TEXAS WATER DEVELOPMENT BOARD

PURCHASE ORDER NUMBER: **580-16-0333**

(Please reference this number on all packages & invoices)

PCC Code: **F**

INVOICE TO:

Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711-3231
invoice@twdb.texas.gov

AGENCY CONTACT:
Tina Newstrom, CTPM
Angela Wallace, CTPM
(512) 463-7825
Phone: (512) 463-7979
Fax: (512) 475-3009

To:	1-48-12026948-3	HUB Status:	N/A	Ship to:
Investment Training & Consulting Institute Inc. 3024 SW Wanamaker, Suite 302 Topeka, KS 66614				Texas Water Development Board 1700 N. Congress Avenue, **RM 610B** Austin, TX 78701

This section for TWDB use only

P.O. DATE	ORDER PLACED BY	DATE EXPECTED	ORDER RECEIVED BY	DATE RECEIVED	ER #
11/24/15	Tina Newstrom	N/A	N/A	N/A	E160366

924/35

QTY	UNIT	DESCRIPTION	ITEM #	UNIT PRICE	TOTAL
1	lot	Customized On-Site Training Services for the Texas Water Development Board (TWDB) Internal Audit Staff, which consist of three (3) employees. Training shall be held in Austin, TX at the TWDB Office to be held December 2-3, 2015 per attached Bid No. E11192015 and Executed Agreement.		$ 14,400.00	$ 14,400.00

SHIPPING & HANDLING	N/A
SUBTOTAL	$ 14,400.00
SALES TAX RATE	EXEMPT
SALES TAX	$ -
TOTAL DUE	**$ 14,400.00**

Please see PAGE 2 for additional Terms & Conditions

Tina Newstrom 11/24/15
Authorized Signature Date

STATE SALES TAX EXEMPTIONS CERTIFICATE : *The above signed claims an exemption from taxes under Chapter 20, Title 122A revised Civil Statutes of Texas, for purchase of tangible personal property described in this numbered order, purchased from vendor listed above, as this property is being secured for the exclusive use of the State of Texas. The State of Texas is exempt from all Federal Excise Taxes* (poform rev. 9/02)

TEXAS WATER DEVELOPMENT BOARD TERMS & CONDITIONS

Items stated below apply to and become a part of the purchase order

APPLICABLE FOR ALL PURCHASES

A. **Dispute Resolution** - The dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used by the Texas Water Development Board and the contractor to attempt to resolve all disputes arising under this contract.

B. **Delinquent Taxes** - Vendor agrees that any payments due under this purchase order will be applied toward any debt, including but not limited to delinquent taxes and child support that is owed to the State of Texas.

C. **General Information** - Vendor agrees to comply with Texas Government Code 2155.4441, pertaining to service contract use of products produced in the state of Texas.

D. **Cancellation of Purchase Order** - Financial obligations of the state payable after each fiscal year are contingent upon funds being appropriated by the Texas Legislature budgeted or otherwise made available. If funds are not appropriated or otherwise made unavailable, any resulting contract shall be terminated without penalty upon agency giving written notice to the vendor.

E. **Executive Order--RP 80** - The parties understand and agree that CONTRACTOR shall be required to utilize the United States Department of Homeland Security's E-Verify system to determine the eligibility of all persons employed during the contract term to perform duties within the State of Texas, as well as all persons (including any subcontractors) assigned by CONTRACTOR to perform work pursuant to this Agreement.

APPLICABLE FOR INTER-AGENCY PURCHASES

F. **Inter-Agency Purchase** - Legal Cite: Texas Government Code Chapter 771 (IAC) Act

APPLICABLE FOR DIRECT PUBLICATION PURCHASES (as stated in Section 2.14 in the Procurement Manual)

G. **Direct Publication Purchases** – "Not Available from any other source"

APPLICABLE FOR ALL AIS (Automated Information Service) PURCHASES (which includes Catalogue Contract Purchases)

H. **Technology Access Clause** – "The Vendor expressly acknowledges that state funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, the Vendor represents and warrants to Texas Water Development Board that the technology provided to Texas Water Development Board for purchase is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology, of:

1. providing equivalent access for effective use by both visual and nonvisual means;
2. presenting information, including prompts used for interactive communications, in formats intended for nonvisual use; and
3. being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance."

rev. 01/15

Texas Water Development Board

Informal Quote Request

RESPONSES DUE:
Monday, 11/23/15 at 2:00 PM CST

BID No.: E11192015

Company Name	INVESTMENT TRAINING + CONSULTING INSTITUTE	ALL QUOTES GOOD FOR (30) DAYS
Vendor ID	TAX ID: 48-1202648	
Authorized Rep	BARBARA DAVISON + KELLY ANDERSON	
Phone Number	786-183-8201	
Email	INFO@INVESTCI.COM	
HUB Category		
Delivery Terms	SEE BELOW	

CLASS CODE: 924 EDUCATIONAL/TRAINING SERVICES
ITEM CODE: 35 In-Service Training (For Employees)

QTY	UNIT	DESCRIPTION	ITEM #	UNIT PRICE	TOTAL
2	days	Customized On-Site Training Services for the Texas Water Development Board (TWDB) Internal Audit Staff, which consist of three (3) employees. Training shall be held in Austin, TX at the TWDB Office. Training shall be held on mutually agreed upon dates and times, however, training shall occur PRIOR to December 7, 2015. Training shall be performed by a Certified Investment and Derivatives Auditor (CIDA) who has a minimum of 15 years of experience developing and conducting customized investment training. Any and all training materials and travel expenses to perform the training in Austin, TX shall be included in the price. Training shall include, but not limited to the following:		$14,400.00 FIXED RATE	$14,400.00
		In-depth knowledge of the investment market industry as well as the various types of investments, including but not limited to: 1) Repos, 2) Agency Note, 3) Treasury Pool, 4) Commercial Paper, 5) Federal Home Loan Bank, and 6) State and Local Government Series;			
		Knowledge of the Texas Public Funds Investment Act (PFIA);			
		In-depth knowledge of investments from securities execution all the way through investment settlement, reporting, and recording;			
		Provide a detailed understanding of TWDB's Investment Portfolio, and an overview of the various types of investments and their associated risk;			
		Discuss the cash management and forecasting process, and internal controls that should be present to safeguard critical liquid assets.			
		Review standard internal controls over investment portfolios and discuss leading practices, including but not limited to, segregation of duties, monitoring activities, etc.;			
		Review and discuss fieldwork procedures, cash flow analysis, reconciliations, and certain calculations; and			
		Discuss potential investment issues and red flags indicators to watch for to make sure TWDB's investment portfolio has the right controls in place and ensure that they are functioning effectively.			

ADDITIONAL COMMENTS:
1. Any and all training materials and travel expenses to perform the training in Austin, TX shall be included in the price.
2. Please provide documentation that shows that the trainer is a CIDA and has a minimum of 15 years experience providing customized investment training.

SHIPPING & HANDLING	N/A
SALES TAX RATE	EXEMPT
TOTAL QUOTE	$ 14,400.00

Kelly Anderson
Acknowledgement of Authorized Representative

NOVEMBER 20, 2015
Date

ITCI
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TRAINING AND NONDISCLOSURE AGREEMENT

THIS TRAINING AND NONDISCLOSURE AGREEMENT, dated November 24, 2015(the "Effective Date"), between Texas Water Development Board (the "Company") and Investment Training and Consulting Institute, Inc. ("ITCI").

The Agreement is not valid without the proper signatures below and a signed purchase order. The purchase order will be issued upon receipt of this executed Agreement prior to the start date of said Services.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual agreements, provisions, and covenants contained herein, the parties agree as follows:

1. **Services:** ITCI shall provide two days of Customized On-Site Training Services to Company as outlined in Attachment No. 1 and Bid No. : E11192015. The training dates will be December 2-3, 2015. There is no option to renew this service.

2. **Training Fee:** In consideration for the services to be rendered under this Agreement and for ITCI's agreement to and in compliance with the terms of this Agreement, the Company shall pay ITCI a fee of $14,400 for customized development and training delivery. This fee covers up to 5 attendees and is inclusive of training materials and travel expenses. Additional attendees are billed at an additional $250 per person.

   Payment shall be due within thirty (30) calendar days from receipt of the invoice. The invoice must include the purchase order number and be sent directly to the Texas Water Development Board, Accounts Payable at PO Box 13231, Austin, TX 78711-3231 or emailed to invoice@twdb.texas.gov.

3. **Cancellation Procedures:** After signing this agreement, cancellation of program prior to two weeks before course begins, Company is responsible for 50% of training fees. Cancellation within two weeks of course, Company will be billed at full cost. However, the courses can be rescheduled within a 12 month time period. At this time, any additional expenses will be incurred by Company. If the program is cancelled by ITCI, Company will not be billed any fees or expenses and any deposit payment will be returned.

4. **Confidential Information and Trade Secrets:** ITCI recognize and acknowledge that the Company and its affiliates have developed and continue to develop and use commercially valuable proprietary technical and non-technical information which is vital to the success of the Company and its affiliates. ITCI shall hold in strict confidence forever and shall not disclose to any third party any information of a confidential nature regarding the Company, its affiliates, or their respective businesses or operations not generally available to the public, which information has become known or becomes known to ITCI during the course of her engagement with the Company.

5. **Independent Contractor:** The parties hereto agree that the services rendered by ITCI and the fulfillment of the terms and obligations of this Agreement shall be as independent contractors and not as employees, and is therefore not entitled to any of the benefits provided by the Company to its employees. ITCI are not an agent, partner, or joint venturer of the Company. ITCI shall not represent themselves to third persons to be other than an independent contractor of the Company, nor shall he or she permit themselves to offer or agree to incur or assume any obligations or commitments in the name of the Company or for the Company without the express written consent of the Company.

6. **Taxes:** ITCI assumes full responsibility for and agrees to pay all contributions and taxes payable under federal and state social security acts and unemployment compensation laws and income tax laws, and to pay any and all valid sales or use taxes levied on compensation paid for services performed by ITCI hereunder.

7. **Limitation of Liability:** The maximum amount of ITCI's total aggregate liability to Company relating to or arising out of performance of the Services or of the Agreement shall be limited to the total fees paid to ITCI under the Agreement during its term. ITCI shall not be liable to the Company for any loss of revenues suffered by the Company.

8. **Non-Waiver:** The failure of either party to insist in any one or more instances upon performance of any of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder, or of the future performance of any such term, covenant, or condition, but the obligations of either party with respect thereto shall continue in full force and effect.

9. **Assignment:** This Agreement and all rights hereunder are personal to ITCI and shall not be assignable by him or her and any purported

assignment thereof shall not be valid and binding on the Company. The Company may not assign this Agreement or any of its rights hereunder to any affiliate of the Company or to any person, firm, or corporation succeeding to the business of the Company without the written consent of ITCI.

10. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof.

11. By executing this Agreement, ITCI accepts the authority of the State Auditor's Office, under direction of the legislative audit committee, to conduct audits and investigations in connection with any and all state funds received pursuant to this Agreement. ITCI shall comply with and cooperate in any such investigation or audit. ITCI agrees to provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. ITCI also agrees to include a provision in any subcontract related to this contract that requires the subcontractor to submit to audits and investigation by the State Auditor's Office in connection with any and all state funds received pursuant to this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the Effective Date.

Texas Water Development Board	**Investment Training and Consulting Institute, Inc.**
BY: Nicole Campbell Printed Name	
BY: Nicole Campbell Signature	BY: Barbara Davison Barbara Davison
TITLE: Internal Audit Director	TITLE: President
DATE: November 24, 2015	DATE: November 24, 2015

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To: Texas Water Development Board

From: Barbara Davison, Investment Training and Consulting Institute, Inc.

Date: November 19, 2015

Subject: Informal Quote Response - Bid No.: E1192015

Thank you for thinking of Investment Training and Consulting Institute, Inc. (ITCI), as a resource for your training needs. Please accept this proposal as a follow-up to your Informal Quote Request (Bid No.: E11192015). We look forward to the possibility of working with the audit team at the Texas Water Development Board (TWDB).

As outlined in the Informal Quote Request, it is our understanding that Texas Water Development Board is seeking two days of Customized On-site Training Services for the three staff members of Internal Audit at the TWDB Office in Austin, TX. It is our understanding the training services should include the following:

- Review the investments held by the TWDB, including but not limited to Repos, Agency Notes, Treasury Pool, Commercial Paper, Federal Home Loan Bank and State and Local Government Series and the risk associated with these investment types. Please note that it will be necessary for ITCI to review documentation outlining the TWDB's investment holdings in advance of the on-site training.
- Discuss the fundamentals of various securities from execution through settlement, reporting and accounting/recording.
- Discuss the cash management and forecasting process, and internal controls that should be present to safeguard critical liquid assets.
- Review standard internal controls over investment portfolios and discuss leading practices, including but not limited to, segregation of duties, monitoring activities, etc.
- Review and discuss fieldwork procedures, cash flow analysis, reconciliations and certain calculations.
- Discuss potential investment issues and red flag indicators to watch for to ensure TWDB's investment portfolio has the right controls in place and ensure they are functioning effectively.

In order to deliver the desired learning objectives with the maximum benefit to the Internal Audit team, we propose that the first day of training include the review the various investment structures and the associated risks, as well as the supporting processes and key controls, in a more traditional training environment. We have attached the outline for our *Understanding and Auditing Investment Activities* course,

3024 SW Wanamaker, Suite 302 Topeka, KS 66614
Office Phone: 785-783-8201, Cell Phone: 785-224-6713, Fax: 866-606-8921, Website: www.InvesTCI.com

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which will be customized to meet the objectives of TWDB's training session. Please note that the outline is for a two day course and not all segments listed will be covered as they are not all applicable to TWDB. The second day will take a "consultative training" approach and will be dedicated to the group discussing TWDB's investment processes and procedures and areas of focus in the audit fieldwork. The proposed cost structure reflects this approach. Please note that we offer CPE hours on our classes as we are registered with NASBA. This 2 day course provides 16 CPE hours.

If selected for this RFP, your instructor will be Barbara Davison. As required by the RFP, Barbara is a Certified Investments and Derivatives Auditor (CIDA) and has over 20 years of experience providing customized training on auditing investment and derivatives. Please see Barbara's biography attached.

The dates we have available for the training services are: **December 2-3, 2015**. Our 2 day training fee for the course is $14,400 US. This price is inclusive of training materials and travel expenses. Please be advised that payment is due within 10 days of invoice receipt.

Due to the abbreviated timeline of the contracting process, we have provided our standard contract for training services for your review. We will need to have an agreement in place no later than November 25, 2015 in order to perform the services on December 2-3, 2015.

We hope that the proposed training services meets your needs. I thank you for the opportunity to present this proposal. Please feel free to call me with any additional questions you may have at 785.783.8201 or 785.224-6713 (cell). I look forward to talking with you soon.

Sincerely,

Barbara Davison

Barbara Davison CIA, CIDA, CISA, FLMI, President,
Investment Training and Consulting Institute, Inc.

3024 SW Wanamaker, Suite 302 Topeka, KS 66614
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Audit Principal - Barbara Davison CIA, CIDA, CISA, FLMI

Barbara is currently President of the Investment Training and Consulting Institute, Inc. (ITCI), located in Topeka, Kansas, USA. At present, ITCI provides training and consulting in the areas of investments, derivatives, risk management, and ALM strategies to management, operations and auditors.

She was vice president of a financial institution where she directed investment operations for the general account and mutual funds. Her responsibilities also included portfolio management of two mutual funds, which were part of a $7 billion portfolio. Prior to her seven years in investments, Barbara was Manager of Internal Audit for six years, where she was responsible for the management of corporate audit activities, computer security, information systems audits and assisted in new business strategies.

Barbara is a Certified Internal Auditor, a Certified Investments and Derivatives Auditor, a Certified Information Systems Auditor and a Fellow of the Life Management Institute. She has obtained her Series 7 and Series 65 from the National Association of Security Dealers (NASD).

Barbara has been one of the highest-ranking instructors for the Institute of Internal Auditors, Inc. (IIA) for over 20 years. She also provides training and consulting services to many Fortune 500 companies both domestically and internationally. She has authored five books including Auditing Investments; Auditing Derivative Strategies; Understanding and Auditing Mergers and Acquisitions; Understanding and Auditing Investment and Derivative Strategies; and the CIDA Review Book.

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UNDERSTANDING AND AUDITING INVESTMENT ACTIVITIES

Note: Outline is for a 2 Day (16 CPE Hour) Course

Our introductory investments course has been updated to reflect the every-changing investments market including new securities, new operational procedures, new regulations and new accounting risk --- making this a class you cannot afford to miss. Focusing on the "buy-side" of the industry, this class is designed for internal auditors who have been charged with auditing investment from securities execution all the way through investment settlement, reporting and recording.

This class will walk you through the traditional markets such as fixed income, equity and structured products, alternative investments and will discuss the audit areas to focus on in each of these areas. The course will also discuss the specific responsibilities of the front, back and middle offices of a typical investment division and highlight audit procedures and techniques to review each of these divisions.

COURSE FEATURES

- Discuss the most common audit issues that are uncovered in a traditional review of the Investment areas.
- Learn the most common securities that are traded in the short-term and capital markets. Briefly discuss derivatives and the alternative asset sectors to ensure you would be able to identify these securities and any red flags in your review.
- Discuss the cash management and forecasting process and internal controls that should be present to safeguard critical liquid assets.
- Learn the audit issues surrounding traditional securities as well as structured products.
- Review the internal controls that "bullet-proof" your investment portfolio and discuss the leading practices of other companies.
- Study the red flags to watch for after the credit crisis to make sure your investment portfolio has the right controls in place and they are functioning effectively.
- Introduce the Investment infrastructure and the roles of the front, middle and back office to ensure proper segregation of duties is present in your company.
- Discuss the problems with the "repo" and security lending area that have been seen in the market of late.
- Learn about auditing portfolios with external management and the risks unique to the externally managed, 'manager of managers' structure.
- Develop audit program steps in class to get you started once you return home.

COURSE OUTLINE

Introduction to Course

- Why Audit the Investment and Treasury Function?
- Typical Functions of the Departments
- Review Course Topics and Objectives

Understanding the Investment Environment

- Introduction to the Investment Process
- Understanding the Short-term market
- Reviewing the Major Securities in the Capital Markets
    - Traditional Fixed Income
    - Structured Securities
    - Equities
- Understanding the Alternative Asset Class: Private Equity and Hedge Funds

Understanding the Derivative Environment: An Introduction

- The Importance of Auditing Derivatives
- What's Going Wrong?
- Derivative Debacles of the Past
- Hedging vs. Speculation
- Key Risks and Controls

Understanding the Cash Management Function

- Reasons to Hold Cash in the Portfolio
- Best Practices for "Economizing" Cash
- Internal Controls in the Cash Management Process
- Best Practices in Cash Management

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Understanding and Auditing the Investment and Treasury Infrastructure

- The Roles of the Back Office
  - Back office systems and controls
  - Understanding the pitfalls of investment reporting
  - Back Office Audit Objectives and Controls
- The Roles of the Front Office
  - Discussing the portfolio management process
  - Front Office Red Flags
  - Front Office Audit Objectives and Control
- The Roles of the Middle Office
  - Discussing the risk management role
  - Discussing the Compliance Role
  - Is it really independent?
  - Middle Office Audit Objectives and Controls
- Auditing External Managers
  - Considerations of Auditing Externally Managed Assets

Course Duration:	2 days
CPE Hours Available:	16
Knowledge Level:	Intermediate
Field of Study:	Auditing, Accounting, Specialized Knowledge & Applications
Prerequisites:	General Knowledge of Audit & Investments
Advance Preparation:	None
Delivery Format:	Group-Live