

APPROVED

5-7-2015

J Koger

Jubilee Academic Center

Investment Policy & Strategy

Exhibit A

JUBILEE ACADEMIC CENTER, INC.
INVESTMENT POLICY & STRATEGY

May 2015

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1. Scope

This policy applies to the investment of all operating funds of Jubilee Academic Center, Inc., hereinafter referred to as the “District”, and obtains its funding primarily through the Foundation School Program. All funds will be invested in a variety of ways to maximize investment earnings.

The investment portfolio will be managed by the certified Investment Officer(s) appointed by the Board to act as Investment Officer, who will strive to invest with the judgement and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for the District.

2. Investment Strategy

2.1 Safety

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

2.1.1 Credit Risk

The District will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Pre qualifying the financial institutions, brokers/dealers, and intermediaries, with which the District will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

2.1.2 Interest Rate Risk

The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. 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.
2. Investing operating funds primarily in shorter- term securities.

2.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. Negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes.

2.3 Yield

1. The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives.

2.4 Debt Service

The investment strategy for debt service funds shall have as its primary objective the assurance of available funds adequate to fund debt service obligations on a timely Basis. Successive debt service dates will be fully funded before any extension of investments are made.

3. Standards of Care

3.1 Prudence

Investments shall be made with judgement 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. The District recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are

reported in a timely fashion to the Board of Directors and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

3.2 Ethics & 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 material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3.3 Delegation of Authority

Authority to manage the investment program is granted to the Chief Executive Officer and the Chief Financial Officer, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. 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(s). The Investment Officer(s) shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

3.4 Checks & Balances

The following guidelines have been established to enhance the integrity and transparency of the District's internal procedures for investing the District's funds and accounting for those investments.

The Chief Executive Officer and the Chief Financial Officer, designated to act as Investment Officers will be authorized to transact investment business on behalf of the District. All trade confirmations will be sent directly to the Accountant where transaction details will be compared and verified against internal records. The Accountant shall review all investment transactions subsequent to execution by the Investment Officer(s). All journal entries will be signed by a senior officer not conducting the transaction and entered into the general ledger by one of the District's posting officers. The Chief Financial Officer is expressly prohibited from posting transactions regarding investments into the District's general ledger.

4. Investment Transactions

4.1 Internal Controls

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure. The internal control structure shall be designed to ensure that the assets of the District are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived.

The internal controls shall address the following points:

1. Control of collusion.
2. Separation of transaction authority from accounting and record keeping.
3. Custodial safekeeping.
4. Clear delegation of authority to subordinate staff members.
5. Written confirmation of transactions for investments and wire transfers.

4.2 Authorized Financial Dealers and Institutions

A list will be maintained of financial institutions authorized to provide investment transactions. Also, a list will be maintained of approved security brokers/ dealers selected by creditworthiness as determined by the Investment Officer(s) and approved by the Board. All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements.
- Certification/Licence from the appropriate Securities Regulatory Commission/body to operate as a broker/dealer.

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Investment Officer(s).

From time to time, the Investment Officer(s) may choose to invest in instruments offered by emerging or minority firms and community financial institutions. In such situations, a waiver of the conditions under Paragraph 1 may be granted by the Board. All terms and relationships will be fully disclosed prior to purchase and will be reported to the Board on a consistent basis. The Board should approve these types of investment purchases in advance of the transaction.

4.3 Eligible Investment

1. Obligations of or Guaranteed by a Governmental Entity:
 - a. Obligations, including letters of credit, of the United States or its agencies or instrumentalities;
 - b. Direct obligations of the State of Texas or its agencies and instrumentalities;
 - c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
 - d. 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, the United States, or their respective agencies or instrumentalities;
 - e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated not less than "A" or its equivalent as to investment quality by a nationally recognized investment rating firm; and
 - f. Bonds issued, assumed, or guaranteed by the State of Israel.

2. Certificates of Deposit and Share Certificates

A certificate of deposit or share certificate is an authorized investment under this policy if the certificate is issued by a depository institution that has its main office or a branch office in the State of Texas and is:

- a. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
- b. Secured by obligations authorized in Section (III)(1) above, 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, excluding those obligations described by Section (IV) below; or
- c. Secured in any other manner and amount provided by law for the deposits of Jubilee Academic Center.

An investment in a certificate of deposit made under the following conditions is also authorized:

- a. The funds are invested by Jubilee Academic Center through a depository institution that is selected by the Board and that has its main office or a branch office in the State of Texas;
- b. The depository institution selected by the Board 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 Jubilee Academic Center;
- c. 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;
- d. The depository institution selected by the Board acts as custodian for Jubilee Academic Center with respect to the certificates of deposit issued for the account of Jubilee Academic Center; and
- e. At the same time that the funds are deposited and the certificates of deposit are issued for the account of Jubilee Academic Center, the depository institution selected by the Board receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by Jubilee Academic Center through the depository institution.

Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of these methods.

3. Repurchase Agreements

Fully-collateralized Repurchase Agreements that:

- a. Have a defined termination date;
- b. Are secured by obligations of the United States or its agencies and instrumentalities;
- c. Are pledged to Jubilee Academic Center, held in Jubilee Academic Center's name, and deposited with Jubilee Academic Center or a third party selected and approved by the Board; and

- d. Are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

Money received by Jubilee Academic Center 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.

For purposes of implementing this policy, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described at III(1) above 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.

4. Securities Lending Programs

Securities Lending Programs where:

- a. The value of securities loaned is not less than 100% collateralized, including accrued income;
- b. The loan allows for termination at any time;
- c. The loan is secured by:
 - i. Pledged securities described in Section (III)(1) above;
 - ii. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than "A" or its equivalent; or
 - iii. Cash invested in accordance with Government Code sections 2256.009, 2256.013, 2256.014, or 2256.016.
- d. The terms of the loan require that the securities being held as collateral be:
 - i. Pledged to Jubilee Academic Center;

- ii. Held in Jubilee Academic Center's name; and
- iii. Deposited at the time the investment is made with Jubilee Academic Center or with a third party selected or approved by the Board;
- e. The loan is placed through a primary government securities dealer or a financial institution doing business in the State of Texas; and
- f. The agreement to lend securities has a term of one year or less.

5. Banker's Acceptances

A banker's acceptance is an authorized investment if it:

- a. Has a stated maturity of 270 days or fewer from the date of its issuance;
- b. Will be liquidated in full at maturity;
- c. Is eligible for collateral for borrowing from a Federal Reserve Bank; and
- d. 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.

6. Commercial Paper

Commercial paper is an authorized investment if it:

- a. Has a stated maturity of 270 days or fewer from the date of issuance; and
- b. Is rated not less than "A-1" or "P-1" or an equivalent rating by at least:
 - i. Two nationally recognized credit rating agencies; or
 - ii. One nationally recognized credit rating agency provided the commercial paper 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.

7. Mutual Funds

No-load money market mutual funds are authorized if they:

- a. Are registered with and regulated by the Securities and Exchange Commission;

- b. Provide Jubilee Academic Center with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. § 78a, *et seq.*) or the Investment Company Act of 1940 (15 U.S.C. § 80a-1, *et seq.*);
- c. Have a dollar-weighted average stated maturity of 90 days or fewer; and
- d. Include in their investment objectives the maintenance of a stable net asset value of \$1 for each share.

No-load market mutual funds are authorized if they:

- a. Are registered with the Securities and Exchange Commission;
- b. Have an average weighted maturity of less than two years;
- c. Are invested exclusively in obligations approved by the Public Funds Investment Act (Government Code, Chapter 2256);
- d. Are continuously rated by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent; and
- e. Conform to the requirements in Government Code section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

Jubilee Academic Center may not invest:

- a. In the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in no-load market mutual funds;
- b. Any portion of bond proceeds, reserves, and funds held for debt service, in no-load market mutual funds; or
- c. Funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described above in an amount that exceeds 10% of the total assets of the mutual fund.

8. Guaranteed Investment Contracts

A guaranteed investment contract, as an investment vehicle for bond proceeds, is authorized if:

- a. It has a defined termination date.

- b. It is secured by obligations authorized by Section (III)(1) above, excluding those obligations described by Section (IV) below, in an amount at least equal to the amount of bond proceeds invested under the contract.
- c. It is pledged to Jubilee Academic Center and deposited with Jubilee Academic Center or with a third party selected and approved by the Board;

To be eligible as an authorized investment,

- d. The Board has to specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance, or resolution authorizing the issuance of bonds;
- e. Jubilee Academic Center must receive bids from at least three separate providers with no material financial interest in the bonds from which the proceeds were received;
- f. Jubilee Academic Center must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
- g. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
- h. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

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

9. Investment Pools

Investment in a public funds investment pool is authorized if:

- a. The pool complies with the requirements of the Public Funds Investment Act; and
- b. The Board has authorized by resolution the investment in the particular pool.

4.4 Investment Restrictions

To provide for the safety and liquidity of the Bank's funds, the investment portfolio will be subject to the following restriction:

- Borrowing for investment purposes ("Leverage") is prohibited.
- Investment in any instrument, which is commonly considered a "derivative" investment (e.g. options, futures, swaps, caps, floors, and collars), is prohibited.
- Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

4.5 Prohibited Transactions

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

5. Investment Parameters

5.1 Portfolio Diversification

The investments portfolio shall be diversified to minimize the risk of loss. Diversification strategies shall be periodically reviewed. The current policy guidelines are as follows:

5.2 Maturity Limitations

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 in bank deposits or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements.

5.3 Portfolio Management

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk. Assets may be sold at a loss only if it is felt that the sale of the security is in the best long-term interest of the District.

6. Performance Review and Reporting

The Chief Financial Officer shall prepare a quarterly investment report that will provide an analysis of the status of the current investment portfolio and transactions made over the reporting period. It will be prepared in a manner to allow the Board to draw a comparison between the portfolio's total return and the established investment objectives and goals, and to ascertain whether investment activities during the reporting period have confirmed to the investment policy and appropriate risk levels. The report will include the following:

- Listing of individual investments held at the end of the reporting period.
- Listing of investment by maturity date.
- Average weighted yield to maturity on investments as compared to applicable benchmarks.
- Percentage of the total portfolio that each type of investment represents.
- Authorized investments requiring a credit rating (such as CP) will be monitored by the Investment Officer(s) on a weekly basis.

7. Record keeping and Safekeeping

The accountant shall be responsible for recording all investment transactions and for securing all documents relative to such transactions. The Accountant will further ensure that all certificates for other investments are received in reasonable time, are accurately recorded and securely filed away. Also, the monthly interest accruals and quarterly market value adjustments will be the Accountant's responsibility.

8. Policy Considerations

8.1 Revision

The Investment Officer(s) shall review the policy annually and shall recommend all necessary changes to the Board for consideration and adoption. The data contained in the Annexes to this document may be updated by the Investment Officer(s) as necessary, provided that the changes in no way affect the substance of the policy.

8.2 Adoption

This policy and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors.

9. List of Attachments

The following documents are attached to this policy:

- Listing of authorized depository institutions, broker and dealers (Annex I)

Revised May 7, 2015

Adopted:

By the Board of Directors

Jubilee Academic Center, Inc.



Chairman



Secretary

Listing of Authorized Depository Institutions, Broker and Dealers

TexPool

Broadway Bank

U. S. Bank

Fayetteville Bank

Frost Bank

Bank of San Antonio

Compass Bank

**RESOLUTION OF THE Directors
JUBILEE ACADEMIC CENTER**

A RESOLUTION DESIGNATING INVESTMENT OFFICER(S)

WHEREAS, the Public Funds Investment Act codified in Government Code Chapter 2256 governs local government investment; and

WHEREAS, the Public Fund Investment Act (Section 2256.005(f)) and the District's Investment Policy, require the District to designate one or more investment officer(s) by rule, order, ordinance or resolution; and

WHEREAS, the Public Funds Investment Act and the District's Investment Policy require the investment officer to perform certain duties and report regularly to the Board on the investment program,

NOW, THEREFORE, BE IT RESOLVED

That the District has complied with the requirements of the Public Funds Investment Act and the District's Investment Policy and designates the following individual(S) to serve as Investment Officer of the District:

Rene Gallegos, CFO
Tom Koger, CEO

To be responsible for the investment of its funds consistent with policy. The Investment Officer is authorized deposit, withdraw, transfer, open depository investment accounts, and manage the funds while exercising the judgment and care, under circumstances then prevailing, that a prudent person would exercise in the management of the person's own affairs and to perform all the requirements of the Act.

AND, the Board recognizes that the Board retains the ultimate responsibility as fiduciaries of the assets of the District (Section 2256.005(f)).

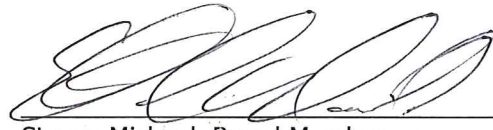
PASSED, ADOPTED AND APPROVED by the Jubilee Academic Executive Board this the 7th day of May, 2015.

Members voting in favor of the resolution:


Thomas J. Koger, Chairman of the Board


Robert Anguiano, Jr., Vice-Chairman of the Board


Jerry Hoadley, Jr., Secretary of the Board


Steven Michael, Board Member

The undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of a Resolution of the Directors of the Corporation, duly held on May 7, 2015, which Resolution is in full force and effect and has not been revoked or amended.

A handwritten signature in black ink, appearing to read "Jerry Hoadley, Jr.", is written over a horizontal line.

Jerry Hoadley, Jr., Secretary 5/7/2015