NUECES COUNTY HOSPITAL DISTRICT

Briefing Paper

SUBJECT: Annual Review and Adoption of Authorized Broker/Dealer List

Purpose

To brief the Board of Managers regarding the annual review and proposed adoption of the Nueces County Hospital District's list of qualified broker/dealers authorized to engage in investment transactions with the District.

Background

The District is subject to the Texas Public Funds Investment Act and maintains an investment policy and a list of qualified broker/dealers authorized to engage in investment transactions with the District.

The Public Funds Investment Act requires the Board, or the District's investment committee, to review and adopt a list of qualified brokers authorized to engage in investment transactions with the District at least annually. The proposed resolution documents the annual review and provides for adoption of an updated Authorized Broker/Dealer List effective September 1, 2026.

Authorized Broker/Dealer List

Exhibit A to the resolution identifies the broker/dealers approved for investment transactions with the District. The list includes a range of national, regional, and other securities firms that may serve as counterparties for authorized District investment activity, subject to the requirements of the District's Investment Policy.

The list also identifies certain firms as Primary Government Securities Dealers and certain firms as minority-owned, woman-owned, or service-disabled veteran-owned enterprises. Direct issuers of commercial paper and certificates of deposit are considered approved counterparties when separately approved as issuers.

Qualification Requirements

Inclusion on the Authorized Broker/Dealer List does not by itself eliminate the qualification and compliance requirements established by the District's Investment Policy. Broker/dealers included on the list are required to complete and submit the questionnaire forms specified by the Investment Policy.

The Administrator is responsible for determining the acceptability of the submitted questionnaire forms. Accordingly, authorization to conduct investment transactions remains subject to satisfaction of the District's applicable qualification, documentation, and investment-policy requirements.

Relationship to Investment Policy

The Authorized Broker/Dealer List operates within the broader framework of the District's Investment Policy and Investment Strategies. Investment transactions involving an authorized broker/dealer remain subject to the Policy's requirements concerning authorized investments, diversification, maturity, competitive bidding, delivery versus payment, safekeeping, internal controls, and other applicable investment safeguards.

The annual broker/dealer review therefore serves as one component of the District's overall investment governance and control structure by identifying firms eligible to participate in investment transactions while retaining the Policy's separate requirements governing individual transactions.

Effective Date and Superseding List

The proposed Authorized Broker/Dealer List would become effective September 1, 2026. Upon adoption, it would supersede and replace the District's current authorized broker/dealer list.

The annual adoption process allows the District to periodically review the firms eligible to conduct investment business with the District and to maintain a current list consistent with the Public Funds Investment Act and the District's Investment Policy.

Administrative Authority

The proposed resolution authorizes and directs the Administrator to perform the acts and execute the instruments and related documents necessary to carry out the resolution. In his capacity as Secretary of the Board, the Administrator would also be authorized to certify the resolution and its conformity with applicable state law and the District's Governing Board Bylaws.

The resolution would take effect upon passage, and the Board retains the authority to amend or repeal the resolution.

Fiscal Impact

The resolution does not itself appropriate funds or require an investment transaction with any listed broker/dealer. Rather, it establishes the firms authorized to participate in District investment transactions, subject to the District's Investment Policy and applicable law. Any financial effect would arise from subsequent investment transactions conducted under those requirements.

Board Consideration

The Board is being asked to acknowledge completion of its annual review and adopt the Authorized Broker/Dealer List attached as Exhibit A, effective September 1, 2026. Adoption would supersede the current list and require listed broker/dealers to satisfy the questionnaire and qualification requirements established by the District's Investment Policy.

Summary

The proposed resolution fulfills the annual review requirement applicable to the District's qualified broker/dealer list and establishes the firms authorized to engage in investment transactions with the District effective September 1, 2026. The action does not authorize particular investments; instead, it identifies eligible counterparties that remain subject to the District's Investment Policy, qualification procedures, and investment controls.