694	5,490,447	2,189,427	1,652,496	1,924,764	1,131,708	739,173	18,001,710
Total FY22	3,995,028	3,163,864	1,981,564	1,521,384	1,207,811	994,051	356,545	13,220,246
Total FY23 FTEs (end of year)	21.9	7.4	8.0	2.0	7.9	6.0	4.0	57.1
Total FY22 FTEs	20.7	5.4	8.0	3.0	5.7	5.5	2.0	50.2

NOTE: Hiring for newly approved positions will align with when services or programs are anticipated to begin throughout the fiscal year





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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 5

Receive and discuss an update regarding Sendero Health Plans, Inc., including:

- a. Update on Central Health Premium Assistance Program (CHAP) and other subsidy programs
- b. Financial update. ^{3,4} (*Informational Item*)



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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 6

Discuss Central Health owned or occupied real property and potential property for acquisition, lease, or development in Travis County, including next steps in the redevelopment of the Central Health Downtown Campus, administrative offices of Central Health Enterprise partners, and new developments in Eastern Travis County; deliberation and action on possible delegation to President and CEO to purchase property.^{4, 5} (*Action Item*)



AGENDA ITEM SUBMISSION FORM

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Agenda Item Meeting Date October 26, 2022 Board of Managers Meeting

Who will present the agenda item? (Name, Title) Stephanie Lee McDonald, VP Enterprise Alignment & Coordination
Jeff Knodel, CFO

General Item Description Update on current Construction and Development projects

Is this an informational or action item? Informational

Fiscal Impact NA at this time

Recommended Motion (if needed – action item) NA

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- 1) Update on completion of demolition of former UMCB tower and construction of new Red River Street.
- 2) Updates on construction of new health and wellness centers in Hornsby Bend and Del Valle.
- 3) Update on design of Rosewood Zaragosa Multispecialty Clinic and Hancock Enterprise Headquarters and Clinical Services Site.

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Presentation

Estimated time needed for presentation & questions? 30 minutes

Is closed session recommended? (Consult with attorneys.) Yes – Potential questions and developments in Real Estate Strategy may require closed session discussion

Form Prepared By/Date Submitted: Stephanie Lee McDonald 10/19/2022



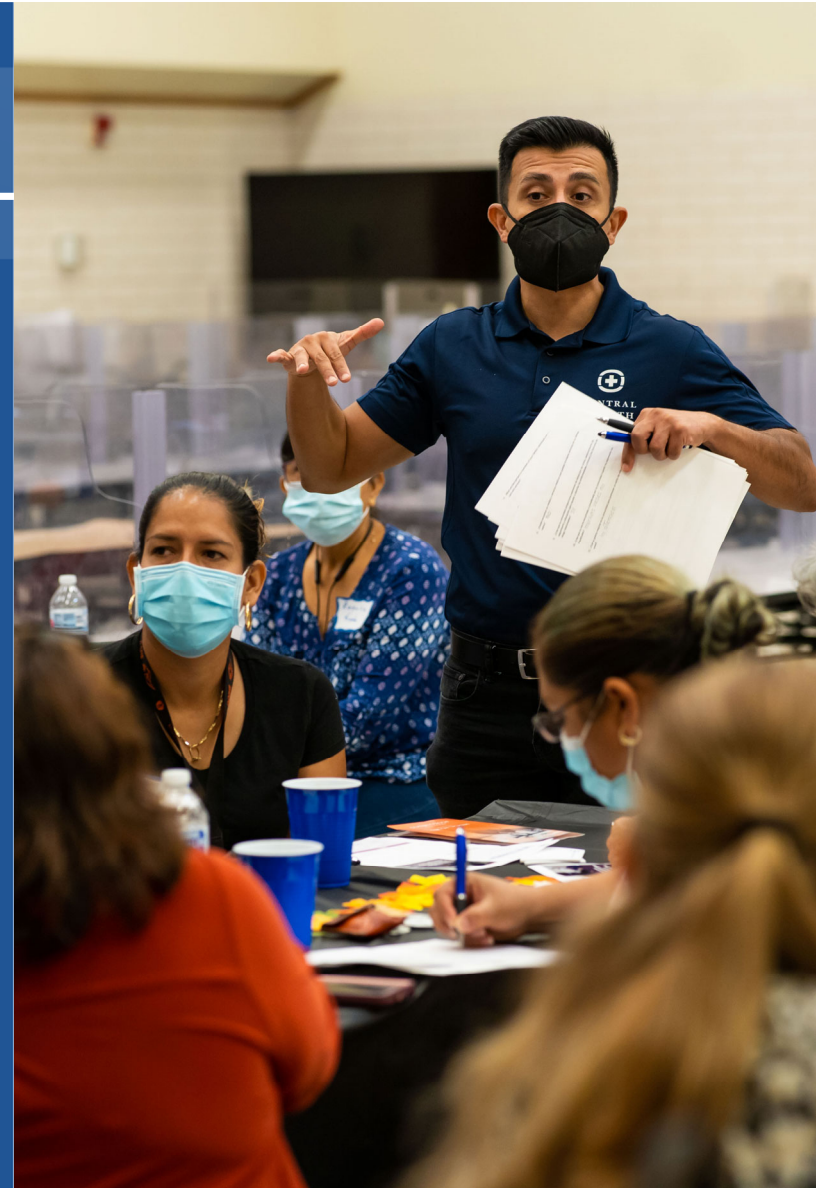
CENTRAL HEALTH

CommUnityCare | Sendero

Central Health Construction and Development Update

*Central Health Board of Managers
October 26, 2022*

Draft – internal discussion purposes only



HORNSBY BEND

Hornsby Bend Health and Wellness Center Anticipated Opening: July 2023

Current:

- Active construction
- Contractor: IE2
- Architect: BSA LifeStructures
- Civil Engineer: mwm Design Group

Ongoing:

- Operational Planning
- Community Engagement and Outreach
- Posting and recruiting for clinical and wellness center







Del Valle

Del Valle Health and Wellness Center Anticipated Opening: October 2023

Current:

- Active construction
- Contractor: O'Haver Contractors
- Architect: O'Connell Robertson
- Civil Engineer: Doucet and Associates

Ongoing:

- Operational Planning
- Community Engagement and Outreach
- Posting and recruiting for clinical and wellness center





ROSEWOOD ZARAGOSA MULTI SPECIALTY CLINIC

Multispecialty Clinic Anticipated First Patient: Fall 2023

Current:

- Design Development Documents Complete
- Demolition Permit with City of Austin
- Construction Documents estimated November 22, 2022

Next steps:

- Interior Demolition
- Solicitation for General Contractor





Facility Program

The programmatic requirements were developed in conjunction with Central Health. Through initial meetings the following spaces were identified, and square footages assigned to them.

- PUBLIC REGISTRATION SPACES - Registration, Security Desk, Waiting, Public Toilets, Wheelchair Access, Vitals Area
- DIAGNOSTICS - Ultrasound, Stress Test, Echo Rm, Multi-Purpose, Lab (CLIA), General Storage, Phlebotomy, Specimen Toilet, Pharmacy
- ADMINISTRATION - Conference Room, Telemedical Phone Room, Reading Rooms
- SPECIALTY - Cardiology, Podiatry, Gastroenterology, Nephrology, Neurology, Pulmonology (Exam Rms, Patient Toilets, Procedure Rms)
- CLINICAL SUPPORT SPACES - Clinical Collaboration Spaces, Medical Equipment Recharge Above, Eligibility Office, Case Manager
- SUPPORT SPACES - Shipping/Receiving, Staff Break Room, Staff Lockers, IT/MDF Room, Housekeeping, Medical Waste Storage
- BASE BUILDING FUNCTIONS - Mechanical Room, Electrical Room, Sprinkler Room



2ca
8

Hancock Enterprise Administrative Headquarters and Clinical Services Site

Anticipated Opening: December 2025

Current:

- Clinical and Administrative Building Program Development
- Contract negotiation with Design Team
- Active engagement with HEB and Regency Centers

Ongoing:

- Preparation for TXDOT I-35 Project
- Development of SOP's and policies for dedicated office/workstations



THANK YOU





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BOARD MEETING

October 26, 2022

REGULAR AGENDA ITEM 7

Confirm the next regular Board meeting date, time, and location. (*Informational Item*)