

# **PUBLIC FUNDS INVESTMENT POLICY**

## **I. POLICY STATEMENT**

It is the policy of the Benbrook Water Authority, hereinafter referred to as the "Authority", that the administration and investment of its funds be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested. This shall be accomplished by diversification of investments while meeting the daily cash flow needs of the Authority and at the same time, conforming to all applicable state statutes and Authority policies governing the investment of public funds. It is the intent of the Authority to be in complete compliance with Chapter 2256 of the Texas Government Code, also known as the Texas Public Funds Investment Act (the "Act"). The earnings from investments will be used in a manner that best serves the public trust and interests of the Authority. This Public Funds Investment Policy shall be referred to herein as the Investment Policy.

## **II. SCOPE**

This Investment Policy applies to all the financial assets and funds held by the Authority. The Authority commingles its funds into a limited number of funds for investment purposes and for efficiency and maximum investment opportunity. These funds are listed in the Authority's audited financial statements and include:

- (1) General Operating Fund;
- (2) General Debt Service Fund; and
- (3) Capital Projects Fund.

And any new funds created by the Authority unless specifically exempted by the Authority's Board of Directors from this policy.

## **III. OBJECTIVES AND STRATEGY**

It is the policy of the Authority that all its funds shall be managed and invested by adhering to the following investment objectives, listed in order of their priority:

- (1) preservation and safety of principal;
- (2) liquidity;
- (3) marketability;
- (4) portfolio diversification; and
- (5) yield.

These objectives are discussed as follows:

Safety of Principal

Safety of principal is the foremost objective of the Authority. Investments of the Authority shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition. The suitability of each investment decision will be made on the basis of these objectives.

Liquidity

The Authority investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.

Marketability

The investment officer will ensure that marketability maintained in the portfolio is sufficient to reasonably assure that investments could be liquidated if cash needs occur prior to the maturity date of the investments.

Diversification

Diversification of the portfolio will be accomplished by maturity and market section and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

Yield

The Authority's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's constraints and cash flow requirements. "Market rate of return" may be defined as the average yield of the current three months U.S. Treasury Bill or such other indexes designated by the Board that most closely matches the average maturity of the portfolio.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The Authority shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

**IV. STANDARD OF CARE**

Each of the Authority's investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. In determining whether the standard of care has been achieved, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the Authority's control, over which the person had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with this Investment Policy.

## V. LEGAL LIMITATION, RESPONSIBILITY AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Act. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits.

The Interlocal Cooperation Act, Chapter 791, Texas Government Code, authorizes local governments in Texas to participate in an investment pool established thereunder. That statute and reference to authorized investment in investment pools in the Act, is the primary authority for use of investment pools by political subdivisions of the State of Texas.

## VI. SPECIFIC INVESTMENT STRATEGIES

- (1) Short Term/Operating Funds - This pooled investment group includes the total of cash and investments available for current operations plus all required operating reserves of the following fund types: The general fund, debt service funds, special revenue funds, and enterprise funds. A key investment strategy for operating funds is to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar weighted average maturity of operating funds may not exceed one year. The maximum maturity of an individual investment shall not exceed two years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, or approved investment pools. Diversification and limitations among the remaining investment options will be determined and approved by the Board of Directors, in light of existing market conditions. Unless otherwise approved, the total of the remaining investment instruments may not exceed 50% of the portfolio value (measured at cost).
- (2) Long Term/Non Operating Funds - The primary revenue source of this pooled investment group is bond proceeds (which are typically subject to arbitrage yield limitations). The category also includes any amount of cash and investments in excess of the estimated required operating reserves in the general fund, enterprise funds, internal service funds, or debt service funds. A key investment strategy is to assure that anticipated cash flows are matched with adequate investment liquidity. An additional investment strategy is to provide additional income to offset rising costs for capital projects. The maximum weighted average maturity of the portfolio shall not exceed two years. The maximum maturity of an individual investment shall not exceed three years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, approved investment pools, or United States government agency issues.

Diversification among the remaining investment options will be restricted to 75% of the portfolio value (measured at cost) unless otherwise approved by the Board of Directors.

- (3) Yield Restricted Portfolio - A primary investment strategy is to assure that anticipated cash flows are matched with adequate investment liquidity. A further investment strategy is to limit investment yields to arbitrage ceilings. The maximum maturity of an individual investment shall not exceed three years. The maximum weighted average maturity of this portfolio shall not exceed two years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, approved investment pools, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the Board of Directors, in light of existing market conditions.
- (4) Debt Service Reserve Funds - A primary investment strategy for debt service reserve funds is to provide income to the reserve portions of revenue bonds. Because the investments may be subject to arbitrage yield restrictions, the secondary investment strategy is to attempt to invest at a yield equal to the arbitrage limit applicable to the reserves. The maximum maturity of an individual investment shall not exceed ten years. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, approved investment pools, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the Board of Directors, in light of existing market conditions.
- (5) Debt Service Sinking Funds - The primary investment strategy for debt service sinking funds is to match investment maturities with debt service payment requirements. The securities must have an active secondary market. The maximum maturity of an individual investment shall not exceed five years unless a specific longer maturity is legally required. The diversification of the portfolio is unrestricted in ownership of U.S. Treasury Bills, U.S. Treasury Notes, approved investment pools, or United States government agency issues. Diversification among the remaining investment options will be determined and approved by the Board of Directors, in light of existing market conditions.

## VII. PERIODIC POLICY AND STRATEGY REVIEW

This Investment Policy, as well as the investment strategies adopted by the Authority in accordance with this policy and applicable law, shall be reviewed by the Authority's Board of Directors not less than annually. The Authority's Board of Directors shall adopt a written instrument by rule, order, or resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to either this policy or to the investment strategies.

## VIII. DELEGATION OF INVESTMENT AUTHORITY

The Authority's Board of Directors shall designate by rule, order, or resolution one or more officers or employees of the Authority to be an Investment Officer. The Authority's Investment Officer(s) shall "be responsible for the investment of the Authority's funds in a manner that is consistent with this policy. An Investment Officer's authority is effective until the Authority's Board of Directors rescinds the authority or until (1) the Investment Officer's employment is terminated with the Authority; or (2) the Investment Officer's "term on the Board of Directors expires or is vacated or prematurely terminated. A true and correct copy of the instrument memorializing the Board of Directors' formal designation of the Authority's Investment Officers is attached to this Investment Policy as Exhibit A.

The Authority's Board of Directors shall retain responsibility for approving investment policy and for the designation of qualified and capable employees and officers to oversee investment management and procedures. The Board of Directors additionally retains ultimate responsibility as a fiduciary of the Authority's assets. All participants in the investment process shall act responsibly as custodians of the public trust and shall at all times exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs.

The Investment Officer(s) shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. No person may engage in an investment transaction except as provided under the terms of this policy and pursuant to the procedures established by the Investment Officer(s) and approved by the Authority's Board of Directors. The Investment Officer(s) shall be responsible for all Authority investment and fund management transactions undertaken and shall establish a system of controls to regulate investment activities.

The Investment Officer(s) shall establish a system of written internal controls which will be reviewed annually by the Board of Directors and the appointed independent auditor of the Authority. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Authority.

### Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the Authority. Supplemental to the financial and budgetary systems, the Investment Officer(s) will maintain a cash flow forecasting process designed to monitor and forecast cash positions for investment purposes. Cash flow will include the historical researching and monitoring of specific cash flow items, payable and receivables as well as overall cash position and patterns.

### Limitation of Personal Liability

The Investment Officer(s), when lawfully and legally acting in accordance with the written procedures and this policy and in accord with the standard of care, shall be relieved of

personal responsibility and liability in the management of the portfolio. Provided, however, that any substantive deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported to the Board of Directors in a timely manner and appropriate action is taken to control adverse market effects.

#### Training of Investment Officers

The Investment Officer(s) shall (1) not later than the first anniversary of the date the officer takes office or assumes the officer's duties, attend a training session of at least six hours of instruction relating to investment responsibilities under Chapter 2256 of the Government Code; and (2) attend at least four hours of additional investment training within each two-year period after the first year.

### IX. DISCLOSURE OF CERTAIN RELATIONSHIPS

Each Investment Officer and Authority official shall make a written statement disclosing each personal business relationship with a business organization offering to engage in an investment transaction with the Authority; and any relationship within the second degree of affinity or consanguinity, as determined by Chapter 573, Texas Government Code, to any individual seeking to sell an investment to the Authority. An Investment Officer has a personal business relationship with a business organization if:

- (1) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
- (3) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

A statement required under this section must be filed with the Texas Ethics Commission and the Authority's Board of Directors.

### X. INVESTMENT TRANSACTION REPORTING

Not less than quarterly, the Authority's Investment Officer(s) shall prepare and submit to the Authority's Board of Directors a written report of the investment transactions for all funds subject to this Investment Policy for the preceding period. The report must comply with each requirement set forth in Section 2256.023 of the Act.

### XI. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the types of instruments specifically approved by vote of the Board of Directors. The investments are to be primarily

chosen in a manner which promotes the preservation and safety of principle, including diversity of market sector and maturity. The choice of high-grade government investments and high-grade, money market instruments are designed to assure the marketability of those investments should liquidity needs arise. The Authority is only authorized to invest its funds in the following:

- (1) Obligations, including letters of credit, of the United States or its agencies and instrumentalities; not to exceed one year to stated maturity.
- (2) Direct obligations of the State of Texas or its agencies and instrumentalities.
- (3) 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.
- (4) 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 or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- (5) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a national recognized investment rating firm not less than A or its equivalent.
- (6) Interest-bearing banking deposits that are guaranteed or insured by:
  - a. The Federal Deposit Insurance Corporation or its successor; or
  - b. The National Credit Union Share Insurance Fund or its successor;

Any investments made in certificates of deposit or share certificates by the Authority must also comply with Section 2256.010 of the Act. Investments must be made only after receipt of a written depository agreement with the depository institution selected by the Authority, and must not exceed a stated maturity of five years.

- (7) Fully collateralized repurchase agreements in accordance with Section 2256.011 of the Act.
- (8) A securities lending program that meets the requirements of Section 2256.0115 of the Act.
- (9) Bankers acceptances that:
  - a. have a stated maturity of 270 days or fewer from the date of issuance;
  - b. will be, in accordance with its terms, liquidated in full at maturity;
  - c. are eligible for collateral for borrowing from a Federal Reserve Bank;

- d. are 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; and
- e. otherwise meet the requirements and prohibitions set forth in Section 2256.012 of the Act.

(10) Commercial paper that:

- a. has a stated maturity of 365 days or fewer from the date of issuance;
- 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 and 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; and
- c. otherwise meets the requirements and prohibitions set forth in Section 2256.013 of the Act.

(11) No-load money market mutual funds that:

- a. are registered with and regulated by the Securities and Exchange Commission;
- b. provide the Authority with a prospectus and other information required by the Securities 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.); and
- c. complies with Federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and
- d. otherwise meet the requirements and prohibitions set forth in Section 2256.14 of the Act.

(12) Guaranteed investment contracts that:

- a. have a defined termination date;
- b. are secured by obligations described by Section 2256.009(a)(1) of the Act, but not those obligations described by Section 2256.009(b) of the Act, in an amount at least equal to the amount of bond proceeds invested under the contract;
- c. are pledged to the Authority and deposited with the Authority or with a third party selected and approved by the Authority; and
- d. otherwise meet the requirements and prohibitions set forth in Section 2256.015 of the Act.

Authority's Investment Officers are authorized to invest bond proceeds or pledged revenue only to the extent permitted by the Act, in accordance with statutory provisions governing the



debt issuance, or the agreement, as applicable, and the Authority's investment policy regarding debt issuance, or the agreement, as applicable.

- (13) Investment pools as provided for in Section 2256.016, and as defined by Section 2256.001(6), of the Act, as particularly and individually approved by the Authority's Board of Directors and that otherwise comply with the requirements and prohibitions set forth in Section 2256.016.

If additional types of securities are approved for investment of public funds by state statute, they will not be eligible for investment by the Authority until this policy has been amended and the amended version approved by the Authority's Board of Directors.

#### Competitive Bidding Requirement

The Authority may not award a contract for services on the basis of competitive bids pursuant to the Professional Services Procurement Act, Section 2254. All securities, including certificates of deposit, will be purchased or sold after review of three (3) offers to determine a fair and reasonable value, or other best efforts are undertaken to verify that the Authority is receiving a fair market value of the investment.

## XII. SELECTION OF AUTHORIZED BROKERS

The Authority's Board of Directors, or an investment committee designated by the Authority's Board of Directors, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Authority. Said list shall be attached to this Investment Policy as Exhibit B. A written copy of this Investment Policy must be presented to any person offering to engage in an investment transaction with the Authority or with an investment management firm under contract with the Authority to invest or manage the Authority's investment portfolio.

## XIII. SELECTION OF AUTHORIZED INVESTMENT MANAGERS

The Act allows the Authority to contract with an investment management firm to provide for the investment and management of its public funds or other funds under its control. The Authority's Board of Directors, or an investment committee designated by the Authority's Board of Directors, shall, at least annually, review, revise, and adopt a list of qualified investment management firms that are authorized to engage in investment transactions with the Authority. Said list shall be attached to this Investment Policy as Exhibit C. Qualifying firms must be registered under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1, et seq.) or with the state Securities Board. At least every two years, the Authority shall, following a competitive selection process, designate one of the listed investment management firms to serve as the Authority's Investment Manager. Any contract executed by the Authority with an investment management firm for these purposes may not be for a term longer than two (2) years. A renewal or extension of any such contract must be made by order or resolution of the Authority's Board of Directors. A written copy of this Investment Policy must be presented to any person offering to engage in an investment transaction with

the Authority or with an investment management firm under contract with the Authority to invest or manage the Authority's investment portfolio.

#### XIV. ACKNOWLEDGEMENT REQUIRED

A written copy of this Investment Policy must be presented to any person offering to engage in an investment transaction with the Authority or with an investment management firm under contract with the Authority to invest or manage the Authority's investment portfolio. The qualified representative of each business organization or each person authorized to engage in an investment transaction with the Authority must execute a written instrument in a form acceptable to the Authority that the business organization or person:

- (1) has received and reviewed this Investment Policy; and
- (2) acknowledges that the business organization or person has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Authority and the business organization or person that are not authorized by this Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

The Investment Officer(s) may not acquire or otherwise obtain any authorized investments described in this Investment Policy from a person or business organization who has not delivered to the Authority an instrument that is substantially similar to the form acknowledgment attached to this Investment Policy as Exhibit D.

#### XV. DIVERSIFICATION AND MATURITY LIMITATIONS

It is the policy of the Authority to diversify its investment portfolio. Invested funds shall be diversified to minimize risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed.

#### XVI. MARKET VALUE MONITORING

An Investment Officer shall determine the market value of each investment and of all collateral pledged to secure deposits of Authority funds at least quarterly and at a time as close as practicable to the closing of the reporting period for the investments. Such values shall be included on the investment report. The following methods shall be used:

- (1) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- (2) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
- (3) Other investment securities may be valued in any of the following ways:
  - a. the lower of two bids, obtained from securities brokers/dealers for such security;
  - b. the average of the bid and asked prices for such investment security as published in the Wall Street Journal or the New York Times;
  - c. the bid price published by any nationally recognized security pricing service; or
  - d. the market value quoted by the seller of the security or the owner of such collateral.

## XVII. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent funds management require that all purchased securities, except for investment pool funds and mutual funds, be bought on a delivery versus payment basis and be held in safekeeping by the Authority or a depository institution that has its main office or a branch office in this state.

### Collateralization

All Authority funds deposited in a depository institution in excess of FDIC insurance coverage shall be secured by securities pledged by the depository institution in which the funds are deposited as provided under Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act). The total value of eligible security to secure a deposit of Authority funds cannot be less than the amount of the deposit of Authority funds: (1) increased by the amount of any accrued interest; and (2) reduced to the extent that the United States or an instrumentality of the United States insures the deposit. A financial institution holding a deposit of Authority funds and that participates in a pooled collateral program must comply with the Public Funds Collateral Act and secure its deposits of public funds with eligible securities the total value of which equals at least 102 percent of the amount of the deposits of public funds.

## XVIII. PRIMARY DEPOSITORY INSTITUTION

The Authority's Board of Directors, or an investment committee designated by the Authority's Board of Directors, shall, at least annually, review, revise, and adopt a list of financial institutions with which the Authority feels would, pursuant to its standard of care, potentially serve as an appropriate depository of Authority funds and holder of the Authority's certificates of deposit or share certificates. Each qualifying institution must be, at a minimum, a depository institution that has its main office or a branch office in this state. Said institutions are listed on the document attached hereto as Exhibit E.

At least every five years, the Authority shall, following a competitive selection process, designate one of the listed financial institutions to serve as the Authority's Primary Depository Institution. This institution will be used for normal banking services including disbursements, deposits, lockbox, controlled disbursement, and safekeeping of securities.

**XIX. GENERAL PROVISIONS**

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

The Authority shall annually perform a financial audit as well as a compliance audit of management controls on investments and adherence to this Investment Policy.

This Investment Policy supersedes any prior policies adopted by the Authority's Board of Directors regarding investment or securitization of Authority funds.

Unless otherwise expressly provided in this Investment Policy, the maximum allowable stated maturity of any individual investment owned by the Authority is two (2) years.

**XX. INVESTMENT POLICY ADOPTION BY AUTHORITY**

The Authority's Board of Directors officially finds, determines, and declares that this Investment Policy was reviewed, carefully considered, and adopted at a regular meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

APPROVED BY BOARD OF DIRECTORS on \_\_\_\_\_, 2022.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

**Exhibit A**

*[Attach copy of signed resolution]*

## **Exhibit B**

### Qualified Brokers

Bancroft Securities (Veteran owned firm)  
501 Office Center Drive, Suite 130 Fort  
Washington, PA, 19034  
Current contact: Susan Gress, Managing Director

RBC Capital Markets (All permitted securities)  
200 Crescent Court, Suite 1500  
Dallas, TX 75201  
Current contact: Tom Kelly, CFA, Vice President

Multi-Bank Securities (Veteran owned firm)  
1000 Town Center, Suite 2300  
Southfield, MI 48075  
Current contact: Luigi Mancini, Vice President

Academy Securities (Veteran owned firm)  
205 Wacker Drive, 8<sup>th</sup> Floor  
Chicago, IL 60606  
Current contact: Beth Tolomeo, Managing Director

Vining Sparks IBG, LLC (All permitted securities)  
775 Ridge Lake Blvd.  
Memphis, TN 38120  
Current contact: Josh Gorham, Managing Director

Great Pacific Securities (Veteran owned firm)  
151 Kalmus Drive, Suite H8  
Costa Mesa, CA 92626  
Current contact: Pending. Broker has changed firms.

The Texas Public Funds Investment Act requires that all broker-dealers being utilized for services must be approved by the governing body. This applies only to the firms and not the individual brokers. When a broker leaves a firm, that firm remains on the approved list but the individual broker must re-apply along with his new firm.

## **Exhibit C**

### **Qualified Investment Management Firms**

Hilltop Securities  
717 N. Harwood Street, Suite 3400  
Dallas, TX 75201

Agile Capital, Inc.  
101 Yucca Street  
Burnet TX 78611-4146

**EXHIBIT D**

**TEXAS PUBLIC FUNDS INVESTMENT ACT  
ACKNOWLEDGMENT OF COMPLIANCE FORM**

TO: BENBROOK WATER AUTHORITY BOARD OF DIRECTORS

FROM: \_\_\_\_\_  
Include name and position held of the qualified representative of the business organization or person offering to engage in an investment transaction with the Authority

OF \_\_\_\_\_ (the "Business Organization")

DATE: \_\_\_\_\_, 20\_\_\_\_

In accordance with the provisions of Chapter 2256 of the Texas Government Code, I hereby acknowledge that:

1. I am an individual offering to enter into an investment transaction with the Benbrook Water Authority or a "qualified representative," as that term is defined by Section 2256.002(10), Texas Government Code, of the Business Organization offering to enter into an investment transaction with the District, as applicable, and that I meet all requirements under such Act to sign this acknowledgement.
2. I or the Business Organization, as applicable, anticipate selling to the Benbrook Water Authority investments that comply with the Authority's Investment Policy, dated \_\_\_\_\_, 20\_\_\_\_ (the "Investment Policy").
3. I or a registered investment professional that services the Benbrook Water Authority's account, as applicable, have received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Benbrook Water Authority now in full force and effect. The Authority has further acknowledged that I or the Business Organization, as applicable, may rely upon the Investment Policy until it provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy
4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions between the Benbrook Water Authority and me or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the Authority's entire portfolio or requires an interpretation of subjective investment standards.



5. I or the Business Organization, as applicable, have/has reviewed or will review prior to any sale, the terms, conditions and characteristics of the investments to be sold to the Benbrook Water Authority and determined (i) that each of the investments is an authorized investment for local governments under the Chapter 2256, Texas Government Code, and (ii) each of the investments is an authorized investment pursuant to the Investment Policy.
6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.
7. The Business Organization has attached hereto, for return to the Benbrook Water Authority, or will provide a prospectus or disclosure document for each of the investments other than certificates of deposit and direct obligations of the United States.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT E**

### **Qualified depository institutions**

1. Pinnacle Bank  
9282 Benbrook Blvd.  
Benbrook, TX 76126

Contact: Current Branch Manager

2. American National Bank of Texas  
2720 West 7th Street  
Fort Worth, TX 76107

Contact: Current Branch Manager

3. Frost Bank  
4200 South Hulen Street  
Fort Worth, TX 76109

Contact: Current Branch Manager

4. Southside Bank  
6001 Bryant Irvin Road.  
Fort Worth, TX 76132

Contact: Current Branch Manager