



**CERTIFIED AGENDA**  
**THURSDAY, OCTOBER 19, 2017, 4:00 P.M.**  
**311 W. WOODARD STREET, DENISON, TEXAS**

***PUBLIC NOTICE***

*The Denison Development Alliance will meet in a regular session beginning on Thursday, October 19, 2017, at 4:00 P.M. in the Conference Room at the Denison Development Alliance, 311 West Woodard Street, Denison, Texas. An agenda listing items to be considered at that time is as follows:*

**CALL TO ORDER**  
**ORDER OF BUSINESS**

- I. INTRODUCTION, OATHS AND STATEMENTS OF NEW BOARD MEMBER BRETT EVANS, AND REAPPOINTED BOARD MEMBER, AND CHAIRMAN OF THE BOARD, DAVID SPINDLE.**
- II. REVIEW AND CONSIDER APPROVAL OF THE REGULAR CALLED MEETING MINUTES HELD SEPTEMBER 21, 2017.**
- III. REVIEW AND CONSIDER APPROVAL OF THE DDA INVESTMENT POLICY.**
- IV. REVIEW MONTHLY INVESTMENT REPORT.**
- V. MONTHLY STAFF REPORTS.**

THE DENISON DEVELOPMENT ALLIANCE OF DENISON, TEXAS, RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME DURING THE COURSE OF THIS MEETING TO DISCUSS ANY OF THE MATTERS LISTED ABOVE, AS AUTHORIZED BY TEXAS GOVERNMENT CODE SECTIONS 551.071 (CONSULTATION WITH ATTORNEY), 551.072 (DELIBERATIONS ABOUT REAL PROPERTY), 551.073 (DELIBERATIONS ABOUT GIFTS AND DONATIONS), 551.074 DELIBERATIONS ABOUT PERSONNEL MATTERS), 551.075 (DELIBERATIONS ABOUT SECURITY DEVICES), 551.087 (DELIBERATIONS ABOUT ECONOMIC DEVELOPMENT).

**EXECUTIVE SESSION (CLOSED SESSION), SECTION 551.087, SECTION 551.072, AND SECTION 551.074 OF THE TEXAS GOVERNMENT CODE.**

- I. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**  
Consider incentives, if any, for Projects: DAN, GARY, STREET, and SWAG
- II. DELIBERATION REGARDING REAL PROPERTY**

Following the closed Executive Session, the Board will reconvene in open public session and take such action as may be desirable or necessary as a result of the closed deliberation, namely:

**I. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**

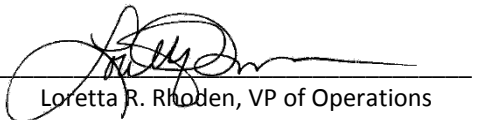
Consider incentives, if any, for Projects: DAN, GARY, STREET, and SWAG

**II. DELIBERATION REGARDING REAL PROPERTY**

**ADJOURN**

**CERTIFICATION**

I, Loretta R. Rhoden, Vice President of Operations of the Denison Development Alliance, do hereby certify the above foregoing notice of public meeting was posted at the entrance of the Denison Development Alliance Building, 311 W. Woodard, Denison, Texas, and online at [www.denisontx.org](http://www.denisontx.org), places readily available to the general public at all times, this the 16<sup>th</sup> day of October, 2017, at 3:45 pm.



Loretta R. Rhoden, VP of Operations

**IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, THE DENISON DEVELOPMENT ALLIANCE WILL PROVIDE FOR REASONABLE ACCOMMODATIONS FOR PERSONS ATTENDING THE BOARD MEETING. TO BETTER SERVE YOU, REQUESTS SHOULD BE RECEIVED 48 HOURS PRIOR TO THE MEETING. PLEASE CONTACT THE VP OF OPERATION'S OFFICE AT 903.464.0883.**



**MINUTES OF MEETING  
THURSDAY, SEPTEMBER 21, 2017, 4:00 P.M.  
DENISON DEVELOPMENT ALLIANCE  
311 W. WOODARD STREET, DENISON, TEXAS**

**MEMBERS PRESENT:** Robert Brady, Matthew Looney, Richard Munson, David Spindle, Robert Sylvester

**MEMBERS ABSENT:** None

**STAFF PRESENT:** Tony Kaai, CEcD – President, Loretta Rhoden – VP of Operations, William Myers – VP of Business Development

**VISITORS PRESENT:** None

**MEETING WAS CALLED TO ORDER BY DAVID SPINDLE, CHAIRMAN AT 4:00 P.M.**

- I. AWARD PRESENTATION TO RICHARD MUNSON FOR 9 YEARS OF DEDICATED SERVICE TO THE DENISON DEVELOPMENT ALLIANCE:** Presented by David Spindle, Chairman, to Richard Munson.
- II. REVIEW AND CONSIDER APPROVAL OF THE REGULAR CALLED MEETING MINUTES HELD AUGUST 17, 2017, THE SPECIAL CALLED MEETING MINUTES HELD SEPTEMBER 1, 2017, AND THE SPECIAL CALLED MEETING MINUTES HELD SEPTEMBER 8, 2017:** Reviewed by members. Robert Brady motioned to approve the regular and both set of special called meeting minutes as submitted. Matthew Looney seconded. Motion was unanimously approved.
- III. REVIEW AND CONSIDER APPROVAL OF THE AUGUST FINANCIAL REPORTS:** Robert Brady moved to approve the August financial reports as submitted by Veronica Davis, CPA. Richard Munson seconded, and the motion was unanimously approved.
- IV. REVIEW MONTHLY INVESTMENT REPORT:** Loretta Rhoden reported to members the only changes to this month's investment report was the accrued interest and obligated incentive payments made during the month. Reviewed by Board members. No action needed.

**V. MONTHLY STAFF REPORT:** Presented by DDA staff members. No action needed.

**ANNOUNCEMENT BY PRESIDING OFFICER:** "As authorized by Section 551.087, 551.087 and 551.074 of the Texas Government Code, the Denison Development Alliance adjourned into closed Executive Session on the 21<sup>st</sup> day of September, 2017, at 4:32 P.M. to consider the following:

**I. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**

Consider incentives, if any, for Projects: DAN

**II. DELIBERATION REGARDING REAL PROPERTY**

**III. PERSONNEL MATTERS**

Following the closed Executive Session the Board reconvened in open and public session at 4:51 P.M.

**I. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**

Consider incentives, if any, for Projects: DAN

No action taken.

**II. DELIBERATION REGARDING REAL PROPERTY**

No action taken.

**III. PERSONNEL MATTERS**

Matthew Looney motioned to amend the President's Supplemental Compensation Plan (attached) as presented by Chairman Spindle. Robert Sylvester seconded, and the motion was unanimously approved by the Board of Directors.

**THERE BEING NO FURTHER BUSINESS THE MEETING WAS ADJOURNED AT 4:51 P.M.**

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David Spindle, Chairman

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Date Approved

## **Amendment to Executive Supplemental Compensation Plan** (President, Business & Industrial Corporation of Denison, Inc)

This AMENDMENT TO EXECUTIVE SUPPLEMENTAL COMPENSATION PLAN (this “Amendment”) is effective as of October 1, 2017, by and between the Business and Industrial Corporation of Denison, Inc. (“COMPANY”) and Tony Kaai (“EMPLOYEE”), to be attached to and made a part of that certain Executive Supplemental Compensation Plan (the “Plan”) dated October 1, 2007 between COMPANY and EMPLOYEE.

COMPANY and EMPLOYEE mutually desire to supplement and amend certain terms of the Plan by entering into this Amendment to the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Amendment, and such other good and valuable consideration the receipt and sufficiency of which the parties hereby agree as follows:

1. In Article 3 of the Plan, the Accumulated Benefits that accrued from October 1, 2007 through September 30, 2017 shall be known as the Initial Accumulated Benefits. The Initial Accumulated Benefits are fully vested on October 1, 2017. After October 1, 2017, EMPLOYEE may withdraw all or a portion of the Initial Accumulated Benefits and shall continue to have the option to make withdrawals during the term of the Plan and this Amendment.
2. Beginning October 1, 2017, an additional benefit to EMPLOYEE shall commence (the “Additional Accumulated Benefits”). If employee continues to provide management services to COMPANY until October 1, 2022, then the EMPLOYEE shall be fully vested in the Additional Accumulated Benefits. On each anniversary date of the Plan (October 1 of each year), EMPLOYEE shall become vested (Employee’s Vested Percentage) in twenty percent (20%) or an additional twenty percent (20%), as the case may be, of the Additional Accumulated Benefits according to the following schedule:

<u>YEAR</u>	<u>VESTING PERCENTAGE</u>
1 (October 1, 2018)	20%
2 (October 1, 2019)	40%
3 (October 1, 2020)	60%
4 (October 1, 2021)	80%
5 (October 1, 2022)	100%

3. Accumulated Benefits, as described in Article 4, shall include the Initial Accumulated Benefits and the Additional Accumulated Benefits.
4. In Article 4 of the Plan, the Company Contribution of \$25,000 each October to the Plan shall continue for an additional five (5) years.

5. Article 9 shall be amended to allow EMPLOYEE to have the option to withdraw all or a portion of the Initial Accumulated Benefits at such time(s) and in such amount(s) in the discretion of EMPLOYEE. In the absence of a termination as described in Article 9, the Additional Accumulated Benefits may not be withdrawn by EMPLOYEE until they are 100% vested.

Except as expressly provided in this Amendment, each and every term and condition of the Plan shall remain in full force and effect according to its terms and COMPANY and EMPLOYEE hereby ratify and affirm all their respective rights and obligations under the Plan.

IN WITNESS WHEREOF, the parties have executed this Amendment to be effective as of October 1, 2017.

COMPANY:

Business and Industrial Corporation of Denison, Inc.

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

Mr. David Spindle  
Chairman

EMPLOYEE:

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

Tony Kaai  
President

I hereby designate Kerry Kaai as my beneficiary under this Plan.

\_\_\_\_\_  
Tony Kaai  
President

**BUSINESS AND INDUSTRIAL CORPORATION  
OF DENISON, INC.**

**INVESTMENT POLICY**

**September 2002\***

*\*(2005 Legislative changes made September, 2005)*

# **BUSINESS AND INDUSTRIAL CORPORATION OF DENISON, INC.**

## **INVESTMENT POLICY**

### **PREFACE**

It is the policy of the Business and Industrial Corporation of Denison, Inc. (the "BICD") that after allowing for the anticipated cash flow requirements of the BICD and giving due consideration to the safety and risks of investments, all available funds shall be invested in conformance with these legal and administrative guidelines to obtain a market rate of return.

Effective cash management is recognized as essential to good fiscal management. An active cash management and investment policy will be pursued to take advantage of investment interest as a viable and material source of revenue for BICD funds. The BICD's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. The BICD will invest BICD funds in a manner that will provide the maximum security and a market rate of return while meeting the daily cash flow demands of the BICD.

The BICD is required under the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) to adopt a formal written Investment Policy for the investment of public funds. These policies serve to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code [the Act]) to define, adopt and review a formal investment strategy and policy.



# BUSINESS AND INDUSTRIAL CORPORATION OF DENISON, INC.

## INVESTMENT POLICY

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#### **Attachments:**

- A. Glossary of Terms
- B. Certification of Business Organization Sample Form

## INVESTMENT POLICY

1. **PURPOSE.** The purpose of this investment policy (the Policy) is to set forth specific investment policy and strategy guidelines for the BICD in order to achieve the goals of safety, liquidity, achieving a market rate of return and maintaining public trust for all investment activities. The Board of Directors of the BICD shall review the investment strategy and policy at least annually, and the Board of Directors shall annually approve the Investment Policy, including any revisions.
  
2. **INVESTMENT STRATEGY.** The BICD maintains a comprehensive and proactive cash management program that is designed to monitor and control all BICD funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all of the BICD's funds are earning interest. It is the responsibility and obligation of the BICD to maintain a flexible approach and be prepared to modify the investment strategy as market conditions dictate. The investment strategy described is predicated on conditions as now exist and are subject to change. The investment strategy emphasizes low credit risk, diversification, and the management of maturities. The strategy also considers the expertise and time constraints of the investment officers. The allowable investment instruments as defined in Section 6 of this Policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. This strategy uses local government investment pools to achieve diversification. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature as cash needs require.
  - 2.1. **The primary investment strategy and objectives** of the BICD as specified in this Policy (See Section 4.) are listed below, in their order of importance:
    - Safety and preservation of principal;
    - Maintenance of sufficient liquidity to meet operating needs;
    - Achieve a market rate of return on the investment portfolio; and
    - Seek at all times to maintain public trust by adhering to the above stated objectives.
  
  - 2.2. **The list of investments authorized** by this Policy intentionally excludes some investments allowed by state law. The restrictions limit possible credit risk and provide the maximum measure of safety. Within the investment objectives, the investment strategy is to utilize authorized investments for maximum advantage to the BICD. To increase the interest earnings for funds identified as being available for investment over longer periods of time based upon a cash requirements projection, the BICD will consider the following strategies:
    - 2.2.1. **Strategy No. 1.** Diversifying the BICD's investment opportunities through the use of local government investment pools and money

market mutual funds as authorized by the Board of Directors. An investment pool is an entity created to invest public funds jointly on behalf of its participants and whose investment objectives in order of priority match those objectives of the BICD. Funds are usually available from investment pools on a same-day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staff, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve diversification. The strategy of the BICD calls for the use of investment pools as a primary source of diversification and supplemental source of liquidity. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

2.2.2 **Strategy No. 2.** Building a ladder of Investment Policy authorized securities with staggered maturities for all or part of the longer-term investable funds. The benefits of this ladder approach include the following:

- It is straight-forward and easily understood;
- It represents a prudent diversification alternative;
- All investments remain within the approved maturity horizon;
- It will normally allow the BICD to capture a reasonable portion of the yield curve; and,
- It provides predictable cash flow with scheduled maturities and reinvestment opportunities.

2.2.3. **Strategy No. 3.** Pursuant to the Public Funds Investment Act (Texas Government Code 2256.003), the BICD may, at its discretion, contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) and with the State Securities Board to provide for investment and non-discretionary management of its public funds or other funds under its control.

An appointed Investment Advisor shall act solely in an advisory and administrative capacity, within the guidelines of this Investment Policy. At no time shall the Advisor take possession of securities or funds or otherwise be granted discretionary authority to transact business on behalf of the BICD. Any contract awarded by the Board of Directors for investment advisory services may not exceed two years, with an option to extend by mutual consent of both parties.

Duties of the Investment Advisor contracted by the BICD shall abide by the Prudent Expert Rule, whereby investment advice shall, at all times, be given with the judgment and care, under circumstances then prevailing, which persons paid for their special prudence, discretion

and intelligence in such matters exercise in the management of their client's affairs, not for speculation by the client or production of fee income by the advisor or broker, but for investment by the client with emphasis on the probable safety of the capital while considering the probable income to be derived.

2.2.4. **Strategy No. 4.** The BICD will maintain portfolio(s), which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund group(s) represented in the portfolio(s):

2.2.4.1. Investment strategies for operating funds and pooled funds containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio that will experience minimal volatility during economic cycles through diversification by security type, maturity date, and issuer. All security types, as authorized by this policy, are considered suitable investments for the operating and pooled funds.

2.2.4.2 Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date(s). These funds have predictable payment schedules. Therefore, investment maturities shall not exceed the anticipated cash flow requirements.

2.2.4.3. Investment strategies for debt service reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund. Managing the Debt Service Reserve Fund's portfolio maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if the City's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue.

2.2.4.4. Investment strategies for special projects or capital projects funds will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. Market conditions and arbitrage regulations will influence the investment of capital project funds. When market conditions allow, achieving a positive spread to applicable arbitrage yield is the desired objective; although at no time shall the anticipated expenditure schedule be exceeded in an attempt to increase yield.

2.2.5 **Strategy No. 5 - Hold until Maturity.** The strategy of the BICD is to maintain sufficient liquidity in its portfolio so that it does not need to sell a security prior to maturity. Should it become necessary to sell a security prior to maturity, where the sale proceeds are less than the current book value, the prior consent of the Board of Directors must

be obtained. Securities may be sold prior to maturity by the Investment Officer at or above their book value at any time.

2.2.6. **Strategy No. 6 - Pooling of Deposits and Investments.** All demand deposits of the BICD will be concentrated with one central depository. This procedure will maximize the BICD's ability to pool cash for investment purposes, and provide more manageable banking relationships. In addition, depositories not holding demand deposits of the BICD may be eligible to bid on BICD investments.

2.2.7. **Strategy No. 7 - Depository Bank Relationships.** This Policy shall further seek to maintain good depository bank relationships while minimizing the cost of banking services. The BICD will seek to maintain a depository contract that will be managed to a level that minimizes the cost of the banking relationship to the BICD, while allowing the BICD to earn an appropriate return on idle demand deposits.

2.2.8. **Strategy No. 8 - Single Pooled Fund Group.** A single strategy is specified, in accordance with the single pooled fund group as defined in this Policy. However, earnings from investments will be allocated on a pro-rata cash basis to the individual funds and used in a manner that will best service the interests of the BICD.

2.2.9. **Strategy No. 9 - Maximizing investable Cash Balances.** Procedures shall be established and implemented in order to maximize investable cash by decreasing the time between the actual collection and the deposit of receipts, and by the controlling of disbursements.

3. **SCOPE.** The Investment Policy shall govern the investment of all financial assets considered to be part of the BICD entity and includes the following funds or fund types: Operating, Bond and Loan Funds, Debt Service Funds, and any other funds which have been contractually delegated to the BICD for management purposes. The BICD may add or delete funds as may be required by law, or for proper accounting procedures. This policy does not include funds governed by approved trust agreements, or assets administered for the benefit of the BICD by outside agencies under retirement or deferred compensation programs. Additionally, bond funds (including debt service and reserve funds) are governed by bond ordinances and are subject to the provisions of the Internal Revenue Code and applicable federal regulations governing the investment of bond proceeds.

4. **INVESTMENT OBJECTIVES.** Funds of the BICD shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The four objectives of the BICD's investment activities shall be as follows (in the order of priority):

- 4.1. **Safety of Principal.** Safety of principal invested is the foremost objective in the investment decisions of the BICD. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions with whom the BICD will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the BICD's investments.
  - 4.2. **Liquidity.** The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the BICD's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as will provide the liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements, or to otherwise favorably adjust the BICD's portfolio, in accordance with Section 2.2.5 above.
  - 4.3. **Market Rate-of-Return (Yield).** The BICD's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner that seeks to attain a market rate of return throughout budgetary and economic cycles. The BICD will not attempt to consistently attain an unrealistic above market rate-of-return, as this objective will subject the overall portfolio to greater risk. Therefore, the BICD's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the rate of annual income return on an investment, expressed as a percentage.
  - 4.4. **Public Trust.** All participants in the BICD's investment program shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might involve a conflict of interest or otherwise impair public confidence in the BICD's ability to govern effectively. All officials of the BICD having either a direct or indirect role in the process of investing idle funds shall act responsibly as custodians of the public trust.
5. **INVESTMENT RESPONSIBILITY.** As provided in this policy, the daily operation and management of the BICD's investments are the responsibility of the following persons.
    - 5.1 **Delegation of BICD.** The President for the BICD is authorized to deposit, withdraw, invest, transfer or manage in any other manner the funds of the BICD. Management responsibility for the investment program is hereby delegated to the President who shall establish written procedures for the operation of the investment program consistent with this Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. All persons involved in investment

activities will be referred to in this Policy as "Investment Officials." No persons may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the President. The President shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate Investment Officials. The system of controls shall be designed to provide reasonable assurance that ensures the assets of the BICD are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and,
- (2) the valuation of costs and benefits requires estimates and judgments by management.

The President shall be designated as the primary Investment Officer for the BICD and shall be responsible for investment decisions and activities under the direction of the Board of Directors. The President may delegate any phase of the investment program. However, ultimate responsibility for investment decisions will rest with the President. Commitment of financial and staffing resources in order to maximize total return through active portfolio management shall be the responsibility of the Board of Directors.

5.2 **Prudence.** The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the following:

5.2.1 The investment of all funds over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment; and,

5.2.2 whether the investment decision was consistent with the written investment Policy and procedures of the BICD.

5.3 **Due Diligence.** The Investment Officer acting in accordance with written policies and procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments. All Investment Officials involved in investment transactions will be bonded in the amount of \$100,000.

- 5.4 **Ethical Standards and Conflicts of Interest.** All BICD Investment Officials having a direct or indirect role in the investment of BICD funds shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. An Investment Officer who has a personal business relationship with the depository bank or with any entity seeking to sell an investment to the BICD shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the BICD shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board of Directors.
- 5.5 **Training.** The investment officers shall attend at least one training session containing at least 10 hours of instruction relating to the officer's responsibility under the Public Funds Investment Act within twelve (12) months after assuming duties, and attend an investment training session not less than once every two years, receiving an additional ten (10) hours of training. Such training from an independent source shall be endorsed by either the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League, the North Central Texas Council of Governments, or the Center for Public Management at the University of North Texas.
6. **AUTHORIZED INVESTMENTS.** As stated previously, safety of principal is the primary objective in investing BICD funds and can be accomplished by limiting two types of risk-credit risk and interest rate risk. Credit risk is the risk associated with the failure of a security issuer or backer. Interest rate risk is the risk that the value of a portfolio will decline due to an increase in the general level of interest rates. In order to provide for safety of principal as the BICD's primary objective, only certain investments are authorized as acceptable investments for the BICD. The following list of authorized investments for the BICD intentionally excludes some investments authorized by law. These restrictions are placed in order to limit possible risk and provide the maximum measure of safety to BICD funds. In order to maximize returns all security transactions will be competitively bid.
- 6.1 **Authorized and Acceptable Investments.** The authorized list of investment instruments are as follows:
- 6.1.1. **Obligations of the United States** or its agencies and instrumentalities, excluding mortgage-backed securities.



6.1.2. **Direct obligations** of the State of Texas, or its agencies and instrumentalities.

6.1.3. **Other obligations**, the principal of and interest on 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, excluding mortgage-related securities.

6.1.4. **Collateralized Certificates of Deposit**. A certificate of deposit issued by a depository institution that has its main office or a branch office in this state and is:

- guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- secured by obligations that are described by Section 2256.009(a) of the Public Funds Investment Act, including mortgage backed securities directly issued by a federal agency or instrumentality, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) of the Act; or
- secured in any other manner and amount provided by law for deposits of the BICD.

6.1.5. **Eligible Local Government Investment Pools**. Public funds investment pools which invest in instruments and follow practices allowed by the current law as defined in Section 2256.016 of the Texas Government Code, provided that:

- the investment pool must be authorized by the Board of Directors;
- the pool shall have furnished the Investment Officer an offering circular containing the information required by Section 2256.016(b) of the Texas Government Code;
- the pool shall furnish the Investment Officer investment transaction confirmations with respect to all investments made with it;
- the pool shall furnish to the Investment Officer monthly reports containing the information required under Section 2256.016(c) of the Texas Government Code;
- the pool is continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service;
- the pool marks its portfolio to market daily;
- the pool’s investment objectives shall be to maintain a stable net asset value of one dollar (\$1.00); and

- the pool's investment philosophy and strategy are consistent with this Policy.

6.1.6. **Repurchase Agreements, Reverse Repurchase Agreements, Bankers' Acceptances.** These investments are authorized for the BICD to the extent that they are contained in the portfolios of approved public funds investment pools and regulated no-load money market mutual funds in which the BICD invests.

6.1.7. **Regulated No-Load Money Market Mutual Funds.** These investments are authorized, under the following conditions:

- the money market mutual fund is registered with and regulated by the Securities and Exchange Commission;
- the fund provides the BICD with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940;
- the fund has a dollar-weighted average portfolio maturity of ninety (90) days or less;
- the investment objectives include the maintenance of a stable net asset value of one dollar (\$1.00) per share; and
- the fund is continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service.

The BICD may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

6.1.8. **Commercial Paper** with a stated maturity of 270 days or less from the date of issuance that either: is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or is rated at least A-1, P-1, or the equivalent by at least 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 thereof.

6.1.9. **Obligations of States, Agencies, Counties, Cities,** and Other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

6.2 **Investment Instruments NOT Authorized.** State law specifically prohibits investment in the following securities:

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

7. **DIVERSIFICATION.** Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

7.1 **Diversification by Maturities.** The longer the maturity of investments, the greater their price volatility. Therefore, it is the BICD's policy to concentrate its investment portfolio in shorter-term securities in order to limit principal risks caused by change in interest rates. The BICD will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the BICD will not directly invest in securities maturing more than eighteen (18) months from the date of purchase. However, the above described obligations, certificates, or agreements may be collateralized using longer date instruments. The BICD shall diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Maturity scheduling shall be managed by the Investment Officer so that maturities of investments shall be timed to coincide with projected cash flow needs.

7.2 **Diversification by Investment Instrument.** Diversification by investment instrument shall not exceed the following guidelines for each type of instrument:

**Percentage of Portfolio  
(Maximum)**

U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities	80%

of Government-Sponsored Corporations	
Authorized Local Government Investment Pools	100%
Fully Collateralized Certificates of Deposit	100%
SEC-Regulated No-Load Money Market Mutual Funds	100%
Commercial Paper	10%
Obligations of States, Agencies, Counties, Cities	10%

8. **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.** Financial institutions (federally insured banks) with and through whom the BICD invests shall be state or national banks, which have main offices or a branch office in this state. No public deposit shall be made except in a qualified public depository as established by state laws. Broker/dealers authorized to provide investment services to the BICD may include only those authorized by the Board of Directors. All banking services will be governed by a depository contract awarded by the City Council of the City of Denison. In addition, the President shall maintain a list of authorized security brokers/dealers, and investment pools that are authorized by the Board of Directors.
- 8.1 All financial institutions with whom the BICD does business must supply the following as appropriate: (1) audited financial statements; (2) proof of National Association of Securities Dealers (NASD) certification; (3) proof of state registration; (4) completed broker/dealer questionnaire; (5) certification of having read the BICD's investment policy signed by a qualified representative of the organization, acknowledging that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the BICD and the organization.
- 8.2 **Annual Review of Bidders Financial Conditions.** An annual review of the financial condition and registration of qualified bidders will be conducted by the President. The review may include, but is not limited to, review of rating agency reports, review of call reports, and analyses of management, profitability, capitalization, and asset quality. Financial institutions and brokers/dealers desiring to conduct business with the BICD shall be required to provide any financial data requested by the Investment Officer. Upon completion of the annual review by the President, the financial institutions and brokers/dealers desiring to conduct business with the BICD shall be approved by the Board of Directors.
- 8.3 **Selection Criteria** for federally insured financial institutions shall include the following: (1) the financial institution must be insured by the FDIC; (2) the financial institution must be incorporated under the laws of the State of Texas or of the United States of America; and (3) the financial institution must be located within the corporate boundaries of the BICD. Depositories located outside the BICD limits, but within Grayson County may be eligible to bid on investments, provided the financial institution maintains a place of business

within the State of Texas and offers within the State the services required by the depository services contract and the Board of Directors.

8.4 **Monitoring Investments.** The Investment Officer of the BICD is responsible for monitoring the investments made by a financial institution and/or broker/dealer to determine that they are in compliance with the provisions of the Investment Policy.

9. **DELIVERY VERSUS PAYMENT.** It is the policy of the BICD that all security transactions entered into with the BICD shall be conducted on a “**DELIVERY VERSUS PAYMENT**” (DVP) basis through the Federal Reserve System. By doing this, BICD funds are not released until the BICD has received, through the Federal Reserve wire, the securities purchased. The BICD shall authorize the release of funds only after receiving notification from the safekeeping bank that a purchased security has been received in the safekeeping account of the BICD. The notification may be oral, but shall be confirmed in writing.

## 10. **SAFEKEEPING AND COLLATERALIZATION**

10.1 **Safekeeping.** All securities owned by the BICD shall be held by its safekeeping agent, except the collateral for bank deposits. The collateral for bank deposits will be held in the BICD’s name in a Federal Reserve Bank account or a third-party bank, at the BICD’s discretion. Original safekeeping receipts shall be obtained and held by the BICD. The BICD shall contract with a bank or banks for the safekeeping of securities either owned by the BICD as part of its investment portfolio or held as collateral to secure time deposits.

10.2 **Collateralization.** Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the BICD to require full collateralization of all BICD funds on deposit with a depository bank. The market value of the investments securing the deposit of funds shall be at least equal to the amount of the deposits of funds reduced to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral shall be held in the BICD’s name in a segregated account at the Federal Reserve Bank or by an independent third party with whom the BICD has a current custodial agreement. The agreement is to specify the acceptable investment securities as collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. The safekeeping agreement must clearly state that the safekeeping bank is instructed to release purchased and collateral securities to the BICD in the event the BICD has determined that the depository bank has failed to pay on any matured investments in certificates of deposit, or has determined that the funds of the BICD are in jeopardy for whatever reason,

including involuntary closure or change of ownership. A clearly marked evidence of ownership, e.g., safekeeping receipt, must be supplied to the BICD and retained by the BICD. Any collateral with a maturity over five (5) years must be approved by the Investment Officer before the transaction is initiated. Release of collateral or substitution of securities must be approved in writing by the Investment Officer.

10.2.1 The BICD may accept the following securities as collateral for bank deposits (V.T.C.A., Government Code, Section 2256.001, et. seq., formerly Article 842a-2, Section 2, V.T.C.S., as amended);

- FDIC coverage;
- U.S. Government securities;
- State of Texas bonds; or.
- Bonds issued by other Texas governmental entities (City, County, school district, or special districts) with a remaining maturity of twenty (20) years or less. Bonds must be (and must remain) investment quality: that is, with a rating of at least "A" or its equivalent.
- Surety Bond that meets the requirements of the Public Funds Investment Act.

10.2.2 For certificates of deposit and other evidences of deposit, collateral shall be at 100% of market or par, whichever is lower. The market value of collateral will always equal or exceed the principal plus accrued interest of deposits at financial institutions.

10.2.3 Financial institutions, with whom the BICD invests or maintains other deposits, shall provide monthly, and as requested by the Investment Officer, a listing of the collateral pledged to the BICD, marked to current market prices. The listing shall include total pledged securities itemized by name, type, description, par value, current market value, maturity date, and Moody's or Standard & Poor's rating, if applicable. The BICD and the financial institution shall jointly assume the responsibility for ensuring that the collateral is sufficient.

10.2.4 **Collateralized Deposits.** Consistent with the requirements of State law, the BICD requires all bank deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as BICD depositories will be required to sign a "Depository Agreement" that includes both the City of Denison and the BICD and the BICD's safekeeping agent. The collateralized deposit portion of the Agreement shall define the rights to the collateral in the event of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;

- the Agreement has to be executed by the Depository and the City of Denison contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors of the Loan Committee of the Depository and a copy of the meeting minutes must be delivered to the City of Denison; and,
- the Agreement must be part of the Depository's "official record" continuously since its execution.

11. **INTERNAL CONTROL.** The Investment Officer shall establish a system of written internal controls, which shall be reviewed annually by independent auditors. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The internal controls are to be reviewed annually in conjunction with an external independent audit. This review will provide assurance of compliance with policies and procedures as specified by this Policy. The BICD, in conjunction with its annual financial audit, shall perform a compliance audit of management controls and adherence to the BICD's established investment policy.
12. **PERFORMANCE.** The BICD's investment portfolio shall be designed to obtain a market rate of return on investments consistent with risk constraints and cash flow requirements of the BICD. The benchmark for performance that is appropriate for the BICD's cash flow cycle will be the average monthly TexPool Rate.
13. **REPORTING.** The President shall submit a signed quarterly investment report that summarizes current market conditions, economic developments and anticipated investment conditions. The report shall summarize investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, and shall explain the total investment return for the quarter.
  - 13.1 **Annual Report.** At the end of the fiscal year, the President shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the Board of Directors. The reports prepared by the President shall be formally reviewed at least annually by an independent auditor and the result of the review shall be reported to the Board of Directors by that auditor.
  - 13.2 **Methods.** The quarterly investment report shall include a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter. This management summary will be prepared in a manner, which will allow the BICD to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be prepared in

compliance with generally accepted accounting principles. The report will be provided to the Board of Directors. The report will include the following:

- 13.2.1 A listing of individual securities held at the end of the reporting period. This list will include the name of the fund or pooled group fund for which each individual investment was acquired;
- 13.2.2. Unrealized gains or losses resulting from appreciation or depreciation by listing the beginning and ending book and market value of securities for the period. Market values shall be obtained from financial institutions or portfolio reporting services independent from the broker/dealer from which the security was purchased;
- 13.3.3 Additions and changes to the market value during the period;
- 13.3.4 Fully accrued interest for the reporting period;
- 13.3.5 Average weighted yield to maturity of portfolio on entity investments as compared to applicable benchmarks;
- 13.3.6 Listing of investments by maturity date;
- 13.3.7 The percentage of the total portfolio which each type of investment represents; and
- 13.3.8 Statement of compliance of the BICD's investment portfolio with State Law and the investment strategy and policy approved by the Board of Directors.

- 14. **INVESTMENT POLICY ADOPTION AND AMENDMENT.** The BICD's Investment Policy shall be adopted and amended by the Board of Directors only. The BICD's written policies and procedures for investments are subject to review not less than annually to stay current with changing laws, regulations and needs of the BICD. Any changes or modifications to this Investment Policy, if any, shall be approved by the Board of Directors, and shall be adopted by the Board of Directors.



**Attachment A**  
**INVESTMENT POLICY**

**GLOSSARY OF TERMS**

The Investment Policy contains specialized and technical terminology that is unique to cash management and investment activities. The following glossary of terms is provided to assist in understanding these terms.

**Affinity.** Related through marriage.

**Agencies.** See United States Agency Securities.

**Bankers' Acceptances.** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. When discounted and sold in the secondary market, bankers' acceptances become a short-term investment alternative.

**Book Value.** The cost of a security as recorded in the accounting records. For purposes of evaluating a sale of a security, it is a function of the original cost, the amortization of premium or discount, and the accrued interest. Specifically, it is the face value of the security, plus the accrued interest, plus any unamortized premium (or minus any unamortized discount). Book value is often compared to market value, which is defined below.

**Broker.** A person or company that, for a fee or commission, brings buyers and sellers of securities together.

**Certificate of Deposit.** A time deposit with a specific maturity evidenced by a certificate.

**Collateral.** In general, assets which one party pledges as a guarantee of performance. Specifically, securities pledged by a bank to secure deposits of public monies. In the event of bank failure, the securities become the property of the public entity.

**Collateralized Mortgage Obligations (CMO's).** Securities based on a pool of home mortgages.

**Commercial Paper.** An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days, but most frequently maturities do not exceed 30 days. Almost all commercial paper is rated by a rating service.

**Consanguinity.** Related by blood.

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**Coupon.** The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. Also, a certificate attached to a bond indicating interest due on a payment date.

**Credit Risk.** The uncertainty that the principal amount of an investment will be returned without loss of value to the default of the borrower.

**CUSIP.** A unique security identification number assigned to securities maintained and transferred on the Federal Reserve book-entry system.

**Dealer.** A person or company that endeavors to profit from buying and selling investments for its own account.

**Delivery Versus Payment (DVP).** A method of delivering securities that requires the simultaneous exchange of the security and the payment. It provides a safeguard against paying for securities before they are received.

**Demand Deposits.** Deposits at a financial institution that are available to the depositor upon the depositor's demand.

**Depository Bank.** The primary bank. The relationship with the depository bank is governed by state law and by a depository contract.

**Discount.** The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale is also considered to be at a discount.

**Discount Securities.** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U. S. Treasury Bills.

**Diversification.** The strategy of dividing investments among a variety of securities offering independent risks and yields. Diversification lessens the likelihood of losing the entire portfolio of investments and averages yields among the investment alternatives.

**Federal Deposit Insurance Corporation (FDIC).** A federal agency that insures bank deposits.

**Federal Funds Rate.** The rate of interest at which Federal funds are traded. This rate is currently set by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB).** Created in 1932, this system consists of 12 regional banks, which are owned by private member institutions and regulated by the Federal Housing Finance Board. Functioning as a credit reserve system, it facilitates extension of credit through its owner members. Federal Home Loan Bank issues are joint and several obligations of the 12 Federal Home Loan Banks.

**Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac).** A stockholder-

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owned corporation that provides a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide market in conventional mortgages.

**Federal National Mortgage Association (FNMA or Fannie Mae).** FNMA, a federal corporation, is the largest single provider of residential mortgage funds in the United States. It is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

**Hold Until Maturity.** This investment strategy is intended to avoid interest rate risk by maintaining ownership of an investment until it matures. At maturity, the face value of the security is received, but in some cases where a security is sold before maturity, less than the face value and the book value is received. Please see Interest Rate Risk defined below.

**Interest Rate Risk.** The uncertainty of the return of principal on fixed rate securities that are sold prior to maturity. When interest rates rise, the market value of fixed rate securities decreases.

**Internal Control.** Policies and procedures that are established to provide reasonable assurance that specific government objectives are achieved and that assets are safeguarded.

**Investment.** The purchase of securities which, upon analysis, promise safety of principal and a satisfactory return. These factors distinguish investment from speculation.

**Investment Objective.** The aim, goal or desired end of action of the investment activity.

**Investment Pool.** An entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are safety, liquidity, and yield. (Sometimes called Local Government Investment Pool.)

**Investment Strategy.** The overall plan or method proscribed to achieve the investment objectives.

**Laddered Maturity.** An investment strategy whereby investments are purchased to mature at regular intervals.

**Liquidity.** The measure of an investment's ability to be converted quickly and easily into cash without a substantial loss of value.

**Local Government Investment Pool.** See **Investment Pool**.

**Market Rate of Return.** A general term referring to the approximate interest rate that could be earned by an investor in a specific maturity range at any given point in time. For example, an investor seeking to earn a market rate of return while maintaining an

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investment portfolio with an average maturity of 90 days would hope to earn approximately the same as a three-month agency discount note. If the investor earns a rate much higher than this, it might signal an inappropriate level of risk.

**Market Risk.** The uncertainty of the value of a financial portfolio arising from changes in the market conditions of investment securities.

**Market Value.** The price, including accrued interest, at which a security is trading for which it can be readily sold or purchased.

**Maturity.** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market Mutual Fund.** A mutual fund that purchases short-term debt instruments, such as Treasury Bills, commercial paper, and bankers' acceptances, and which strives to maintain a stable net asset value of \$1.00.

**Mutual Fund.** Investment companies that sell shares to investors, offering investors diversification and professional portfolio management. Prices generally fluctuate with the performance of the fund.

**Net Asset Value.** The ratio of the market value of the portfolio divided by the book value of the portfolio.

**Par.** The value of a security as expressed on its face (face value) without consideration of a discount or premium.

**Pledge.** The grant of a collateral interest in investment securities by the depository bank as assurance of the safety of deposits.

**Pooled Fund Group.** The combination of various accounts and funds in a single, internally-created investing entity.

**Portfolio.** The collection of securities held by an investor.

**Principal.** The capital sum of an investment, as distinguished from interest.

**Premium.** The difference between the cost price and the face value at maturity in cases where the cost price is higher than the face value.

**Rate-of-Return.** See **Yield**.

**Repurchase Agreement (REPO).** An investment arrangement in which the holder of a security sells that security to an investor with an agreement to repurchase the security at a fixed price and on a fixed date.

**Reverse Repurchase Agreement.** An investment arrangement by which a security is sold

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to a third party, such as a bank or broker/dealer, in return for cash with the agreement to repurchase the instrument from the third party at a fixed price and on a fixed date. The cash is then used to purchase additional investments. This type of investment is prohibited in the portfolio, except to the extent used by local government investment pools as authorized in the Policy.

**Safekeeping.** An arrangement whereby a bank holds securities and other valuables for protection in exchange for a fee.

**Safety.** The assurance of the undiminished return of the principal of investments and deposits.

**Secondary Market.** A market for the purchase and sales of outstanding securities following their initial distribution.

**SEC Rule 15C3-1 (Uniform Net Capital Rule).** Security and Exchange Commission requirement that member firms and nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1.

**Security.** A financial instrument that signifies an ownership interest, the right to an ownership interest, or creditor status.

**Security Risks.** The uncertainty of the value of a security dependent on its particular qualities.

**Time Deposits.** Deposits at the depository bank that are not due and payable until a specific date.

**United States Agency Securities.** Debt instruments issued by an executive department, an independent federal establishment, or a corporation or other entity established by Congress which is owned in whole or in part by the United States of America.

**United States Treasury Securities.** Debt instruments issued by the Treasury of the United States. **Treasury Bills** are issued for short-term borrowings (less than one year); **Treasury Notes** are issued for mid-term borrowings (two - ten years); **Treasury Bonds** are issued for long-term borrowings (over ten years).

**Yield.** The rate of annual income return on an investment, expressed as a percentage.

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**TEXAS PUBLIC FUNDS INVESTMENT ACT  
CERTIFICATION BY BUSINESS ORGANIZATION**

This certification is executed on behalf of the Business and Industrial Corporation of Denison, Inc., Denison, Texas (the "BICD") and \_\_\_\_\_ (the Business Organization), pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act") in connection with investment transactions conducted between the BICD and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code; and
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the BICD; and
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the BICD that are not authorized by the BICD's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the BICD's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of Business Organization:

Firm: \_\_\_\_\_

Signature \_\_\_\_\_

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

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

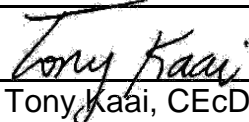
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**Investment Report  
Denison Development Alliance  
September 30, 2017**

<b>Bank/Money Market</b>	<b>Type</b>	<b>Date Opened</b>	<b>Maturity Date</b>	<b>Current Yield</b>	<b>Beginning Balance</b>	<b>Accrued Interest</b>	<b>Ending Balance</b>
American Bank Checking	Commercial Checking			0.000	\$64,278.07	\$0.00	\$48,102.85
American Bank of Texas	Money Market	10/27/03		0.150	\$1,574,981.20	\$245.04	\$1,725,226.24
American Bank of Texas	Deferred Comp Trust MM	10/01/11		0.150	\$296,164.55	\$42.60	\$296,207.15
<b>Total</b>							<b>\$2,069,536.24</b>

<i>October 2016 Total</i>	<i>\$1,936,828.02</i>
<i>November 2016 Total</i>	<i>\$1,984,268.74</i>
<i>December 2016 Total</i>	<i>\$1,882,995.48</i>
<i>January 2017 Total</i>	<i>\$2,091,753.00</i>
<i>February 2017 Total</i>	<i>\$1,933,106.58</i>
<i>March 2017 Total</i>	<i>\$2,060,898.38</i>
<i>April 2017 Total</i>	<i>\$2,174,138.72</i>
<i>May 2017 Total</i>	<i>\$2,307,334.13</i>
<i>June 2017 Total</i>	<i>\$2,001,889.26</i>
<i>July 2017 Total</i>	<i>\$2,107,204.61</i>
<i>August 2017 Total</i>	<i>\$1,935,423.82</i>
<i>September 2017 Total</i>	<i>\$2,069,536.24</i>

  
 Tony Kaai, CECD  
 President

400 · 4A Sales Tax Revenue

2015/2016			2016/2017			2017/2018			Annual
Date	Memo	Amount	Date	Memo	Amount	Date	Memo	Amount	Difference
09/21/15	September	\$ 109,408.44	09/20/16	September	\$ 123,027.32	09/18/17	September	\$ 127,680.25	\$ 4,652.93
10/20/15	October	\$ 112,579.97	10/21/16	October	\$ 135,352.31		October		
11/19/15	November	\$ 145,108.38	11/28/16	November	\$ 162,960.47		November		
12/02/15	December	\$ 118,014.96	12/21/16	December	\$ 131,531.77		December		
01/20/16	January	\$ 108,636.35	01/31/17	January	\$ 135,541.01		January		
02/22/16	February	\$ 155,624.88	02/23/17	February	\$ 178,724.07		February		
03/21/16	March	\$ 110,058.49	03/21/17	March	\$ 125,555.52		March		
04/15/16	April	\$ 107,656.27	04/26/17	April	\$ 118,135.10		April		
05/27/16	May	\$ 143,863.19	05/22/17	May	\$ 165,106.79		May		
06/20/16	June	\$ 119,444.26	06/19/17	June	\$ 134,583.33		June		
07/18/16	July	\$ 114,018.14	07/28/17	July	\$ 137,083.36		July		
08/24/16	August	\$ 162,934.29	08/21/17	August	\$ 164,013.03		August		
Total to Date Comparison		\$ 109,408.44	Total to Date Comparison		\$ 123,027.32	Total to Date Comparison		\$ 127,680.25	
<b>2014/2015 Grand Total</b>		<b>\$ 1,507,347.62</b>	<b>2016/2017 Grand Total</b>		<b>\$ 1,711,614.08</b>	<b>2017/2018 Grand Total</b>		<b>\$ 127,680.25</b>	
								<b>To Date Difference from Previous Year</b>	<b>\$ 4,652.93</b>