

Jasper County, South Carolina
Investment and Liquidity Policy Statement Guidelines
Date 07/14/2025

I. SCOPE

This investment policy applies to all moneys and other financial resources available for deposit and investment by Jasper County on its behalf or behalf of any other entity or individual.

II. OBJECTIVES

The primary objectives of the local government's investment activities are, in priority order:

1. To conform with all applicable federal, State, and other legal requirements (legality);
2. To adequately safeguard principal (safety);
3. To provide sufficient liquidity to meet all operating requirements (liquidity) and;
4. To obtain a reasonable rate of return (yield).

To appropriately meet these objectives, the County Treasurer will make investment decisions based on categories of cash with which the time horizon is continually calculated using a liquidity analysis of past and anticipated future financial requirements.

III. DELEGATION OF AUTHORITY

The governing body delegates County Treasurer to maintain responsibility for the administration of the investment program and to establish written procedures for the operation of the investment program consistent with that which is authorized or permitted by S.C. Code of Laws §6-5-10 and this investment policy. Such procedures shall include internal controls to provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the investment program.

The County Treasurer shall maintain this responsibility until the delegation of authority terminates or is revoked.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the County to govern effectively. Investments shall be made with prudence, diligence, skill, judgment, and care, under circumstances then prevailing, which knowledgeable and prudent persons acting in like capacity would use, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions.

V. INTERNAL CONTROLS

It is the policy of Jasper County for all moneys collected by any officer or employee of the government to transfer those funds to the County Treasurer within 30 days of deposit or within the time period specified in the law, whichever is shorter. County Code of Ordinances Chapter 2 Article III Sec 2-66 (Ord. of 12-5-94, § 1; Ord. No. 08-17, § 8, 6-2-08)

The County Treasurer is responsible for establishing and maintaining internal control procedures to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, properly recorded and managed in compliance with applicable laws and regulations.

VI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The County may utilize the services of any bank or trust company authorized to do business within the state and is encouraged to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

All financial institutions and dealers with which the County transacts business shall be creditworthy and have an appropriate level of experience, capitalization, size, and other factors that make the financial institution or the dealer capable and qualified to transact business with the County.

The County shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amounts of investments made with each financial institution or dealer. To maximize safety, the County could purchase through, deliver to and hold in custody of a bank or trust company all obligations, unless registered or inscribed in the name of the local government.

VII. COMPETITIVE BIDDING

The County shall incorporate a competitive bidding process for authorized investments. Competitive bidding aims to strengthen the investment program in terms of level and consistency of performance. All sales of securities will be bid competitively to the extent practical, and all investments will be placed with vendors yielding the highest returns. The right is reserved to reject the bid yielding the highest rate of return on any investment if such bid is inconsistent with the County investment strategy, i.e., legality, safety, liquidity, yield., etc. Price and rate quotations on all trades may be obtained from sources within and outside the County.

VIII. COLLATERALIZATION

All demand and time deposits of County excess of the amount insured under the provision of the Federal Deposit Insurance Act-

\$250,000 Transaction Accounts

\$250,000 Time Deposits

\$500,000 Total Coverage

shall be secured as permitted by eligible collateral under S.C. Code of Laws §11-1-50. There are two methods of collateralization available to a depository bank for local entities:

- Dedicated Method – Securities are pledged by the depository bank (pledgor) to a specific custodian (pledgee) to secure the uninsured deposits of the County.
- Pooling Method – Securities are pledged by the depository bank (pledgor) to the State Treasurer (pledgee) to secure the uninsured deposits of all enrolled local entities that may have funds on deposit with the institution.

1) A pledge of eligible securities with required margins, as provided in S.C. Code of Laws §11-1-50, which is provided in Appendix A.

IX. SECURING DEPOSITS AND INVESTMENTS

All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, “deposits”) made by officers of the County that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act.

(A) As used in this section, “local entity” means Jasper County

(B) A qualified public depository, as defined in subsection (G), upon the deposit of funds by a local entity, must secure these deposits by deposit insurance, surety bonds, investment securities, or letters of credit to protect the local entity against loss in the event of insolvency or liquidation of the institution or for any other cause.

(C) To the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the qualified public depository at the time of deposit must:

- (1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or
- (2) pledge as collateral:
 - (a) obligations of the United States;
 - (b) obligations fully guaranteed both as to principal and interest by the United States;
 - (c) general obligations of this State or any political subdivision of this State; or
 - (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation; or
- (3) provide an irrevocable letter of credit issued by the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home

Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity.

(D) The local entity must exercise prudence in accepting collateral securities or other forms of deposit security.

(E) (1) A qualified public depository has the following options:

(a) to secure all or a portion of uninsured funds under the Dedicated Method where all or a portion of the uninsured funds are secured separately. The qualified public depository shall maintain a record of all securities pledged, with the record being an official record of the qualified public depository and made available to examiners or representatives of all regulatory agencies. The local entity shall maintain a record of the securities pledged for monitoring purposes;

(b) to secure all or the remainder of uninsured funds under the Pooling Method where a pool of collateral is established by the qualified public depository under the direction of the State Treasurer for the benefit of local entities. The depository shall obtain written approval from each entity before pooling an entity's collateral. The depository shall maintain a record of all securities pledged, with the record being an official record of the qualified public depository and made available to examiners or representatives of all regulatory agencies. The State Treasurer shall determine the requirements and operating procedures for this pool. The State Treasurer is responsible for monitoring and ensuring a depository's compliance and providing monthly reports to each local entity in the pool.

(2) Notwithstanding the provisions of item (1), the local entity, when other federal or state law applies, may require a qualified public depository to secure all uninsured funds separately under the Dedicated Method.

(F) A qualified public depository shall not accept or retain any funds that are required to be secured unless it has deposited eligible collateral equal to its required collateral with some proper depository pursuant to this chapter.

(G) "Qualified public depository" means a national banking association, state banking association, federal savings and loan association, or federal savings bank located in this State and a bank, trust company, or savings institution organized under the law of this State that receives or holds funds that are secured pursuant to this chapter.

(H) In addition to the investments authorized for local entities in Section 6-5-10 and notwithstanding another provision of law, a local entity may deposit all or a portion of surplus public funds in its control or possession in accordance with the following conditions:

(1) the funds are initially deposited in a qualified public depository selected by the local entity;

(2) the selected qualified public depository arranges for depositing the funds in one or more federally insured banks or savings and loan associations, wherever located, for the account of the local entity;

(3) the full amount of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation; and

(4) the selected qualified public depository acts as custodian for the local entity with respect to each deposit.

X. PERMITTED INVESTMENTS

As provided by the State of South Carolina Code of Laws Section 6-5-10, the Jasper County Council authorizes the Jasper County Treasurer to invest money's not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- (1) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (3)(i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (4) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (5) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (6) Repurchase agreements when collateralized by securities as set forth in this section.
- (7) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.
- (8) A political subdivision receiving Medicaid funds appropriated by the General Assembly in the annual general appropriations act may utilize appropriated funds and other monies generated by hospital operations to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures, or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States, financial

institution, insurance company, or other entity which provides for full principal payment at the end of a contract term not to exceed twelve years if the issuer has received a rating in one of three highest general rating categories issued by no fewer than two nationally recognized credit rating organizations. No more than forty percent of the appropriated funds and other monies generated by hospital operations may be invested in the manner provided in this item. Revenue realized pursuant to these investments must be expended on health care services.

(b) The provisions of this chapter shall not impair the power of a municipality, county, school district or other local governmental unit or political subdivision or county treasurer to hold funds in deposit accounts with banking institutions as otherwise authorized by law.

(c) Such investments shall have maturities consistent with the time or times when the invested moneys will be needed in cash.

(d) For purposes of subsection (a), in the case of a defeased obligation, an obligation shall be treated as the obligation of the issuer of the obligation included in the qualifying defeasance escrow for the defeased obligation. A "defeased obligation" means any obligation the payment of which is secured and payable solely from a qualifying defeasance escrow and the terms of which may not be amended or modified without the consent of each of the holders of the defeased obligation. A "qualifying defeasance escrow" means a deposit of securities, including defeasance obligations, with a trustee or similar fiduciary under the terms of an agreement that requires the trustee or fiduciary to apply the proceeds of any interest payments or maturity of the defeasance obligation to the payment of the defeased obligation and when the trustee or fiduciary has received verification from a certified public accountant that the payments will be sufficient to pay the defeased obligation timely. A defeasance obligation must not be callable or subject to prepayment by the issuer and it must be a direct general obligation of the United States and its agencies, or an obligation the payment of principal and interest on which is fully and unconditionally guaranteed by the United States.

(9) The South Carolina Pooled Investment Fund. The County may deposit public monies in excess of current needs into the South Carolina Pooled Investment Fund.

Except as may otherwise be provided in a contract with bondholders, noteholders, or any applicable laws, any moneys of the County authorized to be invested may be commingled for investment purposes, provided that any investment of commingled moneys shall be payable or redeemable at the option of the County within such time as the proceeds shall be needed to meet expenditures for which such moneys were obtained. The separate identity of the sources of these funds shall be maintained at all times and income received shall be credited on a pro rata basis to the fund or account from which the moneys were invested.

XI. ANNUAL REVIEW AND AMENDMENTS

The County shall review this investment policy annually, and it shall have the power to amend this policy at any time.

Appendix A

Protection of deposits of public funds and trust funds by Federal deposit insurance; other security. Such portion of the public monies as may be on deposit in any bank and protected by Federal deposit insurance shall be exempt from the requirement that security be furnished for it by such bank and security shall be required only for such portion of such deposits as shall exceed the amount covered by such insurance. All public officers who have deposited public funds in banks for which security or collateral is required shall obtain it only for the amount by which the particular deposit exceeds the sum protected by Federal deposit insurance. Such portions of trust funds as may be on deposit in any bank and for which security is now required shall be secured only for the amount by which the same exceeds the amount protected by Federal deposit insurance. Eligible Collateral and Associated Margins are outlined below.

ELIGIBLE COLLATERAL AND ASSOCIATED MARGINS

Obligations of the United States or Guaranteed P&I by the United States			
Obligations of the United States	Margin	Governmental Nat'l Mortgage Assn.	Margin
US Bonds, Notes, Bills, Strips	102%	GNMAS	102%

General Obligations of S.C. or Political Subdivisions of S.C.			
Obligations of South Carolina	Margin	Obligations of Political Subdivisions	Margin
General Obligations	102%	General Obligations	105%

Obligations of Certain Federal Agencies	Margin
Federal National Mortgage Association	105%
Federal Home Loan Mortgage Corp.	105%
Federal Home Loan Bank	105%
Federal Farm Credit Bank	105%

In the event of the Qualified Public Depository having a capital adequacy condition of less than "adequately capitalized," based on criteria established by the Federal Deposit Insurance Corporation, the State Treasurer may, in his discretion, require the above-specified margins to be greater.