



Every drop counts!

Board Meeting
&
Workshop

Clearwater Underground Water Conservation District
700 Kennedy Court
Belton, Texas

Wednesday
January 12, 2022
1:30 p.m.

**Clearwater Underground Water Conservation District
Board Members**

**Leland Gersbach, Director Pct. 1
President**

7872 Hackberry
Holland, TX 76534
Phone: 254-657-2679
E-mail: lgersbach@cuwcd.org

Work: Brockway, Gersbach, Franklin
& Niemeier P.C.
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Temple, TX 76504
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**Gary Young, Director Pct. 2
Secretary**

1314 Creek View
Salado, TX 76571
Cell Phone: 972-571-3118
E-mail: gyoung@cuwcd.org

Jody Williams, Director Pct. 3

15098 FM 437 South
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Scott Brooks, Director Pct. 4

425 Mercy Ranch Rd.
Florence, TX 76527
Phone: 254-226-4000
E-mail: sbrooks@cuwcd.org

**David Cole, Director At-Large
Vice President**

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Killeen, TX 76543-2930
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Revised Dec. 26, 2018

Agenda

**NOTICE OF THE MEETING OF THE
CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
January 12, 2022**

Notice is hereby given that the above-named Board will hold a Workshop and Board meeting on Wednesday, January 12, 2022 beginning at 1:30 p.m., in the Clearwater UWCD Board Room located at 700 Kennedy Court, Belton, Texas. The following items of business will be discussed¹.

Workshop:

1. Receive annual report from Texas AgriLife 4-H Water Ambassador Program.
2. Receive updates related to the 2021 Bell County Water Symposium.
3. Receive information related to Bell/Coryell Karst Coalition RHCP.
4. Receive information related to the 5 Year Strategic Plan.
5. Receive information related to Texas Alliance of Groundwater Districts GCD Boot Camp Feb. 8, 2022.
6. Receive information related to Groundwater Management Area 8, per the Joint Planning and Development of the Round 3 Desired Future Conditions.

Board Meeting:

1. Invocation and Pledge of Allegiance.
2. Public comment².
3. Approve minutes of December 8, 2021 Board meeting.
4. Discuss, consider, and take appropriate action if necessary, to accept the monthly financial report for December 2021 (FY22) as presented.
5. Discuss, consider, and take appropriate action if necessary, to accept the monthly investment fund account report for December 2021 (FY22) as presented.
6. Discuss, consider, and take appropriate action if necessary, to accept the Quarterly Deferred Compensation Employee Retirement Program account report as presented.
7. Discuss, consider, and take appropriate action if necessary, to approve the FY22 line-item budget amendments as requested.
8. Discuss, consider, and take appropriate action if necessary, to extend the professional services agreement with Mike Keester, Principal Hydrogeologist, RW Hardin & Associates.
9. Discuss, consider, and take appropriate action if necessary, to approve the sponsorship level of the Texas 4-H Water Ambassador Program.
10. Discuss, consider, and take appropriate action if necessary, to approve CUWCD/Bell County ILA related to rural plats and groundwater availability studies.
11. Discuss, consider, and take appropriate action if necessary, to authorize the General Manager to work with the Texas A&M School of Law Environmental and Natural Resources Systems Law Clinic.
12. Discuss, consider, and take appropriate action if necessary, to review and adopt the District investment policy by resolution for the calendar year 2022.
13. Discuss, consider, and take appropriate action if necessary, to set the District calendar dates for 2022.
14. Discuss, consider, and take appropriate action if necessary, to approve the employment contract with District General Manager.
15. Discuss, consider, and take appropriate action if necessary, to elect officers of the Board for the calendar year 2022, per District Bylaws, Article VI (Sec. 1 & 2).
16. Continue Public Hearing on the following application:
 - a) Discuss, consider, and take appropriate action if necessary, on a proposed operating permit for 2 existing wells for Whitley 20 Stillman Valley, L.L.C. Well # 1 (N2-20-008P) authorizing an operating permit to serve 8 homes not to exceed 2.6 ac-feet/yr. or 855,414 gallons per year, and Well #2 (N2-20-009P) authorizing an operating permit to serve 7 homes not to exceed 2.3 ac-feet/yr. or 748,487 gallons per year. Wells are completed in the Hosston Layer of the Trinity Aquifer and equipped with a submersible pump rate not to exceed 17-gpm on a 43.435-acre tract located on the corner of Stillman Valley Road and Firefly Road, Florence, Texas.
17. General Manager's report concerning office management and staffing related to District Management Plan³.
18. Receive monthly staff report and possible consideration and Board action on the following⁴:
 - a. Drought Status reports
 - b. Education Outreach update
 - c. Monitoring Well reports
 - d. Rainfall report
 - e. Well Registration update
 - f. Aquifer Status and Non-exempt Monthly Well Production reports
19. Director comments and reports⁵.
20. Discuss agenda items for next meeting.
21. Set time and place for next meeting.
22. Adjourn.

Dated the 7th day of January 2022

Leland Gersbach, Board President

By: Dirk Aaron
Dirk Aaron, Asst. Secretary

2022 JAN -1 P 1:39
HILTON HOLIDAY INN
BELTON TEXAS

Agenda items may be considered, deliberated and/or acted upon in a different order than set forth above.

The Clearwater Underground Water Conservation District is committed to compliance with the Americans with Disabilities Act (ADA). Reasonable accommodations and equal opportunity for effective communications will be provided upon request. Please contact the District office at 254-933-0120 at least 24 hours in advance if accommodation is needed.

¹During the meeting, the Board reserves the right to go into executive session for any of the purposes authorized under Chapter 551 of the Texas Government Code, for any item on the above agenda or as otherwise authorized by law.

²Citizens who desire to address the Board on any matter may sign up to do so prior to this meeting. Public comments will be received during this portion of the meeting. Please limit comments to 3 minutes. No discussion or final action will be taken by the Board except as authorized by section 551.042 of the Government Code.

³No formal action will be taken by the Board on these agenda items. These items are on the agenda to provide the District's staff, Public Task Force Committees, and Directors with an opportunity to bring to the public's and each other's attention important activities and issues pertinent to the management of groundwater within the District, including, but not limited to, current events in the District involving groundwater, wells, or District permittees, state or regional developments related to water management, and activities of the staff, Public Advisory Committee, and Directors. Substantive deliberation and formal action on any of these issues will be conducted pursuant to a specific item on a future agenda.

**NOTICE OF CONTINUANCE OF PERMIT HEARING OF THE
CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT**

Notice is hereby given that the Board of Directors for the Clearwater Underground Water Conservation District will continue the public hearing (from December 8, 2021) on the Permit as described below at 1:30 p.m. on Wednesday, January 12, 2022, in the Clearwater UWCD Board Room located at 700 Kennedy Court, Belton, Texas, in compliance with the Texas Open Meetings Act.

The continued public hearing will be conducted on the following application:

Applicant's File Number/Name	Permit Applicant/Holder and Landowner	Location of Well/Wells	Proposed Annual Groundwater Withdrawal Amount & Purpose of Use
<p>Operating Permit Hearing related to:</p> <p>N2-20-008P Existing Well</p> <p>N2-20-009P Existing Well</p>	<p>Whitley 20 Stillman Valley LLC</p> <p>c/o Russell Spillers</p> <p>Texas Veterans Properties LLC</p> <p>8127 Mesa Dr. #206-53</p> <p>Austin TX 78759</p> <p>(512) 814-7357</p>	<p>The proposed permits are for two wells located at:</p> <p>Well #1 (N2-20-008P): Latitude:30.928700" Longitude: -97.7168527"</p> <p>Well #2 (N2-20-009P): Latitude 30.928214" Longitude -97.717865"</p> <p>Completed to the Hosston Layer of the Trinity Aquifer. The wells are equipped with a maximum 2-inch column pipe with a submersible pump rate not to exceed 17 gallons per minute on the 43.435-acre tract located on the corner of Stillman Valley Road and Firefly Road, Florence, TX</p>	<p>Request for an Operating Permit on an existing well,</p> <p>Well #1: N2-20-008P for an operating permit authorized to serve 7 homes and not to exceed 1.95 ac-feet/yr or 634,662 gallons per year.</p> <p>Well #2: N2-20-008P for an operating permit of authorized to serve 7 homes and not to exceed 1.95 ac-feet/yr or 634,662 gallons per year.</p> <p>Both wells are completed in the Hosston Layer (Lower Layer) of the Trinity aquifer to produce groundwater for domestic use in a shared well agreement.</p>

The Applications for Permit and Permit Amendments, if granted, would authorize the permit holders to operate wells within the Clearwater Underground Water Conservation District according to the terms and conditions set forth in the permit. A person wishing to submit a Contested Case Hearing Request who is unable to appear at the hearing on the date and time set forth above must also file a motion for continuance with CUWCD demonstrating good cause for the inability to not appear.

For additional information about this application or the permitting process, or to request information on the legal requirements on what MUST be included for a Contested Case Hearing Request to be valid, please contact CUWCD at 700 Kennedy Court (PO Box 1989) Belton, Texas, 76513, 254-933-0120.

ISSUED this 30th day of **December 2021** in Belton, Texas, on the recommendation of the General Manager.

I, the undersigned authority, do hereby certify that the above NOTICE OF PERMIT HEARING of the Board of Directors of the Clearwater Underground Water Conservation District is a true and correct copy of said Notice. I have posted a true and correct copy of said Notice at the District office located in Belton, Texas, and said Notice was posted on **December 30, 2021**, and remained posted continuously for at least 10 (ten) days immediately preceding the day of said hearing; a true and correct copy of said Notice was furnished to the Bell County Clerk, in which the above-named political subdivision is located.

Dated **12/30/2021**

Clearwater Underground Water Conservation District

By: Dirk Aaron
Dirk Aaron, General Manager

Minutes - Item #3

Clearwater Underground Water Conservation District Meeting
700 Kennedy Court
Belton, TX
Wednesday, December 8, 2021
Minutes

The Clearwater Underground Water Conservation District (CUWCD) held a Board meeting on Wednesday, December 8, 2021 at 1:30 p.m. at the Clearwater UWCD Building, located at 700 Kennedy Court, Belton, Texas.

Board Members Present:

Leland Gersbach, President, Pct 1
David Cole, Vice President, At Large
Gary Young, Secretary, Pct 2
Jody Williams, Director, Pct 3
Scott Brooks, Director, Pct 4

Absent:

Staff:

Dirk Aaron, General Manager
Shelly Chapman, Admin Manager

Guest:

Sandra Blankenship – WICD 1
Russell Spillers – applicant
Malcolm Miller – Bell County
Allan Standen – ARS, LLC
William Gamblin – Gamblin Engineering
Cole Ruiz – Lloyd Gosselink

Erik Gudbranson
Stephanie Wong – LRE
Mike Keester – LRE
James Beach – AGS

Anna Thornton
Bryan Neaves – Bell County
Vince Clause – ARS, LLC
Michelle Sutherland

Board meeting convened with President, Leland Gersbach, at 1:30 p.m.

1. *Invocation and Pledge of Allegiance.*

Vice President, David Cole, gave the invocation.
Secretary, Gary Young, led the Pledge of Allegiance.

2. *Public Comment.*

None.

3. *Approve minutes of the November 10, 2021 Board meeting.*

Board members received the minutes of the November 10, 2021 Board meeting and workshop in their Board packet to review prior to the meeting.

Vice President, David Cole, moved to approve the minutes of the November 10, 2021 Board meeting and Workshop. Secretary, Gary Young, seconded the motion.

Motion carried 5-0.

4. *Discuss, consider, and take appropriate action if necessary, to accept the monthly financial report for November 2021 (FY22) as presented.*

Board members received the monthly financial report for November 2021 in their Board packet to review prior to the meeting.

Director, Scott Brooks, moved to accept the monthly financial report for November 2021 as presented. Director, Jody Williams, seconded the motion.

Motion carried 5-0.

5. *Discuss, consider, and take appropriate action if necessary, to accept the monthly Investment Fund Account report for November 2021 (FY22) as presented.*

Board members received the monthly investment fund account report for November 2021 in their Board packet to review prior to the meeting.

Secretary, Gary Young, moved to accept the monthly investment fund account report for November 2021 as presented. Vice President, David Cole, seconded the motion.

Director, Jody Williams, moved to approve the FY22 line-item budget amendments as requested. Secretary, Gary Young, seconded the motion.

Motion carried 5-0.

(Dirk Aaron suggested the Board move to the Public Hearing at 1:42 p.m. President, Leland Gersbach, concurred.)

9. Hold Public Hearing on the following application:

a) Discuss, consider, and take appropriate action if necessary, on a proposed operating permit for 2 existing wells for Whitley 20 Stillman Valley, LLC. Well # 1 (N2-20-008P) authorizing an operating permit to serve 8 homes not to exceed 2.6 ac-feet/yr. or 855,414 gallons per year, and Well #2 (N2-20-009P) authorizing an operating permit to serve 7 homes not to exceed 2.3 ac-feet/yr. or 748,487 gallons per year. Wells are completed in the Hosston Layer of the Trinity Aquifer and equipped with submersible pump rate not to exceed 17-gpm on a 43.435-acre tract located on the corner of Stillman Valley Road and Firefly Road, Florence, Texas.

As Presiding Officer of the hearing, President Leland Gersbach, called to order the public hearing at 1:44 p.m. Leland gave a summary of the application to be considered and a brief explanation of the procedural issues. He confirmed a quorum of the Board was in attendance to participate in the ruling of the application. Leland stated that the permit applications had undergone administrative and technical review by District staff, consultants, and legal counsel.

Leland reviewed the procedures that would apply to the hearing and noted the meeting had been properly noticed.

Leland stated anyone wishing to participate in the hearing, in support or protest, would need to sign up to speak and should do so while he addressed other procedural issues.

As presiding officer, Leland will take evidence and sworn testimony, and rule on any procedural issues.

Leland noted that the Board would hear testimony and deliberate on the well application submitted by Whitley 20 Stillman Valley, LLC. Leland will hear testimony by the Russell Spillers (Representative for Applicant), Dirk Aaron (General Manager - CUWCD), Mike Keester (LRE Water), Cole Ruiz (Lloyd Gosselink Attorneys at Law), and any qualified party to the case.

Leland invited anyone wishing to make a public comment or protest the application to speak up. There were no public comments. Two protestants signed up to be a party to the case: Anna Thornton and Eric Gulbranson. They are adjacent property owners to the area in question.

Leland administered an oath to all participants (Dirk Aaron, Mike Keester, Cole Ruiz, Russell Spillers, Anna Thornton, and Eric Gulbranson).

Russell Spillers, representing Whitley 20 Stillman Valley, LLC, addressed the Board and laid out his application for an operating permit on 2 existing well and the beneficial needs associated with the proposed groundwater production. It was noted that the applicant's consultant was not in attendance. Russell also presented a revision to the amount of water requested which is significantly less than the original request. He also explained the plan to monitor usage.

Director, Scott Brooks, expressed his disappointment that the applicant's consultant was not in attendance. Scott commented that he had questions and concerns regarding differences in the conclusions drawn between his report and the District's report. He doesn't think he can make a decision today without some questions being answered and reconciled. Scott proposed that the applicant decide if he wanted to continue today or continue the public hearing at a later time. Leland suggested continuing with the testimony portion for the hearing for record. Dirk commented that continuing with the evidentiary portion of the hearing may answer some of the questions that people have. He also assured the protestants that they would have an opportunity to address the applicant and ask their questions.

Dirk gave a general explanation of the application. He replied to Leland's questions and stated that the application had been deemed administratively complete, all fees have been paid. He noted for the record that the applicant lowered the amount of water requested, and also reduced the number of connections from 15 to 14, and made a choice to go to the Lower Trinity with the wells. The applicant has agreed to special provisions as requested by the District to include metering the wells, installation of a measuring device for CUWCD staff to periodically measure drawdown, and report monthly production on each well.

Mike Keesters presented his findings based on the applicants revised numbers. He compared his information to that of the applicant's consultant and noted a vast difference. Mike fielded questions from the Board. Dirk questioned whether or not the amount of draw down on other wells meets the negligible criteria of the District. Mike said it did not. Leland addressed questions related to Mike's analysis.

Leland addressed Cole Ruiz (legal counsel for the District). Cole noted that all aspects of the application in the District's jurisdiction had been met. Cole addressed the protestants and let them know they could request a contested case hearing with SOAH or continue here with this hearing. The District does not have jurisdiction on what the County may or may not do regarding platting requirements. The District can be a resource to the County regarding groundwater availability study. The decision of the District is grant or deny a permit.

Leland addressed the applicant with questions of his understanding related to the proposed application with described reductions, special conditions as described, his understanding of curtailment and the DFC, and other conditions as mentioned. Russell understood and agreed. Leland asked the applicant if he would be comfortable continuing the hearing at next month's meeting to mitigate the concerns of the protestants and allowing all parties more time to offer additional evidence. He declined to answer until he can consult with his consultant and legal counsel.

Russell commented that there are questions that need to be answered and he wished his consultant had been in attendance. He stated that regardless of the outcome of the hearing, it doesn't stop the development, there will still be wells there, they will still be used. He can still sell the land and individual wells will be drilled with no permits. If these 2 wells are permitted there will be some control of how much water is used which will be less than if he sells 10-acre tracts and each tract has their own well instead of 2 shared wells. He is trying to do the right thing to conserve water for all of the neighbors by permitting these wells. Scott Brooks addressed the comments by the applicant and stated that he would really like to speak with the applicant's consultant to clarify information in his report.

Leland invited the protestants, Anna Thornton, and Eric Gulbranson, to state their concerns. Anna is aligned with Eric. He will be speaking on her behalf. Eric's concerns are water availability for existing landowners in the area with the continuation of developments coming in and the penalties for using more than applied for. Dirk addressed his concerns.

Leland gave the Board an opportunity to ask any additional questions they might have concerning the application. Hearing none, Leland invited the applicant an opportunity for rebuttal. Russell declined.

Leland concluded the discussion on the application. Seeing that all parties had an opportunity to make their cases, Leland asked if any parties were interested in submitting additional evidence. Dirk asked if Russell was willing to get his consultant to meet with the District in the 30-day window and have him attend the next meeting. Russell asked if that would really make a difference? Scott commented that he would like to hear how the consultant defends his report because the calculations are so different. Leland would like the applicant's consultant and the District's consultant to discuss the difference. The other Board members agreed.

Russell agreed to continue the public hearing in order to bring in his consultant to answer questions.

Leland asked for a motion to continue the public hearing at the January 12, 2022 Board meeting

Director, Scott Brooks, moved to continue the public hearing at the January 12, 2022 Board meeting. Secretary, Gary Young, seconded the motion.

Motion carried 5-0.

(recessed for a short break at 3:23)

Regular Board meeting reconvened with President Leland Gersbach at 3:37 p.m.

8. *Discuss, consider, and take appropriate action if necessary, to approve CUWCD/Bell County ILA related to rural plats and groundwater availability studies.*

Dirk presented the ILA that was worked up between Bell County Engineer's Office and the District. The ILA was put together with the help of the District's attorney, Cole Ruiz, and has been reviewed by the County Judge. Dirk put together a flow chart of the processes between the Engineer's Office and the District. He noted these procedures are currently in place and need to be memorialized in an ILA.

Dirk walked the Board through the process, gave scenarios, and explained each step.

Leland asked if there were any questions from the Board. Director, Scott Brooks wanted more time to finish reading through the agreement.

Dirk noted that the ILA was not included in the packet sent to the Board prior to the meeting. He recommended the Board table this item until the next meeting to allow the Director's a chance to review it.

Secretary, Gary Young, moved to table agenda item #8 until the January Board meeting. Director, Jody Williams, seconded the motion.

Motion carried 5-0.

10. *General Manager's report concerning office management and staffing related to District Management Plan.*
Nothing to report

11. *Review monthly report and possible consideration and Board action on the following:*

- a) *Drought Status Reports*
- b) *Education Outreach Update*
- c) *Monitoring Wells*
- d) *Rainfall Reports*
- e) *Well Registration Update*
- f) *Aquifer Status Report & Non-exempt Monthly Well Production Reports*

(Copiers of the Monthly Staff Reports were given to the Board Members to review. No action required. Information items only.)

12. *Director's comments and reports.*

- **Leland Gersbach:** None
- **Jody Williams:** Commented that from everything he is learning, it's imperative that we establish aquifer zones asap. He wished everyone a Merry Christmas.
- **Gary Young:** Commented that it has been an interesting year. He continues to learn more all the time. He thanked Dirk for all the good information he gives the Board. He thanked Staff for there hard work and wished everyone a Merry Christmas.
- **Scott Brooks:** Wished everyone a Merry Christmas
- **David Cole:** None

13. *Discuss agenda items for the next meeting.*

- 2022 calendar dates/holiday schedule
- Public hearing continued
- ILA-CUWCD/Bell County
- Water Symposium update

- Board officer election
- DMS demo

14. Set time and place of next meeting.

Wednesday, January 12, 2022 at 1:30 p.m. CUWCD office

15. Adjourn.

Board Meeting closed and Workshop convened with President, Leland Gersbach, at 3:49 p.m.

Workshop Item #1: Receive update related to the Data Management System (DMS).

Tabled until next month.

Workshop Item #2: Receive information related to FY21 LRE, Baylor, and Standen collaborative study.

Received presentation from Mike Keester, Michelle Sutherland, and Vince Clause related to the collaborative study and management zones. Also heard comments and thoughts regarding the study from James Beach, AGS.

Workshop Item #3: Receive information related to the 5 Year Strategic Plan.

Dirk presented benchmarks for a 5-year strategic plan for the District to include:

- Modifying District rules
- Facility needs and expansion
- Staffing

Workshop Item #4: Receive update related to the Karst Coalition and future development of RHCP.

The Judge has approved the ILA for the Karst Coalition. He has received the RFPs and will be conducting interviews. Dirk briefed the Board on the information he was given.

Workshop Item #5: Receive information related to Groundwater Management Area 8, per the Joint Planning and Development of the Round 3 Desired Future Conditions.

James Beach gave a brief update on GMA8 and round 3 of the DFC.

Workshop closed with President, Leland Gersbach, at 5:22 p.m.

Leland Gersbach, President

ATTEST:

Gary Young, Secretary or
Dirk Aaron, Assistant Secretary

Clearwater Underground Water Conservation
Balance Sheet
As of December 31, 2021

01/06/22

Accrual Basis

	Dec 31, 21
ASSETS	
Current Assets	
Checking/Savings	
10005 · Cash-Reg Operating	6,735.89
10500 · Cash-TexPool Prime	544,502.66
10505 · Cash - TexPool	538,958.13
Total Checking/Savings	1,090,196.68
Other Current Assets	
11005 · Accounts Receivable - Taxes	22,425.93
Total Other Current Assets	22,425.93
Total Current Assets	1,112,622.61
Fixed Assets	
15005 · Land	59,981.29
15010 · Leasehold Improvements	19,000.00
15015 · Building	306,734.08
15016 · Storage Building	104,382.03
15018 · Monitor Wells	92,938.18
15019 · Mobile Classroom Trailer	90,688.85
15020 · Field Equipment	17,243.55
15023 · Vehicles	6,920.00
15025 · Office Equipment	71,574.04
15030 · Accumulated Depreciation	-208,221.30
Total Fixed Assets	561,240.72
TOTAL ASSETS	1,673,863.33
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
21000 · Deferred Tax Revenue	22,425.93
21050 · Compensated Absences Accrued	13,352.88
Total Other Current Liabilities	35,778.81
Total Current Liabilities	35,778.81
Total Liabilities	35,778.81
Equity	
31000 · Unappropriated Fund Balance	863,207.26
32000 · *Retained Earnings	-20,994.84
33000 · Investment in Fixed Assets	592,189.66
Net Income	203,682.44
Total Equity	1,638,084.52
TOTAL LIABILITIES & EQUITY	1,673,863.33

**Clearwater Underground Water Conservation
Profit & Loss Budget vs. Actual**
October through December 2021

11:23 AM
01/06/2022
Accrual Basis

	Dec '21	Oct '21 thru Dec '21	FY22 Original Budget	FY22 Amended Budget	\$ Over Budget
Ordinary Income/Expense					
Income					
40005 · Application Fee Income	200.00	3,200.00	50,000.00	50,000.00	-46,800.00
40010 · Bell CAD Current Year Tax	49,045.67	354,681.75	777,106.00	777,106.00	-422,424.25
40015 · Bell CAD Delinquent Tax	576.98	2,452.59	10,000.00	10,000.00	-7,547.41
40020 · Interest Income	59.56	137.75	1,000.00	1,000.00	-862.25
40030 · Transport Fee Income	0.00	0.00	1,500.00	1,500.00	-1,500.00
Total Income	49,882.21	360,472.09	839,606.00	839,606.00	-479,133.91
Gross Profit	49,882.21	360,472.09	839,606.00	839,606.00	-479,133.91
Expense					
50000 · Administrative Expenses					
50100 · Audit	0.00	0.00	8,500.00	8,500.00	-8,500.00
50200 · Conferences & Prof Development	0.00	0.00	4,000.00	4,000.00	-4,000.00
50250 · Contingency Fund	0.00	0.00	90,264.00	58,714.00	-58,714.00
50300 · Director Expenses					
50305 · At Large	0.00	0.00	1,500.00	1,500.00	-1,500.00
50310 · Pct. 1	0.00	0.00	1,500.00	1,500.00	-1,500.00
50315 · Pct. 2	0.00	0.00	1,500.00	1,500.00	-1,500.00
50320 · Pct. 3	0.00	0.00	1,500.00	1,500.00	-1,500.00
50325 · Pct. 4	0.00	0.00	1,500.00	1,500.00	-1,500.00
Total 50300 · Director Expenses	0.00	0.00	7,500.00	7,500.00	-7,500.00
50400 · Director Fees					
50405 · At Large	450.00	600.00	2,550.00	2,550.00	-1,950.00
50410 · Pct. 1	0.00	0.00	2,550.00	2,550.00	-2,550.00
50415 · Pct. 2	600.00	750.00	2,550.00	2,550.00	-1,800.00
50420 · Pct. 3	450.00	600.00	2,550.00	2,550.00	-1,950.00
50425 · Pct. 4	0.00	0.00	2,550.00	2,550.00	-2,550.00
Total 50400 · Director Fees	1,500.00	1,950.00	12,750.00	12,750.00	-10,800.00
50500 · Dues & Memberships	0.00	2,130.00	4,000.00	4,000.00	-1,870.00
50550 · Election Expense	0.00	0.00	500.00	500.00	-500.00
50600 · GMA 8 Expenses					
50605 · Technical Committee	0.00	0.00	5,000.00	5,000.00	-5,000.00
50610 · Administration	0.00	0.00	2,500.00	2,500.00	-2,500.00
Total 50600 · GMA 8 Expenses	0.00	0.00	7,500.00	7,500.00	-7,500.00
50700 · Meals	17.69	132.74	1,000.00	1,000.00	-867.26
50800 · Mileage Reimbursements	0.00	0.00	5,000.00	5,000.00	-5,000.00
50900 · Travel & Hotel	244.53	1,053.80	4,500.00	4,500.00	-3,446.20
Total 50000 · Administrative Expenses	1,762.22	5,266.54	145,514.00	113,964.00	-108,697.46

	Dec '21	Oct '21 thru Dec '21	FY22 Original Budget	FY22 Amended Budget	\$ Over Budget
52000 · Salary Costs					
52005 · Administrative Assistant	4,666.67	14,000.01	56,000.00	56,000.00	-41,999.99
52010 · Educational Coord/Support Tech	4,166.67	12,215.92	50,000.00	50,000.00	-37,784.08
52015 · Manager	8,333.33	25,284.08	100,000.00	100,000.00	-74,715.92
52020 · Part Time/Intern	0.00	0.00	4,500.00	4,500.00	-4,500.00
52025 · Office Assistant/Field Tech	3,916.67	11,750.01	47,000.00	47,000.00	-35,249.99
52040 · Health Insurance	2,876.93	11,062.38	34,525.00	34,525.00	-23,462.62
52045 · Payroll Taxes & Work Comp	1,646.94	4,956.63	25,300.00	25,300.00	-20,343.37
52050 · Retirement	861.25	2,583.75	11,385.00	11,385.00	-8,801.25
52055 · Payroll Expenses	25.00	58.66	125.00	425.00	-366.34
52060 · Freshbenies	36.00	108.00	432.00	432.00	-324.00
Total 52000 · Salary Costs	26,529.46	82,019.44	329,267.00	329,567.00	-247,547.56
53000 · Operating Expenses					
53010 · Bank Service Charges	0.00	0.00	50.00	50.00	-50.00
53020 · Advertisement	0.00	199.50	4,000.00	4,000.00	-3,800.50
53030 · Appraisal District	0.00	0.00	9,000.00	9,000.00	-9,000.00
53100 · Clearwater Studies					
53105 · Trinity Studies					
53105.1 · Pumping Distribution	0.00	0.00	3,750.00	3,750.00	-3,750.00
53105.2 · Pumping Test	0.00	0.00	0.00	0.00	0.00
53105.3 · Synoptic	0.00	0.00	0.00	0.00	0.00
53105.4 · GAM Run	0.00	0.00	7,000.00	7,000.00	-7,000.00
53105.5 · Mgmt Options	0.00	0.00	7,000.00	7,000.00	-7,000.00
53105.6 · Water Quality Studies	0.00	0.00	0.00	0.00	0.00
Total 53105 · Trinity Studies	0.00	0.00	17,750.00	17,750.00	-17,750.00
53110 · Edwards BFZ Studies					
53110.1 · Pumping Distribution	0.00	0.00	3,750.00	3,750.00	-3,750.00
53110.2 · Pumping Test	0.00	0.00	0.00	0.00	0.00
53110.3 · Synoptic	0.00	0.00	0.00	0.00	0.00
53110.4 · Spring Shed (Baylor)	0.00	0.00	0.00	0.00	0.00
53110.5 · Water Quality Studies	0.00	0.00	0.00	0.00	0.00
53110.6 · GAM Calibration	0.00	0.00	10,000.00	10,000.00	-10,000.00
Total 53110 · Edwards BFZ Studies	0.00	0.00	13,750.00	13,750.00	-13,750.00
53115 · Drought Contingency Plan	0.00	0.00	0.00	0.00	0.00
53120 · Endangered Species					
53120.1 · Coalition	0.00	0.00	0.00	31,250.00	-31,250.00
53120.2 · Reimburseable Order	0.00	0.00	22,500.00	22,500.00	-22,500.00
53120.3 · 4(d) rule	0.00	0.00	0.00	0.00	0.00
53120.4 · DPS Petition	0.00	0.00	0.00	0.00	0.00
53120 · Endangered Species - Other	0.00	0.00	0.00	0.00	0.00
Total 53120 · Endangered Species	0.00	0.00	22,500.00	53,750.00	-53,750.00
53125 · Environmental Flows	0.00	0.00	0.00	0.00	0.00

	Dec '21	Oct '21 thru Dec '21	FY22 Original Budget	FY22 Amended Budget	\$ Over Budget
53130 · General Consulting					
53130.1 · DFC Process	0.00	0.00	5,000.00	5,000.00	-5,000.00
53130.2 · Eval of Rules	341.00	341.00	5,000.00	5,000.00	-4,659.00
53130.3 · Eval. Hydrogeologic Report	0.00	0.00	0.00	0.00	0.00
53130.4 · Investigations	101.00	112.00	8,000.00	8,000.00	-7,888.00
53130.5 · Geo Logging	0.00	0.00	5,000.00	5,000.00	-5,000.00
53130.6 · Aquifer Monitor Well Tool	0.00	0.00	0.00	0.00	0.00
53130.7 · ASR Study	0.00	0.00	0.00	0.00	0.00
53130.8 · Data Release	0.00	0.00	0.00	0.00	0.00
Total 53130 · General Consulting	442.00	453.00	23,000.00	23,000.00	-22,547.00
53135 · Monitor Well Construction	0.00	0.00	0.00	0.00	0.00
53140 · Monitor Wells Expenses	0.00	0.00	5,000.00	5,000.00	-5,000.00
53141 · Weather Station Expense	0.00	0.00	2,000.00	2,000.00	-2,000.00
53145 · Spring Flow Gauge	0.00	0.00	0.00	0.00	0.00
53150 · Water Quality	0.00	0.00	3,500.00	3,500.00	-3,500.00
53155 · 3-D Visualization	0.00	0.00	5,000.00	5,000.00	-5,000.00
Total 53100 · Clearwater Studies	442.00	453.00	92,500.00	123,750.00	-123,297.00
53200 · Spring Flow Gage System					
53205 · Op. & Maintenance	0.00	0.00	15,900.00	15,900.00	-15,900.00
53210 · Installation	0.00	0.00	0.00	0.00	0.00
Total 53200 · Spring Flow Gage System	0.00	0.00	15,900.00	15,900.00	-15,900.00
53300 · Computer Consulting					
53305 · Enhancements - Data Base	30,323.00	30,323.00	38,500.00	38,500.00	-8,177.00
53306 · Hosting - Data Base	0.00	0.00	1,250.00	1,250.00	-1,250.00
53310 · Hosting - PDI	0.00	0.00	250.00	250.00	-250.00
53311 · Hosting - Website	0.00	0.00	0.00	0.00	0.00
53312 · Enhancements - Website	0.00	0.00	0.00	0.00	0.00
53315 · IT Network Sustainment	450.00	1,350.00	5,400.00	5,400.00	-4,050.00
53317 · Management Tool Sustainment	0.00	0.00	2,000.00	2,000.00	-2,000.00
Total 53300 · Computer Consulting	30,773.00	31,673.00	47,400.00	47,400.00	-15,727.00
53400 · Computer Licenses/Virus Prtctn	44.00	132.00	1,500.00	1,500.00	-1,368.00
53450 · Computer Repairs and Supplies	0.00	0.00	2,000.00	2,000.00	-2,000.00
53500 · Computer Software & Hardware	549.91	549.91	5,000.00	5,000.00	-4,450.09
53550 · Copier/Scanner/Plotter	486.56	1,459.68	6,000.00	6,000.00	-4,540.32
53600 · Educational Outreach/Marketing					
53603 · Event Sponsor/Income	0.00	-5,500.00	0.00	0.00	-5,500.00
53605 · Event Cost	5,875.31	6,544.76	10,000.00	10,000.00	-3,455.24
53615 · Promotional Items	0.00	1,656.38	5,000.00	5,000.00	-3,343.62
53620 · Supplies & Equipment	0.00	182.65	4,500.00	4,500.00	-4,317.35
53625 · Curriculum	0.00	0.00	0.00	0.00	0.00
Total 53600 · Educational Outreach/Marketing	5,875.31	2,883.79	19,500.00	19,500.00	-16,616.21
53650 · Furniture & Equipment	0.00	0.00	2,500.00	2,500.00	-2,500.00

	Dec '21	Oct '21 thru Dec '21	FY22 Original Budget	FY22 Amended Budget	\$ Over Budget
53700 · Legal					
53701 · Drought Contingency Plan	0.00	0.00	0.00	0.00	0.00
53702 · Endangered Species	5,001.00	5,001.00	15,000.00	15,000.00	-9,999.00
53703 · General (rules/accountability)	3,675.00	3,675.00	15,000.00	15,000.00	-11,325.00
53704 · Legislative Research/Analysis	0.00	0.00	2,500.00	2,500.00	-2,500.00
53705 · Legislative Services	0.00	0.00	0.00	0.00	0.00
53706 · GMA/DFC/MAG support	224.00	224.00	10,000.00	10,000.00	-9,776.00
Total 53700 · Legal	8,900.00	8,900.00	42,500.00	42,500.00	-33,600.00
53720 · Office Supplies	0.00	340.40	3,500.00	3,500.00	-3,159.60
53730 · Permit Reviews					
53731 · Geoscience	6,013.00	6,013.00	25,000.00	25,000.00	-18,987.00
53732 · Legal Evaluation	184.96	184.96	25,000.00	25,000.00	-24,815.04
Total 53730 · Permit Reviews	6,197.96	6,197.96	50,000.00	50,000.00	-43,802.04
53740 · Postage	0.00	1,441.78	2,500.00	2,500.00	-1,058.22
53750 · Printing	0.00	1,484.63	2,500.00	2,500.00	-1,015.37
53760 · Reserve for Uncollected Taxes	0.00	0.00	20,000.00	20,000.00	-20,000.00
53780 · Subscriptions	0.00	0.00	900.00	900.00	-900.00
53785 · Mobile Classroom Expense	0.00	0.00	2,000.00	2,000.00	-2,000.00
53790 · Vehicle Expense	140.34	463.92	4,000.00	4,000.00	-3,536.08
Total 53000 · Operating Expenses	53,409.08	56,179.57	333,250.00	364,500.00	-308,320.43
54000 · Facility Costs					
54100 · Insurance					
54101 · Liability	0.00	2,003.12	1,300.00	2,003.12	0.00
54102 · Property	0.00	1,849.26	1,800.00	1,849.26	0.00
54103 · Surety Bonds	200.00	200.00	1,200.00	1,100.26	-900.26
54104 · Worker's Comp	0.00	872.20	1,100.00	872.20	0.00
54105 · Liability - Vehicle	0.00	825.16	1,250.00	825.16	0.00
Total 54100 · Insurance	200.00	5,749.74	6,650.00	6,650.00	-900.26
54200 · Building Repairs/Maintenance	2,379.53	4,392.51	8,000.00	8,000.00	-3,607.49
54300 · Janitorial Service	300.00	900.00	3,600.00	3,600.00	-2,700.00
54400 · Janitorial Supplies	24.54	24.54	750.00	750.00	-725.46
54500 · Lawn Maintenance/Service	450.00	675.00	3,000.00	3,000.00	-2,325.00
54600 · Security	29.95	89.85	375.00	375.00	-285.15
Total 54000 · Facility Costs	3,384.02	11,831.64	22,375.00	22,375.00	-10,543.36
55000 · Utilities					
55200 · Electricity	246.87	420.90	2,500.00	2,500.00	-2,079.10
55300 · Internet	149.99	299.98	2,000.00	2,000.00	-1,700.02
55400 · Phone	169.56	343.59	2,400.00	2,400.00	-2,056.41
55500 · Water/Garbage	208.44	427.99	2,300.00	2,300.00	-1,872.01
Total 55000 · Utilities	774.86	1,492.46	9,200.00	9,200.00	-7,707.54
Total Expense	85,859.64	156,789.65	839,606.00	839,606.00	-682,816.35
Net Ordinary Income	-35,977.43	203,682.44	0.00	0.00	203,682.44
Net Income	-35,977.43	203,682.44	0.00	0.00	203,682.44

Clearwater Underground Water Conservation Profit & Loss Detail December 2021

Type	Date	Num	Name	Memo	Amount	Balance
Ordinary Income/Expense						
Income						
40005 · Application Fee Income						
Invoice	12/09/2021	158	Scott Gillman	Permit Applic...	200.00	200.00
Total 40005 · Application Fee Income					200.00	200.00
40010 · Bell CAD Current Year Tax						
Deposit	12/03/2021			Deposit	45,009.52	45,009.52
Deposit	12/03/2021			Deposit	1.05	45,010.57
Deposit	12/03/2021			Deposit	-284.45	44,726.12
Deposit	12/10/2021			Deposit	22,338.00	67,064.12
Deposit	12/10/2021			Deposit	-18,018.45	49,045.67
Total 40010 · Bell CAD Current Year Tax					49,045.67	49,045.67
40015 · Bell CAD Deliquent Tax						
Deposit	12/03/2021			Deposit	574.77	574.77
Deposit	12/03/2021			Deposit	-373.64	201.13
Deposit	12/10/2021			Deposit	386.87	588.00
Deposit	12/10/2021			Deposit	-11.02	576.98
Total 40015 · Bell CAD Deliquent Tax					576.98	576.98
40020 · Interest Income						
Deposit	12/31/2021			Deposit	42.22	42.22
Deposit	12/31/2021			Deposit	17.34	59.56
Total 40020 · Interest Income					59.56	59.56
Total Income					49,882.21	49,882.21
Gross Profit					49,882.21	49,882.21
Expense						
50000 · Administrative Expenses						
50400 · Director Fees						
50405 · At Large						
Bill	12/07/2021	Nov 2021	David Cole	November B...	150.00	150.00
Bill	12/22/2021	Dec2021	David Cole	Water Symp...	300.00	450.00
Total 50405 · At Large					450.00	450.00
50415 · Pct. 2						
Bill	12/07/2021	November 2...	Gary Young	Board Mtg - ...	150.00	150.00
Bill	12/22/2021	Dec2021	Gary Young	GMA 8, Wate...	450.00	600.00
Total 50415 · Pct. 2					600.00	600.00
50420 · Pct. 3						
Bill	12/07/2021	Nov 2021	Jody Williams	Nov 2021 Bo...	150.00	150.00
Bill	12/22/2021	Dec2021	Jody Williams	Water Symp...	300.00	450.00
Total 50420 · Pct. 3					450.00	450.00
Total 50400 · Director Fees					1,500.00	1,500.00
50700 · Meals						
Bill	12/07/2021		Card Service Center	working lunch	17.69	17.69
Total 50700 · Meals					17.69	17.69
50900 · Travel & Hotel						
Bill	12/07/2021		Card Service Center	TWCA (canc...	244.53	244.53
Total 50900 · Travel & Hotel					244.53	244.53
Total 50000 · Administrative Expenses					1,762.22	1,762.22

Clearwater Underground Water Conservation Profit & Loss Detail December 2021

01/06/22

Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
52000 · Salary Costs						
52005 · Administrative Assistant						
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	3,753.62	3,753.62
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	608.70	4,362.32
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	304.35	4,666.67
Total 52005 · Administrative Assistant					4,666.67	4,666.67
52010 · Educational Coord/Support Tech						
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	3,804.35	3,804.35
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	362.32	4,166.67
Total 52010 · Educational Coord/Support Tech					4,166.67	4,166.67
52015 · Manager						
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	8,333.33	8,333.33
Total 52015 · Manager					8,333.33	8,333.33
52025 · Office Assistant/Field Tech						
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	3,576.09	3,576.09
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	170.29	3,746.38
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	170.29	3,916.67
Total 52025 · Office Assistant/Field Tech					3,916.67	3,916.67
52040 · Health Insurance						
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	500.00	500.00
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	500.00	1,000.00
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	-554.66	445.34
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	1,219.72	1,665.06
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	-1,219.72	445.34
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	0.00	445.34
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	657.00	1,102.34
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	-657.00	445.34
Check	12/30/2021	SWHP-Jan22	Scott & White Health Pl...	Employee He...	2,431.59	2,876.93
Total 52040 · Health Insurance					2,876.93	2,876.93
52045 · Payroll Taxes & Work Comp						
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	273.83	273.83
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	64.05	337.88
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	0.00	337.88
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	547.66	885.54
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	128.08	1,013.62
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	0.00	1,013.62
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	254.95	1,268.57
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	59.63	1,328.20
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	0.00	1,328.20
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	258.33	1,586.53
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	60.41	1,646.94
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	0.00	1,646.94
Total 52045 · Payroll Taxes & Work Comp					1,646.94	1,646.94
52050 · Retirement						
Paycheck	12/29/2021	DD1320	Corey C Dawson	Direct Deposit	198.75	198.75
Paycheck	12/29/2021	DD1321	Richard E Aaron	Direct Deposit	397.50	596.25
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	140.00	736.25
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	125.00	861.25
Total 52050 · Retirement					861.25	861.25
52055 · Payroll Expenses						
Check	12/23/2021	HSA-FEE Dec	Wex	HSA Admin f...	25.00	25.00
Total 52055 · Payroll Expenses					25.00	25.00

Clearwater Underground Water Conservation Profit & Loss Detail December 2021

Type	Date	Num	Name	Memo	Amount	Balance
52060 · Freshbenies						
Check	12/06/2021	Dec21-TS	New Benefits Ltd - Fres...	Freshbenies ...	18.00	18.00
Check	12/06/2021	Dec21-SC	New Benefits Ltd - Fres...	Freshbenies ...	18.00	36.00
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	18.00	54.00
Paycheck	12/29/2021	DD1322	Shelly Chapman	Direct Deposit	-18.00	36.00
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	18.00	54.00
Paycheck	12/29/2021	DD1323	Tristin S Smith	Direct Deposit	-18.00	36.00
Total 52060 · Freshbenies					36.00	36.00
Total 52000 · Salary Costs					26,529.46	26,529.46
53000 · Operating Expenses						
53100 · Clearwater Studies						
53130 · General Consulting						
53130.4 · Investigations						
Bill	12/07/2021	Inv TX-514	LRE Water, LLC	Inv TX-514	95.00	95.00
Bill	12/07/2021		Card Service Center	Warranty dee...	6.00	101.00
Bill	12/22/2021	Inv TX-529	LRE Water, LLC	Inv TX-529 T...	341.00	442.00
Total 53130.4 · Investigations					442.00	442.00
Total 53130 · General Consulting					442.00	442.00
Total 53100 · Clearwater Studies					442.00	442.00
53300 · Computer Consulting						
53305 · Enhancements - Data Base						
Bill	12/07/2021	Inv TX-514	LRE Water, LLC	Inv TX-514 ...	23,316.00	23,316.00
Bill	12/22/2021	Inv TX-529	LRE Water, LLC	Inv TX-529 ...	7,007.00	30,323.00
Total 53305 · Enhancements - Data Base					30,323.00	30,323.00
53315 · IT Network Sustainment						
Bill	12/07/2021	Inv 18109	Engineer Austin, LLC	Inv 18109	450.00	450.00
Total 53315 · IT Network Sustainment					450.00	450.00
Total 53300 · Computer Consulting					30,773.00	30,773.00
53400 · Computer Licenses/Virus Prtctn						
Bill	12/07/2021	Inv 18109	Engineer Austin, LLC	Inv 18109	44.00	44.00
Total 53400 · Computer Licenses/Virus Prtctn					44.00	44.00
53500 · Computer Software & Hardware						
Bill	12/07/2021		Card Service Center	QuickBooks ...	549.91	549.91
Total 53500 · Computer Software & Hardware					549.91	549.91
53550 · Copier/Scanner/Plotter						
Bill	12/07/2021	Inv 0149547...	Xerox	Inv 014954768	486.56	486.56
Total 53550 · Copier/Scanner/Plotter					486.56	486.56
53600 · Educational Outreach/Marketing						
53605 · Event Cost						
Bill	12/07/2021	10051	Bell County Expo Center	Inv 10051 - B...	4,112.75	4,112.75
Bill	12/07/2021	Inv 80967193	Killeen Daily Herald	Watery Symp...	374.00	4,486.75
Bill	12/07/2021	Inv 16671708	Temple Daily Telegram	Inv 16671708...	383.25	4,870.00
Bill	12/07/2021		Card Service Center	Water Symp...	415.92	5,285.92
Bill	12/07/2021		Card Service Center	GoToMtg fee	5.39	5,291.31
Bill	12/22/2021	Inv 80967193	Killeen Daily Herald	Ad- Water sy...	584.00	5,875.31
Total 53605 · Event Cost					5,875.31	5,875.31
Total 53600 · Educational Outreach/Marketing					5,875.31	5,875.31

Clearwater Underground Water Conservation Profit & Loss Detail December 2021

Type	Date	Num	Name	Memo	Amount	Balance
53700 · Legal						
53702 · Endangered Species						
Bill	12/07/2021	Inv 97525947	Lloyd Gosselink Attorne...	Inv 97525947	160.00	160.00
Bill	12/07/2021	Inv 97526649	Lloyd Gosselink Attorne...	Inv 97526649	4,841.00	5,001.00
Total 53702 · Endangered Species					5,001.00	5,001.00
53703 · General (rules/accountability)						
Bill	12/07/2021	Inv 97526648	Lloyd Gosselink Attorne...	Inv 97526648	3,675.00	3,675.00
Total 53703 · General (rules/accountability)					3,675.00	3,675.00
53706 · GMA/DFC/MAG support						
Bill	12/07/2021	Inv 97525547	Lloyd Gosselink Attorne...	Inv 97525547	224.00	224.00
Total 53706 · GMA/DFC/MAG support					224.00	224.00
Total 53700 · Legal					8,900.00	8,900.00
53730 · Permit Reviews						
53731 · Geoscience						
Bill	12/07/2021	Inv TX-514	LRE Water, LLC	Inv TX-514 - ...	3,420.00	3,420.00
Bill	12/07/2021	Inv TX-514	LRE Water, LLC	Inv TX-514 - ...	47.50	3,467.50
Bill	12/22/2021	Inv TX-529	LRE Water, LLC	Inv TX-529 ...	655.00	4,122.50
Bill	12/22/2021	Inv TX-529	LRE Water, LLC	Inv TX-529 ...	1,890.50	6,013.00
Total 53731 · Geoscience					6,013.00	6,013.00
53732 · Legal Evaluation						
Bill	12/07/2021	Inv 97526648	Lloyd Gosselink Attorne...	Inv 97526648...	184.96	184.96
Total 53732 · Legal Evaluation					184.96	184.96
Total 53730 · Permit Reviews					6,197.96	6,197.96
53790 · Vehicle Expense						
Check	12/08/2021	Cefco-Nov21	CEFCO	ACH Approved	140.34	140.34
Total 53790 · Vehicle Expense					140.34	140.34
Total 53000 · Operating Expenses					53,409.08	53,409.08
54000 · Facility Costs						
54100 · Insurance						
54103 · Surety Bonds						
Bill	12/07/2021	Inv SI999767	Victor Insurance Manag...	Inv SI999767	200.00	200.00
Total 54103 · Surety Bonds					200.00	200.00
Total 54100 · Insurance					200.00	200.00
54200 · Building Repairs/Maintenance						
Bill	12/07/2021	Inv 257796	Amos Electric Supply C...	Inspection of ...	95.00	95.00
Bill	12/07/2021	Quote 0000...	Bell Air Conditioning, Inc	Annual maint...	684.53	779.53
Bill	12/07/2021	Roof Maint. ...	Tanner Roofing	Annual roof ...	1,500.00	2,279.53
Bill	12/22/2021	Inv 106146	Hartman ABC Pest Con...	Inv 106146	100.00	2,379.53
Total 54200 · Building Repairs/Maintenance					2,379.53	2,379.53
54300 · Janitorial Service						
Bill	12/07/2021	Dec2021	Andrea Matl	Dec 2021	300.00	300.00
Total 54300 · Janitorial Service					300.00	300.00
54400 · Janitorial Supplies						
Bill	12/07/2021		Card Service Center		24.54	24.54
Total 54400 · Janitorial Supplies					24.54	24.54

**Clearwater Underground Water Conservation
Profit & Loss Detail
December 2021**

01/06/22

Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
54500 · Lawn Maintenance/Service						
Bill	12/07/2021	Inv 20587	Greeson Lawn Services...	Inv 20587	225.00	225.00
Bill	12/22/2021	Inv 20721	Greeson Lawn Services...	Inv 20721	225.00	450.00
Total 54500 · Lawn Maintenance/Service					450.00	450.00
54600 · Security						
Bill	12/07/2021	Inv 108490	Progressive Protection	Inv 108490	29.95	29.95
Total 54600 · Security					29.95	29.95
Total 54000 · Facility Costs					3,384.02	3,384.02
55000 · Utilities						
55200 · Electricity						
Check	12/02/2021	AMP-Nov21	AmeriPower	ACH approved	135.25	135.25
Check	12/23/2021	AMP-Dec21	AmeriPower	ACH Approved	111.62	246.87
Total 55200 · Electricity					246.87	246.87
55300 · Internet						
Bill	12/07/2021	Inv 0192419...	Spectrum	Inv 01924191...	149.99	149.99
Total 55300 · Internet					149.99	149.99
55400 · Phone						
Bill	12/07/2021	Inv 0192419...	Spectrum	Inv 01924191...	169.56	169.56
Total 55400 · Phone					169.56	169.56
55500 · Water/Garbage						
Bill	12/07/2021		City of Belton		208.44	208.44
Total 55500 · Water/Garbage					208.44	208.44
Total 55000 · Utilities					774.86	774.86
Total Expense					85,859.64	85,859.64
Net Ordinary Income					-35,977.43	-35,977.43
Net Income					-35,977.43	-35,977.43

10:42 AM

01/06/22

Clearwater Underground Water Conservation
A/P Aging Detail
As of January 5, 2022

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Due Date</u>	<u>Aging</u>	<u>Open Balance</u>
Current						
Total Current						
1 - 30						
Total 1 - 30						
31 - 60						
Total 31 - 60						
61 - 90						
Total 61 - 90						
> 90						
Total > 90						<hr/>
TOTAL						<hr/> <hr/>

Investment Fund - Item #5

TexPool Participant Services
 1001 Texas Avenue, Suite 1150
 Houston, TX 77022



Summary Statement

CLEARWATER UNDERGROUND WCD
 ATTN DIRK AARON
 PO BOX 1989
 BELTON TX 76513-5989

Statement Period 12/01/2021 - 12/31/2021
 Customer Service 1-866-TEX-POOL
 Location ID 000079358

GENERAL FUND - 07935800001

Pool Name	Beginning Balance	Total Deposit	Total Withdrawal	Total Interest	Current Balance	Average Balance
TexPool	\$547,440.79	\$0.00	-\$8,500.00	\$17.34	\$538,958.13	\$544,425.22
TexPool Prime	\$552,960.44	\$0.00	-\$8,500.00	\$42.22	\$544,502.66	\$549,945.67
Total Dollar Value	\$1,100,401.23	\$0.00	-\$17,000.00	\$59.56	\$1,083,460.79	

ACCOUNT TOTALS

Pool Name	Beginning Balance	Total Deposit	Total Withdrawal	Total Interest	Current Balance
TexPool	\$547,440.79 ✓	\$0.00 ✓	-\$8,500.00 ✓	\$17.34 ✓	\$538,958.13
TexPool Prime	\$552,960.44 ✓	\$0.00 ✓	-\$8,500.00 ✓	\$42.22 ✓	\$544,502.66
Total Dollar Value	\$1,100,401.23	\$0.00	-\$17,000.00	\$59.56	\$1,083,460.79

*1/16/22
SEC*

9:07 AM

01/06/22

**Clearwater Underground Water Conservation
Reconciliation Summary
10505 - Cash - TexPool, Period Ending 12/31/2021**

	<u>Dec 31, 21</u>
Beginning Balance	547,440.79
Cleared Transactions	
Checks and Payments - 1 item	-8,500.00
Deposits and Credits - 1 item	17.34
Total Cleared Transactions	<u>-8,482.66</u>
Cleared Balance	<u>538,958.13</u>
Register Balance as of 12/31/2021	538,958.13
Ending Balance	538,958.13

9:06 AM

01/06/22

Clearwater Underground Water Conservation
Reconciliation Summary
10500 · Cash-TexPool Prime, Period Ending 12/31/2021

	<u>Dec 31, 21</u>
Beginning Balance	552,960.44
Cleared Transactions	
Checks and Payments - 1 item	-8,500.00
Deposits and Credits - 1 item	42.22
Total Cleared Transactions	<u>-8,457.78</u>
Cleared Balance	<u>544,502.66</u>
Register Balance as of 12/31/2021	544,502.66
Ending Balance	544,502.66

Employee Retirement
Item #6

Plan Name:

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT 457 PLAN

Participant Search

Participant Search by Name

Print

Plan ID: 613759000

Plan Type: 457

Summary

Calendar

Payroll

Participants

Loans

Withdrawals

Financials

Plan Information

Compliance

As of:

12/31/2021

Balances:

\$ 181,835.65

YTD Contributions:

\$ 20,620.41

Participants:

5

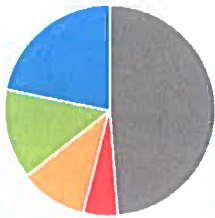
I want to

- Process payroll contributions
- Review reports
- Manage my participants
- Review withdrawals
- Review loans
- Check financials
- Manage plan compliance
- Manage alerts and notifications

Plan Assets

Participation In Plan

View: **Asset Class**



Asset Class

- Large Cap: 21.76%
- Small Cap: 13.91%
- Mid Cap: 10.35%
- Other: 5.25%
- Other: 48.73%

Total Balance:

\$181,835.65



Plan Payroll

Plan Name: Clearwater Underground Water Conservation District 457 Plan Plan ID: 613759000

Payroll Range: 01/01/2021 to 12/31/2021

PDF: [All Filtered](#) | Excel: [All Filtered](#) | CSV: [All Filtered](#)

Payroll Date	Trade Date	Payroll Status	Release Date	Batch Number	Total Amount	Payment Type	Out of Balance	View Details
12/22/2021	01/05/2022	Confirmed	01/05/2022	0000206	\$1,921.25	Check		View
11/30/2021	12/14/2021	Confirmed	12/14/2021	0000226	\$1,921.25	Check		View
10/31/2021	11/09/2021	Confirmed	11/09/2021	0000136	\$1,921.25	Check		View
09/30/2021	10/04/2021	Confirmed	10/04/2021	0000211	\$1,650.74	Check		View
09/25/2021	09/30/2021	Confirmed	09/30/2021	0000159	\$1,650.74	Check		View
07/26/2021	08/09/2021	Confirmed	08/09/2021	0000267	\$1,650.74	Check		View
06/30/2021	07/06/2021	Confirmed	07/06/2021	0000350	\$1,650.74	Check		View
05/31/2021	06/06/2021	Confirmed	06/06/2021	0000039	\$1,650.74	Check		View
04/28/2021	05/06/2021	Confirmed	05/06/2021	0000317	\$1,650.74	Check		View
03/01/2021	03/29/2021	Confirmed	03/29/2021	0000224	\$1,650.74	Check		View
02/24/2021	03/03/2021	Confirmed	03/03/2021	0000251	\$1,650.74	Check		View
01/27/2021	02/02/2021	Confirmed	02/02/2021	0000079	\$1,650.74	Check		View

Clearwater Underground Water Conservation
All Payments Issued for Security Benefit
January through December 2021

Type	Num	Date	Amount
Jan - Dec 21			
Liability Check	4099	01/27/2021	1,650.74
Liability Check	4103	02/24/2021	1,650.74
Liability Check	4138	03/25/2021	1,650.74
Liability Check	4172	04/28/2021	1,650.74
Liability Check	4201	06/03/2021	1,650.74
Liability Check	4213	06/29/2021	1,650.74
Liability Check	4232	07/28/2021	1,650.74
Liability Check	4259	08/25/2021	1,650.74
Liability Check	4281	09/28/2021	1,650.74
Liability Check	4320	10/27/2021	1,921.25
Liability Check	4352	12/01/2021	1,921.25
Liability Check	4376	12/22/2021	1,921.25
Jan - Dec 21			20,620.41

Professional Services Agreement
Item #8

**Board Meeting
January 12, 2022**

**Agenda Item #8
Extend Professional Services with Mike Keester**

Agenda Item #8:

Discuss consider and take appropriate action if necessary to extend professional services agreement with Mike Keester, Principal Hydrogeologist, R. W. Harden & Associates, Austin TX.

Narrative:

Mike Keester has recently left LRE Water Inc. and is now a principal partner with R. W. Harden & Associates Inc. a Groundwater Resource firm located in Austin. Mike has provided the attached letter stating his desire to continue his role as one of our geoscience consultants. Mike has articulated his desire to continue with the district and agrees that our relationship with LRE Water Inc as our data management systems provider should continue.

Information about the firm is included in this packet per Mike Keester.

Staff Recommendation:

Recommend that the board allows the general manager to sign a contract for services with R. W. Harden & Associates for geoscience consulting by Mike Keester.

January 3, 2022

Mr. Dirk Aaron, General Manager
Clearwater Underground Water Conservation District
700 Kennedy Court
Belton, Texas 76513

Re: Continuation of Certain Services During Fiscal Year 2022

Dear Mr. Aaron,

On January 1, 2022 I joined R. W. Harden & Associates, Inc. ("RWH&A") as a principal hydrogeologist. The decision to leave LRE Water was not easy, but I believe it was the correct one for me and my family. Over the last several years I have enjoyed working with you and your Board to increase the scientific understanding of the aquifers in Bell County and, at the discretion of you and the Board, would be privileged to continue doing so.

For Fiscal Year 2022, Clearwater Underground Water Conservation District's Board of Directors approved four tasks to be conducted by LRE Water. Please accept this letter as an indication of my desire to continue providing professional hydrogeologic support to the District for three of the four approved tasks, namely: permitting support, the pumping evaluation update, and general geoscience consulting. Regarding your revised data management system, I believe LRE Water has the right team for that project.

Attached you will find a copy of RWH&A's firm description, an abbreviated copy of my resume, and our contract documents. We will honor the scope of services, schedule, and cost estimates for each of the three tasks identified above and previously approved by the Board.

Please let me know if you have any questions.

Sincerely,



Michael Keester, P.G.
R. W. Harden & Associates, Inc.



**R W HARDEN
& ASSOCIATES_{INC}**
GROUNDWATER RESOURCE PROFESSIONALS

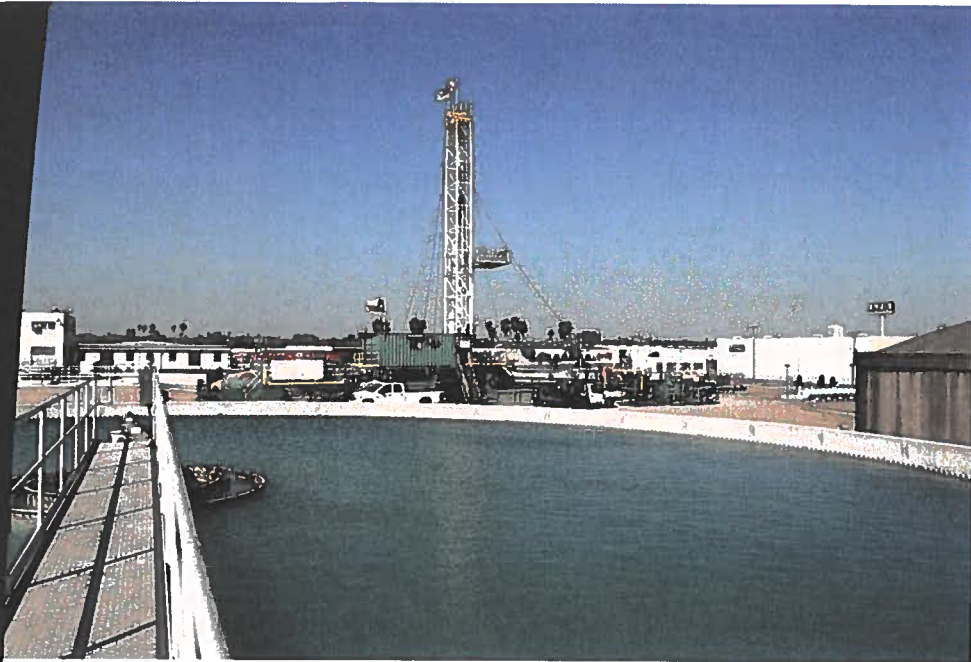


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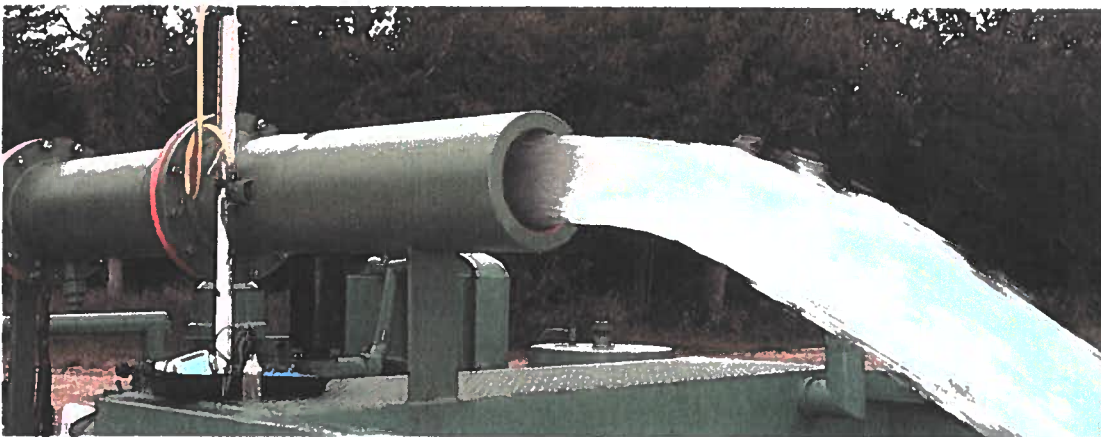


solutions and strategies for your water needs

ABOUT US

R. W. Harden and Associates, Inc. is a groundwater consulting firm that provides practical and economical solutions for our client's water resource challenges. With 50 years of experience in Texas, throughout the United States, and internationally, our highly-qualified and experienced hydrologists and geologists apply state-of-the-art technologies and well-founded scientific principles to provide technical and regulatory solutions.

Our firm's successful strategies have been applied to the most challenging groundwater hydrology problems for hundreds of public and private entities. Our clients include municipalities, state and federal regulatory agencies, and broad range of industries including mining, oil and gas, resource development, power production, agriculture, land development, and manufacturing. Without ownership ties to a large corporation, we are able to provide personalized service tailored to our clients unique needs.



AN OVERVIEW OF OUR SERVICES

- ✓ Groundwater Availability Evaluation
- ✓ Groundwater Resource Management
- ✓ Aquifer Exploration and Testing
- ✓ Well and Well Field Design
- ✓ Groundwater Modeling
- ✓ Regulatory Support
- ✓ Water Quality and Environmental Evaluation
- ✓ Water Rights Evaluation and Acquisition
- ✓ Mining, Dewatering and Depressurization
- ✓ Litigation Support
- ✓ Expert Witness Services

Client satisfaction and a commitment to quality are our top priorities.

GROUNDWATER RESOURCE DEVELOPMENT

The successful development of groundwater resources requires both technical knowledge and practical know-how. R. W. Harden and Associates is an innovator in combining science, technology, experience, and financial responsibility to build a solid foundation for project success.

GROUNDWATER RESOURCE MANAGEMENT

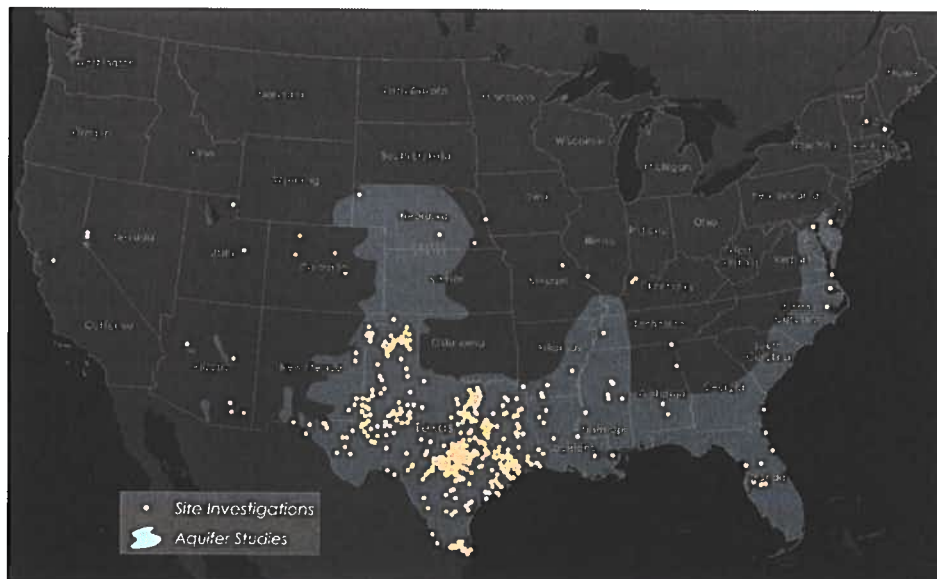
R. W. Harden & Associates provides advisory services for developing informed and effective groundwater management. We provide services to local and State governments, municipalities, water supply corporations, industrial, and private clients. We emphasize resource-based management programs that balance water supply needs, environmental concerns, legal and practical constraints.

Much confusion exists regarding the importance of various groundwater management criteria, and adopted regulatory standards may not reflect the best available data with regard to groundwater availability or the long-term sustainability of groundwater resources. Contact us to obtain clear and reliable information to help you make informed decisions regarding resource planning.

GROUNDWATER AVAILABILITY EVALUATION

Evaluation of the available resources is a crucial first step in the development of reliable groundwater supplies. R. W. Harden & Associates tailors each evaluation we perform to the individual needs of the client and to the unique hydrogeologic conditions present in the client's area of interest.

In general, groundwater availability evaluations are performed in phases, beginning with the acquisition of available information describing the structure and hydraulic properties of the aquifers in the target area from various governmental agencies, commercial and academic sources, and R. W. Harden & Associates files. The data is evaluated with respect to applicability, accuracy, and completeness. Where available information is insufficient to reliably determine the productivity and/or quality of the target aquifers, additional tasks such as test drilling, aquifer testing, geophysical surveys, and groundwater modeling are commonly performed to supplement existing data. The findings and recommendations of previous studies have been used for a variety of needs including groundwater supply development, infrastructure planning, financial diligence, groundwater valuation and regulatory compliance.



GROUNDWATER SUPPLY

LARGE WELL FIELD EXPERIENCE

RWH&A's extensive experience in groundwater availability, planning, design and development of large well fields enables the firm to quickly identify critical factors and translate project requirements and conditions into practical, cost-effective solutions.

The following list of RWH&A projects represent the firm's experience in evaluating, planning, and/or development of large groundwater well fields.

<u>Entity</u>	<u>Size</u>	<u>Location</u>
City of Amarillo	40 mgd	Amarillo, TX
City of College Station	30 mgd	College Station, TX
Jefferson Smurfit Corp.	30 mgd	Fernandina Beach, FL
City of Round Rock	10 mgd	Round Rock, TX
City of Bryan	15 mgd	Bryan, TX
Continental Grain Co.	20 mgd	Texas High Plains
Westinghouse	20 mgd	Confidential
Southwestern Public Service Co.	25 mgd	New Mexico & Texas
Phillips Petroleum Company	40 mgd	Calvert, TX
Mid-West Financial Mgmt. Corp.	20 mgd	Dalhart, TX
Great Southwest Life Insurance Co.	10 mgd	Gaines County, TX
Triton Oil & Gas Corporation	20 mgd	Western Colorado
Texas-New Mexico Power Company	14 mgd	Calvert, TX
Shell Mining Company	40 mgd	Rockdale, TX
Nash Phillips Copus	10 mgd	Pflugerville, TX
Bryan Woodbine Operating Company	10 mgd	Bryan, TX
West Texas Utilities	10 mgd	Grand Falls, TX
City of Irving	10 mgd	Irving, TX
Texas A & M University	8 mgd	Brazos County, TX
Aluminum Company of America	50 mgd	Rockdale, TX
Walnut Creek Mining Company	35 mgd	Calvert, TX
Lower Colorado River Authority	20 mgd	Bastrop County, TX
City of Tyler	10 mgd	Tyler, TX
Tractebel Power, Inc.	10 mgd	Northeast Mississippi
Community Energy Alternatives, Inc	10-20 mgd	Confidential
Bexar Met Water District	8 mgd	Gonzales County, TX
Southmost Regional Water Authority	16 mgd	Cameron County, TX

**GROUNDWATER SUPPLY
PLANNING AND WELL FIELD EXPERIENCE**

In Texas

Alice	Dallas	Hearne	Orange
Amarillo	Deer Park	Highland Village	Paducah
Austin	Edinburg	Houston	Pampa
Bastrop	Elgin	Irving	Pasadena
Baytown	El Paso	Karnes City	Pflugerville
Beeville	Eules	Jasper	Pecos
Bedford	Fairfield	LaPorte	Refugio
Bellaire	Fort Worth	Lockhart	Rockdale
Bertram	Fredericksburg	Lufkin	Round Rock
Borger	Frisco	Manor	San Antonio
Bremond	Gainesville	Marshall	Seguin
Bryan	Gaines County	Matagorda	Tehuacana
Brownsville	Galveston	McAllen	Tyler
College Station	Georgetown	Nacogdoches	West University Place
Calvert	Grand Falls	Navasota	

Other States

<u>Alabama</u> Brantley	<u>Indiana</u> Evansville	<u>Nevada</u> Carson City Reno Sparks
<u>Arizona</u> Green Valley Snowflake Tuscon	<u>Louisiana</u> Chouhatta DeRidder	<u>Virginia</u> Norfolk Virginia Beach
<u>Arkansas</u> Pine Bluff	<u>Lake Charles</u> Leesville New Orleans Ringgold	
<u>Colorado</u> Steamboat Springs	<u>Mississippi</u> Ackerman Natchez	
<u>Florida</u> Fernandina Beach Tampa	<u>New Mexico</u> Clovis Hobbs	
<u>Georgia</u> Savannah		

DEWATERING AND DEPRESSURIZATION

Design and operation of groundwater control programs for the mining industry requires specialized skills, experience, and training. While the goal of traditional water supply well fields is to maximize production while minimizing impacts, the reverse is true of dewatering and depressurization well fields. For the mining industry, the objective is to produce only as much groundwater as is necessary to maintain highwall and spoil stability, assure pit floor integrity, and maintain pit inflows at acceptable rates.

For more than four decades, R. W. Harden & Associates has designed and operated groundwater control systems for mines worldwide, and has provided on-call services to help ensure that operators are able to rapidly and effectively respond to pumping equipment failures and electrical outages.

MINING SUPPORT

With over 45 years experience assisting clients in the design of mine-water production and control facilities, R. W. Harden and Associates has overcome some of the most challenging mine-water problems in the industry. Our staff has developed proprietary, leading-edge modeling systems and possesses the hands-on operational experience to provide reliable, cost-effective mine support services.

Since 1972



REPRESENTATIVE CLIENT LIST FOR THE MINING INDUSTRY

<u>Company</u>	<u>Mine or Location</u>
Alcoa Inc.	Sandow Mine
Alcoa Inc.	Three Oaks Mine
Amistad Fuel Co.	Little Bull Creek Mine
Brazos Electric Power Cooperative	San Miguel Mine
Centex Materials, Inc.	Buda, Texas
Central and South West Services, Inc.	Marshall, Texas
City Public Service Board	North Camp Swift Project
Community Energy Alternatives, Inc.	Konya Turkey
Dresser Industries, Inc.	Damon Mound, Texas
Kaiser Cement Company	Georgetown, Texas
John T. Boyd Company	Dalian, Inner Mongolia
John T. Boyd Company	Rajasthan, India
John T. Boyd Company	Nakohn Ratchasima Province, Thailand
Lower Colorado River Authority	Powell Bend Mine
North American Coal Co.	Sabine Mine
North American Coal Co.	Red Hills Mine
North American Coal Co.	Kemper County, Mississippi
Peabody Coal Co.	Cummings Creek Project
Phillips Coal Co.	Ackerman, Mississippi
Phillips Coal Co.	Calvert Mine
Phillips Coal Co.	Chicot-Pollux Project
Phillips Coal Co.	Cole Creek Project
Phillips Coal Co.	Oxbow Project
Shell Mining Co.	Morgan Hill Project
Shell Oil Co.	Milam Project
Shell Oil Co.	Sparta Project
Shell Oil Co.	Vanderickk Mine
State of Texas (TENRAC)	East Texas
Texas Crushed Stone Co.	Georgetown, Texas
Texas Mining and Reclamation Assn.	Central Texas
Texas Utilities Services, Inc.	Anderson County, Texas
Texas Utilities Generating Co.	Sandow Mine
Texas Utilities Generating Co.	Three Oaks Mine
Walnut Creek Mining Co.	Calvert Mine
Walnut Creek Mining Co.	Calvert Reserve



WELL AND WELL FIELD DESIGN

Professional hydrogeologists at R. W. Harden and Associates specialize in the design and construction of wells and well fields that account for hydrogeologic factors and regulatory restrictions. Wells are often improperly designed or well fields designed inefficiently. Selection of unsuitable well construction materials, lengths, or installation methods can reduce well efficiency and life expectancy, while also increasing operational maintenance costs.

When multiple wells are to be operated as a well field, the well locations and production rates must be tailored to local aquifer conditions so that balance is maintained between unwanted interference drawdown between wells and transmission infrastructure costs.

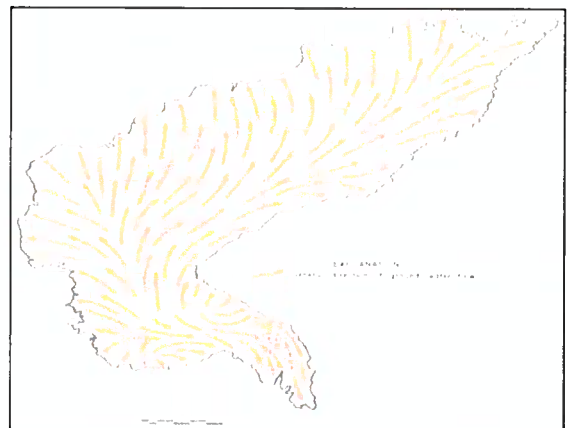
Impacts associated with neighboring and regional pumpage play an important role in proper well and well field design to ensure that production rates are sustained throughout the life of the well.

Our well and well field design and construction process typically includes groundwater and hydraulic modeling, preparation of technical specifications and contract documents, generation of TCEQ and local GCD submittals, bidding support and contractor selection, contract administration, and onsite observation during key portions of the well construction process.

WATER QUALITY AND ENVIRONMENTAL EVALUATION

R. W. Harden & Associates evaluates the effects of contamination in groundwater aquifers from disposal into surface ponds, oil field brine disposal operations, injection wells, operation of municipal and industrial solid waste facilities, and salt water intrusion.

R. W. Harden & Associates also provides consulting services in the environmental field for industries, municipalities, and state and local governments. These services commonly involve a range of tasks including design, drilling and construction of monitoring wells, comprehensive groundwater sampling, evaluation of geophysical surveys, and water well inventories, as well as design of remedial action plans, presentations to administrative boards, and expert witness testimony before government boards, legislative committees, and state and federal courts.



WATER RIGHTS AND RESOURCE VALUATIONS AND ACQUISITION

R. W. Harden and Associates is a leader in the technical analysis and due diligence evaluations associated with groundwater rights transfers.

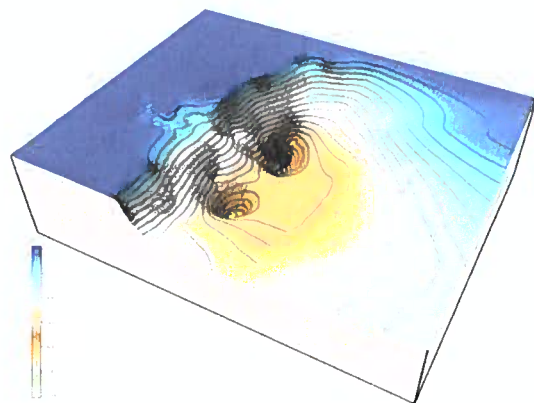
R. W. Harden & Associates has participated in many of the largest groundwater rights transactions in history. We provide a variety of services ranging from simple water rights valuations to more complex evaluations including aquifer testing, new resource discovery, due diligence testing and reporting, and contract management services.

Our work includes evaluations of over one-half of a million acres of groundwater rights, and actual water rights transactions for over 360,000 acres of property. We also evaluate conjunctive water use opportunities involving the combined utilization of both surface and groundwater rights to best address resource characteristics, drought resistance, cost, and water quality to improve water supply diversification and minimize supply risk.

We have provided guidance to clients during water rights transfers totaling over 1,000,000 acres of property, including some of the largest groundwater rights transfers in Texas. Our goal is to provide the technical expertise and practical experience to optimize the client's investment potential and minimize financial risk.

GROUNDWATER FLOW MODELING

Our modeling team has been at the forefront of design and generation of groundwater flow models for use in a wide array of hydrologic applications. Our team routinely employ both numerical and analytical methods to predict the behavior of complex systems, and have the experience and training necessary to select the best modeling tools for the project requirements.

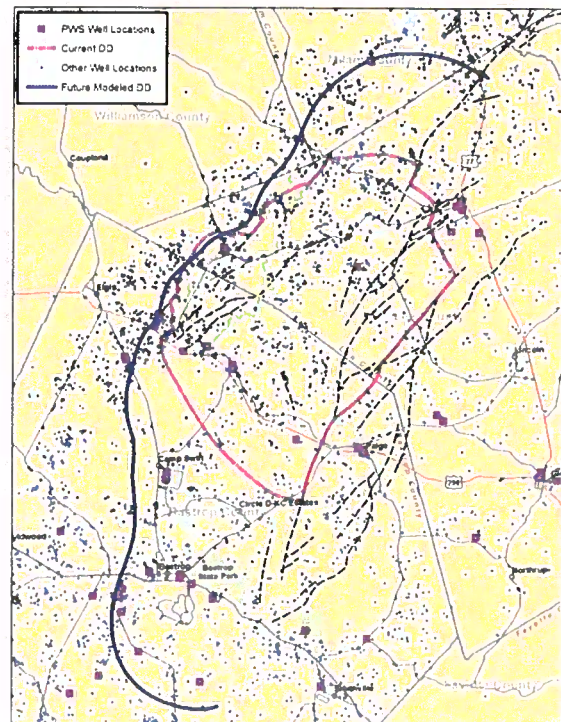
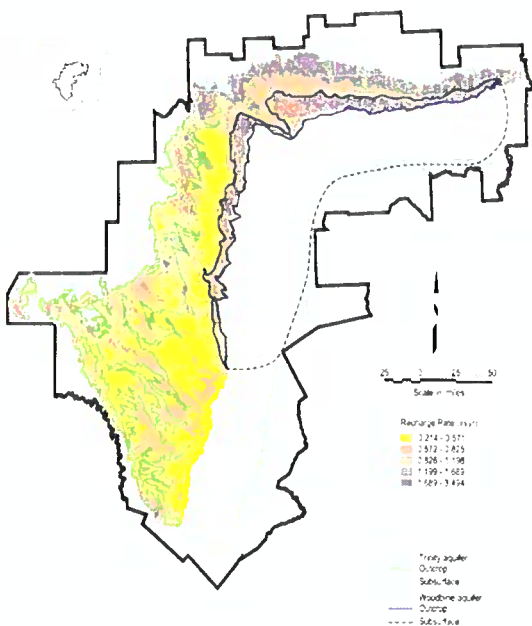


AQUIFER EXPLORATION AND TESTING

Aquifers are generally laid down over long periods of time by geologic processes that vary from one location to another. These differences in geologic setting affect aquifer structure and composition, which, in turn directly impact potential well yields, chemical quality, and overall productivity of the groundwater system. In many instances, reliable information describing the aquifer conditions in an area simply does not exist, and site-specific exploration must be conducted to verify groundwater supplies and water quality.

R. W. Harden & Associates provides a wide range of exploration programs focused on obtaining the data required for effective project planning at a reasonable cost and of the best value to our clients.

Our staff routinely designs testing programs, prepares technical specifications and contract documents, offers bidding support during the contractor selection process, and provides trained on-site personnel during test drilling, aquifer testing, or other exploration tasks.



LITIGATION SUPPORT AND EXPERT WITNESS SERVICES

Our experienced, professional staff has provided expert witness testimony before state and federal regulatory agencies as well as in local, state, and federal courts.

R. W. Harden & Associates provides expert witness services for a variety of clients and maintains scientific integrity as a core value of our firm throughout those cases. We are committed to presenting our findings objectively and consistently without regard to the legal setting of our participants. Our firm understands the importance of operating as members of a legal team, but are self-sufficient and provide independent viewpoints.

In addition, our data analysis, written reports and graphical presentation capabilities provide clients and attorneys with reliable resources at critical points in the legal process.

What our clients say about us

"My special thanks to you and your team. Not only have you educated me, you have made it easier to recognize good work from bad. We really appreciate all of your assistance." -Utility Director

"These guys are world-class, we wouldn't think of doing a project without them." -Project Developer

"I always respect the advice you provide." -Groundwater District Manager

"It is a pleasure to work with RW Harden & Associates over the years." -City Engineer

"We really appreciate your great work. The report is excellent." -City Engineer

Contact us

R. W. Harden & Associates
9009 Mountain Ridge Drive Suite 100
Austin, TX 78759

Tel: 512.345.2379
Fax: 512.338.9372

Principals:

Kevin Spencer, P.G.
James Bené, P.G.
Elizabeth Ferry, P.G.
Michael Keester, P.G.



Michael R. Keester, P.G.

Principal Hydrogeologist

Mike began his experience conducting and supervising hydrogeologic investigations throughout Texas and Oklahoma in 2003. Mr. Keester focuses on groundwater flow and determination of availability with respect to quantity and quality as well as regulatory limitations. His work includes assessing and quantifying groundwater resource availability through the evaluation of the effects of groundwater production on aquifer water levels, spring and stream flows, and potential land surface subsidence. He specializes in applying numerical modeling and evaluation of aquifer hydraulics to these quantitative assessments of groundwater availability, flow, and transport including the determination of the statistical uncertainty associated with the assessments and model predictions to better inform clients and meet their project needs.

Mr. Keester has provided professional hydrogeologic consulting services to commercial entities, industrial operations, and governmental agencies. His experience includes the assessment of groundwater availability from karst, fractured, and porous media aquifers. In addition, through his evaluations he has worked closely with clients to develop optimal groundwater production plans for maximizing groundwater production to meet demands while minimizing the costs associated with well field development, production, and maintenance. He has also provided expert testimony on behalf of clients during regulatory hearings regarding hydrogeologic conditions and the potential effects of production from an aquifer.

Relevant Project Experience

Clearwater Underground Water Conservation District – Bell County, Texas – 2014-2021 – (while employed at LBG-Guyton Associates and LRE Water) Providing professional hydrogeologic consulting services to the District. Work involves the evaluation of permit applications for drilling of wells and production of groundwater, providing analysis of the potential effects of production on the aquifers in the District, and scientific representation before other governmental and commercial entities. Performed numerical modeling to evaluate potential aquifer desired future conditions, impacts on permittees from hypothetical well fields, and effects on stream flow due to groundwater production through a capture analysis simulation. Developed tools for assessing Trinity Aquifer conditions based on measured water levels. Modeling work for CUWCD included revising the adopted groundwater availability model for the Northern Trinity and Woodbine aquifers to better reflect hydraulic parameters obtained from wells completed in the Lower Trinity Aquifer in Bell and neighboring counties. Recent projects include preparing a synthesis of previous studies to assess how the knowledge gained from several years of investigations may be addressed through changes to the District Rules.

Education

- Master of Science in Geology from Oklahoma State University, 2002
- Bachelor of Arts in Philosophy from Oklahoma Baptist University, 1996

License

- Professional Geoscientist, Texas License No. 10331

Professional Experience

- 2022 – Present: Principal Hydrogeologist, R.W. Harden & Associates, Inc., Austin, Texas
- 2017 – 2021: Project Manager, LRE Water, Round Rock, Texas
- 2014 – 2017: Associate, LBG-Guyton Associates, Austin, Texas
- 2003 – 2014: Hydrogeologist, Thornhill Group, Inc., Round Rock, Texas

Lone Star Groundwater Conservation District – Gulf Coast Aquifer System – Montgomery County, Texas – 2020-2021 — (while employed at LRE Water) Providing support to the District during joint planning to adopt desired future conditions by Groundwater Management Area 14. Conducted simulations of various pumping scenarios using the State-approved groundwater availability model for the Gulf Coast Aquifer System. Evaluated results from model simulations to assess the predicted effects of production of various metrics including water-level decline, change in available drawdown, aquifer compaction, and land-surface subsidence. Work for the District has also included a report on the current understanding of subsidence potential in Montgomery County. This Phase 1 study focused on data collection and literature review to prepare for subsequent phases of the subsidence investigations for the District. Phase 2 of the subsidence study involved focusing on specific issues identified for further investigation during Phase 1. Results of the Phase 1 and initial information developed for Phase 2 were incorporated into LSGCD's reported comments for the third round of joint planning.

Groundwater Management Areas 13 and 15 – Carrizo-Wilcox, Gulf Coast, Queen City, Sparta, and Yegua-Jackson Aquifers – 2018-2021 – (while employed at LRE Water) Coordinating and conducting professional services to assist Groundwater Management Area members in the consideration and adoption of aquifer desired future conditions. Work involves updating model input files, performing simulations using adopted groundwater availability models, evaluating the results of the simulations, and presenting the results in an informative manner for the members and stakeholders. Work also involves supporting consideration of the nine factors stipulated in the Texas Water Code for proposed aquifer desired future conditions. The primary project deliverable will be the desired future conditions explanatory report and supporting documentation.

Goliad County Groundwater Conservation District – Local Recalibration of the Central Gulf Coast Aquifer Groundwater Availability Model – 2020 — (while employed at LRE Water) The groundwater availability model for the central portion of the Gulf Coast Aquifer System did a very poor job of simulating water levels within Goliad County. The poor match between measured and modeled water levels created problems for GCGCD with regard to achieving desired future conditions and managing the aquifer. The purpose of this project was to recalibrate the model to provide GCGCD a tool that better represents the observed water level changes in the Gulf Coast Aquifer System in Goliad County and provides GCGCD an improved model to aid with groundwater management within the District. To recalibrate the model, I utilized PEST to create 101 different realizations of the recalibrated model. These realizations reflect different parameterizations of the model that are all reasonable recalibrations. By performing simulations using all the realizations the District is able to better understand uncertainty in the model results through the range of predicted water levels and drawdown.

Southern Trinity Groundwater Conservation District – GAM Calibration Evaluation – 2018 – (while employed at LRE Water) Evaluated the calibration of the updated groundwater availability model of the northern Trinity and Woodbine aquifers in Bell, McLennan, and Williamson Counties. The project was initiated by STGCD with CUWCD joining the project. Through use of the updated model, the districts observed that the predictions were not reasonable when compared to observed changes in water level. However, the accuracy of the model in the area was not well quantified. This project involved using available water level data to assess the calibration of the GAM (that is, how well it was able to simulate the measured water levels) and quantify how much error may be associated with model predictions.

**CONTRACT FOR SERVICES OF
R. W. HARDEN & ASSOCIATES, INC.**

THIS CONTRACT is effective _____ and is made by and between R. W. Harden & Associates, Inc. (hereinafter called "RWH&A") and Clearwater Underground Water Conservation District (hereinafter called "CLIENT").

WITNESSETH:

SECTION 1. STATEMENT OF WORK. CLIENT desires to engage RWH&A to provide certain technical and advisory services that will be governed by the terms of this contract. RWH&A shall provide to CLIENT professional ground water services. The services to be provided are to be mutually agreed upon between the CLIENT and RWH&A from time to time and as the work progresses.

SECTION 2. TERM. This Contract shall remain in force, until September 30, 2023 unless sooner terminated in accordance with SECTION 12, or unless extended by mutual written agreement of the parties.

SECTION 3. INDEPENDENT CONSULTANT. RWH&A's relationship to CLIENT is that of an independent consultant and not that of an agent or employee of CLIENT. RWH&A is not to be deemed an employee of CLIENT, and RWH&A shall not have or claim any right arising from employee status. RWH&A has the sole discretion to determine the manner in which the services are to be performed. However, CLIENT retains the right to exercise final judgment with respect to the ultimate development of the work product and the responsibility for such development.

SECTION 4. COMPENSATION. CLIENT shall compensate RWH&A for services provided under this Contract on a time and materials basis, described as follows:

CLIENT agrees, as described herein, to pay RWH&A the charges to the project. Such charges shall include: fees for RWH&A's professional and technical personnel for the time actually worked on the project at the rates set out in Exhibit A and direct expenses, including charges for reproduction, transportation, meals and lodging, computer services, parking and taxi fares, long distance telephone, printing, maps and photographs, field supplies, equipment rental, shipping, test drilling, well construction, and testing laboratories, and other expenses required for performance at the rates set out in Exhibit A.

SECTION 5. INVOICING AND PAYMENT. RWH&A shall submit a monthly invoice to CLIENT covering all sums payable to RWH&A hereunder for the preceding month. Invoices will show: (1) Contract number and P. O. Number, as applicable; and (2) a summary of charges for services and direct expenses.

Within thirty (30) days after receiving an invoice, CLIENT shall pay all undisputed invoice amounts plus or minus any adjustments that are mutually agreed upon. If any amount owed by CLIENT to RWH&A remains past due after forty-five (45) days from submittal of said invoice to CLIENT, a late charge on the amount owed of one and one half percent (1 1/2%) per month, or the maximum legal rate, whichever is lower, shall be paid by CLIENT. Such interest shall accrue beginning on the forty-sixth (46th) day after submittal of said invoice to CLIENT and shall cease accruing interest upon payment of the amount owed by CLIENT to RWH&A.

SECTION 6. INDEMNITY. RWH&A agrees to indemnify and hold harmless CLIENT, its directors, employees, and officers, from and against only those direct claims, causes of action, liabilities, costs or expenses, including reasonable attorney's fees (excluding economic and indirect damages) attributable directly to bodily injury, death or property damage, which CLIENT incurs and which arises directly from RWH&A's negligent act, error or omission in the performance of professional services under this agreement. This indemnity shall not apply in the event CLIENT fails to give RWH&A prompt written notice of such claims or fails to provide RWH&A reasonable assistance in defense or settlement of such claims. The indemnities provided by this paragraph, subject to the further limitations provided by Section 8 hereof, shall be the sole and exclusive remedies of the parties hereunder, all other rights and remedies (other than those which by law expressly cannot be waived) being hereby waived.

SECTION 7. INSURANCE. RWH&A shall provide, at its own expense and maintain during the term of this Contract, insurance covering RWH&A's activities in connection with this Contract. Such insurance shall provide coverage of the nature and at least in the amounts below indicated and shall include CLIENT as an additional insured under the policy provided pursuant to Section 7.C. below:

- A. As to claims covered by Workers' Compensation, the amount of the statutory limits for any state in which operations are to be performed and Employer's Liability Insurance with limits of not less than \$100,000.
- B. Insurance upon each motor vehicle used by RWH&A in connection with the work provided hereunder, providing public liability coverage as to such vehicle or vehicles of not less than \$250,000 for one injury and \$500,000 for all injuries, in one accident, and property damage coverage of not less than \$100,000 applying to any one loss.
- C. A comprehensive general liability policy providing bodily injury coverage, including death, for not less than \$1,000,000 as to each occurrence and \$2,000,000 aggregate.
- D. Professional liability insurance for not less than \$1,000,000 as to each occurrence and \$2,000,000 annual aggregate.

SECTION 8. LIMITATION OF RWH&A'S LIABILITY. Notwithstanding the indemnity provision contained in SECTION 6 of this Contract, it is hereby specifically agreed by and between RWH&A and CLIENT, as an allocation of the risks hereunder, that in no event shall RWH&A's liability to CLIENT exceed:

- A. The amount specified under subparagraph A of SECTION 7 INSURANCE for a worker's compensation claim; or
- B. As to liabilities relating to defects of design, remedial action, failure to render services, errors and omissions, and other similar actions, not more than the total amount paid or payable to RWH&A under this Contract; or
- C. As to all other remaining liabilities of every kind or nature, the sum of \$50,000 in the aggregate for all such liabilities combined, excluding any insured liability.

SECTION 9. COMMUNICATIONS. All reports, notices and other communications required to be given under the terms of this Contract, shall be made in writing and shall be deemed to have been made if mailed or hand-delivered to the following named individuals designated by the parties as their respective authorized representatives for such purposes:

R. W. Harden & Associates, Inc.
9009 Mountain Ridge Drive
Suite 100
Austin, TX 78759
Attn: Mr. Kevin Spencer

SECTION 10. INSPECTION AND ACCEPTANCE. The CLIENT shall have forty-five (45) days from the date of the completion of services and/or delivery of the deliverables under this Contract to inspect the services and/or deliverables to determine if they reasonably conform with this Contract. If the CLIENT rejects any portion of the services and/or deliverables, such rejection shall be made in writing within the above time period and shall set forth the reasons for rejection. Services and/or deliverables not rejected by the CLIENT, as described above, shall be deemed to be accepted by the CLIENT. The CLIENT acknowledges RWH&A's work products and deliverables as instruments of professional service. The CLIENT shall not reuse or make any modifications to the work products and deliverables without the prior written authorization of RWH&A.

SECTION 11. OWNERSHIP OF INSTRUMENTS OF SERVICE. All drawings, specifications, computer files, field data, notes and other documents and instruments prepared by RWH&A as instruments of service shall remain the property of RWH&A. RWH&A shall retain all common law, statutory and other reserved rights, including copyright thereto. The CLIENT shall retain ownership of the final report. The Client shall not reuse or make any modification to the documents or

instruments of service without the prior written authorization of the Consultant. The Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its officers, directors, employees and subconsultants (collectively, Consultant) against any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising from or allegedly arising from or in any way connected with the unauthorized reuse or modification of the documents by the Client or any person or entity that acquires or obtains the construction documents or instruments of service from or through the Client without the written authorization of the Consultant.

SECTION 12. FIELD OBSERVATION. RWH&A may provide field observations services. If applicable to the scope of work to be performed by RWH&A, RWH&A will make visits to the work site(s) to review and approve the various stages of work as RWH&A deems necessary in order to observe the progress that has been made and to determine the quality of the various aspects of work performed by any contractor (Contractor) secured by the CLIENT. Based on information obtained during such visits RWH&A, for benefit of the CLIENT, will determine, in general, if the work is proceeding in accordance with the contract documents as prepared by RWH&A. RWH&A is not required to make exhaustive or continuous field observations to check the quality or quantity of the Contractor's work. RWH&A's efforts will be directed toward providing the CLIENT a greater degree of confidence that the completed work will conform generally to the contract documents. RWH&A will keep CLIENT informed of the progress of the work and will endeavor to guard CLIENT against defective work.

RWH&A will not supervise, direct, control, or have authority over or be responsible for Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Contractor to comply with all laws and regulations applicable to the performance of the work. It is the responsibility of the Contractor to perform the work in accordance with technical specifications and other contract documents. RWH&A will not be responsible for the acts or omissions of Contractor or any their subcontractors, any of their suppliers, or of any other individual or entity performing any of the work under Contractor.

SECTION 13. TERMINATION FOR CONVENIENCE. Notwithstanding any other provision herein, either party may terminate this Contract for its convenience prior to the completion of the work upon thirty (30) days written notice to the other party. In full discharge of any obligations to RWH&A in respect to this Contract and such termination, CLIENT shall pay RWH&A for all costs, fees, noncancelable commitments incurred prior to the date of termination, and fair closeout costs.

SECTION 14. EXEMPLARY AND CONSEQUENTIAL DAMAGES. Neither CLIENT nor RWH&A shall be liable to the other for any incidental, indirect, special, collateral, consequential, exemplary or punitive damages arising out of or related to the performance of this Contract.

SECTION 15. GENERAL.

- A. Headings, titles and paragraph captions are inserted in the Contract for convenience, are descriptive only, and shall not be deemed to add to or detract from or otherwise modify the meaning of the paragraphs.
- B. Should any provision of this Contract subsequently be determined to be illegal or unenforceable, said provision shall at that time be deemed omitted from this Contract, and all other provisions shall be unaffected and shall continue in full force and effect.
- C. This Contract shall be governed by and construed in accordance with the laws of the State of Texas.

SECTION 16. DISPUTE RESOLUTION. In an effort to resolve any conflicts that arise during the design and construction of the Project or following the completion of the Project, the CLIENT and RWH&A agree that all disputes between them arising out of or relating to this Contract or the Project shall be submitted to nonbinding mediation unless the parties mutually agree otherwise. The Client and RWH&A further agree to include a similar mediation provision in all agreements with independent contractors and consultants, and their subcontractors, retained for the Project.

SECTION 17. ENTIRE AGREEMENT. This Contract is the exclusive statement of the agreement of the parties with respect to its subject matter and supersedes all prior agreements, negotiations, representations, proposals, and awards, written or oral, relating to its subject matter. No addition to or modification of any provision of the Contract shall be binding

upon the parties unless made in writing and signed by the parties. No course of dealing or usage of trade or course of performance shall be relevant to explain or supplement any term expressed in this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract to be effective _____
_____.

Clearwater Underground Water Conservation
District _____

R. W. HARDEN & ASSOCIATES, INC.

BY: _____

BY: _____

NAME: Dirk Aaron _____

NAME: _____

TITLE: General Manager _____

TITLE: _____

DATE: _____

DATE: _____

EXHIBIT A
STANDARD FEES FOR TECHNICAL SERVICES
BY R.W. HARDEN & ASSOCIATES, INC.

- 1) Fees for professional services are based on the actual time of personnel directly involved with the project at the following hourly rates:

Senior Principal	\$250
Principal	\$230
Technical Staff 8	\$200
Technical Staff 7	\$180
Technical Staff 6	\$160
Technical Staff 5	\$150
Technical Staff 4	\$140
Technical Staff 3	\$130
Technical Staff 2	\$120
Technical Staff 1	\$110
Graphics Staff	\$120
Administrative Staff	\$85
Clerical Staff	\$70

- 2) External expenses, including but not limited to: reproduction, transportation, meals and lodging, parking and taxi fares, geophysical logs, printing, maps and photographs, field supplies, equipment rental, shipping, test drilling, well construction, and test laboratories, are charged at actual invoice cost plus 10 percent service fee.
- 3) R.W. Harden and Associates, Inc. equipment and services, including but not limited to: company vehicles, generators, reproduction, computer time, GPS equipment, pressure transducers/data logger, field equipment, calipers, pumps, cameras, pH meters, conductivity meter, turbidity meters, water level meters are charged at rates competitive with commercial rates.
- 4) The above fees for professional services are applicable to work conducted through December 31, 2022. RWH&A may revise their standard rates yearly any time after December 31, 2022.

4-H Water Ambassador Program

Item #9



TEXAS 4-H WATER AMBASSADORS PROGRAM SPONSORSHIP LEVELS

Signature: \$5,000

Name and logo recognition on the following:

- Texas 4-H Water Ambassadors T-shirt/Wearables
- All Texas 4-H Water Ambassadors print materials and quarterly electronic Texas 4-H Ambassador Newsletter
- Opportunity to speak at 4-H2O Leadership Academy Kick-Off Event
- Access to 4-H2O Ambassador Program representative to present at organization/company event (subject to availability)
- 4 social media posts

Legacy: \$2,500

Name and logo recognition on the following:

- All Texas 4-H Water Ambassadors print materials and quarterly electronic Texas 4-H Ambassador Newsletter
- Opportunity to speak at 4-H2O Leadership Academy Kick-Off Event
- 2 social media posts

Advocate: \$1,000

Name and logo recognition on the following:

- All Texas 4-H Water Ambassadors print materials and quarterly electronic Texas 4-H Ambassador Newsletter
- 1 social media post

Stewardship: \$500

Name and logo recognition on the following:

- All Texas 4-H Water Ambassadors print materials and quarterly electronic Texas 4-H Ambassador Newsletter



TEXAS 4-H WATER AMBASSADORS Program Donor Commitment Form

Donor Information

Company: _____

Name and Title: _____

Address: _____

City, State, Zip: _____

Phone: _____

Email: _____

Sponsorship Opportunities

- Signature Legacy Advocate Stewardship

Payment Information

- I have contributed Online at www.texas4hfoundation.org/give

Please choose "Water Ambassadors" in the Projects & Programs drop down menu.

- Please invoice me for payment within 10 business days.

- I have enclosed a check made payable to the Texas 4-H Youth Development Foundation.

- Please charge my credit card for the selected amount. Amount (\$): _____

Name _____ Credit Card Number: _____

Exp. Date: ____/____/____ CVV: _____ Zip: _____

Please return this completed form to the Texas 4-H Youth Development Foundation:

USPS:

P.O. Box 11020

College Station, TX 77842

Your gift is tax deductible. This foundation is a 501(c)(3) non-profit organization as determined by the Internal Revenue Service.

CUWCD/Bell County ILA

Item #10

**Board Workshop/Meeting
January 12, 2022**

**Agenda Item #10
ILA with Bell County**

Agenda Item #10:

Narrative:

The ILA is to formalize our relationship with Bell County, which is an important part of our long-established relationship and memorializing that in an agreement will maintain continuity even if personnel or elected officials change over time.

Informally, we've been doing all aspects of the ILA agreement. In my exit plan, I think it is prudent at this time to memorialize our joint efforts.

The following is the jest of the agreement.

The ILA requires that the County Engineers Office and the District coordinate on two fronts. Those are listed below and articulated in the attached flowchart as it relates to the ILA. For the benefit of the board, I have attached the current application (internal) checklist used to determine all aspects of an application (exempt and non-exempt).

- 1) *First*, when the county receives a plat application and/or inquiry to subdivide a rural tract, in which the proposed is to use groundwater as its supply, the District and County agree to coordinate in reviewing the groundwater availability for certification (GAC per Title 30 of the Texas Administrative Code, Chapter 230) to be submitted by the applicant under the County's Subdivision Regulations. The ILA, as written, would require the County to coordinate with the District and with the plat applicant thus the District will assist with the process per Chapter 230 which is the TCEQ groundwater availability certification. The County wants us to review all of these and provide our opinion. The District will independently review the information, and ultimately make a recommendation to the County on whether sufficient groundwater is available to serve the subdivision in the manner proposed by the plat applicant. The District's recommendation would not be binding on the County (*see the flowchart (page 1) illustrating the tasks and order of such by the district*). I want to note that the County (per our opinion) would have more information on which to base their final decision. Per Cole Ruiz, he feels from a legal standpoint, the non-binding recommendation is as far as we can go without acting ultra vires (i.e. acting beyond the express statutory authority of Ch. 36 of the Texas Water Code).
- 2) *Second*, when the District receives a standard application for an exempt well and/or an application for an non-exempt well (operating and/or drilling permit) on a subdivided rural tract of land (or for which a plat application might or might not be pending with the County), the District and County agree to coordinate in determining whether the rural tract of land was subdivided in accordance with the County's Subdivision Regulations, and to make a reasonable effort to remedy any instances of non-compliance before the District

approves such permit applications. The ILA, as written, does not bind the District to denying an application that isn't compliant with County regulations. Again, Per Cole Ruiz, he feels the County would likely be acting *ultra vires* (i.e. acting beyond the express statutory the authority of counties as prescribed by the Texas Local Government Code, for County Government) if it could hold-up permit applications that are exclusively within the District's authority. The District has historically been able to make those decisions on our own, even if getting to that decision, we coordinate and exchange information with the County. With that said, the District has historically not approved exempt or non-exempt wells on tracts of land deemed illegal (improperly subdivided per the County's regulations). The GM currently deems those applications as *administratively incomplete* (ineligible) thus allowing the landowner time to resolve the discrepancy with the County. This approach has often been successful by mitigating and not out right denying applications.

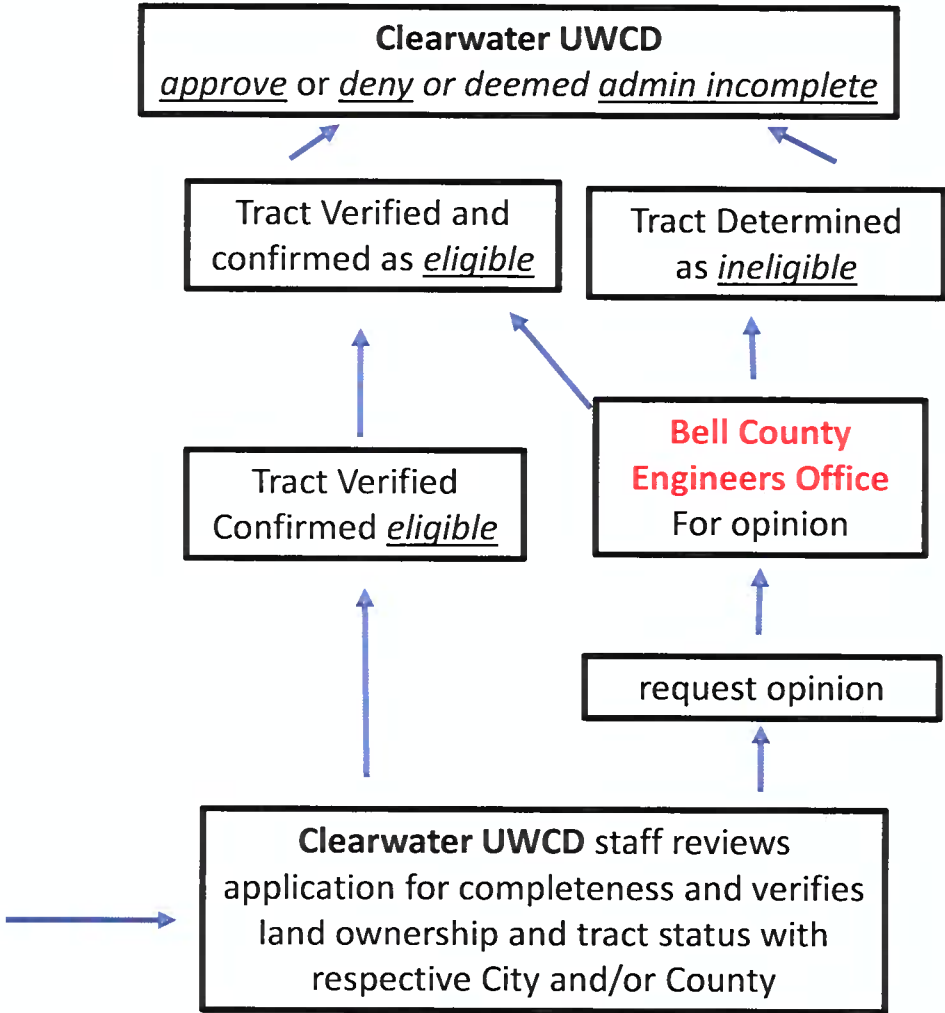
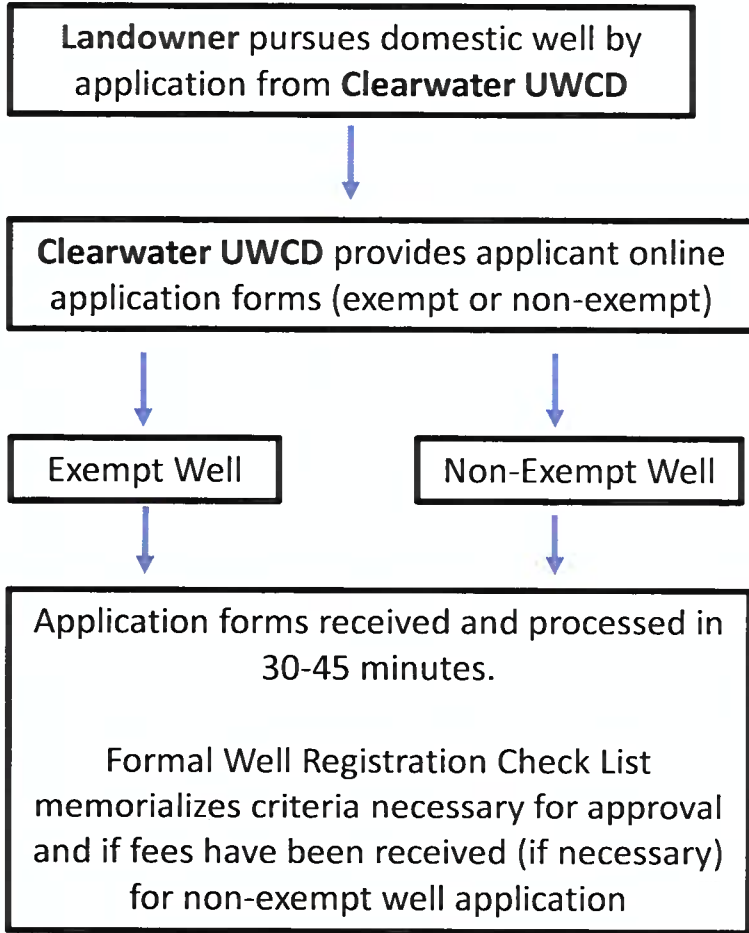
Cole Ruiz, in his research and preparation of the ILA states that the District does not have any rules requiring that permit applicants comply with County subdivision regulations. He further states, the District has the implied authority to make and enforce rules that require applicants and permit holders to comply with County subdivision regulations, but the authority is not expressly provided for in Texas Water Code 36.101. That said, He believes such a rule is ultimately "*legally defensible*", particularly if the applicant agrees to a permit condition requiring such compliance. Dirk's opinion that administratively incomplete has been our position thus awaiting the landowner to resolve discrepancy

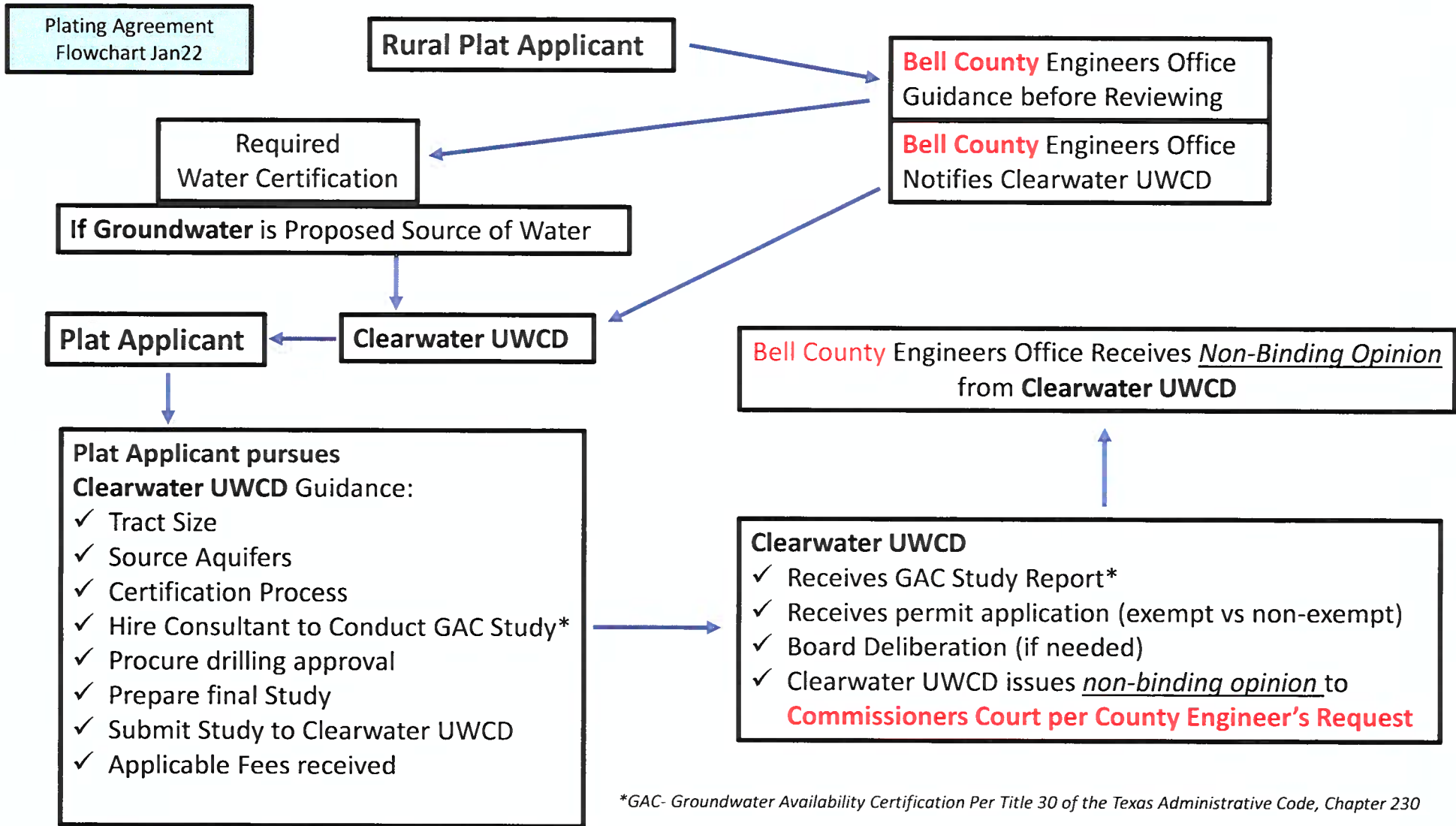
- 3) The flowchart is to illustrate our current process with the county engineer's staff and *is not an appendix* within the proposed ILA.
- 4) The ILA document has been prepared by Cole Ruiz and Mike Gershon, District's General Counsel at the expense of CUWCD. The ILA was reviewed by the Honorable County Judge David Blackburn and the County Engineer, Bryan Neaves. Both concur with the language and desire to memorialize joint efforts. Statements of

Staff Recommendation:

Encourage Board Members to approve the attached Interlocal Agreement with Bell County.

Domestic Well Application Flowchart Jan22





INTERLOCAL AGREEMENT

This Interlocal Agreement (“Agreement”) is made and entered into by and between Bell County (“County”), Texas, and the Clearwater Underground Water Conservation District (“District”) (collectively “Parties” and individually “Party” depending upon the context).

RECITALS

WHEREAS, Bell County is a body politic and corporate created and operating pursuant to Article IX, Section 1, and Article XI, Section 1 of the Constitution of Texas; the Texas Local Government Code; and the applicable, general laws of the State of Texas;

WHEREAS, the District is a groundwater conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas; Chapter 36 of the Texas Water Code; Chapter 8877 of the Texas Special District Local Laws Code; and the applicable, general laws of the State of Texas; and confirmed by the voters of Bell County in August 1999;

WHEREAS, the Parties, each being a political subdivision, and either a county or a special district of the State of Texas, desire to enter this Agreement in accordance with the provisions of the Interlocal Cooperation Act, being Chapter 791 of the Texas Government Code;

WHEREAS, the County and the District are long standing collaborative allies, which individually and collectively pursue the protection of groundwater resources, private property rights, and the economic interests of the citizens of Bell County;

WHEREAS, the Parties agree that coordinating efforts and expertise in the evaluation of the availability of groundwater as the source of water intended to supply a platted subdivision is mutually advantageous, and benefits the public;

WHEREAS, the County and the District share a common interest in continuing to develop new science and better understanding of the causal relationship between groundwater production and the condition of aquifer systems in Bell County;

WHEREAS, Chapter 232 of the Texas Local Government Code requires applicants to acquire a plat from the Bell County Commissioners Court prior to subdividing certain tracts of land located outside the limits of a municipality (“Rural Tracts”);

WHEREAS the County, as authorized by Section 232.0032 of the Texas Local Government Code, requires applicants seeking to plat a Rural Tract for which groundwater is intended to be the source of supply to provide a statement prepared by an engineer licensed to practice in Texas or a geoscientist licensed to practice in Texas certifying that adequate groundwater is available for the subdivision in accordance with Title 30 of the Texas Administrative Code, Chapter 230 (the “Certification Statement”);

WHEREAS, the District, in accordance with Section 59 of Article XVI of the Texas Constitution, Chapter 36 of the Texas Water Code, and the District’s enabling act, adopts and implements rules to manage groundwater, protect property rights, and balance the conservation and development of groundwater to meet the needs of the citizens of Bell County and the State of Texas;

WHEREAS, Sections 36.113-36.117 of the Texas Water Code empower the District to approve or deny drilling permits for new wells, operating permits for non-exempt wells, and operating permits for certain types of exempt wells in Bell County in accordance with the District's rules;

WHEREAS, Chapter 232 of the Texas Local Government Code grants the County the exclusive and final authority to grant or deny plat applications seeking to subdivide a Rural Tract;

WHEREAS, Chapter 36 of the Texas Water Code grants the District the exclusive and final authority to grant or deny groundwater drilling and operating permits in Bell County; and

WHEREAS, Title 30 of the Texas Administrative Code, Chapter 230 does not replace other state and federal requirements applicable to public drinking water supply systems, the authority of counties as prescribed by the Texas Local Government Code, or the authority of groundwater conservation districts under Texas Water Code, Chapter 36.

THEREFORE, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Agreement, Bell County and the District each agree as follows:

ARTICLE I AUTHORIZATION AND PURPOSE

1.1 Authority and Purpose.

- a. This Agreement is entered into pursuant to the Interlocal Cooperation Act, Texas Government Code Chapter 791; the Texas Water Code, Chapter 36; the Texas Local Government Code; and other applicable law.
- b. The purpose of this Agreement is to facilitate effective implementation of the County's and District's respective rules and regulations concerning Rural Tract plat applications by ensuring that prior to receiving an approved plat from the County, or a drilling or operating permit from the District, applicants seeking to subdivide a Rural Tract of land in Bell County that relies on groundwater ("Plat Applicants") (1) certify adequate groundwater availability and (2) comply with the District's rules, including but not limited to tract size, well spacing, and groundwater production for a defined beneficial use. The District recognizes that its role is to offer its technical resources and input to the County when evaluating Certification Statements and that the County has exclusive jurisdiction and the sole discretion to take action regarding plat applications and the Certification Statements. Similarly, the County recognizes that the District has exclusive jurisdiction and the sole discretion to take action regarding groundwater-related drilling and operating permit applications.

ARTICLE II DUTIES OF THE PARTIES

- ### **2.1 Communication.** Parties agree to timely and effectively communicate and coordinate in the execution and implementation of this Agreement, and to assist each other in approving, partially approving or denying plat applications for the County, or drilling or operating

applications for the District, where groundwater is the proposed source for domestic use under a proposed plat.

2.2 County's Duties.

- a. The County shall require all Plat Applicants seeking to subdivide a Rural Tract for which groundwater is intended to be the source of supply to provide a completed Certification Statement, and direct them initially to the District for initial guidance on the process prior to reviewing and processing the proposed plat.
- b. Upon the receipt of an application for a plat seeking to subdivide a Rural Tract for which groundwater is intended to be the source of supply, the County shall confirm that the applicant has conducted the certification process and final Certification Statement and any accompanying documents provided by the Plat Applicant to the District for its formal review as described under Section 2.3(b) of this Agreement.
- c. Upon the receipt of a request from the District to verify whether a subdivided Rural Tract for which an operating or drilling permit application for a well or well site is sought has been subdivided in accordance with Bell County's Subdivision Regulations, the County agrees to act as follows:
 1. confirm with the District by verifying tract location and road access in connection with the pending operating or drilling permit application;
 2. verify whether a plat application and/or a Certification Statement has been received by the District, and if so, whether a plat is pending, and awaiting approval or has been denied;
 3. coordinate with the District to ensure the applicant has complied with all relevant County and District regulatory standards, rules, and the laws and regulations governing subdivision platting and groundwater production in Bell County, Texas, including Bell County's Subdivision Regulations.

2.3 District's Duties.

- a. Upon the receipt of an application for a drilling or operating permit for any well on a subdivided Rural Tract of land, or on a Rural Tract for which a plat application is pending, the District shall coordinate with the County to determine whether the Rural Tract of land on which the well will be drilled or operated has been subdivided in accordance with Bell County's Subdivision Regulations. If the applicant's Rural Tract is not subdivided in accordance with Bell County's Subdivision Regulations, the District shall not grant an application for the drilling or operating permit without first coordinating with the County and making a reasonable effort to remedy any outstanding occurrences of noncompliance.

- b. Upon the receipt of a proposed plat needing a Certification Statement for the County, the District agrees to act as follows:
1. consult with any and all Plat Applicants regarding each proposed plat, as necessary to complete the District's review of the Certification Statement;
 2. use the best available science to prepare an administrative determination that the information in the Certification Statement appears to be correct and sufficiently certifies adequate groundwater is available for the subdivision;
 3. conduct prior site verification and well completion inspections necessary to confirm that the well owner's investment is proper and completed to District rules and well completion standards;
 4. verify the Plat Applicant's ownership interest in the Rural Tract;
 5. verify the Rural Tract's total acreage, and proposed plat's subdivided lot acreage;
 6. verify that Rural Tract is not wholly or partially located within the boundaries of a municipality;
 7. verify the Plat Applicant's anticipated method of water distribution, as provided in the Certification Statement, whether by the expansion of an existing public water supply system, a new public water supply system, individual water wells for individual subdivided lots, or a combination of such methods ("Distribution Method");
 8. determine whether the Plat Applicant's Distribution Method conform with District rules, including but not limited to those concerning tract size, well spacing, and groundwater production for a defined beneficial use;
 9. determine whether the Projected Water Demand Estimates provided by the Plat Applicant in the Certification Statement are reasonably accurate ("Demand Estimates");
 10. determine whether the proposed use of groundwater, the Distribution Method and Demand Estimates, to the extent the Distribution Method and Demand Estimates rely on groundwater:
 - i. unreasonably affect existing groundwater and surface water resources or existing permit holders;
 - ii. are dedicated to any beneficial use;

- iii. are consistent with the District's approved groundwater management plan;
 - iv. are reasonably expected to cause waste, as defined by the District's rules;
 - v. otherwise comply with the District's rules, including but not limited to, rules concerning tract size, well spacing, and groundwater production for a defined beneficial use;
11. determine whether the proposed use of groundwater, the Distribution Method and Demand Estimates, to the extent the Distribution Method and Demand Estimates rely on groundwater, comply with the applicable Desired Future Conditions, considering:
- i. the applicable Modeled Available Groundwater calculations determined by the Executive Administrator of the Texas Water Development Board ("TWDB");
 - ii. the Executive Administrator of the TWDB's estimates of the current and projected amount of groundwater produced by wells exempted or excluded under Rule 6.3 of the District's rules;
 - iii. the amount of groundwater authorized under permits previously issued by the District;
 - iv. a reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District;
 - v. yearly precipitation and production patterns;
12. prepare a written report detailing the District's review of the Certification Statement and provide input regarding the accuracy of the information included in and with the Certification Statement and whether sufficient groundwater is available to serve the Rural Tract subdivision in the manner proposed by the Plat Applicant.

ARTICLE III GENERAL PROVISIONS

- 3.1 Recitals.** The recitals herein stated are correct, agreed upon, and hereby incorporated by reference and made a part of this Agreement.
- 3.2 Obligations of the Parties.** Parties agree to be bound by this Agreement, and to work in good faith toward achieving its purpose and the functions described herein.

3.3 Amendment. The Parties, and their respective designees, may propose an amendment to this Agreement. An amendment to this Agreement is adopted if the governing body of each Party adopts the amendment and furnishes the other Party with a copy of the minutes or resolution reflecting approval.

3.4 Notices. To be effective, any notice provided under this Agreement must be in writing, and shall be deemed to have been received for all purposes upon the earlier to occur of hand delivery or three (3) days after the same is mailed by U.S. Postal Service certified or registered mail, return receipt requested, and addressed as follows:

If to Bell County:
Bell County Judge
The Honorable David Blackburn
P.O. Box 768
Belton, TX 76513
David.Blackburn@bellcounty.texas.gov

If to the District:
General Manager
Mr. Dirk Aaron
P.O. Box 1989
Belton, TX 76513
daaron@cuwcd.org

Each Party agrees to provide a courtesy copy of any notice by email to the other Party. Each Party shall notify the other Party immediately if any of the contact information above changes.

3.5 Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the State of Texas, and shall be fully enforceable in Bell County.

3.6 Formal Matters. The relationship between the Parties under this Agreement shall be that of independent contractors, and not that of partners, joint ventures, or any other relationship. This Agreement sets out the entire agreement of the Parties in connection with the subject matter addressed herein, and may be modified or amended only in accordance with this Agreement.

3.7 Voluntary Removal. At any time, a Party at its own discretion may deem it is in its own best interest to voluntarily terminate its participation in this Agreement. Such termination shall be effective 30 (thirty) days after the terminating Party delivers written notice of termination to the other Parties. The Parties shall have no additional liability to one another for termination under this section.

- 3.8 Prior Agreements Superseded.** This Agreement constitutes the entire Agreement of the Parties regarding the subject matter of this Agreement and supersedes all previous agreements and understandings, whether written or oral, relating to such subject matter.
- 3.9 Assignment.** No Party may assign its rights, privileges and obligations under this Agreement in whole, or in part, without the prior written consent of the other Party. Any attempt to assign without such approval shall be void.
- 3.10 Construction.** In case any one or more of the provisions contained herein shall be held to be for any reason invalid, illegal, or unenforceable in any respect, the remaining provisions of the Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained herein. This Agreement shall not be construed for or against any Party by reason of the authorship or alleged authorship of any provision, or by reason of the status of the respective Parties.
- 3.11 Legal Compliance.** Parties, their officials, employees, designees, and agents shall comply with all applicable federal, state, and local laws and ordinances related to the work and services performed under this Agreement.
- 3.12 Force Majeure.** No Party shall be responsible for delays or lack of performance by such entity or its officials, employees, designees, or agents that result from acts beyond that Party's reasonable control, including acts of God, strikes or other labor disturbances, pandemics or epidemics, or delays by federal or state officials in issuing necessary regulatory approvals and/or licenses, except that the Parties shall take reasonably proactive measures to avoid delays that could be caused by the COVID-19 pandemic. In the event of any delay or failure excused by this Section, the time of delivery or of performance shall be extended for a reasonable time period to accommodate the delay.
- 3.13 Multiple Counterparts.** This Agreement may be executed in separate identical counterparts by the Parties and each counterpart, when so executed and delivered, will constitute an original instrument, and all such separate identical counterparts will constitute but one and the same instrument.
- 3.14 No Third Party Beneficiary.** The terms and provision of this Agreement are intended solely for the benefit of each Party hereto, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person or entity.

IN WITNESS WHEREOF, the Parties hereto, acting, under the authority of the respective governing bodies, have caused this Agreement to be duly executed in multiple counterparts, each of which shall constitute an original, effective on the date signed by each Party, the latest of which shall be the Effective Date.

AGREED UPON AND APPROVED BY:

BELL COUNTY, TEXAS
acting by and through its Commissioners Court

Attest:

D. Blackburn, County Judge

Shelley Coston, County Clerk

Date: _____

Date: _____

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT,
acting by and through its Board of Directors

Attest:

President, Board of Directors

Secretary, Board of Directors

Date: _____

Date: _____

Investment Policy

Item #12

**Board Meeting
January 12, 2022**

**Agenda Item # 12
Adopt Investment Policy**

Agenda Item #12:

Discuss, consider and take appropriate action necessary to review and adopt the District Investment Policy by Resolution for Calendar year 2022.

Narrative:

The attached investment policy and corresponding resolution provides direction, policy, and daily operation needs of the District per Chapter 36 “State Water Code” and the State of Texas Government Code per the Public Funds Investment Act.

Annual review and re-adoption is required per Public Funds Investment Act Government Code 2256. Sec 2256.005 Investment Policies; Investment Strategies; Investment officer.

GC 2256.Sec.2256.005 (e) states:

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

The last time the board approved the current policy was January 13, 2021. Staff notes that the policy is to be reviewed and readopted annually. The current strategies in place are to participate in the TexPool Participant Services (TexPool & TexPool Prime) funds. Both funds meet the criteria for the following in:

GC Sec. 2256.005 (d) states:

As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) Understanding of the suitability of the investment to the financial requirements of the entity;*
- (2) Preservation and safety of principal;*
- (3) Liquidity;*
- (4) Marketability of the investment if the need arises to liquidate the investment before maturity;*
- (5) Diversification of the investment portfolio; and*
- (6) Yield.*

Proposed Resolutions (see attached):

- 1) By resolution approve the attached Investment Fund Policy.
- 2) By resolution the following are described:
 - a. Investment officers are identified as the Board President and General Manager (GM)
 - b. Investment officers currently engage investments in TexPool Participant Services (TexPool 449 and TexPool *Prime* 590 accounts).
- 3) Daily operations and internal controls are summarized as follows (*in-depth attached*):
 - a. Investment Officer General Manager (GM) deposits and/or withdrawals monies (per *ACH) from each respective account as needed to meet obligations of the district. Goal is to maintain approximately 50-50% diversity between each investment fund.
 - b. Investment Officer GM reports status of each at regular monthly meeting of the Board of Directors.
 - c. Board President, Board Secretary and GM are signatories with *BancorpSouth* the district repository. (all checks require minimum two signatures)
 - d. Board President and GM are authorized to conduct transactions with TexPool Participant Services directly to the *BancorpSouth* account (deposits or withdrawals).
 - e. Board Secretary is Authorized Representative designated to perform only inquiry of selected information. This limited representative cannot perform transactions.
 - f. District Administrative Manager (DAM) currently receives all billings from vendors, utilities and payroll services. Internal controls required (*in-depth attached*) request for funds to be deposited by GM per itemized needs. DAM has no authority to sign checks and/or withdraw funds from any account.
 - g. DAM per attached resolution, has the expressed authority to setup direct payment to ACH for Scott & White Health plan for the efficiency and protection of said health insurance plans. This authority of the DAM is limited to as needed and confirmed monthly by GM and BOD President.
 - h. District GM has complete oversight (must authorize prior too) of district credit card for district purchases for supplies, hotels, meals, ACH and online purchases as needed.
 - i. District GM has complete oversight of the District Fuel Card authorization and can only be used for the District Pickup Truck for general work in the county.

** Automated Clearing House ("ACH") Transfers. ACH transactions will be executed on the business day following the date the transaction was initiated. TexPool Prime must be notified by 2:00 p.m. (Central Time) for all ACH transfer activity one day prior to the actual settlement of the funds. ACH transfer withdrawals are sent in accordance with the prearranged information as provided on the Bank Information Sheet corresponding to that specific TexPool Prime account. In the event of an ACH rejection, TexPool will contact the Participant to confirm the rejection. TexPool Prime will credit/debit the Participant's account accordingly including any interest earned from the date of the ACH rejection.*

Staff Recommendation:

Board members are to review documents closely before the adoption of the Districts Investment Policy designating TexPool Participant Services and designation of investment officers that:

- 1) By Resolution re-adopt the current Investment Fund Policy as presented naming the General Manager and the Board President as Investment Officers for Calendar Year 2022.



Clearwater UWCD

Internal Procedures and Controls

Payroll is managed as follows:

- Employees are paid monthly (end of the month).
- Bookkeeper (SC) tracks time & attendance of employees.
- Bookkeeper prints timesheets for employees to verify.
- Bookkeeper verifies funds available for payroll expenses in operating account.
- If funds are not available, Bookkeeper will complete a written request for funds be transferred from Investment Fund Account (TexPool and TexPool Prime) to the Operating account. The request will include the payroll total and liabilities totals to be paid justifying the transfer of funds. The General Manager (DA) is the only employee with access and authorization to move funds between accounts when needed (Board President and Board Secretary does have access to view TexPool & TexPool Prime Accounts as an additional layer of accountability of GM)
- Bookkeeper processes payroll in QuickBooks.
- Employees receive payroll through direct deposit.
- Verification of submitted payroll is printed and signed off on by the General Manager and Board President.

Accounts Receivable are processed as follows:

- Bookkeeper creates invoices in QuickBooks for all payments due. This includes application fees, transportation fees, and sponsorship for educational events conducted by the district.
- Upon receipt of payment (check/cash only – credit cards not accepted), bookkeeper receives payments in QuickBooks and records deposit.
- Deposit processed and taken to the bank by bookkeeper or General Manager.
- All Tax income from BellCAD is direct deposit to the district's account with Bancorp South and both GM and SC have access to view those funds per BellCAD reports to the district.

Accounts Payable are processed as follows:

- Bookkeeper receives all bills.
- Bookkeeper verifies funds available to pay bills in operating account.
- If funds are not available, Bookkeeper will complete a written request for funds be transferred from Investment Fund Account (TexPool and TexPool Prime) to the Operating account. The request will include vendor name and amount of invoice justifying the transfer of funds. The General Manager is the only employee with access and authorization to move funds between accounts when needed.
- Bookkeeper completes a check request to be approved by General Manager.
- Bookkeeper enters bills and prints checks in QuickBooks.
- Bookkeeper presents checks to be signed. Checks require 2 signatures. Authorized signatures include General Manager, Board President, and Board Secretary.
- Checks are processed and mailed.
- Hard copies of invoices and appropriate documentation are filed in the Bookkeepers office.



QuickBooks is managed as follows:

- Bookkeeper has credentials for accessing QuickBooks to pay bills, receive payments, and process payroll.
- Backups are done on a flash drive periodically and kept off site. No other employee has access to QuickBooks.
- QuickBooks financial data is not retained on the district shared server.
- In the event of an emergency, or prolonged absence of the Bookkeeper, a designated employee of BGF&N PC has authorization to remote into QuickBooks and conduct business as necessary.

Bancorp South account is managed as follows:

- Bookkeeper does not have authorization to move money or sign checks.
- 2 signatures are required for all checks.
- Authorized signatures are the General Manager, Board President, or Board Secretary.
- Board President and Board Secretary are authorized to view the bank account only.
- Bookkeeper reconciles statement and prints financial reports for Board members to accept at the monthly Board meetings.
- Bookkeeper monitors account weekly for any unusual activity.
- Bookkeeper reports unusual activity to the General Manager immediately and notifies the bank.
- General Manager is authorized to transfer money from Operating account to Investment account as needed.

Investment Fund (TexPool & TexPool Prime) is managed as follows:

- Bookkeeper does not have access to the Investment Fund.
- General Manager is the only authorized employee to transfer money from Investment Fund to operating account as needed/requested by bookkeeper for payroll and payables.
- Board President and Board Secretary are authorized to view the Investment Fund accounts only.

ACH and On-Line Bill Payments as authorized and managed as follows:

- ACH and on-line bill payments have been approved on an “as needed” basis by the Board of Directors.
- These payments are occasionally necessary for certain vendors to assure payments are received appropriately.
- Bookkeeper must get approval from General Manager to make these payments.
- Bookkeeper must generate appropriate documentation for all ACH and on-line bill payments.

Public Funds Investment Act Trainings are attended as follows:

- GM and Board President attend the required training every other year.
- Starting in 2022 Bookkeeper (SC) will also attend the six hour biannual approve Investment Fund Act Training in Austin conducted by TAGD.
- Bookkeeper will also attend a scheduled QuickBooks Training (Refresher Course) in the spring of 2022.

Digitally signed by
Dirk Aaron
Date: 2021.11.02
13:46:21 -05'00'

Dirk Aaron
General Manager

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
MEETING HELD JANUARY 12, 2022**

**A RESOLUTION ADOPTING A DISTRICT INVESTMENT AND FINANCIAL
MANAGEMENT POLICY**

WHEREAS, Clearwater Underground Water Conservation District (CUWCD) is a political subdivision of the State of Texas and underground water conservation district created and operating under and by virtue of Article XVI, Section 59, of the Texas Constitution; Texas Water Code Chapter 36; the District's enabling act, Act of May 27, 1989, 71st Legislature, Regular Session, Chapter 524 (House Bill 3172), as amended by Act of April 25, 2001, 77th Legislature, Regular Session, Chapter 22 (Senate Bill 404), Act of May 7, 2009, 81st Legislature, Regular Session, Chapter 64 (Senate Bill 1755), and Act of May 27, 2015, 84th Legislature, Regular Session, Chapter 1196, Section 2 (Senate Bill 1336)(omnibus districts bill); and the applicable general laws of the State of Texas; and confirmed by voters of Bell County on August 21, 1999; and

WHEREAS, the District is a governmental agency and a body politic and corporate;

WHEREAS, §36.061 of the Texas Water Code requires the District to adopt an Investment Policy;

WHEREAS, §2256.005(a) of the Texas Government Code mandates that the District adopt, in writing, an Investment Policy for the District and §2256.005(f) of the Texas Government Code provides that the District must designate one or more Investment Officers for the District;

WHEREAS, the Board of Directors of the District has determined that the attached Investment Policy is necessary and appropriate and shall replace all previous investment policies adopted by the District; and

WHEREAS, the Board of Directors of the District met in a public meeting, noticed properly in accordance with applicable law, and considered adoption of the attached Investment Policy and approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

The above recitals are true and correct;

The Board of Directors of the District hereby adopts the attached Investment Policy as a policy for the District;

The Board of Directors, its officers, and District employees are further authorized to take any and all actions necessary to implement this resolution;

The Investment Policy so adopted shall be effective from the date of adoption and continue in effect until modified by the Board of Directors;

The Board President and General Manager of the District are designated as the Investment Officers for the District;

Such Investment Officers are authorized to engage in investment transactions, deposit, withdraw, wire funds for investments, transfer and manage funds on behalf of the District; and

This resolution shall take effect immediately upon adoption.

AND IT IS SO ORDERED.

Upon motion duly made by Director _____ and seconded by Director _____, and upon discussion, the Board voted _____ in favor and _____ opposed, _____ abstained, and _____ absent, and the motion thereby _____, on this 12th day of January 2022.

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT

By: _____
Leland Gersbach, Board President

ATTEST:

Gary Young, Board Secretary

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT INVESTMENT AND FINANCIAL MANAGEMENT POLICY

This Investment Policy (the "Policy") is adopted as of the ____ day of _____, 2022, by the Board of Directors of the Clearwater Underground Water Conservation District (the "District"), pursuant to Chapter 2256 of the Texas Government Code and Chapters 36 and 49 of the Texas Water Code.

ARTICLE I

PURPOSE

Section 1.01. Purpose.

This policy with respect to District investments has been adopted to establish the principles and criteria by which the District shall invest its public funds which will insure the safety and protection of these funds at all times while providing adequate liquidity for all District cash flow demands and maximizing the District's investment returns within the state and local statutes governing the investment of public funds as set forth in accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code. This policy also will specify the scope of authority of District Officials who are responsible for the investment of District funds.

ARTICLE II

DEFINITIONS

Section 2.01. Definitions.

Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

- (a) The term "Authorized Investment" shall mean any security which the District is authorized to invest under Chapter 2256, Texas Government Code.
- (b) The term "Board" shall mean the Board of Directors of the Clearwater Underground Water Conservation District.
- (c) The term "Collateral" shall mean those obligations or securities described in Section 6.02 Paragraph D provided by a bank or financial institution for amounts on deposit in excess of FDIC coverage to ensure the safety and security of the District's funds.
- (d) The term "Director" shall mean a person elected or appointed to serve on the Board of Directors of the District.

- (e) The term "District" shall mean the Clearwater Underground Water Conservation District, a political subdivision of the State of Texas, created under authority of Article XVI, Section 59 of the Texas Constitution and with Chapter 524, Acts of the 71st Legislature (1989), as amended, and Chapters 36 and 49 of the Texas Water Code.
- (f) The term "District Officials" shall mean the Investment Officer, District Directors, officers, employees, and persons and business entities handling investments for the District.
- (g) The term "Employee" shall mean any person employed by the District, but does not include independent contractors or professionals hired by the District as outside consultants.
- (h) The term "Investment Act" shall mean Chapter 2256, Texas Government Code, as amended from time to time.
- (i) The term "Investment Officer(s)" means the Director(s) or Employee(s) of the District appointed from time to time by the Board to invest and reinvest the funds of the District.

ARTICLE III
POLICY

Section 3.01. Policy of Investment.

A. The preservation of the District's principal shall be the primary concern of the District Officials who are responsible for the investment of District funds. To the extent that the principal is protected, District funds shall be invested to yield the highest possible rate of return, taking into consideration the strength of the financial institution and the ability of the financial institution to provide proper security with the provisions of all applicable legislation, this investment policy, and the desires of the District's Board of Directors. Applicable legislation includes, but is not limited to, Public Funds Investment Act, Chapter 2256, Texas Government Code, and any other applicable State or Federal laws or restrictions.

B. District funds shall be invested and reinvested by the District's Investment Officer only in specific allowable investments types as listed in Chapter 2256, Texas Government Code, and the District shall not invest in any investments not specifically allowed under that statute or deemed inappropriate by the District's Board of Directors.

Principal and accrued interest invested in Certificates of Deposit ("CDs") in accordance with this policy shall not exceed the FDIC, or its successor's, insurance limits or the Collateral pledged as security for the District's investments. It shall be acceptable for the District's Investment Officer to periodically receive interest on the CDs if needed to keep the amount of the funds under the insurance or collateral limits.

It shall be the responsibility of the District's Investment Officer to invest and reinvest the District funds in accordance with this policy to meet the needs and requirements of the District. The Board, by separate resolution, may provide that the Investment Officer may withdraw or transfer funds from and to accounts of the District on such terms as the Board considers advisable.

C. The District shall maintain separate written investment strategies for each of the funds under its control. These strategies shall describe the investment objectives for each fund or fund group. The strategies shall be updated, as required, to reflect any changes to the District's funds or business operations.

ARTICLE IV

INVESTMENT OFFICER AND INVESTMENT REPORTS

Section 4.01. Investment Officer.

The District's Board of Directors shall designate one or more officers or employees of the District to be responsible for the investment of its funds and be the Investment Officer. No person may deposit, withdraw, invest, transfer, or otherwise manage funds of the District without this express authority. Investment Officer(s) shall be responsible for the investment of District funds, consistent with the investment policy adopted by the District. An Investment Officer's authority is effective until rescinded by the Board of Directors or until termination of employment by the District. Designated Board Members and Investment Officer(s) shall comply with all continuing training requirements including those established by Section 2256.008 of the Texas Government Code.

Section 4.02. Reporting by the Investment Officer.

Not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer(s) shall prepare and submit to the Board a written report of the investment transactions for all funds of the District for the preceding reporting period. The report must:

1. Describe in detail the investment position of the District on the date of the report;
2. Be prepared jointly by all the Investment Officers of the District, if the District appoints more than one;
3. Be signed by all Investment Officers and District Officials who prepare the report;
4. State the book value and the 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 District fund for which each individual investment was acquired; and
7. State the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

Section 4.03. Assistance with Certain Duties of the Investment Officer.

The Board hereby authorizes and directs the District's bookkeeper and any other District Officials requested by the Investment Officer to assist the Investment Officer(s) with any of his duties, including but not limited to the following:

1. Presenting a copy of the Policy to any person or business organization seeking to sell an investment to the District and obtaining the necessary written certification from such seller referred to in this section;
2. Handling investment transactions;
3. Preparing and submitting to the Board the written report of all investment transactions for the District as required by this section;
4. Researching investment options and opportunities;
5. Obtaining written depository pledge agreements as required herein;
6. Obtaining safe-keeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and
7. Reviewing the market value of the District's investments and of the Collateral pledged to secure the District's funds.

ARTICLE V

PROCEDURES FOR INVESTMENT OF DISTRICT MONIES

Section 5.01. Qualified Broker / Dealers

The District may engage in investment transactions with the qualified broker/dealers as shown on the attached Exhibit "A". The Board shall annually review and revise the list of qualified brokers/dealers.

Section 5.02. Disclosures of Relationships with Entities Offering to Enter into Investment Transactions with the District.

The Investment Officer(s) and the District Officials shall disclose in writing (a) any "personal business relationship" with a business organization offering to engage in an

investment transaction with the District and (b) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, to any individual seeking to sell an investment to the District, as required by the Investment Act. Such disclosure statement shall be filed with the Board and the Texas Ethics Commission.

Section 5.03. Certifications from Sellers of Investments.

The District shall make its Investment Policy available to any securities firm seeking to do business with the District. The qualified representative of the securities firm, after reviewing the policy, shall provide the District with a written instrument stating that "the business organization has reviewed the investment policy of the District and acknowledges that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's Investment Policy, except to the extent that this authorization is dependent on analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards..." before the District may obtain any authorized investment from the securities firm. Neither the Investment Officer nor the District Officials shall purchase or make any investment from a potential seller that has not delivered to the District this written instrument. A form of certificate acceptable to the District is attached hereto as Exhibit "B".

Section 5.04. Solicitation of Bids for Certificates of Deposit.

Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

Section 5.05. Settlement Basis.

All purchases on investments, except investment in investment pools or in mutual funds, shall be made on a delivery versus payment basis. The safekeeping entity for all District investments and for all Collateral pledged to secure District funds shall be one approved by the Investment Officer(s).

Section 5.06. Monitoring of the Market Value of Investments and Collateral.

A. The Investment Officer(s), with the help of such District Officials as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of District funds at least quarterly and at a time as close as practicable to the closing of the reporting period for investment. Such values shall be included on the investment report. The following methods shall be used:

- (a) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- (b) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.
- (c) Other investment securities with a remaining maturity of one year or less may be

valued in any of the following ways:

- (1) the lower of two bids obtained from securities broker/dealers for such security;
 - (2) the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
 - (3) the bid price published by any nationally recognized security pricing service; or
 - (4) the market value quoted by the seller of the security or the owner of such Collateral.
- (d) Other investment securities with a remaining maturity greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in 5.06(c) hereof.

B. The Investment Officer shall also monitor, on no less than a quarterly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by this Policy, the Investment Officer shall notify the Board of the loss of rating, conditions affecting the rating, and possible loss of principal with liquidation options available, within two weeks after the loss of the required rating.

ARTICLE VI

PROVISIONS APPLICABLE TO ALL FUNDS

Section 6.01. Provisions Applicable to All Fund Groups.

A. All Funds of the District shall be invested only in accordance with this Policy and shall comply with any additional requirements imposed by Bond Resolutions of the District and applicable state law or federal tax law, including the Investment Laws.

B. The Board, by separate resolution, may provide that the District's bookkeeper may withdraw or transfer funds from and to accounts of the District only in compliance with this Policy.

C. No fund groups shall be pooled for the purposes of investment.

Section 6.02. Policy of Securing Deposits of District Funds — Applicable to All Deposited District Funds.

A. The District recognizes that FDIC (or its successor) insurance is available for District funds deposited at any one Texas Financial Institution (including branch banks) only up to a minimum of \$100,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders. It is the policy of the District that all deposited funds in each of the District's accounts shall be insured by the FDIC, or its

successor, and to the extent not insured, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest.

B. If it is necessary for the District's depositories to pledge Collateral to secure the District's deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving the same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide to the Investment Officer or District Officials written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to the District. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any District funds in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and District Officials to proceed diligently to have such agreement approved and documented to assure protection of the District's funds. If the decision is made to forego the protection of a collateral pledge agreement with any depository, the District bookkeeper shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.

C. Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the District bookkeeper shall obtain safe-keeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this investment Policy and in the amount required was pledged to the District. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or its successor's, insurance limits or the market value of the Collateral pledged as security for the District's deposits. It shall be acceptable for the bookkeeper to periodically receive interest on deposits to be deposited to the credit of the District if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or cotenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and District Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The District bookkeeper shall monitor the pledged Collateral to assure that it is pledged only to the District, review the fair market value of the Collateral to ensure that the District's funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.

D. The District's funds deposited in any Texas financial institution, to the extent that they are not insured, may be secured in any manner authorized by law for the District as such law is currently written or as amended in the future. As of the date of this Agreement, the

following are the securities in which a public entity may invest under the Investment Act and, therefore, may be used as Collateral:

1. Obligations of the U.S. or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the U.S., the underlying security for which is guaranteed by an agency or instrumentality of the U.S.;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the U.S. or the State of Texas or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
6. Certificates of deposit issued by a state or national bank domiciled in this State or a savings bank domiciled in this State or a state or federal credit union domiciled in this State that are guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or its successor that are secured by the obligations in which the District may invest under the Investment Act.
7. Repurchase agreements that comply with the Investment Act;
8. Bankers' acceptances that comply with the Investment Act;
9. Commercial paper that comply with the Investment Act;
10. No-load money market mutual funds that comply with the Investment Act; and
11. No-load mutual funds that comply with the Investment Act.

Notwithstanding anything to the contrary provided above, the following may not be used as Collateral and are not authorized as investments for the District under the Investment Act:

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

Section 6.03. Diversification.

The Investment Officer may invest up to 100% of the funds of the District in any investment instrument authorized in this Policy.

ARTICLE VII
AUTHORIZED INVESTMENTS

Section 7.01. Authorized Investments.

Unless specifically prohibited by law or elsewhere by this Policy, District monies in any of its fund groups may be invested and reinvested only in the following types of Investments:

1. Obligations of the U.S. or its agencies and instrumentalities;
2. Certificates of deposit issued by a state or national bank domiciled in Texas, or a savings bank domiciled in Texas, or a state or federal credit union domiciled in Texas that is guaranteed or insured by the Federal Deposit Insurance Fund or the National Credit Union Share Insurance Corporation or its successor; and secured by the obligations that are authorized under the Investment Act which have a market value at least equal to the deposit and are pledged to the District only and held by a third-party custodian; and
3. Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, 3) seek to maintain a \$1.00 net asset value, and 4) are authorized by resolution or ordinance by the Board.

Section 7.02. Prohibited Investments.

Notwithstanding anything to the contrary stated herein, no funds of the District may be invested in the following or in any other type of investment prohibited by the Investment Act or other applicable law:

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

ARTICLE VIII
INVESTMENT STRATEGIES

Section 8.01. Strategies.

It is assumed that all District Funds have the following investment objectives in common and that these objectives will have priority over any additional investment objective identified for the individual funds:

1. Understanding of the suitability of the investment to the financial requirements of the District;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

Section 8.02. Fund Strategies.

Funds in the following District accounts shall be invested by the District's Investment Officer as follows:

1. Operating or General Account: Funds in this account shall be invested to meet the operating requirements of the District as determined by the annual operating budget prepared by the bookkeeper and adopted by the Board. This fund accounts for the general administrative, governmental, and operations functions of the District. Funds available in the Operating or General Fund are used to pay the ongoing operational expenditures during the fiscal year. Operating or General Funds shall not be invested for longer than thirteen (13) months.
2. Debt Service Account: Funds in this account shall be invested to meet the debt service requirements of the District and to comply with the District's bond resolutions or orders. It shall be the policy of the District that Debt Service Funds shall not be invested for longer than thirteen (13) months.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Miscellaneous.

A. Checks/Drafts: All checks, drafts, notes, or other orders for the payment of money issued in the name of the District shall be signed by such officers or employees of the District as shall from time to time be authorized by resolution of the Board.

B. Depositories: All funds of the District except petty cash shall be deposited from time to time to the credit of the District in such banks or accounts as the Board may, from time to time, designate, and upon such terms and conditions as shall be fixed by the Board. The Board may, from time to time, authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem expedient.

Section 9.02. Annual Review.

The District shall review this Investment Policy at least annually and adopt a resolution confirming the continuance of the Investment Policy without amendment or adopt an Amended Investment Policy.

Section 9.03. Superseding Clause.

This Policy supersedes any prior policies adopted by the Board of Directors regarding investment or securitization of District Funds.

Section 9.04. Open Meeting.

The Board officially finds, determines, and declares that this Investment Policy was reviewed, carefully considered, and adopted at a regular meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Exhibit A

TexPool and TexPool Prime Investment Policies

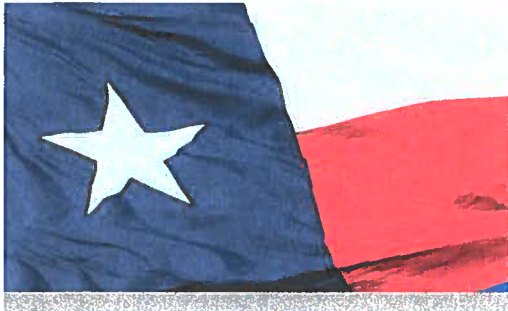
Exhibit A

TexPool and TexPool Prime Investment Policies



Quarterly Update

TexPool and TexPool Prime



Investor Goal

The investor goal for both TexPool and TexPool Prime is preservation and safety of principal, liquidity and yield.

Pool Features

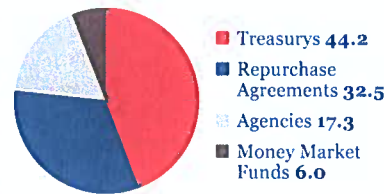
- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Hermes.
- Highest possible ratings from Standard & Poor's underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

Portfolio Overviews as of 9/30/21

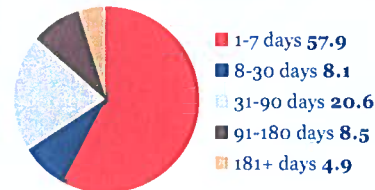
TexPool

Pool Assets \$22.1 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

37 Days

Credit Rating

AAAm Standard & Poor's

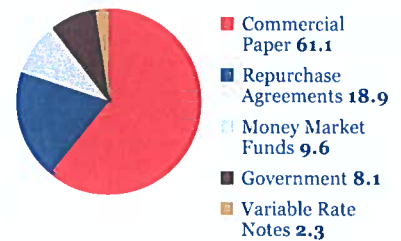
Portfolio Managers

Susan Hill
Deborah Cunningham

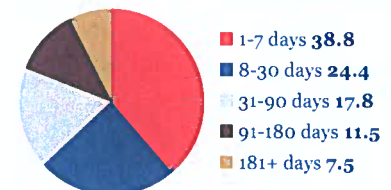
TexPool Prime

Pool Assets \$8.9 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

48 Days

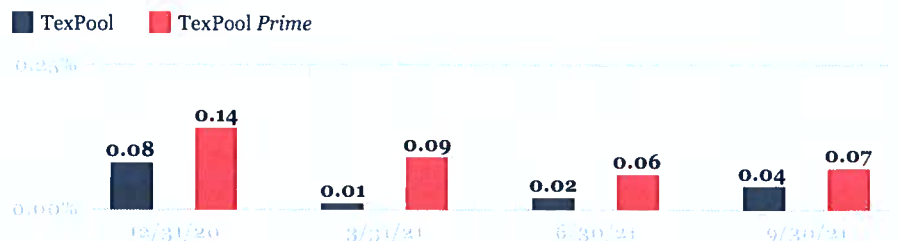
Credit Rating

AAAm Standard & Poor's

Portfolio Managers

Paige Wilhelm
Deborah Cunningham

Pool Performance: 7-Day Net Yields (%)



Performance data quoted represents past performance which is no guarantee of future results. Investment return will vary. The value of an investment, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated.

Portfolio Manager Commentary

The definition of “delta” moved from a Greek letter, an airline and the end of the Mississippi River to land squarely on the name of the Covid-19 variant in the third quarter of 2021. The strain gave the pandemic new steam, slowing the economic recovery, especially in states that saw the heaviest infection rates.

The reporting period opened with inflation on the ascending path on which it trod in the second quarter. After calling the increase “transitory” for several months, policymakers acknowledged that prices leapt higher and faster than anticipated. But they stressed that many factors likely would recede, for instance supply-chain back-ups, and that large-scale disinflationary trends, such as aging population, remain as counterweights. In June, the money markets got a boost when the Fed increased the rate on the Reverse Repo Facility and Interest on Excess Reserves by 5 basis points each, to 5 and 15 basis points, respectively.

As the summer ended, the Fed prepared the markets for it to taper its monthly asset purchases. But Chair Powell emphasized that action on the federal funds rate, remaining in a target range of 0-0.25% in the reporting period, was subject to a more stringent standard. The primary input is the progress of the labor market, which slowed in August partly due to surge of delta. In September, policymakers projected the first hike to occur in late 2022. After the suspension of the federal debt limit expired on Aug. 1, political wrangling over raising the ceiling again intensified, though market expectations were for a resolution in early October.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.05%, 0.04%, 0.05% and 0.08%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates (Libor) were 0.08%, 0.13%, 0.16% and 0.24%, respectively.

Portfolio composition is subject to change.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

An AAAM rating by Standard & Poor's is obtained after Standard & Poor's evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change, and do not remove market risk. For more information on credit ratings, visit standardandpoors.com.

For more complete information, see the investment policy and information statement available at www.texpool.com. You should consider the investment's objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the investment policy and information statement, which you should read carefully before investing.



TexPool Investment Policy

Texas Local Government
Investment Pool

Revised August 2021

I. PURPOSE AND OBJECTIVES STATEMENT

A. TEXPOOL

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the “Act”), provide for the creation of public funds investment pools through which political subdivisions and other entities may invest public funds.

TexPool will use amortized cost to value portfolio assets and follow the criteria established by Governmental Accounting Standards Board (“GASB”) Statement No. 79 for use of amortized cost. This Investment Policy shall be interpreted and applied in a manner consistent with GASB guidance on external investment pools that use amortized cost to value all portfolio assets.

Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts (the “Comptroller”) administers the Texas Local Government Investment Pools (the “TexPool Portfolios”) as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the “Trust Company”). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with an administrator and investment manager (“Investment Manager”) for the TexPool Portfolios. The TexPool Portfolios comprise two investment alternatives: TexPool and TexPool Prime. This Investment Policy relates only to TexPool. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

In accordance with the Act, the Comptroller has appointed the TexPool Investment Advisory Board (the “Board”) to advise with respect to TexPool. The Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios and are qualified to advise the TexPool Portfolios.

B. PURPOSE

The purpose of TexPool is to offer a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The expectation is that local governments will benefit from the receipt of higher investment returns as a result of economies of scale and the investment expertise and management oversight of the Comptroller and the Trust Company. Investments are made in accordance with this investment policy (the “TexPool Investment Policy”) established by the Trust Company and approved by the Comptroller. The TexPool Investment Policy’s investment parameters are more conservative than those contained in the Act. The TexPool Investment Policy is reviewed annually and revised as necessary.

C. OBJECTIVES

As required by the Act, the investment objectives of TexPool in order of priority are:

- preservation and safety of principal;
- liquidity; and
- yield

TexPool's additional objective is to maintain a stable \$1.00 price per unit. In accordance with the Act, TexPool securities are marked to market daily, and if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, TexPool will take any appropriate action necessary to maintain the ratio between 0.995 and 1.005. However, the \$1.00 price is not guaranteed or insured by the State of Texas.

D. STANDARD OF CARE

As also required by the Act, TexPool investments are made subject to the "prudent person" standard of care. Accordingly, the Investment Manager must make investment decisions:

"with [the] judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

E. STRATEGIES

1. Portfolio Composition

The TexPool portfolio is designed and managed to ensure that it maintains its AAAm rating (or the equivalent) by a nationally recognized statistical rating organization ("NRSRO").

The following guidelines shall be followed by the Investment Manager to maintain the portfolio maturity consistent with a stable net asset value per share:

- The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less.
- The portfolio should maintain a weighted average maturity of 60 days or less.
- The portfolio should maintain a weighted average life of 120 days or less.

Maturity limits are applied as defined in GASB 79.

A cure period of not more than 10 business days shall be permitted in the event that the weighted average maturity of the portfolio exceeds these limits, consistent with NRSRO guidelines.

2. Risk Management

Principal is protected and market and credit risks minimized by investing in a diversified pool of assets of high credit quality. Actual risks are minimized by adequate collateralization and use of delivery versus payment procedures.

The following procedure shall be followed by the Investment Manager to monitor investment rating changes:

- Perform ongoing monitoring of the credit risks of all securities.
- Create and update, as necessary, an approved list of issuers and securities.
- Maintain the approved list in the Investment Manager's trading and compliance system and utilize the system to monitor the credit risk on a pre-trade compliance basis.

- Note any changes in the rating of a security and determine whether such change is in compliance with the Act.
- If an investment is downgraded such that it is not in compliance with the Act, liquidate the security as required by the Act.

3. Liquidity

Cash needs and cash expectations take priority in the design and structure of TexPool. Income and expenditure history are developed and continuously updated to determine the liquidity needs of TexPool. Reports of anticipated cash flow needs are used to develop the maturity structure of the portfolio to provide liquidity to all participants. To meet the anticipated liquidity needs, TexPool is invested to ensure sufficient distribution of investments in liquid, short-term instruments. The maturities of the investments are distributed such that there is a continuing stream of securities maturing at frequent intervals.

Under normal operating conditions, TexPool seeks to remain fully invested. At the end of each business day, cash is primarily swept into repurchase agreements and/or an eligible money market fund

4. Returns

After consideration of safety and liquidity, TexPool assets are invested with the goal of achieving a competitive rate of return that meets or exceeds the yield on money market mutual funds with similar investment authority. TexPool is structured to benefit from anticipated market conditions and to achieve a reasonable return.

F. DISTRIBUTION OF GAINS AND LOSSES

All gains or losses from the sale of securities are distributed among TexPool participants, and will be amortized over the remaining term to maturity of the liquidated securities.

[Remainder of page intentionally left blank.]

II. AUTHORIZED INVESTMENTS

The Act governs the investment of TexPool. The Act sets out a number of authorized investments. TexPool funds may be invested only in the following authorized investments:

A. GOVERNMENT SECURITIES (section 2256.009(a)(1) of the Act)

1. Statutory Requirements

Obligations of the United States, its agencies, or instrumentalities, including the Federal Home Loan Banks, and **EXCLUDING** the following:

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

2. Policy Guidelines

Portfolio Composition: Up to 100% of TexPool assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes.

Maturity Limits: The maximum final stated maturity of a security may not exceed 397 days, other than for floating or variable rate government obligations of the United States, its agencies, or instrumentalities.

B. REPURCHASE AGREEMENTS (section 2256.011 of the Act)

1. Statutory Requirements

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured by obligations of the United States, its agencies, or its instrumentalities, including certain mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity, in the entity's name, and deposited at the time of investment with the investing entity or a third party, and (iv) that are placed through primary government securities dealers, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

The term of a reverse repurchase agreement may not exceed 90 days after the date of delivery. Money received under a reverse repurchase agreement may be used to acquire additional authorized investments provided such investments mature not later than the expiration date stated in the reverse repurchase agreement.

2. Policy Guidelines

a. Repurchase Agreements

Portfolio Composition:

Direct Repurchase Agreements: Up to 100% of TexPool assets may be invested in repurchase agreements.

Term Repurchase Agreements: A term repurchase agreement refers to any repurchase agreement with more than 7 calendar days remaining to maturity or more than 7 calendar days to the next put option that allows TexPool to liquidate the position at par (principal plus accrued interest.)

Maturity Limits: The maximum final maturity on repurchase agreements may not exceed 365 days. For purposes of calculating the weighted average maturity of the portfolio, the maturity date of a term repurchase agreement will be equal to the put option notice period.

Margin Requirement: Collateral must be equal to at least 102% of the total market value of the repurchase agreement, including accrued interest.

b. Reverse Repurchase Agreements

Portfolio Composition:

TexPool may enter into reverse repurchase agreements for up to one third (1/3) of the value of TexPool assets.

c. Repurchase Agreements and Reverse Repurchase Agreements

Documentation: All repurchase transactions are governed by a Bond Market Association (BMA) or Securities Industry and Financial Markets Association (SIFMA) approved Master Repurchase Agreement and Master Reverse Repurchase Agreement.

Custody: If collateral is to be held by a third party, the third party must have been previously approved by the Trust Company or the Investment Manager.

C. MONEY MARKET MUTUAL FUNDS (section 2256.014 of the Act)

1. Statutory and Other Requirements

No-load money market mutual fund that (i) is registered with and regulated by the Securities and Exchange Commission, (ii) provides a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, (iii) complies with federal Securities and Exchange Commission rule 2a-7, as promulgated under the Investment Company Act of 1940, (iv) is a permissible investment, and (v) includes in its investment objectives the maintenance of a stable net asset value of \$1.00 for each share.

2. Policy Guidelines

Portfolio Composition: TexPool assets may be invested in approved money market mutual funds. The Investment Manager may utilize affiliated money market funds for this purpose provided the Investment Manager waives its management fee equal to the relevant affiliated fund's net management fee, and provides an annual accounting of such waivers to the Trust Company.

Concentration Limits: No more than 10% of the TexPool assets may be invested in a single money market fund.

Rating: The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO.

D. SECURITIES LENDING (section 2256.0115 of the Act)

1. Statutory Requirements

TexPool may engage in a securities lending program that complies with the following:

- a. the value of the securities loaned, including accrued interest, must be fully collateralized by:
 - (i) government securities,
 - (ii) irrevocable letters of credit issued by a bank organized under U.S. or state law and continuously rated at least A or its equivalent by at least one NRSRO, or
 - (iii) cash invested in government securities, commercial paper, mutual funds, or investment pools authorized by the Act;
- b. the loan must be terminable at any time;
- c. the loan terms must require that the collateral be pledged to the investing entity, held in its name, and deposited with the investing entity or a third party selected and approved by the investing entity;
- d. the loan must be placed through primary dealers or financial institutions doing business in the state; and
- e. the loan agreement must have a term of one year or less.

2. Policy Guidelines

Cash received under securities lending agreements must be used to acquire obligations authorized under this investment policy, provided that the average life of the obligations cannot exceed the average life of the securities lending agreements.

[Remainder of page intentionally left blank.]

III. PROHIBITED INVESTMENTS

A. STATUTORY

As required by section 2256.009 of the Act, TexPool cannot invest in the following:

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

B. POLICY

1. Derivatives

TexPool will not invest in “derivatives.” For the purposes of this Investment Policy, “derivatives” means instruments with embedded features that alter their characteristics or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not directly correlated on a one-to-one basis to the associated index or market. Derivatives include, but are not limited to, the following:

- Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (*i.e.*, interest rate swaps).
- Over-the-counter/exchange traded options or futures (*i.e.*, option contracts, futures contracts).
- Collateralized mortgage obligations, inverse floating rate notes, range index notes, non-money market index-based notes, dual index notes, index amortizing notes, inverse multi-index bonds, stepped inverse index bonds, inverse index bonds.

In summary, pool participants should look to the Authorized Investments section of this document as all securities defined within are permissible and not deemed to be derivatives. These securities include (but are not limited to) the following:

Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, repurchase agreements, reverse repurchase agreements, U.S. agency notes with a defined maturity and fixed coupon rate, U.S. agency discount notes, money market index Treasury and agency variable rate notes (*i.e.*, floating rate notes tied to money market indices such as three and six month Treasury Bills; one, three, and six month London Interbank Offering Rate [LIBOR]; the Secured Overnight Financing Rate [SOFR]; Fed Funds; one year Constant Maturity Treasury; prime rate; and Commercial paper composite); U.S. agency step- up notes and any authorized investment that is callable prior to its final maturity.

2. Commercial Paper

While an authorized investment under the Act, TexPool will not invest in commercial paper.

3. Certificates of Deposit

While an authorized investment under the Act, TexPool will not invest in certificates of deposit.

[Remainder of page intentionally left blank.]

IV. ADMINISTRATIVE GUIDELINES

A. COMPETITIVE BIDDING

TexPool trades, purchases, and sales are done on a best execution basis through a documented competitive bidding process. The broker/dealers used for TexPool are those approved by the Comptroller and the Trust Company and in compliance with the Comptroller rules.

B. SAFEKEEPING

All eligible book-entry securities whether purchased outright or under repurchase agreements, are held in a separate custodial account at the Federal Reserve Bank in the name of the TexPool Portfolios or in an independent third party institution designated by the Investment Manager on behalf of the TexPool Portfolios. All securities not held in book entry form are held at an independent third-party institution designated by the Investment Manager on behalf of the TexPool Portfolios. Third party institutions must issue original safekeeping receipts to the Investment Manager.

C. AUTHORIZED PERSONNEL

The Investment Manager personnel authorized to buy and sell investment instruments, send and receive securities, and make fund transfers and other types of related investment transactions are directly supervised by senior investment management personnel in the Investment Manager's Investment Management Group.

D. DOCUMENTATION

Complete documentation and audit trails are maintained for all investment transactions.

E. MONITORING MARKET PRICE

State Street Bank and Trust, the custodian designated by the Investment Manager (the "Custodian") provides fund accounting services for TexPool and is responsible for marking-to-market the portfolio holdings of TexPool on a daily basis. The Custodian receives electronic transmissions from various pricing vendors in order to determine the individual market price of each security held in TexPool. These electronic transmissions are checked daily for current data and validity of information. The Custodian also performs a reasonability test to determine whether the prices received are within a set tolerance range. In the event that any of the prices fall outside of the range, then these prices are investigated against secondary pricing sources. As a further check, the Investment Manager also monitors the prices of securities held in TexPool, in order to independently determine reasonableness and validity.

The shadow price is the net asset value per share of TexPool, calculated using total investments measured at fair value at the calculation date. TexPool's shadow price is calculated daily.

F. PARTICIPATION AGREEMENTS

Each participant must have a fully executed participation agreement on file with the Trust Company before participating in TexPool.

G. DEPOSIT AND WITHDRAWAL DEADLINES

See separate TexPool Operating Procedures for detailed deposit and withdrawal deadlines.

H. REPORTING AND DISCLOSURE

The Act requires that public fund investment pools provide basic information regarding the pool's investments and operations. The pool is to provide the investment officer, or other authorized representative of a participating entity, disclosure information in an Information Statement. The required disclosure items are listed in the Act. This information is provided to all participants. Further, to maintain eligibility to receive funds from and invest funds on behalf of the pool's participants, TexPool must furnish investment confirmations and a monthly report disclosing certain information. Finally, the Comptroller requires that TexPool be audited annually by an independent auditor.

I. AUTHORIZED DEALERS

The Comptroller maintains a list of approved dealers and brokers (collectively, "dealers") authorized to provide investment services. All dealers who desire to become qualified bidders for investment transactions for TexPool must be on the approved list. The Comptroller annually reviews the financial condition and registration of the qualified dealers and revises the approved list as needed.

J. ETHICS AND CONFLICT OF INTEREST

The Comptroller requires the Investment Manager and its staff that are involved with making investment decisions for or executing trades on behalf of TexPool to disclose any personal or business relationship with a broker/dealer seeking to sell investments to TexPool. These employees are also required to refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. The Investment Manager's Compliance Officer is required to file a quarterly statement with the Trust Company evidencing compliance with foregoing matters by the Investment Manager and its employees.

Moreover, agents, advisors, and contractors providing services in connection with the custody, management, and investment of public funds under a contract with the Comptroller are required to at all times avoid any actual or apparent conflict of interest with respect to the custody, management, and investment of public funds. For purposes of this investment policy, a conflict of interest refers to any circumstances in which an agent, advisor, or contractor who, in the context of duties under its contract with the Comptroller, has interests that are or may become inconsistent with the interests of the agent, advisor, or contractor with respect to other duties, contractual or otherwise.

Exhibit B

TEXPOOL PRIME INVESTMENT POLICY



TexPool Prime Investment Policy

Texas Local Government
Investment Pool

Revised August 2021

I. PURPOSE AND OBJECTIVES STATEMENT

A. TEXPOOL PRIME

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the “Act”), provide for the creation of public funds investment pools through which political subdivisions and other entities may invest public funds.

TexPool Prime will use amortized cost to value portfolio assets and follow the criteria established by Governmental Accounting Standards Board (“GASB”) Statement No. 79 for use of amortized cost. This Investment Policy shall be interpreted and applied in a manner consistent with GASB guidance on external investment pools that use amortized cost to value all portfolio assets.

Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts (the “Comptroller”) administers the Texas Local Government Investment Pools (the “TexPool Prime Portfolios”) as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the “Trust Company”). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with an administrator and investment manager (“Investment Manager”) for the TexPool Portfolios. The TexPool Portfolios comprise two investment alternatives: TexPool and TexPool Prime. This Investment Policy relates only to TexPool Prime. TexPool Prime invests in U.S. Treasury and government agency securities, repurchase agreements, certain mutual funds, commercial paper, and certificates of deposit.

In accordance with the Act, the Comptroller has appointed the TexPool Prime Investment Advisory Board (the “Board”) to advise with respect to TexPool Prime. The Board is composed equally of participants in the TexPool Prime Portfolios and other persons who do not have a business relationship with the TexPool Prime Portfolios and are qualified to advise the TexPool Portfolios.

B. PURPOSE

The purpose of TexPool Prime is to offer a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The expectation is that local governments will benefit from the receipt of higher investment returns as a result of economies of scale and the investment expertise and management oversight of the Comptroller and the Trust Company. Investments are made in accordance with this investment policy (the “TexPool Prime Investment Policy”) established by the Trust Company and approved by the Comptroller. The TexPool Prime Investment Policy’s investment parameters are more conservative than those contained in the Act. The TexPool Prime Investment Policy is reviewed annually and revised as necessary.

C. OBJECTIVES

As required by the Act, the investment objectives of TexPool Prime in order of priority are:

- preservation and safety of principal;
- liquidity; and
- yield

TexPool Prime's additional objective is to maintain a stable \$1.00 price per unit. In accordance with the Act, TexPool Prime securities are marked to market daily, and if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, TexPool Prime will take any appropriate action necessary to maintain the ratio between 0.995 and 1.005. However, the \$1.00 price is not guaranteed or insured by the State of Texas.

D. STANDARD OF CARE

As also required by the Act, TexPool Prime investments are made subject to the "prudent person" standard of care. Accordingly, the Investment Manager must make investment decisions:

"with [the] judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

E. STRATEGIES

1. Portfolio Composition

The TexPool Prime portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent) by a nationally recognized statistical rating organization ("NRSRO").

The following guidelines shall be followed by the Investment Manager to maintain the portfolio maturity consistent with a stable net asset value per share:

- The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less.
- The portfolio should maintain a weighted average maturity of 60 days or less.
- The portfolio should maintain a weighted average life of 120 days or less.

Maturity limits are applied as defined in GASB 79.

A cure period of not more than 10 business days shall be permitted in the event that the weighted average maturity of the portfolio exceeds these limits, consistent with NRSRO guidelines.

2. Risk Management

Principal is protected and market and credit risks minimized by investing in a diversified pool of assets of high credit quality. Actual risks are minimized by adequate collateralization and use of delivery versus payment procedures.

The following procedure shall be followed by the Investment Manager to monitor investment rating changes:

- Perform ongoing monitoring of the credit risks of all securities.
- Create and update, as necessary, an approved list of issuers and securities.

- Maintain the approved list in the Investment Manager's trading and compliance system and utilize the system to monitor the credit risk on a pre-trade compliance basis.
- Note any changes in the rating of a security and determine whether such change is in compliance with the Act.
- If an investment is downgraded such that it is not in compliance with the Act, liquidate the security as required by the Act.

3. Liquidity

Cash needs and cash expectations take priority in the design and structure of TexPool Prime. Income and expenditure history are developed and continuously updated to determine the liquidity needs of TexPool Prime. Reports of anticipated cash flow needs are used to develop the maturity structure of the portfolio to provide liquidity to all participants. To meet the anticipated liquidity needs, TexPool Prime is invested to ensure sufficient distribution of investments in liquid, short-term instruments. The maturities of the investments are distributed such that there is a continuing stream of securities maturing at frequent intervals.

Under normal operating conditions, TexPool Prime seeks to remain fully invested. At the end of each business day, cash is primarily swept into repurchase agreements and/or an eligible money market fund.

4. Returns

After consideration of safety and liquidity, TexPool Prime assets are invested with the goal of achieving a competitive rate of return that meets or exceeds the yield on money market mutual funds with similar investment authority. TexPool Prime is structured to benefit from anticipated market conditions and to achieve a reasonable return.

F. DISTRIBUTION OF GAINS AND LOSSES

All gains and losses from the sale of securities are distributed among TexPool Prime participants and will be amortized over the remaining term to maturity of the liquidated securities.

[Remainder of page intentionally left blank.]

II. AUTHORIZED INVESTMENTS

The Act governs the investment of TexPool Prime. The Act sets out a number of authorized investments. TexPool Prime funds may be invested only in the following authorized investments:

A. GOVERNMENT SECURITIES (section 2256.009(a)(1) of the Act)

1. Statutory Requirements

Obligations of the United States, its agencies, or instrumentalities, including the Federal Home Loan Banks, and EXCLUDING the following:

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

2. Policy Guidelines

Portfolio Composition: Up to 100% of TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes.

Maturity Limits: The maximum final stated maturity of a security may not exceed 397 days, other than for floating or variable rate government obligations of the United States, its agencies, or instrumentalities. The final stated maturity of securities that are not obligations of the United States, its agencies or instrumentalities, is the earlier of the contractual final maturity date or the next date on which full repayment of principal can be obtained through exercise of a demand feature.

B. REPURCHASE AGREEMENTS (section 2256.011 of the Act)

1. Statutory Requirements

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured by obligations of the United States, its agencies, or its instrumentalities, including certain mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity, in the entity's name, and deposited at the time of investment with the investing entity or a third party, and (iv) that are placed through primary government securities dealers, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

The term of a reverse repurchase agreement may not exceed 90 days after the date of delivery. Money received under a reverse repurchase agreement may be used to acquire additional authorized investments provided such investments mature not later than the expiration date stated in the reverse repurchase agreement.

2. Policy Guidelines

a. Repurchase Agreements

Portfolio Composition:

Direct Repurchase Agreements: Up to 100% of TexPool Prime assets may be invested in repurchase agreements.

Term Repurchase Agreements: A term repurchase agreement refers to any repurchase agreement with more than 7 calendar days remaining to maturity or more than 7 calendar days to the next put option that allows TexPool Prime to liquidate the position at par (principal plus accrued interest.)

Maturity Limits: The maximum final maturity on repurchase agreements may not exceed 365 days. For purposes of calculating the weighted average maturity of the portfolio, the maturity date of a term repurchase agreement will be equal to the put option notice period.

Margin Requirement: Collateral must be equal to at least 102% of the total market value of the repurchase agreement, including accrued interest.

b. Reverse Repurchase Agreements

Portfolio Composition: TexPool Prime may enter into reverse repurchase agreements for up to one third (1/3) of the value of TexPool Prime assets.

c. Repurchase Agreements and Reverse Repurchase Agreements

Documentation: All repurchase transactions are governed by a Bond Market Association (BMA) or Securities Industry and Financial Markets Association (SIFMA) approved Master Repurchase Agreement and Master Reverse Repurchase Agreement.

Custody: If collateral is to be held by a third party, the third party must have been previously approved by the Trust Company or the Investment Manager.

C. MONEY MARKET MUTUAL FUNDS (section 2256.014 of the Act)

1. Statutory and Other Requirements

No-load money market mutual fund that (i) is registered with and regulated by the Securities and Exchange Commission, (ii) provides a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and (iii) complies with federal Securities and Exchange Commission rule 2a-7, as promulgated under the Investment Company Act of 1940.

TexPool Prime may not acquire shares of a money market mutual fund that represent more than 10% of the outstanding shares of that fund at the time of purchase.

2. Policy Guidelines

Portfolio Composition: TexPool Prime assets may be invested in approved money market mutual funds. The Investment Manager may utilize affiliated money market funds for this purpose provided the Investment Manager waives its management fee equal to the relevant affiliated fund's net management fee, and provides an annual accounting of such waivers to the Trust Company.

Concentration Limits: No more than 15% of the TexPool Prime assets may be invested in money market mutual funds that do not seek to maintain a stable net asset value per share.

Rating: The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO.

D. SECURITIES LENDING (section 2256.0115 of the Act)

1. Statutory Requirements

TexPool Prime may engage in a securities lending program that complies with the following:

- a. the value of the securities loaned, including accrued interest, must be fully collateralized by:
 - (i) government securities,
 - (ii) irrevocable letters of credit issued by a bank organized under U.S. or state law and continuously rated at least A or its equivalent by at least one NRSRO, or
 - (iii) cash invested in government securities, commercial paper, mutual funds, or investment pools authorized by the Act;
- b. the loan must be terminable at any time;
- c. the loan terms must require that the collateral be pledged to the investing entity, held in its name, and deposited with the investing entity or a third party selected and approved by the investing entity;
- d. the loan must be placed through primary dealers or financial institutions doing business in the state; and
- e. the loan agreement must have a term of one year or less.

2. Policy Guidelines

Cash received under securities lending agreements must be used to acquire obligations authorized under this investment policy, provided that the average life of the obligations cannot exceed the average life of the securities lending agreements.

E. CERTIFICATES OF DEPOSIT (section 2256.010 of the Act)

1. Statutory Requirements

Certificates of deposit issued by a state or national bank, savings bank, or a state or federal credit union that has its main office or a branch office in Texas that are (a) guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund; (b) secured by obligations of the United States, its agencies, or its instrumentalities, including certain mortgage-backed securities that have a market value at least equal to the principal amount of the certificates; or (c) secured in accordance with Chapter 2257 of the Texas Government Code or in any manner and amount provided by other law for deposits of the investing entity.

2. Policy Guidelines

Up to 75% of TexPool Prime assets may be invested in certificates of deposit.

F. COMMERCIAL PAPER (section 2256.013 of the Act)

1. Statutory Requirements

Commercial paper (a) with a stated maturity of 365 days or fewer from the date of issuance; and (b) that is rated at least A-1 or P-1 or an equivalent rating by at least two NRSROs or one NRSRO and fully secured by an irrevocable letter of credit by a national or state bank.

2. Policy Guidelines

Portfolio Composition: Up to 100% of TexPool Prime assets may be invested in commercial paper. However, no more than 25% of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry.

Concentration Limits: No more than 5% of TexPool Prime assets may be invested in a single corporate entity. A 10 business day cure period shall be permitted in the event that the portfolio exceeds this limit, consistent with NRSRO guidelines.

III. PROHIBITED INVESTMENTS

A. STATUTORY

As required by section 2256.009 of the Act, TexPool Prime cannot invest in the following:

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

B. POLICY

1. Derivatives

TexPool Prime will not invest in “derivatives.” For the purposes of this Investment Policy, “derivatives” means instruments with embedded features that alter their characteristics or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not directly correlated on a one-to-one basis to the associated index or market. Derivatives include, but are not limited to, the following:

- Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (*i.e.*, interest rate swaps).
- Over-the-counter/exchange traded options or futures (*i.e.*, option contracts, futures contracts).
- Collateralized mortgage obligations, inverse floating rate notes, range index notes, non-money market index based notes, dual index notes, index amortizing notes, inverse multi-index bonds, stepped inverse index bonds, inverse indexbonds.

In summary, pool participants should look to the Authorized Investments section of this document as all securities defined within are permissible and not deemed to be derivatives. These securities include (but are not limited to) the following:

Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, repurchase agreements, reverse repurchase agreements, U.S. agency notes with a defined maturity and fixed coupon rate, U.S. agency discount notes, money market index Treasury and agency variable rate notes (*i.e.*, floating rate notes tied to money market in dices such as three and six month Treasury Bills; one, three, and six month London Interbank Offering Rate [LIBOR]; the Secured Overnight Financing Rate [SOFR]; Fed Funds; one year Constant Maturity Treasury; prime rate; and commercial paper composite); U.S. agency step-up notes and any authorized investment that is callable prior to its final maturity.

[Remainder of page intentionally left blank.]

IV. ADMINISTRATIVE GUIDELINES

A. COMPETITIVE BIDDING

TexPool Prime trades, purchases, and sales are done on a best execution basis through a documented competitive bidding process. The broker/dealers used for TexPool Prime are those approved by the Comptroller and the Trust Company and in compliance with the Comptroller rules.

B. SAFEKEEPING

All eligible book-entry securities whether purchased outright or under repurchase agreements, are held in a separate custodial account at the Federal Reserve Bank in the name of the TexPool Portfolios or in an independent third party institution designated by Federated on behalf of the TexPool Portfolios. All securities not held in book entry form are held at an independent third-party institution designated by Federated on behalf of the TexPool Portfolios. Third party institutions must issue original safekeeping receipts to the Investment Manager.

C. AUTHORIZED PERSONNEL

The Investment Manager personnel authorized to buy and sell investment instruments, send and receive securities, and make fund transfers and other types of related investment transactions are directly supervised by senior investment management personnel in the Investment Manager's Investment Management Group.

D. DOCUMENTATION

Complete documentation and audit trails are maintained for all investment transactions.

E. MONITORING MARKET PRICE

State Street Bank and Trust, the custodian designated by the Investment Manager (the "Custodian") provides fund accounting services for TexPool Prime and is responsible for marking-to-market the portfolio holdings of TexPool Prime on a daily basis. The Custodian receives electronic transmissions from various pricing vendors in order to determine the individual market price of each security held in TexPool Prime. These electronic transmissions are checked daily for current data and validity of information. The Custodian also performs a reasonability test to determine whether the prices received are within a set tolerance range. In the event that any of the prices fall outside of the range, then these prices are investigated against secondary pricing sources. As a further check, the Investment Manager also monitors the prices of securities held in TexPool Prime, in order to independently determine reasonableness and validity.

The shadow price is the net asset value per share of TexPool Prime, calculated using total investments measured at fair value at the calculation date. TexPool Prime's shadow price is calculated daily.

F. PARTICIPATION AGREEMENTS

Each participant must have a fully executed participation agreement on file with the Trust Company before participating in TexPool Prime.

G. DEPOSIT AND WITHDRAWAL DEADLINES

See separate TexPool Prime Operating Procedures for detailed deposit and withdrawal deadlines.

H. REPORTING AND DISCLOSURE

The Act requires that public fund investment pools provide basic information regarding the pool's investments and operations. The pool is to provide the investment officer, or other authorized representative of a participating entity, disclosure information in an Information Statement. The required disclosure items are listed in the Act. This information is provided to all participants. Further, to maintain eligibility to receive funds from and invest funds on behalf of the pool's participants, TexPool Prime must furnish investment confirmations and a monthly report disclosing certain information. Finally, the Comptroller requires that TexPool Prime be audited annually by an independent auditor.

F. AUTHORIZED DEALERS

The Comptroller maintains a list of approved dealers and brokers (collectively, "dealers") authorized to provide investment services. All dealers who desire to become qualified bidders for investment transactions for TexPool Prime must be on the approved list. The Comptroller annually reviews the financial condition and registration of the qualified dealers and revises the approved list as needed.

G. ETHICS AND CONFLICT OF INTEREST

The Comptroller requires the Investment Manager and its staff that are involved with making investment decisions for or executing trades on behalf of TexPool Prime to disclose any personal or business relationship with a broker/dealer seeking to sell investments to TexPool Prime. These employees are also required to refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. The Investment Manager's Compliance Officer is required to file a quarterly statement with the Trust Company evidencing compliance with foregoing matters by the Investment Manager and its employees.

Moreover, agents, advisors, and contractors providing services in connection with the custody, management, and investment of public funds under a contract with the Comptroller are required to at all times avoid any actual or apparent conflict of interest with respect to the custody, management, and investment of public funds. For purposes of this investment policy, a conflict of interest refers to any circumstances in which an agent, advisor, or contractor who, in the context of duties under its contract with the Comptroller, has interests that are or may become inconsistent with the interests of the agent, advisor, or contractor with respect to other duties, contractual or otherwise.

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Exhibit B

Section 6.02. Policy of Securing Deposits of District Funds

Assurance that FDIC insurance is available for District Funds Deposited

BancorpSouth



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FDIC Insured

FDIC Deposit Insurance Coverage

The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government that protects the funds depositors place in banks and savings associations. FDIC insurance is backed by the full faith and credit of the United States government. Since the FDIC was established in 1933, no depositor has ever lost a single penny of FDIC-insured funds.

FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. FDIC insurance does not cover other financial products and services that banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or securities.

The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

The FDIC provides separate coverage for deposits held in different account ownership categories. Depositors may qualify for more coverage if they have funds in different ownership categories and all FDIC requirements are met. (For details on the requirements, go to www.fdic.gov/deposit/deposits.)

Notice of Expiration

NOTICE OF EXPIRATION OF THE TEMPORARY FULL FDIC INSURANCE COVERAGE FOR NONINTEREST-BEARING TRANSACTION ACCOUNTS

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

Please visit fdic.gov for additional information regarding FDIC insurance.



Connect



2022 Calendar Dates

Item #13

**Board Meeting
January 12, 2022**

**Agenda Item #13
Proposed Calendar Dates for 2022**

Agenda Item #13: Discuss, consider and take appropriate action if necessary, to set calendar dates for 2022.

1. **Narrative:** Staff looked at the calendar to set dates for **2022** Board meetings. The proposed dates include regular Board meetings, tentative dates in August to approve FY23 budget/tax rate, and tentative date for Bell County Water Symposium. Dates proposed are as follows:

Board Meeting	Wednesday	January 12, 2022	
Board Meeting	Wednesday	February 16, 2022	(3rd Wednesday)
Board Meeting	Wednesday	March 9, 2022	
Board Meeting	Wednesday	April 13, 2022	
Board Meeting	Wednesday	May 11, 2022	
Board Meeting	Wednesday	June 8, 2022	
Board Meeting	Wednesday	July 13, 2022	
Board Meeting	Wednesday	August 10, 2022	
Tax Rate Hearing	Wednesday	August 24, 2022	
Water Summit	Tues-Thurs	Aug 30-Sept 1, 2022	
Board Meeting	Wednesday	September 14, 2022	
Board Meeting	Wednesday	October 12, 2022	
Board Meeting	Wednesday	November 9, 2022	
Water Symposium	Wednesday	November 16, 2022	(Tentative - TBD)
Board Meeting	Wednesday	December 14, 2022	

2. **Narrative:** Staff looked at the Holiday Schedule of State and Local Government Entities. State and Local Government Entities currently receive 13 standard holidays per year.

New Year's Day	Labor Day
Martin Luther King Day	Columbus Day
President's Day	Veteran's Day
Good Friday	Thanksgiving (2 days)
Memorial Day	Christmas (2 days)
Independence Day	

Staff recommends the Clearwater UWCD **2022 holiday** schedule reflect 8 standard holidays.

New Year's Day	Monday	January 3, 2022
Memorial Day	Monday	May 30, 2022
Independence Day	Monday	July 4, 2022
Labor Day	Monday	September 5, 2022
Thanksgiving Day	Thursday	November 24, 2022
Thanksgiving	Friday	November 25, 2022
Christmas Holiday	Friday	December 23, 2022
Christmas Holiday	Monday	December 26, 2022

2022 Officer Elections

Item #15

**Board Meeting
January 12, 2022**

**Agenda Item # 15
District Officer Elections**

Agenda Item # 15 :

Discuss, consider and take appropriate action if necessary to elect Officers of the Board for calendar year **2022**, per Texas Water Code § Chapter 36.054 and per District Bylaws, Article VI. (Sec.1 & Sec.2)

Narrative: The current board of directors should address the following offices necessary pursuant with Chapter 36 Texas Groundwater Code, Subchapter C, Administration listed below and the District Bylaws which are attached.

**CHAPTER 36 TEXAS GROUNDWATER CODE
SUBCHAPTER C.
ADMINISTRATION**

Sec. 36.054. OFFICERS

- (a) After a district is created and the directors have qualified, the board shall meet, elect a president, vice president, secretary, and any other officers or assistant officers as the board may deem necessary and begin the discharge of its duties.
- (b) After each directors' election, the board shall meet and elect officers.
- (c) The president is the chief executive officer of the district, presides at all meetings of the board, and shall execute all documents on behalf of the district. The vice president shall act as president in case of the absence or disability of the president. The secretary is responsible for seeing that all records and books of the district are properly kept and shall attest the president's signature on all documents.
- (d) The board may appoint another director, the general manager, or any employee as assistant or deputy secretary to assist the secretary, and any such person shall be entitled to certify as to the authenticity of any record of the district, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the district.
- (e) After any election or appointment of a director, a district shall notify the executive director within 30 days after the date of the election or appointment of the name and mailing address of the director chosen and the date that director's term of office expires. The executive director shall provide forms to the district for such purpose.

Added by Acts 1995, 74th Leg., Ch. 933, Sec. 2, eff. Sept. 1, 1995.

Staff Recommendation:

Five directors should, as in year's past, determine the following officer positions:

President: _____, Vice – President: _____

Secretary: _____, Assistant Secretary: _____

ARTICLE V

NOTICES

Section 1. Methods of Notice. Notice of meetings shall be given in the manner provided by the Texas Open Meetings Act, Chapter 551, *Government Code*.

ARTICLE VI

OFFICERS AND STAFF

Section 1. Board Officers. The officers of the Board of Directors shall be elected by the Directors, and shall be a President, a Vice President and a Secretary. The Board of Directors may also choose one or more Assistant Secretaries. All officers must be members of the Board of Directors except Assistant Secretary, who need not be Board of Directors members.

Section 2. Terms of Office. Each officer of the Board of Directors shall hold office for a term of approximately one year, subject to reelection. The officers shall be elected annually at the first meeting held in each calendar year. If an office becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 3. The President. The President shall be the chief executive officer of the District, shall preside at all meetings of the Board of Directors, shall execute all documents on behalf of the District, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall perform such other duties as the Board of Directors may prescribe from time to time.

Section 4. The Vice President. The Vice President shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him or her. The Vice President shall act as President in the case of the absence or disability of the President.

Section 5. The Secretary. The Secretary is responsible for seeing that all records and books of the District are properly kept and shall attest the President's signature on all documents.

Section 6. General Manager. The Board may employ or contract with a person to manage the District, and title this person "General Manager". The General Manager shall have full authority to manage and operate the affairs of the district, subject only to Board orders and established Board policies (ex. financial policy, travel policy,...). The Board will conduct an performance review and subsequent compensation and/or contract of the General Manager each year at the beginning of the third quarter of every fiscal year. The General Manager, with approval of the Board, may employ all persons necessary for the proper handling of business and operation of the District and their compensation will be set by the Board.

Section 7. Assistant Secretaries. A member of the District staff shall be appointed by the General Manager or Board as assistant secretary to the Board. Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President or Secretary may from time to time delegate to him or her.

Section 8. Agents, Employees, and Legal Counsel etc. The Board of Directors may employ or appoint such other agents and employees, consultants, legal counsel and independent contractors as it shall deem necessary, who shall be employed or appointed for such terms and shall

exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 9. Salaries. The salaries or compensation of any employee, agents, consultants or independent contractors of the Board of Directors shall be fixed by the Board of Directors.

ARTICLE VII

GENERAL PROVISIONS

Section 1. No Private Benefit. No part of any funds received by the Board of Directors shall inure to the benefit of any private person, including but not limited to any director or officer.

Section 2. Checks. All checks or withdrawals of funds shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate, and as required by law.

Section 3. Fiscal Year. The District's establish a fiscal year per Texas Water Code Section 36.152 and shall begin on the first day of October.

Section 4. Financial Policies and Procedures All funds of the District except petty cash, shall be deposited from time to time to the credit of the District in such banks or accounts as the Board may, from time to time, designate, and upon such terms and conditions as shall be fixed by the Board, unless otherwise required by orders or resolutions authorizing the issuance of the District's bonds or notes. The Board may, from time to time, authorize the opening and maintaining of general and special accounts within any such depository as it may designate, and may make such special rules and regulations with respect thereto as it may deem expedient. To the extent that