

**May 10, 2024**

**OFFICIAL NOTICE  
OF A  
REGULAR MONTHLY MEETING**

**The Kerrville Public Utility Board will hold its Regular Monthly Meeting on Wednesday, May 15, 2024, beginning at 8:30 a.m. The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.**



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**Lidia S. Goldthorn, Assistant Secretary**

**AGENDA**  
**KERRVILLE PUBLIC UTILITY BOARD**  
**REGULAR MONTHLY MEETING**  
**WEDNESDAY, MAY 15, 2024, 8:30 A.M.**  
**KPUB CONFERENCE ROOM**  
**KERRVILLE PUBLIC UTILITY BOARD OFFICES**  
**2250 MEMORIAL BLVD.**  
**KERRVILLE, TEXAS**

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*Pursuant to Chapter 551.127, Texas Government Code, one or more members of the Board of Directors or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.*

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. OATH OF OFFICE:**

Installation of Rachel Johnston and Mayor Joe Herring as Trustees ..... 1

**4. CITIZEN/CONSUMER OPEN FORUM:**

Members of the public may address the Board. Prior to speaking, each speaker must sign in with their name, address and the topic to be addressed. The Board may not discuss or take any action on an item not on the agenda but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

**5. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Announcements of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognition of KPUB officials, employees; reminders about upcoming events sponsored by KPUB. No action taken.

*\* Please note: Upcoming Board Meetings are tentatively scheduled for:*

- *Tuesday, June 18, 2024 at 8:30 a.m. (one day earlier than normal)*
- *Wednesday, July 17, 2024 at 8:30 a.m.*
- *Wednesday, August 21, 2024 at 8:30 a.m.*

**6. AWARDING OF KPUB SCHOLARSHIPS FOR 2023-2024 SCHOOL YEAR – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS: ..... 5**

**7. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE: ..... 6**

8. **MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:**

**I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

**II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
  - (1) Discussion and Possible Action on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales
  - (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

**III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

**IV. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board will recess for the purpose of “Personnel Matters” regarding the following matters:

- A. Personnel Matters
  - Deliberation as to Appointment of Officers to the Board of Trustees and Assignment to Board Committees

<b>9.</b>	<b><u>CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:</u></b>	
<b>10.</b>	<b><u>CONSENT AGENDA:</u></b>	
	These items are considered routine and can be approved in one motion unless a Board Member asks for separate consideration of an item. It is recommended that the Board approve the following items which will grant the General Manager to take all actions necessary for each approval:	
10A.	APPROVAL OF MINUTES – Approval of the April 27, 2024, Regular Monthly Board Meeting Minutes .....	13
10B.	RESOLUTION NO. 24-06 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies .....	19
10C.	RESOLUTION NO. 24-07 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution authorizing and approving signatures for the Kerrville Public Utility Board of Trustees and Management for purposes of bank accounts, investments and financial transactions .....	22
10D.	RESOLUTION NO. 24-08 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving and changing authorized representatives for Local Government Investment Cooperative .....	23
10E.	RESOLUTION NO. 24-09 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving and amending authorized representatives for Texas Local Government Investment Pool .....	25
10F.	RESOLUTION NO. 24-10 – AMY DOZER, DIRECTOR OF FINANCE. A Resolution approving participation in the Texas Cooperative Liquid Assets Securities System Trust ...	28
10G.	MARCH 2024 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the March 2024, Quarterly Funds Report as presented to the Investment Committee following the April 17, 2024, Board Meeting .....	93
<b>11.</b>	<b><u>CONSIDERATION AND ACTION ON APPROVAL OF ECONOMIC DEVELOPMENT RATE FOR MEGAACRETE – MIKE WITTLER, CEO:</u></b> .....	<b>96</b>
<b>12.</b>	<b><u>PRESENTATION FROM AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE ESSENTIALS – MIKE WITTLER, CEO:</u></b>	
<b>13.</b>	<b><u>ADJOURNMENT</u></b>	

Submit to:  
SECRETARY OF STATE  
Statutory Documents Section  
P O Box 13550 Austin, TX  
78711-3550 512-475-0775  
512-475-2815 - Fax Filing  
Fee: None



**OATH OF OFFICE**

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS

I, **Rachel Johnston**, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of **Kerrville Public Utility Board of Trustees**, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

\_\_\_\_\_  
Signature of Officer

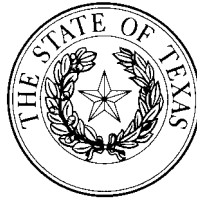
State of Texas  
County of Kerr

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

(seal)

\_\_\_\_\_  
Notary Public Signature

**Form #2201 Rev. 09/2017**  
**Submit to:**  
**SECRETARY OF STATE**  
**Government Filings**  
**Section P O Box 12887**  
**Austin, TX 78711-2887**  
**512-463-6334**  
**512-463-5569 - Fax**  
**Filing Fee: None**



**STATEMENT OF OFFICER**

**Statement**

I, \_\_\_\_\_, do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: \_\_\_\_\_

**Execution**

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

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

\_\_\_\_\_  
Signature of Officer

Submit to:  
SECRETARY OF STATE  
Statutory Documents Section  
P O Box 13550 Austin, TX  
78711-3550 512-475-0775  
512-475-2815 - Fax Filing  
Fee: None



**OATH OF OFFICE**

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS

I, **Joe Herring, Jr.**, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of **Kerrville Public Utility Board of Trustees**, of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

\_\_\_\_\_  
Signature of Officer

\*\*\*\*\*  
State of Texas  
County of Kerr

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

(seal)

\_\_\_\_\_  
Notary Public Signature

Form #2201 Rev. 09/2017

Submit to:

SECRETARY OF STATE

Government Filings

Section P O Box 12887

Austin, TX 78711-2887

512-463-6334

512-463-5569 - Fax

Filing Fee: None



**STATEMENT OF OFFICER**

**Statement**

I, Joe Herring, Jr., do solemnly swear (or affirm) that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Title of Position to Which Elected/Appointed: Kerrville Public Utility Board of Trustees

**Execution**

Under penalties of perjury, I declare that I have read the foregoing statement and that the facts stated therein are true.

Date: May 15, 2024

\_\_\_\_\_  
Signature of Officer



# MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Allison Bueché

Date: May 7, 2024

Re: Agenda Item No. 6–Awarding KPUB Scholarships for the 2023-2024 School Year

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This year marks the 13th year that KPUB has awarded scholarships to local area students based on eligibility and guidelines as defined in the KPUB Scholarship Program.

This year's undergraduate scholarship application deadline was April 1, 2024, at 5 p.m. We received 32 qualified applications. We also received two applications for KPUB's trade and technical school scholarship offering.

The KPUB Scholarship Selection Committee, consisting of Larry Howard, Holly Lambert (Ingram ISD) and Lauren Jette (KISD), thoroughly reviewed each application. Eligible applicants were scored by the following criteria: academic achievement, economic need, participation in school activities, work history, community involvement, and a short essay. The two applicants with the highest scores who are being awarded this year's undergraduate scholarships are Lucas Green and Manami (Ally) Dolley. The applicant with the highest score who is being awarded one of the two available trade & technical scholarships is Abel Luna.

Lucas Green is currently deciding between two schools: Lubbock Christian University and Abilene Christian University. He has been accepted into both universities and their honors colleges and plans to major in Business Management or Finance. Lucas is currently a senior at Tivy High School. Ally Dolley has been accepted to the University of Texas at Austin and will major in Theatre and Dance with a focus in Technology & Design. Ally is currently a senior at Tivy High School. These scholarships are \$1,500 a year and renewable for up to four years (a total of \$6,000 overall).

Abel Luna has been accepted to Texas State Technical College in Waco and will major in Auto Mechanics. Abel is currently a senior at Ingram Tom Moore High School. This scholarship is \$1,000 a year and renewable for two years (a total of \$2,000 overall).

We are honored to present Ally Dolley, Lucas Green and Abel Luna with a KPUB Scholarship.

Sincerely,



Allison Bueché  
Director of Customer & Community Relations

# MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Amy Dozier

Date: May 9, 2024

Re: Agenda Item No. 7 – Financial Report

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Attached please find financial statements for the month of April 2024.

Highlights include:

- **\$148K decrease in net position** for the month, **\$503K increase** in net position on a year-to-date (YTD) basis, which is \$1.1M better than budget.
- **\$3.0M in operating revenue** for the month, **\$23.6M** on a YTD basis.
  - Through April, operating revenue is 13.9% lower than expected due primarily to a combination of lower purchased power cost as explained in the operating expense bullet below and lower than budget kWh sales (4.2% lower) due to mild weather through April.
- **\$3.1M in operating expense** for the month, **\$24.0M** on a YTD basis.
  - YTD operating expense is 15.3% lower than budget due primarily to low purchased power expenses resulting from low natural gas prices created by a mild winter and excess storage as well as KPUB's effective price stabilization activities. Other expense categories have smaller and offsetting variances.
- **\$165K in operating loss** for the month, **\$389K in operating loss** on a YTD basis.
- **Other nonoperating was a \$173K expense** for the month primarily due to a loss on the disposition of property related to the antenna and tower equipment that was retired after switching to the LCRA radio system. A portion of this equipment was not fully depreciated, which creates a loss for the undepreciated amount when the asset is retired prior to the end of its depreciable life.
- **\$16.4M in over collection of power cost adjustment** as of 4/30/2024, an **increase of \$343K** from the prior month.
- **\$44.6M invested** in investment pools and an investment account at Happy State Bank. In April, the completely liquid and fully collateralized investment at Happy earned a rate of 5.31%. The investment pool account at LOGIC earned at a rate of 5.45% while TexPool earned 5.31% for April.
- The Investment Committee recommends opening a new local government pool account with Texas CLASS, which is earning rates similar to LOGIC. The resolution is attached for your consideration in item 10F.

The current rate structure was implemented on November 1, 2023. The overall residential bill for 1,000 kWh of power remains at \$102.50, but the power cost portion of the bill was reduced from \$72.95 to \$70.45 by reducing the power cost adjustment factor. Power costs in April were lower than the billed rate, resulting in an increase of \$343K in the over collection account. We continue to monitor prices closely and recommend keeping the PCA at \$102.50 at this time.

I am happy to answer any questions regarding this report.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive, flowing style. The letters are connected, and the overall appearance is that of a personal or professional signature.

Amy Dozier  
Director of Finance

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended April 30, 2024  
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 1,562,675	\$ 1,748,774	\$ (186,098)	-10.64%	\$ 1,892,550	\$ (329,875)	-17.43%
Commercial/Industrial	1,339,214	1,519,485	(180,272)	-11.86%	1,572,268	(233,054)	-14.82%
Sales to Public Authorities	21,762	21,500	262	1.22%	21,828	(65)	-0.30%
Other	40,716	25,232	15,485	61.37%	33,054	7,663	23.18%
TOTAL OPERATING REVENUES	2,964,368	3,314,991	(350,623)	-10.58%	3,519,699	(555,332)	-15.78%
OPERATING EXPENSES:							
Purchased Power	1,873,287	2,775,294	902,007	32.50%	2,484,513	611,226	24.60%
Distribution	378,115	369,367	(8,747)	-2.37%	306,539	(71,576)	-23.35%
Customer Accounts	56,681	66,502	9,821	14.77%	56,739	58	0.10%
Customer Service, Informational & Sales	32,927	36,916	3,989	10.81%	27,319	(5,607)	-20.52%
Administrative Expenses	424,986	458,347	33,361	7.28%	383,255	(41,732)	-10.89%
Depreciation & Amortization	362,906	365,241	2,334	0.64%	321,461	(41,445)	-12.89%
TOTAL OPERATING EXPENSES	3,128,902	4,071,668	942,766	23.15%	3,579,826	450,924	12.60%
OPERATING INCOME (LOSS)	(164,534)	(756,677)	592,143	-78.26%	(60,126)	(104,408)	173.65%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	201,510	135,417	66,093	48.81%	130,180	71,330	54.79%
Interest Income - City of Kerrville	9,643	11,786	(2,143)	-18.18%	13,929	(4,286)	-30.77%
Interest Expense	(10,562)	(7,992)	(2,570)	-32.16%	(9,267)	(1,295)	-13.97%
City of Kerrville - General Fund Transfer	(96,172)	(103,938)	7,767	7.47%	(109,496)	13,325	12.17%
City of Ingram - Franchise Fee	(2,329)	(2,707)	378	13.95%	(2,455)	126	5.12%
Other - Net	(172,504)	2,417	(174,920)	-7238.08%	7,307	(179,811)	-2460.75%
TOTAL NONOPERATING REVENUES (EXP)	(70,413)	34,982	(105,396)	-301.28%	30,197	(100,611)	-333.18%
INCOME BEFORE CONTRIBUTIONS	(234,948)	(721,695)	486,747	-67.44%	(29,929)	(205,019)	685.02%
CAPITAL CONTRIBUTIONS	87,223	30,000	57,223	190.74%	47,660	39,563	83.01%
CHANGE IN NET POSITION	\$ (147,725)	\$ (691,695)	\$ 543,969	-78.64%	\$ 17,731	\$ (165,456)	-933.16%
NET POSITION AT BEGINNING OF MONTH	\$ 78,984,743				\$ 75,059,681		
NET POSITION AT END OF MONTH	\$ 78,837,017				\$ 75,077,412		

Kerrville Public Utility Board  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Month Ended April 30, 2024  
(Unaudited)

	Year to Date	Comparison to Budget			Comparison to Last Year		
		Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 13,533,579	\$ 15,411,002	\$ (1,877,423)	-12.18%	\$ 15,302,874	\$ (1,769,295)	-11.56%
Commercial/Industrial	9,473,628	11,378,544	(1,904,917)	-16.74%	10,888,710	(1,415,082)	-13.00%
Sales to Public Authorities	152,545	150,500	2,045	1.36%	148,842	3,703	2.49%
Other	459,936	481,339	(21,403)	-4.45%	480,102	(20,166)	-4.20%
TOTAL OPERATING REVENUES	23,619,687	27,421,385	(3,801,698)	-13.86%	26,820,527	(3,200,840)	-11.93%
OPERATING EXPENSES:							
Purchased Power	15,137,746	19,071,246	3,933,499	20.63%	18,619,692	3,481,946	18.70%
Distribution	2,661,185	2,777,237	116,053	4.18%	2,042,711	(618,474)	-30.28%
Customer Accounts	414,445	465,516	51,071	10.97%	367,912	(46,533)	-12.65%
Customer Service, Informational & Sales	281,911	258,412	(23,499)	-9.09%	180,906	(101,005)	-55.83%
Administrative Expenses	2,958,412	3,247,348	288,936	8.90%	2,554,605	(403,807)	-15.81%
Depreciation & Amortization	2,554,739	2,521,236	(33,504)	-1.33%	2,242,268	(312,472)	-13.94%
TOTAL OPERATING EXPENSES	24,008,438	28,340,994	4,332,556	15.29%	26,008,095	1,999,656	7.69%
OPERATING INCOME (LOSS)	(388,751)	(919,609)	530,858	-57.73%	812,433	(1,201,184)	-147.85%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,425,777	947,917	477,861	50.41%	812,880	612,897	75.40%
Interest Income - City of Kerrville	86,786	86,786	0	0.00%	101,786	(15,000)	-14.74%
Interest Expense	(73,865)	(57,056)	(16,809)	-29.46%	(63,128)	(10,737)	-17.01%
City of Kerrville - General Fund Transfer	(755,227)	(854,190)	98,963	11.59%	(829,002)	73,776	8.90%
City of Ingram - Franchise Fee	(19,904)	(23,852)	3,948	16.55%	(19,444)	(460)	-2.37%
Other - Net	(160,729)	16,917	(177,646)	-1050.12%	21,432	(182,161)	-849.94%
TOTAL NONOPERATING REVENUES (EXP)	502,838	116,521	386,317	331.54%	24,524	478,314	-1950.38%
INCOME BEFORE CONTRIBUTIONS	114,087	(803,088)	917,175	-114.21%	836,957	(722,870)	-86.37%
CAPITAL CONTRIBUTIONS	388,788	210,000	178,788	85.14%	266,753	122,035	45.75%
CHANGE IN NET POSITION	\$ 502,875	\$ (593,088)	\$ 1,095,964	-184.79%	\$ 1,103,710	\$ (600,835)	-54.44%
NET POSITION AT BEGINNING OF YEAR	\$ 78,334,141				\$ 73,973,702		
NET POSITION AT END OF MONTH	\$ 78,837,017				\$ 75,077,412		

Kerrville Public Utility Board  
Balance Sheet  
As of April 30, 2024

ASSETS & DEFERRED OUTFLOWS	April 30, 2024	September 30, 2023	LIABILITIES, DEFERRED INFLOWS & NET POSITION	April 30, 2024	September 30, 2023
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Revenue Fund:			Current Maturities of Long-Term Liabilities	\$ 623,953	\$ 633,226
Cash and Cash Equivalents	\$ 889,815	\$ 720,093	Accounts Payable - Purchased Power	9,602,461	9,426,795
Investments	33,734,412	30,433,641	Accounts Payable and Accrued Liabilities	835,061	1,427,823
Less: Customer Deposits	(549,975)	(518,082)	Over Collection of Power Cost Adjustment	16,362,831	12,516,345
Total Revenue Fund	34,074,251	30,635,652	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 27,424,305</b>	<b>\$ 24,004,189</b>
Construction Fund:			<b>NONCURRENT LIABILITIES</b>		
Cash and Cash Equivalents	5,559	5,389	2013 Revenue Bonds, net of current portion	\$ 1,965,000	\$ 2,413,000
Investments	1,577,278	1,528,354	Lease Liability	55,074	84,352
Total Construction Fund	1,582,837	1,533,743	Subscription Liability	727,790	692,268
Rate Stabilization Fund:			Customer Deposits	549,975	518,082
Investments	2,075,693	2,011,309	Net Pension Liability	3,877,307	3,877,307
Total Rate Stabilization Fund	2,075,693	2,011,309	Total OPEB Liability	260,808	260,808
Long Term Rate Stabilization Fund:			<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 7,435,953</b>	<b>\$ 7,845,817</b>
Investments	3,120,387	2,421,198			
Total Rate Stabilization Fund	3,120,387	2,421,198	<b>DEFERRED INFLOWS - PENSION AND OPEB</b>	<b>\$ 132,700</b>	<b>\$ 132,700</b>
Customer Accounts Receivable, net of allowance	1,381,071	2,574,253	<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 34,992,959</b>	<b>\$ 31,982,706</b>
Unbilled Revenue	2,319,589	2,319,589			
Materials and Supplies	1,132,544	1,233,153	<b>TOTAL NET POSITION</b>	<b>\$ 78,837,017</b>	<b>\$ 78,334,141</b>
Other Current Assets	1,406,237	888,455			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 48,164,038</b>	<b>\$ 44,688,780</b>			
<b>NONCURRENT ASSETS</b>					
Customer Deposits	\$ 549,975	\$ 518,082			
Interest and Sinking Fund	217,004	440,861			
Emergency, Repair, Replace, Contingency Fund	3,881,088	3,760,703			
Advance to City of Kerrville, net of current portion	4,821,429	5,357,143			
Capital Assets, net of Accum Depreciation	52,140,679	51,570,688			
Right to Use Assets, Net of Accum Amortization	68,131	109,047			
Subscription Assets, Net of Accum Amortization	1,069,632	953,542			
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$ 62,747,939</b>	<b>\$ 62,710,068</b>			
<b>DEFERRED OUTFLOWS - PENSION AND OPEB</b>	<b>\$ 2,918,000</b>	<b>\$ 2,918,000</b>			
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 113,829,976</b>	<b>\$ 110,316,847</b>	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$ 113,829,976</b>	<b>\$ 110,316,847</b>

Kerrville Public Utility Board  
Invested Funds Detail  
For the Month Ended April 30, 2024

		Restricted							
	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Beginning Fund Balance		\$ 33,515,779	\$ 1,570,261	\$ 2,066,459	\$ 3,108,680	\$ -	\$ 218,292	\$ 3,863,822	\$ 44,343,293
Withdrawals:									
Happy Investment - TXHB	04/01/24	(90,452)							(90,452)
Happy Investment - LCRA	04/03/24	(700,017)							(700,017)
Happy Investment - TMRS	04/08/24	(125,048)							(125,048)
Happy Investment - ERCOT	04/12/24	(74)							(74)
Happy Investment - CPS	04/19/24	(273,170)							(273,170)
Happy Investment - NextEra	04/19/24	(484,436)							(484,436)
Happy Investment - Concho Bluff	04/23/24	(73,451)							(73,451)
Happy Investment - DG Solar	04/23/24	(47,419)							(47,419)
Happy Investment - Engie	04/29/24	(71,282)							(71,282)
Happy Investment - Garland	04/29/24	(322,897)							(322,897)
Investments:									
Happy Investment	04/05/24	400,000							400,000
Happy Investment	04/09/24	500,000							500,000
Happy Investment	04/18/24	800,000							800,000
Happy Investment	04/26/24	600,000							600,000
Fund Balance after Withdrawals & Investments		33,627,532	1,570,261	2,066,459	3,108,680	-	218,292	3,863,822	44,455,047
Allocation of:									
Interest Income	04/30/24	149,580	7,017	9,234	11,707	-	962	17,266	195,766
Total Interest Allocation		149,580	7,017	9,234	11,707	-	962	17,266	195,766
Fund Balance After Allocations		33,777,112	1,577,278	2,075,693	3,120,387	-	219,254	3,881,088	44,650,812
Interfund Transfers :									
Debt Payment	04/29/24						(44,950)		(44,950)
Debt Service Accrual	04/30/24	(42,701)					42,701		-
Ending Fund Balance		\$ 33,734,412	\$ 1,577,278	\$ 2,075,693	\$ 3,120,387	\$ -	\$ 217,004	\$ 3,881,088	\$ 44,605,862

Kerrville Public Utility Board  
 Computation of the Monthly and Annual Debt Service Coverage  
 For the Month Ended April 30, 2024

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ (147,725)	\$ 502,875	\$ 3,759,605
PLUS:			
Interest Expense (net of amortizations)	10,562	73,865	138,035
Depreciation & Amortization Expense	362,906	2,554,739	4,397,585
Numerator	<u>225,743</u>	<u>3,131,480</u>	<u>8,295,225</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	10,562	73,865	138,035
Principal Payment Due	52,769	369,382	633,227
Denominator	<u>\$ 63,331</u>	<u>\$ 443,247</u>	<u>\$ 771,262</u>
DEBT SERVICE COVERAGE RATIO	<u>3.56</u>	<u>7.06</u>	<u>10.76</u>
Minimum Requirement per Bond Covenant		1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices		1.65	times Debt Service



**MINUTES OF THE  
KERRVILLE PUBLIC UTILITY BOARD  
REGULAR MONTHLY MEETING  
WEDNESDAY, APRIL 17, 2024, AT 8:31 A.M.  
KPUB CONFERENCE ROOM  
KERRVILLE PUBLIC UTILITY BOARD OFFICES  
2250 MEMORIAL BLVD.  
KERRVILLE, TEXAS**

**TRUSTEES PRESENT:**

Mark Cowden  
Larry Howard  
Bill Thomas  
Glenn Andrew  
Mayor Judy Eychner

**STAFF PRESENT:**

Mike Wittler, General Manager and CEO  
Amy Dozier, Director of Finance  
Tammye Riley, Director of Operations  
Robby McCutcheon, Director of IT  
Allison Bueché, Director of Customer and Community Relations  
Ricardo Berrios, Distribution Engineer  
Howard Hall, Field Services Supervisor  
Jill Cook, Accounting Supervisor  
DJ Owens, Key Account and Energy Education Specialist  
Damon Richardson, Purchasing Agent  
Lidia S. Goldthorn, Assistant Secretary to the Board

**TRUSTEES ABSENT:**

**OTHERS PRESENT:**

Gilbert Salinas, KEDC  
Salvador Garza, Megaacrete  
Rachel Johnston

**1. CALL TO ORDER:**

Mr. Mark Cowden, Chairman, called the Regular Monthly Meeting to order at 8:31 a.m.

**2. PLEDGE OF ALLEGIANCE**

**3. CITIZEN/CONSUMER OPEN FORUM:**

There were no citizens/consumers to speak.

**4. ANNOUNCEMENTS OF COMMUNITY INTEREST:**

Ms. Bueché highlighted Emily Parker as the staff spotlight for the month. Ms. Parker has been with KPUB for seven years. She advised volunteer activities coming up are Habitat Home Day on April 25<sup>th</sup> and a Food Pantry Event on April 29<sup>th</sup>. KPUB will host a Blood Drive on June 20<sup>th</sup>. Ms. Bueché advised a Customer Satisfaction Survey with Great Blue Research is in progress that will be closing on

May 31<sup>st</sup>. She added that KPUB will also be hosting a Power Hour on Smart Energy Solution on April 18<sup>th</sup> as well as a Community Weatherization Event on May 11<sup>th</sup> at the Doyle Community Center. The KPUB Employee Safety and Awards Picnic is scheduled for April 27<sup>th</sup>. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, May 15, 2024 at 9:30 a.m.*
- *Tuesday, June 18, 2024 at 8:30 a.m. (one day earlier than normal)*
- *Wednesday, July 17, 2024 at 8:30 a.m.*

**5. COMMENDATION OF OUTGOING TRUSTEE, MR. MARK COWDEN:**

As this was the last meeting for Chairman Mark Cowden, Mr. Wittler presented an antique meter lamp to Chairman Cowden. Mr. Wittler expressed deep appreciation for Chairman Cowden's leadership and years of service to KPUB and KPUB customers. Chairman Cowden thanked staff advising he has enjoyed worked with these talented board members and that KPUB staff provided a good working environment. Mr. Wittler took this opportunity to also thank Mayor Judy Eychner for her service to the Board as she will be ending her term as Mayor. Mayor Eychner also stated she enjoyed being on the Board and added that KPUB's presence in the community is greatly appreciated.

**6. CONSIDERATION AND ACTION ON ELECTRIC VEHICLE CHARGING STATION FEES – DJ OWENS, KEY ACCOUNTS & ENERGY EDUCATION SPECIALIST:**

Mr. Owens advised that staff recently surveyed public charging stations within the region and other utility-owned and operated stations, and is therefore recommending approval of electric vehicle charging station fees effective May 1<sup>st</sup> 2024. Mr. Owens provided tables outlining existing (time-duration based) EV charging station fees and proposed (kWh usage-based) EV charging station fees, for Level 2 and Level 3 chargers. Mr. Owens advised that time-duration rates cannot account for a vehicle's charging efficiency. He advised the kWh pricing model is the fair and equitable solution for billing drivers for actual energy used. Mr. Owens provided information showing prices set at charging stations with other utilities or managing companies close to KPUB. Fredericksburg, PEC in Johnson City and Austin Energy already have stations that charge by a kWh rate. Mr. Owens also provided information showing usage and revenue for KPUB's charging stations with the current duration-based pricing for the Board's review. He advised that the change to a per kWh price rate will simply charge customers for the actual energy that they receive instead of the time they're plugged in. This move should alleviate many customer comments concerning the amount of energy they get for the price they are paying. Staff plans to review the flat-rate charging plan for customers shortly and welcomed feedback from the Board on continuance of the program.

After discussion by the Board, Larry Howard, Vice Chairman, motioned to approved the proposed kWh rates, which are .20 cents per kWh for Level 2, .30 cents per kWh for Level 3, keeping the overstay fees the same, with the same grace periods, and discontinue the flat rate monthly plans effective immediately. Mayor Judy Eychner seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

*\*Mr. Wittler requested Chairman Cowden proceed to item number 8 on the Agenda to allow travel time for KEDC guest presenter to arrive.*

**8. CONSENT AGENDA:**

Mr. Howard made a motion to accept items in the consent agenda. Mayor Eychner seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

8A. APPROVAL OF MINUTES.

8B. RESOLUTION NO. 24-05 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

8C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. LineTec Contract Extension, Pole Replacement Services (Howard Hall, Supervisor of Field Services)

#### **END OF CONSENT AGENDA**

#### **9. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:**

Ms. Dozier presented the final financial statements for the month of March 2024. Ms. Dozier noted a \$164K increase in net position; \$3.4M in operating revenue; \$3.4M in operating expense; \$67K in operating loss; \$16.0M in over collection of power cost adjustment as of March 31, 2024; and \$44.3M invested in investment pools and an investment account at Happy State Bank. The investment account at Happy State Bank is completely liquid, fully collateralized, and earning 5.43% as of April 10, 2024. Rates on the investment pool accounts are 5.45% at LOGIC and 5.31% at TexPool as of April 10, 2024. A new rate structure was implemented on November 1, 2023. The overall residential bill for 1,000 kWh of power remains at \$102.50, but the power cost portion of the bill was reduced from \$72.95 to \$70.45 by reducing the power cost adjustment factor. Power costs in March were very close to the billed rate, resulting in an increase of \$59K in the over collection account. Staff continues to monitor prices closely and recommend keeping the PCA at \$102.50 at this time. Ms. Dozier also provided a PowerPoint presentation with highlights and financial metrics from her memo, as well as quarterly listings of vendor payments.

#### **10. ENGINEERING AND OPERATIONS PROJECTS AND CAPITAL BUDGET REPORT – RICARDO BERRIOS, DISTRIBUTION ENGINEER:**

Mr. Berrios presented the Projects and Capital Budget Reports for the second quarter of fiscal year end 2024. He presented major projects showing the name, location and number of units in various states of design. He highlighted some of the projects discussed in the report, those that have been completed, and active residential projects. Mr. Berrios also highlighted Customer Extensions; System Improvements; Pole Inspection Replacements; Office Furniture; and Facilities Improvements.

#### **11. QUARTERLY RELIABILITY REPORT – TAMMYE RILEY, DIRECTOR OF OPERATIONS:**

Ms. Riley presented the second quarter Reliability Report for FY2023-2024 for the Board's review and went over events that occurred in that quarter. She advised the report uses the System Average Interruption Durations Index (SAIDI), which is an industry standard metric. SAIDI shows how long on average, each customer was without power in each quarter throughout the fiscal year. She added it was important to note that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

*\*At this time, Chairman Cowden elected to proceed to item number 7 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 7.*

**7. QUARTERLY REPORT FROM THE KERRVILLE ECONOMIC DEVELOPMENT CORPORATION (KEDC) – GILBERT SALINAS, COO:**

Mr. Wittler advised that Mr. Salvador Garza, CEO of Megaacrete, graciously offered to come in and present an overview of their company and current project to the Board. Before introducing Mr. Garza, Mr. Salinas advised that Megaacrete's announcement has already been paying dividends in terms of relationship marketing with calls and secured some businesses with some pretty high-profile agencies. Mr. Salinas also updated the Board on other projects and prospects coming in. He advised that The Express News toured the city for a story on the business atmosphere in Kerrville. Mr. Salinas then introduced Mr. Garza, who went over a presentation describing their company and products, emphasizing its versatility and family-oriented history. Mr. Garza also thanked KEDC and KPUB's leadership in helping to establish their presence in Kerrville. Board members thanked Mr. Garza for his exceptional presentation.

*\*At 10:14 a.m. the Board took a ten-minute break. At 10:30 a.m. the Board came back in session, and Chairman Cowden elected to proceed to item number 12 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 12.*

**12. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:**

**I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of "Consultation With Attorney" regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

**II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:**

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following "Competitive Matters":

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
  - (1) Discussion on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales

- (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

**III. EXECUTIVE CLOSED SESSION – DELIBERATIONS REGARDING SECURITY DEVICES OR SECURITY AUDITS:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Deliberations Regarding Security Devices or Security Audits”:

- A. Cybersecurity Overview – Robby McCutcheon, Director of Information Technology

**IV. EXECUTIVE CLOSED SESSION – PERSONNEL MATTERS:**

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074, the Kerrville Public Utility Board will recess to deliberate the following “Personnel Matters”:

- A. Annual Performance Appraisal for Michael Wittler, General Manager and CEO

Staff asked the Board of Trustees if there was a motion that the Board convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, “Deliberation Regarding Security Devices or Security Audits” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.076, and “Personnel Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.074. Mr. Howard so moved. Glenn Andrew, Treasurer, seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 10:33 a.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 11:11 a.m.

**13. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:**

Mr. Howard made a motion to approve and execute an Agreement between KPUB and Mr. Mike Wittler as discussed in Executive Session. Mayor Eychner seconded the motion. Vote was by a show of hands. Motion carried 5 - 0.

**14. PRESENTATION FROM AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE ESSENTIALS – MIKE WITTLER, CEO:**

Mr. Wittler elected to postpone this item.

**15. ADJOURNMENT**

Chairman Cowden adjourned the Regular Board Meeting at 11:12 a.m.

**Date Approved:** \_\_\_\_\_

\_\_\_\_\_  
Mark Cowden, Chairman

**ATTEST**

\_\_\_\_\_  
Lidia S. Goldthorn, Assistant Secretary to the Board

# MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Amy Dozier

Date: May 8, 2024

Re: Agenda Item No. 10B – Resolution No. 24-06

---

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between April 11, 2024 and May 8, 2024 for Board approval:

	Vendor	Description	Amount	Date
<b>Purchased Power:</b>				
1	CPS	March 2024	273,170.14	04/19/2024
2	NextEra	March 2024	484,436.00	04/19/2024
3	Concho Bluff	March 2024	73,451.18	04/23/2024
4	DG Solar	March 2024	47,418.98	04/23/2024
5	Engie	March 2024	71,281.65	04/29/2024
6	Garland	March 2024	322,896.81	04/29/2024
7	LCRA	March 2024	699,921.55	05/03/2024
<b>Payroll:</b>				
1	Payroll	Pay period ending 4/6/2024	145,626.99	04/12/2024
2	Payroll	Pay period ending 4/20/2024	148,878.98	04/26/2024
3	Payroll Taxes	Pay period ending 4/6/2024	52,098.39	04/17/2024
4	Payroll Taxes	Pay period ending 4/20/2024	52,186.48	05/01/2024
<b>Employee Benefits:</b>				
1	TX Health Benefits	Health Insurance - May	90,448.18	05/01/2024
2	TMRS	Pension - April Payroll	85,784.70	05/07/2024
<b>Investment Transfers (from Operating Account to Investment Account at Happy State Bank):</b>				
1	Happy State Bank	Transfer to Logic	3,000,000.00	04/11/2024
2	Happy State Bank	Transfer to TexPool	2,000,000.00	04/12/2024
3	Happy State Bank	Transfer to Happy	800,000.00	04/18/2024
4	Happy State Bank	Transfer to Happy	600,000.00	04/26/2024
5	Happy State Bank	Transfer to Logic	2,900,000.00	05/01/2024
6	Happy State Bank	Transfer to Happy	600,000.00	05/02/2024
7	Happy State Bank	Transfer to Happy	400,000.00	05/07/2024
<b>Interest Payment:</b>				
1	Broadway Bank	Debt Interest - May 2024	44,950.15	04/29/2024

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Amy Dozier". The signature is written in a cursive, flowing style.

Amy Dozier  
Director of Finance



**RESOLUTION NO. 24-06**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER / CEO.**

**WHEREAS**, the providers of services or material have submitted invoices for payment;  
and

**WHEREAS**, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

**WHEREAS**, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:**

**Section 1.** That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

**Section 2.** That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

**Section 3.** This Resolution shall take effect immediately from and after its passage.

**PASSED, APPROVED AND ADOPTED on 15<sup>th</sup> day of May, 2024**

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**Larry Howard, Chairman**

**ATTEST:**

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**Glenn Andrew, Secretary**

**RESOLUTION NO. 24-07**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD AUTHORIZING AND APPROVING SIGNATURES FOR THE KERRVILLE PUBLIC UTILITY BOARD OF TRUSTEES AND MANAGEMENT FOR PURPOSES OF BANK ACCOUNTS, INVESTMENTS AND FINANCIAL TRANSACTIONS**

**WHEREAS**, among the powers of the Board of Trustees, the power to have and exercise exclusive possession and control of the System and to collect and enforce the collection of funds and revenues and to disburse the same in accordance with the provisions, of this division and in the manner provided by TEX. REV. CIV. STAT. ANN. Art. 1115; and,

**WHEREAS**, the Board has entrusted signature responsibilities to the General Manager and Chief Executive Officer, and the Director of Finance in the operation of the System; and

**WHEREAS**, the Board in the execution of duties in operation of the System requires signatures for financial transactions and with the Board's Depository Bank, Happy State Bank of Kerrville; now, therefore

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:**

**Section 1.**     Trustees of the Board:

Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring, Jr.

And

Management Members:

Amy Dozier, Director of Finance  
Jill Cook, Accounting Supervisor  
Mike Wittler, General Manager and Chief Executive Officer

are approved as signatories for the Kerrville Public Utility Board.

**Section 2.** That this Resolution shall take effect immediately from and after its passage.

**PASSED, APPROVED AND ADOPTED on this 15<sup>th</sup> day of May, 2024**

---

Larry Howard, Chairman

**ATTEST:**

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Glenn Andrew, Secretary

**RESOLUTION NO. 24-08**

**A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND  
CHANGING AUTHORIZED REPRESENTATIVES FOR LOCAL GOVERNMENT  
INVESTMENT COOPERATIVE**

**WHEREAS**, the Kerrville Public Utility Board (the "Government Entity") by authority of that certain Local Government Investment Cooperative Resolution 02-12 (the "Resolution") has entered into that certain Interlocal Agreement (the "Agreement") and has become a participant in the public funds investment pool created thereunder known as Local Government Investment Cooperative ("LOGIC");

**WHEREAS**, the Resolution designated on one or more "Authorized Representatives" within the meaning of the Agreement;

**WHEREAS**, the Government Entity now wished to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement; now, therefore

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:**

**Section 1.** The following officers, officials or employees of the Government Entity are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to: deposit money to and withdrawal money from Government Entity's LOGIC account or accounts from time to time in accordance with the Agreement and the Information Statement describing the Agreement and to take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity in LOGIC:

Signature:	_____
Printed Name:	<u>Larry Howard</u>
Title:	<u>Chairman</u>

Signature:	_____
Printed Name:	<u>Rachel Johnston</u>
Title:	<u>Treasurer</u>

Signature: \_\_\_\_\_  
Printed Name: Mike Wittler  
Title: General Manager and CEO

Signature: \_\_\_\_\_  
Printed Name: Amy Dozier  
Title: Director of Finance

Signature: \_\_\_\_\_  
Printed Name: Jill Cook  
Title: Accounting Supervisor

**Section 2.** The foregoing supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement pursuant to Section 4 of the Resolution. Except as hereby modified, the Resolution shall remain in full force and effect.

**Section 3.** This Resolution shall take effect immediately from and after its passage.

**PASSED, APPROVED AND ADOPTED on this 15<sup>th</sup> day of May, 2024**

**ATTEST:**

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

Glenn Andrew  
**Printed Name**

**Title:** Secretary

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

Larry Howard  
**Printed Name**

**Title:** Chairman

## **RESOLUTION NO. 24-09**

### **A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING AND AMENDING AUTHORIZED REPRESENTATIVES FOR TEXAS LOCAL GOVERNMENT INVESTMENT POOL**

**WHEREAS**, the Kerrville Public Utility Board, Location Number 77882 (“Participant”) is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investments funds; and

**WHEREAS**, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

**WHEREAS**, the Texas Local Government Investment Pool (“TexPool/TexPool *Prime*”), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; now, therefore

#### **LET IT BE RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:**

**Section 1.** That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool/TexPool *Prime* and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

**Section 2.** That an Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant’s TexPool/TexPool *Prime* Account or (2) is no longer employed by the Participant; and

**Section 3.** That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee or agent of the Participant;

Listed are the Authorized Representatives of the Participant. Any new individuals will be issued

personal identification numbers to transact business with TexPool participant services.

- |    |           |                        |              |                                |
|----|-----------|------------------------|--------------|--------------------------------|
| 1. | Name      | <u>Larry Howard</u>    | Title        | <u>Chairman</u>                |
|    | Signature | <u></u>                | Phone Number | <u>830-257-3050</u>            |
| 2. | Name      | <u>Rachel Johnston</u> | Title        | <u>Treasurer</u>               |
|    | Signature | <u></u>                | Phone Number | <u>830-257-3050</u>            |
| 3. | Name      | <u>Mike Wittler</u>    | Title        | <u>General Manager and CEO</u> |
|    | Signature | <u></u>                | Phone Number | <u>830-792-8270</u>            |
| 4. | Name      | <u>Amy Dozier</u>      | Title        | <u>Director of Finance</u>     |
|    | Signature | <u></u>                | Phone Number | <u>830-792-8267</u>            |
| 5. | Name      | <u>Jill Cook</u>       | Title        | <u>Accounting Supervisor</u>   |
|    | Signature | <u></u>                | Phone Number | <u>830-792-8276</u>            |

Listed is the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name	<u>Mike Wittler</u>	Fax #	<u>830-792-8270</u>
E-Mail	<u>mwittler@kpub.com</u>		

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. This limited representative cannot make perform transactions. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

- |    |      |            |       |         |
|----|------|------------|-------|---------|
| 6. | Name | <u>n/a</u> | Title | <u></u> |
|----|------|------------|-------|---------|

**Section 4.** That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amending or revocation. This Resolution is hereby introduced and adopted by the Participant at its Regular Board Meeting held on the **15<sup>th</sup>** day of **May, 2024**.

**NAME OF PARTICIPANT** \_\_\_\_\_ Kerrville Public Utility Board \_\_\_\_\_

**By:** Signature \_\_\_\_\_

Printed Name \_\_\_\_\_ Larry Howard \_\_\_\_\_

Title \_\_\_\_\_ Chairman \_\_\_\_\_

**ATTEST:** Signature \_\_\_\_\_

Printed Name \_\_\_\_\_ Glenn Andrew \_\_\_\_\_

Title \_\_\_\_\_ Secretary \_\_\_\_\_

# MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Amy Dozier

Date: May 9, 2024

Re: Agenda Item No. 10F – Texas CLASS Account

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Attached please find a resolution authorizing KPUB to participate in a local government investment pool called Texas Cooperative Liquid Assets Securities System Trust, also known as Texas CLASS.

Texas CLASS is essentially a money market fund for local governments in Texas. The fund was established in 1996 and is authorized by Section 2256.016 of the Public Funds Investment Act. The fund's objectives are legality, safety (constant dollar and highest rating), liquidity and yield. These objectives are met by choosing high quality investments. Deposits with Texas CLASS are not FDIC insured or securitized.

Texas CLASS offers two fund options, one is called Texas CLASS and one is called Texas CLASS Government. The primary difference between the funds is that Texas CLASS invests primarily in commercial paper and Texas CLASS Government invests primarily in government issued securities. Texas CLASS has higher yields and slightly more risk. This resolution authorizes either type of account to be set up, but KPUB intends to open a Texas CLASS account initially.

Funds with commercial paper are currently earning 15 to 20 basis points (0.15% to 0.20%) more in interest than our account at Happy or TexPool (local government pool with primarily government issued investments). If this differential persists, shifting an additional \$10 million to this type of fund would result in \$15,000 to \$20,000 more in interest income annually. After discussion with the Investment Committee in April, we feel it is prudent to diversify into more than one local government pool with commercial paper. Accordingly, the Investment Committee recommends authorizing this new account. Overall investments in local government pools that hold commercial paper will be increased, but split evenly between LOGIC (existing local government pool account) and Texas CLASS.

The following items are attached for your review:

1. Texas CLASS Overview
2. Texas CLASS Information Statement
3. Texas CLASS Trust Agreement
4. Resolution 24-10

Sincerely,



Amy Dozier  
Director of Finance



### What is Texas CLASS?

The Texas Cooperative Liquid Assets Security System Trust (Texas CLASS) is a local government investment pool that emphasizes safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has sought to provide Texas public entities with a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. Texas CLASS is rated 'AAAm' by S&P Global Ratings. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools.

### Who oversees and manages Texas CLASS?

Texas CLASS is supervised by a Board of Trustees whose members are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board retains the services of Public Trust Advisors, LLC (Public Trust). Public Trust serves as the investment advisor and provides administrative and marketing services for Texas CLASS. Additionally, the Board of Trustees has appointed an Advisory Board composed of individuals qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

### How can you participate in Texas CLASS?

Enrolling in Texas CLASS is simple. After reading the Trust Agreement and Information Statement (available at [www.texasclass.com](http://www.texasclass.com)), follow these steps:

- 1 Submit your entity's investment policy to the program administrator for review.
- 2 Pass a resolution authorizing participation in Texas CLASS.
- 3 Adopt the Trust Agreement by signing the Participation Certificate (Exhibit D).
- 4 Complete the Texas CLASS Trust Registration Form and submit the above documents to Texas CLASS Client Services.
- 5 After we review and approve the above documents, you will receive confirmation that you have been accepted as a Texas CLASS Participant.

### TEXAS CLASS FEATURES

As a Texas CLASS Participant, you have access to many convenient features:

- Same-day liquidity (4:00 p.m. CT cut-off)
- Contributions by wire or ACH
- Secure online access for transactions and account statements
- Professionally managed since 1996
- Competitive daily yields
- Unlimited subaccounts
- No minimum investment requirements
- Dividends applied and paid daily
- No transaction fees\*
- Audited annually by an independent auditing firm\*\*
- Direct investment of state and federal payments
- Dedicated client service representatives available via email, phone or fax on any business day

\*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from Texas CLASS for such transactions. \*\*External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



## What are the objectives of Texas CLASS?

### Safety

The primary investment objective of Texas CLASS is the safety of public funds. The Texas CLASS portfolios are professionally managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The Texas CLASS government-style fund and the Texas CLASS prime-style fund are both rated 'AAAm' by S&P Global Ratings. The custodian for Texas CLASS is UMB Bank, N.A.

### Liquidity

When you invest with Texas CLASS, you have access to your funds on any business day. You must notify Texas CLASS of your funds transaction requests by 4:00 p.m. CT. By offering daily liquidity, we aim to provide you with the flexibility you need to meet your daily cash needs.

### Convenience

To make cash management simple and efficient, Texas CLASS includes many features that make it easy to access account information and simplify record keeping. Transactions are conducted via the Texas CLASS Online Transaction Portal at [www.texasclass.com](http://www.texasclass.com) and may be entered at any time - up to 365 days in advance.

Our dedicated Client Service team is available to assist with any matters related to the administration of your account and can be reached by email at [clientservices@texasclass.com](mailto:clientservices@texasclass.com), by phone at (800)

707-6242, by fax at (855) 848-9910 or via the Texas CLASS Online Transaction Portal at [www.texasclass.com](http://www.texasclass.com).

### Flexibility

You may establish multiple Texas CLASS accounts to track and parallel your own internal fund accounting structures. You will receive an email notification when your comprehensive monthly statement is available online; statements show your transaction activity, dividend postings, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your investment records.

### Competitive Returns

The Texas CLASS philosophy has always been to prioritize competitive yields while adhering to the objectives of safety and liquidity. Our portfolio managers are professionals with experience in public funds management. Texas CLASS maintains a low management fee structure to help facilitate a competitive yield on the investment portfolio.

### Legality

Texas CLASS invests only in investments legally permitted under Texas State Law and the Texas Public Funds Investment Act.

**Have Questions?** Contact us or visit [www.texasclass.com](http://www.texasclass.com) for more information.

**Karen Proctor**

Senior Director

[karen.proctor@texasclass.com](mailto:karen.proctor@texasclass.com)

(214) 458-1835



**Tony Sekaly**

Director

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(713) 502-8575



**Danny King**

Director

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(512) 914-6104



**Zach Brewer**

Director

[zach.brewer@texasclass.com](mailto:zach.brewer@texasclass.com)

(281) 642-4350

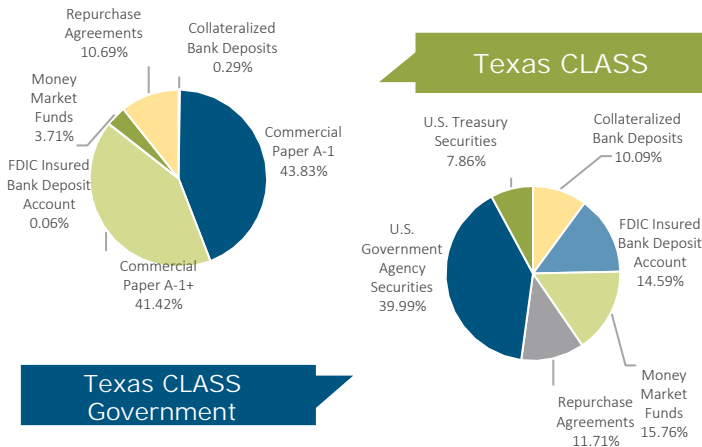


Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the Texas CLASS Information Statement before investing. Texas CLASS is not a bank. An investment in Texas CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Texas CLASS seeks to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. Please review the Texas CLASS Information Statement before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. Ratings are subject to change and do not remove credit risk. For more information on rating methodologies, visit [www.spglobal.com](http://www.spglobal.com).

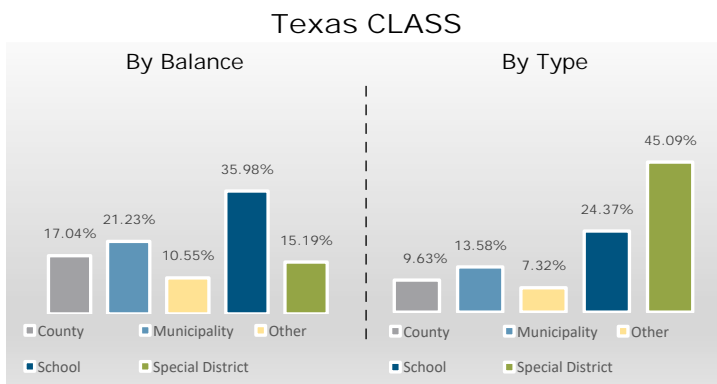
### Get to Know Texas CLASS

Serving Approx. 1,080 Participants

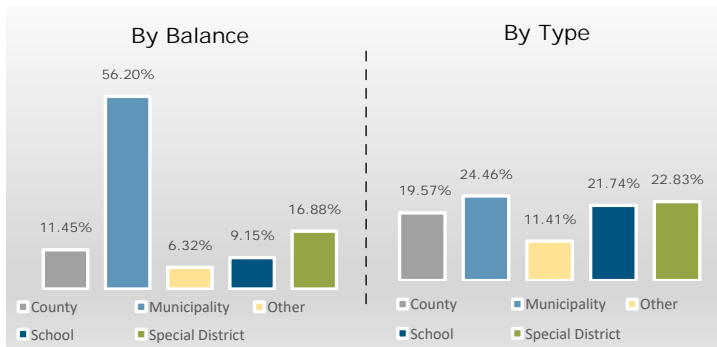
#### Portfolio Allocation



#### Participant Breakdown



#### Texas CLASS Government



Texas CLASS is a local government investment pool that allows local governments, such as yours, to pool funds together to collectively earn dividends on investments. Our goal is, and has always been, to provide competitive yields while adhering to all objectives of safety and liquidity. Both Texas CLASS Government and Texas CLASS carry a 'AAAm' rating from S&P Global Ratings.

The Texas CLASS portfolio investment strategies prioritize minimizing market risk and enhancing safety via diversified investments. Funds of the Participants are invested in prime or high grade, short-term fixed income instruments as illustrated to the left.

#### Texas CLASS Board of Trustees

**Cindy Yeatts Brown**,  
Chairperson  
Treasurer  
Denton County

**Steve Williams**  
City Manager  
City of Schertz

**Carmen Arrieta-Candelaria**  
Chief Financial Officer  
Fort Worth ISD

**Yvonne Johnson**  
Chief Financial Officer  
Crosby ISD

**Monika Arris**, Vice  
Chairperson  
Director of Budget & Finance  
Collin County

**Amy Perez, Secretary**  
Director of Financial  
Management  
Harris County

**Art Martin**  
Chief Financial Officer  
Slaton ISD

#### Texas CLASS Advisory Board

**Art Alfaro**  
Qualified Non-Participant

**Mark Burton**  
President  
Burton Accounting, PLLC

**Rodney Rhoades**  
Qualified Non-Participant

**James Mauldin**  
Vice Chancellor and Chief  
Financial Officer  
Texas Tech University System

**Heather Hurlbert**  
Director of Finance and  
Business Analysis  
City of Corpus Christi

Contact us to get started!  
[www.texasclass.com](http://www.texasclass.com)

Source: Public Trust Advisors, LLC. Data as of 03/31/2024. Data unaudited. Charts and/or values presented may not add up precisely to absolute figures due to rounding. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Texas CLASS is not a bank. An investment in Texas CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Texas CLASS stable NAV fund(s) seek to preserve the value of your investment at \$1.00 per share, Texas CLASS cannot guarantee they will do so. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). Ratings are subject to change and do not remove credit risk. Please review the applicable Information Statement(s) before investing. Past performance is no guarantee of future results. Any financial and investment decision may incur losses.

2023-2024 Texas CLASS/Government Average Monthly Yields

Month	Year	Texas CLASS Avg Yield	Texas CLASS Government Avg Yield
Apr	2024	5.4286%	5.2600%
Mar	2024	5.4652%	5.2566%
Feb	2024	5.4842%	5.2520%
Jan	2024	5.5403%	5.2760%
Dec	2023	5.5744%	5.2346%
Nov	2023	5.5859%	5.2265%
Oct	2023	5.5550%	5.2009%
Sep	2023	5.5213%	5.1867%
Aug	2023	5.4752%	5.1712%
Jul	2023	5.3245%	5.0005%
Jun	2023	5.2674%	4.9592%
May	2023	5.1952%	4.9042%



## Information Statement

May 2023

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No person or entity has been authorized to give any information or to make any representations other than those contained in this Information Statement. If given or made, such information or representations must not be relied upon as having been authorized by Texas CLASS, its Board of

Trustees, the Investment Advisor, or any agent of Texas CLASS or the Board of Trustees.

Each potential Participant is given a copy of the Trust Agreement and this Information Statement before becoming a Participant in Texas CLASS. This Information Statement contains a summary of the Trust Agreement.

This summary is qualified in its entirety by reference to the full text of the Trust Agreement. All potential Participants are encouraged to read the Trust Agreement in its entirety for more complete information regarding the program.

Additional information that is a required part of this Information Statement is included in the monthly Program Statements furnished to each Participant. The Information Statement will be updated through supplemental material and may only be used if it is accompanied by such information.



## Part One: Overview of Trust Agreement and Program

Part I of this Information Statement contains certain information about the operation and policies of Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS). The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), Public Trust Advisors, LLC as Program Administrator (the Program Administrator), and UMB Bank, N.A. as Custodian (the Custodian).

### A. Participants' Investments

The purpose of the Trust is to establish one or more investment funds through which a Participant may pool any of its funds or funds under its control in order to preserve principal, to maintain the liquidity of the Participant, and to maximize yield in accordance with the Public Funds Investment Act (the Act), Section 2256.01, et seq., Texas Government Code, or other laws of the state of Texas, from time-to-time in effect, governing the investment of funds of a Participant or funds under its control. The Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds.

As of May 19, 2023, the Trust has two investment fund options:

1. Texas CLASS is an investment option that utilizes all eligible investments as defined by the Public Funds Investment Act. Refer to the Texas CLASS Investment Policy for a complete listing of eligible investments.
2. Texas CLASS Government is an investment option that only utilizes investments that are backed or collateralized with U.S. Treasury or

U.S. Government Agency obligations. Refer to the Texas CLASS Investment Policy for complete listing of the eligible investments for Texas CLASS Government.

Except for their respective eligible investments, the terms and conditions are the same for each fund. Therefore, for the purposes of this Information Statement, the two investment options shall be referred to as the "Funds" unless otherwise noted.

Under the Trust Agreement, there are four general objectives of the Trust: (i) legality - investing only in investments legally permitted under Texas law; (ii) safety - minimizing risk by managing portfolio investments to preserve principal, maintain a stable net asset value, and maintain the highest rating for the Funds from a nationally recognized statistical rating organization for so long as such rating is required by Texas law; (iii) liquidity - managing portfolio investments to ensure that cash will be available as required to finance Participants' operations; and (iv) yield - maximizing current income to the degree consistent with legality, safety, and liquidity.

Eligible Participants are any municipality, county, school district, or authority created under Section 52(b)(1) or (2), Article III or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, any office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities that has taken the actions required by Section 2256.016 of the Act and that has executed either the Trust Agreement,

a counterpart of the Trust Agreement, or a participation certificate. Any local government entity that becomes a Participant has the same rights and obligations under the Trust Agreement as other Participants.

Each Participant shall have the right to **invest funds for credit to such Participant's account**. There is no minimum amount that must be invested pursuant to the Trust Agreement nor is there any limitation on the aggregate amount of funds that any Participant may invest at one time. Similarly, each Participant has the right to request payment of an amount equal to or less than the amount of funds in the **Participant's account** from time-to-time. Subject to meeting the daily times for giving notice, which may be adjusted by the Program Administrator, there is no limitation on the period of time that funds may be invested through the Trust prior to such payment. Upon receipt of any payment request, the Program Administrator notifies the Custodian of the payment request from a Participant, and the requested amount is paid by the Custodian to, or on behalf of, such Participant no later than the next business day, subject only to certain calamities or crises that may affect the financial markets of the United States as specified in the Trust Agreement.

Any Participant may withdraw from the Trust Agreement at any time without penalty upon written notice to the Program Administrator who will notify the Custodian and the Board of Trustees upon receipt of said notice. The withdrawal becomes **effective when the Participant's account is equal to zero**. If a Participant breaches any material covenants contained in the Trust Agreement or if any of its representations cease to be true, it shall be deemed to have given notice of withdrawal.

Each Participant must designate a representative to act for the Participant under the Trust Agreement for all purposes including the giving of consent and receiving notice on behalf of the Participant. Pursuant to Section 2256.005 of the Act, such representative must be the investment officer that is empowered by the charter, ordinance, and any local regulation to direct the investments for such Participant. Such representative is not required to devote the representative's entire time to duties under the Trust Agreement.

Such representative shall be the official responsible for the investment of funds into the Trust and all payments made from the Trust for the Participant represented by such representative. In making investment and payment requests, each representative should use judgment and care to achieve the following objectives in the indicated order: (i) preservation and safety of principal, (ii) liquidity, and (iii) yield.

#### B. Trustees and Board of Trustees; Advisory Board

Pursuant to the Trust Agreement, the Trust is supervised by a Board of Trustees, each of whom is elected by the Participants. The Board of Trustees (the Board) supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects the consultants for Texas CLASS including the Program Administrator and the Custodian, subject to the terms of the Trust Agreement.

The Board of Trustees is selected at the annual meeting of the Participants. Any representative may be nominated as a Trustee. The number of Trustees to be



selected shall be determined by the Participants at said meeting and shall be an odd number of three (3) or more. The current list of Trustees is available on the Board page of the Texas CLASS website.

The expenses of each Participant to attend the annual meeting are borne by each Participant. The reasonable out-of-pocket expenses of the Trustees incurred in performing their duties and attending meetings of the Board of Trustees are expenses of the Trust.

Pursuant to Section 2256.016(g)(2), the Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust but are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the Investment Policy, the investment strategy of the Trust, and about other matters as requested by the Board and the Program Administrator. The current list of Advisory Board members is available on the Board page of the Texas CLASS website.

### C. Duties of the Program Administrator and the Custodian

In order to facilitate the business of the Trust and in conformance with the Act, the services of a Program Administrator and a Custodian are employed by the Trust. The duties of the Program Administrator and the Custodian are specifically set forth in the Trust Agreement.

Subject to the supervision of the Board of Trustees, the Program Administrator is responsible for advising the Board concerning investments which appear to the Program Administrator to be advantageous to the Participants within the investment criteria set forth in the Trust Agreement.

The Program Administrator shall also implement, or cause to be implemented, securities transactions of the Funds on behalf of the Board and the Participants and shall provide other investment advisory services as called for by the Trust Agreement. Some of these services include the execution of agreements and other documents on behalf of and as agent for the Trust containing representations, warranties, and covenants common for such agreements and documents within the investment industry. The Program Administrator also provides portfolio valuation services. From time-to-time, the Program Administrator may propose to the Participants that the Participants establish specially designated subaccounts with investment payment procedures, fees, or other characteristics different from those set forth in the Trust Agreement. Such characteristics may include, without limitation, certain restrictions on amounts to be invested, holding period prior to payments, or certain other conditions to be met for payments such as possible payment penalties or additional fees for administering such specially designated subaccounts. In its sole discretion, a Participant may create any such special subaccount using the same procedure for establishing other subaccounts. The establishment of such special subaccounts is not deemed to be an amendment of the Trust Agreement. Any subaccount that is created is subject to the terms set forth in the proposal of the Program Administrator until the terms governing such special subaccount are amended pursuant to the Trust Agreement.

The Program Administrator performs certain administrative functions on behalf of the Board of Trustees. These functions include maintaining records, assisting in the organization of the annual meeting of the Participants and the meetings of the Board, responding to inquiries and other communications with Participants, paying

expenses of the Trust, and engaging in marketing activities to promote participation of Texas governmental entities in the Trust.

The Program Administrator fees are outlined in the Ninth Amended and Restated Trust Agreement with Texas CLASS dated February 25, 2021. The Program Administrator charges its fee on a sliding scale; the maximum fee is 12 basis points on assets up to \$1 billion. The full sliding scale of the current management fee is specified in the Trust Agreement available at [texasclass.com/document-center/](https://texasclass.com/document-center/). Fees accrue daily and are deducted from portfolio earnings prior to the recording of daily Participant investment results. The fee is paid monthly and may be waived or abated at any time in the sole discretion of the Program Administrator. The fee of the Program Administrator covers the following costs and expenses of program operation:

- The Custodian's fee
- Third parties retained by the Program Administrator to render investment advice
- Investment property record-keeping expenses
- Securities clearance transaction charges
- Outgoing wire charges of the Custodian
- Auditor and legal counsel charges
- Preparation of monthly and annual reports
- Execution of Participant surveys and mailings
- Sales, marketing, and client service functions (including website maintenance and certain conference sponsorships)
- Valuation of the investment property
- Board of Trustee meetings charges

- The cost of obtaining a rating from a nationally recognized statistical rating organization

UMB Bank, N.A. serves as Custodian of the Trust. Among other things, the Custodian is responsible for the receipt and safekeeping of all cash, securities, or other assets comprising the cooperatively invested assets. Such assets are held for the benefit of the Trust in the name of the Custodian or its nominee. The Custodian also collects the income on investments and allocates it in accordance with the instructions from the Program Administrator and the provisions of the Trust Agreement. The Custodian is required to hold the investments of the Trust separate and apart from other property of the Custodian and assure that such property is never deemed an asset or liability of the Custodian.

#### D. Investment, Payment, Valuation Procedures

Specific investment, payment, and valuation procedures are described in Exhibits A through C of the Trust Agreement. Such Exhibits may be amended by the Program Administrator.

Exhibit A describes the time by which funds must be received by the Custodian in order to make investments on the same business day. Exhibit B provides the timetable for receipt of notice in order to make payments on the same business day.

As provided in Exhibit C, the Investment Property Value is determined on a daily basis by marking-to-market all securities using valuations from a credible pricing source. Alternatively, the Investment Property Value may be determined by using the amortized cost valuation method. This involves initially valuing a security at its costs and thereafter accrediting to maturity any discount or amortizing to maturity any premium regardless of the

impact of fluctuating interest rates on the market value of the instrument.

#### E. Permitted Investments

The Funds have been specifically designed for the use of Texas local government entities. Accordingly, the portfolios of Texas CLASS consist solely of securities in which such entities are permitted to invest funds pursuant to the Act. All investment securities purchased for the Funds, including those with repurchase agreements, are delivered to the Custodian and held for the benefit of the Trust and its Participants.

Home rule city and county charters may have provisions more restrictive than the Act regarding investments of their money, and such restrictions may not be compiled with the Trust. Any such restrictions are the sole responsibility of each Participant.

#### Texas CLASS Authorized Investments

Texas CLASS may invest in any or all of the legal investments specified in Sections through 2256.016 of the Act (referred to herein as Permitted Investments). Such investments may include the following:

- U.S. Treasury Bills, Notes, and Bonds
- Obligations of or guaranteed by U.S. Government Agencies and Instrumentalities
- State and local government obligations (subject to limitation)
- Certificates of Deposits of a state or national bank domiciled in the state of Texas guaranteed or insured by the FDIC that meet the requirements of the Act
- Bankers' agreements
- Mutual funds
- Repurchase agreements
- Highly rated commercial paper
- Guaranteed investment contracts

#### Texas CLASS Government Authorized Investments

Monies of the Texas CLASS Government Fund may be invested and reinvested only in investments authorized by the Texas CLASS Investment Policy (Section 6.04) and in Sections through 2256.016 of the Act (referred to herein as Permitted Investments). Such investments may include the following:

- U.S. Treasury Bills, Notes, and Bonds
- Obligations of or guaranteed by U.S. Government Agencies and Instrumentalities
- Stable \$1.00 NAV mutual funds
- Certificates of deposits of a state or national bank domiciled in the state of Texas guaranteed or insured by the FDIC that meet the requirements of the Act
- Repurchase agreements

The Board of Trustees has adopted an Investment Policy and investment strategy that further provide in which investment instruments the monies of the Funds may be invested and reinvested. The Funds may only invest in those instruments authorized by the Act. The current Texas CLASS Investment Policy is available in the Document Center of the Texas CLASS website.

No monies of the Funds may be invested in the following or in any other type of investment prohibited by the Act or other applicable law:

- Obligations for which payment represents the coupon payment on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (IOs)

- Obligations for which payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (POs)
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years
- Collateralized mortgage obligations, the interest rates of which are determined by an index that adjusts opposite to the changes in the market index (inverse floaters)

No more than 5% of the total Texas CLASS portfolio (not applicable for Texas CLASS Government) may be invested in securities issued by one issuer. The maximum portfolio exposure to United States dollar denominated securities issued in the United States by United States branches and/or subsidiaries of foreign entities is 25% of assets.

All investments made on behalf of the Trust 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. Investment of funds shall be governed by the following investment objectives in order of priority: (i) preservation and safety of principal; (ii) liquidity; and (iii) yield.

#### F. Investment Risks

Participants should specifically consider the following risks before deciding to invest in either Texas CLASS or Texas CLASS Government. The following summary does not purport to be comprehensive or definitive of all risk factors. Investing involves risks including the possible loss of principal.

#### Interest Rate Risks

The prices of the fixed-income securities in Texas CLASS will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Advisor will seek to manage this risk by purchasing short-term securities.

#### Credit Risks

Credit risk is the possibility that an issuer of a fixed-income security held in the Texas CLASS prime-style fund will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in Texas CLASS may incur losses. The Investment Advisor will seek to manage this risk by purchasing high-quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Advisor's credit research team.

#### Stable Net Asset Value Risks

Although Texas CLASS and Texas CLASS Government will be managed to maintain a stable NAV of \$1.00 per share, there is no guarantee that it will be able to do so.

#### Investment Not Insured or Guaranteed

An investment in Texas CLASS is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### Liquidity Risk

The Trust is subject to certain liquidity risks in which the size of a bond's market, the frequency of trades, the ease of valuation, and/or issue size may impact the Investment Advisor's ability to sell investments in a timely fashion or at or near fair value in order to fulfill a Participant's redemption request.

### Market Risk

Market risk is the risk that the value of securities owned goes up or down, sometimes rapidly and/or unpredictably, due to factors affecting securities markets generally or within particular industries.

### Issuer Risk

The risk that the value of a security declines for a reason directly related to the issuer such as management performance, financial leverage, and reduced demand for the issuer's goods or services.

### Default Risk

The risk that a bond issuer (or counterparty) will default by failing to repay principal and interest in a timely manner.

### G. General Information Regarding the Trust

The intent of the Trust is to maintain a net asset value of \$1.00. However, there is no guarantee that a net asset value of \$1.00 can be maintained due to the risk of market price fluctuation. The Investment Criteria as described in Exhibit E of the Trust Agreement and the Investment Policy as well as the Investment Strategy may be amended by a majority of the Board of Trustees.

The Funds will seek to attain their investment objectives. However, no guarantees or assurances can be given that the Funds will achieve their investment

objectives or that any benefit described in this Information Statement will result from the placement of money in the Funds.

### H. Portfolio Transactions

Pursuant to the Act, the Board of Trustees has appointed the Program Administrator to invest and manage the funds of the Trust. Portfolio transactions occur primarily with major dealers in money market instruments acting as principals. Such transactions are normally on a net basis that does not involve payment or brokerage commissions. Transactions with dealers normally reflect the spread between bid and asked prices.

### I. Program Information

For the most current information on the Trust, please visit [www.texasclass.com](http://www.texasclass.com).

## Part Two: Investing Through Texas CLASS

### A. How to Open an Account with Texas CLASS and/or Texas CLASS Government

Any municipality, county, school district, or authority created under Section 52(b)(1) or (2) Article III or Section 59, Article XVI, Texas Constitution, a freshwater supply district, a hospital district and any political subdivision, authority, public corporation, body politic, or instrumentality of the state of Texas, any office, department, commission, board, or other agency that is part of any branch of state government, institution of higher education, and any nonprofit corporation acting on behalf of any of those entities that has taken action required by Section 2256.016 of the Act (Public Entity) may join the Texas CLASS and/or the Texas CLASS Government investment program. In order to join either Fund, an eligible Public Entity must adopt the Trust Agreement through a majority



vote of its governing body. To obtain information on how to become a Participant, please contact the Client Service Desk at (800) 707-6242. Upon receipt and acceptance of such forms and any other necessary documents, the Public Entity will be a Participant of Texas CLASS and may make its initial investment of funds.

## B. Investments and Payments

Investments in and payments from the Trust can be made by Participants on any business day using the Texas CLASS online transaction system. It is the responsibility of Participants to provide instructions to their respective banks to wire or electronically transfer funds to the account at the Custodian when contributions are made. Participants are responsible for any wire charges billed by their own banks. Custodian wire charges are an expense of the Trust.

For security purposes, only previously designated Participant officials may conduct transactions, and funds will only be wired to payees listed on the list of approved payees provided by the Participant to the Program Administrator in advance of the payment.

In the unlikely event that the online transaction portal is unavailable, Texas CLASS Participants may contact the Client Service team at (800) 707-6242 for further assistance.

A Participant may withdraw from Texas CLASS at any time at its discretion by sending an appropriate written notice to Texas CLASS.

## C. Reports to Participants

Each Participant receives an annual report containing the audited financial statements of the Trust including a statement of assets and liabilities and a statement of operations and changes in net assets of the Trust. The fiscal year end is June 30 of each

calendar year. Each Participant receives a monthly report of its own account(s). Potential Participants are advised to review the financial reports for the Trust that are made available to them.

## D. Identity of Advisors

### The Program Administrator

Public Trust Advisors, LLC is the Program Administrator under the Trust Agreement. Public Trust Advisors, LLC is an SEC-registered investment advisor and is located at 717 17th Street, Suite 1850, Denver, Colorado, 80202. Its phone number is (800) 707-6242.

### Auditors

Cohen and Company, a national accounting firm, serves as the independent auditor for the Trust and provides an opinion on the financial statements of the Trust in accordance with generally accepted accounting principles.

### The Custodian

The Custodian is UMB Bank, N.A. with multiple offices in Dallas, Fort Worth, and other locations throughout the state.

### Attorneys

Bracewell LLP serves as legal counsel to the Trust. The address of Bracewell LLP is 1445 Ross Avenue, Suite 3800, Dallas, Texas, 75202. Its phone number is (214) 758-160

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Texas CLASS is not a bank. An investment in Texas CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Texas CLASS seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Past performance is

no guarantee of future results. Any financial and/or investment decision may incur losses. External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

5/23 Managed by Public Trust Advisors, LLC

2435 N. Central Expressway, Suite 1200  
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[clientservices@texasclass.com](mailto:clientservices@texasclass.com)

[www.texasclass.com](http://www.texasclass.com)





## Trust Agreement

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February 25, 2021



Texas Cooperative Liquid Assets Securities System Trust

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NINTH AMENDED AND RESTATED  
TRUST AGREEMENT

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Dated as of February 25, 2021

by and among

The Texas Participants that have entered into this Agreement,

UMB Bank, N.A., as Custodian

and

Public Trust Advisors, LLC, as Program Administrator

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## PREAMBLE

This Ninth Amended and Restated Trust Agreement dated as of February 25, 2021 (the Agreement) is by and among the Texas local governmental entities and public entities that have taken the actions required by Section 2256.016 of the Public Funds Investment Act, Texas Government Code, and that have either executed this Agreement or counterparts of this Agreement or Participation Certificates pursuant to Section 2.3 hereof (the Participants), UMB Bank, N.A., as Custodian (the Custodian) and Public Trust Advisors, LLC, (the Program Administrator) and amends and restates that certain Eighth Amended and Restated Trust Agreement dated as of April 8, 2019, among the Participants, the Custodian and Public Trust Advisors, LLC the Program Administrator.

WHEREAS, each Participant is permitted pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, to pool its funds, or funds under its control, with any similar funds in the treasury of other Participants for the purpose of investing such funds in statutory permitted investments; and

WHEREAS, each Participant will receive a substantial benefit by agreeing to invest such funds in concert with the other Participants because of economies of scale; and

WHEREAS, it will increase the efficiency of such investment if the funds to be invested in concert are held by one entity, the Custodian, which will hold such funds and investments in its capacity as custodian for the benefit of the Participants; and

WHEREAS, it will increase the efficiency of such investment if the advisory, record-keeping and other administrative functions are performed by one entity, the Program Administrator, acting on behalf of the Board of Trustees (as hereinafter defined) and the Participants and if the investment instructions of the Participants, are transmitted through one entity, the Program Administrator, to the Custodian.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, each party hereto agrees that all moneys, assets, securities and property now or hereafter acquired by the Trust (as hereinafter defined) shall be held and managed in trust by the Board of Trustees (as hereinafter defined) for the equal and proportionate benefit of the Participants, without privilege, priority or distinction among the Participants, and subject to the terms, covenants, conditions, purpose and provisions hereof as follows:

# ARTICLE I

## THE TRUST AND DEFINITIONS

### 1.1 The Trust.

(a) The name of the Trust created by this Agreement shall be "Texas Cooperative Liquid Assets Securities System Trust" or "Texas CLASS." The Board of Trustees retains all rights to the use of the names "Texas CLASS" and "Texas Cooperative Liquid Assets Securities System Trust" and neither the Program Administrator nor the Custodian shall use the name without express consent of the Board of Trustees as reflected in the minutes of the Board of Trustees or another written document approved by the Board of Trustees. Any and all reports, information, data, statistics, forms, plans, procedures, studies and any other communications or form of knowledge prepared or assembled by the Program Administrator for the specific and exclusive benefit of the Board of Trustees or Texas CLASS shall become the property of the Board of Trustees and shall not be made available to any individual, Company, or organization without the prior written approval of the Board of Trustees or except as required by law. So far as may be practicable and pursuant to the provisions of this Trust Agreement, the Custodian and the Board of Trustees shall conduct the Trust's activities, execute all documents and sue or be sued under either of the foregoing names.

(b) The purpose of the Trust is to establish one or more investment pools for the Participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, through which a Participant may pool any of its funds or funds under its control, with the same such funds of any other Participant in order to preserve principal, to maintain the liquidity of the Participant, and to maximize yield in accordance with the Public Funds Investment Act (the "Act"), Section 2256.001, et seq., Texas Government Code or other laws of the State of Texas, from time to time in effect, governing the investment of funds of a Participant or funds under its control.

(c) The Trust shall maintain an office of record in the State of Texas and may maintain such other offices or places of business as the Board of Trustees may from time to time determine. The initial office of record of the Trust shall be: c/o Bracewell LLP, Attention: Julie M. Partain, Esq., 1445 Ross Avenue, Ste 3800 Dallas, Texas 75202. The office of record may be changed from time to time by resolution of the Board of Trustees, and notice of such change of the office of record shall be given to each Participant, the Custodian and the Program Administrator.

(d) (i) The Trust shall be a trust organized and existing under the laws of the State of Texas. The Trust is not intended to be, shall not be deemed to be, and shall not be treated as a general partnership, limited partnership, joint venture, corporation, investment company or joint stock company. The Participants shall be beneficiaries of the Trust, and their relationship to the Board of Trustees shall be solely in their capacity as Participants and beneficiaries in accordance with the rights conferred upon them hereunder.

(ii) This Agreement is an agreement creating one or more investment pools within the meaning of the Act.

(e) The Board may authorize the creation of one or more different portfolios or pools, provided however, that each such portfolio or pool shall conform in all respects to the requirements of this Agreement and shall each have a separate investment portfolio and information statements and shall, in all respects, comply with the Act.

(f) The Board may authorize the use of the names "Texas Cooperative Liquid Assets Securities Systems Trust" and "Texas CLASS") in conjunction with other products, portfolios, pools and services which provide investment, financial or other cash management services to Participants and for purposes of this Agreement, such name shall include any pools or portfolios established pursuant to this Agreement. The Program Administrator may identify a name for any additional pools or portfolios established pursuant to this Agreement, subject to Board approval.

## 1.2 Definitions.

**"Account(s)"** shall have the meaning set forth in Section 5.3 (a) hereof.

**"Act"** shall have the meaning set forth in Section 1.1(b) hereof.

**"Affiliate"** means, with respect to any Person, another Person directly or indirectly in control of, controlled by or under common control with such Person, or any officer, director, partner or employee of such Persons.

**"Agreement"** means this Ninth Amended and Restated Trust Agreement dated as of February 25, 2021, as amended, by and among Public Trust Advisors, LLC, as Program Administrator, UMB Bank, N.A., as Custodian, and the Participants.

**"Balance(s)"** for each Participant means the amounts initially equal to zero that are adjusted pursuant to Article II hereof to reflect, among other things, cash investments by such Participant in each pool or portfolio established pursuant to this Agreement, within the Trust, cash payments to such Participant, a pro rata distribution of income from the earnings of each pool or portfolio established pursuant to this Agreement, in which each Participant has invested funds, investment results and expenses and fees for each pool or portfolio established pursuant to this Agreement, in which the Participant has invested.

**"Board of Trustees"** means the board of the Trustees established pursuant to Article III hereof.

**"Business Day"** means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in the State of Texas are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed."

**"Conflicting Provisions"** shall have the meaning set forth in Section 10.3 hereof.

**"Custodian"** means UMB Bank, N.A., as custodian, or any Person or Persons appointed, employed or contracted with by the Trust pursuant to Article V hereof.

**"Effective Date"** means the first day that execution copies of this Agreement have been executed by the Program Administrator, the Custodian, and the Chairman and Secretary of the Board of Trustees.

**"Good Standing"** means a Participant that has funded an account with Texas CLASS.

**"Investment Advisor"** shall mean any person or persons appointed, employed, or contracted with by the Board on behalf of the Trust pursuant to Article III hereof or by the Program Administrator pursuant to Article IV hereof.

**"Investment Funds"** means immediately available funds delivered by each Participant to the Custodian for investment in one or more pools or portfolios established pursuant to this Agreement but only if (i) the Representative appointed by such Participant is authorized pursuant to the laws of the State of Texas to invest such funds and (ii) the Participant has taken all actions necessary pursuant to the laws of the State of Texas to authorize the delivery and investment of such funds.

**"Investment Policy"** means that investment policy or policies containing procedures and criteria for the investment of funds in Texas CLASS and its sub-accounts, or in any other pool or portfolio established pursuant to this Trust Agreement as adopted annually by the Board of Trustees of Texas CLASS and incorporated herein by reference.

**"Investment Procedures"** means the procedures for making investments in the Investment Property set forth in Exhibit A attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program Administrator providing notice of such change to the Custodian and the Participants.

**"Investment Property"** means any and all securities, cash and other personal property, tangible or intangible, which is transferred, conveyed or paid to the Account(s) pursuant to Section 2.1 hereof or otherwise and all proceeds, income, profits and gains therefrom that have not been distributed to a Participant pursuant to Section 2.2 hereof, used to discharge an Investment Property Liability or offset by losses, if any, and expenses. Notwithstanding anything to the contrary, the Custodian shall not be required to hold, purchase, sell or invest in interests in real property under this Agreement, and the Participants shall not attempt to transfer such interests to the Custodian. Investment Property shall not include securities purchased in anticipation of the delivery of funds by a Participant when such funds are not actually received by the Custodian by the anticipated delivery date, and any such securities may be immediately sold and the proceeds used to pay any Person that did in fact provide monies to purchase such securities.

**"Investment Property Liability"** means any liability (whether known, unknown, actual, contingent or otherwise) incurred in connection with the Investment Property pursuant to this Agreement that is not specified in Section 6.1 hereof as being paid by the Program Administrator or specified in this Agreement as being paid directly by a Participant.

**"Investment Property Value"** means the value of the Investment Property net of the amount of the Investment Property Liabilities as determined pursuant to Section 4.5 hereof and the Valuation Procedures. Such value shall be determined separately for each pool or portfolio established pursuant to this Trust Agreement.

**"Meeting of the Board of Trustees"** means a duly called meeting of the Board of Trustees.

**"Participants"** means any municipality, county, school district or authority created under Section 52(b)(1) or (2), Article III or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, any office, department,



commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities (i) to which Chapter 2256 is applicable; (ii) that has taken the actions required by Section 2256.016 of the Act; (iii) that has executed either this Agreement or counterparts of this Agreement or Participation Certificates pursuant to Section 2.3 hereof; and (iv) that is in Good Standing.

**"Participation Certificate"** means a certificate entered into pursuant to Section 2.3 hereof.

**"Payment Procedures"** means the procedures for requesting payments out of the Investment Property set forth in Exhibit B attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program Administrator providing notice of such change to the Custodian and the Participants.

**"Person"** means any municipality, county, school district or authority created under Section 52(b)(1) or (2), Article III or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, any office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities, corporation, national association, natural person, firm, joint venture, partnership, trust, unincorporated organization or group.

**"Program Administrator"** means Public Trust Advisors, LLC. Or any Person or Persons appointed, employed or contracted with by the Trust pursuant to Article IV hereof.

**"Representatives"** means those persons who have been designated as Representatives by the Participants pursuant to Section 2.6 hereof.

**"Trust"** means the Texas trust created as set forth in Section 1.1 of this Agreement.

**"Trustee"** means any Representative selected pursuant to Article III hereof:

**"Valuation Procedures"** means the procedures for determining the value of the Investment Property set forth in Exhibit C attached hereto, as the same may be amended from time to time (notwithstanding Section 9.1(a) hereof) by the Program Administrator providing notice of such change to the Custodian and the Participants.

## ARTICLE II

### PARTICIPANTS

#### 2.1 Investments.

(a) Each Participant shall have the right from time to time to invest Investment Funds for credit to such Participant's Balance. A Participant that wishes to make such an investment shall notify the Program Administrator acting on behalf of the Board of Trustees and follow the Investment Procedures set forth in Exhibit A. Upon such investment in accordance with

Exhibit A, the Participant shall have an undivided beneficial interest in the Investment Property.

(b) The Balance of a Participant shall be increased upon the investment of Investment Funds by an amount equal to the amount of such Investment Funds.

(c) No later than the next Business Day after a Participant has made an investment of Investment Funds, the Custodian shall deliver a confirmation to the Program Administrator. The Program Administrator shall retain a copy of the confirmation in its records.

(d) Any funds that the Program Administrator is informed do not meet the conditions set forth in clauses (i) or (ii) of the definition of Investment Funds shall be returned to the Participant investing such funds by the Custodian at the request of the Program Administrator and such Participant shall bear all of the costs and liabilities associated with the return of such funds.

(e) There is no maximum or minimum amount that must be invested pursuant to this Agreement nor are there any maximum or minimum limitations on the aggregate amount of Investment Funds that any Participant may have invested at one time.

(f) The execution of a certificate for participation, in substantially the form attached as Exhibit D, shall constitute the express written authorization to deposit, withdraw, invest, transfer and manage funds of the Participant required by Section 2256.005(f) of the Act.

## 2.2 Payments.

(a) Each Participant shall have the right from time to time to request, in accordance with the Payment Procedures set forth in Exhibit B hereto, that the Program Administrator notify the Custodian to pay to the Participant (by the transfer of the proceeds received from the sale or maturity of securities held by the Custodian), or on its behalf, any amount (rounded to the nearest whole cent) that is less than or equal to the Participant's Balance at the time that payment is made pursuant to such request. Except as provided in Exhibit B, there shall be no limitation on the period of time that Investment Funds must be invested through the Trust prior to such payment.

(b) Upon the receipt of any payment request, the Program Administrator shall notify the Custodian, in writing or orally to be followed by written confirmation, of the payment request from the Participant, and the requested amount (rounded to the nearest whole cent) shall be paid (by the transfer of the proceeds received from the sale or maturity of securities held by the Custodian) by the Custodian to, or on behalf of, such Participant as provided in Exhibit B.

(c) Whenever any payment is made to, or on behalf of, any Participant pursuant to Section 2.2 (b) hereof, such Participant's Balance shall be reduced by the Program Administrator by the amount of such payment.

(d) Each Participant agrees that, without prior notice, the right to payments may be temporarily suspended or postponed for the whole or any part of any period (i) during which trading in fixed income securities generally in any national trading market shall have been suspended or minimum prices or maximum daily charges shall have been established on such market, (ii) a general banking moratorium shall have been declared by federal or Texas state authorities or (iii) there shall have occurred any outbreak, or material escalation, of hostilities,

or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses which might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures set forth in Exhibit C from time to time. The Custodian and each Participant shall be notified as soon as practicable orally or in writing by the Program Administrator in the event that such a suspension or postponement is commenced. Such a suspension or postponement shall not itself directly alter or affect a Participant's Balance. Such a suspension or postponement shall take effect at such time as is determined by the Program Administrator, and thereafter there shall be no right to request or receive payment until the first to occur of: (a) in the case of (i) or (ii) above, the time at which the Program Administrator declares the suspension or postponement at an end, which declaration shall occur on the first day on which the period specified in clause (i) or (ii) above shall have expired; and (b) in the case of (iii) above, the end of the first day on which the period specified in clause (iii) above is no longer continuing as determined by the Program Administrator. Any Participant that requested a payment prior to any suspension or postponement of payment may withdraw its request at any time prior to the termination of the suspension or postponement. Notwithstanding anything contained in this Section 2.2(d) to the contrary, if during a suspension or postponement period, a Participant demands in writing the right to receive a payment and it is not impossible to accommodate such demand, the Program Administrator shall make all reasonable efforts to effectuate such payment demand.

### 2.3 Additional Participants After Initial Execution.

(a) Any local government or state agency as defined in the Act of the State of Texas that has the authority to pool any of its money pursuant to Section 2256.016 of the Act that wishes to become a party to this Agreement after the Effective Date may do so by taking the actions required by Section 2256.016 of the Act and by executing either a counterpart to this Agreement or a Participation Certificate attached hereto as Exhibit D and delivering the counterpart or the original executed Participation Certificate to the Program Administrator. The Program Administrator shall provide written notification monthly to the Board of Trustees and the Custodian of the admission of a new Participant. Any entity that becomes a Participant pursuant to this Section 2.3 shall have the same rights and obligations hereunder as the other Participants.

### 2.4 Termination of Participation.

(a) Any Participant may withdraw from this Agreement at any time upon written notice to the Program Administrator, who shall notify the Custodian and the Board of Trustees upon receipt of such notice of withdrawal. Upon its withdrawal from this Agreement, a Participant shall cease to have any rights or obligations under this Agreement except for any obligations arising on or before the date of withdrawal. A notice of withdrawal shall be deemed to constitute (i) a request under the Payment Procedures that an amount equal to the requesting Participant's entire Balance(s) as of the date of such notice be paid to such Participant and (ii) a termination of the Board of Trustees' trust relationship hereunder with the Participant. No withdrawal shall become effective until such Participant's Balance(s) is equal to zero, and

until such time, such Participant shall continue to possess all of the rights, and to be subject to all of the obligations, arising from this Agreement.

(b) Any Participant that breaches any material covenant contained in Article VIII hereof or for which any of the representations contained in Article VII hereof ceases to be true shall be deemed to have given a notice of withdrawal pursuant to Section 2.4(a) hereof immediately upon such breach or cessation, but shall not be deemed to have requested the payment of its Balance(s) unless and until it either makes an actual payment request or the Program Administrator determines that such a breach or cessation has occurred.

## 2.5 Receipt of Statements and Reports; Requests.

(a) The Program Administrator, on behalf of the Board of Trustees, shall provide to each Participant a copy of the statements prepared pursuant to Section 4.2 hereof and of the reports prepared pursuant to Section 4.3 hereof applicable to such Participant.

(b) In addition, each Participant may direct the Program Administrator to provide a **statement of the value of the Participant's Balance(s)** as of the date of the request, provided such request is received by the Program Administrator by 4:00 p.m. CST on a given day.. The Program Administrator shall provide such statement, subject only to account activity as of such date.

(c) On behalf of each Participant, the Program Administrator shall maintain the records relating to such Participant in a manner that records the Participant's Balance(s) as one or more subaccounts or other special accounts to accommodate the desire of such Participant to segregate a portion of its Investment Funds. The Program Administrator shall maintain a separate record for each Participant and shall record the individual transactions involving each such Participant and the total value by subaccount of all investments or portions thereof belonging to each such Participant.

(d) No Participant shall be entitled to any reports or statements applicable solely to another Participant.

## 2.6 Representatives.

(a) Each Participant shall designate a Representative to act for the Participant hereunder (the "Representative") for all purposes, including, without limitation, to give consents on behalf of the Participant and to receive notices on behalf of the Participant. Pursuant to Section 2256.005 (f) of the Act, such Representative shall be the investment officer that is empowered by the charter, ordinances or other rules or regulations of the Participant to direct the investment of such Participant's Investment Funds. The Representatives, in their capacity as Representatives shall not be required to devote their entire time to duties under the Agreement. To the extent permitted by law, each Representative may designate additional persons who may act on behalf of the Representative to transmit the Representative's instructions to the Program Administrator, the Custodian or the Board of Trustees.

(b) Each Representative shall be the official responsible for the investment of Investment Funds into the Trust and all payments made from the Trust for the Participant represented by such Representative. In making such investments and payment requests,

each Representative shall use judgment and care to achieve the following objectives in the indicated order: (i) preservation and safety of principal, (ii) liquidity, and (iii) yield.

## 2.7 Liability.

No Representative shall be subject to any personal liability whatsoever to any person, in connection with the Investment Property or affairs of the Board, other than liability arising from the bad faith, willful misfeasance, gross negligence or reckless disregard of duty by such Representative of a Participant. No Representative of a Participant who is made a party to any suit or proceeding to enforce any such liability shall on account thereof be held to any personal liability.

# ARTICLE III

## TRUSTEES AND THE BOARD OF TRUSTEES

### 3.1 Selection of Trustees.

(a) Each calendar year, the Program Administrator shall call, upon at least fifteen days' written notice to the Participants, a meeting of the Participants for the purpose of selecting Trustees for the Trust. If the Program Administrator shall fail to call such a meeting, any two Participants may call such a meeting by providing at least fifteen days' written notice to the other Participants. At such meeting, the Participants may nominate persons to serve as Trustees of the Trust. In order to qualify to be nominated as a Trustee, a candidate must be a Representative. The number of Trustees to be selected shall be determined by the Participants at such meeting, provided that the number of Trustees shall be an odd number of three (3) or more. In order to be elected as a Trustee, a candidate must receive a majority of the votes of the Participants present and voting at such meeting. A quorum for such meeting shall be the lesser of (i) fifteen Participants or (ii) ten percent of the total number of Participants determined at the time the notice of the meeting is sent. If a quorum is not present, the meeting may be adjourned to a future time and place set at such meeting. Each Participant shall be entitled to one vote regardless of the amount of funds invested in the Trust. To the extent permitted by law, each Representative may designate a person who may act on behalf of the Representative at a meeting of Participants.

(b) The Program Administrator shall send written notice to the Participants and the Custodian listing the names of the Trustees elected at each annual meeting.

### 3.2 Board of Trustees.

The Board of Trustees shall be made up of all of the Trustees elected by the Participants or designated pursuant to Section 3.5 hereof. The Board of Trustees shall supervise the Trust and the affairs of the Trust and shall act as the liaison between the Participants and the Custodian and the Program Administrator. The Board of Trustees shall appoint an advisory board to advise the Trust, as required by the Act. The Board of Trustees shall have the power to administer the affairs of the Trust and to enter into contracts and agreements on behalf of the Trust in order to effectuate the terms of this Agreement. The Board of Trustees shall have the power to select all of the Trust's consultants, including, without limitation, the Program Administrator and the Custodian, subject to the terms of this Agreement. The Trustees shall

select by majority vote a chairman of the Board of Trustees, and may select such other officers of the Board of Trustees, including, without limitation, a vice chairman and a secretary, as the Trustees deem appropriate. In the absence of the chairman, the vice chairman, if any, shall have the power to act in place of the chairman hereunder.

### 3.3 General Powers.

Subject to the rights of the Participants as provided herein, the Board shall have, without other or further authorization, power to administer the Trust and the affairs of the Trust. The Board may do and perform such acts and things as in their sole judgment and discretion are necessary and proper for the administration of the Trust and the investment of the Trust Property, but shall invest with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation, but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital.

### 3.4 Legal Title.

Title to all of the Trust Property shall be vested in the Trust on behalf of the Participants who shall be the beneficial owners. The Trust shall have full and complete power to cause legal title to any Trust property to be held, on behalf of the Participants, by or in the name of the Trust, or in the name of any other person as nominee, on such terms, in such manner, and with such powers as the Board may determine, so long as in its judgment the interest of the Trust is adequately protected.

### 3.5 Power to Contract, Appoint, Retain and Employ.

(a) The Board is responsible for the investments of the Trust consistent with the investment policies established in this Trust Agreement and for the general administration of the business and affairs of the Trust conducted by officers, agents, employees, administrators, investment advisors, distributors or independent contractors of the Trust. However, members of the Board are not required to devote their entire time to the business and affairs of the Trust or to personally conduct the routine business of the Trust. Consistent with their responsibilities, the Board may appoint, employ, retain or contract on behalf of the Trust with any persons the Board may deem necessary or desirable for the transaction of the affairs of the Trust, and the expenses relating to such persons shall be Investment Property Liabilities. The Board may appoint, employ, retain or contract on behalf of the Trust with such persons for the purpose of :

- (i) Serving as Investment Advisor to the Trust;
- (ii) Serving as Program Administrator of the Trust;
- (iii) Serving as Custodian for the Trust;
- (iv) Furnishing reports to the Trust and provide research, economic, and statistical data in connection with the Trust's investments;
- (v) Acting as consultants, accountants, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers or insurance agents, or in any other capacity deemed by the Board to be necessary or desirable;

(vi) Acting as attorney-in-fact or agent in the purchase or sale or other disposition of investments, and in the handling, prosecuting, or other enforcement of any lien or security securing investment; or

(vii) Assisting in the performance of such other functions necessary in the management of the Trust.

(b) The same person may serve simultaneously as the Program Administrator and as the Investment Advisor, but no person serving as the Program Administrator or the Investment Advisor may serve as the Custodian.

### 3.6 Meetings.

Meetings of the Board of Trustees may be called by the Program Administrator at any time, and shall be called by the Program Administrator upon the request of at least two Trustees, on at least seventy-two hours' notice to each Trustee and shall be held at the time and place and for the purposes stated in the call of the meeting. There shall be at least one meeting of the Board of Trustees in each calendar year.

### 3.7 Delegation; Committees; Bylaws; Policies; Procedures.

The Board shall have full and complete power to delegate from time to time to one or more of their number (who may be designated as constituting a Committee of the Board) or to officers, employees or agents of the Trust (including without limitation, the Program Administrator, the Custodian, or the Investment Advisor) the doing of such acts and things and the execution of such instruments as the Board may from time to time deem expedient and appropriate in the furtherance of the business affairs and purposes of the Trust. The Board may adopt and, from time to time, amend or repeal by-laws, policies or procedures for the conduct of the business of the Trust. Such by-laws, policies or procedures, may, among other things, define the duties of the respective officers, agents, employees and representatives of the Trust.

### 3.8 Term.

The term of office for Trustees elected pursuant to Section 3.1(a) hereof shall commence thirty days after the notice specified in Section 3.1(c) is sent to the Participants and the Custodian. The term of office for Trustees selected pursuant to Section 3.5 hereof shall commence immediately upon such selection. Each Trustee shall hold office until the first to occur of: (a) the Trustee's resigning, (b) the Trustee ceasing to be a Representative of a Participant, (c) the Trustee's death, (d) the Trustee's being adjudicated incompetent or otherwise losing the capacity to discharge the duties of the office of a Trustee and € the term of office of the Trustee's successor having begun pursuant to this Section 3.8.

### 3.9 Vacancies.

If any Trustee resigns or is removed or otherwise ceases to serve, the remaining Trustees may designate a qualified successor to fill such vacancy until the next annual meeting of Participants.

### 3.10 Costs.

The expenses of each Representative to attend the annual meeting shall be borne by each Participant. The reasonable out-of-pocket expenses of the Trustees incurred in the



performance of their duties hereunder and of attending a meeting of the Board of Trustees shall be Investment Property Liabilities.

### 3.11 Investment Officer.

The chairman of the Board of Trustees, ex officio (or in the absence of the chairman, the vice chairman, if any), shall be the investment officer for the Trust as required by Section 2256.005 (f) of the Act.

### 3.12 Public Proceedings.

Notwithstanding anything contained in this Agreement, the Board of Trustees shall comply with the applicable provisions of Chapter 552 of the Texas Government Code.

### 3.13 Telephone Participation.

Upon the occurrence of an emergency or unforeseeable circumstances requiring immediate action, a Representative may participate in a meeting of Participants and a Trustee may participate in a meeting of the Board of Trustees through the use of a conference telephone, provided that such Representative or Trustee is able to hear the deliberations of the other Representatives or Trustees, respectively, and the other Representatives or Trustees are able to hear such Representative or Trustee, respectively, simultaneously.

### 3.14 Liability.

No Trustee or officer of the Board shall be subject to any personal liability whatsoever to any person, in connection with the Investment Property or affairs of the Board, other than liability arising from the bad faith, willful misfeasance, gross negligence or reckless disregard of duty by such Trustee or officer; and all persons shall look solely to the Investment Property for satisfaction of claims of any nature arising in connection with the affairs of the Board. No member or officer of the Board who is made a party to any suit or proceeding to enforce any such liability shall on account thereof be held to any personal liability.

### 3.15 Insurance.

The Board shall have full and complete power to purchase and pay for, entirely out of Trust property, insurance policies insuring the Trust, the Trustees, officers, employees and agents of the Trust individually against all claims and liabilities of every nature arising by reason of holding or having held any such office or position, or by reason of any action alleged to have been taken or omitted by the Trust or any such person, officer, employee and agent, including any action taken or omitted that may be determined to constitute negligence, whether or not the Trust would have the power to indemnify such person against such liability. The Board may instruct the Program Administrator to obtain such insurance on behalf of the Board in such amount as the Board and the Program Administrator shall deem adequate to cover all foreseeable liabilities to the extent available at reasonable rates.



## ARTICLE IV

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### PROGRAM ADMINISTRATOR

#### 4.1 Appointment; General Provisions.

(a) The Participants hereby appoint Public Trust Advisors, LLC as the Program Administrator under this Agreement, subject to the overall supervision of the Board of Trustees, for the period and on the terms set forth in this Agreement.

(b) Public Trust Advisors, LLC accepts such appointment and agrees to render the services and to assume the obligations set forth herein, for the compensation herein provided.

(c) The Participants and the Board of Trustees agree that the Program Administrator shall invest the Investment Property in investments meeting the criteria set forth in Exhibit E and in the Investment Policy applicable to each pool or portfolio established pursuant to this Trust Agreement, and in a manner that maintains the AAA or equivalent rating of Texas CLASS and any other pool or portfolio established pursuant to this Trust Agreement. The Program Administrator is directed to cause Investment Property of each Participant to be invested in investments meeting the criteria set forth in Exhibit E and in the Investment Policy applicable to each pool or portfolio established pursuant to this Trust Agreement and in a manner that maintains the AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service, of any pool or portfolio established pursuant to this Agreement. The Board and the Participants delegate no investment discretion to the Program Administrator hereunder to invest in investments not meeting the criteria set forth in Exhibit E and the Program Administrator expressly refuses to accept any delegation of such discretion. The decision concerning which criteria shall be contained on Exhibit E shall remain at all times under the control of the Board of Trustees. The Board of Trustees shall ensure that the criteria set forth on Exhibit E are permitted by, and consistent with the standards and the duty of care set forth in, the Act.

(d) Each Participant directs the Custodian to act, and the Custodian agrees to act, in accordance with the instructions of the Program Administrator who shall act in a manner consistent with this Agreement. The Program Administrator shall at no time have custody of, possession of, or physical control over, any of the Investment Property. If a Participant in error delivers Investment Funds for investment to the Program Administrator instead of to the Custodian, the Program Administrator shall immediately transfer such Investment Funds to the Custodian. The Program Administrator shall not be liable for any act or omission of the Custodian, but shall be liable for the Program Administrator's acts and omissions as provided herein. Under no circumstance shall the Program Administrator be authorized or permitted to withdraw, or instruct the Custodian to withdraw, Investment Property maintained with the Custodian unless acting upon the request of a Participant pursuant to Section 2.2(a).

#### 4.2 Monthly Statements.

(a) Within 15 days subsequent to the end of each month, the Program Administrator shall, on behalf of the Board of Trustees, prepare and submit to each Participant which was a

Participant during such month a statement setting forth the information required by Section 2256.016(c)(2) of the Act.

(b) The Program Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's Balance(s) as of the date of such request, subject only to account activity as of such date provided that such request is received by the Program Administrator by 5:00 p.m. CST on a given date.

#### 4.3 Reports.

(a) The Program Administrator shall prepare or cause to be prepared:

(i) at least annually a report of operations containing a statement of the Investment Property and the Investment Property Liabilities and statements of operations and of net changes in net assets prepared in conformity with generally accepted accounting principles consistently applied and

(ii) at least annually an opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Program Administrator with respect to the Investment Property, performed in accordance with generally accepted auditing standards. A copy of such signed report of operations and accountant's opinion shall be filed with the Board of Trustees and the Participants within ninety (90) days after the close of the period covered thereby.

(b) The Program Administrator shall provide to the Board, on an annual basis, the Certification substantially as set forth in Exhibit H.

(c) The Program Administrator shall provide to the Board, the Securities and Exchange Commission form ADV filing of Public Trust Advisors, LLC within ninety (90) days of such filing.

(d) The Program Administrator shall provide to the Board, on an annual basis, Public Trust Advisors, LLC's disaster/contingency plan for the protection of the assets of Texas CLASS and any other pool or portfolio established pursuant to this Trust Agreement.

#### 4.4 Investment Activities and Powers.

Subject to the supervision of the Board of Trustees, and consistent with Section 4.1(c), the investment criteria set forth in Exhibit E and in the Investment Policies, the Program Administrator shall perform the following services:

(a) advise the Board of Trustees concerning investments which appear to the Program Administrator to be advantageous to the Participants within the investment criteria set forth in Exhibit E and within all applicable law, provided, however, the Board of Trustees shall have the duty to inform the Program Administrator of any changes to the Act;

(b) implement or cause to be implemented securities transactions for the Trust on behalf of the Board of Trustees and the Participants as permitted by the investment criteria set forth in Exhibit E (including, without limitation, by executing or causing to be executed on behalf of and as an agent of the Trust agreements and other documents containing representations, warranties and covenants that are common or standard for such agreements and documents within the investment industry) or, despite the intention of the parties hereto

to always have the Investment Property fully invested, cause the Custodian to hold the Investment Property uninvested in a custodial account maintained for the benefit of the Trust;

(c) from time to time, review the permitted investments and the investment criteria set forth in Exhibit E and, if circumstances and applicable law permit, recommend changes in such permitted investments and such investment criteria;

(d) provide such advice and information to the Participants and the Board of Trustees on matters related to investments as the Participants or the Board of Trustees may reasonably request, including, without limitation, research and statistical data concerning the Investment Property and other matters within the scope of the permitted investments and investment criteria set forth in Exhibit E;

(e) advise whether and in what manner all rights conferred by the Investment Property should be exercised;

(f) prepare such information and material as may be required in the implementation of the Valuation Procedures or the computation of the Balances and the preparation of any and all records and reports required by this Agreement or applicable laws; and

(g) employ, consult with, obtain advice from and exercise any of the Program Administrator's rights or powers under this Agreement through the use of agents, including investment advisors, brokers, dealers, auditors and legal counsel (who may be counsel to the Program Administrator or the Board of Trustees) or other advisors. Notwithstanding Section 10.9 hereof, the Program Administrator may transmit information concerning the Investment Property and the Participants to such agents.

#### 4.5 Daily Calculation of Program Value and Rate of Return.

(a) The Program Administrator shall calculate the Investment Property Value once on each Business Day at the time and in the manner provided in the Valuation Procedures.

(b) Upon performing the valuation specified in Section 4.5(a) hereof, the Program Administrator shall calculate (rounding off to the nearest whole cent) the Balance of each Participant and each Balance of each of the Participants shall be adjusted proportionately so that the total Balances of all the Participants equals the Investment Property Value.

(c) For purposes of calculating the Investment Property Value, the amount of any uncertain or contingent Investment Property Liability shall be deemed to be equal to the amount of the reserve, if any, against such Investment Property Liability that has been approved from time to time by the Program Administrator.

(d) For purposes of calculating the Investment Property Value, if the value of any part of the Investment Property is uncertain or contingent, the value of such part of the Investment Property shall be deemed to be equal to the amount determined from time to time by the Program Administrator.

(e) The Program Administrator shall calculate daily the rate of return earned on the Investment Property.

#### 4.6 Administration of Program.

The Program Administrator shall perform the following administrative functions on behalf of the Board of Trustees in connection with the implementation of this Agreement:

(a) collect and maintain for such time period as may be required under any applicable federal or Texas law written records of all transactions affecting the Investment Property or the Balances, including, but not limited to (a) investments by and payments to or on behalf of each Participant; (b) acquisitions and dispositions of Investment Property; (c) pledges and releases of collateral securing the Investment Property; (d) determinations of the Investment Property Value; (e) adjustments to the Participants' Balances; and (f) the current Balance and the Balances at the end of each month for each Participant. There shall be a rebuttable presumption that any such records are complete and accurate. On behalf of each Participant, the Program Administrator shall maintain the records relating to such Participant in a manner that subdivides the Participant's Balance into subaccounts or other special accounts to accommodate the desire of such Participant to segregate a portion of its Investment Funds;

(b) assist in the organization of the annual meeting required by Section 3.1(a) hereof and of Meetings of the Board of Trustees, including preparation and distribution of the notices and agendas therefor;

(c) respond to all inquiries and other communications of Participants, if any, which are directed to the Program Administrator, or, if any such inquiry or communication is more properly addressed by an officer of the Custodian, referring such inquiry or communication to such person and coordinating his response thereto;

(d) pay all Investment Property Liabilities in accordance with this Agreement from the Investment Property; and

(e) engage in marketing activities to promote participation of Texas governmental entities in the Trust.

#### 4.7 Resignation and Removal.

(a) The Program Administrator may resign as Program Administrator upon the giving of at least sixty (60) days' prior written notice of such resignation to the Board of Trustees and the Custodian.

(b) A majority of the Board of Trustees may remove the Program Administrator upon the giving of at least sixty (60) days' prior written notice to the Program Administrator and the Custodian.

(c) In the event that the Program Administrator shall give notice of its resignation or if the Board of Trustees shall give notice of the removal of the Program Administrator, a majority of the Board of Trustees shall appoint a successor.

(d) Upon notification of the removal or resignation of the Program Administrator, the Program Administrator shall deliver to the Board all data and records pertaining to Texas CLASS and its Participants within 60 days of the notification of removal or resignation, provided, however, that the Program Administrator may retain copies of any such data and records required to be retained by it by law or in compliance with the requirements of its corporate records retention policy. The Program Administrator shall continue to administer

Texas CLASS until a successor program administrator is appointed by the Board under the terms of this Agreement.

(e) If a new program administrator is not appointed by the Board within 60 days of a notification of removal or resignation of the Program Administrator, the Program Administrator shall continue to administer Texas CLASS until a successor program administrator is selected, but shall be compensated for such administration pursuant to an agreement to be negotiated between the Program Administrator and the Board.

#### 4.8 Liability.

(a) Each Participant agrees that the Program Administrator and its officers, directors, agents and employees shall not be liable for any action performed or omitted to be performed or for any errors of judgment made in good faith in connection with any matters to which this Agreement relates, provided that such disclaimer shall not relieve any of them for liability arising from negligence, malfeasance, material breach of this Agreement by the Program Administrator or violation of applicable law by any of them ("Program Administrator Liabilities"). Nothing herein shall constitute a waiver or limitation of any rights which the Participants may have under any federal or state securities laws.

(b) Each Participant, the Board of Trustees and the Custodian understand that in performing its services hereunder the Program Administrator will rely on information provided by others and agree that the Program Administrator is not responsible for the accuracy of such information.

#### 4.9 Power to Receive Investment Advice.

The Program Administrator shall have the right, at its own cost, to receive investment advice concerning the Investment Property from any other third party. Notwithstanding the provisions of Section 10.9 hereof, the Program Administrator may transmit information concerning the Investment Property and the Participants such other third parties in order to obtain such investment advice. The Program Administrator shall notify the Board of Trustees if any third parties are retained. pursuant to this Section 4.9 within 45 days of such retention.

#### 4.10 Advice to Other Clients.

It is understood that the Program Administrator performs investment advisory services for various clients. The Participants agree that the Program Administrator may give advice and take action with respect to any of its other clients which may differ from the advice given to, or the timing or nature of action taken with respect to, the Investment Property; provided that the policy and practice of the Program Administrator is not to favor or disfavor consistently or consciously any client or class of clients in the allocation of investment opportunities and that, to the extent practical, such opportunities are allocated among clients over a period of time on a fair and equitable basis. Nothing herein contained shall be construed so as to prevent the Program Administrator or any of its directors, officers, employees, shareholders or affiliates in any way from purchasing or selling any securities for its or their own accounts prior to, simultaneously with or subsequent to any recommendation or actions taken with respect to the Investment Property or impose upon the Program Administrator any obligation to purchase or sell or to recommend for purchase or sale for the Investment Property any security which the Program Administrator or any of its shareholders, directors, officers, employees or affiliates may purchase or sell for its or their own accounts or for the

account of any other client, advisory or otherwise; provided always, however, that the Program Administrator shall use its best efforts to maximize the gains for the Investment Property in a manner consistent with the investment criteria set forth in Exhibit E hereof.

#### 4.11 Special Sub-accounts.

Notwithstanding anything in this Agreement to the contrary, the Program Administrator from time to time may propose to the Participants that the Participants establish specially designated subaccounts with investment, payment procedures, fees or other characteristics different from those set forth in this Agreement. Such characteristics may include, without limitation, certain restrictions on amounts to be invested, holding periods prior to payments or certain other conditions to be met for payments, such as possible payment penalties, or additional fees for administering such specially designated subaccounts. A Participant in its sole discretion may create any such special subaccount using the same procedures for establishing other subaccounts set forth in this Agreement. The establishment of such special subaccounts shall not be deemed an amendment of this Agreement. Any special subaccount that is created pursuant to this Section 4.11 shall be subject to the terms set forth in the proposal of the Program Administrator until the terms governing such special subaccount are amended pursuant to this Agreement. The Program Administrator may calculate the return realized by such special subaccounts separate and apart from the returns realized by other subaccounts maintained for each Participant.

#### 4.12 Intellectual Property.

(a) The Trust will own all Intellectual Property related to the name "Texas Cooperative Liquid Assets Securities System Trust" and "Texas CLASS." For purposes of this section, "Intellectual Property" shall mean all of the rights, relating to the names, "Texas Cooperative Liquid Assets Securities System Trust" and "Texas CLASS" including copyrights, trademark and service mark rights, trade dress rights, rights of publicity, web site and the internet domain rights. Public Trust Advisors, LLC makes no representation or warranty that it owns any Intellectual Property rights in those names, or that there are no third parties who may claim rights to intellectual property rights in or associated with the names.

(b) Public Trust Advisors, LLC hereby assigns all Intellectual Property rights that it has or may have that are not otherwise conveyed by other instrument or party, to the Trust. Public Trust Advisors, LLC represents and warrants to the Board that it has the right and authority to transfer to the Trust all Intellectual Property that it has or may have, in each case to the extent such Intellectual Property is reasonably necessary for the Trust's ownership, operating and full enjoyment of the name "Texas Cooperative Liquid Assets Securities System Trust" and "Texas CLASS". The Board assigns to Public Trust Advisors, LLC an irrevocable license during the term of Public Trust Advisors, LLC's tenure as Program Administrator to use all Intellectual Property rights described herein in connection with the administration of the Trust.

## ARTICLE V

### THE CUSTODIAN

#### 5.1 Appointment and Acceptance; Sub-Custodians.

(a) UMB Bank, N.A., as Custodian, is appointed by each of the Participants to be the Custodian for the collective interests of the Participants under this Agreement for the period and on the terms set forth herein. The Participants hereby delegate to the Custodian the authority to hold legal title to investments purchased with their funds pursuant to Section 2256.016(d) of the Act. UMB Bank, N.A., as Custodian, accepts such appointment and agrees to render the services and to assume the obligations set forth herein, for the compensation herein provided.

(b) The Custodian may employ other banks and trust companies as sub-custodians, including without limitation, affiliates of the Custodian. The appointment of a sub-custodian under this Section shall not relieve the Custodian of any of its obligations under this Agreement.

(c) No Investment Funds or Investment Property received or held by the Custodian pursuant to this Agreement shall be accounted for in any manner which might cause such Investment Funds or Investment Property to become assets or liabilities of the Custodian.

#### 5.2 Resignation and Removal; Successors.

(a) The Custodian may resign upon the giving of at least sixty (60) days prior written notice to the Board of Trustees and the Program Administrator. A majority of the Board of Trustees may remove the Custodian upon at least sixty (60) days prior written notice to the Custodian and the Program Administrator. Notwithstanding the foregoing, the resignation or removal of the Custodian shall not be deemed effective unless a successor shall have been chosen pursuant to Section 5.2(b) hereof. In the event that assets remain in the possession of the Custodian due to the failure of the Board of Trustees to appoint a successor custodian, the Custodian shall be entitled to compensation for its services during such period, and the provisions of this Agreement relating to the duties and obligations of the Custodian shall remain in full force and effect. In the event no successor is agreed upon within one hundred eighty (180) days from the date of such written notice, the Custodian shall be entitled to petition a court of competent jurisdiction to appoint a successor custodian and shall be reimbursed by the Trust for any direct court costs and expenses (including, without limitation, attorneys' fees) in a total amount not to exceed \$100,000 relating thereto.

(b) In the event that the Custodian shall give notice of its resignation or if the Board of Trustees shall give notice of the removal of the Custodian, a majority of the Board of Trustees shall appoint a successor provided, however, that so long as the Program Administrator is required to pay the fees of the Custodian pursuant to Article VI hereof, the appointment of such successor Custodian shall require the prior written consent of the Program Administrator.

#### 5.3 Powers.

(a) (i) The Custodian is authorized and directed to open and maintain, and the Custodian shall open and maintain, one or more custody accounts for the benefit of the Trust



(the "Account") in the name of "[Name of Custodian] as Custodian for the Benefit of Texas CLASS" (and/or the name of such other pool or portfolio as established pursuant to this Trust Agreement) and will accept for safekeeping and for credit to the Accounts, in accordance with the terms hereof, all securities representing the investment of Investment Funds pursuant to Section 2.1 hereof, and the income or earnings derived therefrom. The Custodian may accept funds hereunder for the purchase of securities to be held by the Custodian and shall not be required to make an independent determination whether such funds are Investment Funds.

(ii) Except as provided in Section 5.3(c)(iii), all securities and other noncash Investment Property held in each Account shall be physically segregated from other securities in the possession of the Custodian and from other pools or portfolios established pursuant to this Trust Agreement and shall be identified as subject to this Agreement.

(b) In accordance with instructions of the Program Administrator who shall act in a manner consistent with this Agreement, the Custodian shall, for the account and benefit and burden of the Participants:

(i) receive and deliver Investment Funds and all other Investment Property in accordance with the requests of Participants pursuant to Article II and Exhibits A and B hereof;

(ii) exchange securities in temporary or bearer form for securities in definitive or registered form; and surrender securities at maturity or earlier when advised of a call for redemption;

(iii) make, execute, acknowledge and deliver as Custodian, any and all documents or instruments (including but not limited to all declarations, affidavits and certificates of ownership) that may be necessary or appropriate to carry out the powers granted herein;

(iv) make any payments incidental to or in connection with this Section 5.3(b);

(v) sell, exchange or otherwise dispose of any and all Investment Property free and clear of any and all interests of the Trust and any and all Participants, at public or private sale, with or without advertisement; and execute and deliver any deed, power, assignment, bill of sale, or other instrument in connection therewith;

(vi) with respect to enforcing rights in connection with the Investment Property: (a) collect, sue for, receive and receipt for all sums of money or other personal property due; (b) consent to extensions of the time for payment, or to the renewal of any securities, investments or obligations; (c) engage or intervene in, prosecute, defend, compromise, abandon or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands or things relating to the Investment Property; (d) foreclose on any personal property, security or instrument securing any investments, notes, bills, bonds, obligations or contracts that are part of or relate to the Investment Property; (e) exercise any power of sale, and convey good title thereunder free of any and all interests of any and all Participants, and in connection with any such foreclosure or sale, purchase or otherwise acquire title to any personal property; (f) be a party to the reorganization of any Person and transfer to and deposit with any corporation, committee, voting trustee or other Person any securities,



investments or obligations of any Person which form a part of the Investment Property, for the purpose of such reorganization or otherwise; (g) participate in any arrangement for enforcing or protecting the interests of the holders of such securities, investments or obligations and to pay any assessment levied in connection with such reorganization or arrangement; (h) extend the time (with or without security) for the payment or delivery of any debts or personal property and to execute and enter into releases, agreements and other instruments; and (i) pay or satisfy any debt or claims; and

(vii) exercise all other rights and powers and to take any action in carrying out the purposes of this Agreement.

(c) (i) with respect to Investment Property held by the Custodian hereunder, the Custodian shall collect all income or other payments, release and deliver such Investment Property, and take any other action as directed by the Program Administrator, with respect to dividends, splits, distributions, spinoffs, puts, calls, conversions, redemptions, tenders, exchanges, mergers, reorganizations, rights, warrants or any other similar activity relating to the Investment Property held in the Account. The Custodian shall request direction of the Program Administrator upon receipt of actual notice of any such activity. For purposes of this paragraph, the Custodian shall be deemed to have actual notice if the Program Administrator informs the Custodian of such activity or if Custodian received information concerning any such activity through data services or publications to which it normally subscribes. Custodian shall make available to Program Administrator, upon reasonable request, a list of the data services and publications to which Custodian subscribes. If the Custodian does not have actual notice of such activity, any such activity will be handled by the Custodian on a "best efforts" basis.

The Custodian shall not be under any obligation or duty to take action to effect collection of any amount, if the assets on which such amount is payable are in default and payment is refused after due demand or presentation. The Custodian will, however, promptly notify the Program Administrator in writing of such default and refusal to pay.

The Custodian is not authorized and shall not disclose the name, address or security positions of the Participants in response to requests concerning shareholder communications under Section 14 of the Securities Exchange Act of 1934, the rules and regulations thereunder, and any similar statute, regulation, or rule in effect from time to time;

(ii) the Custodian shall promptly deliver or mail to the Program Administrator all forms of proxies and all notices of meetings received by the Custodian relating to Investment Property held under this Agreement and, upon receipt of instructions from the Program Administrator, shall execute and deliver such proxies or other authorizations as may be required. Neither the Custodian nor its nominee shall vote any Investment Property or execute any proxy to vote the same or give any consent to take any other action with respect thereto (except as otherwise herein provided) unless directed to do so by Program Administrator upon receipt of instructions;

(iii) the Custodian shall hold the Investment Property (a) in its vaults physically segregated and held separate and apart from other property of the Custodian; (b) in its account at The Depository Trust Company or other depository, sub-custodian or clearing corporation; or (c) in a book entry account with the Federal Reserve Bank, in

which case a separate accounting of the Investment Property shall be maintained by the Custodian at all times. The Investment Property held by any such depository, sub-custodian, clearing corporation or Federal Reserve Bank may be held in the name of their respective nominees, provided, however, that the custodial relationship and the interests of the Trust or the Participants regarding such Investment Property shall be noted on the records kept by the Program Administrator and the custodial relationship on behalf of the Trust or the Participants shall be noted on the records of the Custodian and, to the extent possible, the Custodian shall cause the custodial relationship on behalf of Trust or the Participants to be noted on the records of such depository, sub-custodian, clearing corporation or Federal Reserve Bank. The Custodian shall not be obligated or liable for costs, expenses, damages, liabilities or claims (including **attorneys' or accountants' fees**) which are sustained or incurred by reason of any action or inaction of the Federal Reserve Bank book-entry system, The Depository Trust Company or any other central depository or clearing agency which it is or may become standard market practice to use for the comparison and settlement of securities trades, provided, however, that nothing in this sentence shall relieve the Custodian of its obligations set forth in Section 5.1(b) hereof regarding banks or trust companies selected as sub-custodians; and

(iv) the Custodian shall hold and physically segregate for each Account all Investment Property owned by each Account other than Investment Property held pursuant to 5.3(c)(iii)(b) and (c) above. Investment Property physically held by the Custodian (other than bearer securities) may be registered in the name of any nominee of Custodian, provided that the records of the Custodian provide that such Investment Property is held in a custodial capacity and that such Investment Property is not an asset of the Custodian or such nominee. All Investment Property accepted by Custodian under the terms of this Agreement shall be in negotiable form.

#### 5.4 Custodial Relationship; Custodian Records.

(a) The Custodian shall hold the Investment Property in its capacity as custodian for the benefit of the Trust. The Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian. Each Participant has an undivided beneficial interest in the Investment Property to the extent of such Participant's Balance.

(b) The Custodian shall maintain its own internal records concerning the Account(s) and the transactions contemplated by this Agreement, and the Custodian shall cause all of such records to reflect the custodial relationship created by this Agreement and the fact that the Investment Property in each Account belongs to the Trust for the collective benefit of the Participants in each pool or portfolio established pursuant to this Trust Agreement, respectively. Notwithstanding the foregoing, the Program Administrator shall maintain all **records regarding each Participant's beneficial interest in such Investment Property**, and such records shall conclusively determine the beneficial interests of each Participant in the Investment Property segregated between the pools or portfolios in which such Investment Property is held. The records maintained by such Program Administrator shall be conclusively determinative of the beneficial interests of the Participants in each pool or portfolio established pursuant to this Trust Agreement; it being understood that the Custodian shall not be obligated to maintain records concerning the beneficial interest of individual Participants in the Investment Property.

## 5.5 Reliance on Instructions.

(a) The Custodian is authorized to accept and shall be fully protected if it relies upon the instructions given by any authorized officer, employee or agent of the Program Administrator, including any oral instructions which the individual receiving such instructions on behalf of the Custodian believes in good faith to have been given by an authorized officer, employee or agent of the Program Administrator, and all authorizations shall remain in full force and effect until canceled or superseded by subsequent instructions received by the appropriate account officer of the Custodian. The authorized officers, employees or agents of the Program Administrator shall be only such persons as are designated in writing to the Custodian by the Program Administrator. The Custodian may rely on instructions received by telephone, tested telex, TWX, facsimile transmission or by bank wire which the Custodian believes in good faith to have been given by an authorized person. The Custodian may also rely on instructions transmitted electronically through a customer data entry system or any similar electronic instruction system acceptable to the Custodian. Any instructions delivered to the Custodian by telephone shall promptly thereafter be confirmed in writing by an authorized person, but the Custodian will incur no liability for the Program Administrator's failure to send such confirmation in writing. Instructions are deemed given to the Custodian when actually received by the Custodian.

(b) In the absence of bad faith or negligence on its part, the Custodian may conclusively rely, as to the truth and correctness of the statements expressed in notices, certificates or documents submitted to it, and the Custodian need not investigate any fact or matter stated in any such notice, certificate or document submitted to it or verify the accuracy of the contents thereof.

## 5.6 Degree of Care.

(a) The Custodian shall hold the Investment Property in the Account(s) with the same degree of care and protection with which it holds its own property. The Custodian agrees that it shall be responsible for any loss of Investment Property caused solely by the negligence or bad faith of the Custodian or its agents or any material breach of this Agreement by the Custodian. The Custodian is hereby released from liability except for liability arising from the negligence or bad faith of the Custodian or its agents or from any material breach of this Agreement by the Custodian. In the event of any such loss of Investment Property, the Custodian shall promptly replace the Investment Property or the value thereof and the value of any such loss of rights or privileges resulting from such loss. The Custodian shall not be responsible for the acts or omissions or solvency of any broker or agent selected by the Program Administrator to effect any transactions for the Account(s).

(b) The Custodian shall not be liable for any error of judgment made in good faith by an employee, officer or agent of the Custodian, unless it was proved that the Custodian was negligent in ascertaining the pertinent facts.

(c) Except as provided in Section 5.6(a), the Custodian shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers unless it receives indemnity satisfactory to it for repayment of such funds or against such risk of liability.

(d) The Custodian shall have no discretion whatsoever with respect to the management, disposition or investment of Investment Property and is not a fiduciary to the

Program Administrator or the Participants. During the term of this Agreement, the Custodian may, with respect to questions of law and construction of this Agreement, apply for and obtain, at the cost of the Custodian, the advice and opinion of counsel of its choice and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall have no duties except those that are specifically set forth in this Agreement. The Custodian shall only be responsible for custody hereunder of Investment Property delivered to it and then only while such Investment Property is held in the Account.

(e) Special Damages. Except with respect to Section 5.2(a) above, in no event shall any Party to this Agreement be liable for attorneys' fee or for special, indirect, consequential, or punitive damages arising under or in connection with this Agreement.

#### 5.7 Subrogation.

At the election of a majority of the Board of Trustees, the Trust shall be entitled to be subrogated to the rights of the Custodian, with respect to any claim against any other Person or institution which the Custodian may have, as a consequence of any loss or damage to the Investment Property. In such event, the Board of Trustees shall consult with the Custodian concerning selection of counsel and management of any litigation to recover for such loss.

#### 5.8 Insurance.

(a) The Custodian shall maintain insurance coverage the following types and amounts with limits agreed to be the Board of Trustees:

(b) Financial Institution Bond - \$100,000,000

(c) Professional Liability - \$30,000,000

#### 5.9 Setoff.

The Custodian shall not have, and shall not seek to enforce, any right of setoff, recoupment or similar rights against the Investment Property for any amounts owed to the Custodian pursuant to this Agreement.

## ARTICLE IV

### TRUST EXPENSES

#### 6.1 Expenses.

(a) In consideration of the performance of its obligations hereunder, the Program Administrator shall receive a fee from the Trust as set forth on Exhibit F, which fee shall be paid from the earnings of the Trust. The Program Administrator's fee shall be an Investment Property Liability. The Program Administrator shall submit a monthly bill to the chairman of the Board of Trustees for approval stating the amount of the fee for the previous month and providing sufficient information to demonstrate that the fee was calculated in accordance with Exhibit F. The chairman of the Board of Trustees is hereby given the authority to approve or disapprove the bills submitted by the Program Administrator. After receiving the approval of the chairman of the Board of Trustees of such bills, the Program Administrator shall submit

such bills to the Custodian for payment and the Custodian shall pay such bills from the earnings of the Trust. If the chairman of the Board of Trustees does not approve the bills submitted by the Program Administrator within 60 days of their submittal, the Program Administrator may present the bills to the Board of Trustees for review and approval.

(b) From its fee, the Program Administrator shall pay the following costs and expenses:

- (1) the Custodian's fee as set forth in Exhibit I;
- (2) all custodial and securities clearance transaction charges;
- (3) the costs of third parties retained by the Program Administrator to render investment advice pursuant to Section 4.9;
- (4) all Investment Property record-keeping expenses;
- (5) the costs of preparing monthly and annual reports;
- (6) the costs related to sales, marketing and client service (including website maintenance and certain conference sponsorships);
- (7) the cost of valuing the Investment Property;
- (8) outgoing wire charges of the Custodian and the costs of Participant communications, including Participant surveys and mailings;
- (9) the costs of the Trust's auditors and legal counsel;
- (10) the costs of meetings of the Participant or the Board of Trustees;
- (11) outgoing wire charges of the Custodian and the cost of obtaining a rating, if any;
- (12) expenses for Board and Participant meetings, including Board travel and education expenses; and
- (13) the costs of Insurance for the Board and the Trust.

The Program Administrator and the Board of Trustees shall annually establish a budget for the Board's expenses, including, without limitation, the expenses of the Board and committee meetings, the Participant meeting(s), Board travel and education expenses, legal fees, audit fees and insurance the Program Administrator shall facilitate the payment of these expenses on behalf of the Board from its fee.

(c) Any expenses not paid by Public Trust Advisors, LLC above shall be as mutually agreed upon by the Program Administrator and the Board of Trustees.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

#### 7.1 Representations and Warranties of Each Participant.

Each Participant hereby represents and warrants that:

(a) the Participant has taken all necessary actions and has received all necessary approvals and consents and adopted all necessary resolutions, including, without limitation, as required by Section 2256.016(a) of the Act in order to execute and deliver this Agreement and to perform its obligations hereunder, including, without limitation, the appointment of the Trustees as Trustees, the appointment of the Custodian as Custodian and the appointment of the Program Administrator as Program Administrator; and

(b) the execution, delivery and performance of this Agreement by the Participant are within the power and authority of the Participant and do not violate the laws of the State of Texas applicable to the Participant itself and not to the other parties hereto or the Participant's charter or its organizational statute, instrument or documents or any other applicable local ordinance, resolution, rule or regulation; and

(c) the execution, delivery and performance of this Agreement has been duly authorized and this Agreement is the legal, valid and binding obligation of the Participant enforceable against the Participant in accordance with its terms subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization, and similar laws now or hereafter in effect relating to creditors' rights generally, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(d) the certificates delivered heretofore or hereafter by the Participant pursuant to this Agreement, as of the date specified therein, are true and complete and contain no material misstatements of fact or omissions that render them misleading; and

(e) the execution, delivery and performance of this Agreement do not conflict with or result in the breach or termination of, or otherwise give any other person the right to terminate, or constitute a default, event of default or an event with notice or lapse of time or both would constitute a default or an event of default under the terms of any contract or permit to which the Participant is a party or by which the Participant or its properties are bound; and

(f) the proposed investment strategies of the Trust are consistent with, and are contemplated by the investment strategy adopted by the Participant pursuant to Section 2256.005(d) of the Act.

#### 7.2 Representations and Warranties of the Custodian.

The Custodian hereby represents and warrants that:

(a) the Custodian is a duly organized and validly existing national banking organization, organized under the laws of the United States with an office in Dallas, Texas and is duly qualified to conduct business in the State of Texas; and

(b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Custodian and this Agreement is the legal, valid and binding obligation of the Custodian enforceable against the Custodian in accordance with its terms subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws now or hereafter in effect relating to creditors' rights generally or the rights of creditors of banks, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(c) the performance by the Custodian of its obligations under this Agreement does not violate any laws, rules or regulations of the State of Texas applicable to the Custodian itself and not to the other parties hereto.

### 7.3 Representations and Warranties of the Program Administrator.

The Program Administrator hereby represents and warrants that:

(a) the Program Administrator is a duly organized and validly existing Colorado limited liability company, and is an investment advisor duly registered under the Investment Advisers Act of 1940; and

(b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Program Administrator and this Agreement is the legal, valid and binding obligation of the Program Administrator, enforceable against the Program Administrator, in accordance with its terms subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws now or hereafter in effect relating to creditors' rights generally, and subject to general principles of equity (whether applied in a proceeding at law or in equity); and

(c) the performance by the Program Administrator of its obligations under this Agreement does not violate any laws, rules or regulations of the State of Texas applicable to the Program Administrator itself and not to the other parties hereto.

## ARTICLE VIII

### COVENANTS

#### 8.1 Source of Investments.

Each Participant hereby covenants that it will invest pursuant to Section 2.2 only Investment Funds that are permitted to be invested by it pursuant to the laws of the State of Texas and any charter, instrument, organizational document or organizational statute applicable to such Participant and any state or local ordinance, resolution, rule or regulation applicable to such Participant, and that it will perform all actions required by the laws of the State of Texas and any charter, instrument, organizational document or organizational statute applicable to such Participant and any state or local ordinance, resolution, rule or regulation applicable to such Participant to be done prior to such investment.



## 8.2 Truth of Representations and Warranties.

Each party to this Agreement hereby covenants that it shall withdraw from this Agreement prior to the time any of the representations and warranties made by it in Article VII hereof ceases to be true.

# ARTICLE IX

## AMENDMENT AND TERMINATION

### 9.1 Amendment.

(a) Unless explicitly set forth otherwise herein, this Agreement may be amended only by a writing consented to by the Program Administrator, the Custodian and the Trust, acting through the Board of Trustees.

(b) Any amendment executed pursuant to Section 9.1(a) hereof will be effective thirty (30) days after notice is mailed to the Participants setting forth such amendment and stating that the last consent required by Section 9.1(a) hereof has been obtained.

(c) Notwithstanding the foregoing, Exhibit E may be amended by a writing consented to by a majority of the Board of Trustees. Any such amendment shall become effective thirty (30) days after notice is mailed to the Program Administrator, the Custodian and the Participants setting forth such amendment and stating that such amendment has been consented to by a majority of the Board of Trustees.

(d) Notwithstanding the foregoing, Exhibits A, B and C may be amended by the Program Administrator. Any such amendment shall become effective thirty (30) days after notice is mailed to the Participants and the Custodian setting forth such amendment.

(e) Notwithstanding the foregoing, Exhibit G may be amended by an amendment consented to by the Program Administrator and the Custodian. Any such amendment shall become effective upon the obtaining of such consents.

(f) All Participants that remain Participants after any amendment becomes effective shall be deemed to have consented to the amendment.

### 9.2 Termination.

(a) This Agreement shall continue in full force and effect unless terminated as set forth in this Section 9.2. This Agreement may be terminated at any time pursuant to a duly adopted amendment hereto. This Agreement shall terminate automatically if this Agreement is not amended to name a new Custodian or Program Administrator on or before the day that is immediately prior to the date on which the resignation, withdrawal or removal of the Custodian or Program Administrator would otherwise become effective.

(b) Upon the termination of this Agreement pursuant to this Section 9.2:

(i) The Custodian, the Board of Trustees, the Trust and the Program Administrator shall carry on no business in connection with the Investment Property except for the purpose of satisfying the Investment Property Liabilities and winding up their affairs in connection with the Investment Property;



(ii) The Custodian, the Board of Trustees, the Trust and the Program Administrator shall proceed to wind up their affairs in connection with the Investment Property, and all of the powers of the Custodian, the Board of Trustees, the Trust and the Program Administrator under this Agreement shall continue until the affairs of the Custodian, the Board of Trustees, the Trust and the Program Administrator in connection with the Investment Property shall have been wound up, including, but not limited to, the power to collect amounts owed, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Investment Property to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the Investment Property; and

(iii) After paying or adequately providing for the payment of all Investment Property Liabilities, and upon receipt of such releases, indemnities and refunding agreements as each of the Custodian, the Board of Trustees, the Trust and the Program Administrator deem necessary for their protection, the Program Administrator shall direct the Custodian to distribute the remaining Investment Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate Balances.

(c) Upon termination of this Agreement and distribution to the Participants as herein provided, the Program Administrator shall execute and lodge among the records maintained in connection with this Agreement an instrument in writing setting forth the fact of such termination, and the Program Administrator, the Custodian, the Board of Trustees and the Participants shall thereupon be discharged from all further liabilities and duties hereunder, the Trust shall cease, and the rights and benefits of all Participants hereunder shall cease and be canceled and discharged; provided that Sections 4.6(a), 4.8 and 5.6 hereof shall survive any resignation or termination of the Program Administrator or the Custodian or any termination of this Agreement.

(d) If this Agreement is terminated pursuant to Section 9.2 (a) hereof because of the resignation and/or removal of the Program Administrator, such resignation and/or removal shall be postponed until the instrument contemplated by Section 9.2(c) hereof has been executed and lodged among the records maintained in connection with this Agreement.

(e) Notwithstanding the above, one or more separate pools or portfolios established pursuant to this Trust Agreement may be terminated and its assets distributed to the Participants of that pool or portfolio. The dissolution of a pool or portfolio established pursuant to this Trust Agreement does not affect any other pool or portfolio established pursuant to this Trust Agreement. No pool or portfolio established pursuant to this Agreement shall have any right to or claim on the assets of any other pool or portfolio established pursuant to this Agreement.

## ARTICLE X

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### MISCELLANEOUS

#### 10.1 Governing Law.

This Agreement is executed by the Participants and delivered in the State of Texas and with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Texas.

#### 10.2 Counterparts.

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

#### 10.3 Severability.

The provisions of this Agreement are severable, and if any one or more of such provisions (the "Conflicting Provisions") are in conflict with any applicable laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Agreement and this Agreement may be amended pursuant to Section 9.1 hereof to remove the Conflicting Provisions; provided, however, that such conflict or amendment shall not affect or impair any of the remaining provisions of this Agreement or render invalid or improper any action taken or omitted prior to the discovery or removal of the Conflicting Provisions.

#### 10.4 Pools Separately Managed.

Separate pools or portfolios established and operated pursuant to the Trust Agreement shall be managed and operated separately and independently by the Program Administrator. There shall be no co-mingling of funds between pools or portfolios and Participants in one pool or portfolio established pursuant to this Trust Agreement shall have no claim on the funds or assets of another pool or portfolio established pursuant to this Trust Agreement, and investment earnings shall remain in the pool or portfolio in which they are realized.

#### 10.5 Gender; Section Headings and Table of Contents.

(a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(b) Any-headings preceding the texts of the several Articles and Sections of this Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction or effect.

#### 10.6 No Assignment.

No party hereto may sell, assign, pledge or otherwise transfer any of its rights or benefits under this Agreement to any other Person, and any purported sale, assignment, pledge or other transfer shall be null and void.

#### 10.7 No Partnership.

Other than the creation of the Trust by the Participants hereunder, no provision of this Agreement shall create or constitute an association of two or more Persons to carry on as co-owners a business for profit, and none of the parties intends this Agreement to constitute a partnership or any other joint venture or association.

#### 10.8 Notice.

Unless oral notice is otherwise allowed in this Agreement, all notices required to be sent under this Agreement:

(a) shall be in writing;

(b) shall be deemed to be sufficient if given by (i) depositing the same in the United States mail, postage prepaid, or (ii) electronically transmitting such notice by any means such as by facsimile transmission, telegraph, telex or computer hookup; or (iii) by depositing the same with a courier delivery service, addressed to the person entitled thereto at his address or phone number as it appears on the records maintained by the Program Administrator;

(c) shall be deemed to have been given on the day of such mailing, transmission or deposit; and

(d) any of the methods specified in Section 10.7(b) shall be sufficient to deliver any notice required hereunder, notwithstanding that one or more of such methods may not be specifically listed in the sections hereunder requiring such notice.

#### 10.9 Entire Agreement.

Except with respect to the letter described in Exhibit G between the Custodian and the Program Administrator, this Agreement shall constitute the entire agreement of the parties with respect to the subject matter and shall supersede all prior oral or written agreements in regard thereto.

#### 10.10 Confidentiality.

(a) All information and recommendations furnished by the Program Administrator to the Participants or the Board of Trustees that is marked confidential and all information and directions furnished by the Program Administrator to the Custodian shall be regarded as confidential by each such Person to the extent permitted by law. The Program Administrator and the Custodian shall regard as confidential all information concerning the Investment Property and the affairs of the Trust and Participants. Nothing in this paragraph shall prevent any party from divulging information as required by law or from divulging to civil, criminal, bank or securities regulatory authorities where such party may be exposed to civil or criminal proceedings or penalties for failure to comply or to prevent the Program Administrator from distributing copies of this Agreement or the aggregate value of the Trust to third parties, provided, however, confidential information shall not include (i) information that is

independently developed or obtained by a party without the use of information provided by any other party; or (ii) information that is otherwise available to the public.

(b) In the event that on-line terminals or similar electronic devices are used for communication from the Program Administrator to the Custodian, or from the Participants to either the Program Administrator or the Custodian, the Program Administrator and the Participants agree to safeguard and maintain the confidentiality of all passwords or numbers and to disclose them only to such of its employees and agents as reasonably require access to the information concerning the Investment Property. The Custodian agrees to safeguard and maintain the confidentiality of all passwords or numbers and to limit access to this information for the purpose of acting pursuant to this Agreement. The Custodian and the Program Administrator may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Account or transactions pursuant to this Agreement.

#### 10.11 Disputes.

In the event of any dispute between the parties, the parties agree to attempt to resolve the dispute through negotiation or a method of alternative dispute resolution. No litigation shall be commenced without a certification by an authorized officer, employee, or agent of any party that the dispute cannot be resolved by negotiation or alternative dispute resolution provided in writing at least 10 days before commencing legal action.

#### 10.12 Majority of Participants.

Whenever any provision hereof refers to a majority of the Participants, such majority shall be determined based upon the number of Participants at that time and shall not be determined by a reference to the Balance of each Participant.

#### 10.13 Writings.

Whenever this Agreement requires a notice, instruction or confirmation to be in writing or a written report to be made or a written records to be maintained, it shall be sufficient if such writing is produced or maintained by electronic means or maintained by any other photo static, photographic or micrographic data storage method such as microfiche as well as on paper.

#### 10.14 Effective Date.

This Agreement shall become effective on the Effective Date.


IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in its name and on its behalf as of the date first written above.

PUBLIC TRUST ADVISORS, LLC

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

Name: Thomas D. Jordan


Title: Chief Executive Officer

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


Name: Chris M. DeBow

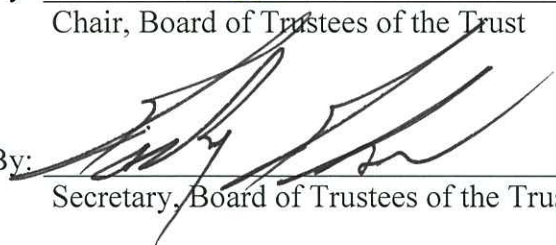
Title: Managing Partner

UMB BANK, N.A.  
as Custodian

By:   
Name: David M. Paldino  
Title: Senior Vice President

THE PARTICIPANTS IN THE TRUST THAT HAVE  
ENTERED INTO THIS AGREEMENT

By:   
Chair, Board of Trustees of the Trust

By:   
Secretary, Board of Trustees of the Trust

## EXHIBITS

### EXHIBIT A

#### INVESTMENT PROCEDURES

1) A Participant shall provide notification to the Program Administrator via methods acceptable to the Program Administrator indicating the amount to be invested, and if more than one fund or account with Texas CLASS has been established by the Program Administrator, into which fund or account such amount shall be invested (there is no minimum investment). The Participant shall instruct its bank depository to wire Investment Funds to the corresponding account at the Custodian.

2) Receipt of the Program Administrator prior to the cut-off time established pursuant to the Texas CLASS website, accessible at <http://www.texasclass.com>, of notification of Investment Funds being deposited will cause the value of the Investment Funds to be credited and earn interest on the same Business Day.

3) Receipt by the Program Administrator after the cut-off time established pursuant to the Texas CLASS website, accessible at <http://www.texasclass.com>, of notification of Investment Funds being deposited will cause the value of the Investment Funds to be credited and earn Interest on the next Business Day.

4) If Investment Funds for which notification of deposit has been given, are not received (except if the Participant can show the contribution procedures have been followed) by the end of the Business Day on which such notification is given, the Program Administrator shall deduct the value of such Investment Funds from the Participant's Balance if previously credited.

If the Participant fails to instruct its bank depository to wire Investment Funds before the cut-off time established pursuant to the Texas CLASS website, accessible at <http://www.texasclass.com>, on the day notice of the deposit is provided the Program Administrator, the Participant's Balance shall be charged interest equal to any interest earned on such failed deposit for each day the Participant's Balance was credited with the deposit before the date the deposit was received. If the Participant can show the contribution procedures have been followed, and, notwithstanding, the Investment Funds are not received, then the Program Administrator shall seek to obtain such Investment Funds from the party responsible for failure of delivery.

5) Participants are prohibited from withdrawing Investment Funds credited to their Balance(s) pursuant to (2) or (3) above, until such Investment Funds are received by the Custodian.

6) These Investment Procedures may be amended from time to time pursuant to Section 9.1(d) hereof, provided, however, that the Program Administrator will only change the times set forth above after consulting with the Custodian.

## EXHIBIT B

### PAYMENT PROCEDURES

The payment procedures below apply to Texas CLASS and Texas CLASS Government Only pools. In the event the Board elects to introduce a portfolio or pool pursuant to this Agreement which does not provide for same-day liquidity, such disclosures will be provided to Participants within the portfolio or pools separate Information Statement.

- 1) The Participant shall provide notification to the Program Administrator via methods acceptable to the Program Administrator indicating the amount to be withdrawn, and if more than one fund or account within Texas CLASS has been established, from which fund or account such amount shall be withdrawn.
- 2) The Participant shall indicate the payee and include wire or ACH instructions.
- 3) Requests for withdrawals received by the Program Administrator by the cut-off time established pursuant to the Texas CLASS website, accessible at <http://www.texasclass.com> will be processed to permit payment on the Business Day.
- 4) Requests for withdrawals received by the Program Administrator after the cut-off time established pursuant to the Texas CLASS website, accessible at <http://www.texasclass.com>, will be processed the following Business Day.
- 5) Participants may only request withdrawals from an account of an amount not to exceed their Balance in such account at the time payment is made pursuant to such request.
- 6) Requests for withdrawals received in accordance with (3) above by the Program Administrator shall be wired or processed through ACH in accordance with the Participant's instructions after noon on such Business Day and the funds so wired or processed through ACH shall be immediately available funds.
- 7) These Payment Procedures may be amended from time to time pursuant to Section 9.1(d) hereof, provided, however, that the Program Administrator will only change the times set forth above after consulting with the Custodian.



## EXHIBIT C

### VALUATION PROCEDURES

#### 1. Portfolio Valuation.

At least daily, the Investment Property Value shall be determined on a mark to market basis as follows:

The Program Administrator shall determine the market value of the specific investment holdings for the Texas CLASS pool or portfolio. The market values shall be obtained from one or more sources that the Program Administrator believes to be reliable for providing such information. A credible pricing source will be used by the Program Administrator to price the underlying securities on a daily basis.

Alternatively, the Investment Property Value may be determined using the amortized cost valuation method. The amortized cost valuation method involves initially valuing a security at its cost and thereafter accreting to maturity any discount or amortizing to maturity any premium, regardless of the impact of fluctuating interest rates on the market value of the instrument.

2. Amendment. These Valuation Procedures may be amended from time to time pursuant to Section 9.1(d) hereof.

EXHIBIT D

PARTICIPATION CERTIFICATE

The undersigned \_\_\_\_\_ does hereby request that it be admitted as a Participant pursuant to Section 2.3 of the Ninth Amended and Restated Trust Agreement (the "Agreement") dated as of February 25, 2021 by and between the Participants, UMB Bank, N.A., as Custodian, and Public Trust Advisors, LLC. By executing this Participation Certificate, the undersigned agrees that, upon the execution hereof by the Program Administrator, it will become subject to the same obligations and shall have the same rights as if it had executed the Agreement.

The undersigned hereby certifies that \_\_\_\_\_ is the duly designated Representative of the undersigned as required by the Agreement.

The undersigned hereby certifies that its governing body has taken all actions required by Section 2256.016 of the Public Funds Investment Act, Texas Government Code, in order for it to participate in the Trust created by the Agreement.

\_\_\_\_\_  
(Name of Participant)

PARTICIPANT EXECUTION DATE By: \_\_\_\_\_

Name:

Title:

Accepted:

Public Trust Advisors, LLC.

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

Name:

Title:

## EXHIBIT E

### INVESTMENT CRITERIA

#### 1. General Objectives

- a. Legality: invest only in investments legally permissible under Texas law.
- b. Safety: minimize risk by managing portfolio investments so as to preserve principal and maintain a stable asset value. The Trust shall be managed so that the Trust shall receive the highest rating for a local government investment pool from a nationally recognized statistical rating organization for so long as such a rating is required by Texas law.
- c. Liquidity: manage portfolio investments to ensure that cash will be available as required to finance Participants' operations.
- d. Yield: maximize current income to the degree consistent with legality, safety and liquidity.

#### 2. General Standard

All investments made on behalf of the Trust 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. Investment of funds shall be governed by the following investment objectives in order of priority:

1. preservation of safety of principal;
2. liquidity; and
3. yield.

#### 3. Investments

Investment Funds may be invested in any or all of the legal investments specified in Sections 2256.009 through 2256.016, Public Funds Investment Act, Texas Government Code, as the same may be hereafter amended, or in any successor statute, but only to the extent that such investments would be permitted by Rule 2a-7, as amended from time to time, promulgated by the United States Securities and Exchange Commission pursuant to the Investment Company Act of 1940, as amended (the "Rule") if the Rule were applicable to the Trust. The investment criteria for any additional pools or portfolios established pursuant to the Agreement may provide for a more limited investment criteria or investment in only certain investments specified in the Public Funds Investment Act.

#### 4. Amendments

These Investment Criteria may be amended from time to time pursuant to Section 9.1(c) hereof.

# EXHIBIT F

## PROGRAM ADMINISTRATOR'S FEE

For the performance of its obligations under this Agreement, the Program Administrator will charge a fee from the Investment Property Value (the "Daily Fee") for each pool or portfolio established pursuant to this Agreement. This Daily Fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which this Agreement is in effect.

The Daily Fee shall be calculated as follows: The Investment Property Value is multiplied by the Applicable Fee Rate and is divided by 365 or 366 days in the event of a leap year to equal the Daily Fee accrual. The Investment Property Value shall be based on the current day's settled shares outstanding. For weekend days and holidays, the settled shares outstanding for the previous business day will be utilized for the calculation of fees.

The Applicable Fee Rate shall be determined monthly on the first business day of each month for each pool or portfolio established pursuant to this Agreement, and shall be calculated according to the schedule below which is applicable to each pool or portfolio established pursuant to this Agreement:

	<u>Cumulative Balance</u>	<u>Fee %</u>
First	\$1,000,000,000	.120%
Next	\$1,000,000,000	.110%
Next	\$1,000,000,000	.100%
Next	Over \$3,000,000,000	.090%

Fees may be voluntarily waived from time-to-time and at the sole discretion of the Program Administrator. Periodic fee waivers may be required to adjust the fund's yield performance based upon various market conditions. Any such waived fees shall be communicated to the Board of Trustees.

EXHIBIT G

CUSTODIAN'S FEE

Rate Schedule

The Program Administrator shall pay to the Custodian the costs and fees specified in the Fee Schedule effective April 1, 2021, from the Custodian to the Program Administrator, as amended from time to time by the Program Administrator and the Custodian pursuant to Section 9.1(e) hereof.

## **RESOLUTION NO. 24-10**

### **A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD APPROVING PARTICIPATION IN THE TEXAS COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM TRUST**

**WHEREAS**, the Public Funds Investment Act, Texas Government Code, Section 2256.001 et seq. (the Act) requires the governing body of each local government in this state to adopt investment policies in accordance with the terms of the Act; and

**WHEREAS**, pursuant to the requirements of the Act, the Board of Trustees of the Kerrville Public Utility Board (KPUB) has previously reviewed and adopted an investment policy (the Policy) that provides in part that the funds of the local government will be invested in investments permitted by the Act in order to: (i) invest only in investments legally permitted under Texas law; (ii) minimize risk by managing portfolio investments so as to preserve principal and maintain a stable net asset value; (iii) manage portfolio investments to ensure that cash will be available as required to finance operations; and (iv) maximize current income to the degree consistent with legality, safety, and liquidity; and

**WHEREAS**, pursuant to the Policy and the Act, KPUB has appointed Amy Dozier, Director of Finance to act as the investment officer of KPUB; and

**WHEREAS**, the Act provides that funds under the control of a Local Government may be invested through investment pools meeting the standards of Section 2256.016 of the Act; and

**WHEREAS**, KPUB has received and reviewed the Information Statement, dated April 2021 (the Information Statement), of Texas Cooperative Liquid Assets Securities System Trust (the Program), an investment pool administered by Public Trust Advisors, LLC that sets forth the information required by Section 2256.016(b) of the Act; and

**WHEREAS**, KPUB has determined that the investments proposed to be acquired by the Program are of a type that are permitted by the Act and are consistent with the Policy; and

**WHEREAS**, KPUB understands that the Program operates through the Ninth Amended and Restated Trust Agreement dated as of February 25, 2021 (the Trust Agreement), that provides the terms on which the Program will operate and the rights of the Participants in the Program and sets forth the responsibilities of Public Trust Advisors, LLC as the administrator of the Program (the Administrator) and of UMB Bank as custodian (the Custodian);

**BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD:**

**Section 1.** That the form, terms, and provisions of the Trust Agreement, a draft of which was presented and reviewed at this meeting, providing for the creation of the Program and for the rights of the Program Participants and the duties and responsibilities of the Administrator be and the same are hereby approved and adopted; and that the Investment Officer be and he or she is hereby authorized and directed to execute and deliver to the Administrator and the Custodian in the name and on behalf of KPUB a participation certificate evidencing the agreement of KPUB to be bound by the Trust Agreement substantially in the form of the Trust Agreement reviewed and approved at this meeting, together with such changes therein as may be approved by the said officer, such approval to be conclusively evidenced by the execution thereof.

**Section 2.** That the investment program established by the Trust Agreement is hereby found and determined to be consistent with the Policy and to preclude imprudent investment activities arising out of investment transactions conducted between KPUB and the Program.

**Section 3.** That the Governing Body hereby officially finds and determines that the facts and recitations contained in the preamble of this Resolution are true and correct.

**Section 4.** That the Governing Body hereby finds and declares that written notice of the date, hour, place, and subject of the meeting at which this Resolution was adopted was posted for the time required by law preceding this meeting and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter thereof were discussed, considered, and formally acted upon all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and the Act.

**Section 5.** That the officers of KPUB, and each of them, shall be and each is expressly authorized, empowered, and directed from time-to-time to do and perform all acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of KPUB all certificates, instruments, and other papers, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this Resolution and of the Trust Agreement hereby authorized and approved, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument, or other paper;

**Section 6.** That this Resolution shall take effect and be in full force upon and after its passage.

**PASSED, APPROVED AND ADOPTED on this 15<sup>th</sup> day of May, 2024**

**ATTEST:**

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

Glenn Andrew  
Printed Name

**Title:** Secretary

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

Larry Howard  
Printed Name

**Title:** Chairman



# MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Amy Dozier

Date: May 9, 2024

Re: Agenda Item No. 10G – Quarterly Funds Report

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Attached please find summary information from KPUB's quarterly funds report.

As of March 31, 2024, KPUB had \$44.3M invested in municipal investment pools and a demand account at Happy State Bank. The largest position (\$22.0M) was held at Happy State Bank. All KPUB accounts at Happy are fully collateralized, completely liquid and earned an annual yield of 5.43% during the quarter ended March 31, 2024.

The Investment Committee discussed KPUB's investment portfolio following the April Board meeting. Local government pool accounts that hold commercial paper investments have higher yields than Happy or local government pools that do not hold commercial paper. KPUB currently holds only one investment in a local government pool with commercial paper (LOGIC). The Investment Committee discussed and recommended opening a second account at a different local government pool to take advantage of the higher rate while increasing security through diversification. Accordingly, I am bringing a resolution to the Board in May to open an account with Texas CLASS. Texas CLASS is a constant dollar local government pool with rates similar to LOGIC and approved as an investment under the Texas Public Funds Investment Act. Our plan is to increase our overall position in the pools that hold commercial paper, but split the positions between LOGIC and Texas CLASS to add diversity to the portfolio.

Sincerely,



Amy Dozier  
Director of Finance

**Kerrville Public Utility Board  
Schedule of Average Daily Balance of Fund  
For Reporting Compliance as Required by the  
Texas Public Funds Investment Act  
For the Quarter Ended March 31, 2024**

**Total Funds Invested**

<b>Day of the Month</b>		<b>January 2024</b>		<b>February 2024</b>		<b>March 2024</b>		<b>Totals</b>
1	\$	42,759,822	\$	44,267,771	\$	43,015,461		
2		42,669,377		44,264,771		43,015,461		
3		42,669,377		44,264,771		43,015,461		
4		42,669,377		44,264,771		43,015,461		
5		43,069,377		44,264,771		43,015,461		
6		43,069,377		44,264,771		43,015,461		
7		43,069,377		44,264,771		42,931,423		
8		43,069,377		44,264,771		43,831,423		
9		43,069,377		44,864,771		43,831,423		
10		43,069,377		44,864,771		43,831,423		
11		42,986,621		44,864,771		43,831,423		
12		42,986,621		44,864,771		44,182,517		
13		42,986,621		45,264,587		44,182,517		
14		42,986,621		45,181,309		44,182,517		
15		42,986,621		45,181,309		44,582,391		
16		42,986,621		45,181,309		44,582,391		
17		43,686,621		45,181,309		44,582,391		
18		43,686,621		45,181,309		44,582,391		
19		42,784,044		45,181,309		44,128,599		
20		42,784,044		43,942,961		44,073,583		
21		42,784,044		43,942,961		44,073,583		
22		42,717,201		43,942,961		44,326,742		
23		43,217,201		44,503,616		44,326,742		
24		43,178,306		44,503,616		44,326,742		
25		43,791,163		44,503,616		44,230,493		
26		43,724,524		43,110,823		44,054,702		
27		43,724,524		43,110,823		44,054,702		
28		43,724,524		43,110,823		44,054,702		
29		44,324,524		42,805,906		44,142,517		
30		44,324,524				44,142,517		
31		44,358,216				44,343,293		
<b>Total of daily balance</b>	<b>\$</b>	<b>1,339,914,022</b>	<b>\$</b>	<b>1,287,410,802</b>	<b>\$</b>	<b>1,361,505,916</b>		
<b>Average daily balance</b>	<b>\$</b>	<b>43,223,033</b>	<b>\$</b>	<b>44,393,476</b>	<b>\$</b>	<b>43,919,546</b>	<b>\$</b>	<b>43,833,305</b>
<b>Interest earnings</b>	<b>\$</b>	<b>198,091</b>	<b>\$</b>	<b>189,631</b>	<b>\$</b>	<b>200,776</b>	<b>\$</b>	<b>588,498</b>
<b>APR -----&gt;</b>		<b>5.40%</b>		<b>5.38%</b>		<b>5.38%</b>		<b>5.39%</b>

**Kerrville Public Utility Board  
Schedule of Other Investment Facts  
For Reporting Compliance as Required by the  
Texas Public Funds Investment Act  
For the Quarter Ended March 31, 2024**

**Total Funds Invested by Fund**

<b>Fund</b>		<b>Market Value and Book Value</b>		<b>Actual Interest Earnings</b>		<b>Budgeted Interest Earnings</b>
Revenue	\$	33,515,779	\$	446,049	\$	306,720
Construction		1,570,261		20,821		16,250
Rate Stabilization		2,066,459		27,401		20,313
Long Term Rate Stabilization		3,108,680		41,220		24,375
Debt Reserve		-		-		-
Interest & Sinking		218,292		1,773		2,032
Emergency, Repair, Replace & Cont. Fund		3,863,822		51,233		36,563
<b>Total</b>	<b>\$</b>	<b>44,343,293</b>	<b>\$</b>	<b>588,498</b>	<b>\$</b>	<b>406,252</b>

**Total Funds Invested by Security**

<b>Type of Security</b>		<b>Market Value and Book Value</b>		<b>Actual Interest Earnings</b>		<b>Budgeted Interest Earnings</b>
Certificate of Deposit	0% \$	-	\$	-	\$	-
TexPool	7%	2,907,909		38,294		26,641
LOGIC	44%	19,450,382		263,724		178,195
Happy State Bank - Investment	50%	21,985,003		286,480		201,416
<b>Totals</b>	<b>100% \$</b>	<b>44,343,293</b>	<b>\$</b>	<b>588,498</b>	<b>\$</b>	<b>406,252</b>

## MEMORANDUM

To: Larry Howard  
Bill Thomas  
Glenn Andrew  
Rachel Johnston  
Mayor Joe Herring

From: Mike Wittler

Date: May 9, 2024

Re: Agenda Item 11 – Approval of Economic Development Rate for MegAACrete

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The Kerr Economic Development Corporation has requested that MegAACrete be placed on KPUB's Economic Development Rate at its Peterson Farm Road location. In addition, the Economic Development GO Team recommended approval of the KPUB economic development rate for this project.

MegAACrete meets the eligibility criteria for KPUB's Economic Development Rate as a primary industry employer and as a large load addition.

Staff is recommending approval of the economic development support request for KMM. KPUB's Economic Development Rider is attached for your reference.

Please let me know if you have any questions or concerns.

Sincerely,



Mike Wittler  
CEO

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## **ECONOMIC DEVELOPMENT RIDER ED**

### **AVAILABILITY**

This rider is available only in conjunction with full service electric commercial accounts for businesses meeting the following eligibility requirements:

1. Primary Industries
  - a. Available to existing and new customers making significant business expansion in targeted primary industries.
  - b. Existing business expansion must be made at a new metering point.
  - c. Application for Economic Development Support must be made to and approved by the Economic Development Go Team.
  - d. KPUB must determine that this Rider ED is a significant factor to induce the qualifying Customer to locate or expand and receive Service from KPUB.
  - e. The discount will be available for five (5) years.
2. Load Additions
  - a. Available to existing and new customers making load expansion of at least 400 KW at a new single metering point.
  - b. In the event that the load addition of at least 400 KW fails to materialize within one year of the commencement of service, the Customer will take service under the applicable standard rate schedule.
  - c. Application for Economic Development Support must be made to and approved by KPUB Staff. KPUB will estimate the load addition to evaluate the application.
  - d. KPUB must determine that this Rider ED is a significant factor to induce the qualifying Customer to locate or expand and receive Service from KPUB.
  - e. The discount will be available for five (5) years.
3. City of Kerrville TIRZ District
  - a. Available to new businesses in the retail, arts, and entertainment trades locating within the Reinvestment Zone Number One, City of Kerrville, Texas.
  - b. Eligible Customers must be open to the public at least four days per week including at least one day on the weekend and until at least 8:00pm each day the business is open or have an equivalent or greater impact to the economic development of the TIRZ District as determined by the KPUB Board of Trustees.
  - c. Application for Economic Development Support must be made to and approved by the Economic Development Go Team.
  - d. The discount will be available for two (2) years.

### **CONDITIONS**

The current rules and regulations shall apply to the Customer, including the payment and collection process.

Service to a Customer under this Rider ED must be approved by the KPUB Board of Trustees.

KPUB reserves the right to discontinue or suspend at any time the availability of this Rider ED for new applications.

For existing customers only the additional demand/load will qualify for the Rider ED discount.

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The Customer must apply for service under this program prior to a decision or commitment to construct, purchase, or lease new or additional space or new electrical equipment that will result in additional electric load.

The Customer must be located such that no significant additional investment in utility facilities by KPUB is required.

This Rider is not available for temporary Service for construction.

### **MONTHLY RATE**

The monthly bill will be calculated with a discount as defined in the following table based on the Customer's rate class. The discount will be applied to the Customer Charge, Distribution Energy and Demand Charges, and Power Supply Charges including Rider PCAF. The discount will not be applied to any other charges and fees.

Rate Class	Discount
Commercial Service – Rate Schedule CS	18%
Large Commercial Service – Rate Schedule LCS Secondary	10.8%
Large Commercial Service – Rate Schedule LCS Primary	8.7%