

# Exhibit C

## RESOLUTION NO. 03-28-2002-06

### RESOLUTION ESTABLISHING INVESTMENT POLICY, STRATEGIES, AND RELATED MATTERS FOR PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

STATE OF TEXAS           §

COUNTY OF TRAVIS       §

WHEREAS, the Pflugerville Community Development Corporation ("PCDC") desires to adopt an investment policy and investment strategies and guidelines in accordance with the Public Funds Investment Act, Section 2256 of the Texas Government Code.

NOW, THEREFORE, be it resolved by the Board of Directors of the Pflugerville Community Development Corporation as follows:

SECTION 1. The following investment policies, investment strategies and guidelines are hereby adopted:

#### **ARTICLE I** **DEFINITIONS**

1.01. Board. "Board" means the Board of Directors of PCDC.

1.02. Business Entity. "Business Entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, trust or any other entity recognized by law through which business is conducted.

1.03. Director. "Director" means a person elected or appointed to serve on the Board of Directors of PCDC.

1.04. PCDC. "PCDC" means Pflugerville Community Development Corporation.

1.05. PCDC Official. "PCDC Official" means a PCDC Director, Officer, Employee or Investment Officer.

1.06. Investment Officer. "Investment Officer" means a person appointed by the Board to handle PCDC investments.

1.07. Officer. "Officer" means an elected or appointed officer of PCDC, including an Investment Officer.

1.08. Public Funds Investment Act. "Public Funds Investment Act" means Chapter 2256, Texas Government Code, as amended from time to time.

1.09. Public Funds Collateral Act. "Public Funds Collateral Act" means Chapter 2257, Texas Government Code, as amended from time to time.

## **ARTICLE II**

### **INVESTMENT POLICY**

2.01. Scope. This Article sets forth the investment policy of PCDC ("Investment Policy"). This Investment Policy applies to all transactions involving the investment assets of PCDC.

2.02. Policy. PCDC funds will be invested in compliance with applicable legal requirements and each PCDC Investment Strategy. Effective cash management is recognized as a foundation of this Policy. Notwithstanding the foregoing, investment of PCDC funds is limited to the types of investments described in the Investment Guidelines in Article IV below.

2.03. Investment Objectives. PCDC's investment portfolio will be planned and managed to take advantage of investment interest as a source of income from all operating and capital funds. Consideration will be given to the following objectives:

A. Safety of capital: The primary objective of PCDC is to ensure the preservation and safety of principal. Each investment transaction will be conducted in a manner to avoid capital losses, whether they be from securities default or erosion of market value.

B. Liquidity: PCDC will maintain sufficient liquidity to ensure the availability of funds necessary to pay obligations of PCDC as they become due. This will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities which are traded in active secondary markets.

C. Yield: PCDC will seek to optimize return on investments within the constraints of safety and liquidity. PCDC's portfolio will be designed with the objective of regularly exceeding the average rate of return on three month U.S. Treasury bills. The investment program will seek to augment returns above this threshold consistent with limitations identified herein and prudent investment policies.

D. Standard of Care: PCDC will seek to ensure that all persons involved in the investment process act responsibly in the preservation of PCDC capital. PCDC investments will be made with the exercise of 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.

2.04. Investment Officer; Quarterly Report. Purchases and sales of PCDC investments may only be initiated by an Investment Officer appointed by resolution of the Board. PCDC's Investment Officer will be required to attend training, in compliance with the Public Funds Investment Act, from an independent source approved by the Board that includes education in investment controls, security rights, strategy rights, market rights, and compliance with the Public Funds Investment Act. The Board authorizes the Investment Officer to invest and reinvest funds of PCDC in accordance with this Policy. The Investment Officer must submit a written report to

the Board on at least a quarterly basis, which sets forth all investment transactions during the previous quarter, and which complies with the requirements of the Public Funds Investment Act.

2.05. Collateralization. Funds held at a bank or trust company that are not invested must be collateralized by collateral securities set forth in the Public Funds Collateral Act, to the extent not covered by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or their successors.

2.06. Review. This Policy and investment performance and security will be reviewed and evaluated at least annually by the Board, or more frequently upon the request of any Director. Following its annual review, the Board will adopt a written resolution confirming its review of the Policy and the investment strategies contained in this Policy.

### ARTICLE III INVESTMENT STRATEGY

3.01 Purpose. The purpose of this Article is to describe the investment objectives for each fund of PCDC and to provide investment strategies to obtain those objectives (each referred to herein as an "Investment Strategy"), in order to ensure that investments in a particular fund are suitable to meet the objectives of the fund.

3.02 Operating Fund. The investment objectives for the operating fund are:

- a. preserving the safety of the principal;
- b. ensuring the funds are available as needed to pay PCDC's monthly operating expenses, as estimated by the annual operating budget adopted by the Board; and,
- c. ensuring that the investments can be readily liquidated in the event there are unexpected additional costs.

A fund balance equal to 3 months of expenses will be kept extremely liquid for normal uses. Any balance in excess of 3 months of expenses will be kept in investments that may be liquidated easily if the need arises.

3.03 Capital Projects and Purchases Fund. The investment objectives of the capital projects and purchases fund are:

- a. preserving the safety of the principal;
- b. ensuring that sufficient required funds are available to meet the needs of PCDC; and
- c. obtaining the maximum yield on investments.

Funds needed for planned projects or purchases with a known commencement or purchase date must be invested to mature no later than the date the funds will be needed for the project or purchase, as determined by the Board. Funds that are not designated for specific projects or purchases must be invested to mature within 12 months, unless the Board authorizes an investment with a longer maturity.

3.04. Allowable Maturities. Except to the extent limited above, the maximum allowable stated maturity of any individual investment may not exceed 24 months and the maximum dollar-weighted average maturity for pooled fund groups based on the stated maturity date for the portfolio may not exceed 60 days. Settlement of all transactions, other than investments in investment pool funds and mutual funds, must be consummated on a delivery versus payment basis.

#### ARTICLE IV INVESTMENT GUIDELINES

4.01 Purpose. The purpose of this Article is to set forth the types of authorized investments in which the PCDC's funds may be invested and the manner in which certain investments may be made (herein referred to as "Investment Guidelines").

4.02 Authorized Investments.

A. PCDC may invest its funds in the following types of investments, which are authorized for the investment of funds of local governments under the Public Funds Investment Act:

1. Obligations of, or Guaranteed by, the United States. PCDC is authorized to invest funds in obligations of, or guaranteed by, the United States or one of its agencies or instrumentalities.

2. Obligations of, or Guaranteed by, the State of Texas. PCDC is authorized to invest funds in obligations of, or guaranteed by, the State of Texas or one of its agencies or instrumentalities.

3. Repurchase Agreements. PCDC is authorized to invest funds in fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party other than an agency of the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas.

4. Certificates of Deposit. PCDC is authorized to invest its funds in certificates of deposit issued by a state or national bank domiciled in Texas or a savings and loan association domiciled in Texas. Principal and accrued interest may not exceed FDIC limits or the collateral pledged as security for PCDC's investments as set forth in Section 4.03.

5. Investment Pools. PCDC is authorized to invest its funds in the joint investment pools of political subdivisions of the State of Texas. The maximum dollar-

weighted maturity for an investment pool based on the stated maturity date for the portfolio may not exceed 60 days.

B. PCDC is authorized to invest in the following types of investments, to the extent authorized by the Public Funds Investment Act, only upon the Board's adoption of a separate resolution authorizing the investment:

1. bankers' acceptances; and
2. commercial paper rated A-1 plus P-1.

#### 4.03 Security of Funds/Collateral Policy.

A. All funds must be insured by the FDIC or FSLIC or by collateral pledged to the extent of the fair market value of any amount not insured. PCDC recognizes that FDIC insurance is only available up to a maximum of \$100,000 (including accrued interest) for Time or Savings Deposits, \$100,000 for Demand Deposits, and \$100,000 for Interest and Sinking Fund Deposits, and that the amount of funds on deposit at any one Texas financial institution (including branch banks located within the same county) will be combined to determine the maximum amount of insurance coverage.

B. To the extent PCDC funds are not insured by the FDIC or FSLIC, they must be secured in the manner provided by law for the security of funds by the Public Funds Collateral Act by any of the following securities: (1) government securities or obligations issued by the State of Texas, its agencies or political subdivisions, and approved by the Attorney General of Texas payable from taxes or revenues; or (2) direct obligations of the United States backed by the full faith and credit of the government; or (3) any other obligations or securities authorized to be collateral securing the funds of municipalities under the laws of the State of Texas that are approved by the Investment Officer.

C. A bank or trust company holding any uninvested PCDC funds must provide a summary of the funds held and the collateral securities pledged against the funds to PCDC on a monthly basis.

### ARTICLE V QUALIFIED BROKERS

5.01. Disclosure of Investment Policy. Any business that desires to sell investments to PCDC must be given a copy of this Investment Policy, Investment Strategies and Investment Guidelines (collectively, the "Policies"), and a principal of the Business Entity must execute a written instrument stating that he or she:

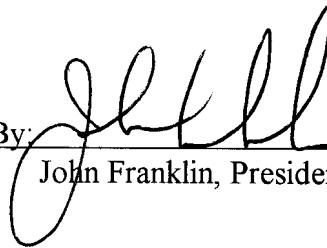
1. Has received and thoroughly reviewed the Policies; and
2. Acknowledges that his or her organization has implemented reasonable procedures and controls in an effort to preclude "imprudent investment activities" from arising between his or her organization and PCDC.

The Investment Officer may not buy any securities from a person who has not delivered to PCDC a written acknowledgment in accordance with the foregoing.

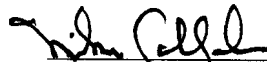
5.02. Qualified Brokers. By separate resolution, the Board will designate those brokers who are authorized to engage in investment transactions with PCDC ("Qualified Brokers"). The Investment Officer may only transact PCDC investment transactions with such Qualified Brokers.

ADOPTED this 28th day of March, 2002.

PFLUGERVILLE COMMUNITY  
DEVELOPMENT CORPORATION

By:   
John Franklin, President

ATTEST:

  
Michael Callahan, Secretary