



Local Government Investment Cooperative (LOGIC) Participation Agreement and Trust Instrument

THIS PARTICIPATION AGREEMENT AND TRUST INSTRUMENT (together with any amendments and supplements, referred to as this “Agreement”) is made and entered into by and among each of those government entities initially executing this Agreement and any other government entity that is eligible and becomes a party hereto (collectively, the “Participants”).

WHEREAS, the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended (the “PFIA”) authorizes the entities described in the PFIA to invest their funds in an eligible public funds investment pool;

WHEREAS, each of the Participants qualifies as an entity described in the PFIA;

WHEREAS, the Participants desire to establish and maintain a public funds investment pool for the purpose of pooling their local funds for joint investment in accordance with the PFIA and the terms hereof and providing assistance to each other on investment alternatives and on other issues of concern to the Participants;

WHEREAS, the Participants desire that the public funds investment pool be entitled Local Government Investment Cooperative (LOGIC) and that it be managed and operated by a board of trustees, which shall be an advisory board under the PFIA;

WHEREAS, each of the Participants has duly taken all official action necessary and appropriate to become a party to this Agreement, including the adoption of a rule, order, ordinance, or resolution, as appropriate;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, each Participant agrees that all moneys it transfers to LOGIC on or after the effective date hereof shall be held and managed in trust by the board of trustees for the benefit of the Participant, and the Participants mutually agree as follows:

ARTICLE I

Definitions and Rules of Construction

Section 1.01. Definitions. Except as otherwise provided in this Agreement, the capitalized terms used herein shall have the following meanings unless the context otherwise requires:

Account - any account established by a Participant.

Additional Party Agreement - a document substantially in the form attached hereto as an Appendix which, when attached to a copy of this Agreement and executed by an Authorized Representative of a Government Entity, constitutes a valid and binding counterpart of this Agreement and results in the Government Entity becoming a party to this Agreement.

Administrator - Any person, firm or organization approved by the Board and under contract to provide administrative assistance in connection with the management and operation of the Pool.

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Advisor - The registered investment advisor or advisors selected by or at the direction of the Board to provide advice regarding investment of Pool assets pursuant to this Agreement and subject to applicable law.

Authorized Investments - those investments which are authorized from time to time to be purchased, sold and invested in under PFIA or other applicable law and further defined in the Investment Policies.

Authorized Representative - an individual authorized to execute documents and take other necessary actions, pursuant to this Agreement, on behalf of a Government Entity or other person, firm or organization, as evidenced by a duly adopted resolution or bylaw of the governing body of such Government Entity or other person, firm or organization, a certified copy of which is on file with the Administrator. In the case of a Government Entity that is a combination of political subdivisions under the Act, the Authorized Representatives of any administrative agency appointed by such combination of political subdivisions shall be deemed to be Authorized Representatives for such Government Entities.

Board - the governing body of the Pool, known as The Board of Trustees of Local Government Investment Cooperative.

Bylaws - the bylaws adopted by the Board, as the same may be amended from time to time, subject to the requirements of this Agreement.

Custodian - any person, firm or organization selected by or at the direction of the Board to have custody of all money, investments and other assets of the Pool pursuant to this Agreement and subject to applicable law.

General Manager - any person, firm or organization which has contracted with the Board to provide general management services to the Board.

Government Entity - a local government of the State of Texas, as defined in the PFIA, a state agency, as defined in the PFIA, and a nonprofit corporation acting on behalf of a local government or a state agency, including but not limited to an incorporated city or town, a county, a public school district, a district or authority created under art. III, Section 52(b)(1) or (2) of the Texas Constitution, or art. XVI, Section 59 of the Texas Constitution, an institution of higher education as defined by Section 61.3 of the Education Code, a hospital district, or a fresh water supply district.

Information Statement - the information statement or any other document distributed to Participants and potential Participants to provide them with a description of the management and operation of the Pool, as the same may be amended from time to time, subject to the requirements of this Agreement.

Interlocal Act - the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as the same may be amended from time to time.

Investment Officer - one or more officers or employees of the Board designated as investment officers by the Board.

Investment Policies - the written Investment Policies adopted and approved by the Board governing investment and management of Pool assets of different Portfolios, as the same may be amended from time to time, subject to the requirements of this Agreement.

Marketing Representative - any person, firm or organization authorized by the Board to promote the Pool.

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Participants - the Government Entities that are the initial parties to this Agreement and the Government Entities which subsequently become parties to this Agreement.

PFIA - the Public Funds Investment Act, Chapter 2256, Texas Government Code, as the same may be amended from time to time.

Pool - the public funds investment pool and trust created pursuant to this Agreement.

Portfolio - a portfolio of assets in the Pool which are held separate from other assets of the Pool and which are invested with a defined investment objective which may be different from other Portfolios in the Pool, and in which a Participant may elect to invest its funds.

State - the State of Texas.

Units - equal proportionate units of undivided beneficial interest in the assets of the Pool or of any Portfolio of the Pool from time to time, including fractions of units as well as whole units.

Section 1.02. General Rules of Construction.

- (a) Whenever in this Agreement the context requires: (1) a reference to the singular number shall include the plural and vice versa; and (2) a word denoting gender shall be construed to include the masculine, feminine, and neuter.
- (b) The titles given to any article or section of this Agreement are for convenience only and are not intended to modify the article or section.

ARTICLE II

Creation of the Pool and Trust; Purpose and Objective

Section 2.01. Creation of the Board.

- (a) The Participants hereby agree to jointly invest their funds in a public funds investment pool and trust, to be known as Local Government Investment Cooperative (the "Pool") and to create and establish a board of trustees of the Pool (the "Board"), as an advisory board pursuant to the PFIA, an administrative agency pursuant to the Interlocal Act, and as trustee of the funds in the Pool.
- (b) The Participants delegate to the Pool through its Board, the authority to hold legal title to and manage all money, investments and other assets transferred to or acquired by the Pool pursuant to this Agreement as Pool assets.
- (c) The Board shall have the authority to employ personnel, engage in other administrative activities and provide other administrative services necessary to accomplish the purpose of this Agreement.

Section 2.02. Purpose and Objective.

- (a) The first purpose of the Pool is to provide Government Entities with a variety of investment vehicles to best suit their investment needs, with each Portfolio tailored to meet a specific investment need.

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- (b) The second purpose of the Pool is to provide Government Entities with a forum for discussion of, and to provide education concerning, investments and other issues of concern in public finance. In all cases, however, the Pool will have the following investment objectives in order of priority: safety of principal; liquidity in accordance with the operating requirements of the Participants; and the highest rate of return.
- (c) In order to accomplish the Pool's objective, each Participant agrees that the money transferred to a Portfolio within the Pool will be commingled with other money transferred to the Portfolio by other Participants for the purpose of making Authorized Investments, subject to the terms of this Agreement, the Investment Policies and applicable law, thereby taking advantage of investment opportunities and cost benefits available to larger investors.

ARTICLE III

Pool Administration

Section 3.01. The Board and the Bylaws

- (a) The business and affairs of the Pool shall be managed by the Board as governing body of the Pool.
- (b) The Board is authorized to adopt Bylaws which shall set forth, among other things, the initial Board members, the procedures governing the selection of the members of the Board, the procedure for holding meetings, the election of officers, and other matters necessary or desirable for governance by the Board, and the right of the Board, the General Manager, and other consultants to be indemnified for damages arising from their actions in connection with the Pool. By executing this Agreement, the Participant consents to the Bylaws. By maintaining funds in the Pool after any amendment to the Bylaws becomes effective, the Participant consents to the Bylaws, as amended. The Board has the right to amend any term or provision of the Bylaws, provided that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, is a material change to the Bylaws.

Section 3.02. Powers and Duties of the Board.

- (a) Subject to applicable law and the terms of this Agreement, the Board shall have full and complete power to take all actions, do all things and execute all instruments as it deems necessary or desirable in order to carry out, promote or advance the investment objective, interests and purposes of the Pool to the same extent as if the Board was the sole and absolute owner of the Pool.
- (b) The Board shall adopt and maintain Investment Policies, consistent with the general objective of the Pool, which shall provide more detailed guidelines for investment and management of Pool assets. By executing this Agreement, the initial Participants consent to the proposed Investment Policies, and the subsequent Participants consent to the Investment Policies then in effect. By maintaining funds in the Pool after any amendment to the Investment Policies becomes effective, the Participant has consented to the Investment Policies, as amended. The Board shall, subject to the terms of this Agreement, have the authority to amend any term or provision of the Investment Policies, provided

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that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, will have a material effect on such Participant's investment in the Pool.

- (c) The Board shall adopt and maintain Operating Procedures, which shall provide more detailed information on the procedures for depositing and withdrawing funds from the Pool. By executing this Agreement, the initial Participants consent to the proposed Operating Procedures, and the subsequent Participants consent to the Operating Procedures then in effect. By maintaining funds in the Pool after any amendment to the Operating Procedures becomes effective, the Participant has consented to the Operating Procedures, as amended. The Board shall, subject to the terms of this Agreement, have the authority to amend any term or provision of the Operating Procedures provided that notice is sent to each Participant at least 30 days prior to the effective date of any change which, in the opinion of the Board, will have a material effect on such Participant's investment in the Pool.
- (d) The Board shall designate one or more Investment Officers for the Pool who shall be responsible for the investment of Pool assets.
- (e) The Board shall prepare, or direct the preparation of an Information Statement that describes how the Pool will operate in accordance with the terms of this Agreement and the Investment Policies. Subject to the terms of this Agreement and the Investment Policies, the Information Statement may be amended or supplemented, notice of which will be provided to Participants in accordance with the disclosure requirements of the PFIA.
- (f) The Board shall, subject to the limitations established in the Investment Policies, have full and complete power and authority to appoint a general manager and any other service providers deemed necessary or helpful in the operation of the Pool.
- (g) The Board shall provide, through peer review, seminars, computer mail systems, or other means, information and educational opportunities to Participants on investing and on other issues in the area of public finance.
- (h) The Board shall have full and complete power to use, or direct the use of, Pool assets for the following purposes: (1) incur and pay any expenses which, in its opinion, are necessary or incidental to or proper for carrying out any of the purposes of this Agreement; (2) reimburse others for the payment thereof; (3) pay appropriate compensation or fees to persons with whom the Pool has contracted or transacted business; and (4) charge a Participant's Account for any special fees or expenses related specifically to transactions in such Account.
- (i) The Board shall have full power to compromise, arbitrate, or otherwise adjust claims in favor of or against the Pool.
- (j) The Board shall cause financial statements to be prepared and maintained for the Pool and for such statements to be audited annually by an independent certified public accounting firm.
- (k) The Board may appoint a General Manager to perform managerial services for the Pool, provided that the Board shall continue to oversee the operation and

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management of the Pool and shall have the authority to direct the General Manager to take or not take specific action on behalf of the Pool.

- (l) The enumeration of any specific power or authority herein shall not be construed as limiting the general power and authority of the Board over the Pool.
- (m) The Board shall act in good faith in accordance with the purposes of the Pool.

Section 3.03. Liability.

- (a) Neither the Board, the Investment Officers, nor any officers, employees or board members of any of the forgoing shall be held liable for any action or omission to act on behalf of the Pool or the Participants unless caused by such person's willful misconduct or unless constituting a breach of trust for which a trustee may not be relieved of liability under the Texas Trust Code. The Pool shall indemnify and hold harmless (either directly or through insurance) any person referred to in this Section, to the extent permitted by law, for any and all litigation, claims or other proceedings, including but not limited to reasonable attorney fees, costs, judgments, settlement payments and penalties arising out of the management and operation of the Pool, unless the litigation, claim or other proceeding resulted from the willful misconduct of such person or a breach of trust for which a trustee may not be relieved of liability under the Texas Trust Code.
- (b) Neither the General Manager, the Marketing Representative, the Administrator, the Advisor, the Subadvisor, the Custodian, nor their affiliates, officers, employees or board members shall be held liable for any action or omission to act on behalf of the Pool or the Participants unless such person failed to meet the standard of care required under its agreement relating to the Pool or acted with willful misconduct. The Pool shall indemnify and hold harmless (either directly or through insurance) any person referred to in this Section, to the extent permitted by law, for any and all litigation, claims or other proceedings, including but not limited to reasonable attorney fees, costs, judgments, settlement payments and penalties arising out of the management and operation of the Pool, unless the litigation, claim, or other proceeding is adjudicated to have resulted from such person's failure to meet the standard of care required under its agreement relating to the Pool or its willful misconduct.
- (c) The indemnification provisions are described in more detail in the Bylaws.

ARTICLE IV

Participation in LOGIC

Section 4.01. Eligibility. In order for a Government Entity to become a Participant and transfer money into the Pool, each of the following conditions must be satisfied:

- (a) The Government Entity must adopt a resolution (1) authorizing it to become a Participant and approving this Agreement, (2) acknowledging the Board's power to supervise the Pool and agreeing that moneys it transfers to the Pool shall be held and managed in trust by the Board for the Government Entity's benefit, (3) approving the investment policies of the Pool (as amended from time to time by

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the Board) and directing that any conflicting local investment policies shall not apply to Pool investments of the Participant, (4) designating Authorized Representatives of the Participant, (5) designating the Investment Officers appointed from time to time by the Board as the Participant's investment officers who shall be responsible for investing the share of Pool assets representing local funds of the Participant, (6) designating the depository and custodian appointed from time to time by the Board as the Government Entity's depository and custodian for purposes of holding the share of Pool assets representing funds of the Government Entity, and consenting to the terms and conditions specified on the website in order to use the online transaction system; and

- (b) The Government Entity must become a party to this Agreement by executing an Additional Party Agreement and delivering the same to the Pool, together with a certified copy of the resolution referred to in subsection (a) of this Section, an application in form and substance satisfactory to the Board, and such other information as may be required by the Board.
- (c) No entity except a Government Entity may be a Participant. The Board shall have sole discretion to determine whether a Government Entity is eligible under Texas law to be a Participant and to designate categories of Government Entities eligible to be Participants in any Portfolio of the Pool.

Section 4.02. Participant Accounts.

- (a) While available local funds of Participants may be commingled for purposes of common investment and operational efficiency, one or more separate Accounts for each Participant in each Portfolio in the Pool designated by the Participant will be established in accordance with the Participant's application to join the Pool and maintained by the Pool.
- (b) Each Participant shall own an undivided beneficial interest in the assets in the Portfolios in which it invests, calculated as described in the Investment Policies.
- (c) The Participant agrees that all Pool fees shall be directly and automatically assessed and charged against the Participant's Account. The basic services fee shall be calculated as a reduction in the daily income earned and only the net income shall be credited to the Participant's Account. Fees for special services shall be charged to each Participant's Account as they are incurred or performed. Use of Pool assets for fees shall be made from current revenues available to the Participant.

Section 4.03. Reports. The Pool shall submit a written report a least once per month to each Participant. Such report will indicate: (1) the balance in each Account of a Participant as of the date of such report, (2) yield information, (3) all account activity since the previous report, and (4) other information required by the PFIA.

Section 4.04. Termination.

- (a) A Participant may withdraw all funds from an Account in accordance with the Investment Policies and Operating Procedures. A Participant may cease to be a Participant under this Agreement, with or without cause, by providing written notice to the Pool at least 10 days prior to such termination.

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- (b) The Board may terminate a Participant's participation in this Agreement upon at least 30 days' notice if Texas law changes so that such Participant is no longer entitled to join in an eligible public funds investment pool under PFIA, the Interlocal Act, or other applicable law.
- (c) Upon the vote of a majority of its full membership, the Board may order the termination of this Agreement by directing that all outstanding operating expenses of the Pool be paid and remaining assets of the Pool be distributed to Participants in accordance with their respective pro rata interests.

ARTICLE V

Pool Assets

Section 5.01. Investments. Pool assets shall be invested and reinvested by the Pool only in Authorized Investments in accordance with the Investment Policies.

Section 5.02. Custody. All money, investments and assets of the Pool shall be held in the possession of the Custodian.

ARTICLE VI

Miscellaneous

Section 6.01. Severability.

- (a) If any provision of this Agreement shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provisions contained herein or render the same invalid, inoperative or unenforceable to any extent whatsoever.
- (b) Any participation in this Agreement or transfer of assets to the Pool that is not qualified for any reason shall not terminate this Agreement or the participation of other Participants or otherwise adversely affect the Pool.

Section 6.02. Limitation of Rights. This Agreement does not create any right, title or interest for any person other than the Participants and any person who has a contract to provide services to the Pool, and nothing in or to be implied from this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under this Agreement.

Section 6.03. Execution of Counterparts. This Agreement may be executed in several separate counterparts, including by Additional Party Agreement, each of which shall be an original and all of which shall constitute one and the same instrument.

Section 6.04. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 6.05. Term. This Agreement shall have an initial term beginning with the effective date set forth below and shall be automatically renewed for one year on such date and each anniversary of such date, except with respect to any Government Entity that may have terminated itself as a Participant or as otherwise provided in Section 4.05.

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Section 6.06. Notices. Any notices or other information required or permitted to be given hereunder shall be sent: (a) to the Pool as set forth in the Information Statement, and (b) to a Participant as set forth in its application to become a Participant or as otherwise provided by written notice to the Administrator.

Section 6.07. Trust. LOGIC shall be a trust organized and existing under the laws of the State. LOGIC is not intended to be, shall not be deemed to be, and shall not be treated as a general partnership, limited partnership, joint venture, corporation, investment company, or joint stock company. The Participants shall be beneficiaries in LOGIC, and their relationship to the Board shall be solely in their capacity as Participants and beneficiaries in accordance with the rights conferred upon them hereunder. Nothing in this Agreement shall be construed to make the Participants, either by themselves or with the trustees, partners, or members of a joint stock association.

Section 6.08. Entire Agreement; Amendments. This Agreement represents the entire agreement and understanding of the Participants. This Agreement may be amended with the approval of the Board, provided that notice of any such amendment is sent to all Participants at least 60 days prior to the effective date thereof.

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Originally executed between Fort Bend County and City of Wichita Falls, Texas as of April 4, 1994, and amended by the Board and effective March 1, 1999 and December 4, 2015. The Board hereby acknowledges its duties as Trustee upon the effective date hereof.

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Approved and accepted:

The Board of Directors, Local Government Investment Cooperative

By: /s/ Phil Roberson
President

Date: December 4, 2015

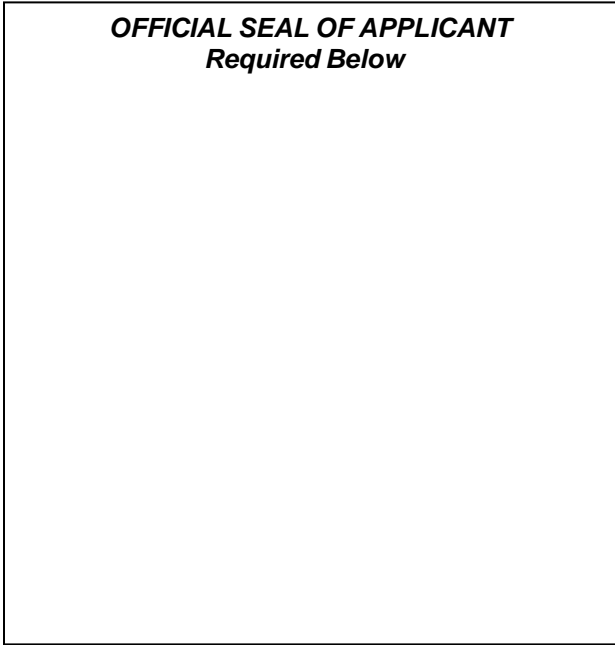
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Additional Party Agreement

The Government Entity of the State of Texas named below, acting by and through the undersigned Authorized Representative, hereby agrees to become a party to that certain Participation Agreement and Trust Instrument to which this page is attached, and thereby become a Participant in the Local Government Investment Cooperative, subject to all of the terms and provisions of such Agreement. The undersigned hereby represents that it is a Government Entity as defined in such Agreement.

Executed this 11th day of June, 2021.

Name of Government Entity McKinney Housing Finance Corporation



By: _____
Authorized Representative

Bob Fisher, President

Printed Name and Title

Attest: _____
Authorized Representative

Cristel Todd, Secretary

Printed Name and Title

Approved and accepted:

LOCAL GOVERNMENT INVESTMENT COOPERATIVE {LOGIC}

By: **FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES**
Participant Services Administrator

By: _____ Date: _____

Authorized Signer