

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND
TRUSTEES ACTION**

BUSINESS ITEM

PREPARED BY: Mark Murchison CFO April 19, 2022

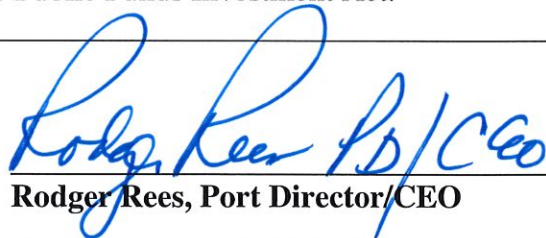
SUBJECT: Discuss and Consider Resolution Approving the Galveston Wharves Investment Policy Following Annual Review as Required by the Public Funds Investment Act

BACKGROUND: At the March 30, 2021 Regular Monthly Meeting of the Board of Trustees, the Board of Trustees reviewed and adopted the current Investment Policy (Policy) for Wharves funds in conformance with the Public Funds Investment Act (Funds Act), Chapter 2256 of the Texas Government Code which governs the investment of public funds. All funds of the Wharves shall be managed and invested according to the terms of the Policy, the Public Funds Investment Act and all applicable federal, state and local statutes, rules or regulations. There have been no material changes in the State statutes since the adoption of the Investment Policy on March 30, 2021 that affect the Wharves. The Galveston Wharves Investment Policy calls for an annual review of this Policy and its investment strategies.

ADDITIONAL INFORMATION ATTACHED: No _____ Yes X

RECOMMENDATIONS: The Board of Trustees of the Galveston Wharves is respectfully requested to listen to the briefing of the Port Director/CEO and the CFO and adopt the Resolution approving the Galveston Wharves Investment Policy for the 12 months April 2022 through April 2023 following the annual review as required by the Public Funds Investment Act.

Respectfully Submitted By:


Rodger Rees, Port Director/CEO

DATE ACTION TAKEN: _____

Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____

PORT OF GALVESTON
Briefing

Discuss and Consider Resolution Approving the Galveston Wharves Investment Policy Following Annual Review As Required By the Public Funds Investment Act

Background

At the March 30, 2021 Regular Monthly Meeting of Board of Trustees, the Board of Trustees adopted the current Investment Policy (Policy) for Wharves funds in conformance with the Public Funds Investment Act (Funds Act), Chapter 2256 of the Texas Government Code which governs the investment of public funds. All funds of the Wharves shall be managed and invested according to the terms of the Policy, the Public Funds Investment Act and all applicable federal, state and local statutes, rules or regulations. The Policy indicates the types of investments permitted by the State statutes and allowed by the Board Policy, and lists the qualifications necessary for banks and brokers to handle investment of Port funds. The Policy sets out the qualifications, training and requirements of the Board's Investment Officers, as required by the State Statutes and Board Policy. There have been no material changes in the State statutes since the adoption of the Investment Policy on March 30, 2021 that affect the Wharves.

Current Situation

The Galveston Wharves Investment Policy calls for an annual review of this Policy and its investment strategies. There have been no material changes in the State statutes since the adoption of the Investment Policy on March 30, 2021 that affect the Wharves. A copy of the Wharves Investment Policy for April 2022 through April 2023, which is also the current policy, is attached.

Fiscal Impact

The general investment policy of the Wharves is intended to emphasize safety of principal and liquidity, and to address investment diversification, yield, and maturity, and the quality and capability of investment management.

Staff Recommendation

The Board of Trustees of the Galveston Wharves is respectfully requested to listen to the briefing of the Port Director/CEO and the CFO and Adopt the Resolution approving the Galveston Wharves Investment Policy for the 12 months April 2022 through April 2023 following the annual review as required by the Public Funds Investment Act.

INVESTMENT POLICY

Pursuant to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (as it may from time to time be amended, the "Act"), the following investment policy (the "Policy") has been adopted by resolution of the governing body of the Board of Trustees of the Galveston Wharves ("Wharves"), a separate utility and agency of the City of Galveston, Texas:

1. **Scope.** All funds of the Wharves shall be managed and invested according to the terms of this Policy, the Act, and all applicable federal, state, and local statutes, rules, or regulations.

2. **Authorized Investments.** If consistent with Federal and State laws and with any depository services contract between the Wharves and a designated depository ("Depository Contract") the Wharves may purchase, sell or invest its funds or funds under its control in the following:

- (a) Obligations of the United States or its agencies and instrumentalities. The maximum allowable stated maturity of such investment shall be 3 years.
- (b) Direct obligations of the State of Texas or its agencies and instrumentalities. The maximum allowable stated maturity of such investment shall be 365 days.
- (c) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities. The maximum allowable stated maturity of such investment shall be 365 days.
- (d) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The maximum allowable stated maturity of such investment shall be 365 days.
- (e) A certificate of deposit or share certificate issued by a depository institution that has its main office or a branch office in the State of Texas that is (i) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (ii) secured by obligations that are described by Section 2256.009(a) of the Act, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Act; or (iii) secured in any other manner and amount provided by law for deposits of the Wharves. The maximum allowable stated maturity of such investment shall be 365 days.
- (f) Certificates of deposit invested under the following conditions: (i) the funds are

invested by the Wharves through a depository institution that has its main office or a branch office in Texas and that is selected by the Wharves; (ii) the depository institution selected by the Wharves arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Wharves; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (iv) the depository institution selected by the Wharves acts as custodian for the Wharves with respect to the certificates of deposit issued for the account of the Wharves; and (v) at the same time that the funds are deposited and the certificates of deposit are issued for the account of the Wharves, the depository institution selected by the Wharves receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the Wharves through the depository institution selected under the Wharves. The maximum allowable stated maturity of such investment shall be 365 days.

- (g) Fully collateralized repurchase agreements, if the repurchase agreement (i) has a defined termination date, (ii) is secured by obligations described by Section 2256.009(a)(1) of the Act, and (iii) requires the securities being purchased by the Wharves to be pledged to the Wharves, held in the Wharves' name, and deposited at the time the investment is made with the Wharves or with a third party selected and approved by the Wharves, and (iv) is placed through a primary government security dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. The term "repurchase agreement" means a simultaneous agreement to buy, hold for a specific time, and sell back at a future date obligations described by Section 2256.009(a)(1) of the Act, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. The maximum allowable stated maturity of such investment shall be 365 days, except that the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the Wharves under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- (h) A bankers' acceptance, if the bankers' acceptance has a stated maturity of 270 days or fewer from the date of its issuance, will be, in accordance with its terms, liquidated in full at maturity, is eligible for collateral for borrowing from a Federal Reserve Bank, and is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency. The maximum allowable stated maturity of such investment shall be 270 days.

- (i) Commercial paper, if the commercial paper has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The maximum allowable stated maturity of such investment shall be 270 days.
- (j) A no-load money market mutual fund that (i) is registered with and regulated by the Securities and Exchange Commission ("SEC"), (ii) provides the Wharves with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a, et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et. seq.), (iii) has a dollar-weighted average stated maturity of 90 days or fewer, and (iv) includes in its investment objectives the maintenance of a stable net asset value of \$1.00 per share. The maximum allowable stated maturity of such investment shall be 30 days.
- (k) A no-load mutual fund registered with the SEC, with an average weighted maturity of less than two years invested exclusively in obligations listed in Subchapter A of the Act, continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and which conforms to the requirements of Sections 2256.016(b) & (c) of the Act relating to the eligibility of investment pools to receive and invest funds of investing entities. The maximum allowable stated maturity of such investment shall be 30 days.
- (l) A guaranteed investment contract, if the guaranteed investment contract has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Act, excluding those obligations described by Section 2256.009(b) of the Act, in an amount at least equal to the amount of bond proceeds invested under the contract, and is pledged to the Wharves and deposited with the Wharves or with a third party selected and approved by the Wharves. Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term of longer than 5 years from the date of issuance of the bonds. To be eligible as an authorized investment, (i) the governing body of the Wharves must specifically authorize guaranteed investment contracts as an eligible investment in the resolution authorizing the issuance of bonds, (ii) the Wharves must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received, (iii) the Wharves must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received, (iv) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested, and (v) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

- (m) Investment pools if so authorized by specific resolution of the governing body of the Wharves. Investments in investment pools must strictly comply with all applicable provisions of the Act. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

No premium shall be paid for any of the described debt instruments, negotiable instruments, or investment agreements where either the indentures or investment contracts provide for recall of the instruments and/or early payment by the debtors or obligors or where surrender or transfer of the instruments for cash may be required before their stated maturities.

3. Unauthorized Investments. The following are not authorized investments and the Wharves is precluded from investing in any of these items:

- (a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (c) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (d) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

The Wharves may not (i) invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Section 2(l) of this Policy, (ii) invest any portion of bond proceeds, reserves and funds held for debt service in mutual funds described in Section 2(l) of this Policy, or (iii) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Section 2(k) or 2(l) of this Policy in an amount that exceeds 10% of the total assets of the mutual fund.

4. General Investment Policies, Strategies and Objectives. The general investment policy of the Wharves is intended to emphasize safety of principal and liquidity, and to address investment diversification, yield, and maturity and the quality and capability of investment management. In general, the Wharves investment policies are to be directed toward suitable investments, as defined in this Policy. The investments should meet the above listed criteria and the policy directions given by the Board in accordance with the Act. The maturities of these investments should be scheduled to meet the cash flow requirements of the various funds established by the Wharves and the Wharves= bond covenants. The Investment Officer must take appropriate measures to monitor the market price of all investments acquired with public funds.

The settlement of all transactions, except investment pool funds and mutual funds, must be made on a delivery versus payment basis. Bids for any certificate of deposit may be submitted orally, in writing, electronically, or in any combination of those methods.

5. Investment Strategies for Particular Funds. The Wharves maintains the following funds for investment under this Policy, each of which is subject to the following specific investment strategies:

- (a) Restricted Funds. Restricted funds are funds which may only be invested for periods from 1 to 365 days and which consist of cash balances set aside to meet specific statutory or contractual obligations at specified times. The investment objectives for this fund in order of importance are the suitability of a particular investment to the financial requirements of the Wharves, the preservation and safety of principal, insuring adequate liquidity of the investment, maintaining sufficiently marketable investments if the need to liquidate arises, maintaining diversification of the investment portfolio, and obtaining the best possible yield while meeting all prior objectives. Investments should be made so that maturities meet the timing requirements of the statutory and contractual obligations of the funds. The maximum allowable stated maturity of investments in this fund is 365 days.
- (b) General Funds. All other unrestricted funds are considered general funds and may be invested on a daily basis, or longer, under a cash management program to maximize interest yield with the funds becoming available as needed to meet the financial needs of the Wharves. The investment objectives for this fund in order of importance are the suitability of a particular investment to the financial requirements of the Wharves, the preservation and safety of principal, insuring adequate liquidity of the investment, maintaining sufficiently marketable investments if the need to liquidate arises, maintaining diversification of the investment portfolio, and obtaining the best possible yield while meeting all prior objectives. Day to day liquidity is a prime objective of this fund and constant monitoring of these fund balances is necessary. Time deposits that mature in concert with cash needs may be made from this fund. The maximum allowable stated maturity of investments in this fund is one to 365 days.
- (c) Debt Service Fund. The Debt Service Fund consists of funds deposited on a regularly scheduled basis as required by any bond covenants applicable to the Wharves operations or facilities. The investment objectives for this fund in order of importance are the suitability of a particular investment to the financial requirements of the Wharves, the preservation and safety of principal, insuring adequate liquidity of the investment, maintaining sufficiently marketable investments if the need to liquidate arises, maintaining diversification of the investment portfolio, and obtaining the best possible yield while meeting all prior objectives. Timely payment of bond interest and principal is made from this fund. Therefore, the maturity of investments made from this fund should coincide with

the scheduled bond payment requirements. The maximum allowable stated maturity of investments in this fund is 210 days.

- (d) **Bond Reserve Fund.** The Bond Reserve Fund consists of funds set aside to assure timely payment of bond issue principal and interest on schedule. If depleted, it becomes the top priority fund to be replenished from Net Revenues (as such term may be defined in the applicable bond indenture). The investment objectives for this fund in order of importance are the suitability of a particular investment to the financial requirements of the Wharves, the preservation and safety of principal, insuring adequate liquidity of the investment, maintaining sufficiently marketable investments if the need to liquidate arises, maintaining diversification of the investment portfolio, and obtaining the best possible yield while meeting all prior objectives. It is not anticipated that the balance of this fund will be used to fund current obligations; therefore, if the finances of the Wharves are in good order on a current basis, investments made from this fund may be staggered over a longer period of time. This will push these investments out further on the yield curve thus providing higher yields. The maximum allowable stated maturity of investments in this fund is 3 years.

6. Diversification. Diversification shall be achieved by maintaining a portfolio of at least five types of authorized investments whenever reasonably possible. The Wharves' investments shall be reviewed and rebalanced with respect to diversification at least once per calendar quarter. The emphasis shall be on maintaining a prudent level of cash balances, relative to investment types and maturities. The investment portfolio structure shall be arrived at pursuant to the analysis of the cash flow, expenditure, and investment needs of the Wharves, as established by the governing body of the Wharves.

7. Yield. Yield considerations shall be subordinate to suitability, safety, liquidity, marketability, and diversification requirements, but shall be maximized within those constraints through prudent and active investment management.

8. Maturity. Investment maturities shall reflect as nearly as feasible the expenditure patterns and needs of the Wharves as determined by the Investment Officer, General Manager-Port Director, and the governing body of the Wharves. Maturities should be structured to cover the fiscal year or capital project schedules and not on the basis of interest rate forecasting. The maximum allowable maturity of any individual investment shall be 3 years, except as otherwise provided herein.

9. Investment Quality Assurance. In addition to the other provisions of this Policy, the quality of investments and investment strategies shall be protected in the following ways:

- (a) Professional services may be used to provide expertise in the areas of pension management, cash management, bonded indebtedness, etc., and other areas deemed appropriate by the Wharves. State law pertaining to these services shall apply. These services shall be subordinate to this Policy, where applicable.

- (b) A successor Investment Officer shall be appointed to function in lieu of the Investment Officer if and when it may become necessary.
- (c) Investments shall be executed only through primary dealers and/or banks.
- (d) Investment positions shall be reviewed at least once per quarter for conformance to this Policy and the needs of the Wharves.
- (e) The Act and its subsequent amendments and this Policy shall guide the management of the Wharves' funds.

10. Investment Officer. As chief custodian of Wharves funds, the Treasurer of the Wharves shall be the Primary Investment Officer for all Wharves' funds. In addition, the Controller for the Wharves shall be the Secondary Investment Officer. The Primary Investment Officer and the Secondary Investment Officer are referred to collectively in this Policy as the "Investment Officer". The Investment Officer is responsible for investing all funds in a manner consistent with this Policy, and for preparing and executing the reports referenced in Section 13. The authority granted to the Investment Officer to invest the Wharves' funds is effective until rescinded by the Wharves or until the termination of the Investment Officer's position with the Wharves. In the administration of his or her duties, the Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the Wharves retains ultimate responsibility as fiduciaries of the assets of the Wharves. If the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the Wharves, he or she must file a statement disclosing that personal business interest. If the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to sell an investment to the Wharves, he or she must file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the Wharves. For purposes of this Policy, the Investment Officer has a personal business relationship with a business organization if: (i) the Investment Officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization; (ii) funds received by the Investment Officer from the business organization exceed 10% of the Investment Officer's gross income for the previous year; or (iii) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

11. Standard of Care. Wharves' investments shall be made with the 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 all funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; liquidity; and yield. In determining whether the Investment Officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds, or funds under the Wharves' control, over which the

Investment Officer had responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision was consistent with this Policy.

12. Training. The Treasurer, the Chief Financial Officer if the Treasurer is not the Chief Financial Officer, and the Investment Officer shall attend (i) at least one training session from an independent source approved by the governing body of the Wharves containing at least 10 hours of instruction relating to the Treasurer's or Investment Officer's responsibilities under the Act within 12 months after taking office or assuming duties; and (ii) an investment training session not less than once in a two-year period and receive not less than 10 hours of instruction relating to investment responsibilities under the Act from an independent source approved by the Wharves. The training session must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

13. Reports. The Investment Officer shall prepare and submit to the Wharves Board and to the Port Director/CEO a monthly written report of all investment transactions for all funds covered by the Act within a reasonable time after the end of the month being reported. The report shall include at a minimum:

- (a) A detailed description of the Wharves' investment position on the date of the report;
- (b) The book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
- (c) The maturity date of each separately invested asset that has a maturity date;
- (d) For pooled fund groups, a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group that states the beginning and ending market value for the reporting period, additions and changes to market value for the reporting period, and the fully accrued interest for the reporting period;
- (e) The account or fund or pooled group fund in the Wharves for which each individual investment was acquired; and
- (f) A statement that the investment portfolio complies with the investment strategies contained in this Policy and the Act.

The monthly report shall be prepared and signed by the Investment Officer. If the Wharves invests in other than money market mutual funds, investment pools, or accounts offered by its depository bank in the form of certificates of deposit or money market accounts or similar accounts, the reports prepared by the Investment Officer shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Wharves by that auditor.

14. Annual Audits and Review. In conjunction with its annual financial audit, the Wharves shall perform a compliance audit of management controls on investments and adherence

to the Act and this Policy. The Wharves shall also review this Policy and its investment strategies at least annually, and adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the Policy and investment strategies and that the written instrument so adopted shall record any changes made either to the Policy or investment strategies.

15. Investment Brokers. A written copy of this Policy shall be presented to any person offering to engage in an investment transaction with the Wharves or to an investment management firm under contract with the Wharves to invest or manage the Wharves' investment portfolio. No investments shall be made with any business organization until the qualified representative of the entity has executed and delivered to the Wharves a written statement in the form attached hereto as Exhibit A that the business organization has:

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

16. Deposit of Wharves' Funds. All funds received or maintained by the Wharves shall be deposited with the Wharves' depository upon receipt or the next day after receipt. The Investment Officer is authorized to invest those funds consistent with Federal and State laws, this Policy, and the Depository Contract.

17. Conflicts with State Law. In the event of a conflict between this Policy and the Act, the Act shall control.

18. Loss of Required Ratings. An investment that requires a minimum rating under this Policy does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Investment Officer shall take all prudent measures consistent with this Policy to liquidate an investment that does not have the minimum rating.

19. Incorporation of Chapter 2256, Texas Gov't Code. All applicable provisions of the Act are incorporated in their entirety.

20. Authorized Collateral and Collateral Procedures. The investment of Wharves' funds shall be collateralized consistent with Federal and State statutes and regulations including without limitation the Public Funds Collateral Act, Chapter 2257 of the Texas Government Code.

21. Selection of Authorized Brokers. The Wharves shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Wharves.

EFFECTIVE as of April 19, 2022.

Effective April 19, 2022

**BOARD OF TRUSTEES OF
THE GALVESTON WHARVES**

By:

Harry Maxwell, Chairman

EXHIBIT A

The undersigned, as the qualified representative of the below referenced business organization, hereby acknowledges and affirms that the business organization has (i) received and reviewed the Investment Policy (the "Policy") of the Board of Trustees of the Galveston Wharves (the "Wharves"), and (ii) implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Wharves and the organization that are not authorized by the Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Wharves entire portfolio or requires an interpretation of subjective investment standards.

Signed the _____ day of _____, 20____.

Business Organization:

By: _____

Name: _____

Title: _____

EXHIBIT A

The undersigned, as the qualified representative of the below referenced business organization, hereby acknowledges and affirms that the business organization has (i) received and reviewed the Investment Policy (the "Policy") of the Board of Trustees of the Galveston Wharves (the "Wharves"), and (ii) implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Wharves and the organization that are not authorized by the Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Wharves entire portfolio or requires an interpretation of subjective investment standards.

Signed the _____ day of _____, 20____.

Business Organization:

By: _____

Name: _____

Title: _____