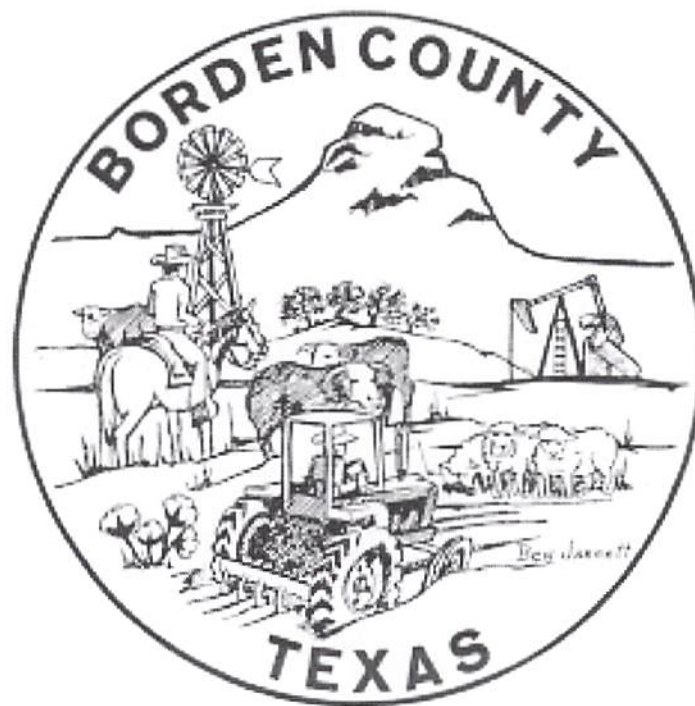


BORDEN COUNTY APPRAISAL DISTRICT



INVESTMENT POLICY

2018-2019

BORDEN COUNTY APPRAISAL DISTRICT

INVESTMENT POLICY 2018-2019

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE	1
DEFINITIONS.....	1-2
INVESTMENT OBJECTIVES	2-3
AUTHORIZED INVESTMENTS AND MAXIMUM TERM.....	4-5
INVESTMENT MIX AND STRATEGIES	5-6
RESPONSIBILITY AND CONTROLS	6-7
COMPETITIVE SOLICITATION.....	7
AUTHORIZED INSTITUTIONS	7
PLEDGED COLLATERAL	7-8
SAFEKEEPING.....	8
INFORMATION REPORTING/EVALUATION.....	8-9
BANKING SERVICES	9
GENERAL PROVISIONS	9-10
APPENDIX A.....	11
APPENDIX B.....	12
APPENDIX C.....	13
APPENDIX D	14

BORDEN COUNTY APPRAISAL DISTRICT

INVESTMENT POLICY 2018-2019

I. INTRODUCTION

It is the policy of the Borden County Appraisal District ("District") to invest all available monies in accordance with Chapter 2256 of the Texas Government Code: Public Funds Investment Act ("Act").

Effective cash management is recognized as essential to good fiscal management. A cash management program will be pursued to maximize interest earnings with the maximum security while meeting the daily flow demands of the District and conforming to all local, state and federal laws.

Investments shall be made with the primary objectives of (in order of priority):

- Preservation of capital and protection of principal.
- Maintenance of sufficient liquidity to meet operating needs.
- Security of District funds and investments.
- Maximization of return on the portfolio.

II. PURPOSE

Authorization: This Investment Policy is authorized by the District Board of Directors in accordance with Chapter 2256, Subchapter A of the Act.

Scope: This Policy applies to all funds generated by all District activities, with the exception of segregated assets for District employee retirement program.

Review and Amendment: This Policy shall be reviewed annually by the District Board of Directors. They must authorize amendments to the Policy and adopt a written instrument by ordinance or resolution stating that it has reviewed the Investment Policy. The written instrument so adopted shall record any changes made to the Policy. A copy of the resolution is attached.

III. DEFINITIONS

Authorized District Representative: Persons authorized to transact as set out in this Policy and incorporated in Appendix A on behalf of the District.

Authorized Selling Group: Primary dealer and regional firms that have been selected by the underwriter to sell their securities. Each authorized member of a selling group will offer the issue at the price authorized by the governmental agency.

Book Value: The original acquisition cost of an investment plus or minus the accrued amortization or accretion.

Chief Appraiser's Designee: Any District employee appointed by the Chief Appraiser to carry out the investment function of the District.

Collateral: Securities or surety bond pledged by an institution to safeguard the District's assets.

Designated Funds: Funds designated by the Board of Directors for specific purposes, which have not been appropriated for spending.

Excess Cash Balances: Collected bank balances not needed to pay estimated check clearings.

Funds: District monies not required by law to be deposited in the state treasury and that are available for investment.

Institution: Any firm, bank, bank holding company, broker or dealer who provides quotes for either the purchase or sale of investments.

Investment: Authorized investments and maximum term investments approved by the Board which include such investments as U.S. Treasuries, U.S. Agencies, Repurchase Agreements, Local Government Investment Pools and Collateralized Certificates of Deposit.

Investment Officer: The Chief Appraiser will be designated the investment officer.

Investment Portfolio: All District monies being invested under authority of the Investment Officer. Excludes any assets accumulated in trust for retirement benefit program.

Market Value: Current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

Qualified Representative: A person, who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

- For a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealer.
- For a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch or a person authorized by corporate resolution to act on behalf of and bind the banking institution.
- For an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool.
- For an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management plan.

Securities: Approved investments designated to be held in the Investment Portfolio or acceptable to be pledged as collateral to secure the monies of the District.

Third Party Safekeeping Institution: Any institution not affiliated with the institution delivering the investment.

IV. INVESTMENT OBJECTIVES

The District's investment program shall be managed and invested with four (4) primary objectives listed below in priority order. Investments are to be chosen in a manner which promotes diversity among market sectors and maturities. The use of high-grade governmental securities and high credit quality money market securities is designed to assure the marketability of those securities should liquidity needs arise. Investment decisions shall not incur unreasonable investment risks in order to obtain investment results.

Preservation and Safety of Principal: Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Investment Portfolio. Each investment transaction shall seek first to ensure the capital losses are avoided, whether resulting from security default or erosion of market value.

Liquidity: The District's Investment Portfolio must be structured in a manner that maintains the liquidity necessary to pay obligations as they become due. Timing disbursements and depositing funds as quickly as possible can generally maintain sufficient cash flows. Generally, investments are matched to specific cash flow requirements such as payrolls and other payables. Liquidity is also achieved by investing in investments with active secondary markets or in Local Government Pools with stable net asset values.

Diversification: Diversification is required because of the differing liquidity needs of the District and is employed as a way to control risk. Diversification minimizes market and interest risk to the overall Investment Portfolio of potential losses on individual Securities and enhances the safety of the Investment Portfolio. Asset allocation shall reflect an emphasis on high credit quality governmental investments.

Through the solicitation of competitive proposals, the District shall allocate and diversify its investments through various institutions. The following types of investments will be solicited from the following types of institutions:

- **Government Securities:** Through approved brokers.
- **Repurchase Agreements:** Through a Third-Party Safekeeping Institution Agreement, which includes an approved primary dealer.
- **Public Funds Investments Pools and Mutual Funds:** Through participation agreements.
- **Certificates of Deposit:** Through approved local banks.

Return on Investments (Yield): The District's Investment Portfolio shall be designed with the objective of regularly exceeding a benchmark in a manner consistent with the principles of the Policy described in Section IV. However, it must be recognized that during a declining market, satisfying this objective may not be practical until investments mature and can be re-invested.

The benchmark above and a weighted-average maturity limitation on the investment portfolio shall be served to monitor and assess the overall performance of the capability of investment management. The District recognizes that investment risks can result from default risk and market price risks due to various technical and fundamental economic factors, and other complications, leading to temporary illiquidity. To control market price risks, volatile investments shall be avoided. To control default risk, the only acceptable method of payment will be on a delivery versus payment-basis for all transactions, except invest pool funds and mutual funds. All District funds held in demand deposits and in certificates of deposit, shall have sufficient collateral with readily determinable market value of at least one hundred and two percent (102%) (one hundred and ten percent (110%) if mortgage-backed securities are used) of District monies and any accrued interest on amounts exceeding any Federal Deposit Insurance Corporation (FDIC) coverage. Collateral must be safely kept at a Third-Party Safekeeping Institution not affiliated with the bank or bank holding company and in the District's name.

V. AUTHORIZED INVESTMENTS AND MAXIMUM TERM

The District is authorized to invest in:

Authorized Investments: Obligations of the United States and its agencies and instrumentalities that currently include:

- **Short-Term U.S. Treasuries:** Maximum Term
 - U.S. Treasury Bills..... up to 365 days
 - U.S. Treasury Coupon Notes..... up to 1 year
 - U.S. Treasury Notes and Strips..... up to 1 year
- **U.S. Agencies:**
 - Federal Home Loan Bank..... up to 1 year
 - Federal National Mortgage Association..... up to 1 year
 - Federal Farm Credit..... up to 1 year
 - Federal Home Loan Mortgage Corporation..... up to 1 year
- **Repurchase Agreements..... up to 365 days**
 - Repurchase agreements fully collateralized at one hundred and ten percent (110%) with a defined maturity date placed with a primary government dealer and safely kept at a Third-Party Safekeeping Institution, as provided under the provisions of the Public Securities Association (PSA) master repurchase agreement. An executed agreement between the District, primary government dealer and Third-Party Safekeeping Institution will be on file before the District will enter into a tri-party repurchase agreement. Reverse repurchase agreements are not a permitted investment.
- **Local Government Investment Pool..... daily**
SEC-registered Mutual Funds..... daily
 - Investments made on behalf of the District by a public funds investment pool duly created to function as a money market mutual fund who marks its portfolio to market daily and, to the extent reasonably possible, who stabilizes its portfolio to daily market and, to the extent reasonably possible, who stabilized its portfolio to a one (\$1) dollar net asset value. If the ratio of the market value of the Pool's portfolio divided by the book value of the portfolio is less than ninety-nine and a half percent (99.5%) or greater than one hundred and a half percent (100.5%), the Pools' portfolio holdings shall be sold as necessary to maintain the ratio between ninety-nine and a half percent (99.5%) or greater than one hundred and a half percent (100.5%). The public fund investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service with a weighted average maturity no greater than ninety (90) days. SEC-registered mutual funds operating in accordance with the Act are permitted as long as they meet the reporting and other requirements outlined in 2256.014 of the Act.
- **Collateralized Certificated of Deposit..... up to 1 year**
 - Certificates of deposit or other instruments from any bank doing business in the state of Texas and under the terms of a written depository agreement with that bank and include certificates of deposit purchased through the CDARS program with a Texas bank:
 - Guaranteed or insured by the FDIC or its successor.
 - Secured by obligations that are described in Section V, U.S. Treasury Bills and U.S. Treasury Coupon Notes.

- Fully insured or collateralized principal and interest at one hundred and two percent (102%).
- FDIC insured brokered certificates of deposit securities from a bank in any U.S. state, delivered versus payment to the District's safekeeping agent.
- Certificates of deposit must be fully collateralized at one hundred and two percent (102%) of their market value. The District requires the bank to pledge U.S. Treasuries or U.S. Agencies as collateral. (Collateral Mortgage Obligations will not be eligible as collateral. See X)
- Depository Accounts..... daily
 - The District may choose to hold funds in the depository bank for purposes of compensating balances to avoid fees when interest rates are low. At all times such funds must be secured by the FDIC coverage and collateral.

Weighted Average Maturity: The weighted average days to maturity of the Investment Portfolio shall be three hundred and sixty-five (365) days or less. The Investment Officer will monitor the maturity level and make changes as appropriate.

VI. INVESTMENT MIX AND STRATEGIES

Investment Mix: Risk is controlled through diversification of the Investment Portfolio. The maximum limits for the diversification on the total portfolio are determined at the time of purchase and are established as:

	<u>Maximum % of Portfolio</u>
● U.S. Treasury Obligations	80%
● U.S. Agencies/Instrumentalities	80%
● Certificates of Deposit (Depository)	50%
● Brokered Certificates of Deposit	30%
● Repurchase Agreements	50%
● Local Government Investment Pools	80%
● Depository Accounts	100%
● Money Market Funds	100%
Limited to 80% in any one fund Cannot exceed 10% of the fund's value	

Investment reports shall specifically address whether stated investment mix requirements are being met. Unless approved by the District's Board of Directors, the target percentages specified shall not be exceeded for temporary periods greater than the thirty (30) days without the Investment Officer taking corrective action.

Strategies: The District's investment strategy has as its primary objective assurance that funds will be available to meet liabilities. Other strategies include, in order of priority, preservation/safety of principal, liquidity, marketability of investments should the need arise before maturity, diversification and yield.

Achieving Investment Return Objectives: Investment selection shall be based on legality, appropriateness, liquidity and risk/return considerations. Monies designated for immediate expenditure should be passively invested. Passive investment provides for:

- Liquidity to pay upcoming disbursements (payroll, debt service, payments, payables, etc.).
- Maximizing investment terms under the current budget.

- Structuring the investment portfolio on a “laddered” basis.
- Compensating balance used to save depository fees.

Benchmark: On a quarterly basis, the portfolio’s performance shall be compared to a benchmark to assess its performance. This benchmark is defined as the average three-month Treasury Bill yield for the quarter.

VII. RESPONSIBILITY AND CONTROLS

Authority to Invest: The Chief Appraiser shall serve as the Investment Officer. He/she shall determine functional responsibilities that may be assigned to staff in supporting roles. The District Board of Directors may contract with an investment management firm registered under the Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two (2) years. The District Board of Directors must approve a renewal or extension of the contract by ordinance or resolution.

Establishment of Internal Controls: The Investment Officer will establish a system of internal controls over the investment activities of the District.

Prudent Investment Management: Investments shall be made with the same judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of that person’s affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. In determining whether the Investment Officer has exercised such prudence regarding an investment decision, the determination shall be made taking into consideration:

- The investment of all funds over which the Investment Officer has responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with this Policy.

District employees and any investment advisors designated by the District Board of Directors who are involved in investment decisions, when acting in accordance with this Policy and exercising due diligence, shall not be held personally liable for a specific credit risk or market price change, provided deviation from expectations is reported in a timely manner and appropriate action is taken to control adverse developments.

The Investment Officer shall monitor the credit ratings of all investments requiring ratings no less than annually. Ratings may be obtained from the ratings agencies, Bloomberg, the Wall Street Journal or other recognized financial reporting entities. Rated investments include obligations of States (other than Texas) and their agencies and subdivisions; bankers’ acceptances, commercial paper, money market mutual funds and investment pools.

The Investment Officer shall monitor the status and ownership of all banks issuing brokered CDs owned by the District based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer shall immediately liquidate any brokered CD which places the District above the FDIC insurance level.

Standards of Ethics: The Investment Officer shall disclose in the form contained in Appendix B any personal business relationship or interest in any entity with which the District conducts investing business as defined in 2256.005(i) of the Act.

Training and Education: Recognizing that the training and education of the Investment Officer contributes to efficient and effective investment management, the District requires its Investment Officer to obtain appropriate professional training. Such training is currently required by and shall be

obtained in accordance with Section 2256.008 of the Act. The Investment Officer shall attend at least one (1) investment training session within twelve (12) months after taking office or assuming duties and receive not less than ten (10) hours of instruction relating to investment responsibilities every two (2) years. Training must be from an independent source approved by the District's Board of Directors.

VIII. COMPETITIVE SOLICITATION

Except for repurchase agreements and public fund investment pools, any new investment will be purchased through an Authorized Selling Group or directly through the issuer. For any investment purchased or sold through the secondary market, the District will obtain at least three (3) proposals from Authorized Institutions. Any institution authorized to participate in the District's investment program must meet collateral pledge requirements outlined in Section X.

IX. AUTHORIZED INSTITUTIONS

Investments shall only be made with those parties who have executed a written instrument in a form acceptable to the District, executed by a qualified representative of the institution and substantially to the effect that the institution has:

- Received, thoroughly reviewed and acknowledged in writing, receipt and understanding of the District's Investment Policy.
- Acknowledged that the institution has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the institution and the District that are not authorized by the District's Investment Policy.

Investments shall only be made with those institutions who have met the qualifications and standards established by the Act.

The District's Board of Directors shall, at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

The Investment Officer will request the Districts Board of Directors to authorize deletion of institutions for:

- Slow response time
- Less than competitive pricing.
- Little or no information on technical or fundamental expectations based on economic indicators.
- Decayed transactions or continuing operational difficulties.
- Unwillingness to continue to abide the provisions listed in IX.A.
- Other reasons as approved by the District's Board of Directors.

X. PLEDGED COLLATERAL

The readily-determinable market value of pledged collateral acceptable to the District and in compliance with the Act must be at least one hundred and two percent (102%) (One hundred and ten percent (110%) if mortgage-backed securities are used) of the principal plus accrued interest for excess cash balances, certificated of deposit and repurchase agreements. Evidence of proper collateralization in the form of original safekeeping receipts held at a Third-Party Safekeeping Institution not affiliated with the institution pledging the collateral will be approved by the Investment Officer and will be maintained on file. An authorized District Representative (Appendix A) or combination thereof, as appropriate, shall approve and release all pledged collateral.

Collateral Substitution: Collateralized investments and certificates of deposit often require substitution of collateral. Any institution requesting such must contact the Investment Officer for approval and settlement. The substituted collateral's value will be calculated, and substitution approved if its value is equal to or greater than the required collateral value. Substitution is allowable for all transactions, but should be limited, to minimize the District's potential administrative problems.

Collateral Reductions: Should the collateral's market value exceed the required amount; any institution may request approval from the Investment Officer to reduce collateral. Collateral reductions may be permitted only if the District's records indicate that the collateral's market value exceeds the required amount.

Prohibited Securities: Investment securities described in Section 2256.009(b), Government Code, shall not be eligible for use as collateral of District monies governed by this Policy.

- Interest only mortgage-backed collateral securities.
- Principal only mortgage-backed collateral securities.
- Collateralized mortgage obligation with a stated maturity greater than ten (10) years.
- Inverse floater (indexed that adjust opposite to changes in a market index) collateralized mortgage obligations.

XI. SAFEKEEPING

Third Party Safekeeping Agreement: The District shall contract with a depository bank(s) for the safekeeping of collateral to secure any District funds and certificates of deposit, repurchase agreements, accrued interest and/or excess cash balances.

Safekeeping of Certificate of Deposit Collateral: All collateral securing bank and savings and loan deposits must be held by a third-party safekeeping institution approved by the District, or collateral may be held at the Federal Reserve Bank.

Safekeeping of Repurchase Agreement Collateral: The U.S. Treasuries that serve as collateral for repurchase agreements with institutions must be delivered to a third-party safekeeping institution with which the District has established a third-party safekeeping agreement.

XII. INFORMATION REPORTING/EVALUATION

The Chief Appraiser is designated as the Investment Officer and is responsible for the operation of the investment program and will report to the District's Board of Directors on a quarterly basis. The Chief Appraiser may appoint another individual to act as Investment Officer in case of employment termination or the Investment Officer is temporarily unable to fulfill their duties.

The Board may delegate its duties in this Policy to:

- Chief Appraiser
- Deputy Chief Appraiser

They will be responsible for monitoring, reviewing and making recommendations regarding the District's investment program to the District Board of Directors. Reports will be provided to the Board by the Investment Officer no less than quarterly, as required by the Act. The Board may, at its option, annually approve a list of authorized broker/dealers and other parties who may engage in investment transactions with the District.

Record Retention: The District follows the certain guidelines of retaining records as required by the Local Government Records Act.

Quarterly Reports: The Investment Officer shall prepare and submit at least quarterly, signed quarterly investment reports in compliance with the Act and Policy. The reports shall summarize investment strategies employed in the most recent quarter and fully describe investment, maturities, risk characteristics and investment return for the quarter.

The reports shall include a succinct management summary of the current investment portfolio and changes made during the last quarter. This summary will be prepared in a manner to allow the reader to ascertain whether investment activities during the reporting period have conformed to the Investment Policy and adequately maintained diversification and liquidity. The report will include the following:

- A detailed description of the investment position on the date of the report.
- A summary statement, for each pooled fund group that state:
 - Beginning market value for the reporting period.
 - Ending market value for the period.
 - Fully accrued interest for the reporting period.
- For each individual invested asset:
 - State the book value and market value at the end of the reporting period by the type of asset and fund type invested.
 - State the maturity date of each separately invested asset that has a maturity date.
 - State the account or fund or pooled group fund for which each individual investment was acquired (if more than one such account or fund exists).
- Dollar weighted average yield of the portfolio and its benchmarks.
- Earnings for the period (accrued plus net amortization).
- Analysis of the total portfolio by market sector and maturity.
- Statement of compliance of the investment portfolio with the Act and the Investment Policy.

Market prices for the calculation of market value will be obtained from independent sources.

XIII. BANKING SERVICES

The District shall competitively select a depository bank for a term of two (2) years with a two (2) year possible contract extension. Ancillary banking agreements and signature cards for services such as credit cards, direct deposit of payroll, web access and other services as may serve the District's needs may be administered through separate banking agreements. The District may use controlled disbursement accounts, zero balance accounts and other cash management tools as part of its investment program. All services may not be in conflict with this Policy. The Chief Appraiser is granted authority to execute such ancillary banking agreements and signature cards as needed to obtain the services under the depository contract. The District's depository bank(s) may be compensated on a fee for service or compensating balance basis.

XIV. GENERAL PROVISIONS

Audits and Inspections: During regular business hours and as often as the Investment Officer deems necessary, the institution(s) providing depository services and/or certificates of deposit will make available for examination by the District's duly authorized agent, accountant or legal representative, such records and data to assure the pledge of collateral, availability of collateral and financial stability of the institution.

Compliance with Laws: Each institution agrees to comply with all applicable federal, state and local laws, rules, regulations and ordinances. The personnel or officers of such institutions shall be fully qualified and authorized under federal, state and local law to perform the services set out under this Policy. Each institution shall permit the Investment Officer to their representative(s) to audit, examine and make excerpts or transcripts from such records and to make audits of all contracts, invoices, materials and other data relating to applicable investments.

Performance Audits: The District's annual external financial audit shall include a compliance audit of management controls on investments and adherence to this Policy. The quarterly reports prepared by the Investment Officer for the District's Board of Directors must be formally reviewed at least annually by an independent auditor if the District invests in other than money market mutual funds, investment pools or accounts offered by its depository in the form of certificates of deposit or money market accounts. The auditor shall report the results of the review to the District's Board of Directors.

***** The Borden County Appraisal District is not investing at this time, but should the need arise the District will abide by this Policy.**

APPENDIX A

Borden County Appraisal District
Annual Review of Investment Policy

WHEREAS, Section 2256.005(e) of the Texas Public Funds Investment Act states:

“The governing body of an investing entity shall review its investment policy not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed the investment policy and that written instrument so adopted shall record any changes made to the investment policy.”

WHEREAS, there are no changes proposed to the 2018 Investment Policy.

BE IT RESOLVED that the Borden County Appraisal District Board of Directors has reviewed its Investment Policy and hereby adopts said policy.


Chairperson of the Board


Secretary of the Board

10-15-2018
Date

APPENDIX B

Listing of Authorized District Representatives

The District positions listed below are the Authorized District Representatives vested with the authority to sign (including facsimile signatures) and transact business related to the investment of funds for the Borden County Appraisal District. The Authorized District Representatives are authorized to deposit funds, transfer funds within accounts, withdraw funds and perform various other duties as necessary to efficiently carry out the requirements of the District's Investment Policy and related financial and banking operations:

- Chief Appraiser (to transact and to execute contracts and agreements).
- Deputy Chief Appraiser
- Investment Officer (the Chief Appraiser).

* The Chief Appraiser may designate an alternate Investment Officer if warranted in cases such as position vacancy or for times when the incumbent is temporarily unable to perform the duties.

Signatory Authority: The Chief Appraiser and the Deputy Chief Appraiser have the authority to sign checks, drafts and orders according to the following structure:

<u>Check Amount</u>	<u>Minimum Required Signatures</u>
\$0.01 - \$2,000.00	Facsimile Signatures
\$2,000.01 - \$10,000.00	Two Authorized District Representatives
\$10,000.00 +	One Authorized District Representative and one Board Member

APPENDIX C

Interest Disclosure Form

I am the Authorized District Representative for the purposes of banking and investing activities of the District. I submit this disclosure of my relationships with entities or individuals who are offering, have offered or may offer to engage in any investment transaction with the District as of the date of the completion of this form, in compliance with the District's Investment Policy and Public Funds Investment Act.

1. I have a personal business relationship with individuals or entities who are offering to engage, have offered or may offer to engage in an investment transaction with the Borden County Appraisal District. The individual or entity is: _____

2. I own 10% or more of the voting stock or shares or \$5000 or more of the fair market value of the following business organization: _____

3. I have received from the following business organizations funds that exceed 10% of my gross income for the previous year: _____

4. I acquired from the following business organizations during the previous year investments with a book value of \$2500 or more for my personal account: _____

5. I am related within the second degree of affinity (marriage) or consanguinity (blood) as determined by Chapter 573, Government Code, to the following individuals who are seeking, have sought or may seek to sell as investment to the Borden County Appraisal District: _____

Signed: _____

Printed Name: _____

Date: _____

APPENDIX D

Broker/Dealer Certification Form

_____ (the "Firm")

I, as a registered principal and/or qualified representative (as defined in the District's Investment Policy) of the Firm and/or Authorized Selling Group named above which is offering to engage in investment activities with the Borden County Appraisal District (District), hereby certifies that I, and all parties who will engage in services with the District, have received and reviewed the District's Investment Policy.

We acknowledge that this Firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between this Firm and the District that are not authorized by the District's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires an interpretation of subjective investment standards.

Signature: _____

Printed Name: _____

Title: _____

Date: _____