

# State Bar of Texas



## Treasurer Guide

2020 - 2021

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## STATE BAR OF TEXAS ACCOUNTING CONTACTS

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**Fax: 512.427.4102**

**Email: [scarlson@texasbar.com](mailto:scarlson@texasbar.com)**

**Mailing address: P.O. Box 12487**

**Austin, TX 78711-2487**

**Physical address: 1414 Colorado**

**Austin, TX 78701-1627**

### **Rhonda Bridges, Sections Accountant**

**Phone: 512.427.1428 or 800.204.2222 x 1428**

**Fax: 512.427.4102**

**Email: [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com)**

### **Vira Lukyanova, Sections Accountant**

**Phone: 512.427.6853 or 800.204.2222 x 6853**

**Email: [Vira.Lukyanova@Texasbar.com](mailto:Vira.Lukyanova@Texasbar.com)**

# STATE BAR OF TEXAS



## TREASURER CHECKLIST

### ESSENTIAL (ONGOING) RESPONSIBILITIES:

- Pay Section bills (as received)\*
- Receive and deposit Section revenues (as received)\*
- Reconcile bank and investment accounts\*
- Submit bank/investment account statements to SBOT (monthly)\*
- Submit copies of check/deposit registers to SBOT (monthly)\*
- Prepare Section financial reports (monthly)\*
- Present Section financial reports to Section council
- Collect sales tax and remit to the State Bar\*
- Collect W-9 from service vendors prior to payment\*
- Submit completed W-9 forms to SBOT (as collected)\*
- Other duties as described in individual Section by-laws

### AS SOON AS POSSIBLE:

- Submit 2020-21 budget to SBOT Executive Director by July 15th (to your Section's SBOT accounting assistant, Rhonda Bridges or Vira Lukyanova)
- Update signature card and address on bank and investment accounts\*

### BY 10TH OF THE MONTH:

- Submit sales tax collected in the prior month to SBOT

### BY LAST DAY OF MONTH:

- Submit prior month bank and investment statements, along with copies of check/deposit registers, to SBOT

*\*Service provided by State Bar free of charge to Sections utilizing  
accounting management services*

# STATE BAR OF TEXAS



## ACCOUNTING MANAGEMENT SERVICES GUIDE

Services provided at no charge to Section:

- Monthly financial reports provided to the Section Treasurer
- Monthly cash and investment account reconciliation
- Dues checks deposited directly into the Section's account immediately upon issue
- Other deposits made to Section bank account/s
- All Section bills paid, including reimbursements and State Bar billings
- Sales tax is calculated and paid
- Vendors are tracked for IRS compliance; tax forms are collected as necessary, and tax payments are made to the IRS
- Liaison with PlainsCapital Bank, (when applicable – NOT a requirement for making use of the accounting management services offered)

Deposits are made as they arrive at the State Bar. The Treasurer receives reimbursement requests and invoices, and forwards them to the Section Accountant with approval for payment. The State Bar pays these expenses using State Bar funds. At the end of the month, the Treasurer receives an itemized report listing all the expenses paid on behalf of the Section in the prior month. At this time Section payment will be transferred to SBOT. The Section's Treasurer approves all expenditures before they are paid.

These services ensure the Section's compliance with State Bar financial reporting requirements. Another benefit is the accounting and financial reporting consistency provided, since the Section does not transfer accounting records and change banks, bookkeeping methods and/or software programs each year.



## SECTION TREASURER INFORMATION

### DUES:

Section dues collected by State Bar of Texas

- Paid to the Sections quarterly: April, July, October, January

Dues collected by Sections

- Funds deposited to Section account
- Member names and bar card # sent to State Bar Membership Department

### DEPOSITORIES & INVESTMENTS:

Each Section shall deposit its funds into either:

- A branch of the State Bar banking depository

#### Plains Capital Bank

\*No monthly fee checking account

\*High yield savings account for public funds

\*Collateralization of funds

\*Client Services Professional dedicated to SBOT Accounts

\*Certificates of deposit

\*Free ACH Debit Block

\*SBOT is Section Liaison

- Or, an alternative banking depository meeting the requirements of the State Bar investment policy (attached). Additionally, single or combined account balances in one banking institution should not exceed \$250,000 per FDIC protections.

### ACH PAYMENTS SERVICES:

The State Bar of Texas now offers ACH payment and deposit services. This service is new for FY21. Contact us for the necessary forms and assistance setting up this service.

### 2020-2021 SECTION BUDGETS:

Due to State Bar of Texas Executive Director (through your SBOT Section accounting personnel, Rhonda Bridges or Vira Lukyanova) by **July 15<sup>th</sup>** of each year



### **SECTION FINANCIAL REPORTING:**

- Section financial reporting is included in State Bar of Texas annual audit
- Sections that do not utilize State Bar Accounting Management Services submit the following information (by the last day of each month for prior month):
  - ✓ Copies of latest statements for all bank and investment accounts, including certificate of deposit notices (example: July statement copies submitted on or before August 31<sup>st</sup>)
  - ✓ Transaction history or copy of check and deposit register for each Section account  
Include the following for each check or deposit: date, number, payee or payer, amount, purpose of payment/deposit (template available in attached 'Templates' document)
- Financial reports are prepared by the Section Accountants for each Section on a monthly basis.
- See the January 2020 SBOT Board policy and procedures on Section finances

### **COLLECTING SALES TAX:**

- Sections shall display a copy of State Bar of Texas Sales and Use Tax Permit (Forms document) wherever items or services are sold
- Sections shall collect sales tax on taxable goods or services sold and remit to the State Bar of Texas
  - Example of taxable goods: books, t-shirts, extra copies of newsletters, luncheon tickets (if not connected with a CLE event), etc.
  - On or before the 10<sup>th</sup> day of each month, remit to State Bar of Texas all sales tax collected during the immediately preceding month; included with the payment should be a report showing total sales revenue collected and county in which sales occurred
- See Section Sales Tax Guidelines (pg. 17) for directions on collection, reporting and calculating sales tax
- Customers **MUST** provide a Texas Sales and Use Tax Exemption Certification (pg. 19) at the time of the sale to be exempt from sales tax
- Please feel free to contact us for assistance

### **SECTION PURCHASES:**

Sections are exempt from paying sales tax, but must provide a Texas Sales and Use Tax Exemption Certification at the time of the purchase (Forms document)



## **RECORD RETENTION:**

Section financial records should be retained for audit purposes as follows:

- Records of individual sales for four years after the close of the current fiscal year
  - ✓ For 2020-21 fiscal year, retain records dated on or after 6/1/17
- All other Section financial records for three years after the close of the current fiscal year
  - ✓ For 2020-21 fiscal year, retain records dated on or after 6/1/18

Records may be stored at the State Bar, or sent to off-site storage at the State Bar's expense if given to the Sections Accountant.

## **MISCELLANEOUS INFORMATION:**

**State Bar of Texas (Section) Federal Tax ID# 74-6000148**

### **Monthly invoicing from State Bar of Texas**

Each month Section Treasurers are sent an itemized report listing expenditures paid by the State Bar of Texas on behalf of the Section.

### **W-9 Request for Taxpayer Identification Number and Certification**

- Treasurers must request a Form W-9 (Forms document) from new vendors and award/scholarship/intern and other gift recipients prior to payment. These forms should be submitted to the State Bar as collected. The State Bar of Texas Accounting Department will prepare and send a form 1099-MISC as required at calendar year end.
- Special rules apply for scholarship awards (see letter in Forms document)
- You may receive a request for a form W-9 on occasion, especially when receiving contributions. A signed and completed State Bar of Texas Form W-9 is included in the Forms document. You may print and submit the W-9 as requested.



### **Section Request for Reimbursement Form**

A blank Request for Reimbursement form is included in the Forms document attached. These forms can be provided to Council and Section members for reimbursement of expenses incurred on behalf of the Section. All receipts should be attached to the reimbursement form prior to submission to the Treasurer and the form must be signed by the claimant (see bottom of form).

This form is also available as an auto-fill Excel file, updated with Section Treasurer contact information. We will update the forms for individual Sections and send them to the treasurers for distribution. We will also send out updated forms if the mileage reimbursement rate should change.

If you need a form, please contact your Section's accounting assistant:

[Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com) or 512.427.1428

[Vira.Lukyanova@texasbar.com](mailto:Vira.Lukyanova@texasbar.com) or 512.427.6853

Bar Card	DatePaid (mm/dd/yy)	Amount	Complementary (0= No, 1=Yes)	Name
1234567	06/01/20	30.00	0	Smith, John
3456789	06/30/20	0.00	1	Smith-Jones, Susan
2345678	06/28/20	30.00	0	Jones, Mary
	total:	60.00		

## Section Budget FY 2020-2021

Account	Section Description	Period 1 - 2021
F0-9330-40100	Section Dues	-1.00
F0-9330-40400	Book Sales	-1.00
F0-9330-40435	Sales	-1.00
F0-9330-40500	Interest Income	-1.00
F0-9330-41010	Royalties	-1.00
F0-9330-41035	Miscellaneous Revenue	-1.00
<b>Total Revenues</b>		<b>-6.00</b>
F0-9330-50239	Travel	1.00
F0-9330-50265	Setup/Decorations	1.00
F0-9330-50286	Meeting/Conferences	1.00
F0-9330-50310	Bank Fees	1.00
F0-9330-50311	Credit Card Fees	1.00
F0-9330-50358	Media Production	1.00
F0-9330-50360	Website	1.00
F0-9330-50365	Consultant - Other	1.00
F0-9330-50490	Other Publicity	1.00
F0-9330-50600	Supplies	1.00
F0-9330-50660	Awards/Certificates	1.00
F0-9330-50665	Gifts	1.00
F0-9330-50725	Storage	1.00
F0-9330-50825	Postage	1.00
F0-9330-50826	Delivery Charge	1.00
F0-9330-50845	Website	1.00
F0-9330-50925	Scholarships	1.00
F0-9330-50952	Contributions/Donations	1.00
F0-9330-50954	Sponsorships	1.00
F0-9330-50955	Miscellaneous Expenses	1.00
F0-9330-50958	Section Rep to the Board	1.00
F0-9330-51505	Printing	1.00
<b>Total Expenses</b>		<b>22.00</b>
<b>Total Net Income (Loss)</b>		<b>-16.00</b>

SAMPLE CHECK/DEPOSIT REGISTER					
5/31/2014	XYZ Section Register				
Check #	Payee	Date	Amount	Expense Acct	Explanation
1234	Tim Jones	5/29/2014	500.00	Travel	Reimb Travel Expense
5678	David Smith	5/31/2014	10.00	Supplies	Stamps
		TOTAL	510.00		
Deposits	Date	Amount	Revenue Acct	Explanation	
Attorneys, LLP	5/1/2014	200.00	Conference revenue	registration fees	Spring Conference

**State Bar of Texas  
Section  
Balance Sheet  
March 31, 2020**

Assets		
Cash and Cash Equivalents		\$85,624
Accounts Receivable:		
Other		600
Total Assets		<u>\$86,224</u>
Liabilities and Fund Equity		
Liabilities:		
Due To (From) General Fund		2,141
Total Liabilities		<u>2,141</u>
Fund Equity:		
Beginning Fund Equity	74,966	
Current Year Operations	<u>9,116</u>	
Fund Balance		<u>84,083</u>
Total Liabilities and Fund Equity		<u>\$86,224</u>

**Section**  
**Summary of Revenues and Expenditures**  
**For the Twelve Months Ending May 31, 2020**

	Current Month Actual	YTD Actual	Annual Budget	YTD Budget	Variance Fav/(Unfav)	Variance %	Prior Year Current Month	Prior Year YTD Actual
Revenues:								
Dues		\$20,260	\$20,000	\$20,000	\$260	1%		\$640
Fees	1,320	4,630	500	500	4,130	826%		1,150
Investments	11	131	100	100	31	31%	10	29
Contributions	180	1,680	4,000	4,000	(2,320)	(58%)		
Total Revenues	1,511	26,701	24,600	24,600	2,101	9%	10	1,819
Expenditures:								
Travel	2,552	11,756	10,000	10,000	(1,756)	(18%)	123	947
Meetings & Conferences	49	8,514	7,150	7,150	(1,364)	(19%)	786	786
Professional Services		152			(152)			
Supplies/Awards/Gifts/Spec. Items		195	500	500	305	61%		
Telephone	56	740	3,500	3,500	2,760	79%	99	529
Administrative	24	24	500	500	476	95%		
Total Expenditures	2,681	21,381	21,650	21,650	269	1%	1,008	2,262
Total Expenditures & Transfers	2,681	21,381	21,650	21,650	269	1%	1,008	2,262
Excess (Deficit) of Revenues Over Expenditures & Transfers	(1,170)	5,320	2,950	2,950	2,370	80%	(998)	(443)
Excess (Deficit) of Revenues over Expenditures, Transfers & Investment Value Changes	(1,170)	5,320	2,950	2,950	2,370	80%	(998)	(443)
Total YTD Increase (Reduction) in Fund Balance	(1,170)	5,320	2,950	2,950	2,370	80%	(998)	(443)

# STATE BAR OF TEXAS



## SECTION SALES TAX GUIDELINES

Sections receiving money for taxable goods or services must collect and pay to the State Bar of Texas the appropriate sales tax. (Please see State Bar of Texas Board Policy, Section 5.01.06 and Procedures for Section Financial Reporting.)

- Sections Sales Tax Report and a check (made out to the State Bar of Texas) for sales tax is due to the State Bar by the 10<sup>th</sup> of each month for the prior month's sales.
- State Bar of Texas Accounting Department prepares and submits monthly sales tax deposit and report for each taxing jurisdiction.
- Sections must display a copy of the State Bar's Texas Sales and Use Tax Permit wherever taxable items and/or services are sold. This includes displaying the permit at Section seminars/courses.
- Customers **MUST** provide a Texas Sales and Use Tax Exemption Certificate at the time of the sale to be exempt from sales tax. There are no exceptions to this.
- Sections are required to maintain the records of individual sales for four years after the close of the current fiscal year for audit purposes.
- Some examples of taxable goods are mugs, t-shirts, sales of printed materials, meals paid for separately from CLE course fees, and extra copies of newsletters.
- See "Calculating Sales Tax Guide" for instructions on sales tax rate calculations. (page 18) Please contact your Section accountant to request a Texas Sales and Use Tax Permit or with any questions on collection, reporting, and/or payment of sales tax.

# STATE BAR OF TEXAS



## CALCULATING SALES TAX GUIDE

### **Items sold at a seminar/meeting held in Texas:**

1. Local Sales and Transit Tax for the jurisdiction where seminar is held
2. Examples:
  - Seminar held in Austin, charge and report tax rate for sales in Austin, 8.25%
  - Seminar held in San Antonio, charge and report tax rate for sales in San Antonio, 8.25%
  - For automatic sales tax rate calculation- see Texas Comptroller website
    - <https://mycpa.cpa.state.tx.us/atj/addresslookup.jsp>
    - Enter city and county of seminar, click on Search

### **Items sold at a seminar held outside of Texas:**

1. Check with that state's equivalent of the Comptroller's office for applicable sales tax collection and reporting

### **Items mailed/shipped to customer in Texas:**

2. Local Sales and Transit Tax for the jurisdiction items mailed **from** (for example- Section Treasurer's office, Bookkeeper's office, or State Bar of Texas)
3. Example:
  - Section Treasurer's office in San Antonio receives mail order for books to be shipped to a customer in Corpus Christi
  - Sales tax rate is the rate for sales made in San Antonio, 8.25%

### **Items mailed/shipped to customer outside of Texas:**

4. **No** sales tax is collected

Please contact your Sections Accountant with any questions on collection, reporting, and/or payment of sales tax.

C-300  
(Rev 12-118n 3)

# TEXAS SALES AND USE TAX PERMIT

permit is not transferable

prominently displayed in your place of business.

This

and this side must be

Merchants: DO NOT ar:cepf a copy of till\$, in p/oc of a resale or exempt1on certificate You wll be responsible for sales tax unless wu have a veltd reseletf1xempt1on certfrteale on file.

You must obla1n anew permit if there IS a change of ownership. location. or busmess local1on name.

TAXPAYER NAME BUSINESS LOCATION NAME and PHYSICAL LOCATION

STATE BAR OF TEXAS

STATE BAR OF TEXAS  
141-4 COLORADO ST  
AUSTIN

TX 78701

Type of permit  
SALES AND USE TAX

Taxpayer number  
1-74-6000148-4

OuUetnumber  
00001

Fust bus1ness date  
09/01/1961

WEISHOW THIS 8621

DESCRIPTION ON NEXT LINE:

CITY: Professional Membership Organizations

TRANSIT: BUSINESS IN THE FOLLOWING LOCAL SALES TAX AUTHORITIES:

AUSTIN EFF: 01/01/1968

AUSTIN MTA EFF: 07/01/1985

**CAROLE KEETON RYLANDER**  
Comptroller of Public Accounts

# Texas Sales and Use Tax Exemption Certification

*This certificate does not require a number to be valid.*

Name of purchaser, firm or agency <b>STATE BAR OF TEXAS</b>	
Address (Street & number, P.O. Box or Route number) <b>PO BOX 12487</b>	Phone (Area code and number) <b>512-427-1481</b>
City, State, ZIP code <b>AUSTIN TX 78711</b>	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: \_\_\_\_\_

Street address: \_\_\_\_\_ City, State, ZIP code: \_\_\_\_\_

Description of items to be purchased or on the attached order or invoice:


\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Purchaser claims this exemption for the following reason:

**Purchaser is tax exempt based upon its status as a Texas State Agency**

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

*I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

Purchaser <b>sign here</b> 	Title Finance Division Director	Date 6/1/2020
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

**THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.**

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

**This certificate should be furnished to the supplier.**

**Do not send the completed certificate to the Comptroller of Public Accounts.**

# STATE BAR OF TEXAS



Dear Scholarship Recipient,

Please find enclosed a check in the amount of \$\_\_\_\_\_ representing a scholarship award from the \_\_\_\_\_ Section of the State Bar of Texas. **In order to remain tax free for IRS purposes, this scholarship award must be used to pay for qualifying tuition or related expenses as defined below.**

For purposes of determining the taxability of this scholarship award, the following IRS rules apply:

Taxable income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization. The IRS uses the following applicable definitions:

*Qualified scholarship: Any amount received by an individual as a scholarship or fellowship grant to the extent the individual establishes that such amount was used for qualified tuition and/or related expenses.*

*Candidate for degree: (1) a primary or secondary school student; or (2) an undergraduate or graduate student at a college or university who is pursuing studies or conducting research to meet the requirement for an academic or professional degree.*

*Related expenses include: fees, books, supplies and equipment required for courses of instruction at such educational organization. In order to be treated as related expenses under this section, the fees, books, supplies and equipment must be required of all students in the particular course of instruction. Incidental expenses are not considered related expenses. Incidental expenses include expenses incurred for room and board, travel, research, clerical help and equipment and other expenses that are not required for either enrollment or attendance at an educational organization, or in a course of instruction as such educational organization.*

In the case of an IRS audit, it will be up to the individual receiving the scholarship award to furnish documentation proving that the proceeds were used to pay for qualifying tuition or related expenses as defined above. If you have questions related to this information, please contact Tracy Jarratt, Finance Division Director, at 512.427.1481 or [Tracy.Jarratt@Texasbar.com](mailto:Tracy.Jarratt@Texasbar.com).

Sincerely yours,

Sandra Carlson, Controller, State Bar of Texas

512.427.1408 \* [scarlson@texasbar.com](mailto:scarlson@texasbar.com)



# STATE BAR OF TEXAS

Dear Award Recipient,

Please find enclosed a check in the amount of \$\_\_\_\_\_ representing an award from the \_\_\_\_\_ Section of the State Bar of Texas. **Please be advised that you will receive a Form 1099 in January 2021 from the State Bar as this award qualifies as taxable income. This amount will be reported to the IRS.**

IRS rules required that: *Businesses must file Form 1099 for each person to whom you have paid during the year at least \$600 in rents, services, prizes and awards.*

If you feel that you should not be issued a Form 1099 or if you have questions related to this information, please contact Sandra Carlson, Controller, at the number or email address below.

Sincerely yours,

Sandra Carlson, Controller  
State Bar of Texas  
512.427.1408  
[scarlson@texasbar.com](mailto:scarlson@texasbar.com)

# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

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

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

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

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

Social security number									
				-				-	
or									
Employer identification number									
				-					

## Part II Certification

Under penalties of perjury, I certify that:

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

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

Sign Here	Signature of U.S. person ►	Date ►
-----------	----------------------------	--------

## General Instructions

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

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

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

- Form 1099-INT (interest earned or paid)

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

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

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

## Request for Taxpayer Identification Number and Certification

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

Give Form to the  
requester. Do not  
send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

State Bar of Texas

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ►

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☒ Other (see instructions) ►

State Agency

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

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

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

5 Address (number, street, and apt. or suite no.) See instructions.

1414 Colorado

6 City, state, and ZIP code

Austin, TX 78701

7 List account number(s) here (optional)

Requester's name and address (optional)

### Part I Taxpayer Identification Number (TIN)

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

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

Social security number

\_\_\_\_ - \_\_\_\_ - \_\_\_\_

or

Employer identification number

7 4 - 6 0 0 0 1 4 8

### Part II Certification

Under penalties of perjury, I certify that:

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

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

Sign  
Here

Signature of  
U.S. person ►



Date ► 3/10/2020

### General Instructions

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

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

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

- Form 1099-INT (interest earned or paid)

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

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

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

**State Bar of Texas Travel Reimbursement Form**

Date of Request

**PURPOSE OF TRAVEL:**

From To  
Date(s) of meeting -  
Date(s) of travel -  
Location of meeting

Reimbursement Policies and Procedures available at:  
texasbar.com/Reimbursement

PLEASE SEE BELOW FOR A LIST OF DEPARTMENTS and STAFF LIAISONS to receive your request

Please complete the highlighted applicable areas and submit form within 45 days from the date of travel.

**MAKE CHECK PAYABLE TO:**

(Name of Individual, Firm or Company)

Barcard # (if applicable)

Name

Street Address

City, State and Zip

Telephone Number

**STATE BAR APPROVAL**

Date Approved for Payment: \_\_\_\_\_, 20\_\_\_\_

(Officer, Committee Chair, Executive, Dept. Head, Other)

Finance Department

**TRAVEL EXPENSES**

Transportation		AMOUNT
Airfare	\$ -	\$ -
Speaker Airfare (TxBarCLE use only)	\$ -	\$ -
Car Rental & Fuel	\$ -	\$ -
Charter Bus Service	\$ -	\$ -
Taxi / Transportation Service	\$ -	\$ -
Parking & Tolls	\$ -	\$ -
Auto Mileage	@ \$ 0.575 =====>	\$ -
Tips	\$ -	\$ -
Other	(Enter Description Here)	\$ -
Travel Subtotal		\$ -

Lodging and Meals		AMOUNT
Date	Hotel	Meals
	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
	\$ -	\$ -
Lodging & Meals Subtotal	\$ -	\$ -

Other Expenses		AMOUNT
Description	\$ -	\$ -
Description	\$ -	\$ -

***** For State Bar Use Only *****				\$ -	<=====	\$ -
FUND-DEPT-ACCT	LOCATION	AA	TOTAL	Total Reimbursement Requested		
--50200-		-	\$ -	<b>CERTIFICATION OF CLAIMANT</b>  <i>The above described expenses were incurred by me for the purpose stated. I have attached receipts for applicable expenditures (airlines, hotels, etc.), except in cases where receipt is unavailable. I certify that this request is true, correct, and unpaid.</i>		
--50205-		-	\$ -			
--50210-		-	\$ -			
--50220-		-	\$ -			
--50236-		-	\$ -			
--50215-		-	\$ -			
--50230-		-	\$ -			
--50225-		-	\$ -			
--50239-		-	\$ -			
--50252-		-	\$ -			
--50285-		-	\$ -			
		-	\$ -			
		-	\$ -	THANK YOU FOR YOUR SERVICE TO THE STATE BAR OF TEXAS.		
		-	\$ -			

Enter Fund Code

Enter Location

support of or opposition to the proposal.

(F) The Executive Committee shall then report to the Board concerning the proposal and its recommendation supporting or opposing the name change. The Chair may allow any interested persons to appear before the Board in support of or in opposition to the proposal.

#### **5.01.04 Bylaws**

(A) Section bylaws must remain in compliance with the State Bar Act, the State Bar Rules, this Policy Manual, and any other applicable action of the Board. The Section Representatives to the Board Committee may periodically review the bylaws of each section and make recommendations to the section, the Executive Committee, and the Board concerning any amendments to the bylaws necessary to ensure such compliance.

(B) Any amendments to a section's bylaws must be approved by the Board. To submit proposed amendments to the board, a section must deliver the proposal to the Executive Director no later than 30 days prior to the next regularly scheduled Board meeting. The Executive Director may require that the proposed amendments be reviewed by the State Bar Legal Counsel and by the Section Representatives to the Board Committee prior to submission to the Board for approval.

**5.01.05 Confidentiality of Member Information.** All information concerning any section member that is deemed confidential by state or federal law, including Tex. Govt. Code Ch. 552 and Tex. Occ. Code Ch. 59, including email addresses, may be used only for official section business and may not be disclosed to the public. Sections must take reasonable, necessary precautions to protect the confidentiality of such information.

#### **5.01.06 Finances**

(A) *Section Dues and Other Fees.* Each section is authorized to collect membership dues and other funds from its activities and, subject to the other provisions of this Policy Manual, applicable law, rules and regulations, to determine how its funds are invested and expended. The Board must approve the establishment or revision of any section dues.

(B) *Depositories and Investments.* Section funds must be invested consistent with State Bar investment policy as set forth in Section 3.05 of this Policy Manual. Each section shall deposit its funds into either a branch of the State Bar banking depository, or an alternative banking depository meeting the requirements of the investment policy as set forth in Section 3.05 of this Policy Manual.

(C) *Books, Records and Reports.* Each section shall maintain accurate financial books and records and have appropriate controls on the maintenance and disbursement of sections' funds, all in a fashion that permits the inclusion of the sections' financial information in the State Bar's financial statements and audit. Each section also shall provide to the State Bar such financial information as may be required for compliance with the requirements for the independent financial and/or internal audits of the State Bar as required by applicable law, rules and regulations. To this end, the Audit and Finance Committee of the Board, in consultation with the State Bar's external auditors and the Council of Chairs, shall adopt, subject to approval by the Board, procedures for sections to report financial information for inclusion in the State Bar's financial statements and audit. These procedures may include requirements for delivery to the State Bar accounting department, on a basis as often as monthly, of copies of depository and investment statements and transaction histories for disbursements and deposits. Each section also shall submit to the Executive Director by July 15 of each year a section budget for the current Fiscal Year.

(D) *Sales Tax.* To the extent required by law, each section shall collect sales tax on goods or services that it sells, and timely each month, remit to the State Bar all sales tax collected during the immediately preceding month, along with a report listing the price, quantity and description of the goods or services so sold in such detail as the State Bar accounting department reasonably may require to ensure compliance with applicable law, rules and regulations. The Audit and Finance Committee of the Board shall adopt, in

consultation with the Council of Chairs and subject to the approval of the Board, procedures for the sections to report sales tax information to the State Bar for inclusion in the State Bar's monthly sales tax report filed with the State Comptroller's Office.

**(E) *State Bar Assistance to Sections.*** For each section supplying the required monthly financial information of the section, the accounting department of the State Bar shall prepare and provide to the treasurer of the section, a monthly and year-to-date section financial report and a monthly cash and investment account reconciliation. Upon request, the accounting department of the State Bar shall be available to work with the bank and the treasurer of the section to facilitate the submission of the financial information to the State Bar. Additionally, any section may elect to have the State Bar manage section funds, including depositing dues, managing operating expenses, issuing checks, and preparing financial reports and budgets. The State Bar will provide assistance to sections under this Subsection 5.01.06 at no charge to sections, except that expenses incurred in providing financial information in a format other than an electronic format prescribed by the accounting department of the State Bar shall be borne by the section.

**(F) *Inclusion in Bylaws.*** Each section shall include the provisions of this Section 5.01.06 as part of its bylaws.

#### **5.01.07 Public Statements and Advocacy Activities**

**(A) *Representation of State Bar.*** No section, section member, or section council shall purport to represent the State Bar before any legislative body, any administrative agency, in any court, or before any other tribunal unless expressly authorized to do so by the Board in accordance with Board policies and procedures.

**(B) *Speaking or Writing.*** No section, section member, or section council shall at any time, expressly or impliedly, purport to act, speak, or write on any subject on behalf of the State Bar unless expressly authorized to do so by the Board in accordance with Board policies and procedures.

**(C) *State Bar Seal and Letterhead.*** No section, section member, or section council shall at any time use the State Bar seal or letterhead for any purpose other than for the section's official properly authorized business.

**(D) *State Bar Legislative Policy.*** Sections may compile and submit suggestions to the Board's Legislative Policy Subcommittee regarding legislation prior to the beginning of each regular session of the Legislature, and, if warranted, during a session. Except as may be provided elsewhere in this Policy Manual, no positions may be taken by the section, section members, or section council in the name of the section that advocates or advances a political or social policy position.

**(E) *Compliance.*** No section, section member, or section council shall intentionally act in violation of state or federal law, including *Keller v. State Bar of California*, 496 U.S. (1990) and its progeny.

**5.01.08 *Contracts.*** All contracts for goods or services for a section must be reviewed by State Bar Legal Counsel and executed by a duly authorized signatory of the State Bar.

**5.01.09 *Meetings.*** Each section shall hold at least one annual membership meeting at a time and place within Texas to be determined by its council. Notices of all council and membership meetings shall be provided to the President, President-elect, Executive Director and the section's Board advisors.

#### **5.01.10 Publications.**

**(A) *Newsletters.*** Each section shall publish at least one newsletter each Fiscal Year. A copy of the newsletter(s) shall be provided to the President, President-elect, Executive Director, the coordinator of committees and the coordinator of sections.

the Audit and Finance Committee for reasonableness of fees and level of service. Following the 3-year review, the Audit and Finance Committee will make a recommendation to the Board that the then current bank depository be allowed to continue for another 3 years, or that another bank depository be selected through an RFP process. In developing the criteria for selection of any bank depository, the Audit and Finance Committee shall give strong consideration to a potential bank depository's participation in the Texas IOLTA Prime Partners Program sponsored by the Texas Access to Justice Foundation. At any time, the Board may request a review by the Audit and Finance Committee of the then current bank depository.

**3.04.02 Management of State Bar Funds.** The State Bar, with the approval of the Board, may enter into agreements and contracts deemed appropriate to facilitate the management of its funds so that income will be earned or appreciation realized on those funds pending expenditure.

**3.04.03 Withdrawal and Disbursement of State Bar Funds.** The Board shall designate the employees of the State Bar who are authorized to sign checks for the withdrawal and disbursement of funds. These signatories shall include the Executive Director and Chief Financial Officer. The Executive Director's signature can be a facsimile on all checks. The Chief Financial Officer, or his or her designated representative, however, shall review each check before its distribution even though it bears the Executive Director's signature.

**3.04.04 Securities.** The Executive Director or the Chief Financial Officer of the State Bar are authorized to transfer, endorse, sell, assign, set over, and deliver any and all shares of stock, bonds, debentures, notes of indebtedness, or other securities now or hereafter standing in the name of or owned by the State Bar.

### 3.05 Investments

**3.05.01 Investment Standard.** The State Bar shall invest its funds in a manner in which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but to, in order of priority, preserve and safeguard the principal amount invested, provide liquidity to meet operating cash flow needs, and earn the highest yield possible considering the required safeguards.

**3.05.02 Investment Manager.** The Board, through its Audit and Finance Committee, may contract with an investment manager for professional investment services. Pursuant to the Public Funds Investment Act, §2256.003, a contract for professional investment services may not be for a term in excess of 2 years. A renewal or extension of the contract for professional investment services must be made by order, ordinance or resolution of the Board. The selection of the investment manager shall be the subject of a request for proposal procedure every five years. At any time the Board may request that a request for proposal be issued for investment management services.

**3.05.03 Application.** This investment policy applies to the financial assets of all State Bar funds and funds of Bar-related groups, to include those of the General Fund, Client Security Fund, all special revenue funds, enterprise funds, sections and divisions.

**3.05.04 Committee Review.** The Board's Audit and Finance Committee shall review the investment policy annually. Recommendations for modifications to the policy may be made by the Executive Director, the Board's Audit and Finance Committee, an Officer, or Board Member. This policy and any amendments to it must be authorized by Board action.

**3.05.05 Approved Investments.** The Board authorizes the Executive Director and/or investment manager (as contracted by the Audit and Finance Committee of the Board) to invest funds of the State Bar that are available for investment in any account, time or demand, and the following "fixed income" securities:

**(A) U. S. Treasury Securities.** U.S. Treasury securities are direct obligations of the United States Government. U.S. Government obligations are the highest quality and are the most liquid and marketable of investment securities. Investments in this category will include Treasury bills, Treasury notes, and Treasury bonds. U.S. Treasury bills are sold on a discount basis and have initial maturities of three months, six months, and one year. U.S. Treasury notes and Treasury bonds are coupon-bearing

instruments with initial maturities from two to ten years for notes and ten to thirty years for bonds.

The maximum average maturity of the U. S. Treasury securities portfolio will not exceed five years.

**(B) Federal Agencies.** After U. S. Treasury securities, Federal agency securities (government sponsored enterprises) are generally regarded as the next highest quality investment suitable for the portfolio. Agencies generally offer a rate of return higher than direct U.S. Treasury securities. The spread difference in yield will be affected by the general level of interest rates, markets, and economic conditions at any given time. Consideration should be given to the spread relationship existing when portfolio investment decisions are made.

Securities included in this category are debt issuance by the Federal Farm Credit System (Farm Credits), Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Student Loan Marketing Association (SLMA), the Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”), the Government National Mortgage Association (GNMA or “Ginnie Mae”), and Small Business Administration (SBA).

The maximum average maturity of the U.S. agency section of the portfolio will not exceed five years.

**(C) Collateralized Deposits:** The State Bar will monitor all deposits that are held with the State Bar’s custodian bank(s) to ensure that all deposits are fully insured or collateralized, as required by the Public Funds Collateral Act, §2257, of the Texas Government Code (“PFCA”). Pursuant to §2257, the State Bar will require the custodian bank(s) to pledge securities that are authorized under §2256.009 of the Public Funds Investment Act (“PFIA”). In accord with the PFCA, deposits that exceed the FDIC insurance limit will be collateralized by the deposit institution holding such deposits. Since, generally, all deposits are fully invested in securities, the collateralization of such invested deposits will not be necessary when such deposits are fully and continuously invested in securities. If there are any funds awaiting investment, such funds should be fully collateralized at all times pursuant to the PFCA. The custodian bank(s) will be notified regarding the collateralization and investment policy requirements. The State Bar’s expectation of total and full compliance with the PFIA and the PFCA is of paramount importance and such expectation will be clearly communicated to custodian bank(s). Financial institutions serving as depositories will be required to sign an Agreement with the State Bar and its safekeeping agent for the collateral, perfecting the State Bar’s rights to the collateral in case of default, bankruptcy or closure.

**(D) Money Market Investments.** Money market investments are short-term investments that normally have a maturity of one year or less and are used for liquidity and income maximization purposes. Acceptable investments that may appear in this category are:

**(1) Domestic CDs (time deposits).** Certificates of deposit issued by depository institutions, wherever located that are:

**(a)** guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or the National Credit Union Share Insurance Fund, or its successor; or

**(b)** secured by obligations that are described in Subsections 3.05.05(A) and (B) above, with a market value of not less than the principal amount of the certificates plus accrued interest. Pledged collateral securities must be held in a third-party custody account authorized by the State Bar.

**(2) Banker’s Acceptances.** Bankers acceptances must have a stated maturity of 270 days or less from the date of its issuance that will be liquidated in full at its 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 and if the short-term obligations of the bank, or of the 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.

**(3) Repurchase Agreements (Repos)** Repurchase Agreements must be fully collateralized and have a

defined termination date. They must be placed with a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas. Repurchase agreements must be collateralized by U.S. Treasury or Agency securities and collateral must be held in a third-party custody account authorized by the State Bar.

**(4) Money Market Investments.** A no load money market mutual fund is an approved investment under this policy if the investment meets one of the following two criteria:

**(a)** It is registered with and regulated by the Securities and Exchange Commission; it provides the State Bar 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.); and it complies with federal Securities and Exchange Commission Rules 2a-7 (17 C.F.R. Section 270.2a-7) promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.); or

**(b)** It is registered with the Securities and Exchange Commission; it has an average weighted maturity of less than two years; and it either:

**(i)** has a duration of one year or more and is invested exclusively in obligations approved by this policy; or

**(ii)** has a duration of less than one year and the investment portfolio is limited to investment grade securities excluding asset-backed securities.

**(5) Commercial Paper** Commercial Paper must have a stated maturity of 270 days or less from the date of issuance and must have a credit rating of not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies.

**(E) Investment Concentrations.** The State Bar intends to follow the guidelines described below on investment concentrations within the investment portfolio (IP):

**(1) U.S. Treasury and Federal Agency Securities.** Up to 100% of the IP.

**(2) Mortgage-Backed Securities.** Guaranteed by U.S. Government Sponsored Agencies up to 30% of the IP.

**(3) Certificates of Deposit.** Up to 30% of the IP, but no more than 5% with any single bank.

**(4) Banker's Acceptance.** Up to 15% of the IP, but no more than 5% with any single issuer.

**(5) Repurchase Agreements.** Up to 30% of the IP, but no more than 10% with any single issuer.

**(6) Money Market Mutual Funds.** Up to 100% of the IP.

**(7) Commercial Paper.** Up to 30% of the IP, but no more than 5% with any single issuer.

Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions. The State Bar will not be required to liquidate investments that were authorized investments at the time of purchase.

The investment manager will monitor the various investment alternatives and select the securities that best meet the State Bar's overall, long-term goals. Concentrations of each type of security will not exceed the maximum limits outlined above, but specific concentrations of investment types will be dictated by the following considerations: quality, liquidity, relative sector yield spreads vs. historical spreads, maturity concentrations, time horizon.

Investments will only be made with those firms and institutions which have been approved by the Board of Directors. The investment manager will be responsible for analyzing and evaluating the broker/dealer firms and for reporting their list of qualified firms to the Committee for approval.

It is the policy of the State Bar to require competitive bidding for all individual security purchases except for those transactions with money market mutual funds which are deemed to be made at prevailing market rates and for government securities purchased at issued through a primary dealer at auction price. At least three bidders must be contacted in all transactions involving individual securities. Competitive bidding for security swaps is also required. Bids may be solicited in any manner provided by law and shall be documented.

**(F) Collateralization.** In addition to the collateral requirements for State Bar deposits, as discussed in Subsection 3.05.05(C), Certificates of Deposit (CD) and Repurchase Agreements (Repo) must also be collateralized in accordance with State Law. Eligible securities for collateralization of CDs and Repo shall be U.S. Treasury and Agency securities. For CDs, the market value of the pledged collateral securities must at all times be equal to or greater than the par value of the CD plus accrued interest, less the amount insured by the FDIC. For Repos, the market value of the pledged collateral securities shall be a percentage of the par value of the agreement plus accrued interest and shall be maintained at the following levels:

Collateral Maturity	U.S. Treasury Securities	U.S Government Securities
1 year or less	101%	101%
1 to 5 years	102%	102%
Over 5 years	103%	104%

**(G) Reporting.** The Investment Manager for the State Bar of Texas will provide a detailed accounting and appraisal report detailing, among other things, investments' descriptions, coupons, maturities, CUSIP identification numbers, purchase cost, amortized cost and market values on a monthly basis. Market valuations are based on current information and appraisals taken from third party market makers, whom the Manager believes provides reliable information and valuations.

The investment manager will prepare a report for the State Bar quarterly. The report will include a listing of securities, a current appraisal reflecting gains or losses, a list of securities purchased or sold during the period, and an analysis of the IP's performance for the period and since inception.

Representatives of the investment manager will meet with the State Bar semi-annually or as needed to discuss investment strategy, actions taken, and the general economic environment within which the State Bar's investments will be managed.

Not less than quarterly the Investment Officers will submit to the Audit and Finance Committee and the Board a written report of the status of the current investment portfolio. The report must meet the requirements of Chapter 2256 of the Government Code (Public Funds Investment Act) and:

- (1) describe in detail the investment position of the State Bar on the date of the report;
- (2) be prepared jointly by all investment officers of the State Bar;
- (3) contain a summary statement, prepared in compliance with generally accepted accounting principles of each pooled fund group that states the beginning market value for the reporting period, additions and changes to the market value during the period, ending market value for the period and fully accrued interest for the reporting period.
- (4) state 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;

- (5) state the maturity date of each separately invested asset that has a maturity date;
- (6) state the account or fund or pooled fund group from which each individual investment was acquired; and
- (7) state the compliance of the investment portfolio as it relates to the investment strategy and relevant provisions of this Policy and the Public Funds Investment Act.

An independent auditor shall formally review the quarterly reports prepared under this Subsection at least annually, and that auditor shall report the results of the review to the Board.

**(H) *Exceptions to Policy.*** Exceptions to the investment policy must have prior approval by a majority of the Board at a called, regularly scheduled, or telephone call meeting. Changes to the investment policy will be made, as needed, after action by the Board.

**(I) *Methods to Monitor Market Price.*** The investment manager shall provide market valuations of all State Bar investments using Bloomberg, or another third-party market valuation service.

The Executive Director or investment manager shall report to the Audit and Finance Committee at least quarterly on the market prices and the performance of the investments made by, or on behalf of, the State Bar.

**(J) *Monitoring Rating Changes.*** Pursuant to the PFIA, Section 2256.021, an investment that requires a minimum rating under State law does not qualify as an authorized investment during the period the investment does not have the minimum rating. The State Bar's Investment Manager will be responsible for monitoring ratings of all State Bar investments placed with the Investment Manager. The Investment Manager will maintain a process whereby the State Bar's Investment Officer will be promptly notified in the event of a downgrade of an investment below State law or State Bar's Investment Policy limits. The Investment Manager will provide a recommendation on how best to resolve the issue with the intent to take all prudent measures that are consistent with State Bar's Investment Policy to liquidate an investment that does not have the minimum rating.

### **3.05.06 *Delegation of Authority***

**(A) *Investment Officer.*** The State Bar shall designate the Finance Division Director as investment officer responsible for the investment of its funds, under the direction and authority of the Executive Director. This includes investments for the State Bar General Fund, Client Security Fund and the special revenue funds.

**(B) *Procedures.*** The State Bar's investment officer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the State Bar's funds is effective until rescinded or until termination of the person's employment by the State Bar. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the State Bar's independent auditor, to regulate the activities of subordinate officials. The investment officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

**(C) *Ethics and Conflicts of Interest.***

- (1) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

(2) Officers and employees involved in the investment process shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.

(3) Officers and employees involved in the investment process must file a disclosure with the State Bar of Texas if:

(a) the Officer or employee has a personal business relationship with a business organization offering to engage in an investment transaction with the State Bar of Texas; or

(b) the Officer or employee 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 transact investment business with the State Bar of Texas

(4) An officer or employee involved in the investment process has a personal business relationship with a business organization if:

(a) the Officer or employee owns 10 percent or more of the voting stock of shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(b) funds received by the officer or employee from the business organization exceed 10 percent of his/her gross income for the previous year; or

(c) the Officer or employee has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his/her personal account.

(D) *Training.* The Investment Officers and the persons authorized to execute investment transactions shall attend at least one investment training session within 6 months after taking office or assuming duties and receive not less than 10 hours of instruction relating to investment responsibilities every two years. The training provider must be an independent source approved the Board of Directors.

**3.05.07 Investment Objectives.** All funds shall be managed and invested with three primary objectives, listed in order of their priority – safety and liquidity, diversification and yield:

(A) *Safety of Principal.* Safety of principal is the foremost objective of the State Bar. Investments of the State Bar shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition. The suitability of each investment decision will be made on the basis of these objectives.

(B) *Diversification.* Diversification of the portfolio will include diversification by maturity and market sector when appropriate and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

(C) *Yield.* The State Bar's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the State Bar's risk constraints and the cash flow requirements of the portfolio. "Market rate of return" may be defined as the average yield of the current three-month U.S. Treasury Bill or such other index that most closely matches the average maturity of the portfolio.

The individual strategy of each of the State Bar's three types of funds are as follows. To the extent possible, the State Bar will match its investments with anticipated cash flow requirements while minimizing market risk. The State Bar will not directly invest funds needed for current operations in securities maturing more than twenty-four months or posing potential credit risk, such as corporate bonds. Reserve funds may be invested in securities authorized by this policy with maturities of such investments to coincide as nearly as practical with the expected use of the funds.

The State Bar's General Fund's and Client Security Fund's assets are not necessary for day-to-day

operations. The General Fund and Client Security Fund portfolios may be invested in longer-term securities, but each portfolio will not exceed a five-year average maturity. While investments may be repositioned when prudent, the primary objective of both funds is capital preservation and stable, real (after inflation) increased income. The operation's funds are invested in very short-term investments while the General Fund and Client Security Fund are invested in medium term maturities providing good diversification and income stability over longer time periods for the State Bar's total investments.

The State Bar also directs the investment manager to not record any material book value losses on any security transaction without prior consent of the Executive Director and the Audit and Finance Committee.

**3.05.08 Accounting Department.** Interest income received by the State Bar from investments will be received by the Accounting Department for deposit to the State Bar's General Fund, Client Security Fund or special revenue funds accounts. The Accounting Department will be responsible for maintaining all investment and interest payment records for the purpose of reconciliation and preparation of financial statements.

**3.05.09 Settlement Method.** Settlement of all transactions made by or on behalf of the State Bar, except for investment in pool funds and mutual funds, shall be on a delivery versus pay method rather than delivery versus confirmation. The State Bar will contract with a bank or banks for the safekeeping of securities either owned by the State Bar as a part of its investment portfolio or held as collateral to secure certificates of deposits or repurchase agreements. These accounts shall be in the name of the State Bar.

**3.05.10 Public Funds Investment Act.** All actions taken in all of the State Bar's investment portfolios will be in compliance with the Public Funds Investment Act.

**3.05.11 Annual Compliance Audit.** In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the State Bar's established policy.

**3.05.12 Certification.** A copy of this Investment Policy shall be provided to the investment manager under contract and the firm shall agree under the terms of the contract to transact all investment business according to the requirements and limitations of the Investment Policy.

### **3.06 Acquisition of Goods and/or Services**

**3.06.01 General.** The Board shall adopt guidelines and procedures for purchasing that are consistent with the guidelines and procedures promulgated for other Texas state agencies. Purchases are subject to the ultimate review of the Supreme Court. The State Bar shall maintain records on purchases and shall make those reports available for review by the state auditor.

#### **3.06.02 Capital Items.**

(A) A capital expenditure budget shall be presented to the Board along with the annual budget.

(B) The approval of the capital expenditure budget will not constitute authority to purchase. All purchases must be approved by the Executive Director or authorized designee.

(C) A capital item is an item of furniture, fixtures or equipment with a cost of \$5000 or more.

(D) Purchases of capital items costing \$5000 or more not included in the capital expenditure budget, must be approved by the Executive Committee. Items under \$5000 may be approved by the Executive Director or authorized designee.

(E) The inventory of all capital items as defined in 3.06.02(C) shall be maintained by the State Bar accounting department. The inventory of furniture, fixtures, and equipment with a cost of less than \$5000 shall be maintained by the department responsible for the items.