Dear Prospective Respondent:

Statements of Qualifications hereafter referred to Request for Proposals (RFP or Proposal(s)) will be received in the office of the Purchasing Manager, Brazos River Authority ("BRA"), 4600 Cobbs Drive, Waco, Texas 76710 until 3:00 PM, August 27, 2020 for Investment Advisor Services. All qualified firms including Small, Minority, Women Owned Businesses and Historically Underutilized Businesses are encouraged to submit Proposals in response to this request.

Proposals must be submitted and received no later than the opening date and time specified above. Any Proposals received later than the specified time, whether delivered in person or mailed, shall not be considered. The BRA is NOT responsible for ensuring the delivery of Proposals to our offices.

Email Proposals to: Purchasing Manager, Clarissa.Cabrera@Brazos.org

Proposal must be plainly marked as follows:

<table>
<thead>
<tr>
<th>PROPOSAL: Investment Advisor Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP NO: 20-08-1179</td>
</tr>
<tr>
<td>RFP DUE DATE: 3:00 PM, August 27, 2020</td>
</tr>
</tbody>
</table>

The BRA shall have the right to accept or reject any or all Proposals, or any part thereof, and to waive any technicalities in the interest of the BRA.

BRA will evaluate all relevant COVID-19, health, safety and business factors on all solicitations to determine when to initiate a notice to proceed on all projects, delivery of goods and/or services or procurement of construction related services to best attempt to balance BRA needs and to protect the health and safety of BRA employees, the employees of respondents and the public at large.

Sincerely,

Clarissa Cabrera, CTPM, CTCM
Purchasing Manager

4600 Cobbs Drive • Waco, Texas 76710
254 761 3123
SUPPLIER DIVERSITY PURCHASING POLICY

The Brazos River Authority (BRA) will ensure that purchases of equipment, materials, supplies, and/or services conform with Texas Procurement law as applicable to the BRA, are cost effective, and contribute to the competitiveness of the BRA and its customers.

Procurement activities will be conducted in an open and fair manner with equal opportunity provided to all qualified parties. The BRA will provide equal contracting opportunities as provided by all applicable State and Federal laws to small business enterprises, Historically Underutilized Businesses and Disadvantaged Business enterprises.

GENERAL INSTRUCTIONS TO RESPONDENTS

The Work consists of the furnishing of all labor, materials, services, equipment, and appliances required for the delivery and the supplying of products and/or services as described herein and in the contract documents.

1. PROPOSAL SUBMISSION: Proposals must be received no later than the Proposal opening date and time specified above. All Proposals received after closing time will not be considered.
   
   A. To be considered as eligible, a Respondent shall have complied with all legal requirements to permit them to operate in the State of Texas.
   
   B. Proposals must be mailed or hand delivered to be considered.

2. WITHDRAWAL OF PROPOSALS: No Proposal may be withdrawn for a period of ninety (90) days after Proposal opening, except by: 1) mutual consent of the BRA and Respondent; or 2) a previously submitted Proposal may be withdrawn upon written request received from Respondent prior to time established for receipt of Proposals.

3. SIGNATURE ON PROPOSALS: To be valid, Proposals must be signed by hand written, digital or electronic means by an authorized person. By such signature, Respondent agrees to strictly abide by the terms, conditions, and Scope of Services embodied in this Request for Proposal.

4. EXAMINATION OF PROPOSAL DOCUMENTS: Before submitting a Proposal, all Respondents shall examine the complete Proposal documents, including Proposal Notice, Instruction to Respondent, and Scope of Services, all of which are part of the Proposal documents.

5. ADDENDA: Unless otherwise stated in the Proposal, answers to all questions, inquiries, and request for additional information will be issued in the form of Addenda. During the Proposal period, prospective Respondent may be advised by Addenda of additions, deletions from, or changes in the requirements of the Proposal documents. The BRA will not be responsible for the authenticity or correctness of oral interpretations of the Proposal documents or for information obtained in any other manner than through the media of Addenda. Receipt of each Addendum shall be acknowledged by the Respondent.

Any questions concerning this Proposal should be emailed to Clarissa Cabrera, Purchasing Manager no later than five (5) days prior to the opening of the Proposal. Mrs. Cabrera’s email address is clarissa.cabrera@brazos.org. This is to allow the BRA sufficient time to respond to inquiries and provide information to all interested Respondents by Addendum. Unless otherwise stated in the Proposal, Addenda will be posted on the BRA web site at www.brazos.org. Doing Business, Purchasing and Professional Services, Request for Proposals.

Respondent is responsible for checking the BRA web site (www.brazos.org) for updates and Addenda until the time at which the submission is due. Failure to respond to all requirements, including those Addenda, shall be grounds for rejection of your Proposal.

6. TAXATION: The BRA is exempt under the Texas Sales Tax and Use Tax Laws, and the Respondent shall not include such taxes in the Proposal.

7. QUALIFICATION OF RESPONDENTS: The BRA reserves the right to reject any Proposal if the evidence submitted by, or investigation of, such Respondent fails to satisfy the BRA that such Respondent is properly qualified to carry out the obligations of the contract and to complete the Services contemplated herein. Conditional Proposals will not be accepted.

8. CONSIDERATION OF PROPOSALS: Unless stated otherwise in the Advertisement or Request for Proposal, the properly identified Proposals received on time will be opened publicly and only the names of the Respondent will be read aloud. Respondents are invited to be present.

9. COMPLIANCE WITH SCOPE OF SERVICES AND RIGHT OF SELECTION: The Respondent shall abide by and comply with the true intent of the scope of services and not take advantage of any unintentional error or omission.

10. DEVIATION FROM SCOPE OF SERVICES: All deviations from the scope of services must be noted in detail by the Respondent, in writing, at the time of submittal of the formal Proposal. The absence of a written list of deviations at the time of submittal of the Proposal will be considered acceptance of the Scope of Services as written. Any deviations from the Scope of Services as written not previously submitted, as required by the above, will be grounds for rejection of the material and/or item when delivered.

In case of ambiguity or lack of clarity, the BRA reserves the right to consider the most advantageous Proposal or reject the Proposal.

11. REPRESENTATIONS: By execution and submission of this Proposal, the Respondent hereby represents and warrants to the BRA that Respondent has read and understands the Proposal Documents and this Proposal is made in accordance with the Proposal Documents.

12. INDEMNIFICATION: The Respondent shall comply with the requirements of all applicable laws, rules, and regulations and shall indemnify, exonerate, indemnify and hold harmless the BRA from any and all liability or damages resulting from failure to do so.

In addition, the Respondent agrees to keep, save and hold the BRA harmless from any and all actions, liabilities, damages, judgments, costs and expenses including reasonable attorney’s fees, in case an action is filed or does in any way accrue against the BRA, its officials, officers, and employees in consequence of the awarded contract for any negligent act or omission of the Respondent in the provision of services under the awarded contract, or that may result from the carelessness or lack of skill of the Respondent or the Respondent’s officers, agents, contractors, assigns or employees. In the event a judgment is recovered against the BRA for any such liability, costs or expenses, such judgment shall be conclusive against the Respondent.

It is specifically understood and agreed by the Respondent that such indemnity is indemnity by the Respondent to indemnify and protect the BRA from liability, claims, suits, losses, damages or causes of action due to the Respondent’s negligence, error or omission.
13. CRITERIA FOR AWARD: The BRA will select the most highly qualified Respondent on the basis of demonstrated competence and qualifications and then attempt to negotiate with that Respondent a contract at a fair and reasonable price. If a satisfactory contract cannot be negotiated with the most highly qualified Respondent, the BRA will select the next most highly qualified Respondent and attempt to negotiate a contract with that Respondent at a fair and reasonable price.

14. TERMINATION: The awarded contract may be terminated at any time by the BRA for any cause without penalty or liability. Upon receipt of such notice, the supplier shall immediately discontinue all services and actions. The BRA shall pay the Respondent promptly the accrued and unpaid amounts due for services to the date of termination, to the extent the services are approved by the BRA.

15. CHANGE OF CONTRACT PRICE: The agreed upon contract price may only be changed by change order or by a written amendment.

16. PAYMENT: Unless otherwise specified, payment for services and/or product will be processed within thirty (30) days from invoice date and acceptance of Services and/or product. Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order including reference to purchase order number and submittal to the correct address for processing. Unit price on invoice shall be in two (2) decimal places only, i.e., $ .XX.

The BRA has set a goal to have as much paperwork submitted electronically. Respondents are asked to submit invoices electronically to the following Accounts Payable email address: accounts.payable@brazos.org. Respondents who use the electronic service should not mail the original invoice.

17. CONFIDENTIALITY OF DOCUMENTS: The BRA is subject to the Texas Public Information Act (PIA). Any information submitted to the BRA by a Respondent shall be considered non-confidential and available to the public, except as follows:

In the event a Respondent considers a specific portion of their Proposal to be confidential and subject to an exception to disclosure under the PIA, such portion must be clearly identified and marked “CONFIDENTIAL”. Do not mark an entire Proposal confidential, as this is not in conformance with the PIA and is not acceptable. Only the specific portion or portions of the Proposal that the Respondent considers to be confidential pursuant to the PIA should be marked. IF AN ENTIRE PROPOSAL IS MARKED CONFIDENTIAL, THE BRA WILL NOT TREAT ANY PORTION OF THE PROPOSAL AS CONFIDENTIAL AND THE PROPOSAL MAY BE REJECTED AS NON-CONFORMING. The BRA will honor notations of confidentiality made in accordance with this paragraph and decline to release such information initially. However, final determination of whether a particular portion of a Proposal may in fact be withheld pursuant to the PIA will be made by the Texas Attorney General or a court of competent jurisdiction.

In the event a public information request is received for a portion of a Proposal that has been marked confidential, the BRA shall ask the affected Respondent if the information may be released. If the release is agreed to, the BRA shall release the information.

If the release is denied, the matter shall be referred to the Texas Attorney General's Office in accordance with the process set forth in the PIA. The Respondent shall be fully and solely responsible for submitting arguments and evidence within the statutory timeframes to the Texas Attorney General’s Office regarding its claim of confidentiality. The BRA will NOT submit arguments on behalf of the Respondent.

The Texas Attorney General's office shall rule on the matter. In the event that it is determined by opinion or order of the Texas Attorney General or a court of competent jurisdiction that such information may not be withheld, then such information will be made available to the requester. If it is determined that the information may be withheld, BRA will withhold the information from the requestor.

Pricing information contained in Proposals or contracts is not considered confidential under the PIA and will be disclosed without making a request to the Texas Attorney General.
**REQUEST FOR PROPOSALS**  
**INVESTMENT ADVISOR SERVICES**  
**RFP NO. 20-08-1179**

**SUBMITTAL SCHEDULE**

Proposals are posted on the BRA website and prospective Respondents should check [www.brazos.org>Doing Business>, Purchasing & Professional Services>, Request for Proposals](http://www.brazos.org/Doing-Business/Purchasing-Professional-Services/Request-for-Proposals) for potential updates to Proposal requirements.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wednesday, August 5, 2020</td>
<td>RFP is available to download from the BRA website at <a href="http://www.brazos.org/Doing-Business/Purchasing-Professional-Services/Request-for-Proposals">http://www.brazos.org/Doing-Business/Purchasing-Professional-Services/Request-for-Proposals</a>, and click on “View this RFP”.</td>
</tr>
<tr>
<td>4:00 PM, Wednesday, August 19, 2020</td>
<td>Last date and time to ask questions or request additional information. Email questions to <a href="mailto:clarissa.cabrera@brazos.org">clarissa.cabrera@brazos.org</a></td>
</tr>
<tr>
<td>4:00 PM, Thursday, August 20, 2020</td>
<td>Post response to questions received as of the deadline or as soon thereafter, as an Addendum on the BRA website – <a href="http://www.brazos.org/Doing-Business/Purchasing-and-Professional-Services/Request-for-Proposals">www.brazos.org/ Doing Business/Purchasing and Professional Services/Request for Proposals</a>.</td>
</tr>
<tr>
<td>3:00 PM, Thursday, August 27, 2020</td>
<td>Proposals will be opened.</td>
</tr>
</tbody>
</table>
REQUEST FOR PROPOSALS
INVESTMENT ADVISOR SERVICES
RFP NO.  20-08-1179

1. General
The BRA is currently seeking proposals from qualified firms interested in providing non-discretionary investment advisory services for its investment portfolio. The BRA shall contract for services with a firm registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940. The investment advisor will be required to manage the funds in accordance with the laws of the State of Texas, and investments policies and procedures established by the BRA.

The size of the BRA’s investment portfolio is approximately $134,000,000. The Current Operating Fund (short-term portion) and the Operating Reserve Fund (long-term portion) total approximately $125,000,000. These funds are currently invested collectively in a pooled portfolio. Other monies (currently approximately $9,000,000), may be invested in separate, dedicated portfolios. A copy of the BRA’s current Investment Policy and current portfolio is attached.

The BRA encourages all prospective investment advisors to examine this RFP carefully. Qualified advisors are requested to submit proposals to provide the services described in this RFP. The BRA expects its investment advisor to be able to provide comprehensive investment management and accounting services. Further, the BRA requires that those services be delivered consistently and be of the highest quality.

The firm selected as the investment advisor and its affiliates will be restricted from selling to the BRA, or buying from the BRA, any securities to or from that firm’s own inventory or account. The investment advisor will also be restricted from placing into the BRA portfolio any securities for which it, or an affiliate, is the issuer (i.e. CD’s, commercial paper, etc.). The investment advisor shall act solely in a fiduciary capacity and shall not receive any fee or compensation based upon the purchase or sale of securities but, rather, the investment advisor will be compensated pursuant to the provisions of its contract with the BRA.

BRA will evaluate all relevant COVID-19, health, safety and business factors on all solicitations to determine when to initiate a notice to proceed on all projects, delivery of goods and/or services or procurement of construction related services to best attempt to balance BRA needs and to protect the health and safety of BRA employees, the employees of respondents and the public at large.

2. Scope of Services
Specific responsibilities of the investment advisor shall include, but not be limited to the following:

A. Review cash flow requirements prepared by the BRA staff and develop an investment strategy to complement the cash flow.
B. Execute securities purchases and/or sales with approved broker/dealers in accordance with the BRA’s approved investment policy. Investment management services will be required for the pooled working capital and operating funds investment portfolio, debt service funds, R&R funds and bond proceed accounts. The investment advisor will not have responsibility for managing the portion of the portfolio invested in Local Government Investment Pools or overnight repurchase agreements. All securities will be held by a third-party custodian in the name of the BRA and all transactions will settle on a “delivery versus payment” basis.
C. Solicit certificates of deposit rates from financial institutions and assist with evaluation of options.
D. Provide monthly reports on investment activity, earnings, and the value of the portfolio holdings and projected portfolio cash flows. The reports must include a mark-to-market valuation and other information needed for the BRA to report investment holdings under GASB 31. The reports should be in both print and electronic format. The investment advisor
shall maintain accurate reports of investments including the diversity of investments and compliance with applicable investment policies of the BRA and State of Texas statutes. (Sections 2256 and 2257 of the Texas Government Code).

E. Provide quarterly investment reports including a description of market conditions, investment strategies employed, performance and suggested changes to investment strategy. Investment performance must be provided on an average portfolio yield to maturity basis and compared to appropriate benchmarks.

F. Attend a minimum of two (2) meetings of the BRA Board of Directors each year to report on investment performance, review investment strategy, and provide an economic update.

G. Annually review the investment policy, check for compliance with Texas Government Codes (Sections 2256 and 2257), and provide written comments and recommended changes.

H. Maintain a list of approved broker/dealers meeting the BRA’s Board of Directors approved criteria and furnish evidence of compliance with those criteria to the BRA.

I. Provide investment advisor services for the proceeds of tax-exempt bond issues in compliance with the arbitrage and rebate requirements of the U.S. Treasury, currently described in Section 148 of the Internal Revenue Code of 1986 as amended and of the related Code of Federal Regulations. In addition, the investment advisor shall be required to maintain relevant records needed to perform computations required by the regulations.

J. Reconcile monthly statements provided by the safekeeping agent and/or custodian to investment records maintained by the investment advisor each month.

K. The cash management consulting services will include examination and evaluation of the following treasury areas:

1. Banking arrangement and structure. - Determine the efficiency and effectiveness of the current banking and custodial services and structure and offer possible recommendations for improvement including preparation of an RFP and evaluation of proposals.

2. Coordination with external agencies. Improve communications with and efficiencies between the BRA and any external service agencies for maximum utility of funds and investment alternatives.

3. Exposure review - Determine if the BRA has any audit, operational or policy exposures in the Treasury area.

4. Internal procedures and processes - Evaluate internal treasury procedures for maximum benefit to the BRA and its portfolio including broker/dealer transactions and transaction audit trails.

5. Investment policy and strategy review - Analyze the existing investment policy for application to the BRA’s needs and, if necessary, to formulate revisions for adoption. Evaluate investment strategies (written and operational) for feasibility and appropriateness.

6. Investment Reporting – Review all investment reporting for adequacy of information and presentation format for maximum benefit and understanding.

7. Portfolio systems analysis – Evaluate the needs of the Treasury for additional automation and present portfolio management alternatives to meet those reporting and recording needs.


L. The investment advisor WILL NOT provide custodial services or security safekeeping.

3. Information Required in the RFP Submittal - Tab Format
The BRA specifically requests succinct submittals tailored to the general and discipline-specific scopes of services summarized above. Each response should describe in sufficient detail the relevance of the individual team member’s expertise and experience to the specific requirements of the project. All submittals become the property of the BRA. Each submittal shall include the information requested below.
Tab A: Include the following:

1. Date your company was established and a brief history; number of employees; provide number and location of offices. Include any significant changes in organizational structure, ownership or management during the past three (3) years.

2. Provide name, title and office location of person who will be the principal contact for the BRA and the billing location if different.

3. Describe the types of organizations that your company typically serves and general nature of the work.

4. A list and description of similar services completed within the last five years under your current company name or any other company name similar in nature to this solicitation. This should include the name, the location, a brief description of scope of services, and a contact name and telephone number of a reference for each client. List litigation that your company has been a party to in the last five (5) years, under your current company name or any other company name. Include only litigation that involves business units in your company that are proposed for performing the professional services under this RFP. To be fully responsive, provide the level of detail in the attached example, as well as a name and phone number to contact an authorized representative of your company in the event that the BRA needs to clarify your response. Failure to be fully responsive will be sufficient grounds for the BRA to disqualify your company.

5. Have you ever defaulted, failed to complete a contract or had a contract terminated by the other party? If so, where and why? Provide name and telephone number of the other party.

6. Confirm your company carries Professional Liability Insurance, Errors and Omissions coverage or Fidelity Bond.

7. Describe any other business affiliations (e.g. subsidiaries, joint ventures, and “soft dollar” arrangements with brokers).

8. Describe any SEC, FINRA, or any other regulatory censure or litigation involving your firm or all key investment professionals during the past five (5) years.

Tab B: Include the following:

1. Describe your firm’s experience in managing fixed-income portfolios for public funds and governmental entities.

2. Summarize your fixed-income assets under management (institutional only) over the past five (5) years.

3. What is your firm’s experience in developing investment policies and portfolio management guidelines for government operating funds?

4. Does your firm act as a broker or as a primary dealer in securities or receive any other form of additional compensation (including soft dollars) for client transactions aside from the direct fee paid by clients?

5. Describe your firm’s activities to keep portfolio managers informed of developments relevant to the management of public sector investment portfolios.

6. Describe any assistance the firm would provide in reviewing custodial and safekeeping agreements.

7. Describe your firm’s approach to managing relationships with the broker/dealer community.

8. Describe the type and frequency of credit analysis that would be provided on security issuers and/or financial institutions.

9. Describe the capabilities of software used by the firm and discuss whether the software can be made available to the BRA for use in assisting with portfolio management and reporting. Please disclose any software licensing fees or other charges that would be passed through to the BRA for software use.

10. Describe the training and education services provided to the BRA’s staff.

11. Explain your ongoing interaction with BRA staff as it relates to investment strategy, market conditions, security selection and transaction processing.
(12) Describe your firm’s experience in developing and implementing investment strategies for tax exempt bond proceeds. What measures does your firm take to ensure that all investments are executed in compliance with the Internal Revenue Service Fair Market Rules?

(13) Briefly describe your firm’s investment advisor philosophy including your approach to managing governmental operating funds.

(14) What are the primary strategies employed by your firm for adding value to portfolios (e.g., market timing, credit research, etc.)?

(15) Describe the in-house technical and research support services you have available. What other sources are used by the firm on a regular basis?

(16) Describe the investment strategy you are proposing for the BRA, including the type of securities you propose to purchase, how the funds will be managed after the initial investments are made and how you will provide liquidity.

(17) Explain the anticipated portfolio enhancement based on the strategy proposed above.

(18) After reviewing the BRA’s investment policy and procedures, what recommendations would you make to the BRA’s Board of Directors regarding changes to these policies and procedures?

(19) Provide recommendations regarding performance benchmarks for a portfolio similar to that of the BRA.

(20) Briefly describe any additional feature, attributes or conditions which the BRA should consider in selecting your firm.

Tab C: Include the following:

(1) Complete and submit the attached W-9 form.

(2) Complete and submit the attached “Conflicts of Interest Questionnaire [CIQ]” form.

(3) Complete and submit the “Acknowledgment of Request for Proposals and Receipt of Addenda” form. Respondent is required to complete, sign and submit this form with Respondent’s Proposal. Failure to complete, sign and submit this form with Respondent’s Proposal will disqualify the entire Proposal as non-responsive.

(4) Provide detailed resumes for all key investment professionals who will be directly responsible for the investment of BRA funds. Include the following information; title, number of years at your firm, total number of years of experience, professional designations or licenses.

(5) Provide Form ADV Part 2

(6) Provide a summary organizational chart showing your proposed project team including analytical, investment and research staff, other decision support and back office support.

(7) Include at least five (5) client references where you provide similar services (public references) and two (2) non-client references that can attest to the professional reputation of your firm and its personnel. Include client name, contact personnel, address, phone number, and length of time you have managed their assets.

(8) Provide sample reports that would be provided to the BRA on a monthly and quarterly basis. Include methods and formulas used to calculate yield and performance.

4. Submittal Requirements
Submit proposal in an electronic format. All .pdf documents are to be submitted with either the Table of Contents linked to document sections, or built with Bookmarks linked to document sections in the body of the submittal.

The Respondent shall be responsible for any and all costs associated with the preparation, transmittal, presentation, or material submitted in response to this RFP. The BRA will not be responsible for any expenses incurred in the preparation of Proposal or presentation, including travel.
5. RFP Inquiries
All inquiries, including clarifying questions, related to this RFP shall only be directed to the Purchasing Manager via e-mail to clarissa.cabrera@brazos.org. The Purchasing Manager will direct any inquiries to the appropriate BRA staff, a response will be issued and if warranted, an Addendum will be posted on the BRA's website at www.brazos.org. Failure to adhere to this restriction during the advertising, evaluation, and selection phases will result in the rejection of a Respondent's Proposal.

6. Respondent’s Past Performance
BRA will consider Respondent’s past performance and may conduct reference checks with other entities regarding past performance. BRA may examine Respondent’s performance including, but not limited to: the Vendor Performance Tracking System, notices of termination, cure notices, assessments of liquidated damages, litigation, audit reports, repeated negative performance, records of repeated non-responsiveness to performance issues, and non-renewals of contracts. Such sources of Respondent performance may include any governmental entity, whether an agency or political subdivision of the State of Texas, another state, or the Federal government. Further, BRA may initiate such examinations of Respondent performance based upon media reports. Any such investigations shall be at the sole discretion of BRA, and any negative findings, as determined by BRA, may result in non-award to Respondent.

7. Conflict of Interest
Pursuant to Chapter 176 of the Local Government Code, any person or agent of a person who contracts or seeks to contract for the sale or purchase of property, goods, or services with a local government entity (i.e., Brazos River Authority) must disclose in the Conflicts of Interest Questionnaire Form ("CIQ") the person's affiliation or business relationship that might cause a conflict of interest with the local government entity. By law, the CIQ must be filed with the BRA Records Management Officer no later than seven (7) days after the date the person begins contract discussions or negotiations with the BRA, or submits an application or response to a Request for Proposals, correspondence, or another writing related to a potential agreement with the BRA. Updated Questionnaires must be filed in conformance with Chapter 176.

A copy of the CIQ is attached. If you have any questions about compliance, please consult your own legal counsel. Compliance is the individual responsibility of each person or agent of a person who is subject to the filing requirement. An offense under Chapter 176 carries a penalty up to a Class A misdemeanor.

8. Disclosure of Interested Parties
Pursuant to Section 2252.908 of the Government Code, the selected Firm in contracts for the sale or purchase of property, goods, or services with a local government entity (i.e., BRA) anticipated to have a value of at least $250,000/$500,000 must submit a Disclosure of Interested Parties Form to the local government entity that discloses all persons at the Selected Firm who have a controlling interest in the selected Firm or who actively participated in facilitating the contract or negotiating the terms of the contract.

The requirements of Section 2252.908 of the Government Code are subject to change, and if you have any questions about compliance, please consult your own legal counsel.

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm
9. Term of Agreement
The term of this Contract shall be for a period of two (2) years, commencing on the Effective Date, and may be renewed by subsequent agreement of the parties for up to two (2) additional two (2) year periods, for a total potential term of six (6) years.

10. Selection Process
The BRA will select the most highly qualified Respondent on the basis of demonstrated competence and qualifications and then attempt to negotiate with that Respondent a contract at a fair and reasonable price.

11. Contract
The executed contract between BRA and the selected Respondent shall be a BRA standard form contract for Professional Services. Contract terms are not subject to modification and Respondent will be expected to execute the contract in substantially the form provided. Respondent should not base a proposal on an expectation that BRA will modify its contract terms.

Compensation for services provided under the professional services contract to be entered into with the selected Firm will be based on a mutually agreeable not-to-exceed amount. Individual tasks under the contract will also be billed on a not-to-exceed amount for such task.

The BRA reserves the right to award contract(s) without any negotiations and reserves the right to not make awards. The BRA reserves the right to conduct studies and other investigations as necessary to evaluate any submittal. Submission of a proposal confers no legal right upon any Respondent.

The decision of BRA, or its designee with regard to the above, shall be administratively final. BRA, in its sole discretion, may waive administrative deficiencies and/or minor technicalities in submittals received.

12. Insurance Requirements
The Respondent shall, at Respondent’s sole expense, maintain insurance coverage as determined acceptable to the BRA. The Respondent must obtain the following minimum insurance requirements and provide proof to the BRA prior to entering into a contract:

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability Insurance</td>
<td></td>
</tr>
<tr>
<td>Bodily Injury</td>
<td>$ 500,000 per person</td>
</tr>
<tr>
<td>Bodily Injury</td>
<td>$ 1,000,000 per occurrence</td>
</tr>
<tr>
<td>Property Damage</td>
<td>$ 1,000,000 per occurrence</td>
</tr>
<tr>
<td>Aggregate</td>
<td>$ 2,000,000</td>
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<tr>
<td>Professional Liability</td>
<td>$ 1,000,000 per occurrence</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>Statutory</td>
</tr>
<tr>
<td>Automobile Liability</td>
<td>$ 1,000,000 per claim / aggregate</td>
</tr>
<tr>
<td>Employers’ Liability</td>
<td>$ 1,000,000 policy limit</td>
</tr>
</tbody>
</table>

14. Recycled and Recyclable Products
The BRA encourages the use of recycled products and products that may be recycled or reused.
REQUEST FOR PROPOSALS  
INVESTMENT ADVISOR SERVICES  
RFP NO. 20-08-1179  

ACKNOWLEDGMENT OF REQUEST FOR PROPOSALS AND RECEIPT OF ADDENDA

RESPONDENT MUST ACKNOWLEDGE RECEIPT OF THIS REQUEST FOR PROPOSALS AND ADDENDA BY SIGNING BELOW AND SUBMITTING THIS ACKNOWLEDGEMENT WITH YOUR PROPOSAL. FAILURE TO SIGN THIS ACKNOWLEDGEMENT WILL DISQUALIFY THE PROPOSAL AS NON-RESPONSIVE. SIGNATURE MAY BE DIGITAL, ELECTRONIC OR HANDWRITTEN.

This acknowledgement shall become part of your response and the subsequent contract documents if applicable.

ACKNOWLEDGMENT OF REQUEST FOR PROPOSALS:
Respondent hereby acknowledges that it has received and read the Request for Proposals and all Addenda, and that this Proposal is made in accordance with the provisions thereof. Respondent acknowledges that this Proposal meets or exceeds all terms, requirements, conditions, and/or specifications set forth in the Request for Proposals and Addenda, and exceptions or deviations from such terms, requirements, conditions, and/or specifications, if any, have been clearly and conspicuously identified as such in the Proposal.

Does your company have ten (10) or more full-time employees? Check one box only.

☐ YES    ☐ NO

Name of Firm (Respondent)

Signature – Authorized Representative

Printed Name

Date

E-mail Address

Telephone Number
CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

1. Name of vendor who has a business relationship with local governmental entity.

2. Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3. Name of local government officer about whom the information is being disclosed.

Name of Officer

4. Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

□ Yes □ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

□ Yes □ No

5. Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6. Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7. Signature of vendor doing business with the governmental entity

Date

Form provided by Texas Ethics Commission
www.ethics.state.tx.us
Revised 11/30/2015
CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm. For easy reference, below are some of the sections cited on this form.

**Local Government Code § 176.001(1-a):** "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:
(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
(B) a transaction conducted at a price and subject to terms available to the public; or
(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

**Local Government Code § 176.003(a)(2)(A) and (B):**
(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed; or
(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or
(ii) the local governmental entity is considering entering into a contract with the vendor.

**Local Government Code § 176.006(a) and (a-1):**
(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.
<table>
<thead>
<tr>
<th>Date</th>
<th>Parties</th>
<th>Nature/Description of Litigation</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>XYZ, Inc. v. Owner</td>
<td>Owner brought suit against XYZ, Inc. claiming flawed design of a concrete pad.</td>
<td>Nonsuited</td>
</tr>
<tr>
<td>2011</td>
<td>XYZ, Inc. v. Owner</td>
<td>XYZ, Inc. retained to design bike path, the path collapsed in construction and owner sued XYZ, Inc. and contractor</td>
<td>Settled</td>
</tr>
<tr>
<td>2012</td>
<td>XYZ, Inc. v. Contractor</td>
<td>Contractor claimed XYZ, Inc. negligent on a project where Contractor was constructing a tower and the tower allegedly incorporated incorrect materials. XYZ, Inc. disputes the allegations.</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
# W-9

**Request for Taxpayer Identification Number and Certification**

Go to [www.irs.gov/FormW9](https://www.irs.gov/FormW9) for instructions and the latest information.

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/formW9](https://www.irs.gov/formW9).

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- **Form 1099-INT (interest earned or paid)**
- **Form 1099-DIV (dividends, including those from stocks or mutual funds)**
- **Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)**
- **Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)**
- **Form 1099-S (proceeds from real estate transactions)**
- **Form 1099-K (merchant card and third party network transactions)**
- **Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)**
- **Form 1099-C (canceled debt)**
- **Form 1099-A (acquisition or abandonment of secured property)**

**Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.**

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

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### Part I

**Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN, later.**

**Note:** If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

#### Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

- **Exempt payee code (if any)***
- **Exemption from FATCA reporting code (if any)***

(Applies to accounts maintained outside the U.S.)

### Part II

**Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

---

**Sign Here**

- **Signature of U.S. person**
- **Date**

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[Cat. No. 10231X](https://www.irs.gov/FormW9)  
By signing the filled-out form, you:
1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting, later, for further information.

**Note:** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if he or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

**Backup Withholding**

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).
5. Certain payees and payments are exempt from backup withholding. See Exempt payee code, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships, earlier.

**What is FATCA Reporting?**

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code, later, and the Instructions for the Requester of Form W-9 for more information.

**Updating Your Information**

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are a tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

**Penalties**

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.
Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1
You must enter one of the following on this line; do not leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose name you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. Individual. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. Sole proprietor or single-member LLC. Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or “doing business as” (DBA) name on line 2.

c. Partnership, LLC that is not a single-member LLC, C corporation, or S corporation. Enter the entity’s name as shown on the entity’s tax return on line 1 and any business, trade, or DBA name on line 2.

d. Other entities. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a “disregarded entity.” See Regulations section 301.7701-2(c)(2)(iii). Enter the owner’s name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner’s name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on line 2, “Business name/disregarded entity name.” If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2
If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3
Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

<table>
<thead>
<tr>
<th>Entity/Person on Line 1</th>
<th>Appropriate Tax Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation</td>
<td>Corporation</td>
</tr>
<tr>
<td>Individual</td>
<td>Individual/sole proprietor or single-member LLC</td>
</tr>
<tr>
<td>Sole proprietorship, or</td>
<td>Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)</td>
</tr>
<tr>
<td>Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.</td>
<td></td>
</tr>
<tr>
<td>LLC treated as a partnership for U.S. federal tax purposes,</td>
<td>Partnership</td>
</tr>
<tr>
<td>LLC that has filed Form 8832 or 2553 to be taxed as a corporation,</td>
<td>Trust/estate</td>
</tr>
<tr>
<td>LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.</td>
<td></td>
</tr>
</tbody>
</table>

Line 4, Exemptions
If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

• Generally, individuals (including sole proprietors) are not exempt from backup withholding.
• Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
• Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
• Corporations are not exempt from backup withholding with respect to attorneys’ fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
2—The United States or any of its agencies or instrumentalities
3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
5—A corporation
6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
7—A futures commission merchant registered with the Commodity Futures Trading Commission
8—A real estate investment trust
9—An entity registered at all times during the tax year under the Investment Company Act of 1940
10—A common trust fund operated by a bank under section 584(a)
11—A financial institution
12—A middleman known in the investment community as a nominee or custodian
13—A trust exempt from tax under section 664 or described in section 4947
The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

<table>
<thead>
<tr>
<th>IF the payment is for . . .</th>
<th>THEN the payment is exempt for . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend payments</td>
<td>All exempt payees except for 7</td>
</tr>
<tr>
<td>Broker transactions</td>
<td>Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.</td>
</tr>
<tr>
<td>Barter exchange transactions and patronage dividends</td>
<td>Exempt payees 1 through 4</td>
</tr>
<tr>
<td>Payments over $600 required to be reported and direct sales over $5,000</td>
<td>Generally, exempt payees 1 through 5³</td>
</tr>
<tr>
<td>Payments made in settlement of payment card or third party network transactions</td>
<td>Exempt payees 1 through 4</td>
</tr>
</tbody>
</table>

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys’ fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with “Not Applicable” (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
B—The United States or any of its agencies or instrumentalities
C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)
E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)
F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
G—A real estate investment trust
H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
I—A common trust fund as defined in section 584(a)
J—A bank as defined in section 581
K—A broker
L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see How to get a TIN below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner’s SSN (or EIN, if the owner has one). Do not enter the disregarded entity’s EIN. If the LLC is classified as a corporation or partnership, enter the entity’s EIN.

Note: See What Name and Number To Give the Requester, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write “Applied For” in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering “Applied For” means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see Exempt payee code, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.
1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. “Other payments” include payments made in the course of the requester’s trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

<table>
<thead>
<tr>
<th>What Name and Number To Give the Requester</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For this type of account:</strong></td>
</tr>
<tr>
<td>1. Individual</td>
</tr>
<tr>
<td>2. Two or more individuals (joint account) other than an account maintained by an FFI</td>
</tr>
<tr>
<td>3. Two or more U.S. persons (joint account maintained by an FFI)</td>
</tr>
<tr>
<td>4. Custodial account of a minor (Uniform Gift to Minors Act)</td>
</tr>
<tr>
<td>5. a. The usual revocable savings trust (grantor is also trustee)</td>
</tr>
<tr>
<td>b. So-called trust account that is not a legal or valid trust under state law</td>
</tr>
<tr>
<td>6. Sole proprietorship or disregarded entity owned by an individual</td>
</tr>
<tr>
<td>7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))</td>
</tr>
</tbody>
</table>

| **For this type of account:** | **Give name and EIN of:** |
| 8. Disregarded entity not owned by an individual | The owner |
| 9. A valid trust, estate, or pension trust | Legal entity |
| 10. Corporation or LLC electing corporate status on Form 8832 or Form 2553 | The corporation |
| 11. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 12. Partnership or multi-member LLC | The partnership |
| 13. A broker or registered nominee | The broker or nominee |

1. List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person’s number must be furnished.

2. Circle the minor’s name and furnish the minor’s SSN.

3. You must show your individual name and you may also enter your business or DBA name on the “Business name/disregarded entity” name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

4. List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships, earlier.

**Note:** The grantor also must provide a Form W-9 to trustee of trust.

**Note:** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:
- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.** Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.
The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

**Privacy Act Notice**

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.
PROFESSIONAL SERVICES CONTRACT

In consideration of the mutual promises as set forth below, this Professional Services Contract ("Contract") is entered into this _ _ day of __________, 2018 ("Effective Date"), by and between __________________ (_, "CONSULTANT"), with a mailing address of ___________________, and the Brazos River Authority, ("BRA"), with a mailing address of 4600 Cobbs Drive, Waco, TX 76710.

Section I. Performance of Work

1.1 The CONSULTANT hereby agrees to provide, perform, and complete to the satisfaction of the BRA all of the "Work" specified in "Exhibit A", attached hereto and incorporated by reference herein. The term "Work" as used herein shall mean the detailed description of tasks to be performed by the CONSULTANT, as established in "Exhibit A".

1.2 In performing the Work, the CONSULTANT shall provide all necessary labor, services, transportation, information, data, and other means and items necessary to perform the Work.

1.3 The CONSULTANT hereby covenants and agrees, as an independent contractor, to perform the Work required in strict accordance with the terms and provisions of this Contract and in a manner consistent with the level of care and skill ordinarily exercised for professional consulting services in the State of Texas.

1.4 It is understood that the BRA has a vested interest in the quality of the Work to be performed under this Contract, and thus may make suggested revisions or recommendations regarding the Work to be performed under this Contract. The CONSULTANT may accept or reject any such suggestions or recommendations. Acceptance of any such suggestions or recommendations shall not relieve the CONSULTANT from any of CONSULTANT’s responsibilities or obligations under this Contract.

Section II. Contract Price and Payment

2.1 Payments for performance of the Work contemplated by this Contract shall be in the amount and in accordance with the provisions set forth in "Exhibit B", attached hereto and incorporated by reference herein.

2.2 Nothing contained in this Contract shall require BRA to pay for any Work that is unsatisfactory as determined by BRA or which is not submitted in compliance with the terms of this Contract.

2.3 BRA will not be required to make any payments to the CONSULTANT, when the CONSULTANT is in default under this Contract, nor shall this paragraph constitute a waiver of any right, at law or in equity, which BRA may have if the CONSULTANT is in default, including the right to bring legal action for damages or for specific performance.
of this Contract. Waiver of any default under this Contract shall not be deemed a waiver of any subsequent default. Nothing contained herein shall be construed as authorizing additional fees for services to complete actions not specifically listed for successful completion of the Work.

Section III. Term

3.1 The term of this Contract shall be for a period of one (1) year, commencing on the Effective Date, and may be renewed by subsequent agreement of the parties for up to four (4) additional one (1) year periods, for a total potential term of five (5) years. OR The services of the CONSULTANT shall commence on the Effective Date of this Contract and shall continue until the Work is completed.

3.2 The CONSULTANT additionally agrees to abide by any and all schedules or timing representations set forth in “Exhibit A”.

Section IV. Revisions to Work

4.1 BRA reserves the right to direct substantial revision of the Work after acceptance by BRA as BRA may deem necessary; but in such event BRA shall pay the CONSULTANT equitable compensation for services rendered in making such revisions. In any event, when the CONSULTANT is directed to make substantial revisions that are in addition to or alter the Scope of Work established in “Exhibit A”, the CONSULTANT shall provide to BRA a written proposal for the entire cost involved in the revisions.

4.2 Prior to the CONSULTANT undertaking any substantial revisions as directed by BRA, BRA must authorize in writing the nature and scope of the revisions, accept the method and amount of compensation, and the time required to perform all phases of the Work.

4.3 If revisions of the Work are required by reason of the CONSULTANT’S error or omission, then such revisions shall be made by the CONSULTANT without additional compensation and in a time frame as directed by BRA.

4.4 It is expressly understood and agreed by the CONSULTANT that any compensation not specified in “Exhibit B” shall require prior written approval by BRA.

Section V. The Consultant’s Coordination with BRA

5.1 The CONSULTANT shall be available for conferences with BRA so that Work can be completed with the full benefit of BRA experience and knowledge of existing needs and facilities and be consistent with current policies and standards of the BRA. BRA shall make available to the CONSULTANT all existing plans, maps, field notes, and other data in its possession relative to the Work.

Section VI. Termination
6.1 This Contract may be terminated at any time by BRA for any cause without penalty or liability. Upon receipt of such notice by BRA, the CONSULTANT shall immediately discontinue all services and actions on behalf of BRA.

6.2 As soon as practicable after receipt of notice of termination, the CONSULTANT shall submit a statement showing in detail the costs of services performed but not paid for under this Contract through the date of termination. The CONSULTANT will forward to BRA all portions of the Work performed through the date of termination. BRA shall then pay the CONSULTANT promptly the accrued and unpaid amounts due for services to the date of termination, to the extent the services are approved by BRA.

Section VII. Default

7.1 BRA may terminate this Contract without prejudice to any other remedy it may have, when the CONSULTANT defaults in performance of any provision herein, or fails to carry out the Work in accordance with the provisions of this Contract.

7.2 On such termination, BRA may take possession of all the intellectual property prepared or gathered or equipment, and/or parts pertinent to the equipment, repaired or purchased to date in performance of the Work and finish the Work in whatever way BRA deems expedient. On such default by the CONSULTANT, BRA may elect not to terminate the Contract, and in such event, BRA may make good the deficiency in which the default consists, and deduct the costs from the Contract sum to become due to the CONSULTANT.

Section VIII. Ownership of Documents

8.1 All notes, letters, correspondence, drawings, specifications, and other documents or instruments of professional services prepared or assembled by the CONSULTANT under this Contract shall become the sole property of BRA and shall be delivered to BRA.

Section IX. Insurance

9.1 The CONSULTANT shall, at CONSULTANT'S sole expense, maintain insurance coverage as set forth below:

General Liability Insurance:
- Bodily Injury $ 500,000 per person
- Bodily Injury $ 1,000,000 per occurrence
- Property Damage $ 500,000 per occurrence
- Aggregate $ 2,000,000

Professional Liability Insurance: $ 1,000,000 per claim/aggregate

Workers’ Compensation: Statutory
Employers’ Liability: $1,000,000 policy limit

9.2 The CONSULTANT shall not commence Work under the Contract until the CONSULTANT has been approved by BRA, nor shall the CONSULTANT allow any subcontractor to commence Work on the CONSULTANT’s subcontract until all requisite insurance of the subcontractor has been obtained and approved by BRA. All required policies shall name BRA as an additional insured, except Workers’ Compensation and Employers’ Liability Insurance and Professional Liability Insurance (as applicable). As proof of the insurance coverage, the CONSULTANT shall furnish to BRA valid certificates of insurance of the types and limits required herein, prior to commencing Work on the project. In the event CONSULTANT’s insurance coverage does not provide for automatic additional insured coverage, CONSULTANT shall provide BRA an additional insured endorsement along with its certificate. As proof of insurance coverage by the CONSULTANT’s subcontractors, the CONSULTANT shall furnish to BRA such subcontractors’ valid certificates of insurance of the types and limits required herein, including additional insured endorsements listing BRA as an additional insured under such policies. In addition, the required insurance coverage shall contain a provision that coverage afforded under the policies will not be materially changed or canceled without provision of thirty (30) days written notice to BRA. The insurance requirements shall remain in effect throughout the term of the Contract.

9.3 The CONSULTANT’s subcontractors shall carry and maintain insurance in the types and amounts as further provided in Exhibit “B” for the duration of this Contract. CONSULTANT shall be responsible for ensuring that subcontractors carry and maintain the requisite insurance policies. The subcontractor’s policies, except for professional services and workers compensation, shall contain the following endorsements in favor of the BRA:

i. Waiver of Subrogation
ii. Thirty (30)-day Notice of Cancellation
iii. Additional Insured, endorsement

9.4 Concerning insurance to be furnished by the CONSULTANT, it is a condition precedent to acceptability thereof that:

i. Any policy submitted shall not be subject to limitations, conditions or restrictions deemed inconsistent with the intent of the requirements to be fulfilled by the CONSULTANT; and

ii. All policies are to be written through companies duly approved to transact that class of insurance in the State of Texas.

9.5 The CONSULTANT agrees to the following:

i. The CONSULTANT hereby waives subrogation rights for loss or damage to the extent same are covered by insurance. Insurers shall not have the right to
recovery or subrogation against BRA, it being the intention that the insurance policies shall protect all parties to the Contract and be primary coverage for all losses covered by the policies;

ii. Companies issuing the insurance policies and the CONSULTANT shall have no recourse against BRA for payment of any premiums, or assessments for any deductible, as all such premiums are the sole responsibility and risk of the CONSULTANT.

iii. Approval, disapproval or failure to act by BRA regarding any insurance supplied by the CONSULTANT (or any subcontractors) shall not relieve CONSULTANT of full responsibility or liability, if any, for damages and accidents as set forth in the Contract. Neither shall the insolvency or denial of liability by the insurance company exonerate the CONSULTANT from liability.

iv. No special payments shall be made for any insurance that the CONSULTANT and subcontractors, if any, are required to carry; all are included in the Contract price and the Contract unit prices; and

v. Any of the insurance policies required under this section may be written in combination with any of the others, where legally permitted, but none of the specified limits may be lowered thereby.

Section X. No Third Party Beneficiary

10.1 No claim as a third-party beneficiary under this Contract by any person, firm, or corporation shall be made or be valid against the BRA, and the BRA shall not be liable for or be held to pay any money to any such person.

Section XI. Successors and Assigns

11.1 The CONSULTANT shall not assign this Contract in whole or part, assign any of its rights or obligations under this Contract or assign any payment due or to become due under this Contract, without the prior, express written consent of the BRA.

11.2 Any attempted or purported assignment by the CONSULTANT without the BRA's approval shall be void and of no force and effect and shall constitute a default under this Contract.

Section XII. Liability

12.1 Acceptance of the Work by BRA shall not constitute nor be deemed a release of the responsibility and liability of the CONSULTANT, its employees, agents, assigns or subcontractors for the accuracy and competency of the Work contemplated by this Contract.
12.2 The CONSULTANT shall be solely and completely responsible for performing the Work with diligence and in a manner consistent with the level of care and skill ordinarily exercised for such professional service in the State of Texas. In the event the CONSULTANT fail to perform in such a manner, then CONSULTANT SHALL BE RESPONSIBLE FOR ALL DAMAGES AND COSTS ASSOCIATED WITH DEFECTS, FAILURES, ERRORS, OMISSIONS, OR OTHER INSUFFICIENCIES IN THE PROJECT, OR ANY PORTION THEREOF, ATTRIBUTABLE TO SERVICES PROVIDED BY OR THAT SHOULD HAVE BEEN PROVIDED BY THE CONSULTANT PURSUANT TO THIS AGREEMENT, INCLUDING ANY AND ALL AMENDMENTS THERETO. SUCH COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO: ALL EXPENSES REQUIRED TO SATISFACTORILY COMPLETE NECESSARY ANALYSES TO DETERMINE THE CAUSE OF THE FAILURE; COSTS TO DESIGN CORRECTIVE IMPROVEMENTS; COSTS TO PROVIDE ADDITIONAL CONSTRUCTION PHASE ENGINEERING AND RESIDENT PROJECT REPRESENTATIVE SERVICES ASSOCIATED WITH THE CORRECTIVE IMPROVEMENTS; AND ANY AND ALL CONSTRUCTION AND PROFESSIONAL SERVICES COSTS CAUSED BY, ARISING OUT OF, OR RELATED TO THE REMEDIATION OF THE ERROR, INCLUDING, BUT NOT LIMITED TO: THE COST TO CONSTRUCT ELEMENTS THAT MUST BE REMOVED; THE COST OF DEMOLITION AND DISPOSAL OF MATERIALS; AND THE COST TO MODIFY ELEMENTS OF THE INITIALLY COMPLETED WORK THAT CAN REMAIN.

Section XIII. Indemnification

13.1 THE CONSULTANT SHALL COMPLY WITH THE REQUIREMENTS OF ALL APPLICABLE LAWS, RULES AND REGULATIONS AND SHALL EXONERATE, INDEMNIFY AND HOLD THE BRA HARMLESS FROM ANY AND ALL LIABILITY OR DAMAGES RESULTING FROM FAILURE TO DO SO.

13.2 IN ADDITION, THE CONSULTANT AGREES TO KEEP, SAVE AND HOLD BRA HARMLESS FROM ANY AND ALL ACTIONS, LIABILITIES, DAMAGES, JUDGMENTS, COSTS AND EXPENSES INCLUDING REASONABLE ATTORNEY’S FEES, IN CASE AN ACTION IS FILED OR DOES IN ANY WAY ACCRUE AGAINST BRA, ITS OFFICIALS, OFFICERS, AND EMPLOYEES IN CONSEQUENCE OF THIS CONTRACT FOR ANY NEGLIGENCE ACT OR OMISSION OF THE CONSULTANT IN THE PERFORMANCE OF THE WORK UNDER THIS CONTRACT, OR THAT MAY RESULT FROM THE CARELESSNESS OR LACK OF SKILL OF THE CONSULTANT OR THE CONSULTANT’S AGENTS, SUBCONTRACTORS, ASSIGNS OR EMPLOYEES. IN THE EVENT A JUDGMENT IS RECOVERED AGAINST BRA FOR ANY SUCH LIABILITY, COSTS OR EXPENSES, SUCH JUDGMENT SHALL BE CONCLUSIVE AGAINST THE CONSULTANT.

13.3 IT IS SPECIFICALLY UNDERSTOOD AND AGREED BY THE CONSULTANT THAT SUCH INDEMNITY IS INDEMNITY BY THE CONSULTANT TO INDEMNIFY AND PROTECT BRA FROM LIABILITY, CLAIMS, SUITS, LOSSES, DAMAGES OR CAUSES OF ACTION CAUSED BY OR RESULTING FROM AN ACT OF NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO
PAY A SUBCONTRACTOR OR SUPPLIER COMMITTED BY THE CONSULTANT, THE CONSULTANT’S AGENT, CONSULTANT UNDER CONTRACT, OR ANOTHER ENTITY OVER WHICH THE CONSULTANT EXERCISES CONTROL. BRA AGREES TO GIVE CONSULTANT PROMPT NOTICE OF ANY CLAIM, CONTROL OF THE DEFENSE OR SETTLEMENT OF THAT CLAIM AND REASONABLE ASSISTANCE AND INFORMATION RELATED TO THE CLAIM.

Section XIV. Confidentiality

14.1 During the performance of this Contract, the CONSULTANT has or will have access to confidential or proprietary information belonging to BRA. The CONSULTANT herein agrees to maintain the confidentiality of the information received from BRA and information derived from performance of the Work.

14.2 This obligation shall not apply to information already in the public domain or to disclosures required by law, including the Texas Public Information Act.

Section XV. Severability

15.1 If any of the terms, sections, subsections, sentences, clauses, phrases, provisions, covenants, or conditions of this Contract are for any reason held to be invalid, void or unenforceable, the remainder of the terms, sections, subsections, sentences, clauses, phrases, provisions, covenants, or conditions of this Contract shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section XVI. Independent Contractor

16.1 The CONSULTANT covenants and agrees that CONSULTANT is an independent contractor and not an officer, agent, servant or employee of BRA. The CONSULTANT hereby acknowledges that it shall have exclusive control of and exclusive right to control the details of the Work, performed hereunder, and all persons performing same, and shall be liable for the acts and omissions of its officers, agents, employees, and subcontractors.

16.2 In addition, the CONSULTANT agrees that the doctrine of respondeat superior shall not apply as between BRA and the CONSULTANT and nothing herein shall be construed as creating a partnership or joint enterprise between BRA and the CONSULTANT.

Section XVII. Disclosure

17.1 By signature of this Contract, the CONSULTANT acknowledges to BRA that CONSULTANT has made full disclosure in writing of any existing conflicts of interest or potential conflicts of interest, including personal financial interests, direct or indirect.

17.2 The CONSULTANT further agrees that CONSULTANT will make disclosure in writing of any conflicts of interest, which develop subsequent to the signing of this
Contract and prior to final payment under the Contract.

Section XVIII. Compliance with Laws and Licenses

18.1 The CONSULTANT shall at all times observe and comply with all the provisions of the laws of the State of Texas and Federal laws, rules and regulations which in any manner limit, control, or apply to the actions or operations of the CONSULTANT, his subcontractor(s), or his or their employees, agents or servants, engaged in performance of the Work.

Section XIX. Venue and Choice of Law

19.1 The parties to this Contract agree and covenant that this Contract will be enforceable in McLennan County, Texas and that if legal action is necessary to enforce this Contract, exclusive venue will lie in McLennan County, Texas.

19.2 This Contract shall be construed under Texas law (without regard for choice of law considerations).

Section XX. Entire Agreement

20.1 This Contract sets forth the entire agreement between the BRA and the CONSULTANT with respect to the accomplishment of the Work and the payment of the Contract price therefore, and there are no other understandings or agreements, oral or written, between the BRA and the CONSULTANT with respect to the Work and the compensation therefore, nor was the making and execution of this Contract induced by any representation, statement, warranty, agreement, or action other than those expressed or explicitly referenced herein.

Section XXI. Amendments

21.1 No modification, addition, deletion, revision, alteration or other change to this Contract shall be effective unless and until such change is reduced to writing and executed by the BRA and the CONSULTANT.

Section XXII. Headings

22.1 The headings of this Contract are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

Section XXIII. Remedies

23.1 No right or remedy granted herein or reserved to the parties is exclusive of any other right or remedy herein by law or equity provided or permitted; but each shall be cumulative of every other right or remedy given hereunder. No covenant or condition of this Contract may be waived without consent of the parties. Forbearance or indulgence
by either party shall not constitute a waiver of any covenant or condition of this Contract.

**Section XXIV. Review of Contract**

24.1 The CONSULTANT has carefully examined, reviewed, and accepted this Contract and there are no discrepancies, errors, omissions, ambiguities or conflicts in this Contract that are material to the CONSULTANT’S provision, performance or completion of the Work, the Contract price or Contract schedule that have not been clarified in writing by the BRA to the satisfaction of the CONSULTANT.

**Section XXV. Right to Audit**

25.1 The CONSULTANT shall establish and maintain a reasonable accounting system that enables BRA to readily identify the CONSULTANT’s assets, expenses, costs of goods, and use of funds. BRA and its authorized representatives shall have the right to audit, to examine, and to make copies of or extracts from all financial and related records (in whatever form they may be kept, whether written, electronic, or other) relating to or pertaining to this Contract kept by or under the control of the CONSULTANT, including, but not limited to those kept by the CONSULTANT, its employees, agents, assigns, successors, and subcontractors. Such records shall include, but not be limited to, accounting records, written policies and procedures; subcontract files (including proposals of successful and unsuccessful bidders, bid recaps, etc); all paid vouchers including those for out-of-pocket expenses; other reimbursement supported by invoices; ledgers; canceled checks; deposit slips; bank statements; journals; original estimates; estimating work sheets; Contract amendments and change order files; backcharge logs and supporting documentation; insurance documents; payroll documents; timesheets; memoranda; and correspondence.

25.2 The CONSULTANT shall, at all times during the term of this Contract and for a period of ten years after the completion of this Contract, maintain such records, together with such supporting or underlying documents and materials. The CONSULTANT shall at any time requested by BRA, whether during or after completion of this Contract, and at the CONSULTANT’s own expense make such records available for inspection and audit (including copies and extracts of records as required) by BRA. Such records shall be made available to BRA during normal business hours at the CONSULTANT’s office or place of business and subject to a three day written notice. In the event that no such location is available, then the financial records, together with the supporting or underlying documents and records, shall be made available for audit at a time and location that is convenient for BRA.

25.3 The CONSULTANT shall ensure BRA has these rights with the CONSULTANT’s employees, agents, assigns, successors, and subcontractors, and the obligations of these rights shall be explicitly included in any subcontracts or agreements formed between the CONSULTANT and any subcontractors to the extent that those subcontracts or agreements relate to fulfillment of the CONSULTANT’s obligations to BRA.
Section XXVI. Prohibition on Boycotting Israel

26.1 CONSULTANT hereby verifies that CONSULTANT:

   i. Does not boycott Israel; and

   ii. Will not boycott Israel during the term of this Contract.

Section XXVII. Notices

27.1 All notices, communications and reports required under the Contract shall be personally delivered or mailed to the respective parties by certified mail, return receipt requested at the addresses shown below, unless and until either party is otherwise notified in writing by the other party of a change in address. Mailed notices shall be deemed communicated as of five (5) days after mailing regular mail.

If intended for BRA, to: If intended for the CONSULTANT, to:

4600 Cobbs Drive Address
Waco, Texas 76710 City, State Zip Code

[SIGNATURES APPEAR ON FOLLOWING PAGE]
IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed, intending to be bound thereby on this the ___ day of __________, 2018.

BRAZOS RIVER AUTHORITY

By: ____________________________

DAVID COLLINSWORTH

Title: GENERAL MANAGER/CEO

Date: ____________________________

PROVIDER NAME

By: ____________________________

Title: ____________________________

Date: ____________________________

ACKNOWLEDGEMENTS

THE STATE OF _________ §
COUNTY OF _________ §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared ____________________ known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledge to me that they executed same for and as the act and deed of PROVIDER NAME and for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of ____________, 2018.

Notary Public, State of Texas

THE STATE OF TEXAS §
COUNTY OF McLENNAN §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared David Collinsworth, General Manager/CEO, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledge to me that they executed same for and as the act and deed of BRAZOS RIVER AUTHORITY and for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of ____________, 2018.

Notary Public, State of Texas
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<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>06/30/20</td>
<td>Graham</td>
<td>67,631</td>
<td>07/01/20</td>
<td>0.15%</td>
<td></td>
</tr>
<tr>
<td>10/21/19</td>
<td>Alliance CD</td>
<td>3,408,083</td>
<td>01/21/21</td>
<td>2.00%</td>
<td></td>
</tr>
<tr>
<td>09/12/19</td>
<td>East West Bank CD</td>
<td>1,014,798</td>
<td>12/14/20</td>
<td>1.83%</td>
<td></td>
</tr>
<tr>
<td>01/14/20</td>
<td>Independent CD</td>
<td>341,120</td>
<td>01/14/21</td>
<td>1.75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>6,358,403</td>
<td></td>
</tr>
</tbody>
</table>

**INVENTORY HOLDINGS - Bond Proceeds Fund**

|            |           |               |       |                |       |
|            |           |               |       |                |       |
|            | Subtotal  |               |       |                |       |
| 06/30/20   | Southside MMA | 462,758     | 07/01/20 | 0.26%          |       |
| 09/12/19   | East West Bank CD | 1,421,288 | 09/14/20 | 1.88%          |       |
| 05/15/19   | Alliance CD | 396,320       | 11/13/20 | 2.64%          |       |
|            |           |               |       |                |       |
|            | Subtotal  |               |       | 2,280,366      |       |

**INVENTORY HOLDINGS - Debt Service Funds**

| 06/30/20   | Southside MMA | 3,608,107   | 07/01/20 | 0.26%          |       |
|            |               |               |       |                |       |
|            | Subtotal      |               |       | 3,608,107      |       |

**INVENTORY HOLDINGS - Repair and Replacement Funds**

| 06/30/20   | Southside MMA | 178,542      | 07/01/20 | 0.26%          |       |
| 04/24/20   | Allegiance CD | 500,000      | 07/23/21 | 0.76%          |       |
| 07/12/19   | Alliance CD   | 407,826      | 10/12/20 | 2.58%          |       |
| 06/03/19   | Alliance CD   | 1,026,736    | 12/03/20 | 2.64%          |       |
| 09/12/19   | East West Bank CD | 1,015,206 | 09/14/20 | 1.88%          |       |
| 06/22/20   | Independent Bank CD | 1,500,000 | 06/22/21 | 0.55%          |       |
| 01/14/20   | Independent Bank CD | 1,004,351 | 01/14/21 | 1.75%          |       |
|            |               |               |       |                |       |
|            | Subtotal      |               |       | 5,632,860      |       |

**INVENTORY HOLDINGS - Operating Reserve Funds**

| 06/30/20   | Alliance MMA | 10,656       | 07/01/20 | 0.25%          |       |
| 06/30/20   | Southside MMA | 3,557,289   | 07/01/20 | 0.26%          |       |
| 06/30/20   | Veritex Bank MMA | 8,129,788 | 07/01/20 | 0.30%          |       |
| 06/30/20   | NexBank MMA   | 154,881      | 07/01/20 | 0.50%          |       |
| 06/30/20   | NexBank ICS   | 28,489,482   | 07/01/20 | 0.50%          |       |
| 04/09/20   | Allegiance CD | 5,000,000    | 10/12/21 | 0.73%          |       |
| 04/24/20   | Allegiance CD | 5,500,000    | 07/23/21 | 0.76%          |       |
| 10/03/19   | Alliance CD   | 8,377,081    | 04/05/21 | 2.10%          |       |
| 07/12/19   | Alliance CD   | 5,382,898    | 07/13/20 | 2.57%          |       |
| 07/12/19   | Alliance CD   | 4,889,997    | 10/12/20 | 2.58%          |       |
| 05/15/19   | Alliance CD   | 2,602,872    | 11/13/20 | 2.64%          |       |
| 06/11/20   | Bank OZK CD   | 3,000,000    | 06/13/22 | 0.65%          |       |
| 01/24/20   | East West Bank CD | 2,014,778 | 04/26/21 | 1.69%          |       |
| 09/19/19   | East West Bank CD | 15,656,536 | 03/18/21 | 1.90%          |       |
| 09/20/19   | East West Bank CD | 4,060,734  | 12/21/20 | 1.93%          |       |
| 06/22/20   | Independent Bank CD | 2,000,000 | 06/22/21 | 0.55%          |       |
| 06/11/20   | Independent Bank CD | 6,000,000 | 06/11/21 | 0.60%          |       |
| 01/14/20   | Independent Bank CD | 3,676,284  | 01/14/21 | 1.75%          |       |
| 10/25/19   | Independent Bank CD | 4,036,118  | 01/25/21 | 1.80%          |       |
| 10/07/19   | Independent Bank CD | 4,038,139  | 10/07/20 | 1.90%          |       |
|            |               |               |       |                |       |
|            | Subtotal      |               |       | 116,577,534    |       |

Total Par   | 134,457,070   |
BRAZOS RIVER AUTHORITY

INVESTMENT POLICY

Revised and Adopted:

January 27, 2020
PREFACE

I. PURPOSE

II. INVESTMENT OBJECTIVES

III. DESIGNATION OF AUTHORITY AND RESPONSIBILITY

IV. AUTHORIZED INVESTMENTS

V. PORTFOLIO STRATEGY AND CONTROLS

VI. COLLATERALIZATION

VII. SAFEKEEPING

VIII. BROKER/DEALERS AND INVESTMENT ADVISERS

IX. STANDARD OF CARE

X. REPORTING

APPENDICES

A. Investment Strategy Statement

B. Approved Broker/Dealer List

C. Approved Training Sources
PREFACE

It is the policy of the Brazos River Authority (BRA) that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, adopted Investment Policy, and adopted Investment Strategy.

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all BRA funds. The BRA’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this Policy.

I. PURPOSE

A. Formal Adoption
   This Investment Policy is reviewed and adopted annually by the Brazos River Authority Board of Directors (the “Board”) in accordance with Chapter 2256, Texas Government Code, the Public Funds Investment Act (the “Act”)

B. Scope
   This Investment Policy applies to all of the investment activities of the Brazos River Authority, excluding the Employee Retirement Trust and the deferred compensation plan. This Policy establishes guidelines for those who can invest BRA funds, how BRA funds will be invested, and when and how a regular review of investments will be made. In addition to this Policy, bond funds and other borrowings shall be managed by their governing resolution and all applicable State and Federal Law.

C. Investment Strategy
   In conjunction with the annual Policy review, the Board shall review the separate written investment strategy for each of the BRA’s funds. The Investment Strategy Statement must describe the investment objectives for each particular fund according to the following priorities:
   1) investment suitability,
   2) preservation and safety of principal,
   3) liquidity,
   4) marketability prior to maturity of each investment,
   5) diversification, and
   6) yield.

D. Review and Amendment
   This Policy and Strategy Statement shall be reviewed and adopted annually by the Board. Amendments must be approved and adopted by the Board. The Board shall adopt a resolution stating that it has reviewed the Policy and Investment Strategy Statement and that the written instrument so adopted shall record any changes made to either the Policy or Investment Strategy Statement.
II. INVESTMENT OBJECTIVES

The BRA shall seek to control the risks in the portfolio. All risk shall be controlled by investing only in the highest credit quality types of investments as defined in the Policy; by qualifying the broker/dealers and financial institutions with whom the BRA will transact; by collateralization as required by law; and through portfolio diversification by maturity and type.

A. Safety of Principal
The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether from issuer defaults or erosion of market value.

B. Maintenance of Adequate Liquidity
The investment portfolio will remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity shall be achieved by: 1) maintaining minimum cash equivalent balances, 2) matching investment maturities with forecasted cash flow requirements, 3) investing in securities with active secondary markets, 4) utilizing certificates of deposit with early redemption options, and 5) maintaining appropriate portfolio diversification.

C. Diversification
The portfolio shall be diversified to minimize market and credit risk in any particular sector and shall be diversified by maturity to stabilize interest income throughout market cycles.

D. Public Trust
Investment Officers shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the BRA’s ability to govern effectively.

E. Yield
The investment portfolio will be actively managed to take advantage of market opportunities.

III. DESIGNATION OF AUTHORITY AND RESPONSIBILITY

1. Authority to Invest
   Board of Directors
   (a) The Board may contract with an investment management firm, registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.), to provide for the investment and management of the funds of the BRA. The original contract will be for a term no longer than two (2) years. Renewal or extension of the contract must be by resolution of the Board.
   (b) The Board may join by resolution in a Texas investment pool qualified under Government Code 2256.016 for the investment and management of the funds of the BRA.
   (c) The Board shall designate Investment Officers as defined by the Act. The Chief Financial Officer, the Cash and Investment Manager, and the Accounting Manager are designated as the “Investment Officers” of the BRA.
Investment Officers
Investment Officers are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage BRA funds according to this Policy.

2. Responsibility
Board of Directors
The Board shall annually review and adopt the Investment Policy and Investment Strategies. The resolution adopting the Policy will state that the Board has reviewed the Investment Policy and Investment Strategy Statement and that the written instrument so adopted shall record any changes made to either the Investment Policy or Investment Strategy Statement.

Investment Officers
(a) The Investment Officers shall attend at least 10 hours of investment training within twelve months of assuming these duties and within each subsequent two-year period that begins on the first day of the BRA’s fiscal year and consists of the two consecutive fiscal years after that date. The instruction shall relate to investment responsibilities under this Policy. Each training session must be provided by an independent source approved by the Board.

(b) The Investment Officers or such other positions as approved by the General Manager/CEO are designated as Authorized Representatives to transact business with any local government investment pools used by the BRA.

(c) The Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability in the management of the portfolio provided that deviations from expectations for a specific investment's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

(d) The designated Investment Officers shall adhere to the Brazos River Authority Personnel Policies Manual. Additionally, all Investment Officers shall file with the Texas Ethics Commission and the Board a statement disclosing any personal business relationship (as described in Section 2256.005(i) of the Act) with a business organization offering to engage in an investment transaction with the BRA or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to or engage in investment transactions with the BRA.

IV. AUTHORIZED INVESTMENTS

The investments listed below are authorized and further defined by the Act as eligible investments for the BRA. The purchase of specific issues may at times be restricted or prohibited by the Board. No additional types of investments are authorized until this Investment Policy is amended and the amended Policy is adopted by the Board. BRA funds governed by this Policy may be invested in:

1. Obligations of the United States or its agencies and instrumentalities (including the Federal Home Loan Banks and letters of credit issued by U.S. agencies), excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations with a stated maturity over ten years, and real estate mortgage investment
conduits. The maximum stated maturity shall be three years for operating funds and five years for repair and replacement and reserve funds.

2. Direct obligations of the State of Texas, or its agencies and instrumentalities. Maximum stated maturity shall be three years.

3. Other obligations, the principal 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, 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. Maximum stated maturity shall be three years.

4. 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. Maximum stated maturity shall be three years.

5. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas, and secured by a combination of cash and obligations of the U.S. Government, its agencies or instrumentalities to include mortgage backed securities, pledged with a third party selected or approved by the BRA, and maintaining a market value of 102% of principal and interest. The term includes direct security repurchase agreements and reverse repurchase agreements in which the reinvestment security shall not mature later than the reverse. All BRA repurchase agreement transactions shall be governed by a signed Master Repurchase Agreement, or similar agreement. Maximum stated maturity shall be 90 days except for flex repurchase agreements used for bond funds, which shall be matched to the expenditure plan of the bonds.

Bond proceeds may be invested in a single flex repurchase agreement if the General Manager/CEO and the Chief Financial Officer determine that such an investment is necessary (a) to comply with Federal arbitrage restrictions, (b) to facilitate arbitrage record-keeping, calculations and expenditure draws, or (c) to lock in advantageous yields.

6. Financial institution deposits with state and national banks and savings banks with a main office or branch office in Texas that are:

   a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or secured in a manner allowed in Section VI. COLLATERALIZATION;
   b. issued in a manner consistent with the Act that distributes the deposit amongst multiple financial institutions to effectively provide FDIC insurance for the entire deposit;
   c. executed through a depository institution or approved broker that has its main office or a branch office in Texas that meets the requirements of the Act;
   d. secured by collateral that is held in a depository institution that is selected by the BRA or with a clearing broker-dealer that is registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange
Commission Rule 15c3-3 [17C.F.R., Section 240,15c3-3] as custodian for the BRA with respect to the certificates of deposit issued for the account of the BRA, and e. limited in maximum stated maturity to three years.

7. AAA-rated, government money market mutual funds registered with and regulated by the Securities and Exchange Commission, whose investment objectives include seeking to maintain a stable net asset value of $1.0000 per share. The BRA may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

8. Constant dollar Local Government Investment Pools as defined in Section 2256.016 of the Act provided that investment in the particular pool has been specifically authorized by resolution of the Board.

9. Local Government Investment Pools not structured as money market mutual funds but as mutual funds and which do not strive to maintain a $1.0000 share value. Participation shall be dependent upon Board review and authorization.

V. PORTFOLIO STRATEGY AND CONTROLS

The Chief Financial Officer shall develop and maintain internal controls and procedures to reduce risk and maintain the integrity of the portfolio.

1. Delivery versus Payment
The purchase and sale of all individual securities and repurchase agreements shall be executed on a “delivery versus payment” (DVP) basis through an approved Safekeeping Agent. By so doing, BRA funds are not released until the BRA has received, through the Safekeeping Agent, the securities purchased.

2. Diversification by Investment Type
Diversification by investment type shall be established by the following maximum percentages of investment type to the total BRA investment portfolio, at time of purchase:

<table>
<thead>
<tr>
<th></th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. U.S. Treasury Bills/Notes/Bonds</td>
<td>90%</td>
</tr>
<tr>
<td>b. U. S. Agencies &amp; Instrumentalities</td>
<td>90%</td>
</tr>
<tr>
<td>c. States, Agencies, Counties, Cities, &amp; Other</td>
<td>50%</td>
</tr>
<tr>
<td>Limit per issuer</td>
<td>5%</td>
</tr>
<tr>
<td>d. Financial Institution Deposits</td>
<td>100%</td>
</tr>
<tr>
<td>e. Authorized Local Government Investment Pools</td>
<td>75%</td>
</tr>
<tr>
<td>Limit per pool</td>
<td>50%</td>
</tr>
<tr>
<td>f. Money Market Mutual Funds</td>
<td>75%</td>
</tr>
<tr>
<td>Limit per fund</td>
<td>50%</td>
</tr>
<tr>
<td>g. Repurchase Agreements</td>
<td>50% (excluding bond proceeds)</td>
</tr>
</tbody>
</table>

3. Maturity Controls by Fund Type
To minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The BRA may commingle
funds for investment purposes while recognizing the needs of individual funds within the portfolio. The Investment Officers/Adviser will monitor the average days to maturity level and make changes as appropriate considering conditions, portfolio structure, and cash flow requirements.

Maturity guidelines by fund are as follows:

a. **Current Operating Funds**
   The dollar weighted average days to maturity for the operating fund portfolio shall be less than 365 days and the maximum allowable maturity shall be three years.

b. **Bond Proceeds**
   The investment maturity of bond proceeds (excluding reserve and debt service funds) shall generally be limited to the anticipated cash flow requirement or the “temporary period,” as defined by Federal tax law.

c. **Repair and Replacement Funds**
   The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirement according to the budgeted project schedule. The maximum maturity shall not exceed five years and the maximum dollar-weighted average maturity of the fund shall not exceed two years.

d. **Debt Service Funds**
   Debt Service Funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officers shall invest in such a manner as not to exceed an “unfunded” debt service date with the maturity of any investment. An unfunded debt service date is defined as a coupon or principal payment date that does not have cash or maturing investments available to satisfy said payment. The maximum dollar weighted average maturity of such funds shall be one year.

e. **Bond Reserve Funds**
   Maturity limitation shall generally not exceed the call provisions of the Bond Resolution and shall not exceed the final maturity of the bond issue. The maximum dollar weighted average maturity of such funds shall be three years.

f. **Operating Reserve Funds**
   The anticipated cash requirements of other BRA funds will govern the appropriate maturity mix. Appropriate portfolio strategy shall be determined based on market conditions, Policy compliance, BRA financial condition, and risk/return constraints. Maximum maturity shall not exceed five years and the maximum dollar-weighted average maturity shall not exceed three years.

4. **Cash Flow Analysis**
   The Investment Officers shall develop a cash flow analysis for all funds recognizing anticipated liabilities and revenues. This cash flow shall be reviewed and updated on no less than an annual basis. The cash flows shall form the basis for investment strategy in each particular fund. The cash flow will be used to determine the appropriate level of liquidity in each fund.
5. **Credit Rating Review and Effect of Loss of Required Rating**

Not less than quarterly, the Investment Officers will obtain from a reliable source the current credit rating for each held investment that has a PFIA-required minimum rating. Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. The BRA shall take all prudent measures that are consistent with this Policy to liquidate an investment that does not have the minimum rating.

6. **Liquidation of Investments**

An investment may be liquidated (sold or redeemed prior to maturity) to meet unanticipated cash requirements, to re-deploy cash into other investments expected to outperform current holdings, or otherwise to adjust the portfolio. A swap strategy may be utilized if the swap results in an overall positive financial position on a financial horizon analysis basis.

7. **Market Value Determination**

Market value for each investment shall be determined using the highest bid price at the close of business listed on the Bloomberg Investor Service, the market price as identified by the custodian, or from other independent sources.

8. **Performance Standards**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. “Weighted Average Yield to Maturity” shall be the standard for calculating portfolio rate of return.

VI. **COLLATERALIZATION**

**Financial Institution Collateral**

Consistent with the requirements of the Public Funds Collateral Act (Texas Government Code 2257), the BRA requires all financial institution deposits to be federally insured, enhanced, or collateralized with eligible securities, as determined by the BRA. Financial institutions (with the exception of the Federal Reserve) serving as BRA depositories will be required to sign a Depository Agreement (Agreement) with the BRA in compliance with Federal regulations. The Agreement shall require compliance with the Act and this Investment Policy, establish an independent custodian for all pledged collateral, define the eligible collateral and the BRA's rights to the collateral in case of default, bankruptcy, or closing, and establish a perfected security interest in compliance with Federal and State regulations, and specifically:

- the Agreement must be in writing;
- the Agreement must be approved by resolution of the Board or the Designated Committee of the financial institution and a copy of the meeting minutes or resolution reference must be delivered to the BRA; and
- the pledging of collateral shall be a contemporaneous and continuous part of the Agreement.

**Repurchase Agreements (Owned) Collateral**

Each counter party to a repurchase transaction is required to execute a form of Master Repurchase Agreement, or similar agreement (Agreement). An executed copy of this
Agreement must be on file before any transaction is initiated. All Agreements must be approved by the Chief Financial Officer of the BRA. Purchased Securities, as defined by the Agreement, will be evidenced by safekeeping receipts clearly denoting the ownership by the BRA.

Allowable Collateral

1. Financial Institution Deposits
   Eligible securities for collateralization of deposits are:
   - Obligations of the U.S. Government, its agencies and instrumentalities including mortgage backed securities which pass the high-risk mortgage obligation test,
   - 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.
   Letters of Credit issued or guaranteed by the U.S. Government, its agencies and instrumentalities.
   Eligible collateral does not include surety bonds.

2. Repurchase Agreements
   Securities bought and sold as part of a repurchase agreement are limited to:
   - U.S. Government, Agencies and Instrumentalities obligations, including mortgage backed securities

Collateral Levels

1. Financial Institution Deposits
   The market value of the collateral pledged for deposits must at all times be equal to or greater than 102% of the total value of the deposits (including accrued interest) less the applicable level of FDIC insurance. The financial institution shall be liable for monitoring and maintaining the collateral and collateral margins at all times. Letters of Credit shall at all times be equal to or greater than 100% of the total value of the deposits (including accrued interest) less the applicable level of FDIC insurance. Non-renewable Letters of Credit shall expire not less than two business days after the anticipated deposit withdrawal.

2. Repurchase Agreements
   A repurchase agreement's total book value equals the par value plus accrued interest. The market value of the repurchase agreement's purchased securities must be maintained at not less than 102% of the total book value of the repurchase agreement at all times.

Collateral Safekeeping
All collateral will be held by an independent custodian, outside the holding company of the financial institution or counter party, and approved by the BRA.

1. Safekeeping of Financial Institution Deposits Collateral
   All collateral securing financial institution deposits must be held by an independent third-party custodian, outside the holding company of the financial institution,
approved by and under contract with the BRA, or by the Federal Reserve Bank or a Federal Home Loan Bank.

(2) **Safekeeping of Repurchase Agreement Securities**
The securities purchased under repurchase agreements must be delivered to an independent third-party custodian as defined by the executed Agreement.

**Monitoring Collateral Adequacy**

(1) **Time and Demand Deposits**
The BRA shall require monthly reports with the full description and market value of pledged collateral. The financial institutions will be contractually liable for the monitoring and maintaining the required collateralization levels. A report provided directly to the BRA from the custodian is required to confirm pledged collateral positions.

(2) **Repurchase Agreements**
Either the counter party or custodian will be contractually liable for monitoring and maintaining required collateral levels on a daily basis.

**Approval of Collateral**
The BRA reserves the right to accept or reject any proposed collateral or purchased securities and/or increase the required margin requirement, at its sole discretion.

**Collateral Substitution**
Collateralized deposits and repurchase agreements often require substitution of collateral. The substituted securities will fulfill all original margin requirements. Substitution is allowable for all transactions, but should be limited to minimize potential administrative problems and transfer expense. The Investment Officers may limit substitution and take appropriate action if substitution becomes excessive or abusive. Any reduction in collateral shall require prior approval by the Investment Officer(s).

**VII. SAFEKEEPING**

**Safekeeping Agreement**
The BRA shall contract with a financial institution(s) for the safekeeping of securities owned by the BRA.

**VIII. BROKER/DEALERS AND INVESTMENT ADVISERS**

Investment Advisers shall adhere to the spirit, philosophy and specific terms of this Policy and shall invest within the same “Standard of Care.” Investment broker/dealers shall adhere to the spirit, philosophy and specific terms of this Policy and shall avoid recommending or suggesting transactions outside that “Standard of Care.”

A list of the authorized broker/dealers will be approved by the Board no less than annually. With the approval of the Board, broker/dealers may be added between review periods. The BRA’s depository bank may be an approved broker if perfected delivery versus payment of any transactions is assured.
The Investment Officers will establish criteria to evaluate investment advisers and broker/dealers, including:

a. Adherence to the BRA's policies and strategies
b. Investment performance within accepted risk constraints
c. Responsiveness to the BRA's needs for information and open communication
d. Understanding of the inherent fiduciary responsibility of investing public funds
e. Similarity in philosophy and strategy with the BRA's objectives
f. Membership in the Financial Industry Regulatory Authority (FINRA) (Broker/Dealers only)
g. Registration with the State Securities Commission
h. Registration with the Securities and Exchange Commission (Advisers)
i. Financial stability based on Annual Financial Statements indicating that the firm is well established and is a going concern
j. Firm history of at least 5 years as a broker/dealer firm or adviser in the State of Texas
k. Account representative or adviser with at least 5 years of experience in the types of fixed income and money market securities authorized in the Policy and representing the majority of his/her business. Provision of timely transaction confirmations.

Advisers shall provide timely transaction confirmations and independent broker/dealer confirmations. Monthly reports and quarterly reports will be provided in accordance with the Act and Section X, REPORTING.

Policy Certification
Prior to executing any financial transaction with the BRA, any local government investment pool or discretionary investment management firm (“business organization”) offering to sell or engage in an investment transaction shall be presented a written copy of this Investment Policy. Additionally, the authorized representative of the business organization offering to sell or engage in an investment transaction shall execute a written instrument substantially to the effect that the individual working with the BRA has:

1) received and reviewed the BRA’s current Investment Policy, and
2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the BRA and the business organization that are not authorized by the BRA’s current Policy.

IX. STANDARD OF CARE

The standard of care used by the BRA shall be the “Prudent Person Rule” and shall be applied in the context of managing the overall portfolio within the Policy and applicable legal constraints. The Prudent Person Rule states that:

“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 and the probable income to be derived.”
X. REPORTING

Investment performance will be monitored and evaluated by the Investment Officers. The Investment Officers will provide a quarterly comprehensive report signed by all Investment Officers to the Board. This investment report shall be in compliance with the Act and include, at a minimum:

1) detail on each investment position of the BRA,
2) the beginning and ending amortized book and market value,
3) the beginning and ending amortized book and market value for each investment by asset type and fund type,
4) the final stated maturity date of each investment,
5) the fund for which each investment was purchased, if not commingled,
6) the total earnings for the period,
7) the dollar weighted average maturity of the portfolio and its comparison to an accepted benchmark, and
8) a statement of compliance of the investment portfolio with the BRA’s Investment Policy and Strategy and the Act.

Prices used for the calculation of market values will be obtained from independent sources, including the Bloomberg Investor Service or the third-party safekeeping institution.

Review and Audit by Independent Auditor

In conjunction with its annual financial audit, the independent auditor shall formally review each quarterly investment report, and shall perform a compliance audit of management controls on investments and adherence to the BRA’s Investment Policy and the Investment Strategy Statement. The results shall be reported to the Board by that auditor.
APPENDIX A

BRAZOS RIVER AUTHORITY

INVESTMENT STRATEGY STATEMENT

It is the policy of the Brazos River Authority (BRA) that, giving due regard to the safety and risk of investment, all funds shall be invested in conformance with applicable State and Federal Regulations, Bond Resolution requirements, and the adopted Investment Policy and Strategy.

In accordance with the Public Funds Investment Act (the “Act”), BRA investment strategies shall address the following priorities (in order of importance):

• Understanding the suitability of the investment to the financial requirements of the BRA;
• Preservation and safety of principal;
• Liquidity;
• Marketability of the investment if the need arises to liquidate the investment prior to maturity;
• Diversification of the investment portfolio; and
• Yield.

Effective investment strategy development coordinates the primary objectives of the BRA's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. Aggressive cash management will be used to increase the available earnings. Maturity selections shall be based on cash flow analysis and current market conditions to take advantage of interest earnings as viable and material revenue to all BRA funds. The BRA's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

Each major fund type has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the fund's unique requirements. The BRA may commingle funds for investment purposes while recognizing the needs of individual funds within the portfolio. BRA funds shall be analyzed and invested according to the following major fund types:

a. Current Operating Funds
b. Bond Proceeds
c. Repair and Replacement Funds
d. Debt Service Funds
e. Bond Reserve Funds
f. Operating Reserve Funds
INVESTMENT STRATEGIES

Investment guidelines by fund-type are as follows:

a. **Current Operating Funds**
   Current operating funds require the greatest short-term liquidity of any of the fund types. Therefore, diversified investment maturities shall provide cash flow based on the anticipated operating needs of the BRA. Short-term investment pools, bank deposits, and money market mutual funds shall provide a liquidity buffer for daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments. Additionally, securities with active and efficient secondary markets will be used to add liquidity for unanticipated cash requirements.

   According to BRA Policy, the dollar-weighted average maturity for the current operating fund portfolio shall be less than 365 days and the maximum allowable maturity shall be three years. The Investment Officers will monitor the average days to maturity on an ongoing basis and make changes as appropriate.

b. **Bond Proceeds**
   Bond proceeds used for construction programs have reasonably predictable draw down schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Because of the potential for variance from the anticipated draw down schedule, most securities shall have active and efficient secondary markets. Investment pools, bank deposits, and money market mutual funds may be used to provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A single flex repurchase agreement may be utilized to address variable cash needs and lock in rates in a declining interest rate environment.

   Market conditions and the arbitrage regulations shall be considered in making investments for these funds. Generally, if investment rates exceed the applicable arbitrage yield (producing positive arbitrage earnings) for a specific issue, the BRA is best served by locking in those yields. If the arbitrage yield cannot be exceeded, then existing market conditions will determine the timing and maturity of investments. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield. An attempt shall be made to avoid negative arbitrage.

c. **Repair and Replacement Funds**
   The investment maturity of repair and replacement funds shall generally be limited to the anticipated cash flow requirements according to budgeted project schedules. Market conditions and the anticipated spending schedule shall determine the maximum investment periods. Investments shall be diversified as to maturity and type. Because of the potential for variance from the anticipated draw down schedule most securities shall have active and efficient secondary markets. Investment pools, bank deposits, and money market mutual funds may be used to provide readily available funds generally equal to at least one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. The Investment Policy restricts the maximum maturity to five years and the dollar-weighted average maturity of the fund to two years.
d. **Debt Service Funds**
Debt service funds shall be invested to ensure adequate funding for each successive debt service payment. The Investment Officers shall invest in such a manner as not to exceed an “unfunded” debt service date with the maturity of any investment. The predictability of each payment reduces the need for liquidity, therefore, market conditions shall determine the relative appropriateness of eligible investments. The maximum dollar weighted average maturity of such funds shall be one year.

e. **Bond Reserve Funds**
Bond reserve funds have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the BRA's bond holders. The funds are released to the BRA at the final debt service payment. Maturities shall generally not exceed the call provisions of the bond issue to reduce the investment's liquidity risk if the BRA's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue. Market conditions and arbitrage regulation compliance determine the advantage of maturity selection. Generally, if investment rates exceed the applicable arbitrage yield (producing positive arbitrage earnings), the BRA is best served by locking in yields. Current market conditions will determine the timing and maturity of investments.

Bond resolution constraints and insurance company restrictions create issue-specific considerations in addition to the Investment Policy. Annual mark-to-market requirements or specific maturity and average life limitations will influence the tolerance for market risk and reduce the opportunity for maturity extension. The maximum maturity shall be five years and a maximum weighted average maturity of three years for these funds.

f. **Operating Reserve Funds**
The operating reserve funds are essentially BRA savings. Reductions are generally not anticipated. Therefore, the predictability of the cash availability in other BRA funds will govern the appropriate maturity mix. The strategy utilizes diversified maturities with a maximum maturity of five years and a maximum weighted maturity of three years.
APPENDIX B

BRAZOS RIVER AUTHORITY

APPROVED BROKER/DEALER LIST

FHN Financial
Duncan Williams
Hilltop Securities
Raymond James
Multi-Bank Securities, Inc.
Vining – Sparks
Rice Financial
Wells Fargo Investments
APPENDIX C

BRAZOS RIVER AUTHORITY

APPROVED TRAINING SOURCES

Alliance of Texas Treasury Associations
County Treasurers’ Association of Texas
Government Finance Officers Association
Government Finance Officers Association of Texas
Government Treasurers’ Organization of Texas
Public Risk Management Association
Texas Municipal League
Texas Water Conservation Association
University of North Texas
Texas State University
Texas Rural Water Association
Virtual Learning Concepts