

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

REGULAR MEETING – JANUARY 12, 2023

Notice is hereby given that a regular meeting of the Board of Commissioners of Travis County Emergency Services District No. 17 will be held on Thursday, January 12, 2023, at 4:00 p.m. at 201 East Pecan Street, Pflugerville, Texas, for the following purposes.

Individual members of the public wishing to address the Board must register to speak at least 2 hours in advance of the Board Meeting by email to info@travisesd17.org or calling (512) 251-2801. Those individuals registered to speak must be at the meeting location at least 15 minutes prior to the start of a meeting to sign-in and prepare to speak. Individual members of the public wishing to submit written comments must submit them by email to info@travisesd17.org or calling (512) 251-2801 at least 2 hours in advance of the meeting. Individual members of the public may address the Board for a maximum of 3 minutes on any matter. Members of the public may collectively address the Board for a total of 30 minutes on any single matter. Individuals may address the Board once per item. No formal action, discussion, deliberation, or comment will be made for items not on this agenda.

1. Call regular meeting to order;

PUBLIC COMMENT

2. **Public Comment:** *In accordance with the Texas Open Meetings Act, any response to a public comment that is made on an item that is not on the published final agenda will be limited to a statement of factual information or a statement of existing policy given in response to the public comment. Any deliberation or decision by the Board must be limited to a proposal to place the subject on a future agenda.*

CONSENT ITEMS

3. Approve minutes from the December 8, 2022 regular minutes;
4. Approve invoice payment to Travis County Emergency Services District No. 2 for provision of emergency medical services for February 2023;

REPORTS

5. Commissioners' reports, responses to inquiries;
6. Receive report from treasurer and consider taking related action;
7. Receive monthly report from the Travis County Emergency Services District No. 2 Fire Chief regarding Emergency Medical Services operations, response times, call volume, training, management activities and personnel;
8. Receive monthly report from the District's legal counsel regarding contract issues, administrative matters, and legal matters to include the case of The City of Pflugerville, et al. v. Travis County Emergency Services District No. 17, et. al, and consider taking action as may be necessary;

DISCUSSION/ACTION ITEMS

9. Discuss and consider approving the investment policy review and taking any related actions;
10. Adjourn the meeting.



Mike Howe, President
Travis County Emergency Services District No. 17

Posted on January 9, 2023, by 4:00 p.m. A packet containing all supportive documentation for this agenda is available for inspection at 201 E. Pecan Street between the hours of 9:00 a.m. and 4:00 p.m.

The Board may retire to Executive Session any time between the meetings opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code and/or discussion of real estate acquisition pursuant to Chapter 551.072 of the Texas Government Code and/or personnel matters pursuant to Chapter 551.074 of the Texas Government Code. Action, if any, will be taken in open session.

TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

REGULAR MEETING MINUTES

DECEMBER 8, 2022

The Board of Commissioners of Travis County Emergency Services District No. 17 held a meeting on Thursday, December 8, 2022, at 4:00 p.m. at the Travis County Emergency Services District No. 17 Headquarters located at 201 East Pecan Street, Pflugerville, Texas, for the following purposes.

Commissioners who attended:

Mike Howe Vicky Linsalata Mitchell Jones

Attendees who attended via Zoom: Howard Katz

The following persons were also in attendance:

AJ Stacer Jessica Frazier Brian Fairbanks Nick Perkins Sequina Allen

1. THE MEETING *was called to order by President Howe at 4:00 p.m. and the minutes were recorded by mechanical means.* The meeting was held pursuant to a formal Notice of Meeting, which had been posted in accordance with the Texas Open Meetings Act at the Travis County Clerk's Office and in the offices of the Travis County Emergency Services District No. 17 Headquarters.

PUBLIC COMMENT

2. PUBLIC COMMENT: No public comment was made.

CONSENT ITEMS

3. APPROVE MINUTES FROM THE NOVEMBER 10, 2022 REGULAR MEETING;
4. APPROVE INVOICE PAYMENT TO TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 2 FOR PROVISION OF EMERGENCY MEDICAL SERVICES FOR JANUARY 2023;
5. APPROVE THE FILING OF THE DISTRICT'S 2022 ANNUAL REPORT WITH DEPARTMENT OF EMERGENCY MANAGEMENT;
6. DISCUSS AND CONSIDER APPROVING PUBLIC NOTICE OF THE DISTRICT'S NOTICE OF ADMINISTRATIVE OFFICE AND TAKE ANY RELATED ACTION;
Commissioner Jones and Commissioner Howe seconded to approve the consent items. The motion passed unanimously.

REPORTS

7. COMMISSIONERS' REPORTS, RESPONSES TO INQUIRIES;. *No reports was given*

8. RECEIVE REPORT FROM TREASURER AND CONSIDER TAKING RELATED ACTION;

Ms. Frazier noted that there is no property tax revenue yet as the bills have not been sent out due to the recent tax rate elections held by other jurisdictions. The tax office bills are coming out. Current cash balance is \$112,000. The deadline for the audit is in July.

Commissioner Linsalata moved and Commissioner Jones seconded to approve the treasurer's report.

9. RECEIVE MONTHLY REPORT FROM THE TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 2 FIRE CHIEF REGARDING EMERGENCY MEDICAL SERVICES OPERATIONS, RESPONSE TIMES, CALL VOLUME, TRAINING, MANAGEMENT ACTIVITIES AND PERSONNEL

Chief Perkins discussed his board report and shared Jan 27 is the district award ceremony at 4 PM. He reminded the board Feb 2-4 is the Safe-D conference. They are still monitoring COVID-19 and the county has been moved into the "high" transmission phase with effects to the workforce. They are focusing on other respiratory viruses as well. The Department is prepping for winter weather and meeting with other offices to prepare. He noted their district is well-prepared. Construction for Station 6 is ongoing. The City Of Pflugerville appears to be actively researching the for-profit ambulance companies. Chief Perkins discussed the special interest group that is seeking to defund Travis County Emergency Service District No. 2 by repealing the sales tax. He shared the scenarios in which they would lose sales tax revenue, losing 9,5 million dollars annually. It would raise their response time from 8 minutes to 20 minutes and lower their effectiveness as an emergency response team. The Chief said they would also lose their ISO 1 rating and he discussed the programs that would be eliminated such as the civilian cadet and high school programs. He noted this could bring higher taxes to taxpayers. He noted they must educate the public about this issue.

Commissioner Howe shared this might affect the city's bond rating. Howard Katz shared this will have a direct impact on ESD 17 and other EMS services such as motor vehicle access and EMS manpower. He added the financial aspect isn't visible, and the only benefit is a grab at sales tax.

10. RECEIVE MONTHLY REPORT FROM THE DISTRICT'S LEGAL COUNSEL REGARDING CONTRACT ISSUES, AND ADMINISTRATIVE MATTERS TO INCLUDE THE CASE OF THE CITY OF PFLUGERVILLE, ET AL. V. TRAVIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17, ET. AL, AND CONSIDER TAKING ACTION AS MAY BE NECESSARY; *In regards to the annexation election case, Howard Katz said we are still waiting for word from the court of appeals. He asked for an executive session to discuss litigation matters with the board. He also briefly discussed the reduced sales tax implications on ESD 2's service to ESD 17.*

Executive Session to receive advice with the District's attorney regarding litigation matters.

At 4:28 p.m., The Board went into Executive session for the purpose of discussing litigation matters with its attorney (Section 551.0714);

At 4:57 p.m., Commissioner Howe reconvened the Board in open meeting.

President Howe adjourned the meeting at 4:58 p.m.

The next Board meeting is scheduled for January 12, 2022.

Respectfully Submitted By:

Sequina Allen

Board Recorder



Travis County Emergency Services District No. 2

203 E. Pecan Street, Pflugerville, TX 78660

Phone (512) 251-2801 Fax (512) 990-1125

Invoice

Bill To:

Travis County ESD No. 17

203 E Pecan Street

Pflugerville, TX 78660

Date

01/03/23

Invoice #

92503

RE: ILA - EMS Services

Payment Due:

02/02/23

Quantity	Description	Price Each	Amount
1	ALS Emergency Medical Services in ESD17 Service Area February 2023	\$ 93,021.17	\$ 93,021.17
TOTAL			\$ 93,021.17

Please pay this amount: \$ **93,021.17**

Please make checks payable to "Travis County Emergency Services District No. 2" and mail to address listed above.



TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No. 17

Financial Reports – Item 6

Board of Commissioners Meeting: January 12, 2023

Unaudited/Preliminary Balance Sheet as of 10/31/22

	9/30/2022	10/31/2022	\$ Change	% Change
ASSETS				
Current Assets				
Cash and Cash Equivalents	299,793	112,085	(187,708)	(167)
Investments	0	0	0	0
Other Current Assets	5,149	4,770	(379)	(8)
Total Current Assets	304,942	116,855	(188,087)	(161)
Noncurrent Assets	0	0	0	0
TOTAL ASSETS	304,942	116,855	(188,087)	(161)
LIABILITIES AND NET ASSETS				
Liabilities				
Current Liabilities	7,209	6,633	(576)	(9)
Noncurrent Liabilities	0	0	0	0
Total Liabilities	7,209	6,633	(576)	(9)
Fund Balances / Net Assets	297,733	110,222	(187,511)	(170)
TOTAL LIABILITIES AND NET ASSETS	304,942	116,855	(188,087)	(161)

Cash Balances as of 12/31/2022*

VeraBank Account	
Checking Account '5051	\$ 494,408
Total Funds as of 12/31/22	\$ 494,408
Restricted/Allocated funds	\$ -
Unrestricted cash balance	\$ 494,408

*The account balance amounts above do not take into consideration items which have not cleared or are outstanding.



TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No. 17

Financial Reports – Item 6

Board of Commissioners Meeting: January 12, 2023

Unaudited/Preliminary Fund Summary 10/31/22**

Authorized FTEs		0	0			
	FY22 Actual (unaudited)	FY23 Approved Budget	FY23 Amended Budget	Oct 2022	FY22 YTD (Oct '22 - Oct '22)	% of Budget
GENERAL FUND						
BEGINNING BALANCE	\$ (404,366)	\$ 258,030			\$ 297,735	
Sources of Funds						
Property Tax	\$ 2,245,137	\$ 1,495,244	\$ 1,495,244	\$ 77	\$ 77	0%
Other Revenue	\$ 1,324	\$ -	\$ -	\$ -	\$ -	
TOTAL SOURCES OF FUNDS	\$ 2,246,461	\$ 1,495,244	\$ 1,495,244	\$ 77	\$ 77	0%
Uses of Funds						
Operating Budget						
General & Administrative	\$ 412,956	\$ 300,285	\$ 300,285	\$ 1,547	\$ 1,547	1%
EMS Services Contract	\$ 1,116,254	\$ 1,116,254	\$ 1,116,254	\$ 186,042	\$ 186,042	17%
Total Operating Budget	\$ 1,529,210	\$ 1,416,539	\$ 1,416,539	\$ 187,590	\$ 187,590	13%
Capital Projects						
Debt Service Payments	\$ 15,150	\$ -	\$ -	\$ -	\$ -	
Total Capital Projects Budget	\$ 15,150	\$ -	\$ -	\$ -	\$ -	
TOTAL USES OF FUNDS	\$ 1,544,360	\$ 1,416,539	\$ 1,416,539	\$ 187,590	\$ 187,590	13%
Sources - Uses	\$ 702,101	\$ 78,705	\$ 78,705	\$ (187,513)	\$ (187,513)	
Other Sources/Uses of funds	\$ -	\$ -	\$ -	\$ -	\$ -	
ENDING BALANCE	\$ 297,735	\$ 336,735			\$ 110,222	

**ESD17 received \$1million in loan proceeds on September 9, 2021. These loan proceeds from a Tax Anticipation Note (TAN) are not shown on the income statement due to their short-term nature and pledge on future taxes which results in a negative beginning balance. The Balance sheet reflected the implications of the TAN.



TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No. 17

Financial Reports – Item 6

Board of Commissioners Meeting: January 12, 2023

Other Finance Updates

The 2022 tax levy final amount was provided by the Tax Assessor November 10, 2022, for an amount of \$1,576,504. The FY23 Approved budget for property tax revenue was \$1,495,244 for ESD17. As of December 31st, the District has reported \$680,079 in property tax revenue from the County Tax Office for the 2022 levy. As a reminder, the District adopted a tax rate of \$0.0245 per \$100 valuation for the 2022 tax year (FY23 budget year).

The District still has a remaining balance for the 2021 levy of \$9,455 and payments will continue to be received for 2021 through the future.

The FY22 audit is nearly completed for ESD17 for the initial review phase. The next portion is the creation of the report and financial statements. The goal is to have the draft financials and report for staff review by February 2023 and it will be presented to the Board for review at the March Board meeting.

ESD2 staff have kicked off a project to replace the current accounting and payroll system. ESD17's financials will be set up in the new system as well. The expected go-live date is October 2023 for the accounting portion and January 2024 for the payroll portion.

17 ESD17 Oper

Board of Commissioners
Checks from 12/01/2022 to 12/31/2022

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Amount</u>
0	12/30/2022	Amcheck Payroll	\$277.05
		TOTAL Amcheck Payroll	\$277.05
0	12/30/2022	Blackman Amcheck	\$86.97
		TOTAL Blackman Amcheck	\$86.97
1061	12/06/2022	Katz, Howard L.	\$1,750.00
		TOTAL Katz, Howard L.	\$1,750.00
0	12/30/2022	Payroll Tax Draft	\$45.90
		TOTAL Payroll Tax Draft	\$45.90
1062	12/06/2022	Travis County ESD No. 2 - Pflugerville	\$117,021.17
		TOTAL Travis County ESD No. 2 - Pflugerville	\$117,021.17
Total Checks:			<u>\$119,181.09</u>



TRAVIS COUNTY EMERGENCY SERVICES DISTRICT No. 2 PFLUGERVILLE FIRE DEPARTMENT



MONTHLY ACTIVITY REPORT

January 2023

(for activity December 1-31, 2022)

A. GENERAL

We continue to monitor COVID-19 in the community and have noted the increase to “Medium” by the CDC for COVID-19 community level for the first time in five months in Travis County. We have seen significant effects to the workforce with several employees being out due to COVID or other respiratory illness.

We saw an approximate 150% increase in call volume (96 calls on 12/23 and 89 calls on 12/24) due to the winter event December 22nd through December 24th. The majority of calls for service were related to broken water causing water leaks and fire alarm activations (water service disruption will cause a fire alarm to activate in many cases). While busy, the District was able to respond to the surge and maintain service levels. District staff participated in daily regional briefings with the Austin/Travis County emergency management officials and we were poised to support a request from CTECC to staff the EOC for ESD coordination. District staff also attended the City of Pflugerville brief and after action review. We were pleased to see these new efforts and preparations from the City of Pflugerville. We also clearly communicated our willingness and availability to fulfill a request to staff their EOC if requested.

We continue to move forward with the construction of station 6, planning for capital improvements to the training field, and plans for station 7.

The District received its second award for financial transparency, for debt, from the State Comptroller's office. I am incredibly proud of the work Jessica and her team do on a daily basis, and it's great to see their work recognized. This is yet another validation of the District's diligent and transparent financial management. Also related to finance, we received a copy of the latest report concerning the financial efficiency of Emergency Service Districts conducted by noted Texas Economist, Dr. Perryman. While the entire State was studied, we were thrilled to see a specific look at central Texas. The report shows that ESD No. 2 operates at a lower cost than any other comparably sized municipality in central Texas, and is only 2nd to only one smaller and younger ESD.

We also continue to monitor operations with Allegiance. There was a sentinel event (sentinel event: is a patient safety event that results in death) involving Allegiance this past week that we are investigating. I anticipate several reports to the State Department of Health Services due to the severity of the event. While I do not have all of the details just yet, I can say my initial assessment is this the most severe event that I have studied in over 25 years of working in EMS.

Representatives from the special interest group working to repeal sales from the District submitted a petition to the District administrative office on December 16th. Staff notified legal counsel and the board that day and the petition was turned over to the attorney.

A great deal of work is still needed to be conducted to fully understand the ramifications of what this special interest group is trying to do. We have received several phone calls and emails from the public inquiring about the issue with many stating they believe they were misled by petitioners.

As directed, I provided the information from last month's board report to the City of Pflugerville council regarding the issue and requested an agenda item at the earliest possible to discuss the issue with council. That request was initially denied by the Mayor, but later granted. I will be speaking at the Council meeting on January 10th. I have spoken with two council members and city staff and all have stated they do not support what is trying to be done and that it does not make sense.

B. FINANCE

District COVID-19 related expenses include PPE and disinfecting supplies and equipment as well as staff time and overtime. Posted inception-to-date incident expenses through December 31, 2022, total \$738,314. This only includes items that have been paid through this date and may not include outstanding expenses not yet recognized. The District submitted the Public Assistance grant for the COVID-19 pandemic incident December 27th and includes reimbursement for the time spent on ILI calls, the extra PPE purchased, and contract expenses for Mike Conner in April 2020 and Texas Decon medical waste disposal. The total grant application is \$254,990.93 and breaks down as follows:

- Equipment: \$89,133.64 - this represents the FEMA hourly rate for each response vehicle that responded applied to the time spent on ILI calls from Fire Apparatus only. Ambulances were not eligible for reimbursement because we do EMS billing for those activities.
- Materials: \$147,095.29
- Contracts: \$18,762.00

The review timeline for this grant is unknown, but staff have already received initial calls from FEMA with questions about some of the items so that's a good sign.

The District's FY22 Audit continues without issue. Staff have provided all initial documentation requested by the auditors and after a slight break for the holidays the auditors are now providing transactions selections that require District staff to provide detailed documentation for specific transactions for their testing.

The District was awarded another of the Comptroller's transparency stars in the category of Debt. Additional information was added to the website to achieve this award. The District must submit a recertification request annually for each star and since the General finances award was received in March 2022 staff will begin working towards updating the website for those requirements to receive recertification.

The first quarter of the fiscal year is done so focus will continue in Finance on the FY22 audits and the heavy spring purchasing season.

C. IT/ SPECIAL PROJECTS:

Current Projects

Construction

New Fire Station #6

Work on the metal building continues and the CMU walls are in progress. The driveway approaches to the building are scheduled for 1/10. Next up will be the metal framing and driveways, followed by the roofing.

Training Field

Work continues on the responses to the first round of comments by the County. There are some environmental and runoff questions that are being addressed as well.

We have been in contact with Manville regarding the 30 ft easement they are asking for. They have advised they are constructing a 36" water main on Cameron Road that will pass in front of the site. They plan on serving the site via the new pipe however the timing of our project and theirs do not coincide, with their completion coming later. The solution discussed involved placing the pipe during the station construction with connections already made so when their project is complete the switchover will be seamless. This may also reduce the size of the easement.

The GMP work is still ongoing with the GMP #2 currently scheduled for the February Board Meeting.

Other Projects

Station 2 Sprinkler System

The City has approved the plans and work is currently slated to begin on 1/11.

Station Alerting

All wiring is complete. We're currently working on integrating the new lighting into the existing system.

Station 1 Sprinkler System

This project was awarded to Braun and Butler at the December meeting. We are working on the contract and expect work to begin early February.

Administration Building Generator Upgrades

This project is pending delivery of the generator and associated switchgear.

CEC and Admin A/V upgrades

Projected ETA for equipment is early January. We have work tentatively scheduled to begin in the Admin building on January 16. We are still awaiting the remainder of the gear for the CEC, tentatively scheduled to ship mid-February.

Central Supply Mezzanine

WE preparing the documents for RFP.

Notes of Interest

Weekly Reporting

We have created several new dashboards and reporting tools using Microsoft Power BI that are available internally. These are now being updated weekly and are giving the command staff valuable run data presented in an easy to read format.

Enhancement of the weekly internal reports continues. We are also creating new public dashboards that will leverage our new reporting capabilities and change the update interval from every month to every week.

Data Reporting

We are working on creating a new database to store all run data going back to 2006. This will consolidate the two historical databases into our current report structure and will give us the ability to quickly pull data, run calculations, and report statistics in a timely manner. The effort is enhanced by the work Mary has done with AFD and ATCEMS to get the reports we receive from them in a format that is compatible with how we are inputting the current data. We will append the monthly data we get going forward to the database.

Our goals are twofold. To make the data we currently get from AFD and ATCEMS easy to get into ESRI for the dashboard and to create a front end for the database that will allow for a self-serve feature to pull statistics.

UPDATE – We have successfully tested the automated process. We are now working with ESRI to set up an automated task to update the dashboards from the database. Testing on the Python based program code has been completed and we are making final adjustments to parameters.

As of now we can calculate and report the following stats for EMS and Fire.

- 90th percentile incident response times
- All time elements from call pickup to call clear.
- First assigned unit.
- First arrived unit.
- Single or multi-unit response
- Effective response force on scene time
- Unit type (used for ERF)
- Call location (ESD 17, CoP, ETJ, unincorporated county)
- Closest station to call
- Distance of call to all stations
- Closest station response (Y/N)
- Ability to link Fire and EMS to same call
- Population classification (urban, suburban, rural) based on 2020 census data
- Units busy at the same time

D. HR: Report not available due to staff vacancy.

The Economic Benefits of Cost Savings Associated with Emergency Services Districts:

An Analysis Including Specific Regions Across Texas

September 2022



Contents

Introduction 1

Economic Benefits of ESDs 3

Conclusion 7

Appendix A: Methods Used 8

Appendix B: Detailed Results 13

Introduction

Emergency Services Districts (ESDs) are local political subdivisions of the State of Texas that may provide fire, rescue, emergency medical services, and other emergency services in the area where they are established. ESDs are designed to ensure adequate and stable funding for local emergency services for all residents in the district. In Texas, there are approximately 334 ESDs in counties across the state, with new districts formed every year.

ESDs are primarily funded by ad valorem taxes and, in accordance with the State Constitution, cannot implement a tax rate exceeding \$0.10 per \$100 of property valuation. ESDs may also levy a sales and use tax

for additional funding, although many are in counties in which such levies are constrained by the overall maximum rate allowed in a county. ESDs are governed by a board of five commissioners typically

ESDs are designed to ensure adequate and stable funding for local emergency services for all residents in the district.

appointed by the County Commissioners Court in their service areas. In some areas, the ESD Commissioners are elected by residents of the district.

The establishment of an ESD may also result in better Insurance Services Office (ISO) ratings for the ESD service area which many insurance companies use as part of their criteria in setting insurance premiums. A better ISO rating could lead to lower insurance premiums for businesses and homeowners in the district.

The Perryman Group (TPG) was recently asked to estimate the economic benefits of the cost savings associated with ESDs compared to other options such as outsourcing to a municipality. This analysis expands on prior work by the firm to include savings in specific areas and an update of the overall impact of the state to account for subsequent developments. A brief overview of methods used is presented on the following page, with additional detail in Appendix A.

Measuring Economic Impacts

Any economic stimulus, whether positive or negative, generates multiplier effects throughout the economy. In this case, The Perryman Group estimated the savings to taxpayers provided by ESDs compared to other options such as outsourcing to a municipality and then quantified the economic benefits of these savings. These savings are based on a comparison of tax collections by the ESDs to publicly available budget data from the nearby municipalities.

The Perryman Group's input-output assessment system (the US Multi-Regional Impact Assessment System, which is described in further detail in Appendix A to this report) was used to measure the total effects including not only direct, but also indirect and induced. The system was developed by the firm about 40 years ago and has been consistently maintained and updated since that time. The model has been used in hundreds of analyses for clients ranging from major corporations to government agencies and has been peer reviewed on multiple occasions. The impact system uses a variety of data (from surveys, industry information, and other sources) to describe the various goods and services (known as resources or inputs) required to produce another good/service. This process allows for estimation of total economic impacts (including multiplier effects).

Total economic effects are quantified for key measures of business activity:

- **Total expenditures** (or total spending) measures the dollars changing hands as a result of the economic stimulus.
- **Gross product** (or output) is production of goods and services that will come about in each area as a result of the activity. This measure is parallel to the gross domestic product numbers commonly reported by various media outlets and is a subset of total expenditures.
- **Personal income** is dollars that end up in the hands of people in the area; the vast majority of this aggregate derives from the earnings of employees, but payments such as interest and rents are also included.
- **Job gains** are expressed as "jobs" for ongoing effects or "job-years" for transitory effects such as construction or for cumulative measures. A job-year is one person working for one year, though it could be multiple persons working partial years.

Monetary values were quantified on a constant (2022) basis to eliminate the effects of inflation. Additional detail regarding the methods used is provided in Appendix A.

Economic Benefits of ESDs

The Perryman Group analyzed specific information related to 22 ESDs located across the state, comparing tax revenues collected by the ESDs to budget data related to emergency services in nearby municipalities. While the ultimate budgets spent by ESDs in some areas may exceed tax collections due to other sources of income such as fundraising and grants, by focusing only on the taxes collected, this study measures the relative effects on taxpayers on an “apples-to-apples” basis. Any spending beyond these tax collections represents additional value added by the ESDs, and hence these results are a conservative representation of their economic benefits. The ESDs were found to be more cost effective than the municipalities in 19 of the 22 areas.

The Perryman Group utilized data from the Texas Office of the Comptroller related to tax collections by ESDs in this analysis. These total costs were then converted to a per-capita basis using population estimates. For the municipalities, publicly available budget data related to emergency services was compiled and also converted to a per-capita cost. Savings associated with services through ESDs were then compiled and the related multiplier effects were calculated. (For additional detail, see Appendix A.)

The per-capita costs for ESDs and comparison municipalities are presented in the following table.

Emergency Services Districts (ESDs) and Comparison Municipalities Per Capita Costs of Emergency Services

ESD	Per Capita Costs	Municipalities	Per Capita Costs
Jefferson County ESD #3	\$92.29	Port Neches	\$147.29
Jefferson County ESD #4	\$49.42	Nederland, Groves	\$101.70
Orange County ESD #2	\$148.13	Orange	\$231.79
Orange County ESD #1	\$174.76	Orange	\$231.79
Jasper County ESD #1	\$17.56	Jasper	\$27.69
Parker County ESD #1	\$100.65	Weatherford, Mansfield, North Richland Hills	\$218.74
Travis County ESD#2	\$108.19	Round Rock	\$205.35
Williamson County ESD #3	\$95.64	Cedar Park, Georgetown	\$244.72
Williamson County ESD #2	\$135.14	Leander	\$168.50
Harris County ESD #13	\$109.77	Jersey Village	\$302.72
Harris County ESD #48	\$94.01	Katy	\$333.01
Bexar County ESD #4	\$82.55	Converse	\$136.22
Bexar County ESD #7	\$80.20	Schertz	\$147.94
Bexar County ESD #2	\$80.44	New Braunfels	\$223.91
Denton County ESD #1	\$164.74	The Colony, Little Elm, Prosper	\$170.90
Fort Bend County ESD #4	\$109.17	Sugar Land	\$151.75
Fort Bend County ESD #2	\$96.59	Missouri City	\$125.20
Smith County ESD #2	\$45.84	Tyler	\$185.86
Harrison County ESD #3	\$110.95	Marshall	\$182.46

Note: For ESDs with multiple nearby municipalities, a weighted average of the costs for the municipalities was used for comparison purposes.

Sources: Texas Comptroller of Public Accounts, City Budgets, US Census Bureau, SAFE-D the Texas State Association of Fire and Emergency Districts, and The Perryman Group.

Because of the significant variations in size and relative cost differentials, the direct savings range from less than \$100,000 to more than \$30 million.

The statewide savings associated with the ESDs were estimated by applying a weighted average of typical per-capita cost differentials between acquiring service through ESDs to those for municipalities to the statewide population (see Appendix A for more detail). The statewide savings are estimated to generate almost **\$1.2 billion** in annual gross product and **12,081** jobs as they flow through the economy.

Results for the specific ESDs studied are presented in the following table. All results include multiplier effects. Results by industry can be found in Appendix B. Note that the results in each area reflect its unique industrial composition and resulting tax incidence.

The Estimated Annual Impact of Cost Savings Achieved by Using Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in the Relevant Local Areas and Texas

	Total Expenditures	Gross Product	Personal Income	Jobs
Jefferson County ESD #3	\$558,921	\$278,452	\$187,213	3
Jefferson County ESD #4	\$1,726,521	\$860,146	\$578,305	10
Orange County ESD #2	\$1,772,640	\$834,193	\$510,757	9
Orange County ESD #1	\$1,208,392	\$568,661	\$348,178	6
Jasper County ESD #1	\$145,354	\$71,923	\$43,285	1
Parker County ESD #1	\$19,437,113	\$9,523,698	\$5,839,170	104
Travis County ESD#2	\$29,698,613	\$15,553,971	\$9,641,065	165
Williamson County ESD #3	\$15,798,324	\$8,217,053	\$5,158,346	90
Williamson County ESD #2	\$1,868,029	\$971,603	\$609,934	11
Harris County ESD #13	\$38,773,118	\$18,447,802	\$11,344,111	189
Harris County ESD #48	\$90,053,906	\$42,846,610	\$26,347,675	440
Bexar County ESD #4	\$3,310,391	\$1,679,522	\$1,035,065	18
Bexar County ESD #7	\$9,208,250	\$4,671,791	\$2,879,158	50
Bexar County ESD #2	\$50,563,893	\$25,653,513	\$15,809,894	275
Denton County ESD #1	\$462,479	\$229,892	\$140,953	2
Fort Bend County ESD #4	\$9,944,257	\$4,622,497	\$2,848,831	50
Fort Bend County ESD #2	\$5,627,428	\$2,615,859	\$1,612,146	28
Smith County ESD #2	\$76,418,856	\$37,790,111	\$23,093,396	412
Harrison County ESD #3	\$1,026,073	\$468,915	\$288,602	5
STATEWIDE	+\$2,483,960,912	+\$1,175,701,598	+\$716,524,266	+12,081

Note: Based on The Perryman Group's estimates of savings associated with ESDs compared to other options such as outsourcing to a municipality and the related economic benefits of those savings. Impacts are on the counties where the ESDs are located. Additional explanation of methods and assumptions may be found elsewhere in this report and Appendix A. Results by industry are in Appendix B.
Source: US Multi-Regional Impact Assessment System, The Perryman Group

Conclusion

Emergency Services Districts provide a stable source of funds for fire protection and other protective services. They also provide notable

Emergency Services Districts provide a stable source of funds for fire protection and other protective services, cost savings, and economic benefits.

cost savings compared to other options such as contracting with a municipality. These savings generate significant economic benefits of an estimated **\$1.2 billion** in annual gross product and **12,081** jobs across Texas.

Without the resources provided by ESDs, many areas would be faced with inadequate protective services. In some areas, it is difficult to retain sufficient numbers of volunteers (in fact, there has been an ongoing, long-term pattern of reduction in volunteers). These trends increase the need for more formal funding structures and stable systems such as those provided by ESDs.

Appendix A: Methods Used

The US Multi-Regional Impact Assessment System (USMRIAS) measures multiplier effects of economic stimuli. The basic modeling technique employed in this study is known as dynamic input-output analysis, which essentially uses extensive survey data, industry information, and a variety of corroborative source materials to create a matrix describing the various goods and services (known as resources or inputs) required to produce one unit (a dollar's worth) of output for a given sector. Once the base information is compiled, it can be mathematically simulated to generate evaluations of the magnitude of successive rounds of activity involved in the overall production process.

There are two essential steps in conducting an input-output analysis once the system is operational. The first major endeavor is to accurately define the levels of direct activity to be evaluated. In this instance, in order to assess the potential cost savings associated with ESDs, TPG selected a sample of 23 to evaluate. One area was eliminated due to a lack of sufficient information to quantify the relative costs. These ESDs varied significantly with respect to size and geographic location. For each of the 22 usable locations, information was compiled regarding the revenues for the districts as well as the budgets for comparable services in the most adjacent cities (in instances where the district boundaries were equally distant from two communities, a weighted average was utilized). Using this information, it was possible to examine the relative costs on a per capita and aggregate basis.

For 19 of the 22 areas, some level of relative cost savings was achieved by the ESDs. Because of differences in the relative magnitude of the savings and the sizes of the areas, these direct benefits ranged from less than \$100,000 to tens of millions of dollars. The ESDs and municipalities analyzed are described in the report.

To determine the total net benefits (including multiplier effects) in each area, the savings are allocated based on property tax incidence using information obtained from the Comptroller of Public Accounts. These funds, which become available to circulate through the economy, are segmented between business and residential levies. The business portion is apportioned based on a detailed examination of the specific composition of each area examined. The residential segment reflects household spending patterns.

With respect to the state as a whole, TPG used the entire sample of 22 ESDs, including those where the municipal option was found to be more cost effective. This sample should be highly representative of overall relative performance in the state. As noted, the areas differ significantly in size and geographic distribution. Moreover, the aggregate service areas encompass approximately 1.4 million persons with services provided by municipalities and about 1.4 million served by ESDs. It should also be noted that the relative differential derived from this sample was virtually identical (about 0.1% lower) than that determined in a relatively recent analysis based on a different sample.¹

The relative net savings from this sample was then applied to the total revenue base of ESDs in Texas as determined by recent filings with the Texas Division of Emergency Management (to the extent that some areas have not provided current information, this estimate will be modestly understated). In addition to encompassing some 2.8 million persons, the sample represents about 12.7% of all ESD revenues, which is well above the levels required for valid statistical inferences.

These estimates understate the actual cost to the extent that various overhead expenses which would be incurred by ESDs are not assigned at the departmental level within the cities. It should be noted that the revenue has increased since the prior study due to factors such as changes in tax levies, additional property development, and appreciation in values.

Once direct effects were estimated, total economic impacts were quantified through simulations of the input-output system to measure overall economic effects of savings. In each case, the submodel used reflects the unique characteristics of the county in which the ESD is located.

The present study was conducted within the context of the US Multi-Regional Impact Assessment System (USMRIAS) which was developed and is maintained by The Perryman Group. This model has been used in hundreds of diverse applications across the country and has an excellent reputation for accuracy and credibility; it has also been peer reviewed on multiple occasions.

The USMRIAS is somewhat similar in format to the Input-Output Model of the United States which is maintained by the US Department of Commerce. The

¹ The Perryman Group, "The Economic Benefits of Potential Cost Savings Associated with Emergency Services Districts," July 2020.

model developed by TPG, however, incorporates several important enhancements and refinements. Specifically, the expanded system includes (1) comprehensive 500-sector coverage for any county, multi-county, or urban region; (2) calculation of both total expenditures and value-added by industry and region; (3) direct estimation of expenditures for multiple basic input choices (expenditures, output, income, or employment); (4) extensive parameter localization; (5) price adjustments for real and nominal assessments by sectors and areas; (6) measurement of the induced impacts associated with payrolls and consumer spending; (7) embedded modules to estimate multi-sectoral direct spending effects; (8) estimation of retail spending activity by consumers; and (9) comprehensive linkage and integration capabilities with a wide variety of econometric, real estate, occupational, and fiscal impact models.

The impact assessment (input-output) process essentially estimates the amounts of all types of goods and services required to produce one unit (a dollar's worth) of a specific type of output. For purposes of illustrating the nature of the system, it is useful to think of inputs and outputs in dollar (rather than physical) terms. As an example, the construction of a new building will require specific dollar amounts of lumber, glass, concrete, hand tools, architectural services, interior design services, paint, plumbing, and numerous other elements. Each of these suppliers must, in turn, purchase additional dollar amounts of inputs. This process continues through multiple rounds of production, thus generating subsequent increments to business activity. The initial process of building the facility is known as the direct effect. The ensuing transactions in the output chain constitute the indirect effect.

Another pattern that arises in response to any direct economic activity comes from the payroll dollars received by employees at each stage of the production cycle. As workers are compensated, they use some of their income for taxes, savings, and purchases from external markets. A substantial portion, however, is spent locally on food, clothing, health care services, utilities, housing, recreation, and other items. Typical purchasing patterns in the relevant areas are obtained from the Center for Community and Economic Research Cost of Living Index, a privately compiled inter-regional measure which has been widely used for several decades, and the Consumer Expenditure Survey of the US Department of Labor. These initial outlays by area residents generate further secondary activity as local providers acquire inputs to meet this consumer demand. These consumer spending impacts are known as the

induced effect. The USMRIAS is designed to provide realistic, yet conservative, estimates of these phenomena.

Sources for information used in this process include the Bureau of the Census, the Bureau of Labor Statistics, the Regional Economic Information System of the US Department of Commerce, and other public and private sources. The pricing data are compiled from the US Department of Labor and the US Department of Commerce. The verification and testing procedures make use of extensive public and private sources.

Impacts were measured in constant 2022 dollars to eliminate the effects of inflation.

The USMRIAS generates estimates of the effect on several measures of business activity. The most comprehensive measure of economic activity used in this study is Total Expenditures. This measure incorporates every dollar that changes hands in any transaction. For example, suppose a farmer sells wheat to a miller for \$0.50; the miller then sells flour to a baker for \$0.75; the baker, in turn, sells bread to a customer for \$1.25. The Total Expenditures recorded in this instance would be \$2.50, that is, $\$0.50 + \$0.75 + \$1.25$. This measure is quite broad but is useful in that (1) it reflects the overall interplay of all industries in the economy, and (2) some key fiscal variables such as sales taxes are linked to aggregate spending.

A second measure of business activity frequently employed in this analysis is that of Gross Product. This indicator represents the regional equivalent of Gross Domestic Product, the most commonly reported statistic regarding national economic performance. In other words, the Gross Product of Texas is the amount of US output that is produced in that state; it is defined as the value of all final goods produced in a given region for a specific period of time. Stated differently, it captures the amount of value-added (gross area product) over intermediate goods and services at each stage of the production process, that is, it eliminates the double counting in the Total Expenditures concept. Using the example above, the Gross Product is \$1.25 (the value of the bread) rather than \$2.50. Alternatively, it may be viewed as the sum of the value-added by the farmer, \$0.50; the miller, \$0.25 ($\$0.75 - \0.50); and the baker, \$0.50 ($\$1.25 - \0.75). The total value-added is, therefore, \$1.25, which is equivalent to the final value of the bread. In many industries, the primary component of value-added is the wage and salary payments to employees.

The third gauge of economic activity used in this evaluation is Personal Income. As the name implies, Personal Income is simply the income received by individuals, whether in the form of wages, salaries, interest, dividends, proprietors' profits, or other sources. It may thus be viewed as the segment of overall impacts which flows directly to the citizenry.

The final aggregates used are Jobs and Job-Years, which reflect the full-time equivalent jobs generated by an activity. For an economic stimulus expected to endure (such as the ongoing operations of a facility), the Jobs measure is used. It should be noted that, unlike the dollar values described above, Jobs is a "stock" rather than a "flow." In other words, if an area produces \$1 million in output in 2018 and \$1 million in 2019, it is appropriate to say that \$2 million was achieved in the 2018-19 period. If the same area has 100 people working in 2018 and 100 in 2019, it only has 100 Jobs. When a flow of jobs is measured, such as in a construction project or a cumulative assessment over multiple years, it is appropriate to measure employment in Job-Years (a person working for a year, though it could be multiple people working for partial years). This concept is distinct from Jobs, which anticipates that the relevant positions will be maintained on a continuing basis.

Appendix B: Detailed Results

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Jefferson County ESD #3

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$5,111	+\$1,589	+\$1,001	+0
Mining	+\$699	+\$156	+\$74	+0
Utilities	+\$31,522	+\$7,083	+\$3,091	+0
Construction	+\$107,585	+\$49,745	+\$40,993	+0
Manufacturing	+\$57,684	+\$16,569	+\$9,905	+0
Wholesale Trade	+\$12,287	+\$8,316	+\$4,795	+0
Retail Trade*	+\$131,502	+\$99,214	+\$57,777	+2
Transportation & Warehousing	+\$16,766	+\$11,298	+\$7,472	+0
Information	+\$10,944	+\$6,778	+\$2,894	+0
Financial Activities*	+\$73,779	+\$11,066	+\$4,749	+0
Business Services	+\$36,997	+\$23,097	+\$18,841	+0
Health Services	+\$27,205	+\$19,190	+\$16,225	+0
Other Services	+\$46,841	+\$24,350	+\$19,396	+0
Total, All Industries	+\$558,921	+\$278,452	+\$187,213	+3

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Jefferson County ESD #4

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$15,787	+\$4,908	+\$3,091	+0
Mining	+\$2,159	+\$483	+\$228	+0
Utilities	+\$97,371	+\$21,880	+\$9,548	+0
Construction	+\$332,332	+\$153,664	+\$126,629	+2
Manufacturing	+\$178,187	+\$51,182	+\$30,597	+0
Wholesale Trade	+\$37,953	+\$25,688	+\$14,812	+0
Retail Trade*	+\$406,214	+\$306,474	+\$178,474	+5
Transportation & Warehousing	+\$51,790	+\$34,900	+\$23,082	+0
Information	+\$33,808	+\$20,938	+\$8,939	+0
Financial Activities*	+\$227,904	+\$34,183	+\$14,669	+0
Business Services	+\$114,286	+\$71,348	+\$58,202	+1
Health Services	+\$84,036	+\$59,278	+\$50,120	+1
Other Services	+\$144,693	+\$75,218	+\$59,915	+1
Total, All Industries	+\$1,726,521	+\$860,146	+\$578,305	+10

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Orange County ESD #1

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$6,254	+\$2,150	+\$1,277	+0
Mining	+\$12,725	+\$3,111	+\$1,561	+0
Utilities	+\$107,886	+\$24,172	+\$10,548	+0
Construction	+\$44,806	+\$22,874	+\$18,850	+0
Manufacturing	+\$265,331	+\$84,062	+\$44,452	+0
Wholesale Trade	+\$20,884	+\$14,131	+\$8,148	+0
Retail Trade*	+\$298,412	+\$225,320	+\$131,249	+3
Transportation & Warehousing	+\$46,875	+\$30,683	+\$20,293	+0
Information	+\$19,001	+\$11,789	+\$5,033	+0
Financial Activities*	+\$184,000	+\$32,119	+\$10,083	+0
Business Services	+\$38,376	+\$22,524	+\$18,374	+0
Health Services	+\$55,838	+\$39,491	+\$33,390	+0
Other Services	+\$108,003	+\$56,235	+\$44,921	+1
Total, All Industries	+\$1,208,392	+\$568,661	+\$348,178	+6

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Orange County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$9,175	+\$3,154	+\$1,874	+0
Mining	+\$18,667	+\$4,564	+\$2,290	+0
Utilities	+\$158,262	+\$35,460	+\$15,474	+0
Construction	+\$65,728	+\$33,556	+\$27,652	+0
Manufacturing	+\$389,226	+\$123,314	+\$65,208	+1
Wholesale Trade	+\$30,636	+\$20,729	+\$11,953	+0
Retail Trade*	+\$437,753	+\$330,532	+\$192,535	+5
Transportation & Warehousing	+\$68,763	+\$45,010	+\$29,768	+0
Information	+\$27,874	+\$17,294	+\$7,383	+0
Financial Activities*	+\$269,918	+\$47,117	+\$14,791	+0
Business Services	+\$56,295	+\$33,041	+\$26,953	+0
Health Services	+\$81,911	+\$57,930	+\$48,981	+1
Other Services	+\$158,434	+\$82,493	+\$65,897	+1
Total, All Industries	+\$1,772,640	+\$834,193	+\$510,757	+9

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Jasper County ESD #1

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$1,485	+\$453	+\$323	+0
Mining	+\$2,340	+\$517	+\$240	+0
Utilities	+\$14,161	+\$3,171	+\$1,384	+0
Construction	+\$5,310	+\$2,701	+\$2,225	+0
Manufacturing	+\$14,585	+\$6,144	+\$3,173	+0
Wholesale Trade	+\$2,739	+\$1,853	+\$1,069	+0
Retail Trade*	+\$38,201	+\$28,840	+\$16,798	+0
Transportation & Warehousing	+\$4,791	+\$3,200	+\$2,116	+0
Information	+\$2,621	+\$1,624	+\$693	+0
Financial Activities*	+\$31,891	+\$7,345	+\$2,111	+0
Business Services	+\$4,403	+\$2,582	+\$2,106	+0
Health Services	+\$8,700	+\$6,119	+\$5,174	+0
Other Services	+\$14,127	+\$7,374	+\$5,872	+0
Total, All Industries	+\$145,354	+\$71,923	+\$43,285	+1

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Parker County ESD #1

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$421,781	+\$111,232	+\$75,689	+1
Mining	+\$438,680	+\$115,968	+\$63,400	+0
Utilities	+\$1,095,845	+\$246,448	+\$107,543	+0
Construction	+\$856,670	+\$426,095	+\$351,129	+4
Manufacturing	+\$2,054,294	+\$744,383	+\$449,674	+6
Wholesale Trade	+\$546,197	+\$369,572	+\$213,099	+2
Retail Trade*	+\$4,838,049	+\$3,649,888	+\$2,125,490	+56
Transportation & Warehousing	+\$714,257	+\$469,140	+\$310,273	+4
Information	+\$291,190	+\$180,701	+\$77,147	+1
Financial Activities*	+\$4,645,932	+\$1,140,618	+\$379,099	+3
Business Services	+\$814,206	+\$495,527	+\$404,223	+4
Health Services	+\$861,974	+\$607,390	+\$513,554	+7
Other Services	+\$1,858,037	+\$966,735	+\$768,850	+15
Total, All Industries	+\$19,437,113	+\$9,523,698	+\$5,839,170	+104

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Travis County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$205,744	+\$56,427	+\$38,059	+1
Mining	+\$123,695	+\$29,733	+\$14,464	+0
Utilities	+\$1,094,855	+\$245,974	+\$107,336	+0
Construction	+\$971,726	+\$489,148	+\$403,088	+5
Manufacturing	+\$2,505,370	+\$1,068,906	+\$662,078	+7
Wholesale Trade	+\$1,635,989	+\$1,106,941	+\$638,272	+6
Retail Trade*	+\$7,287,334	+\$5,456,287	+\$3,170,198	+85
Transportation & Warehousing	+\$521,396	+\$356,353	+\$235,679	+3
Information	+\$1,188,144	+\$734,687	+\$313,661	+2
Financial Activities*	+\$7,301,845	+\$1,897,775	+\$713,655	+6
Business Services	+\$2,303,669	+\$1,475,196	+\$1,203,382	+13
Health Services	+\$1,556,101	+\$1,093,194	+\$924,306	+13
Other Services	+\$3,002,745	+\$1,543,350	+\$1,216,886	+23
Total, All Industries	+\$29,698,613	+\$15,553,971	+\$9,641,065	+165

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Williamson County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$25,820	+\$7,068	+\$4,803	+0
Mining	+\$7,280	+\$2,676	+\$1,724	+0
Utilities	+\$83,022	+\$18,674	+\$8,149	+0
Construction	+\$95,711	+\$47,619	+\$39,241	+0
Manufacturing	+\$227,022	+\$98,421	+\$59,698	+1
Wholesale Trade	+\$118,684	+\$80,305	+\$46,304	+0
Retail Trade*	+\$494,096	+\$372,670	+\$217,006	+6
Transportation & Warehousing	+\$28,247	+\$18,658	+\$12,340	+0
Information	+\$34,293	+\$21,285	+\$9,087	+0
Financial Activities*	+\$367,061	+\$76,211	+\$25,621	+0
Business Services	+\$98,099	+\$61,057	+\$49,806	+1
Health Services	+\$94,816	+\$66,691	+\$56,388	+1
Other Services	+\$193,879	+\$100,269	+\$79,767	+1
Total, All Industries	+\$1,868,029	+\$971,603	+\$609,934	+11

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Williamson County ESD #3

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$218,368	+\$59,774	+\$40,619	+1
Mining	+\$61,565	+\$22,635	+\$14,578	+0
Utilities	+\$702,133	+\$157,926	+\$68,915	+0
Construction	+\$809,446	+\$402,726	+\$331,871	+4
Manufacturing	+\$1,919,970	+\$832,368	+\$504,878	+5
Wholesale Trade	+\$1,003,733	+\$679,155	+\$391,607	+4
Retail Trade*	+\$4,178,679	+\$3,151,748	+\$1,835,267	+48
Transportation & Warehousing	+\$238,889	+\$157,797	+\$104,361	+1
Information	+\$290,023	+\$180,009	+\$76,852	+1
Financial Activities*	+\$3,104,313	+\$644,532	+\$216,681	+2
Business Services	+\$829,646	+\$516,368	+\$421,224	+4
Health Services	+\$801,883	+\$564,018	+\$476,882	+7
Other Services	+\$1,639,676	+\$847,997	+\$674,611	+12
Total, All Industries	+\$15,798,324	+\$8,217,053	+\$5,158,346	+90

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Harris County ESD #13

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$190,238	+\$54,383	+\$35,949	+0
Mining	+\$1,227,572	+\$274,698	+\$134,569	+1
Utilities	+\$2,789,353	+\$625,695	+\$273,037	+1
Construction	+\$1,315,999	+\$665,472	+\$548,390	+7
Manufacturing	+\$5,178,774	+\$1,475,711	+\$843,906	+10
Wholesale Trade	+\$1,773,407	+\$1,199,948	+\$691,901	+7
Retail Trade*	+\$8,129,540	+\$6,122,791	+\$3,563,780	+94
Transportation & Warehousing	+\$1,560,255	+\$968,917	+\$640,807	+8
Information	+\$927,168	+\$573,086	+\$244,669	+2
Financial Activities*	+\$8,226,056	+\$2,025,705	+\$732,071	+6
Business Services	+\$2,338,152	+\$1,462,952	+\$1,193,394	+13
Health Services	+\$1,824,612	+\$1,281,323	+\$1,083,370	+16
Other Services	+\$3,291,993	+\$1,717,122	+\$1,358,270	+26
Total, All Industries	+\$38,773,118	+\$18,447,802	+\$11,344,111	+189

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Harris County ESD #48

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$441,843	+\$126,310	+\$83,494	+1
Mining	+\$2,851,142	+\$638,009	+\$312,548	+1
Utilities	+\$6,478,512	+\$1,453,231	+\$634,151	+2
Construction	+\$3,056,522	+\$1,545,616	+\$1,273,684	+16
Manufacturing	+\$12,028,148	+\$3,427,465	+\$1,960,043	+23
Wholesale Trade	+\$4,118,891	+\$2,786,983	+\$1,606,999	+16
Retail Trade*	+\$18,881,556	+\$14,220,710	+\$8,277,187	+219
Transportation & Warehousing	+\$3,623,827	+\$2,250,392	+\$1,488,329	+18
Information	+\$2,153,427	+\$1,331,043	+\$568,265	+4
Financial Activities*	+\$19,105,723	+\$4,704,875	+\$1,700,297	+15
Business Services	+\$5,430,559	+\$3,397,831	+\$2,771,759	+29
Health Services	+\$4,237,818	+\$2,975,983	+\$2,516,221	+36
Other Services	+\$7,645,937	+\$3,988,163	+\$3,154,698	+60
Total, All Industries	+\$90,053,906	+\$42,846,610	+\$26,347,675	+440

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Bexar County ESD #4

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$32,742	+\$8,917	+\$5,970	+0
Mining	+\$23,372	+\$5,510	+\$2,669	+0
Utilities	+\$222,459	+\$50,074	+\$21,851	+0
Construction	+\$120,085	+\$60,429	+\$49,797	+1
Manufacturing	+\$348,369	+\$119,515	+\$68,557	+1
Wholesale Trade	+\$98,231	+\$66,464	+\$38,324	+0
Retail Trade*	+\$784,666	+\$590,272	+\$343,448	+9
Transportation & Warehousing	+\$113,214	+\$73,634	+\$48,699	+1
Information	+\$114,828	+\$70,918	+\$30,277	+0
Financial Activities*	+\$769,581	+\$226,129	+\$92,913	+1
Business Services	+\$185,552	+\$115,115	+\$93,904	+1
Health Services	+\$184,302	+\$129,246	+\$109,278	+2
Other Services	+\$312,988	+\$163,299	+\$129,377	+3
Total, All Industries	+\$3,310,391	+\$1,679,522	+\$1,035,065	+18

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Bexar County ESD #7

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$91,077	+\$24,804	+\$16,607	+0
Mining	+\$65,012	+\$15,327	+\$7,424	+0
Utilities	+\$618,797	+\$139,287	+\$60,781	+0
Construction	+\$334,032	+\$168,090	+\$138,516	+2
Manufacturing	+\$969,030	+\$332,444	+\$190,699	+3
Wholesale Trade	+\$273,242	+\$184,878	+\$106,603	+1
Retail Trade*	+\$2,182,643	+\$1,641,913	+\$955,342	+25
Transportation & Warehousing	+\$314,919	+\$204,823	+\$135,463	+2
Information	+\$319,409	+\$197,266	+\$84,219	+1
Financial Activities*	+\$2,140,681	+\$629,006	+\$258,449	+2
Business Services	+\$516,136	+\$320,206	+\$261,206	+3
Health Services	+\$512,657	+\$359,512	+\$303,971	+4
Other Services	+\$870,614	+\$454,235	+\$359,879	+7
Total, All Industries	+\$9,208,250	+\$4,671,791	+\$2,879,158	+50

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Bexar County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$500,115	+\$136,201	+\$91,190	+1
Mining	+\$356,991	+\$84,163	+\$40,769	+0
Utilities	+\$3,397,906	+\$764,847	+\$333,759	+1
Construction	+\$1,834,221	+\$923,005	+\$760,614	+9
Manufacturing	+\$5,321,093	+\$1,825,501	+\$1,047,157	+15
Wholesale Trade	+\$1,500,413	+\$1,015,195	+\$585,371	+6
Retail Trade*	+\$11,985,224	+\$9,015,994	+\$5,245,925	+139
Transportation & Warehousing	+\$1,729,266	+\$1,124,714	+\$743,846	+9
Information	+\$1,753,924	+\$1,083,218	+\$462,461	+4
Financial Activities*	+\$11,754,806	+\$3,453,965	+\$1,419,183	+13
Business Services	+\$2,834,179	+\$1,758,299	+\$1,434,322	+15
Health Services	+\$2,815,079	+\$1,974,137	+\$1,669,151	+24
Other Services	+\$4,780,676	+\$2,494,272	+\$1,976,148	+39
Total, All Industries	+\$50,563,893	+\$25,653,513	+\$15,809,894	+275

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Denton County ESD #1

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$8,998	+\$2,447	+\$1,663	+0
Mining	+\$1,963	+\$453	+\$221	+0
Utilities	+\$24,954	+\$5,614	+\$2,450	+0
Construction	+\$18,539	+\$9,261	+\$7,632	+0
Manufacturing	+\$59,208	+\$20,615	+\$11,940	+0
Wholesale Trade	+\$22,748	+\$15,392	+\$8,875	+0
Retail Trade*	+\$109,454	+\$82,406	+\$47,960	+1
Transportation & Warehousing	+\$11,532	+\$7,581	+\$5,014	+0
Information	+\$15,111	+\$9,336	+\$3,986	+0
Financial Activities*	+\$98,715	+\$22,672	+\$7,142	+0
Business Services	+\$24,183	+\$15,056	+\$12,282	+0
Health Services	+\$24,180	+\$16,997	+\$14,371	+0
Other Services	+\$42,894	+\$22,060	+\$17,416	+0
Total, All Industries	+\$462,479	+\$229,892	+\$140,953	+2

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Fort Bend County ESD #4

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$199,879	+\$54,779	+\$36,748	+1
Mining	+\$341,939	+\$76,579	+\$35,811	+0
Utilities	+\$683,519	+\$153,205	+\$66,854	+0
Construction	+\$388,501	+\$195,288	+\$160,930	+2
Manufacturing	+\$1,624,153	+\$450,359	+\$255,578	+3
Wholesale Trade	+\$311,099	+\$210,494	+\$121,373	+1
Retail Trade*	+\$2,295,403	+\$1,731,087	+\$1,007,988	+27
Transportation & Warehousing	+\$159,173	+\$106,847	+\$70,665	+1
Information	+\$206,302	+\$127,576	+\$54,466	+0
Financial Activities*	+\$1,911,605	+\$437,387	+\$158,311	+1
Business Services	+\$497,835	+\$308,165	+\$251,383	+3
Health Services	+\$443,199	+\$312,084	+\$263,870	+4
Other Services	+\$881,650	+\$458,647	+\$364,854	+7
Total, All Industries	+\$9,944,257	+\$4,622,497	+\$2,848,831	+50

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Fort Bend County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$113,111	+\$30,999	+\$20,795	+0
Mining	+\$193,502	+\$43,336	+\$20,266	+0
Utilities	+\$386,802	+\$86,698	+\$37,833	+0
Construction	+\$219,852	+\$110,513	+\$91,070	+1
Manufacturing	+\$919,104	+\$254,857	+\$144,631	+2
Wholesale Trade	+\$176,050	+\$119,118	+\$68,684	+1
Retail Trade*	+\$1,298,963	+\$979,617	+\$570,418	+15
Transportation & Warehousing	+\$90,076	+\$60,465	+\$39,989	+0
Information	+\$116,746	+\$72,195	+\$30,822	+0
Financial Activities*	+\$1,081,772	+\$247,516	+\$89,588	+1
Business Services	+\$281,723	+\$174,390	+\$142,257	+2
Health Services	+\$250,805	+\$176,607	+\$149,323	+2
Other Services	+\$498,923	+\$259,547	+\$206,470	+4
Total, All Industries	+\$5,627,428	+\$2,615,859	+\$1,612,146	+28

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Smith County ESD #2

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$1,763,166	+\$463,978	+\$314,898	+4
Mining	+\$2,219,761	+\$493,953	+\$240,643	+1
Utilities	+\$3,006,759	+\$675,719	+\$294,866	+1
Construction	+\$2,204,263	+\$1,102,853	+\$908,820	+11
Manufacturing	+\$8,345,279	+\$2,725,573	+\$1,562,538	+22
Wholesale Trade	+\$2,210,508	+\$1,495,643	+\$862,401	+8
Retail Trade*	+\$18,968,718	+\$14,324,995	+\$8,344,652	+220
Transportation & Warehousing	+\$1,774,074	+\$1,189,382	+\$786,615	+9
Information	+\$2,464,613	+\$1,519,732	+\$648,822	+5
Financial Activities*	+\$18,235,472	+\$4,689,329	+\$1,653,158	+15
Business Services	+\$3,091,000	+\$1,892,849	+\$1,544,079	+16
Health Services	+\$5,129,822	+\$3,561,960	+\$3,011,671	+43
Other Services	+\$7,005,422	+\$3,654,146	+\$2,920,234	+57
Total, All Industries	+\$76,418,856	+\$37,790,111	+\$23,093,396	+412

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity Harrison County ESD #3

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$37,613	+\$14,660	+\$6,744	+0
Mining	+\$53,603	+\$15,887	+\$10,038	+0
Utilities	+\$90,097	+\$20,150	+\$8,793	+0
Construction	+\$34,001	+\$17,457	+\$14,386	+0
Manufacturing	+\$197,699	+\$59,683	+\$33,760	+0
Wholesale Trade	+\$16,919	+\$11,449	+\$6,602	+0
Retail Trade*	+\$230,824	+\$175,027	+\$102,081	+3
Transportation & Warehousing	+\$31,173	+\$20,918	+\$13,835	+0
Information	+\$16,379	+\$10,162	+\$4,339	+0
Financial Activities*	+\$159,164	+\$31,112	+\$12,384	+0
Business Services	+\$24,029	+\$13,641	+\$11,128	+0
Health Services	+\$46,972	+\$33,174	+\$28,049	+0
Other Services	+\$87,600	+\$45,594	+\$36,465	+1
Total, All Industries	+\$1,026,073	+\$468,915	+\$288,602	+5

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Aggregate Net Estimated Impact of the Cost Savings Attained by Emergency Services Districts (ESDs) Relative to Nearby Municipalities for Fire Protection and Associated Services on Business Activity in Texas

Results by Industry

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$47,185,302	+\$13,505,942	+\$8,868,615	+120
Mining	+\$89,554,075	+\$20,528,831	+\$10,620,864	+51
Utilities	+\$162,704,826	+\$36,497,307	+\$15,926,452	+59
Construction	+\$78,456,988	+\$39,698,801	+\$32,714,284	+398
Manufacturing	+\$386,828,307	+\$120,502,088	+\$67,870,210	+858
Wholesale Trade	+\$94,449,236	+\$63,905,485	+\$36,848,470	+363
Retail Trade*	+\$517,201,212	+\$389,767,014	+\$226,905,784	+5,991
Transportation & Warehousing	+\$80,675,190	+\$53,260,524	+\$35,224,607	+416
Information	+\$69,500,160	+\$42,920,775	+\$18,324,261	+142
Financial Activities*	+\$514,398,598	+\$130,489,188	+\$47,326,120	+420
Business Services	+\$129,133,101	+\$80,363,767	+\$65,556,242	+692
Health Services	+\$114,763,642	+\$80,594,712	+\$68,143,580	+976
Other Services	+\$199,110,273	+\$103,667,163	+\$82,194,776	+1,594
Total, All Industries	+\$2,483,960,912	+\$1,175,701,598	+\$716,524,266	+12,081

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in 2022 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

RESOLUTION ADOPTING INVESTMENT POLICY

Travis County Emergency Services District No. 17

This Resolution Adopting Investment Policy is made the 14TH day of September, 2021, in an open meeting of the Board of Commissioners of Travis County Emergency Services District No. 17 ("ESD 17"), and as to same, the ESD 17 Board of Commissioners makes the following findings and enters the following Resolutions:

WHEREAS, the ESD 17 Board of Commissioners intends to review and adopt an ESD 17 Investment Policy as required by and pursuant to Chapter 2256 of the Texas Government Code ("Government Code"); and

WHEREAS, such applicable provisions of the Government Code sets out requirements and standards for ESD 17 to adopt an Investment Policy and designate an Investment Officer and other investment officials to supervise and manage such Investment Policy and ESD 17 investments; and

WHEREAS, the Board of Commissioners of ESD 17 has been presented for review a proposed Investment Policy,

NOW, THEREFORE, BE IT RESOLVED,

Section 1. Travis County Emergency Services District No. 17 hereby adopts the Investment Policy attached to this Resolution.

Section 2. Travis County Emergency Services District No. 17 hereby approves the investment strategies contained in said Investment Policy.

Section 3. Travis County Emergency Services District No. 17 hereby approves the Suitable and Authorized Investments contained in said Investment Policy.

Section 4. Travis County Emergency Services District No. 17 hereby designates the ESD 17 Board Treasurer (Mitchell Jones) as the Investment Officer, and to serve as head of the Finance Committee, and designates the Budget Administrator (Jessica Frazier) as the second member of the Finance Committee.

Section 5. The above members of the Finance Committee are hereby authorized to take all reasonable and necessary steps to comply with the intent of this Resolution and to ensure ESD 17 complies with the scope and strategies set forth in the Investment Policy.

Section 6. This Resolution shall become effective immediately upon its adoption by the ESD 17 Board of Commissioners.

Passed and Approved this 14th day of September, 2021.

TRAVIS COUNTY EMERGENCY
SERVICES DISTRICT NO. 17

By: _____

Mike Howe, President

Date: _____

Attest:

By: _____

Vicky Linsalata, Secretary

INVESTMENT POLICY

It is the policy of Travis County Emergency Services District No. 17 ("TCESD 17") to actively invest funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of TCESD 17 and conforming to all state and local statutes governing the investment of public funds.

I. Scope: This policy applies to all financial assets and investment activities of all current funds of TCESD 17 and any new funds in the future, unless specifically excluded hereafter, and will be administered in accordance with the objectives and restrictions set forth in this investment policy. These funds are accounted for in TCESD 17 Annual Financial Report and are divided as follows:

A. Funds Included:

1) Governmental Funds; 2) Proprietary Funds;

B. Funds Excluded: This policy shall not govern funds which are managed under separate investment programs. Such funds currently include: 1) funds established by TCESD 17 for deferred employee compensation plans; 2) TCESD 17 participation in any applicable Retirement System; 3) defeased bonds held in trust escrow accounts;

C. Pooling of Funds: Except for cash in certain restricted and special funds, TCESD 17 will combine cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. In addition, all the bond funds proceeds (to include capital projects, debt service and reserve funds) will be managed by the governing debt resolution and the provisions of the Internal Revenue Code of 1986 applicable to the issuance of tax exempt obligations and the investment of debt proceeds.

II. General Objectives: The primary objectives, in priority order, of investment activities shall be (a) preservation and safety of principal, (b) liquidity, and (c) yield:

A. Safety: The foremost and primary objective of TCESD 17 investment program is the preservation and safety of principal in the overall portfolio. Each investment transaction will seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value.

The objectives will be to mitigate credit risk and interest rate risk.

1) Credit Risk: TCESD 17 will minimize credit risk, the risk of loss due to default of a security issuer or backer, by:

- limiting investments to the safest types of securities;
- pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which TCESD 17 will do business; and

- diversifying the investment portfolio so that potential losses on individual securities will be minimized.

- Monitoring rating changes in investments acquired and held through communication with broker dealers, rating agencies, media research and TCESD 17 investment pricing vendor. Should an issuer experience a downgrade of its credit by a nationally recognized credit rating agency, the Budget Administrator and/or the Treasurer with the approval of the Finance Committee may approve the holding of the investment to maturity or until it is beneficial for TCESD 17 to redeem the security.

2) Interest Rate Risk: TCESD 17 will minimize the interest rate risk, related to the decline in market value of securities in the portfolio, due to changes in general interest rates, by:

- structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity;

- monitoring credit rating of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act (Chapter 2256, Government Code); and

- investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

B. Liquidity: The TCESD 17 investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Liquidity will be achieved by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

A portion of the portfolio also may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short term funds.

C. Yield: The TCESD 17 investment portfolio shall be designed with the objective of attaining or exceeding a market rate of return compared to a benchmark of a rolling average of treasuries with comparable maturities to the total weighted average maturity of the portfolio throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions: 1) A security with declining credit may be sold early to minimize loss of principal. 2) A security swap would improve the quality, yield, or target duration in the portfolio. 3) Liquidity needs of the

portfolio require that the security be sold. 4) If market conditions present an opportunity for TCESD 17 to benefit from the sale.

Funds held for future capital projects will be invested in securities that can reasonably be expected to produce enough income to offset inflationary construction cost increases. However, such funds will never be unduly exposed to market price risks that will jeopardize the assets available to accomplish their stated objective, or be invested in a manner inconsistent with applicable federal and state regulations.

Yields on debt proceeds that are not exempt from federal arbitrage regulations are limited to the arbitrage yield of the debt obligation. Investment officials will seek to preserve principal and maximize the yield of these funds in the same manner as all other TCESD 17 funds. However, it is understood that if the yield achieved by TCESD 17 is higher than the arbitrage yield, positive arbitrage income will be averaged over a five year period and netted against any negative arbitrage income and the positive net arbitrage amount shall be rebated to the federal government as required by current federal regulations.

D. Risk of Loss: All participants in the investment process will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transactions that might impair public confidence in TCESD 17's ability to govern effectively. The governing body recognizes that in a diversified portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that the adequate diversification has been implemented and the terms of this policy have been followed.

III. Standards of Care: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

A. Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio of funds. Investment officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to TCESD 17 Treasurer, Finance Committee and TCESD 17 Board of Commissioners and appropriate action is taken in accordance with the terms of this policy.

B. Ethics and Conflicts of Interest: Investment officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Investment officials shall disclose in writing to TCESD 17 Secretary's office of any material interests they hold in financial institutions with which they conduct business on behalf of TCESD 17. They shall further disclose any personal financial/investment positions that could be related to the performance of the

investment portfolio and shall refrain from undertaking personal investment transactions with any individual with whom business is conducted on behalf of TCESD 17. Written Disclosure shall be made immediately upon discovery of the potential conflict.

C. Delegation of Authority: Oversight management responsibility for the investment program has been delegated to the TCESD 17 Treasurer, or his designee serving as TCESD 17 Budget Administrator, to establish written procedures and controls for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for the daily cash management operation, the execution of investment transactions, overall portfolio management, and investment reporting. TCESD 17 Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to safekeeping, Public Securities Association (PSA) repurchase agreements, wire transfers agreements, banking service contracts and collateral/depository agreements.

D. Subordinates: All persons involved in investment activities shall be referred to as "Investment Officials". No person shall engage in an investment transaction except as provided under the terms of this policy, the procedures established by the TCESD 17 Treasurer or, if applicable, the Budget Administrator, to withdraw, transfer, deposit and invest TCESD 17 funds. TCESD 17 Board of Commissioners, by resolution, has authorized TCESD 17 Treasurer to appoint these individuals. The TCESD 17 Treasurer or, if applicable, the Budget Administrator, shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of all Investment Officials.

IV. Safekeeping and Custody:

A. Authorized Financial Dealers and Institutions: The TCESD 17 Treasurer will maintain an approved list of financial institutions and security broker/dealers selected by creditworthiness who are authorized to provide investment services to TCESD 17. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by Texas laws.

The TCESD 17 Treasurer may select at least two primary and two regional broker/dealers from the approved list to conduct most daily TCESD 17 investment business. These firms will be selected based on the firm's competitiveness, participation in agency selling groups, capital, years of operation and the experience and background of the individuals handling the account. These firms will be reviewed quarterly by TCESD 17 Treasurer and changed as appropriate. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: 1) Audited financial statements; 2) Proof of National Association of Securities Dealers (NASD) certification; 3) Proof registration with the State of Texas Securities Board; 4) Completed broker/dealer questionnaire; and 5) Texas Public Funds Investment Act acknowledgements from a business organization "qualified representative" of the financial

institution or broker/dealer firm. All sales representatives on TCESD 17 accounts should certify that they have received, read, understood and agree to comply with TCESD 17 Investment Policy. The qualified representative should execute a written document acceptable to TCESD 17. A list of approved financial institutions and broker/dealer firms shall be maintained as part of this Investment Policy. This approved list will be reviewed quarterly by TCESD 17 Treasurer and any additions and deletions will be made as needed at that time. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Investment Officials. A current financial statement is required to be on file for each financial institution and broker/dealer in which TCESD 17 invests its funds. Investments shall only be made with those firms and institutions that have: 1) provided all information required above; 2) acknowledged receipt and understanding of TCESD 17 Investment Policy in writing; 3) executed by a principal of the business organization containing written Public Fund Investment Act acknowledgements; and 4) met the qualifications and standards established by TCESD 17 Finance Committee and set forth in this policy.

B. Depository Selection: Depositories may be selected through a banking services procurement process, which shall include a formal request for proposal (RFP) issued not less than every five years with a typical contract being for two years with an option to extend the contract for an additional three years. In selecting depositories, the creditworthiness of institutions shall be considered, and TCESD 17 Treasurer shall conduct a comprehensive review of prospective depositories, credit characteristics and financial history. No public deposit shall be made except in a qualified depository as established by state depository laws. The depository bank bid will not include bids for investment rates on certificates of deposit. Certificates of deposit rates will be bid competitively between financial institutions in accordance with the manner in which all other types of securities are purchased.

C. Insurability: Banks and Credit Unions seeking to establish eligibility for TCESD 17 competitive certificate of deposit purchase program shall submit financial statements, evidence of federal insurance, and other information as required by the Investment Officials and TCESD 17.

D. Collateralization of TCESD 17 Deposits: Collateralization shall be required on depository bank deposits, certificates of deposit, repurchase (reverse) agreements, and securities identified and in accordance with TCESD 17 Investment Policy, and the "Public Funds Investment Act", "Public Funds Collateral Act" and other applicable Texas depository laws. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will not be less than 110% of market value of principal and accrued interest less an amount of \$250,000, which represents insurance by the FDIC on certain types of bank deposits. Evidence of the pledged collateral shall be documented by a safekeeping agreement or a master repurchase agreement with the collateral pledged clearly listed in the agreement and safekeeping confirmations. The master repurchase agreement must be executed and in place prior to the investment of funds.

Collateral shall be monitored daily to ensure that the market value of the securities pledged equals or exceeds the related deposit or investment balance.

TCESD 17 shall accept only the following securities as collateral for cash deposits, certificates of deposit, and repurchase agreements: 1) FDIC insurance coverage. 2) General obligations of the United States of America backed by its full faith and credit, (as defined by PFIA and this investment policy). 3) Fixed rate collateralized mortgage obligations, the principal and interest on which are unconditionally guaranteed by the United States of America or their respective agencies and instrumentalities and does not constitute a high-risk mortgage security as established by Chapter 2257 Collateral for Public Funds. 4) Obligations of states, agencies thereof, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of no less than A or its equivalent. 5) Other securities specifically authorized by the Finance Committee and this Investment Policy. TCESD 17 shall not accept, as depository collateral, any security that is not specifically allowed to be held as a direct investment by TCESD 17 portfolio and if the securities are Collateralized Mortgage Obligations the maximum maturity of the collateral securities may be no greater than ten years. Collateral will always be held by an independent third party with whom TCESD 17 has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to TCESD 17 and retained. The safekeeping agreement must clearly define the responsibility of the safekeeping bank. The safekeeping institution shall be the Federal Reserve Bank or a branch of a Federal Reserve Bank. The safekeeping agreement shall include the authorized signatories of TCESD 17 and the firm pledging collateral. Any substitutions of collateral must meet the requirements of the Public Funds Collateral Act, Public Funds Investment Act and this investment policy. Substitution of collateral must be approved by at least one investment officer of TCESD 17.

E. Audit of Pledged Collateral: All collateral shall be subject to verification and audit by TCESD 17 Treasurer, the Budget Administrator, or TCESD 17 independent auditors.

F. Delivery vs. Payment: All security transactions, including collateral for repurchase agreements, entered into by TCESD 17 shall be conducted on a delivery-versus payment (DVP) basis. Securities will be held by a third party custodian approved by TCESD 17 Treasurer or Budget Administrator and evidenced by safekeeping receipts.

G. Safekeeping and Custody of Investment Assets: All marketable securities transactions, including collateral for repurchase (reverse) agreements entered into by TCESD 17 shall be executed (cleared and settle) using the delivery vs. payment (DVP) basis system. Such funds shall not be wired or paid until verification has been made that the correct security was received by TCESD 17 safekeeping bank. TCESD 17 safekeeping or custodial bank is responsible for matching up instructions from the investment officials on each investment settlement with what is received from the broker/dealer, prior to releasing TCESD 17 designated funds for a given purchase. The security shall be held in the name of TCESD 17 or held on behalf of TCESD 17 in a nominee name. Securities will

be held by a third party custodian designated by TCESD 17 Treasurer and evidenced by safekeeping receipts. The safekeeping bank's records shall assure the notation of TCESD 17 ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to ESD 17.

A safekeeping agreement must be in place which clearly defines the responsibilities of the safekeeping bank.

V. Internal Controls: The Budget Administrator and the Treasurer are responsible for establishing and maintaining an internal control structure designed to protect the assets of TCESD 17. The internal control structure shall be designed to provide reasonable assurance that this objective is met. Controls and managerial emphasis deemed most important that shall be employed where practical are:

- Control of collusion
- Separation of duties
- Separation of transaction authority from accounting and record keeping
- Custodian safekeeping receipts and records management
- Dual authorization of fed wire transfers
- Avoidance of physical delivery securities
- Documentation of investment bidding
- Clear delegation of authority to subordinate staff members
- Written confirmation from broker/dealers and financial institutions
- Reconcilements and comparisons of security receipts with the investment subsidiary records
- Compliance with investment policies
- Accurate and timely investment reports
- Adequate training and development of Investment Officials
- Verification of all investment income and security purchase and sell computations
- Review of financial condition of all broker/dealers and depository institutions
- Staying informed about market conditions, changes and trends that require adjustments in investment strategies.

The above internal controls represent only a partial list of a system of internal controls. As provided under Chapter 775, Health & Safety Code, an annual process of independent review by an external auditor shall be established. This review will provide internal control by assuring compliance with laws, policies and procedures. This annual compliance audit is also required by the "Public Funds Investment Act".

VI. Suitable and Authorized Investments by Policy:

Investment type funds of the TCESD 17 may be invested in the following investments, consistent with Chapter 2256 of the Texas Government Code, known as the "Public Funds Investment Act" (PFIA) and as authorized by this investment policy. Investments not specifically listed below will not be permitted by this policy.

- Obligations, including letters of credit, of the United States or its agencies and instrumentalities
- Direct obligations of the state of Texas or its agencies and instrumentalities
- Collateralized Mortgage Obligations (CMO) 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 with 10 years or less stated final maturity date.
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the state of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by explicit full faith and credit of the United States; and
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by at least one nationally recognized investment rating firm not less than A or its equivalent.

Investment officials of TCESD 17 are not authorized to invest in:

- obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

A. Certificate of Deposit: A certificate of deposit will be selected after receiving bids from at least three depository Institutions or brokers dealers listed under “Approved Brokers Dealers” in this investment policy. The Certificates of Deposit must be issued by a depository institution that has its main office or a branch office in the State of Texas 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) of the PFIA, 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) of the PFIA; or 3) secured in any other manner and amount provided by law for deposits of TCESD 17.

In addition to the authority to invest funds in certificates of deposit as specified above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this policy if: 1) the funds are invested by TCESD 17 through a) a broker that has a main office or branch office in the State of Texas and is selected from a list adopted by TCESD 17 as required section 2256.025 of the PFIA and this policy; or b) a depository institution that has its main office or a branch office in the State of Texas and that is selected by TCESD 17; 2) the broker or the depository institution selected by TCESD 17 as specified above, 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 TCESD 17; 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) TCESD 17 appoints the depository institution selected by TCESD 17 as required under caption “Certificates of Deposit” from a depository bank or a clearing broker dealer registered with the Securities and Exchange Commission Rule 15c-3 (17CFR, Section 240 15c3-3) as custodian for TCESD 17 with respect to the certificates of deposit issued for the account of TCESD 17.

B. Bankers' Acceptances with a stated maturity of 180 days or less from the date of its issuance, in accordance with its terms, liquidated in full at maturity, eligible for collateral for borrowing from a Federal Reserve Bank and 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. No more than 10% of any one portfolio should be invested in bankers' acceptances and no more than 5% should be invested in the securities of a single bankers' acceptances issuer.

C. Fully Collateralized Repurchase Agreement with a defined termination date, secured by obligations of the U.S. and its instrumentalities pledged to TCESD 17 of TCESD 17, held in TCESD 17 name, and deposited at the time the investment is made with TCESD 17 with a third party selected and approved by TCESD 17, and placed through a primary broker/dealer or financial institution doing business in Texas. A master repurchase agreement must be executed and in place prior to the investment of funds.

Collateralization of funds must be part of the agreement as stated in this investment policy under Collateralization of TCESD 17 Deposits. "Repurchase agreement" means a simultaneous agreement to buy, hold for a specified period of time (not to exceed 30 days after the date the security repurchase agreement is delivered) and sell back at a future date, 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. The agreements will be required to be priced not less than once a week.

D. Fully Collateralized Reverse Security Repurchase Agreements that do not exceed 30 days after the date the reverse security is delivered. Money received by TCESD 17 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. Money received by TCESD 17 under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the authorized investments acquired must not mature later than the expiration date stated in the reverse security repurchase agreement.

E. Commercial Paper with a stated maturity of 180 days or fewer from the date of its issuance, rated not less than A-1 or P-1, or an equivalent rating by at least two nationally recognized credit rating agencies, or by one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. No more than 20% of any one portfolio should be invested in commercial paper and no more than 5% should be invested in the securities of a single commercial paper issuer.

F. No-Load Money Market Mutual Fund registered with and regulated by the Securities and Exchange Commission and provide the City 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.), with a dollar-weighted average stated maturity of 90 days or less, invest exclusively in securities authorized by this investment policy and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

G. No-Load Mutual Fund registered with the Securities and Exchange Commission with an average weighted maturity of less than two years, invested exclusively in obligations approved by this policy, is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent and conforms to the requirements set in the PFIA Sections 2256.016(b) and (c) comply with information reporting requirements for investment pools as described in the PFIA. TCESD 17 is not authorized 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; 2) invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds; 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 herein in an amount that exceeds 10 percent of the total assets of the mutual fund

H. Guaranteed Investment Contracts: **Guaranteed Investment Contracts** will be authorized for bond proceeds only with a defined termination date, secured by obligations of the U.S. and its instrumentalities and in accordance with this policy, in an amount at least equal to the amount of bond proceeds invested under the contract, pledged to TCESD 17 and deposited with TCESD 17 or with a third party selected and approved by TCESD 17. Only bond proceeds representing reserves and funds maintained for debt service purposes, may be invested in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds. To be eligible as an authorized investment: 1) the governing body of TCESD 17 must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds; 2) TCESD 17 must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received; 3) TCESD 17 must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received; 4) 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.

I. Investment Pools: TCESD 17 Board of Commissioners by order or resolution, as appropriate, authorizes investment in the particular pool.

1) An investment pool shall invest the funds it receives from entities in authorized investments permitted by this investment policy and the PFIA. TCESD 17 by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

2) No more than 40% of any one portfolio should be invested in a specific Local Government Pool with the exception of a state of emergency declared by TCESD 17 Board of Commissioners, which at the time the limits may exceed 60% of the total portfolio holdings.

3) To be eligible to receive funds from and invest funds on behalf of TCESD 17, an investment pool must furnish to the investment officer or other authorized representative of TCESD 17 an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

a. the types of investments in which money is allowed to be invested;

b. the maximum average dollar-weighted maturity allowed, based on the stated maturity date of the pool; the maximum stated maturity date of any investment security within the portfolio has;

- c. the maximum stated maturity date any investment security within the portfolio;
- d. the objectives of the pool;
- e. the size of the pool;
- f. the names of the members of the advisory board of the pool and the dates their terms expire;
- g. the custodian bank that will safekeep the pool's assets;
- h. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- i. 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;
- j. the name and address of the independent auditor of the pool;
- k. 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;
- l. the performance history of the pool, including yield and how it is calculated, average dollar-weighted maturities, and expense ratios; and an audited financial report.

4) To maintain eligibility to receive funds from and invest funds on behalf of TCESD 17, an investment pool must furnish the investment officer or other authorized representative of TCESD 17 with:

- a. investment transaction confirmations; and b. a monthly report that contains, at a minimum, the following information:
 - i. the types and percentage breakdown of securities in which the pool is invested;
 - ii. the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - iii. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - iv. the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - v. the size of the pool;
 - vi. the number of participants in the pool;
 - vii. the custodian bank that is safekeeping the assets of the pool;

- viii. a listing of daily transaction activity of the entity participating in the pool;
- ix. the yield and expense ratio of the pool;
- x. the portfolio managers of the pool;
- xi. any changes or addenda to the offering circular; and
- xii. calculation of the yield of the government pool 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 U.S. Securities and Exchange Commission.

5) To be eligible to receive funds from and invest funds on behalf of TCESD 17, a public funds investment pool must: a. function as a money market mutual fund, mark its portfolio to market daily, and, to the extent reasonably possible, stabilizes at a \$1 net asset value. 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, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005; b. shall report yield to its investors in accordance with regulations of the U.S. Securities and Exchange Commission applicable to reporting money market funds; c. have an advisory board composed 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 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; and d. be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

J. Securities Lending: 1) Authorized investments eligible for securities lending are any investments herein authorized by the investment policy. 2) The following conditions must be met:

- a. Collateralization shall be required on the securities lending agreement. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will not be less than 102% of market value of principal and accrued interest.
- b. Securities held as collateral must be pledged to TCESD 17, held in TCESD 17's name and deposited with TCESD 17 or third party selected and approved by TCESD 17.
- c. Money received by TCESD 17 under the terms of a securities lending agreement shall be used to acquire additional authorized investments. The term of the authorized investments acquired must mature every 30 days and no later than the expiration date stated in the securities lending agreement. The investments must be priced daily by an independent pricing entity.

d. A loan made under the program must allow for termination at any time and be secured by: i. Obligations, including letters of credit, of the United States or its agencies and instrumentalities. ii. Direct obligations of the State of Texas or its agencies and instrumentalities. iii. Collateralized Mortgage Obligations (CMO) 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 with 10 years or less stated final maturity date. CMOs cannot be an inverse floater or a principal-only or interest-only CMO. iv. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities. v. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by two nationally recognized investment rating firms at not less than A or its equivalent.

3) A securities lending agreement must have a term of one year or less and will be subject to termination at any time by TCESD 17.

4) The securities lending agreement will be placed through a primary dealer or a financial institution doing business in Texas.

VII. Investment Parameters:

A. Bidding Process for Investments: Investment Officials for TCESD 17 may accept bids for certificates of deposit and for all marketable securities either orally, in writing, electronically, or in any combination of these methods. The investment officials will strive to receive three price quotes on marketable securities being sold, but may allow one broker/dealer to sell at a predetermined price under certain market conditions. Investments purchased shall be shopped competitively between approved financial institutions and broker/dealers. Security swaps are allowed as long as maturity extensions, credit quality changes and profits or losses taken are within the other guidelines set forth in this policy.

B. Diversification: It is the policy of TCESD 17 to diversify its investment portfolios. Assets held in each investment portfolio shall be diversified to eliminate the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Finance Committee and TCESD 17 Board of Commissioners. In establishing specific diversification strategies, the following general policies and constraints shall apply: 1) Portfolio maturities and potential call dates shall be staggered in a way that protects interest income from volatility of interest rates and avoids undue concentration of securities from a specific maturity or callable sector. Securities shall be selected which provide for stability of income and reasonable liquidity. 2) Risk of market price volatility shall be controlled through maturity diversification so that aggregate unrealized price losses on instruments with maturities exceeding one year shall not be greater than the coupon interest and investment income received from the balance of the portfolio. 3) The portfolio may be comprised of 100% of U.S. government obligations or

100% repurchase agreements. Other asset types shall be limited to no more than 20% of each portfolio. In addition commercial paper and bankers' acceptances shall be limited to no more than 5% of each portfolio held in any individual issuer name. 4) Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. 5) The Finance Committee shall review diversification strategies and establish or confirm guidelines on a quarterly basis regarding the percentages of the total portfolio that may be invested in securities other than treasuries and agencies. The Finance Committee shall review the quarterly investment reports and evaluate the probability of market and default risk in various investment sectors as part of its consideration.

C. Maximum Maturities: To the extent possible, TCESD 17 shall attempt to match its investments with anticipated cash flow requirements. TCESD 17 will not directly invest in securities maturing more than ten years from the date of purchase and in accordance with state and local statutes and ordinances without the approval of ESD 17 Treasurer or Budget Administrator. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as government pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

D. Maximum Dollar Weighted Average Maturity: Under most market conditions, the composite portfolio will be managed to achieve a two-year dollar-weighted average maturity.

However, under certain market conditions, investment officials may need to shorten or lengthen the average life or duration of the portfolio to protect TCESD 17. The maximum dollar weighted average maturity based on the stated final maturity, authorized by this investment policy for the composite portfolio of TCESD 17 shall be four years.

E. Pricing: Market price for investments acquired for TCESD 17 investment portfolio shall be priced using independent pricing sources and market value monitored at least monthly. When independent pricing service is unable to provide a security price, an average of the bid price of the security by three broker/dealers will be used. A complete report including market value will be provided monthly to the Budget Administrator and quarterly to TCESD 17 Board of Commissioners.

F. Investment Training: Although Chapter 775 of the Health & Safety Code does not require same, the Budget Administrator, TCESD 17 Treasurer and all investment officials of TCESD 17 are expected to attend 10 hours of training relating to cash management and investment responsibilities within twelve months after assuming these duties for TCESD 17, and 8 hours of training once in a two-year period thereafter. Absent such training, ESD 17 investments are limited to investments set forth under Government

Code Section 2256.009 Page 4 (obligations of, or guaranteed by governmental entities), 2256.010 (certificates of deposit and share certificates), or 2256.016 (investment pools).

VIII. Investment Strategy:

A. Active vs. Passive Strategy: TCESD 17 intends to pursue an active vs. passive portfolio management philosophy. Active management means that the financial markets will be monitored by investment officials and investments will be purchased and sold based on TCESD 17 parameters for liquidity and based on market conditions. All marketable securities purchased by TCESD 17 shall have active secondary markets, unless a specific cash outflow is being matched with an investment that will be held to maturity to meet that obligation. Securities may be purchased as a new issue or in the secondary markets. Securities may be sold before they mature if market conditions present an opportunity for TCESD 17 to benefit from the trade or if changes in the market warrant the sale of securities to avoid future losses. Securities may be purchased with the intent from the beginning to sell them prior to maturity or with the expectation that the security would likely be called prior to maturity under the analyzed market scenario. Market and credit risk shall be minimized by diversification. Diversification by market sector and security types, as well as maturity, will be used to protect TCESD 17 from credit and market risk in order to meet liquidity requirements. The portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value between asset groups shall be analyzed and pursued as part of the active investment program within the restrictions set forth by this policy. The portfolio may be comprised of 100% direct government obligations or 100% repurchase agreements. Other asset types shall be limited to no more than 20% of each portfolio. In addition commercial paper and bankers' acceptances shall be limited to no more than 5% of each portfolio held in any individual issuer name in order to limit credit risk.

(1) Specific strategies for each type of fund group of TCESD 17 are attached and/or incorporated into this policy, along with annual or other periodic revisions to same.

B. Operating Funds: Operating funds shall have their primary objective to assure that anticipated cash outflows are matched with the adequate investment liquidity. The

secondary objective is to create a portfolio structure that will experience minimal volatility during changing economic cycles. These objectives may be accomplished by purchasing high quality, short to medium term securities in a ladder (maturities coming due regularly and staggered to match cash outflows) or barbell (maturities that are placed very short term and maturities that are longer term, such that the average achieves cash flows and income similar to buying in the middle of those maturity spectrums) maturity structure and by diversification among market sectors. The dollar-weighted average maturity of the operating funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less. However, each of TCESD 17 operating funds has a component classified as fund balance or reserve monies. TCESD 17 shall strive to

maintain the number of days (generally 30, 60, 90) of working capital as set forth in the investment strategy, or in the case of self-insured funds, an actuarial determined amount of reserves is set aside. Reserves for insurance may have a dollar weighted average of two years or less.

C. Capital Project Funds and Special Purpose Funds: Capital project funds and special purpose funds shall have as their primary objective to assure that anticipated cash outflows are matched with adequate investment liquidity. These portfolios should have liquid securities to allow for unanticipated project expenditures or accelerated project outlays due to a better than expected or changed construction schedule. The portfolios shall be invested based on cash flow estimates to be supplied by the capital projects managers and the capital project report completed by the accounting department. The dollar-weighted average life of the portfolio should be matched to that of the duration of the liabilities. Funds invested for capital projects may be from bond proceeds that are subject to arbitrage rebate regulations. TCESD 17 will manage these funds as previously described, but will conduct an arbitrage rebate calculation annually to determine the income, if any, that has exceeded the arbitrage yield of the bond. This positive arbitrage income will be averaged over a five-year period and rebated to the U.S. Department of the Treasury according to arbitrage regulations. A secondary objective of these funds is to achieve a yield equal or greater than the arbitrage yield of the applicable bond.

D. Debt Service Funds: Debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date.

E. Debt Service Reserve Funds: Debt service reserve funds shall have the primary objective to generate a dependable revenue stream of the appropriate debt service fund within the limits set forth by the bond ordinance or debt covenants specific to each individual bond issue. Individual securities may be invested to the stated final maturity of ten years or less and no more than a four year dollar-weighted average life.

IX. Finance Committee:

A. Members: A finance committee consisting of the ESD 17 Treasurer and one other member of the TCESD 17 Board of Commissioners and/or the Budget Administrator, shall review TCESD 17 investment strategies and monitor the results of the investment program at least quarterly. TCESD 17 Board of Commissioners shall adopt annually a written instrument by 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 the investment policy or investment strategies.

B. Scope: The Finance Committee shall include in its deliberations such topics as economic outlook, investment strategies, portfolio diversification, maturity structure, potential risk to TCESD 17 funds, authorized broker/dealers, rate of return on the investment portfolio, and compliance with the investment policy. The Finance Committee

will also advise TCESD 17 Board of Commissioners of any future amendments to the investment policy that are deemed necessary or recommended.

C. Procedures: This investment policy shall require the Finance Committee to provide minutes of any meetings held that are specifically to discuss investment information.

X. Reporting:

A. Methods: The TCESD 17 Treasurer and other investment officials shall prepare and submit an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow TCESD 17 to ascertain whether investment activities during the reporting period have conformed to the investment policy. The TCESD 17 Board of Commissioners shall adopt a written instrument stating it has reviewed the annual investment report, the investment strategies and the investment policy.

The ESD 17 Treasurer and/or the Budget Administrator is responsible for the recording of the investment transactions and the maintenance of the investment records with reconciliation of the accounting records of investments carried out by an individual reporting to the accounting manager. Information to maintain the investment program and the reporting requirements is derived from various sources such as broker/dealer research reports, newspapers, financial on-line market quotes, direct communication with broker/dealers, market pricing services, investment software for maintenance of portfolio records and financial consulting services for performance of arbitrage calculations.

B. Performance Standards: The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of treasury benchmarks whose final maturity most closely matches the WAM of the portfolio shall be established against which portfolio performance shall be compared on a regular basis.

C. Marking to Market: The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed.

XI. Investment Policy Considerations Amendments: This policy shall be reviewed on an annual basis. Amendment to this Investment Policy may be made at any time in the judgment of the TCESD 17 Board of Commissioners. A written instrument should be adopted by TCESD 17 Board of Commissioners, not less than annually, stating TCESD 17 Board of Commissioners has reviewed and authorized the investment strategies and the amendments, to this Investment Policy.