Resolution 2026-52

RESOLUTION AMENDING THE WEAKLEY COUNTY INVESTMENT POLICY

WHEREAS, Weakley County adopted an Investment Policy attached to Resolution 2005-10 in September of 2004; and

WHEREAS, the investment committee has made amendments to this Investment Policy in accordance with Tennessee Code Annotated (TCA) Section 5-8-301 which governs the investment of idle county funds.

WHEREAS, the code authorizes local governments to invest temporarily unneeded money into safe, secure financial instruments, ensuring public funds earn interest without risking the principal.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of Weakley County, Tennessee, meeting in its regular session on this the **30th day of June, 2026**, that the attached Investment Policy be adopted.

BE IT FINALLY RESOLVED that a true copy of this Resolution be spread upon the Commission record of this date.

SECTION 1: BE IT FUTHER RESOLVED, that all resolutions of the Board of County Commissioners of Weakley County, Tennessee, which are in conflict with this resolution are hereby repealed.

SECTION 2: BE IT FURTHER RESOLVED, that this resolution take effect from and after its passage, the public welfare requiring it. This resolution shall be spread upon the minutes of the Board of County Commissioners.

Pursuant to the Rules of the Commission, This Resolution Is Sponsored By the Following Members of The Weakley County Board of County Commissioners:

Sponsored By:

Sponsored By:

ACKNOWLEDGED AND APPROVED:

Chairperson, Investment Committee

ACKNOWLEDGED AND APPROVED:

Chairperson, Finance, Ways & Means Committee

ATTESTED:

Kim Hughey, County Clerk

APPROVED:

Dennis Doster, Chairman
Weakley County Commission

This the 30th day of June 2026.

APPROVED:

Dale Hutcherson, County Mayor

Date: 7-1-26

VETOED:

Dale Hutcherson, County Mayor

Date:

WEAKLEY COUNTY INVESTMENT POLICY

I. Scope

This policy applies to the investment of short-term operating funds. Longer-term funds, including donations and proceeds from certain bond and notes issues, are covered by a separate policy.

1. **Pooling of Funds** Except for cash in certain restricted and special funds, Weakley County will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the Debt Service fund or other fund designated by the county legislative body.

II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **Safety** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

    a. **Credit Risk** Weakley County will minimize credit risk, the risk of loss due to the failure of the 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 Weakley County will do business
        - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

    b. **Interest Rate Risk** Weakley County will minimize the risk that the market value of securities in the portfolio will fall 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 open market prior to maturity
        - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

2. **Liquidity** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Futhermore, since 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 the Local Government Investment Pool which offer same-day liquidity for short-term funds.

3. **Yield** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is secondary importance compared to the safety and liquidity objectives described above. The cores of investments are 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:
    - A security with declining credit may be sold early to minimize loss of principal.
    - A security swap would improve the quality, yield, or target duration in the portfolio.
    - Liquidity needs of the portfolio require that the security be sold.

III. Standards of Care

1. **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 and overall portfolio. Investment officers 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 and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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

2. **Ethics and Conflicts of Interest** Officers 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 decisions. Employees and investment officials shall disclose any materials interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same institution with whom business is conducted on behalf of Weakley County.

3. **Delegation of Authority** Authority to manage the investment program is granted to and derived from § 5-21-105 and § 5-21-107, TCA. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activites of subordinate officials.

IV. Safekeeping and Custody

1. **Authorized Financial Dealers and Institutions.** A list will be maintained of financial institutions authorized to provide investment services.

   All financial institutions who desire to become qualified for investment transactions must supply the following as appropriate:

   - Audited financial statements
   - Certification of having read and understood and agreeing to comply with Weakley County's investment policy.

   An annual review of the financial condition and registration of qualified financial institutions will be conducted by the investment officer.

   From time to time, the investment officer may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to the criteria under Paragraph 1 may be

granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. These types of investment purchases should be approved by the county legislative body in advance.

2. **Internal Controls** The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Weakley County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

3. **Delivery vs. Payment** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

V. Suitable and Authorized Investments

1. **Investment Types** Consistent with Section 5-8-301, Tennessee Code Annotated, the following investments will be permitted by this policy:
    - Bonds, notes, or treasury bills of the U. S. as well as other obligations guaranteed by the U. S. or its agencies;
    - Certificates of deposit and other evidence of deposit of state and federally chartered banks and savings and loan associations, provided that these investments are properly secured;
    - Obligations of the U. S. or its agencies under a repurchase agreement if made accordingly to state funding board procedures and approved by the director of local finance;
    - The state investment pool;
    - State bonds, if they have a rating of A or higher;
    - Nonconvertible debt securities of the following issuers provided such securities are rated in the highest category by at least two nationally recognized rating services:
        (A) The federal home loan bank;
        (B) The federal national mortgage association
        (C) The federal farm credit bank;
        (D) The student loan marketing association; and
    - The county's own bonds or notes issued in accordance with Title 9, Chapter 21.

- Prime commercial paper if it is rated in the highest category by at least two commercial paper rating services and the paper has a remaining maturity of ninety days or less.

Investment in derivatives of the above instruments shall require authorization by the county legislative body.

2. **Collateralization** Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on non-negotiable certificates of deposit.

3. **Repurchase Agreements** Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements.

VI. Investment Parameters

1. **Diversification** The investments shall be diversified by:
   - limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
   - limiting investment in securities that have higher credit risks,
   - investing in securities with varying maturities, and
   - continuously investing a portion of the portfolio in readily available funds such as the Local Government Investment Pool (LGIP), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. **Maximum Maturities** To the extent possible, Weakley County shall attempt to match its investments with anticipated cash flow. Weakley County will not directly invest in securities maturing more than five (5) years from the date of purchase. Weakley County shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

   Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body.

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 the LGIP, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. Reporting

1. **Methods** The investment officer shall prepare an investment report at least bimonthly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last two months. This management summary will be prepared in a manner which will allow the county legislative body to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following:
    - Listing of individual securities held at the end of the reporting period.
    - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity.
    - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
    - Listing of investment by maturity date.
    - Percentage of the total portfolio which each type of investment represents

2. **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 appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

3. **Marking to Market** The market value of the portfolio shall be calculated at least bimonthly and a statement of the market value of the portfolio shall be issued at least bimonthly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

VIII. Policy Considerations

1. **Exemption** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of the policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. **Amendments** This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.

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3. **Yield** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is secondary importance compared to the safety and liquidity objectives described above. The cores of investments are 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:

    - A security with declining credit may be sold early to minimize loss of principal
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    Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

2. **Ethics and Conflicts of Interest** Officers 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 decisions. Employees and investment officials shall disclose any materials interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same institution with whom business is conducted on behalf of Weakley County.

3. **Delegation of Authority** Authority to manage the investment program is granted to and derived from § 5-21-105 and § 5-21-107, TCA. Weakley County has an investment committee comprised of the County Trustee, County Mayor, County Director of Finance and 2 County Commissioners. Responsibility for the operation of the investment program is hereby delegated to the investment officer (trustee), who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The investment committee voted unanimously to allow the County Trustee and/or Finance Director to invest county funds without a formal vote from the committee to allow higher earning potential of county funds and give updates at financial management, finance ways and means when requested by any commissioner (November 18, 2024).

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waiver to the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. These types of investment purchases should be approved by the county legislative body in advance.

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3. **Delivery vs. Payment** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

V. Suitable and Authorized Investments/Investment Types

- **(a)** It is the policy of this state that all idle county funds shall be invested to the maximum extent practical according to the following: Sections § 5-8-301 - § 5-8-303
  - **(1)** Idle county funds derived from bond proceeds shall be invested in accordance with subsection (b);
  - **(2)** Idle county funds derived from sales of assets, settlements, or other infrequent and unusual occurrences shall be invested in accordance with subsection (b) and subdivisions (c)(2) and (3); and
  - **(3)** All other idle county funds shall be invested in accordance with subsections (b) and (c).

- **(b)** In order to provide a safe temporary medium for investment of idle funds, counties are authorized to invest in the investment instruments noted in this section. Counties are authorized to invest idle funds in any of the following:
  - **(1)** Bonds, notes or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
  - **(2)** Certificates of deposit and other evidence of deposit at Tennessee state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations. Prior to making these investments, the county official shall obtain and document at least two
  - A. Any savings bank (savings institution), or any bank charted by the state of Tennessee
  - B. Any national bank, or federal savings institution that has its main office located in this state; or
  - C. Any national or state bank, or any federal or state savings institution that has its main office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits;

that has been designated by the state treasurer, the governor and the commissioner of finance and administration as a state depository. Sections § 9--4-107

- (2) proposals from banks or other financial institutions to assure the county receives the highest and best rate of return. The documentation shall be retained in the official's office for a period of not less than three (3) years. Notwithstanding any other public or private act to the contrary, all investments made pursuant to this subdivision (b)(2) shall be secured by collateral in the same manner and under the same conditions as state deposits under Sections § 9--4-501 parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5;
- **(3)** Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested. Counties may invest in repurchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment and if such investments are made in accordance with procedures established by the state funding board;
- **(4)** The pooled investment fund established by Sections § 9--4-701—§ 9--4-707;
- **(5)**
  - **(A)**
    - **(i)** Bonds of this state, including any revenue bond issued by any agency of the state of Tennessee, specifically including institutions under the control of the state board of education, the board of trustees for the University of Tennessee and bonds issued in the name of the state school bond authority;
    - **(ii)** Bonds of any county or municipal corporation of this state, including bonds payable from revenues, but expressly excluding bonds of any road, levee or drainage district; and
    - **(iii)** Bonds of any other state or political subdivision thereof;
  - **(B)** Funds invested pursuant to this subdivision (b)(5) must be invested only in bonds rated A or higher by any nationally recognized statistical rating organization as identified by the United States securities and exchange commission;
- **(6)** Nonconvertible debt securities of the following federal government-sponsored enterprises that are chartered by the United States congress; provided, that the securities are rated equal to or higher than bonds, notes, or treasury bills of the United States by at least two (2) rating services that are nationally recognized statistical rating organizations as identified by the United States securities and exchange commission:
  - **(A)** The federal home loan bank;
  - **(B)** The federal national mortgage association;
  - **(C)** The federal farm credit bank;
  - **(D)** The federal home loan mortgage corporation; and
  - **(E)** Any other obligations that are guaranteed as to principal and interest by the United States or any of its agencies; and
- **(7)** The county's own bonds or notes issued in accordance with title 9, chapter 21.
- **(8)** Depositing, investing or placing for deposit funds held by state and government entities. This section authorizes and establishes limitations for an alternate investment mechanism (including CDARS and ICS) through which

counties may purchase federally insured certificates of deposit in banks whether or not located inside the state of Tennessee. Sections § 9-1-118

- **(c)**
  - **(1)** Not more than twenty percent (20%) of the lowest idle fund balance in the last five (5) years or twenty percent (20%) of the idle funds available at the time of investment, whichever is less, may be invested in maturities of greater than two (2) years but not greater than five (5) years from the date of investment.
  - Any such investments shall also be approved by the comptroller of the treasury or the comptroller's designee. The individual designated to invest the funds shall submit to the director in writing the infrequent and unusual occurrence that generated idle funds under subdivision (a)(2), the medium of investment and the maturity approved by the investment committee.

  - **(2)** In addition to the investments authorized in subsection (a), those counties having a population of not less than twenty thousand (20,000) nor more than one hundred fifty thousand (150,000), according to the 1990 federal census or any subsequent federal census, may also permit investment of idle funds in prime commercial paper in accordance with the following:
    - **(A)** Such paper shall be rated in the highest category by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission.
    - **(B)** The paper shall have a remaining maturity of ninety (90) days or less.
  - **(3)** Investment in the instruments set forth in subdivisions (c) (2) shall first be authorized by the county legislative body, acting by resolution duly adopted. pursuant to chapter 1, part 2 of this title. In addition, investment in the instruments set forth in subdivisions (c) (2) shall be prohibited until the investment committee has adopted written policies to govern the use of such instruments, with such policies being no less restrictive than those established by the state funding board to govern state investment in the instruments set forth in subdivisions (c) (2).

(4) Collateralization Were allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on non-negotiable certificates of deposit. Section § 9-4-105

(5) Repurchase Agreements Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements.

VI. Investment Parameters

1. **Diversification** The investments shall be diversified by:
   - limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
   - limiting investment in securities that have higher credit risks,

- investing in securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds such as the Local Government Investment Pool (LGIP), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. **Maximum Maturities** To the extent possible, Weakley County shall attempt to match its investments with anticipated cash flow. Weakley County will not directly invest in securities maturing more than five (5) years from the date of purchase. Weakley County shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

- Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body. Any such investments shall also be approved by the comptroller of the treasury or the comptroller's designee. The individual designated to invest the funds shall submit to the director in writing the infrequent and unusual occurrence that generated idle funds under subdivision (a)(2), the medium of investment and the maturity approved by the investment committee.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such available funds such as the LGIP, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. Reporting

1. **Methods** The investment officer shall prepare an investment report at least bimonthly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last two months. This management summary will be prepared in a manner which will allow the county legislative body to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following:
   - Listing of individual securities held at the end of the reporting period.
   - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity.
   - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
   - Listing of investment by maturity date.

- Percentage of the total portfolio which each type of investment represents

2. **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 appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

3. **Marking to Market** The market value of the portfolio shall be calculated at least bimonthly and a statement of the market value of the portfolio shall be issued at least bimonthly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

VIII. Policy Considerations

1. **Exemption** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of the policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. **Amendments** This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.

VOICE VOTE

WEAKLEY COUNTY, TENNESSEE

KIM HUGHEY, COUNTY CLERK

DRESDEN, TENNESSEE

Commissioner Hopper made a motion to approve Resolution No. 2026-52 amending the Weakley County Investment Policy. Commissioner Bell seconded the motion. Resolution 2026-52 amending the Investment Policy was approved.

RESOLUTION PASSED

DATE: JUNE 30, 2026