



Every drop counts!

Board Meeting
&
Workshop

Clearwater Underground Water Conservation District
700 Kennedy Court
Belton, Texas

Wednesday
January 10, 2024
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
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3520 SW H.K. Dodgen Loop
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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

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Jim Brown, Director At-Large

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Salado, TX 76571
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Agenda

**NOTICE OF THE MEETING OF THE
CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
January 10, 2024**

Notice is hereby given that the above-named Board will hold a Workshop and Board meeting on Wednesday, January 10, 2024, 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 updates related to GMA8 DFC determination, per TWC section 36.108, and plans for the next round.
2. Receive updates related to the 2023 Bell County Water Symposium.
3. Receive information related to potential amendments to establish a transport fee of \$.20 per thousand gallons of water transported out of the District effective this year.
4. Receive information related to understanding the relationship of all layers of the Trinity Aquifer in our jurisdiction.

Board Meeting:

1. Invocation and Pledge of Allegiance.
2. Public comment.²
3. Approve minutes of the **December 13, 2023**, Board meeting.
4. Discuss, consider, and take appropriate action, if necessary, to accept the monthly Financial Report for **December 2023 (FY24)** as presented.
5. Discuss, consider, and take appropriate action, if necessary, to accept the monthly Investment Fund account report for **December 2023 (FY24)** 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 FY24 line-item budget amendments as requested.
8. Discuss, consider, and take appropriate action, if necessary, to approve the sponsorship level of the Texas 4-H Water Ambassador Program.
9. Discuss, consider, and take appropriate action, if necessary, to review and adopt the District investment policy by resolution for calendar year 2023.
10. Discuss, consider, and take appropriate action, if necessary, to elect officers of the Board for the calendar year 2024, per District Bylaws, Article VI (Sec. 1 & 2).
11. Discuss, consider, and take appropriate action, if necessary, to extend a professional services agreement with Mike Keester, Principal Hydrogeologist and owner of KT Groundwater, LLC located in Round Rock, Texas.
12. General Manager's Report concerning office management and staffing related to District Management Plan³.
13. Receive monthly reports and possible consideration and Board action on the following³:
 - a) Drought Status Reports, b) Education Outreach Update, c) Monitoring Wells, d) Rainfall Report, e) Well Registration Update, f) Aquifer Status Report & Non-Exempt Monthly Well Production Reports
14. Director comments and reports.
15. Discuss agenda items for the next meeting.
16. Set time and place for the next meeting.
17. Adjourn.

Dated the 5th day of January, 2024.

Leland Gersbach, Board President

By: 
Dirk Aaron, Asst. Secretary

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2024 JAN -5 A 10:22
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Agenda items may be considered, deliberated, and/or acted upon in a different order than set forth above. CUWCD 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 CUWCD's office at 254-933-0120 at least 24 hours in advance if accommodation is needed.

¹ During 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.

² Please limit comments to 3 minutes. The Board is not allowed to take action on any subject presented that is not on the agenda, nor is the Board required to provide a response; any substantive consideration and action by the Board will be conducted under a specific item on a future agenda.

³ No formal action will be taken by the Board on these agenda items. These items are on the agenda to provide CUWCD's staff, Stakeholder Committees, and Directors with an opportunity to bring to the public 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 CUWCD permittees, state or regional developments related to water management, and activities of the staff, and Directors. Substantive deliberation and formal action on any of these issues will be conducted pursuant to a specific item on a future agenda.

Minutes - Item #3

Clearwater Underground Water Conservation District Meeting
700 Kennedy Court
Belton, TX
Wednesday, December 13, 2023
Minutes

The Clearwater Underground Water Conservation District (CUWCD) held a Workshop and Board meeting at 1:30 p.m. on Wednesday, December 13, 2023, in the Sirena Room at Tenroc Ranch located at 5471 Thomas Arnold Rd., Salado, Texas 76571.

Board Members Present:

Leland Gersbach, President, Pct 1
Gary Young, Secretary, Pct 2
Scott Brooks, Director, Pct 4
James Brown, Director, At-Large

Absent:

Jody Williams, Pct 3

Staff:

Dirk Aaron, General Manager
Shelly Chapman, Admin. Manager
Tristin Smith, Education/Compliance

Guests

Un Suk Siple
Phillip Higgins
Mark Johnston
Debra Lively
Bill Grace
Gail Hutcherson
Patrick Lynch
Meredith Haas
Lauren Elliston
Hank Crismore
Susan Edens
Ruth Parker
Janet Kennedy
Ed McBurney
Brian Crane
Patricia Bishop
Dennis Yost
Kristin Long
James Hearing
Mike Keester
Mike Cornett

Preston Siple
Cole Ruiz- Lloyd Gosselink
Ken Pearson
James Lund
Teri Stach
Danette Pappas
Richard Frith
Craig Robison
Brad Cross
Glenda Cousins
Eric Allmon
Jeffri King
Chris Bazar
Lynda Bean
Maurice Weatherholt
James Bishop
Samantha Hilliard
Jennifer Dalton
Robert Fleming
Bert Henry
Linda Cornett

Sharon Higgins
Larry Michels
John Asbury
Tere Grace
Phil Stach
Katrina Lynch
Reem Smien
Keith Elliston
Spencer Smith
Robert Cousins
Sara Fox
John King
Barbara McBurney
Stephanie Ritter
Michelle Ard
Ashley Lewis
Daniel Mcburney
Debbie Hering
Jessica Diem
Carl Menyhart

Board meeting convened with President, Leland Gersbach, at 1:32 p.m.

1. Invocation and Pledge of Allegiance.

General Manager, Dirk Aaron, gave the invocation.
Secretary, Gary Young, led the Pledge of Allegiance.

2. Public Comment.

None

3. Approve minutes of the November 8, 2023, Board meeting.

Board members received the minutes of the November 8, 2023, Board meeting and workshop in their Board packet to review prior to the meeting.

Secretary, Gary Young, moved to approve the minutes of the November 8, 2023, Board meeting and Workshop as presented. Director, Scott Brooks, seconded the motion.

Motion carried 4-0 (1 absent).

4. Discuss, consider, and take appropriate action, if necessary, to formally receive a petition for annexation from Aquifer Conservation Alliance in Western Williamson County, and set forth the prescribed public hearings.

Keith Elliston presented the petition from the Aquifer Conservation Alliance for the annexation of portions of Western Williamson County by CUWCD.

Leland inquired if anyone wished to make public comment on this item. There was none.

Dirk noted that names and addresses on the petition had been verified as valid. There are enough signatures to move forward. He commented that the ACA had met all of the metrics per Chapter 36 to submit the petition. He explained the steps moving forward related to accepting the petition. He commented that the district would have to hold a public hearing in Bell County and in Williamson County.

Dirk recommended the Board give him direction to coordinate the 2 public hearings to be held before the February 14th Board meeting.

Director, Scott Brooks, moved to formally accept the petition for annexation from the ACA and directed the General Manager to move forward to coordinate the date, time, and location for the 2 public hearings. Director, Jim Brown, seconded the motion.

Motion Carried 4-0 (1 absent).

5. Hold Public Hearing on the following permit applications:

a.) Discuss, consider, and take appropriate action, if necessary, on an application submitted by Dr. Gretchen Miller, Ph.D., PE, PG, on behalf of Mr. James Kerby, Jaffe Interests LP (Mustang Springs Development), for two drilling permits for two proposed new public water supply wells to be completed in the Lower Trinity Aquifer (Hosston Layer), with a maximum 4-inch column pipe on a 1,106-acre housing development located on the north side of FM-2843 approximately 6 miles west of the Village of Salado in the Stillhouse Hollow Management Zone. No groundwater production will be authorized with these drilling permits.

President, Leland Gersbach opened the public hearing at 2:06 p.m. He stated that the district's attorney, Cole Ruiz was in attendance to assist with any legalities. He confirmed a quorum of the Board was present and will participate in ruling on the application at a later date. Leland commented that this agenda item and notice posted for this preliminary hearing was a continuance of last month's preliminary hearing.

Leland gave a summary of the application to be considered and noted that the application is for 2 drilling permits only. No groundwater production will be authorized with these drilling permits.

Leland explained that the location for this meeting had been moved to Tenroc because the district facility could not accommodate a large group. He acknowledged the meeting was being hosted by Mike Cornett.

Leland stated that the preliminary hearing was being continued because those who failed to appear did not understand they, or their representative, must appear to establish standing. Staff was instructed to notify all persons who did not attend the Nov 8th meeting by e-mail, certified letter, and phone call. Dirk stated that notifications were made.

Leland reiterated that the preliminary hearing is a continuance of last month's preliminary hearing on the drilling permit application and is being held for the exclusive purpose of determining whether persons who timely submitted a written request for a contested case hearing prior to the Nov 8th hearing, are affected persons. Leland stated that he would not consider any requests that came in after Nov 8th.

Leland asked if there was anyone wanting to make a general public comment for those members of the public who wanted to offer comments but did not timely request to be a party to the case.

Dirk had 4 people fill out a public comment forms. Dirk presented those to Leland. The following people offered public comments:

- 1) Patrick Lynch – He is a well owner. He voiced his concerns about the dropping of the water levels in the wells and aquifer.
- 2) Reem Smien – Stated that he is against the drilling of these wells. He voiced his concerns.
- 3) Teri Stach – She is against the drilling of the wells. She commented that water is a limited resource. Things need to be done the right way. If these drilling permits move forward, do it in a way that will not harm others.
- 4) Robert Fleming – He is learning more about underground water. He commented that his area is surrounded by solar farms. He is concerned about how this will affect drinking water. He is also concerned about big businesses coming into Bell County that will need water.
- 5) John Asbury signed up for public comment. He stated that he has no conflict of interest. He did some research after reading the application. He presented his comments, concerns, and suggestions, then left the hearing (as noted by Dirk).

No other general public comments were received. Leland closed public comments.

Leland reviewed the procedures that would apply for the continuance of the preliminary hearing.

Leland and Cole went through the list of names and asked each named person to come forward to determine their individual status as a party to the case.

Cole addressed each of the registrants in attendance at the meeting. There were 36 registrants. Only 14 were present. Of those 14 presents, 13 were given party status and 1 was denied. The one denied was not in the impact area. Her concern was regarding the wastewater. Dirk clarified that permit was with TCEQ and had been pulled.

Leland offered anyone who was denied standing at the Nov 8th meeting wishing to provide evidence that they would be harmed if the wells were granted, to come forward.

Gail Hutcherson was denied standing at the Nov 8th meeting. She stated her concerns and questioned why the Board could not require developers to build “water catchment systems”. Cole replied that was not under the Board’s jurisdiction.

Leland asked if any others were wanting to speak. Eric Allmon asked to speak on behalf of his clients (the Graces). He requested a continuance of 90 days. He stated that 30 days was not enough time or discovery. He pled his case. Cole addressed his concerns, and he recommended the Board hold the evidentiary portion of the hearing at the Feb 14th Board meeting.

Dirk summarized the discussion and commented that the Board would grant a 60-day continuance. He encouraged all parties to study the information prepared by the district and hydrogeologists.

John King asked to comment. He had questions and needed clarification on a couple of things. Dirk addressed his questions and concerns.

Larry Michaels voiced his concerns after attending the Salado council meeting in which the applicant was in attendance.

Director, Scott Brooks made a general comment about some of the concerns presented. He stated that the Board relies on scientific data to make decisions. Rulings are based on rules and rules are based on scientific data.

No other comments were received.

The preliminary phase of the public hearing closed at 3:24 p.m. The evidentiary portion will be held on February 14, 2024.

6. Discuss, consider, and take appropriate action, if necessary, to accept the monthly Financial Report for November 2023 (FY24) as presented.

Board members received the monthly financial report for November 2023 in their Board packet to review prior to the meeting.

Secretary, Gary Young, moved to accept the November 2023 financial report as presented. Director, Scott Brooks, seconded the motion.

Motion carried 4-0 (1 absent).

7. Discuss, consider, and take appropriate action, if necessary, to accept the monthly Investment Fund account report for November 2023 (FY24) as presented.

Board members received the monthly investment Fund account report for November 2023 in their Board packet to review prior to the meeting.

Director, Jim Brown, moved to accept the monthly Investment Fund account report for November 2023 as presented. Director, Scott Brooks, seconded the motion.

Motion carried 4-0 (1 absent).

8. Discuss, consider, and take appropriate action, if necessary, to approve the FY24 line-item budget amendments as requested.

Agenda item #8 will be addressed following discussions related to Agenda item #11.

9. Discuss, consider, and take appropriate action, if necessary, to set the calendar dates for 2024.

Staff looked at the calendar dates for 2024 Board meetings. The proposed dates include regular Board meetings, tentative dates in August to approve FY25 budget and tax rate, Groundwater Summit, and tentative date for Bell County Water Symposium. Staff also reviewed the holiday schedule for State and Local Governmental Entities.

Staff recommends the following calendar dates and holiday schedule be approved for 2024 be approved:

Board Meeting	Wednesday	January 10, 2024	
Board Meeting	Wednesday	February 14, 2024	
Board Meeting	Wednesday	March 13, 2024	
Board Meeting	Wednesday	April 10, 2024	
Board Meeting	Wednesday	May 8, 2024	
Board Meeting	Wednesday	*June 19, 2024	(3 rd Wednesday)
Board Meeting	Wednesday	July 10, 2024	
Board Meeting	Wednesday	August 14, 2024	
Water Summit	Wednesday	Aug 20 – Aug 24, 2024	San Antonio
Tax Rate Hearing	Wednesday	August 28, 2024	
Board Meeting	Wednesday	September 11, 2024	
Board Meeting	Wednesday	October 9, 2024	
Board Meeting	Wednesday	November 13, 2024	
Water Symposium	Wednesday	November 20, 2024	Tentative - TBD
Board Meeting	Wednesday	December 11, 2024	

(* Special dates to avoid conflicts with TWCA & TAGD)

Proposed Holiday Schedule

New Year's Day	Monday	January 1, 2024
Memorial Day	Monday	May 27, 2024

Independence Day	Wednesday	July 4, 2023
Labor Day	Monday	September 2, 2024
Thanksgiving Day	Thursday	November 28, 2024
Thanksgiving	Friday	November 29, 2024
Christmas Day	Wednesday	December 25, 2024
Christmas Holiday	Thursday	December 26, 2024

Secretary, Gary Young, moved to accept the calendar dates and holiday schedule for 2024 as presented. Director, Scott Brooks, seconded the motion.

Motion carried 4-0 (1 absent).

10. Discuss, consider, and take appropriate action, if necessary, to approve CUWCD staffing position description.

Dirk presented information related to the new staff position and job description. He asked the Board to review the description and offer any comments or suggestions. After discussion, it was determined that compensation be listed as “Compensation to be determined based on qualifications and experience” instead of listing the pay range.

Director, Scott Brooks, moved to approve the job description with changes to “compensation” as discussed. Director, Jim Brown, seconded the motion.

Motion carried 4-0 (1 absent).

11. Discuss, consider, and take appropriate action, if necessary, to approve office re-configuration cost.

Dirk discussed the reconfiguration of the office and the replacement of the existing carpet and flooring throughout the building. He requested bids from 5 local firms. He received bids from Sum Assembly Needed, Target Solutions, & Foster Carpet & Floor. Dirk presented the bids to the Board.

Dirk recommended the Board select the low bids and amend the budget as needed.

Director, Jim Brown, moved to accept the low bids and amend the budget as needed. Secretary, Gary Young, seconded the motion.

Motion carried 4-0 (1 absent).

8. Discuss, consider, and take appropriate action, if necessary, to approve the FY24 line-item budget amendment as requested.

Dirk presented the line-item budget amendment based on the discussion of agenda item #11. He requested that \$8,000 be moved from Contingency Fund (line-item #50250) to Building Repair and Maintenance (line-item #54200) for office re-configuration and new flooring and carpet throughout.

Director, Jim Brown, moved to approve the line-item budget amendment and requested. Director, Scott Brooks, seconded the motion.

Motion carried 4-0 (1 absent).

12. General Manager’s report concerning office management and staffing related to District Management Plan.

- Dirk discussed all of the solar farms moving in and the investment zones related.
- Dirk gave an update on matters of interest related to the TAGD director and her resignation.

13. 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*

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

14. Director's comments and reports.

- **Leland Gersbach:** None
- **Jody Williams:** None
- **Gary Young:** None
- **Scott Brooks:** None
- **James Brown:** None

15. Discuss agenda items for the next meeting.

- Re-adopt district investment policy.

16. Set the time and place of the next meeting.

Wednesday, January 10, 2024, 1:30 p.m. CUWCD office

17. Adjourn.

Board meeting closed and Workshop convened with President, Leland Gersbach, at 4:57 p.m.

Workshop Item #1: Receive updates related to GMA8 DFC determination, per TWC section 36.108, and plans for the next round.

Dirk briefed the Board on the latest updates related to the GMA8 DFC determination and plans moving forward.

Workshop Item #2: Receive presentation related to the CUWCD Groundwater Management Model.

Received presentation from Mike Keester.

Workshop Item #3: Receive information related to the TAGD's Boot Camp: "Aquifer Science" on January 30, 2024, in Round Rock, Texas.

Dirk informed the Board about the upcoming TAGD Boot Camp. He encouraged the Board members interested in attending to let Shelly know so she can get them registered.

Workshop closed with President, Leland Gersbach, at 5:16 p.m.

Leland Gersbach, President

ATTEST:

Gary Young, Secretary or
Dirk Aaron, Assistant Secretary

Financial Reports - Item #4

Clearwater Underground Water Conservation

Balance Sheet

As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
10005 · Cash-Reg Operating	110,793.90
10500 · Cash-TexPool Prime	549,962.66
10505 · Cash - TexPool	541,442.10
Total Checking/Savings	1,202,198.66
Accounts Receivable	
11000 · Accounts Receivable	500.00
Total Accounts Receivable	500.00
Other Current Assets	
11005 · Accounts Receivable - Taxes	17,804.11
Total Other Current Assets	17,804.11
Total Current Assets	1,220,502.77
Fixed Assets	
15005 · Land	29,059.21
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	-269,388.11
Total Fixed Assets	469,151.83
TOTAL ASSETS	1,689,654.60
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
21000 · Deferred Tax Revenue	17,804.11
21050 · Compensated Absences Accrued	19,128.60
24000 · Payroll Liabilities	
24005 · Retirement Acct	2,082.12
Total 24000 · Payroll Liabilities	2,082.12
Total Other Current Liabilities	39,014.83
Total Current Liabilities	39,014.83
Total Liabilities	39,014.83
Equity	
31000 · Unappropriated Fund Balance	928,746.29
32000 · *Retained Earnings	76,701.74
33000 · Investment in Fixed Assets	469,151.83
34000 · Fund Balance	-50,000.00
Net Income	226,039.91
Total Equity	1,650,639.77
TOTAL LIABILITIES & EQUITY	1,689,654.60

**Clearwater Underground Water Conservation
 Profit & Loss Budget vs. Actual
 October through December 2023**

01/04/2024
 Accrual Basis

	Dec '23	Oct '23 thru Dec '23	FY24 Original Budget	FY24 Original Budget	\$ Over Budget
Ordinary Income/Expense					
Income					
40005 · Application Fee Income	4,397.00	4,547.00	50,000.00	50,000.00	-45,453.00
40007 · Administrative Fees	0.00	300.00	500.00	500.00	-200.00
40010 · Bell CAD Current Year Tax	54,089.83	357,442.32	837,331.00	837,331.00	-479,888.68
40015 · Bell CAD Delinquent Tax	329.16	3,068.32	10,000.00	10,000.00	-6,931.68
40020 · Interest Income	5,059.04	13,933.70	60,000.00	60,000.00	-46,066.30
40030 · Transport Fee Income	0.00	0.00	1,500.00	1,500.00	-1,500.00
40035 · Civil Penalties	0.00	0.00	0.00	0.00	0.00
Total Income	63,875.03	379,291.34	959,331.00	959,331.00	-580,039.66
Gross Profit	63,875.03	379,291.34	959,331.00	959,331.00	-580,039.66
Expense					
50000 · Administrative Expenses					
50100 · Audit	0.00	0.00	8,200.00	8,200.00	-8,200.00
50200 · Conferences & Prof Development	0.00	0.00	6,500.00	6,500.00	-6,500.00
50250 · Contingency Fund	0.00	0.00	47,175.00	47,175.00	-47,175.00
50300 · Director Expenses					
50305 · At Large	0.00	28.52	1,500.00	1,500.00	-1,471.48
50310 · Pct. 1	0.00	28.52	1,500.00	1,500.00	-1,471.48
50315 · Pct. 2	0.00	28.52	1,500.00	1,500.00	-1,471.48
50320 · Pct. 3	0.00	28.52	1,500.00	1,500.00	-1,471.48
50325 · Pct. 4	0.00	28.52	1,500.00	1,500.00	-1,471.48
Total 50300 · Director Expenses	0.00	142.60	7,500.00	7,500.00	-7,357.40
50400 · Director Fees					
50405 · At Large	0.00	300.00	2,550.00	2,550.00	-2,250.00
50410 · Pct. 1	0.00	0.00	2,550.00	2,550.00	-2,550.00
50415 · Pct. 2	0.00	300.00	2,550.00	2,550.00	-2,250.00
50420 · Pct. 3	0.00	300.00	2,550.00	2,550.00	-2,250.00
50425 · Pct. 4	0.00	0.00	2,550.00	2,550.00	-2,550.00
Total 50400 · Director Fees	0.00	900.00	12,750.00	12,750.00	-11,850.00
50500 · Dues & Memberships	0.00	2,316.00	5,000.00	5,000.00	-2,684.00
50550 · Election Expense	0.00	0.00	0.00	0.00	0.00
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
50615 · GAM Development	0.00	0.00	22,000.00	22,000.00	-22,000.00
Total 50600 · GMA 8 Expenses	0.00	0.00	29,500.00	29,500.00	-29,500.00
50700 · Meals	34.18	34.18	1,000.00	1,000.00	-965.82
50800 · Mileage Reimbursements	0.00	0.00	5,000.00	5,000.00	-5,000.00
50900 · Travel & Hotel	0.00	843.46	5,175.00	5,175.00	-4,331.54
Total 50000 · Administrative Expenses	34.18	4,236.24	127,800.00	127,800.00	-123,563.76

	Dec '23	Oct '23 thru Dec '23	FY24 Original Budget	FY24 Original Budget	\$ Over Budget
52000 · Salary Costs					
52005 · Administrative Assistant	4,999.08	14,997.24	59,989.00	59,989.00	-44,991.76
52010 · Educational Coord/Support Tech	4,463.42	13,390.26	53,561.00	53,561.00	-40,170.74
52015 · Manager	8,926.92	26,780.76	107,123.00	107,123.00	-80,342.24
52016 · Assistant General Manager	0.00	0.00	75,000.00	75,000.00	-75,000.00
52020 · Part Time/Intern	0.00	0.00	4,500.00	4,500.00	-4,500.00
52025 · Office Assistant/Field Tech	4,195.67	12,587.01	50,348.00	50,348.00	-37,760.99
52040 · Health Insurance	2,944.62	10,478.48	45,204.00	45,204.00	-34,725.52
52045 · Payroll Taxes & Work Comp	1,827.21	5,481.64	27,552.00	27,552.00	-22,070.36
52050 · Retirement	932.89	2,798.67	12,399.00	12,399.00	-9,600.33
52055 · Payroll Expenses	25.00	122.63	565.00	565.00	-442.37
52060 · Freshbenies	44.00	132.00	792.00	792.00	-660.00
Total 52000 · Salary Costs	28,358.81	86,768.69	437,033.00	437,033.00	-350,264.31
53000 · Operating Expenses					
53010 · Bank Service Charges	0.00	0.00	350.00	350.00	-350.00
53020 · Advertisement	0.00	1,321.60	4,000.00	4,000.00	-2,678.40
53030 · Appraisal District	2,229.50	2,229.50	9,000.00	9,000.00	-6,770.50
53100 · Clearwater Studies					
53105 · Trinity Studies					
53105.1 · Pumping Distribution	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00
53105.5 · Mgmt Options	0.00	0.00	0.00	0.00	0.00
53105.6 · Water Quality Studies	0.00	0.00	0.00	0.00	0.00
Total 53105 · Trinity Studies	0.00	0.00	0.00	0.00	0.00
53110 · Edwards BFZ Studies					
53110.1 · Pumping Distribution	0.00	0.00	0.00	0.00	0.00
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	36,675.00	36,675.00	-36,675.00
53110.5 · Water Quality Studies	0.00	0.00	0.00	0.00	0.00
53110.6 · GAM Calibration	0.00	0.00	0.00	0.00	0.00
Total 53110 · Edwards BFZ Studies	0.00	0.00	36,675.00	36,675.00	-36,675.00
53115 · Drought Contingency Plan	0.00	0.00	0.00	0.00	0.00
53120 · Endangered Species					
53120.1 · Coalition	0.00	17,355.00	17,355.00	17,355.00	0.00
53120.2 · Reimburseable Order	0.00	0.00	0.00	0.00	0.00
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
Total 53120 · Endangered Species	0.00	17,355.00	17,355.00	17,355.00	0.00

	Dec '23	Oct '23 thru Dec '23	FY24 Original Budget	FY24 Original Budget	\$ Over Budget
53125 · Environmental Flows	0.00	0.00	0.00	0.00	0.00
53130 · General Consulting					
53130.1 · DFC Process	0.00	0.00	7,500.00	7,500.00	-7,500.00
53130.2 · Eval of Rules	0.00	0.00	0.00	0.00	0.00
53130.3 · Eval. Hydrogeologic Report	0.00	0.00	0.00	0.00	0.00
53130.4 · Investigations	0.00	311.50	8,000.00	8,000.00	-7,688.50
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	0.00	311.50	20,500.00	20,500.00	-20,188.50
53135 · Monitor Well Construction	0.00	0.00	20,000.00	20,000.00	-20,000.00
53140 · Monitor Wells Expenses	0.00	4,095.33	10,000.00	10,000.00	-5,904.67
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	251.76	4,500.00	4,500.00	-4,248.24
53155 · 3-D Visualization	0.00	0.00	5,000.00	5,000.00	-5,000.00
Total 53100 · Clearwater Studies	0.00	22,013.59	116,030.00	116,030.00	-94,016.41
53200 · Spring Flow Gage System					
53205 · Op. & Maintenance	0.00	0.00	16,377.00	16,377.00	-16,377.00
53210 · Installation	0.00	0.00	0.00	0.00	0.00
Total 53200 · Spring Flow Gage System	0.00	0.00	16,377.00	16,377.00	-16,377.00
53300 · GIS Managemet/Analytics					
53305 · Enhancements - Data Base	0.00	0.00	20,500.00	20,500.00	-20,500.00
53306 · Hosting - Data Base	0.00	0.00	500.00	500.00	-500.00
53310 · Hosting - PDI	0.00	0.00	0.00	0.00	0.00
53311 · Hosting - Website	25.00	75.00	300.00	300.00	-225.00
53312 · Enhancements - Website	0.00	0.00	0.00	0.00	0.00
53315 · IT Network Sustainment	650.00	1,950.00	7,800.00	7,800.00	-5,850.00
53317 · Management Tool Sustainment	0.00	0.00	2,200.00	2,200.00	-2,200.00
Total 53300 · GIS Managemet/Analytics	675.00	2,025.00	31,300.00	31,300.00	-29,275.00
53400 · Computer Licenses/Virus Prctn	159.00	477.00	1,908.00	1,908.00	-1,431.00
53450 · Computer Repairs and Supplies	380.00	380.00	2,000.00	2,000.00	-1,620.00
53500 · Computer Software & Hardware	0.00	595.38	5,000.00	5,000.00	-4,404.62
53550 · Copier/Scanner/Plotter	0.00	0.00	6,350.00	6,350.00	-6,350.00
53600 · Educational Outreach/Marketing					
53603 · Sponsorships	200.00	1,200.00	8,000.00	8,000.00	-6,800.00
53605 · Event Cost	8,119.24	5,057.44	5,000.00	5,000.00	57.44
53615 · Promotional Items	0.00	0.00	5,000.00	5,000.00	-5,000.00
53620 · Supplies & Equipment	0.00	0.00	2,500.00	2,500.00	-2,500.00
53625 · Curriculum	0.00	0.00	0.00	0.00	0.00
Total 53600 · Educational Outreach/Marketing	8,319.24	6,257.44	20,500.00	20,500.00	-14,242.56
53650 · Furniture & Equipment	0.00	0.00	2,500.00	2,500.00	-2,500.00

	Dec '23	Oct '23 thru Dec '23	FY24 Original Budget	FY24 Original Budget	\$ Over Budget
53700 · Legal					
53701 · Drought Contingency Plan	0.00	0.00	0.00	0.00	0.00
53702 · Endangered Species	0.00	0.00	15,000.00	15,000.00	-15,000.00
53703 · General (rules/accountability)	1,377.00	1,377.00	10,000.00	10,000.00	-8,623.00
53704 · Legislative Research/Analysis	382.50	382.50	5,000.00	5,000.00	-4,617.50
53705 · Legislative Services	0.00	0.00	0.00	0.00	0.00
53706 · GMA/DFC/MAG support	0.00	0.00	10,000.00	10,000.00	-10,000.00
Total 53700 · Legal	1,759.50	1,759.50	40,000.00	40,000.00	-38,240.50
53720 · Office Supplies	93.07	857.86	4,500.00	4,500.00	-3,642.14
53730 · Permit Reviews					
53731 · Geoscience	2,530.00	4,315.00	25,000.00	25,000.00	-20,685.00
53732 · Legal Evaluation	2,900.00	2,900.00	25,000.00	25,000.00	-22,100.00
Total 53730 · Permit Reviews	5,430.00	7,215.00	50,000.00	50,000.00	-42,785.00
53740 · Postage	320.64	1,499.68	2,875.00	2,875.00	-1,375.32
53750 · Printing	0.00	527.60	2,500.00	2,500.00	-1,972.40
53760 · Reserve for Uncollected Taxes	0.00	0.00	20,000.00	20,000.00	-20,000.00
53780 · Subscriptions	17.03	66.02	1,200.00	1,200.00	-1,133.98
53785 · Mobile Classroom Expense	0.00	0.00	2,000.00	2,000.00	-2,000.00
53790 · Vehicle Expense	1,066.32	2,473.19	5,600.00	5,600.00	-3,126.81
Total 53000 · Operating Expenses	20,449.30	49,698.36	343,990.00	343,990.00	-294,291.64
54000 · Facility Costs					
54100 · Insurance					
54101 · Liability	0.00	2,382.38	2,431.00	2,431.00	-48.62
54102 · Property	0.00	2,444.12	2,494.00	2,494.00	-49.88
54103 · Surety Bonds	0.00	200.00	1,300.00	1,300.00	-1,100.00
54104 · Worker's Comp	0.00	958.00	1,000.00	1,000.00	-42.00
54105 · Liability - Vehicle	0.00	1,100.54	1,123.00	1,123.00	-22.46
54106 · Liability - Cyber Security	0.00	171.50	175.00	175.00	-3.50
Total 54100 · Insurance	0.00	7,256.54	8,523.00	8,523.00	-1,266.46
54200 · Building Repairs/Maintenance	0.00	1,599.00	23,000.00	23,000.00	-21,401.00
54300 · Janitorial Service	450.00	1,350.00	6,000.00	6,000.00	-4,650.00
54400 · Janitorial Supplies	0.00	0.00	1,000.00	1,000.00	-1,000.00
54500 · Lawn Maintenance/Service	0.00	450.00	3,000.00	3,000.00	-2,550.00
54600 · Security	120.00	209.85	375.00	375.00	-165.15
Total 54000 · Facility Costs	570.00	10,865.39	41,898.00	41,898.00	-31,032.61
55000 · Utilities					
55200 · Electricity	192.78	498.17	2,500.00	2,500.00	-2,001.83
55300 · Internet	140.56	281.12	1,350.00	1,350.00	-1,068.88
55400 · Phone	203.90	611.70	2,460.00	2,460.00	-1,848.30
55500 · Water/Garbage	0.00	291.76	2,300.00	2,300.00	-2,008.24
Total 55000 · Utilities	537.24	1,682.75	8,610.00	8,610.00	-6,927.25
Total Expense	49,949.53	153,251.43	959,331.00	959,331.00	-806,079.57
Net Ordinary Income	13,925.50	226,039.91	0.00	0.00	226,039.91

	Dec '23	Oct '23 thru Dec '23	FY24 Original Budget	FY24 Original Budget	\$ Over Budget
Other Income/Expense					
Other Income					
61000 · Reserve Funds-Special Projects	50,000.00	50,000.00	0.00	50,000.00	0.00
61110 · Reserve funds ASR Project WCID1	0.00	0.00	0.00	0.00	0.00
Total Other Income	50,000.00	50,000.00	0.00	50,000.00	0.00
Other Expense					
65102 · Bell County Boardroom	50,000.00	50,000.00	0.00	50,000.00	0.00
Total Other Expense	50,000.00	50,000.00	0.00	50,000.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00
Net Income	13,925.50	226,039.91	0.00	0.00	226,039.91

Clearwater Underground Water Conservation Profit & Loss Detail December 2023

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Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
Ordinary Income/Expense						
Income						
40005 · Application Fee Income						
Invoice	12/21/2023	214	Mustang Creek	Permit Applic...	4,397.00	4,397.00
Total 40005 · Application Fee Income					4,397.00	4,397.00
40010 · Bell CAD Current Year Tax						
Deposit	12/06/2023			Deposit	38,501.35	38,501.35
Deposit	12/06/2023			Deposit	-1,376.56	37,124.79
Deposit	12/13/2023			Deposit	16,808.41	53,933.20
Deposit	12/13/2023			Deposit	9.06	53,942.26
Deposit	12/21/2023			Belton Housi...	61.38	54,003.64
Deposit	12/21/2023			Temple Hous...	86.19	54,089.83
Total 40010 · Bell CAD Current Year Tax					54,089.83	54,089.83
40015 · Bell CAD Deliquent Tax						
Deposit	12/06/2023			Deposit	444.55	444.55
Deposit	12/06/2023			Deposit	-471.33	-26.78
Deposit	12/13/2023			Deposit	355.94	329.16
Total 40015 · Bell CAD Deliquent Tax					329.16	329.16
40020 · Interest Income						
Deposit	12/29/2023			Deposit	2,601.09	2,601.09
Deposit	12/29/2023			Deposit	2,457.95	5,059.04
Total 40020 · Interest Income					5,059.04	5,059.04
Total Income					63,875.03	63,875.03
Gross Profit					63,875.03	63,875.03
Expense						
50000 · Administrative Expenses						
50700 · Meals						
Check	12/27/2023	CC-Nov23	Card Service Center	Working lunc...	34.18	34.18
Total 50700 · Meals					34.18	34.18
Total 50000 · Administrative Expenses					34.18	34.18
52000 · Salary Costs						
52005 · Administrative Assistant						
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	4,522.98	4,522.98
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	476.10	4,999.08
Total 52005 · Administrative Assistant					4,999.08	4,999.08
52010 · Educational Coord/Support Tech						
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	4,038.34	4,038.34
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	212.54	4,250.88
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	212.54	4,463.42
Total 52010 · Educational Coord/Support Tech					4,463.42	4,463.42
52015 · Manager						
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	6,801.47	6,801.47
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	850.18	7,651.65
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	1,275.27	8,926.92
Total 52015 · Manager					8,926.92	8,926.92
52025 · Office Assistant/Field Tech						
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	3,796.08	3,796.08
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	399.59	4,195.67
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	0.00	4,195.67
Total 52025 · Office Assistant/Field Tech					4,195.67	4,195.67

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Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
52040 · Health Insurance						
Check	12/27/2023	SWHP-Jan24	Scott & White Health Pl...		1,644.62	1,644.62
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	650.00	2,294.62
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	650.00	2,944.62
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	0.00	2,944.62
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	822.31	3,766.93
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	-822.31	2,944.62
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	0.00	2,944.62
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	822.31	3,766.93
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	-822.31	2,944.62
Total 52040 · Health Insurance					2,944.62	2,944.62
52045 · Payroll Taxes & Work Comp						
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	300.43	300.43
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	70.26	370.69
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	0.00	370.69
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	593.77	964.46
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	138.87	1,103.33
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	0.00	1,103.33
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	309.94	1,413.27
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	72.49	1,485.76
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	0.00	1,485.76
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	276.73	1,762.49
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	64.72	1,827.21
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	0.00	1,827.21
Total 52045 · Payroll Taxes & Work Comp					1,827.21	1,827.21
52050 · Retirement						
Paycheck	12/29/2023	DD1416	Corey C Dawson	Direct Deposit	218.06	218.06
Paycheck	12/29/2023	DD1417	Richard E Aaron	Direct Deposit	430.96	649.02
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	149.97	798.99
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	133.90	932.89
Total 52050 · Retirement					932.89	932.89
52055 · Payroll Expenses						
Check	12/26/2023	HSAfeeDec23	Wex	admin fee	25.00	25.00
Total 52055 · Payroll Expenses					25.00	25.00
52060 · Freshbenies						
Check	12/27/2023	Dec23-TS	New Benefits Ltd - Fres...	freshbenies - ...	22.00	22.00
Check	12/27/2023	Dec23-SC	New Benefits Ltd - Fres...	Freshbenies ...	22.00	44.00
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	22.00	66.00
Paycheck	12/29/2023	DD1418	Shelly Chapman	Direct Deposit	-22.00	44.00
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	22.00	66.00
Paycheck	12/29/2023	DD1419	Tristin S Smith	Direct Deposit	-22.00	44.00
Total 52060 · Freshbenies					44.00	44.00
Total 52000 · Salary Costs					28,358.81	28,358.81
53000 · Operating Expenses						
53030 · Appraisal District						
Bill	12/12/2023	2024 2nd Qtr	Tax Appraisal District - ...	2024 2nd Qtr	2,229.50	2,229.50
Total 53030 · Appraisal District					2,229.50	2,229.50
53300 · GIS Managemet/Analytics						
53311 · Hosting - Website						
Bill	12/12/2023	Inv 21107	Engineer Austin, LLC	Inv 21107	25.00	25.00
Bill	12/12/2023	Inv 21079	Engineer Austin, LLC	Inv 21079	0.00	25.00
Total 53311 · Hosting - Website					25.00	25.00

Clearwater Underground Water Conservation Profit & Loss Detail December 2023

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Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
53315 - IT Network Sustainment						
Bill	12/12/2023	Inv 21107	Engineer Austin, LLC	Inv 21107	650.00	650.00
Bill	12/12/2023	Inv 21079	Engineer Austin, LLC	Inv 21079	0.00	650.00
Total 53315 - IT Network Sustainment					650.00	650.00
Total 53300 - GIS Managemet/Analytics					675.00	675.00
53400 - Computer Licenses/Virus Prtctn						
Bill	12/12/2023	Inv 21107	Engineer Austin, LLC	Inv 21107	159.00	159.00
Bill	12/12/2023	Inv 21079	Engineer Austin, LLC	Inv 21079	0.00	159.00
Total 53400 - Computer Licenses/Virus Prtctn					159.00	159.00
53450 - Computer Repairs and Supplies						
Bill	12/12/2023	Inv 21079	Engineer Austin, LLC	Inv 21079	380.00	380.00
Total 53450 - Computer Repairs and Supplies					380.00	380.00
53600 - Educational Outreach/Marketing						
53603 - Sponsorships						
Bill	12/12/2023	Sponsor	Bell Crops Committee	Crops Confer...	200.00	200.00
Total 53603 - Sponsorships					200.00	200.00
53605 - Event Cost						
Bill	12/12/2023		Killeen Daily Herald	Water Symp...	1,541.00	1,541.00
Bill	12/12/2023		Temple Daily Telegram	Newspaper A...	567.00	2,108.00
Check	12/27/2023	CC-Nov23	Card Service Center	Water Symp...	659.39	2,767.39
Check	12/27/2023	CC-Nov23	Card Service Center	Water Symp...	840.00	3,607.39
Check	12/27/2023	CC-Nov23	Card Service Center	Water Symp...	4,375.00	7,982.39
Check	12/27/2023	CC-Nov23	Card Service Center	Water Symp...	136.85	8,119.24
Total 53605 - Event Cost					8,119.24	8,119.24
Total 53600 - Educational Outreach/Marketing					8,319.24	8,319.24
53700 - Legal						
53703 - General (rules/accountability)						
Bill	12/12/2023	Inv 97546306	Lloyd Gosselink Attorne...	Rule change...	1,377.00	1,377.00
Total 53703 - General (rules/accountability)					1,377.00	1,377.00
53704 - Legislative Research/Analysis						
Bill	12/12/2023	Inv 97546375	Lloyd Gosselink Attorne...	Inv 97546375	382.50	382.50
Total 53704 - Legislative Research/Analysis					382.50	382.50
Total 53700 - Legal					1,759.50	1,759.50
53720 - Office Supplies						
Check	12/27/2023	CC-Nov23	Card Service Center		93.07	93.07
Total 53720 - Office Supplies					93.07	93.07
53730 - Permit Reviews						
53731 - Geoscience						
Bill	12/12/2023	Inv 9807	Mustang Creek	Inv 53731 ...	1,782.50	1,782.50
Bill	12/12/2023	Inv 9807	American Rockwool	Inv 53731 ...	747.50	2,530.00
Total 53731 - Geoscience					2,530.00	2,530.00
53732 - Legal Evaluation						
Bill	12/12/2023	Inv 97546306	Mustang Creek	Permit review...	2,900.00	2,900.00
Total 53732 - Legal Evaluation					2,900.00	2,900.00
Total 53730 - Permit Reviews					5,430.00	5,430.00

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Accrual Basis

Type	Date	Num	Name	Memo	Amount	Balance
53740 · Postage						
Check	12/27/2023	CC-Nov23	Card Service Center	certified letter...	320.64	320.64
Total 53740 · Postage					320.64	320.64
53780 · Subscriptions						
Check	12/27/2023	CC-Nov23	Card Service Center	Drop Box	17.03	17.03
Total 53780 · Subscriptions					17.03	17.03
53790 · Vehicle Expense						
Check	12/07/2023	Cefco-Nov23	CEFCO	ACH Approv...	109.66	109.66
Bill	12/12/2023	Inv 13730	Johnson Brothers Ford	INv 13730	956.66	1,066.32
Total 53790 · Vehicle Expense					1,066.32	1,066.32
Total 53000 · Operating Expenses					20,449.30	20,449.30
54000 · Facility Costs						
54300 · Janitorial Service						
Bill	12/12/2023	Inv 3238-9632	Fish Window Cleaning	Inv 3238-9632	50.00	50.00
Bill	12/12/2023	Dec2023	Veronica Torres	Dec 2023	400.00	450.00
Total 54300 · Janitorial Service					450.00	450.00
54600 · Security						
Bill	12/12/2023	Inv 2019111	Progressive Protection	Inv 2019111 ...	120.00	120.00
Total 54600 · Security					120.00	120.00
Total 54000 · Facility Costs					570.00	570.00
55000 · Utilities						
55200 · Electricity						
Check	12/07/2023	FreePtNov23	Freepoint Energy Soluti...	ACH Approv...	192.78	192.78
Total 55200 · Electricity					192.78	192.78
55300 · Internet						
Check	12/07/2023	Spect-Nov23	Spectrum (Charter Com...	ACH Approv...	140.56	140.56
Total 55300 · Internet					140.56	140.56
55400 · Phone						
Check	12/07/2023	Spect-Nov23	Spectrum (Charter Com...		0.00	0.00
Bill	12/12/2023	Inv 49722	Folkerson Communicati...	Inv 49722	203.90	203.90
Total 55400 · Phone					203.90	203.90
Total 55000 · Utilities					537.24	537.24
Total Expense					49,949.53	49,949.53
Net Ordinary Income					13,925.50	13,925.50
Net Income					13,925.50	13,925.50

Clearwater Underground Water Conservation
A/P Aging Detail
As of January 3, 2024

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

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 12/01/2023 - 12/31/2023
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	\$538,984.15	\$0.00	\$0.00	\$2,457.95	\$541,442.10	\$539,222.02
TexPool Prime	\$547,361.57	\$0.00	\$0.00	\$2,601.09	\$549,962.66	\$547,613.29
Total Dollar Value	\$1,086,345.72	\$0.00	\$0.00	\$5,059.04	\$1,091,404.76	

ACCOUNT TOTALS

Pool Name	Beginning Balance	Total Deposit	Total Withdrawal	Total Interest	Current Balance
TexPool	\$538,984.15 ✓	\$0.00 ✓	\$0.00 ✓	\$2,457.95 ✓	\$541,442.10
TexPool Prime	\$547,361.57 ✓	\$0.00 ✓	\$0.00 ✓	\$2,601.09 ✓	\$549,962.66
Total Dollar Value	\$1,086,345.72	\$0.00	\$0.00	\$5,059.04	\$1,091,404.76

✓
 SEC
 1/3/2024

**Clearwater Underground Water Conservation
Reconciliation Summary
10505 - Cash - TexPool, Period Ending 12/31/2023**

1:54 PM
01/03/24

	Dec 31, 23
Beginning Balance	538,984.15
Cleared Transactions	
Deposits and Credits - 1 item	2,457.95
Total Cleared Transactions	2,457.95
Cleared Balance	<u>541,442.10</u>
Register Balance as of 12/31/2023	541,442.10
Ending Balance	541,442.10

1:53 PM

01/03/24

**Clearwater Underground Water Conservation
Reconciliation Summary**
10500 · Cash-TexPool Prime, Period Ending 12/31/2023

	Dec 31, 23
Beginning Balance	547,361.57
Cleared Transactions	
Deposits and Credits - 1 item	2,601.09
Total Cleared Transactions	2,601.09
Cleared Balance	549,962.66
Register Balance as of 12/31/2023	549,962.66
Ending Balance	549,962.66

Employee Retirement - Item #6

Plan Name:

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT 457 PLAN

As of **12/31/2023**

Participant Search:
Search by last name

Plan ID: 613759000 Plan Type: 457

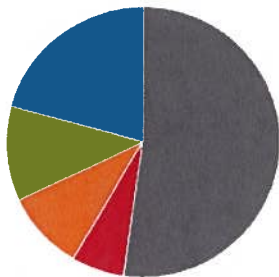
Summary | **Calendar** | Payroll | Participants | Loans | Withdrawals | Financials | Plan Information

As of: 12/31/2023	Balances: \$226,459.19	YTD Contributions: \$ 18,815.44	Participants 5
-----------------------------	----------------------------------	---	--------------------------

Plan Assets

Participation In Plan

View: **Asset Class** ▾



Asset Class

- Large Cap
20.75%
- Small Cap
11.31%
- Mid Cap
9.51%
- Other
6.24%
- Other
52.19%

Total Balance:
\$226,459.19

Clearwater Underground Water Conservation
All Payments Issued for Security Benefit
January through December 2019

Type	Num	Date	Amount
Jan - Dec 19			
Liability Check	3378	01/09/2019	1,557.46
Liability Check	3411	02/13/2019	1,557.46
Liability Check	3412	02/26/2019	1,557.46
Liability Check	3468	04/10/2019	1,557.46
Liability Check	3495	05/08/2019	1,557.46
Liability Check	3516	06/12/2019	1,557.46
Liability Check	3538	06/26/2019	1,557.46
Liability Check	3573	07/29/2019	1,557.46
Liability Check	3614	09/11/2019	1,557.46
Liability Check	3628	09/26/2019	1,557.46
Liability Check	3658	10/29/2019	1,620.42
Liability Check	3703	12/10/2019	1,620.42
Jan - Dec 19			18,815.44

4-H2O Water Ambassador Program
Item #8



TEXAS 4-H YOUTH WATER AMBASSADOR PROGRAM SPONSORSHIP LEVELS

Signature: \$5,000

Name and logo recognition on the following:

- **Texas 4-H Water Ambassador T-Shirt/Wearables**
- **All Texas 4-H Water Ambassador print materials and quarterly electronic Texas 4-H2O 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 post**

Legacy: \$2,500

Name and logo recognition on the following:

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

Advocate: \$1,000

Name and logo recognition on the following:

- **All Texas 4-H Water Ambassador print materials and quarterly electronic Texas 4-H2O Ambassador Newsletter**
- **1 social media post**

Stewardship: \$500

Name recognition on the following:

- **All Texas 4-H Water Ambassador print materials and quarterly electronic Texas 4-H2O Ambassador Newsletter**



Texas 4-H Youth Water Ambassador Program Donor Commitment Form

Donor Information

Company: _____

Name and Title: _____

Address: _____

City, State, Zip: _____

Phone: _____

Email Address: _____

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.

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

TEXAS 4-H WATER AMBASSADORS PROGRAM

2023

ANNUAL REPORT 2023

A YEAR IN REVIEW



Texas A&M AgriLife Extension Service is an equal opportunity employer and program provider. Texas A&M AgriLife Extension Service provides equal opportunities in its programs and employment to all persons, regardless of race, color, sex, religion, national origin, disability, age, genetic information, veteran status, sexual orientation, or gender identity. The Texas A&M University System, U.S. Department of Agriculture, and the County Commissioners Courts of Texas Cooperating.



TEXAS A&M
AGRILIFE



TEXAS A&M UNIVERSITY
Department of Biological
and Agricultural Engineering

**FOR MORE INFORMATION CONTACT:
DAVID W. SMITH
TEXAS A&M AGRILIFE EXTENSION SERVICE
BIOLOGICAL & AGRICULTURAL ENGINEERING
TEXAS 4-H YOUTH DEVELOPMENT
(979) 314-8224
DAVID.SMITH@AG.TAMU.EDU**





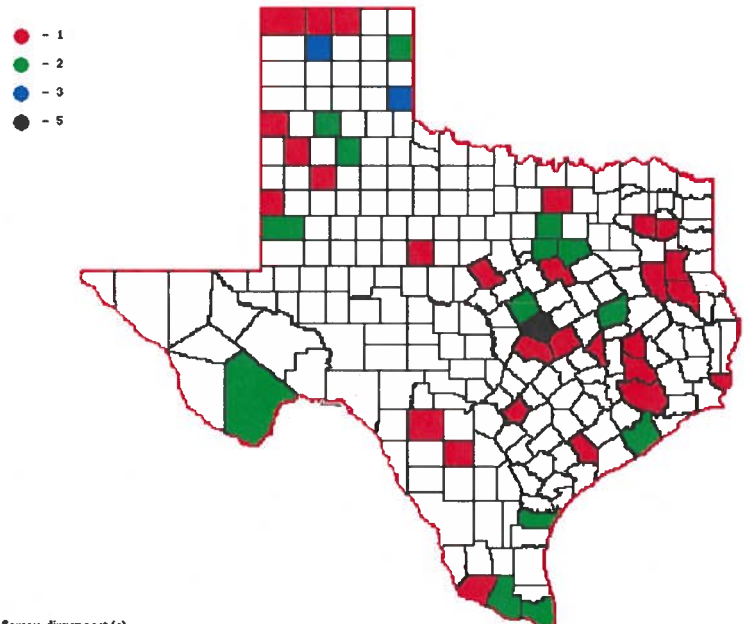
30 NEW AMBASSADORS

SINCE 2017, 188 YOUTH REPRESENTING 80 COUNTIES HAVE PARTICIPATED IN THE TEXAS 4-H WATER AMBASSADORS PROGRAM.

New Tier I Ambassadors (County):

Anna Granadoz (Collingsworth), Mack Alaniz (Jackson), Brecklyn Powell (Collingsworth), Tucker Landry (Hemphill), Brandis Beavers (Dallam), Ethan Spradley (Nacogdoches), Tatum Westbrook (Lubbock), Maggie Mayes (Upshur), Bryce Poling (Harris), Riley Fitzpatrick (Uvalde), Rory Die (Orange), Madison Snow (Ellis), Kaden Gordillo (Tarrant), Aidan Hill (Moore), Ben Webber (Brazoria), Lynnlea Johnson (Swisher), Lynnlee Surles (Frio), Maleigh Morawietz (Brazos), Bubba Moreno (Walker), Sophia Arellano (Cameron), Montana McCarthy (Brewster), Caleb Mannix (Coryell), Randa Jordon (Gaines), Wyatt Beauchamp (Parmer), Norah Pacheco (Ellis), Caroline Wood (Bell), Kadie Cox (Sherman), Pepper Johnson (Brazoria), Kaitlyn Huff (Nueces), Hannah Davis (Denton).

All 2023-2024 Water Ambassadors



Source: dymaps.net (c)

CURRENT ROSTER AND COUNTY AFFILIATION

Tier I

Name	County	Classification	Name	County	Classification
Anna Granadoz	Collingsworth	sophomore	Lynnlea Johnson	Swisher	freshman
Mack Alaniz	Jackson	freshman	Lynnlee Surlis	Frio	freshman
Brecklyn Powell	Collingsworth	sophomore	Maleigh Morawietz	Brazos	senior
Tucker Landry	Hemphill	junior	Bubba Moreno	Walker	sophomore
Brandis Beavers	Dallam	sophomore	Sophia Arrelano	Cameron	sophomore
Ethan Spradley	Nacogdoches	sophomore	Montana McCarthy	Brewster	freshman
Tatum Westbrook	Lubbock	sophomore	Caleb Mannix	Coryell	junior
Maggie Mayes	Upshur	senior	Randa Jordon	Gaines	freshman
Bryce Poling	Harris	junior	Wyatt Beauchamp	Parmer	freshman
Riley Fitzpatrick	Uvalde	freshman	Norah Pacheco	Ellis	freshman
Rory Die	Orange	freshman	Caroline Wood	Bell	freshman
Madison Snow	Ellis	senior	Kadle Cox	Sherman	sophomore
Kaden Gordillo	Tarrant	freshman	Pepper Johnson	Brazoria	junior
Aidan Hill	Moore	sophomore	Kaitlyn Huff	Nueces	sophomore
Ben Webber	Brazoria	sophomore	Hannah Davis	Denton	junior

Tier II

Andie Saxon	Yoakum	senior	Justin Braune	Guadalupe	junior
Brindle Harper	Lamb	senior	Lucas Moreno	Hemphill	junior
Chase Janke	Coryell	junior	Megan Luna	Brewster	junior
Clay Workman	Leon	sophomore	Mia Salazar	Hidalgo	sophomore
Ethan Averling	Dallas	senior	Olivia Clifton	Rusk	junior
Hunter Fox	Nueces	senior	Sienna Molina	Cameron	junior
Hunter Holder	Burnet	sophomore	Tara Easterling	Moore	sophomore
Jacy Lampe	Collingsworth	sophomore	Texann Ralston	Hansford	sophomore
Jesse Calk	Gaines	senior	Victoria Canales	Bell	sophomore
Joseph Haines	Montgomery	sophomore	Zane Ball	Johnson	sophomore

Tier III

Charlotte Sander	Hidalgo	junior	Lee Barnhill	Fisher	junior
Cone Johnson	Swisher	junior	Madison Olivarez	Starr	junior
Daniel Kernes	Wood	junior	Roert Miller II	Milam	senior
Emma Pool	Johnson	senior	Roxane Islas	Taylor	junior
Hannah Lewis	Hill	junior	Sophia O'Neill	Williamson	junior
Jane Gauntt	Bell	junior			

Tier IV

Emma Canales	Bell	senior	Kyle Workman	Leon	senior
Isaiah Atoe	Tarrant	senior	Sadie Berry	Leon	senior
John Gauntt	Bell	senior	Savannah Bearden	Cherokee	senior
Justin	Hill	senior	Sierra Snowden	Floyd	senior

TIER 1 ACADEMY Trip Highlights:



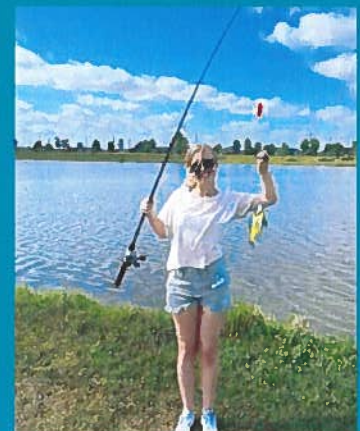
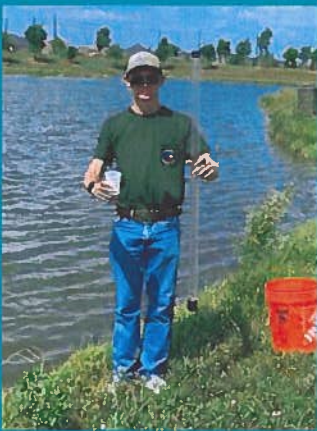
The Tier I 4-H2O Leadership Academy focused primarily on groundwater management in the High Plains and Panhandle regions. The tour began in San Marcos at the Meadows Center for Water and the Environment. From there, we visited Lloyd-Gosselink, Rochelle and Townsend, KPA Engineers, Clearwater Groundwater Conservation District, Texas Water Development Board, the Southern Ogallala Conservation and Outreach Program, City of Brownfield, High Plains Water District, Samuel Jackson, Inc., Texas A&M AgriLife Research and USDA-ARS, Playa Lakes Outdoor Classroom, North Plains Groundwater Conservation District, and Mesquite Groundwater Conservation District. The academy concluded at John Bunker Sands Wetland Center in Seagoville.



JUNE 11-17

HIGH PLAINS/PANHANDLE

TIER 2 ACADEMY Trip Highlights:



The Tier II 4-H2O Leadership Academy, for second-year water ambassadors, focused on water issues in east Texas and along the Texas Gulf Coast. During the tour, youth learned about water and wastewater treatment, hatcheries and fisheries, wetland restoration, aquatic plants, marine ecosystems, and bays and estuaries. Tour stops included the Texas On-site Wastewater Training Center, Texas A&M Aquaculture Research and Training Center, Texas Water Resources Institute, Galveston Bay Foundation, Long Acres Ranch (Richmond) and Sea Center Texas.



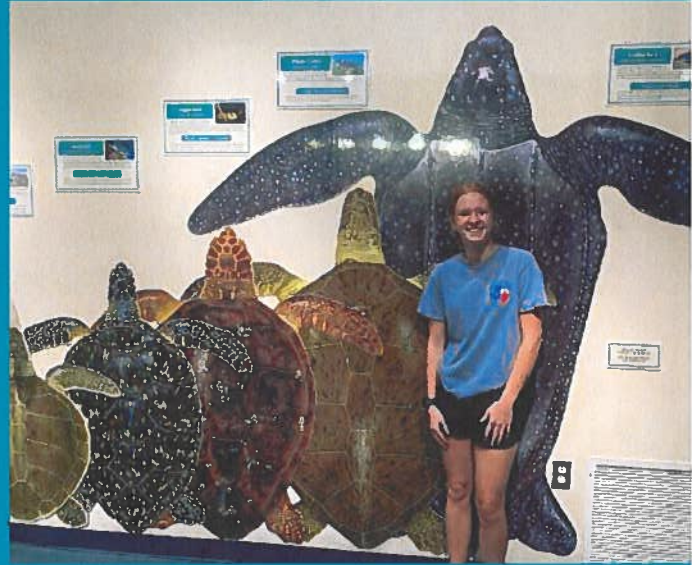
JUNE 25-29
GULF COAST

JULY 16-20

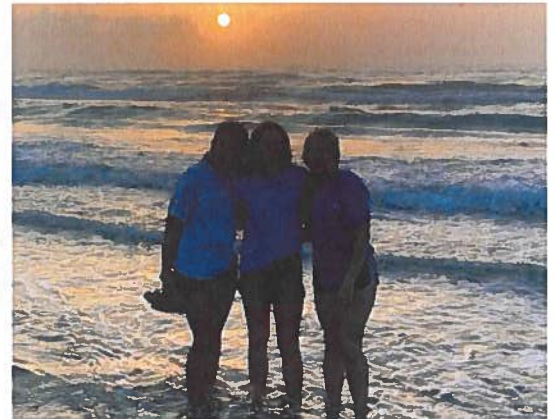
YEAR 2023

LOWER RIO GRANDE VALLEY

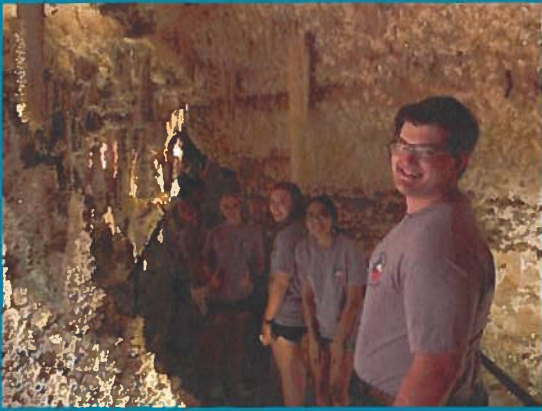
Third year water ambassadors toured south-central Texas and the Lower Rio Grande Valley where they met with many water industry organizations and professionals. These included the Guadalupe-Blanco River Authority, Headwaters on the Comal, San Antonio River Authority, Texas A&M AgriLife Research and Extension at Weslaco, Lower Rio Grande Valley Water District Managers Association, San Benito Wetlands, and Sea Turtle, Inc. Students learned about irrigation districts, water quality, watershed protection, habitat restoration and agricultural irrigation methods in the Lower Rio Grande Valley.



TIER 3 ACADEMY Trip Highlights:



JULY 30- AUGUST 3 SOUTHWEST



TIER 4 ACADEMY TRIP HIGHLIGHTS:

Fourth year and graduating water ambassadors participated in the Tier IV 4-H₂O Leadership Academy. The tour began with a visit to the San Antonio Water System H₂O Desalination Center in Elmendorf, followed by visits with the Upper Guadalupe River Authority, Sutton County Groundwater Conservation District and The Nature Conservancy at Dolan Falls on the Devils River, Middle Pecos Groundwater Conservation District, Comanche Springs, Balmorhea State Park, and the Caverns of Sonora. Topics covered desalination technologies, springs, karst aquifers, flowing wells and water quality monitoring.





Game Design Activity

Students worked in teams to brainstorm, plan and create interactive, water education games targeted to third through fifth grade students. Groups then rotated, played the games, and improved on one another's designs! Game themes ranged from the water cycle to community water systems.

Mock Town Hall Meeting

The town hall focused on the proposed Marvin Nichols Reservoir. Students were assigned to five separate stakeholder groups representing different perspectives and opinions on whether the project should move forward. Each stakeholder group advocated for their position during a mock town hall featuring passionate debate!



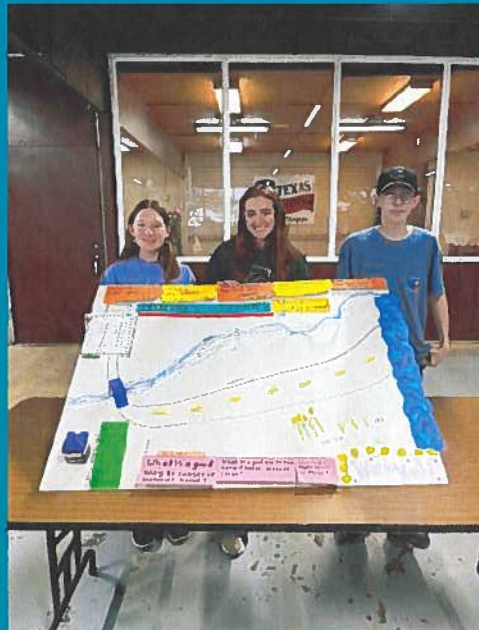
MAY 19-21
CAMP BUCKNER

Spring Retreat

Fall Retreat



State Water
Planning Activity



Community Water System
Model Building



Costume Party and Dance

Students participated in a state water planning simulation modeled after the Texas process. They also designed and constructed water education models.

OCTOBER 27-29
4-H CONFERENCE CENTER

SENIOR REFLECTIONS



EMMA CANALES
TIER IV AMBASSADOR
BELL COUNTY

"I found my passion for policy my freshman year during our fall and spring retreats. We discussed water law and all the aspects that play a role in it. After that moment, I knew I wanted to pursue a career in water and policy. Not too long afterwards, I was offered the opportunity to attend the State Capital trip where we met with lobbyists and other industry professionals. After one on one conversations with them I knew that this is what I wanted to do. I could not thank the ambassador program enough for offering me these opportunities. After graduation, I plan to attend West Texas A&M University majoring in Agriculture Media and Communications with a minor in Political Sciences in hopes of becoming an agricultural lobbyist."

ISAIAH ATOE
TIER IV AMBASSADOR
TARRANT COUNTY

"The most important thing being a Water Ambassadors has taught me is no matter how small of an impact you may make, you can always change someone's life for the better and give them new opportunities and experiences that they too can share with others. After I graduate high school, I plan on studying Fisheries Science and Management at the University of Arkansas Pine Bluff and pursuing a career with a wildlife and fisheries organization as a fisheries biologist."

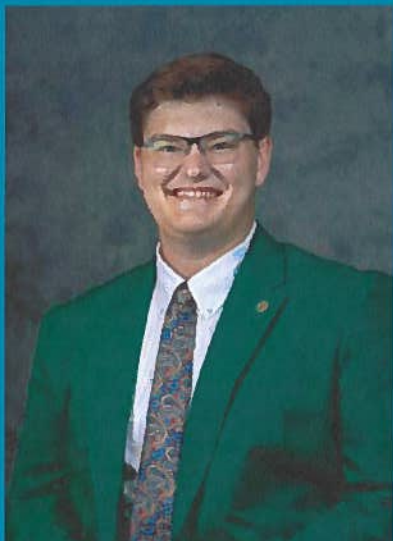


KYLE WORKMAN
TIER IV AMBASSADOR
LEON COUNTY

"The Water Ambassador program has given me numerous opportunities to practice public speaking and time management, meet new people, and explore possible careers. These skills will help me tremendously in reaching my career goals. Without the program, I would not be the same today. I appreciate all that I have learned about our state's water resources. After high school, I plan to go straight into the workforce or go to trade school."



SENIOR REFLECTIONS



JUSTIN HILL
TIER IV AMBASSADOR
MOORE COUNTY

“This program has allowed me to interact with business professionals in the water industry, exposing me to the opportunities within. I've had the opportunity to meet and build friendships with peers from all across Texas, and attend state-wide leadership and water conferences. I plan on attending Texas A&M University and major in Ag Systems Management.”

JOHN GAUNTT, III
TIER IV AMBASSADOR
BELL COUNTY

“The Water Ambassador program has impacted me significantly. The program pushed me to learn about a subject I was originally not passionate about. This program has opened my eyes to the careers in the water field and has pointed me toward a degree in ag systems with an end goal of working in water law. I will always be grateful for the friendships and lessons this program has given me.”



2023 TEXAS GROUND WATER FOUNDATION SCHOLARSHIPS



13 former and current 4-H Water Ambassadors received Texas Ground Water Foundation scholarships.

- Ava Snelson
- Bailey Halbert
- Carson Manning
- Gabriel Ramthun
- Jalyynn Justice
- Jaxon Grove
- John Jones
- Macy Downs
- Molly McKinney
- Myla Childers
- Riley Calk
- Susan de Clot
- Broissia
- Trent Morris

WHERE ARE THEY NOW?

YEAR 2023

MACY DOWNS - WEST TEXAS A&M UNIVERSITY

"One of the strongest choices I made for my future as a high school student was joining the 4-H Water Ambassadors Program. Through the program, I had numerous opportunities for public speaking and education, which led me to pursue a degree in Agricultural Media and Communication. Experiences I had as a Water Ambassador opened doors for me to earn scholarships from groundwater-focused organizations that paid for almost 20% of the cost of my undergraduate education. I remain in contact with many professional connections I made through the program and cultivated my skills for building new ones. Alongside my peers and with the assistance of wise mentors in the 4-H Water Ambassadors Program, I laid the foundation upon which I am crafting my professional career in agriculture."



RILEY CALK - TEXAS A&M UNIVERSITY

"Joining the Water Ambassadors Program as a junior in high school opened many doors for me regarding my future and career goals. The leadership and networking opportunities within my community and throughout the state continue to serve me today. I have also had the opportunity to work for the program over the last four years as I pursue my bachelor's degree at Texas A&M University. The last six years as an ambassador and student technician have allowed me the opportunity to explore my interests within the water industry while deciding on a career path."

MADELINE BROWN - MISSISSIPPI STATE UNIVERSITY

"The Water Ambassadors Program gave me a background of scientific knowledge that helped me qualify for a position as a Forest Hydrology lab technician and a job analyzing wildlife camera survey data. Aside from helping me pay for my education, these jobs have allowed me to gain experience and learn more about my chosen field, and opportunities available to me as a college freshman because of what I learned as a Water Ambassador. I am completing an undergraduate degree in Wildlife, Fisheries, and Aquaculture Science at Mississippi State University. After graduation, I plan to earn a master's degree in environmental science and build a career in restoration ecology."



SHELBY SLAVINSKI TEXAS A&M UNIVERSITY- CORPUS CHRISTI

"The list of opportunities the program has given me goes without mention; however, I can say having the opportunity to be opened up and see everything firsthand did make a world of difference! From dibbling in ponds and bays, to physically viewing abandoned and flowing wells, to touring wastewater and desalination plants. I am currently attending Texas A&M University in Corpus Christi and majoring in Environmental Sciences. While in Corpus, I will also get the great opportunity to work alongside the Nueces River Authority. In the future, I plan to graduate with a minor in pre-law and transfer to TAMU-College Station for a master's in water law. I hope to either join a water board, river authority, or maybe even start my own firm."

Former Ambassador Spotlight



Molly McKinney was selected for the fall 2023 cohort of the Texas A&M Public Policy Internship Program where she is interning for Bose Public Affairs Group. As a public policy intern, Molly tracks legislation and write in briefs for various policy areas including health, environment, and technology. She also covers hearings on the Hill and creates a weekly newsletter that is sent out to partners and staff. Molly served two years as 4-H Water Ambassador in Bexar County, before working four years as a Student Technician for the Texas 4-H Water Ambassadors Program while a Texas A&M University student. Molly graduated from Texas A&M University spring 2023.

Bailey Halbert (right) was selected for the Agricultural and Natural Resources Policy Internship Program at Texas A&M University where she interned for State Senator Lois Kolkhorst during the Texas 88th Legislative Session in the spring of 2023. This rare opportunity allowed Bailey to explore her interest in a policymaking career by serving the constituents of Senate District 18 and impacting the future of Texas. Her service included constituent communications, legislative research, bill analysis, and attending committee hearings in support of the Senator. Additionally, she was the staffer solely responsible for ensuring that Senator Kolkhorst's bills successfully passed the Local and Uncontested Calendar. Bailey was a Brazos County 4-H member, served two years as Texas 4-H Water Ambassador, and is currently a senior at Texas A&M University who plans to graduate spring 2024.



WATER INDUSTRY CONFERENCES



BELL COUNTY WATER SYMPOSIUM
November 14
Belton



TEXAS GROUNDWATER SUMMIT
August 29-30
San Antonio



**TEXAS ON-SITE WASTEWATER
ASSOCIATION CONFERENCE**
March 7
Waco



**TEXAS GROUNDWATER
ASSOCIATION ANNUAL
CONVENTION**
January 25-26
San Marcos

**MILAM & BURLESON COUNTIES
GROUNDWATER SUMMIT**
August 17
Caldwell

AMBASSADOR SERVICE

2,972 HOURS OF REPORTED SERVICE
38,578 EDUCATIONAL CONTACTS
\$94,830 IN VOLUNTEER TIME



Rory Die participated in the 2023 TCEQ Public Drinking Water Conference in Austin.



Kyle & Clay Workman taught students at Leon Elementary about watershed protection using an Enviroscope Model.



Miranda Jordon, Andie Saxon, & Jesse Calk assisted Souther Ogallala Conservation and Outreach Program at Oil & Ag Day in Gaines County.

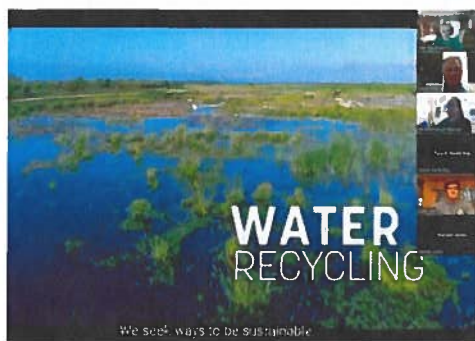


Kadie Cox, Brandis Beavers & Texann Ralston assisted North Plains Groundwater Conservation District at Dalhart 4-H Soil Camp.



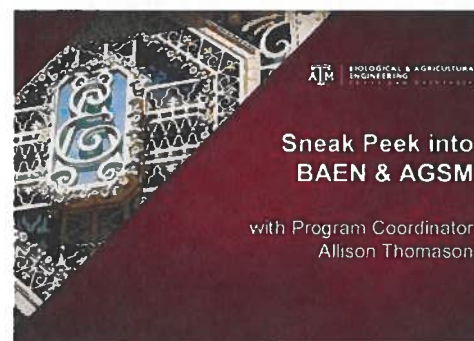
Caleb Mannix & Chase Janke led a water infiltration demonstration for students at Keep Copperas Cove Beautiful Eco Harvest 2023.

CONTINUING EDUCATION VIRTUAL SEMINARS

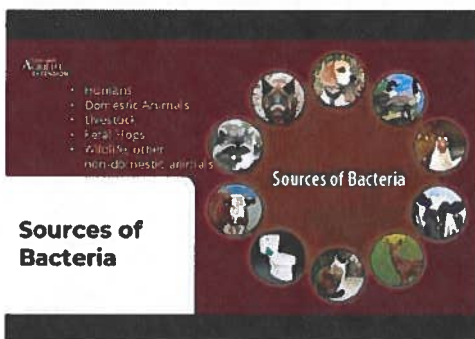


A Watershed Level Approach. Michelle Wood-Ramirez, Tarrant Regional Water District

Eight Zoom seminars provided continuing education on a range of water topics including water quality, college degree options, healthy riparian areas, industrial water treatment and water industry careers.



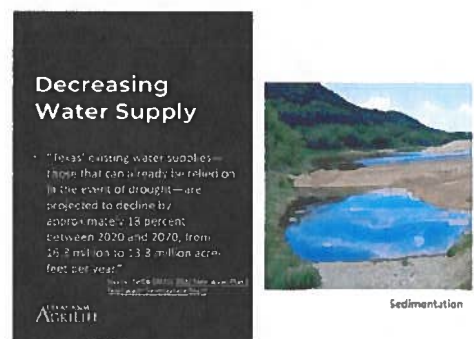
A Sneak Peek into TAMU Biological & Agricultural Engineering and Agricultural Systems Management. Allison Thomason, Texas A&M University



Lone Star Healthy Streams. Leanne Wiley, Texas A&M AgriLife Extension, Soil & Crop Sciences



Water industry career panel. Jenna Covington - North Texas Municipal Water District, Heather Ramsey - San Jacinto River Authority, Jill Garcia - Upper Trinity Groundwater Conservation District, Adeline Fox - Texas Ground Water Association



A Dive into Texas Water Issues. David Smith, Texas A&M AgriLife Extension

Cooling Water Usage

How is water used?

- Industrial water**
- 70% used for Cooling
 - 20% used for Process water and steam-generation
 - 10% used for other use

- Majority of cooling water is used for indirect cooling
- Heat Exchangers
 - Condensers

- Demand for Cooling Water has a great effect on World Water Use
- Requires the operator to maximize water savings through reduced wastage

Types of coolin

- Once Through
- Closed Systems
- Open Recirculating



Source Water Protection Area

- Surface Water**
- 2 Hour Runoff – Area of Primary Influence

- Groundwater**
- Minimum 20 Year Capture Zone
 - Half Mile for Wells that have undefined capture zones



Industrial Water. Dr. Waynn Morgan, TriMor Consultants, LLC, James Kiolbassa, Baker Hughes

Source Water Protection. Jason Knobloch, Texas Rural Water Association



Water Infrastructure. David Smith, Texas A&M AgriLife Extension

ADVISORY COMMITTEE

MET MAY 24 & DECEMBER 7

COMMITTEE MEMBERS:

THE 4-H WATER AMBASSADORS PROGRAM ADVISORY COMMITTEE CONSISTS OF WATER INDUSTRY, EXTENSION AND EDUCATION PROFESSIONALS.

MEMBERS MEET TWICE A YEAR TO REVIEW PROGRAM ACTIVITIES AND PROVIDE ADVICE TO ENHANCE VISIBILITY, BUILD SUPPORT AND EXPAND PROGRAM IMPACT.

1. Adeline Fox—Guadalupe-Blanco River Authority
2. Jay Bragg—Texas Farm Bureau
3. Jill Garcia—Upper Trinity Groundwater Conservation District
4. Michelle Wood-Ramirez—Tarrant Regional Water District
5. Whitney Ingram—Texas A&M AgriLife Extension
6. Sinclair Newby—Johnson County Special Utility District
7. Roxanna Reyna—Texas A&M AgriLife Extension
8. Julia Stanford—Texas Alliance of Groundwater Districts
9. Megan Lamb—Brazos Valley Groundwater Conservation District
10. Michelle Cooper—Southern Ogallala Conservation & Outreach Program
11. Stephanie Keith—Middle Trinity Groundwater Conservation District
12. Dirk Aaron—Clearwater Underground Water Conservation District
13. Justin Saenz—Lone Star Groundwater Conservation District
14. Riley Calk—Former 4-H Water Ambassador, Student Technician
15. Joshua Jones—Former 4-H Water Ambassador, Student Technician

PROGRAM SPONSORS

The Texas 4-H Water Ambassadors program is funded through private sponsorships and in-kind support. Funds are used solely for the mission and objectives of the Texas 4-H Water Ambassadors Program. Thanks to all sponsor organizations for their support!

Industry sponsors are essential to the success of the program! This funding is used to cover costs for the summer leadership academies/retreats as well as educational resources and tools for water ambassadors.

Visit our website for full list of current sponsors or to become a sponsor.

<https://www.texas4hwaterambassadors.com/sponsors>

IN 2023, 61 INDIVIDUAL SPONSORS CONTRIBUTED \$87,000 TO SUPPORT THE PROGRAM!



Sponsorships are made to the Texas 4-H Youth Development Foundation—a 501(c)(3) nonprofit organization. Donations to the Foundation are tax deductible to the fullest extent allowed by law.

2024 APPLICATIONS & DATES

MARCH 15, 2024

APPLICATIONS OPEN

MAY 1, 2024

APPLICATIONS CLOSE

MAY 10, 2024

**APPLICANTS NOTIFIED
OF ACCEPTANCE STATUS**

JUNE 1, 2024

\$300 PARTICIPATION FEE DUE

JUNE 9-15, 2024

TIER I 4-H2O LEADERSHIP ACADEMY

- Through an application process, up to (30) high school youth are selected from across Texas to serve as 4-H Water Ambassadors. Those chosen will participate in a Tier I 4-H2O Leadership Academy – a multi-day tour of Texas aimed at exposing youth to a wide diversity of water issues.
- Following the Academy, youth commit to a minimum of (40) hours of water education and service in their communities. Those who complete their service commitment may continue as 4-H Water Ambassadors in successive years until they graduate high school
- Year 2 (Tier II), year 3 (Tier III), and year 4 (Tier IV) 4-H Water Ambassadors participate in 4-H2O Leadership Academies which focus on a different region of Texas. They renew their annual education and service commitment during their remaining terms of service.

HOW TO APPLY



VISIT OUR WEBSITE:

<https://www.texas4hwaterambassadors.com/application>



@TX4HWATERAMBASSADOR



@4H20_AMBASSADOR



@4H_WATER_AMBASSADORS

**KEEP UP WITH US
ON SOCIAL MEDIA**

District Investment Policy - Item #9

Board Meeting
January 10, 2024

Agenda Item # 9
Adopt Investment Policy

Agenda Item #9:

Discuss, consider and take appropriate action necessary to review and adopt the District Investment Policy by Resolution for Calendar year 2024.

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 12, 2022. 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 *Cadence Bank* 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 2024**.

CUWCD Investment Policy

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT INVESTMENT AND FINANCIAL MANAGEMENT POLICY

This Investment Policy (the "Policy") is adopted as of the **10th** day of **January 2024**, 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 (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.
- (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 investment 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 \$250,000 (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.

TexPool
Information Statement



TexPool Information Statement

Texas Local Government Investment Pool

November 2022

G35884-50

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No person or entity has been authorized to give any information, or to make any representations other than those contained in this Information Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Texas Treasury Safekeeping Trust Company, the Texas Comptroller of Public Accounts, or Federated Hermes, Inc. The attachments included herein are part of this Information Statement. The information contained in this document is subject to change without notice.

If you have any questions regarding this material, please contact:

TexPool Participant Services
Attn: Office Manager
1001 Texas Avenue, Suite 1150
Houston, Texas 77002

1-866-839-7665 (1-866-TEXPOOL)

I. Organization and Structure

The Texas Local Government Investment Pools (the “TexPool Portfolios”) have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (the “Comptroller”) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the “Trust Company”), which is authorized to operate the TexPool Portfolios. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Hermes, Inc. (“Federated”), under an agreement with the Comptroller, acting on behalf of the Trust Company. The TexPool Portfolios are comprised of two investment alternatives: TexPool and TexPool Prime. This Information Statement relates only to TexPool. TexPool may invest in obligations of the United States Government or its agencies and instrumentalities, repurchase agreements and certain mutual funds.

The Comptroller maintains oversight of the services provided to the TexPool Portfolios by Federated. In addition, the TexPool Advisory Board advises on the Investment Policies for the TexPool Portfolios and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

II. Public Funds Investment Act Disclosure Items

The Public Funds Investment Act requires investment pools to provide an information statement to the investment officer or other authorized representative of an investing entity. This section provides the specific information items required by Section 2256.016 of the Public Funds Investment Act as it relates to an investment in TexPool.

1. **Types of Investments Authorized for TexPool.** The investment policies and composition guidelines for TexPool are summarized below. Although the Public Funds Investment Act permits investment in a variety of investment types, the TexPool Investment Policy restricts investment to the following investments:

Authorized Investments:

- A. Obligations of the United States Government or its agencies and instrumentalities with a maximum final maturity of 397 days for fixed rate securities.
- B. 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 mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity or a third party, and (iv) that are placed through primary government securities dealers 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.

- C. No-load money market mutual funds that (i) are registered with and regulated by the Securities and Exchange Commission, (ii) provide a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, (iii) comply with federal Securities and Exchange Commission rule 2a-7, as promulgated under the Investment Company Act of 1940, (iv) are a permissible investment, and (v) includes in its investment objectives the maintenance of a stable net asset value of \$1.00 for each share. The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO.
- D. Securities lending programs that comply with various limitations.

Prohibited Investments:

- A. TexPool *will not* invest in derivatives. The definition of derivatives includes instruments which have embedded features that alter their character 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 correlated on a one-on-one basis to the associated index or market.
- B. TexPool *will not* invest in commercial paper or certificates of deposit.

Diversification Guidelines:

Specific portfolio diversification limitations govern the TexPool portfolio:

- A. 100% of the portfolio may be invested in obligations of the United States.
 - B. 100% of the portfolio may be invested in direct repurchase agreements.
 - C. Reverse repurchase agreements may be used within a limitation of up to one-third (1/3) of total portfolio assets.
 - D. No more than 10% of the portfolio may be invested in approved money market mutual funds.
2. **Maximum Average Dollar-Weighted Maturity.** The portfolio should maintain a weighted average maturity of 60 days or less.
 3. **Maximum Stated Maturity Date.** The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less.
 4. **Objectives of TexPool.** The primary objectives of TexPool are preservation and safety of principal; liquidity; and yield. There is no sales charge and no investment minimum. TexPool will invest only in investments that are authorized under both the Public Funds Investment Act and the TexPool Investment Policy. See Item 1 of this section for a description of authorized TexPool investments.

5. **Size of the Pool.** The current size of TexPool is provided in TexPool's monthly newsletter to Participants or by calling TexPool Participant Services at 1-866-839-7665. A copy of the most recent newsletter, which contains the historical average monthly balance, should be obtained in connection with this Information Statement.
6. **TexPool Advisory Board.** Section 2256.016(g)(1) of the Public Funds Investment Act requires TexPool to establish and maintain an advisory board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios. The TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. The TexPool Advisory Board members serve at the will of the Comptroller. A current list of the TexPool Advisory Board members is included in the TexPool newsletter, which is mailed monthly to each participant and is also posted on the TexPool website, www.texpool.com, under the Newsletter link.
7. **Custodian for TexPool.** State Street Bank serves as custodian to TexPool.
8. **Net Asset Value.** TexPool seeks to maintain a net asset value of \$1.00 and is designed to be used for investment of funds which may be needed at any time.
9. **Source of Payment.** The only source of payment to Participants is the assets of TexPool. There is no secondary source of payment for TexPool, such as insurance or guarantees.
10. **Independent Auditor.** TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. RSM US LLP, 811 Barton Springs Road Suite 500, Austin, Texas 78704, performed TexPool audits for each year beginning with the accounting periods September 1, 2015 through August 31, 2022. Beginning in the audit period September 1, 2012 through each twelve-month period ending August 31, 2015, Padgett Stratemann & Co., LLP, 811 Barton Springs Road, Suite 550, Austin, Texas 78704 performed auditing services. In addition, TexPool is subject to review by the State Auditor's Office and by the internal auditors of the Trust Company and Comptroller's Office.
11. **Operating Procedures.** Deposits and withdrawals may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. The requirements for TexPool deposits and withdrawals, deadlines, and other operating procedures are summarized under the section entitled "Summary of Operating Procedures" later in this Information Statement.
12. **Performance History.** The performance history, including yield, weighted average maturity, expense ratios and average balance is provided on a monthly basis on the TexPool website, www.texpool.com, under the Performance link and in the monthly TexPool newsletter which is mailed to each participant and posted on the website under the Newsletters link.

III. Understanding the Risks Associated with Investing in TexPool

Before making an investment decision, each participant should consider two types of risks in determining whether any investment, including TexPool, is appropriate: credit risk and market risk.

Credit Risk. Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when due. If an issuer defaults, TexPool will lose money. TexPool tries to minimize this risk by purchasing high quality securities.

Many fixed income securities receive credit ratings from NRSROs such as Standard & Poor's and Moody's Investors Service. These NRSROs assign ratings to securities by assessing the likelihood of issuer default. Lower credit ratings correspond to higher perceived credit risk and higher credit ratings correspond to lower perceived credit risk.

Credit risk includes the possibility that a party to a transaction involving TexPool will fail to meet its obligations. This could cause TexPool to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategy.

Market Risk. Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for fixed income securities, may cause the price of certain fixed income securities to fall while the prices of other securities rise or remain unchanged.

Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. TexPool tries to minimize this risk by purchasing short-term securities and maintaining a weighted average portfolio maturity of sixty (60) days or less.

IV. Administration of TexPool

By executing the Participation Agreement, the Participant has delegated the authority to the Comptroller, or the comptroller's designee, to hold legal title as custodian and to make investments purchased with the Participant's funds deposited in TexPool. The Participation Agreement permits the Trust Company to enter into an agreement with a third party investment manager to perform its obligations and services under the Participation Agreement with provision that TexPool be managed according to the requirements of the Public Funds Investment Act, the TexPool Investment Policy, and in a manner consistent with that directed by the Trust Company.

The Trust Company has signed an agreement with Federated to provide required services to the TexPool Portfolios. The agreement terminates December 31, 2024. The Trust Company has the right, in its sole discretion, to renew the agreement for one additional two-year period to December 31, 2026, and to extend the renewal period for six (6) months to June 30, 2027.

The Comptroller maintains control of TexPool through a series of daily, weekly, and monthly reporting requirements. Federated serves as investment manager and provides portfolio accounting, custodial, transfer agency, marketing and participant services to TexPool.

- **Investment Management.** The Comptroller will provide Federated, TexPool's Investment Manager, with a list of primary dealers and brokers authorized to provide investment services. All dealers and brokers who desire to become qualified bidders for investment transactions must supply to the Trust Company a completed broker/dealer questionnaire, proof of registration with the Texas State Securities Board, proof of National Association of Securities Dealers (NASD) certification, audited financial statements, and written acknowledgment that

the entity has read the TexPool Investment Policy and has reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the entity and TexPool. Federated will review the financial condition of brokers and dealers with whom it executes investment transactions.

- **Ratings.** To comply with Section 2256.016(h) of the Public Funds Investment Act, TexPool will maintain a AAA or equivalent rating from at least one NRSRO.

TexPool is currently rated AAAM by Standard and Poor's. An explanation of the significance of such rating may be obtained from Standard & Poor's at 1221 Avenue of the Americas, New York, New York 10020.

- **Calculation of Yields and Net Asset Value.** Each day, TexPool determines the net interest income for that day. The net interest income is determined by adjusting TexPool's accrued interest for that day by the amortization of any premiums and/or the accretion of any discounts, daily service fee, and any gains or losses from the sale of securities. TexPool's daily interest rate will be determined by dividing the net interest income for that day by the total investable balance of TexPool for that day. The resulting rate will then be used to determine the amount of interest income to distribute to each Participant's account. Interest income accrued during the month is credited to each Participant's account at the end of the month and is reinvested unless the Participant provides for its withdrawal or transfer.
- **Valuation of TexPool Assets.** All investments are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. All TexPool securities will be marked to market daily. If the ratio of the market value of TexPool's portfolio securities divided by the book value of such securities is less than 0.995 or greater than 1.005, TexPool will sell portfolio securities, as required, to maintain the ratio between 0.995 and 1.005. All gains or losses from the sale of securities will be distributed among TexPool Participants over a period of up to thirty (30) days from the date of which the gain or loss is realized.
- **Ethics and Conflicts of Interest.** The Comptroller requires Federated 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. Federated's Compliance Officer is required to file a quarterly statement with the Trust Company evidencing compliance with foregoing matters by Federated and its employees.
- **Fees and Expenses.** The TexPool service fee is 4.5 basis points annually, calculated daily on the TexPool balance. The TexPool fee is deducted from the gross interest earned. There is no direct reduction to the Participant's account; thus, only the net income is credited to the Participant's account. All TexPool rates are quoted net of fees. There are no hidden costs or additional reductions to Participants' accounts. Under the current contract with Federated, the fee may not be raised for the duration of the contract. The contract's initial term ends December 31, 2024, and it is renewable for an additional two years to December 31, 2026 which may be extended to June 30, 2027 in the sole discretion of the Trust Company.
- **Liability.** Any liability of the Comptroller, the Comptroller's Office, the Trust Company,

representatives or agents or the Trust Company, any Comptroller or Trust Company employee, or any member of the Board for any loss, damage or claim, including losses from investments and transfers, to the Participant shall be limited to the full extent allowed by applicable laws. The Trust Company's responsibilities under the Participation Agreement are limited to the management and investment of TexPool and the providing of reports and information required.

V. Participating in TexPool

Participation in TexPool is limited to those eligible governmental entities that have executed a Participation Agreement with the Comptroller. Participants' assets in TexPool are represented by units. Assets in TexPool will be invested in accordance with such investment objectives, limitations, and other policies established by the Comptroller. The TexPool Investment Policy is summarized in the Information Statement. A complete copy of the Investment Policy may be obtained from TexPool Participant Services.

- **Eligibility to Invest.** Each governing body of a local government or a state agency subject to the Public Funds Investment Act may approve by resolution execution of a Participation Agreement, consistent with the provisions of the entity's approved investment policy.
- **Establishment of Accounts.** To open an initial TexPool account, the Participant must execute the Participation Agreement and provide a Resolution authorizing participation in TexPool and follow the procedures for designating "Authorized Participant Representatives" on TexPool Portfolios. Designated Authorized Participant Representatives are authorized to transfer funds for investment in the TexPool Portfolios and are further authorized to withdraw funds from time to time, to issue letters of instructions, and take all other actions deemed necessary or appropriate for the investment of local funds. A Participant must also provide a separate Bank Information Sheet for each account signed by two Authorized Participant Representatives. The Operating Procedures describe in detail the procedures required for the establishment of accounts, deposits to and withdrawals from TexPool, and related information. A copy of the Operating Procedures may be obtained from TexPool Participant Services or through the TexPool website @ www.texpool.com
- **Amendments.** The Trust Company shall advise the Participant in writing of any amendments to the Participation Agreement no less than 45 days prior to the effective date of such amendment. The Participant may ratify the proposed amendment of the Agreement by letter to the Trust Company. In the event the Participant elects not to ratify the amendment, the Participant may terminate the Agreement in accordance with the applicable Agreement provision. In the event the Participant fails to respond in writing to a notice of amendment prior to the effective date of such amendment, the Agreement shall be deemed amended.

The Operating Procedures may be periodically revised from time to time as necessary for the efficient operation of TexPool. Transactions subsequent to the effective date of a revision in Operating Procedures should be conducted according to the revised procedure.

VI. Summary of Operating Procedures

Deposits and withdrawals to TexPool may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. Excerpts from the current operating procedures are provided below.

- **Wire Transfers.** Wire transfer transactions will be executed on the same day as initiated. TexPool Participant Services must be notified by 4:00 p.m. (Central Time) for all wire transfer activity. Outgoing wire transfers from TexPool will be sent through the FED by the close of business (5:00 p.m. Central Time). Wire transfer deposits will not be accepted into TexPool after the trade cutoff.
- **Automated Clearing House (“ACH”) Transfers.** ACH transactions will be executed on the business day following the date the transaction was initiated. TexPool must be notified by 3:30 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 account. In the event of an ACH rejection, TexPool will contact the Participant to confirm the rejection. TexPool will credit/debit the Participant’s account accordingly including any interest earned from the date of the ACH rejection.
- **Methods of Notification to TexPool of wire transfer or ACH activity:**
 - a. TexConnect Online;
 - b. Verbal notification (on a recorded phone line) to a TexPool Participant Services representative. Participant’s TexConnect PIN number must be provided at the point of call. A confirmation for each transaction is generated daily and mailed to the Participant the following business day, provided it is not a bank holiday.
- **Reports.** Participants will be mailed a monthly statement within the first five (5) business days of the succeeding month. The monthly statement will include a detailed listing of the balance in the Participant’s accounts as of the date of the statement; all account activity, including deposits and withdrawals; and any special fees and expenses charged. Additionally, copies of the Participant’s reports in physical or electronic form will be maintained for a minimum of three prior fiscal years. A complete copy of the TexPool Operating Procedures may be obtained by contacting TexPool Participant Services or through the TexPool website @ www.texpool.com.

TexPool
Investment Policy



TexPool Investment Policy

Texas Local Government Investment Pool

Effective November 1, 2023

G35884-52

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.

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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 either directly or through a joint account approved by the investing entity, in the entity's name either directly or through a joint account approved by the investing entity, 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. A fully collateralized repurchase agreement or reverse repurchase agreement made by an investing entity may be submitted for clearing and settlement to a covered clearing agency, as defined by the Securities and Exchange Commission in Rule 17Ad-22 (17 C.F.R. Section 240.17Ad-22).

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;; 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.

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.

**TexPool Prime
Information Statement**



TexPool *Prime* Information Statement

Texas Local Government Investment Pool

November 2022

G35884-51

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No person or entity has been authorized to give any information, or to make any representations other than those contained in this Information Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Texas Treasury Safekeeping Trust Company, the Texas Comptroller of Public Accounts, or Federated Hermes, Inc. The attachments included herein are part of this Information Statement. The information contained in this document is subject to change without notice.

If you have any questions regarding this material, please contact:

TexPool Participant Services
 Attn: Office Manager
 1001 Texas Avenue, Suite 1150
 Houston, Texas 77002

1-866-839-7665 (1-866-TEX-POOL)

I. Organization and Structure

The Texas Local Government Investment Pools (the “TexPool Portfolios”) have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (the “Comptroller”) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the “Trust Company”), which is authorized to operate the TexPool Portfolios. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Hermes, Inc. (“Federated”), under an agreement with the Comptroller, acting on behalf of the Trust Company. The TexPool Portfolios are comprised of two investment alternatives: TexPool *Prime* and TexPool. This Information Statement relates only to TexPool *Prime*. TexPool *Prime* may invest in commercial paper and certificates of deposit, as well as obligations of the United States Government or its agencies and instrumentalities, and repurchase agreements.

The Comptroller maintains oversight of the services provided to the TexPool Portfolios by Federated. In addition, the TexPool Advisory Board advises on the Investment Policies for the TexPool Portfolios and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

II. Public Funds Investment Act Disclosure Items

The Public Funds Investment Act requires investment pools to provide an information statement to the investment officer or other authorized representative of an investing entity. This section provides the specific information items required by Section 2256.016 of the Public Funds Investment Act as it relates to an investment in TexPool *Prime*.

1. **Types of Investments Authorized for TexPool *Prime*.** The investment policies and composition guidelines for TexPool *Prime* are summarized below. Although the Public Funds Investment Act permits investment in a variety of investment types, the TexPool *Prime* Investment Policy restricts investment to the following investments:

Authorized Investments:

- A. Obligations of the United States Government or its agencies and instrumentalities with a maximum final maturity of 397 days for fixed rate securities other than for floating or variable rate government obligations of the United States, its agencies, or instrumentalities.
- B. 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 mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity or a third party, and (iv) that are placed through primary government securities dealers 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.

- C. No-load money market mutual funds that (i) are registered with and regulated by the Securities and Exchange Commission, (ii) provide a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and (iii) comply with federal Securities and Exchange Commission rule 2a-7, as promulgated under the Investment Company Act of 1940. The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO.
- D. 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
- E. Commercial paper that matures in 270 days or less from the date of its issuance. The commercial paper must be rated at least A-1 or P-1 (or the equivalent thereof) by
 - (i) two NRSROs or (ii) one NRSRO and fully secured by an irrevocable letter of credit by a national or state bank.
- F. Securities lending programs that comply with various limitations.

Prohibited Investments:

- A. *TexPool Prime* will not invest in derivatives. The definition of derivatives includes instruments which have embedded features that alter their character 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 correlated on a one-on-one basis to the associated index or market.

Diversification Guidelines:

Specific portfolio diversification limitations govern the *TexPool Prime* portfolio:

- A. 100% of the portfolio may be invested in obligations of the United States.
 - B. 100% of the portfolio may be invested in direct repurchase agreements.
 - C. Reverse repurchase agreements may be used within a limitation of up to one-third (1/3) of total portfolio assets.
 - D. No more than 10% of the portfolio may be invested in approved money market mutual funds.
 - E. 75% of the portfolio may be invested in certificates of deposits.
 - F. 100% of the portfolio may be invested in commercial paper.
2. **Maximum Average Dollar-Weighted Maturity.** The portfolio should maintain a weighted average maturity of 60 days or less.

3. **Maximum Stated Maturity Date.** The maximum maturity for any individual security in the portfolio is limited to 397 days other than for floating or variable rate government obligations of the United States, its agencies, or instrumentalities
4. **Objectives of TexPool *Prime*.** The primary objectives of TexPool *Prime* are preservation and safety of principal; liquidity; and yield. There is no sales charge and no investment minimum. TexPool *Prime* will invest only in investments that are authorized under both the Public Funds Investment Act and the TexPool *Prime* Investment Policy. See Item 1 of this section for a description of authorized TexPool *Prime* investments.
5. **Size of the Pool.** The current size of TexPool *Prime* is provided in TexPool *Prime*'s monthly newsletter to Participants or by calling TexPool Participant Services at 1-866-839-7665. A copy of the most recent newsletter, which contains the historical average monthly balance, should be obtained in connection with this Information Statement.
6. **TexPool Advisory Board.** Section 2256.016(g)(1) of the Public Funds Investment Act requires TexPool *Prime* to establish and maintain an advisory board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios. The TexPool Advisory Board advises on TexPool *Prime*'s Investment Policy and approves any fee increases. The TexPool Advisory Board members serve at the will of the Comptroller. A current list of the TexPool Advisory Board members is included in the TexPool *Prime* newsletter, which is mailed monthly to each participant and is also posted on the TexPool website, www.texpool.com, under the Newsletter link.
7. **Custodian for TexPool *Prime*.** State Street Bank serves as custodian to TexPool *Prime*.
8. **Net Asset Value.** TexPool *Prime* seeks to maintain a net asset value of \$1.00 and is designed to be used for investment of funds which may be needed at any time.
9. **Source of Payment.** The only source of payment to Participants are the assets of TexPool *Prime*. There is no secondary source of payment for TexPool *Prime*, such as insurance or guarantees.
10. **Independent Auditor.** TexPool *Prime* is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. RSM US LLP, 811 Barton Springs Road Suite 500, Austin, Texas 78704, performed TexPool *Prime* audits for each year beginning with the accounting periods September 1, 2015 through August 31, 2022. Beginning in the audit period September 1, 2012 through each twelve-month period ending August 31, 2015, Padgett Stratemann & Co., LLP, 811 Barton Springs Road, Suite 550, Austin, Texas 78704 performed auditing services. In addition, TexPool *Prime* is subject to review by the State Auditor's Office and by the internal auditors of the Trust Company and Comptroller's Office.
11. **Operating Procedures.** Deposits and withdrawals may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. The requirements for TexPool *Prime* deposits and withdrawals, deadlines, and other operating procedures are summarized under the section entitled "Summary of Operating Procedures" later in this Information Statement.
12. **Performance History.** The performance history, including yield, weighted average maturity, expense ratios and average balance is provided on a monthly basis on the TexPool website, www.texpool.com, under the Performance link and in the monthly TexPool *Prime* newsletter which is mailed to each participant and posted on the website under the Newsletters link.

III. Understanding the Risks Associated with Investing in TexPool *Prime*

Before making an investment decision, each participant should consider two types of risks in determining whether any investment, including TexPool *Prime*, is appropriate: credit risk and market risk.

Credit Risk. Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when due. If an issuer defaults, TexPool *Prime* will lose money. TexPool *Prime* tries to minimize this risk by purchasing high quality securities.

Many fixed income securities receive credit ratings from NRSROs such as Standard & Poor's and Moody's Investors Service. These NRSROs assign ratings to securities by assessing the likelihood of issuer default. Lower credit ratings correspond to higher perceived credit risk and higher credit ratings correspond to lower perceived credit risk.

Credit risk includes the possibility that a party to a transaction involving TexPool *Prime* will fail to meet its obligations. This could cause TexPool *Prime* to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategy.

Market Risk. Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the prices of other securities rise or remain unchanged.

Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. TexPool *Prime* tries to minimize this risk by purchasing short-term securities and maintaining a weighted average portfolio maturity of sixty (60) days or less.

IV. Administration of TexPool *Prime*

By executing the Participation Agreement, the Participant has delegated the authority to the Comptroller, or the comptroller's designee, to hold legal title as custodian and to make investments purchased with the Participant's funds deposited in TexPool *Prime*. The Participation Agreement permits the Trust Company to enter into an agreement with a third party investment manager to perform its obligations and services under the Participation Agreement with provision that TexPool *Prime* be managed according to the requirements of the Public Funds Investment Act, the TexPool *Prime* Investment Policy, and in a manner consistent with that directed by the Trust Company.

The Trust Company has signed an agreement with Federated to provide required services to the TexPool Portfolios. The agreement terminates December 31, 2024. The Trust Company has the right, in its sole discretion, to renew the agreement for one additional two-year period to December 31, 2026, and to extend the renewal period for six (6) months to June 30, 2027. The Comptroller maintains control of TexPool *Prime* through a series of daily, weekly, and monthly reporting requirements. Federated serves as investment manager and provides portfolio accounting, custodial, transfer agency, marketing and participant services to TexPool *Prime*.

- **Investment Management.** The Comptroller will provide Federated, TexPool *Prime*'s Investment Manager, with a list of primary dealers and brokers authorized to provide

investment services. All dealers and brokers who desire to become qualified bidders for investment transactions must supply to the Trust Company a completed broker/dealer questionnaire, proof of registration with the Texas State Securities Board, proof of National Association of Securities Dealers (NASD) certification, audited financial statements, and written acknowledgment that the entity has read the TexPool *Prime* Investment Policy and has reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the entity and TexPool *Prime*. Federated will review the financial condition of brokers and dealers with whom it executes investment transactions.

- **Ratings.** To comply with Section 2256.016(h) of the Public Funds Investment Act, TexPool *Prime* will maintain a AAA or equivalent rating from at least one NRSRO. TexPool *Prime* is currently rated AAA_m by Standard and Poor's. An explanation of the significance of such rating may be obtained from Standard & Poor's at 1221 Avenue of the Americas, New York, New York 10020.
- **Calculation of Yields and Net Asset Value.** Each day, TexPool *Prime* determines the net interest income for that day. The net interest income is determined by adjusting TexPool *Prime*'s accrued interest for that day by the amortization of any premiums and/or the accretion of any discounts, daily service fee, and any gains or losses from the sale of securities. TexPool *Prime*'s daily interest rate will be determined by dividing the net interest income for that day by the total investable balance of TexPool *Prime* for that day. The resulting rate will then be used to determine the amount of interest income to distribute to each Participant's account. Interest income accrued during the month is credited to each Participant's account at the end of the month and is reinvested unless the Participant provides for its withdrawal or transfer.
- **Valuation of TexPool *Prime* Assets.** All investments are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of TexPool *Prime* is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. All TexPool *Prime* securities will be marked to market daily. If the ratio of the market value of TexPool *Prime*'s portfolio securities divided by the book value of such securities is less than 0.995 or greater than 1.005, TexPool *Prime* will sell portfolio securities, as required, to maintain the ratio between 0.995 and 1.005. All gains or losses from the sale of securities will be distributed among TexPool *Prime* Participants over a period of up to thirty (30) days from the date of which the gain or loss is realized.
- **Ethics and Conflicts of Interest.** The Comptroller requires Federated 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. Federated's Compliance Officer is required to file a quarterly statement with the Trust Company evidencing compliance with foregoing matters by Federated and its employees.
- **Fees and Expenses.** The TexPool *Prime* service fee is 5.5 basis points annually, calculated daily on the TexPool *Prime* balance. The TexPool *Prime* fee is deducted from the gross interest earned. There is no direct reduction to the Participant's account; thus only the net income is credited to the Participant's account. All TexPool *Prime* rates are quoted net of fees. There are no hidden costs or additional reductions to Participants' accounts. Under the current contract with Federated, the fee may not be raised for the duration of the contract. The contract's initial term ends December 31, 2024, and it is

renewable for an additional two years to December 31, 2026 which may be extended to June 30, 2027 in the sole discretion of the Trust Company.

- **Liability.** Any liability of the Comptroller, the Comptroller's Office, the Trust Company, representatives or agents or the Trust Company, any Comptroller or Trust Company employee, or any member of the Board for any loss, damage or claim, including losses from investments and transfers, to the Participant shall be limited to the full extent allowed by applicable laws. The Trust Company's responsibilities under the Participation Agreement are limited to the management and investment of TexPool *Prime* and the providing of reports and information required.

V. Participating in TexPool *Prime*

Participation in TexPool *Prime* is limited to those eligible governmental entities that have executed a Participation Agreement with the Comptroller. Participants' assets in TexPool *Prime* are represented by units. Assets in TexPool *Prime* will be invested in accordance with such investment objectives, limitations, and other policies established by the Comptroller. The TexPool *Prime* Investment Policy is summarized in the Information Statement. A complete copy of the Investment Policy may be obtained from TexPool Participant Services.

- **Eligibility to Invest.** Each governing body of a local government or a state agency subject to the Public Funds Investment Act may approve by resolution execution of a Participation Agreement, consistent with the provisions of the entity's approved investment policy.
- **Establishment of Accounts.** To open an initial TexPool *Prime* account, the Participant must execute the Participation Agreement and provide a Resolution authorizing participation in TexPool *Prime* and follow the procedures for designating "Authorized Participant Representatives" on TexPool Portfolios. Designated Authorized Participant Representatives are authorized to transfer funds for investment in the TexPool Portfolios and are further authorized to withdraw funds from time to time, to issue letters of instructions, and take all other actions deemed necessary or appropriate for the investment of local funds. A Participant must also provide a separate Bank Information Sheet for each account signed by two Authorized Participant Representatives. The Operating Procedures describe in detail the procedures required for the establishment of accounts, deposits to and withdrawals from TexPool *Prime*, and related information. A copy of the Operating Procedures may be obtained from TexPool Participant Services or through the TexPool website @ www.texpool.com
- **Amendments.** The Trust Company shall advise the Participant in writing of any amendments to the Participation Agreement no less than 45 days prior to the effective date of such amendment. The Participant may ratify the proposed amendment of the Agreement by letter to the Trust Company. In the event the Participant elects not to ratify the amendment, the Participant may terminate the Agreement in accordance with the applicable Agreement provision. In the event the Participant fails to respond in writing to a notice of amendment prior to the effective date of such amendment, the Agreement shall be deemed amended.

The Operating Procedures may be periodically revised from time to time as necessary for the efficient operation of TexPool *Prime*. Transactions subsequent to the effective date of a revision in Operating Procedures should be conducted according to the revised procedure.

VI. Summary of Operating Procedures

Deposits and withdrawals to TexPool *Prime* may be made by wire transfer or automated clearinghouse (ACH) transfer according to established operating procedures. Excerpts from the current operating procedures are provided below.

- **Wire Transfers.** Wire transfer transactions will be executed on the same day as initiated. TexPool *Prime* Participant Services must be notified by 2:00 p.m. (Central Time) for all wire transfer activity. Outgoing wire transfers from TexPool *Prime* will be sent through the FED by the close of business (5:00 p.m. CST). Wire transfer deposits will not be accepted into TexPool *Prime* after the trade cutoff.
- **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 *Prime* 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.
- **Methods of Notification to TexPool *Prime* of wire transfer or ACH activity:**
 - a. TexConnect Online;
 - b. Verbal notification (on a recorded phone line) to a TexPool Participant Services representative. Participant’s TexConnect PIN number must be provided at the point of call. A confirmation for each transaction is generated daily and mailed to the Participant the following business day, provided it is not a bank holiday.

Reports. Participants will be mailed a monthly statement within the first five (5) business days of the succeeding month. The monthly statement will include a detailed listing of the balance in the Participant’s accounts as of the date of the statement; all account activity, including deposits and withdrawals; and any special fees and expenses charged. Additionally, copies of the Participant’s reports in physical or electronic form will be maintained for a minimum of three prior fiscal years. A complete copy of the TexPool Operating Procedures may be obtained by contacting TexPool Participant Services or through the TexPool website @ www.texpool.com

TexPool Prime
Investment Policy



TexPool *Prime* Investment Policy

Texas Local Government Investment Pool

Effective November 1, 2023

G35884-53

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 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 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 *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] judgement 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 or 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.

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 State, its agencies, or instrumentalities. However, no more that 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 either directly or through a joint account approved by the investing entity, in the entity's name either directly or through a joint account approved by the investing entity, 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. A fully collateralized repurchase agreement or reverse repurchase agreement made by an investing entity may be submitted for clearing and settlement to a covered clearing agency, as defined by the Securities and Exchange Commission in Rule 17Ad-22 (17 C.F.R. Section 240.17Ad-22).

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 that 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.

[Remainder of page intentionally left blank.]

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 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;; 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.

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 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 *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.

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 *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.

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 *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.

Cadence Bank
Policy of Securing Deposits
Assurance of FDIC Insurance

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Cadence Bank



Institution Details

Data as of 01/05/2024



FDIC Insured
Since 01/01/1934

FDIC Cert #
11813

Established
03/01/1876

Bank Charter Class
State Chartered Banks, not member of the Federal Reserve System (FRS)

Primary Federal Regulator
Federal Deposit Insurance Corporation

Secondary Federal Regulator
CFPB

Main Office Address
201 S Spring St
Tupelo, MS 38804

Primary Website
www.cadencebank.com

Locations
378 domestic locations: 10 states and 0 territories.
0 in foreign locations.

Financial Information
[Create financial reports for this institution](#)

Consumer Assistance
[Complaints & Questions with Personal Information](#)

Contact the FDIC
[Questions about Bank Information](#)

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378 Branch Offices

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Results
100

1 2 3 4

Page #

Go

Address

3000 New

11977	200	Texarkana Oaklawn Branch	Boston Rd Texarkana, TX 75501	Texarkana	Bowie	TX	Full Serv Brick A Mort:
12901	240	Nacogdoches North Street Branch	2400 North St Nacogdoches, TX 75965	Nacogdoches	Nacogdoches	TX	Full Serv Brick A Mort:
15294	479	Dallas Bishop Arts Branch	305 E Colorado Blvd Dallas, TX 75203	Dallas	Dallas	TX	Full Serv Brick A Mort:
15957	423	Salado Branch	50 S Main St Salado, TX 76571	Salado	Bell	TX	Full Serv Brick A Mort:
16547	242	Nacogdoches South Street Branch	2601 South St Nacogdoches, TX 75964	Nacogdoches	Nacogdoches	TX	Full Serv Brick A Mort:
17602	426	Goldthwaite Branch	1301 Fisher St Goldthwaite, TX 76844	Goldthwaite	Mills	TX	Full Serv Brick A Mort:
196177	558	Killeen Branch	4103 E Central Texas Expy Killeen, TX 76543	Killeen	Bell	TX	Full Serv Brick A Mort:
2071	561	Gatesville Branch	905 E Main St Gatesville, TX 76528	Gatesville	Coryell	TX	Full Serv Brick A Mort:
207828	495	Tom Bean Branch	7890 W Highway 11 Tom Bean, TX 75489	Tom Bean	Grayson	TX	Full Serv Brick A Mort:
2092	440	Hamilton Branch	200 S Bell St Hamilton, TX 76531	Hamilton	Hamilton	TX	Full Serv Brick A Mort:
224091	422	Temple Main Street Branch	402 N Main St Temple, TX 76501	Temple	Bell	TX	Full Serv Brick A Mort:

Internal Procedures & Controls



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 2023.

_____ January 1, 2023
Dirk Aaron
General Manager

_____ January 1, 2023
Shelly Chapman
Administrative Manager

**Adopt Investment Policy
Board Resolution**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT
MEETING HELD JANUARY 10, 2024**

A RESOLUTION ADOPTING A DISTRICT INVESTMENT 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 **10th** day of **January 2024**.

CLEARWATER UNDERGROUND WATER CONSERVATION DISTRICT

By: _____
Leland Gersbach, Board President

ATTEST:

Gary Young, Board Secretary

Officer Election - Item #10

**Board Meeting
January 10, 2024**

**Agenda Item #10
District Officer Elections**

Agenda Item #10: Discuss, consider and take appropriate action if necessary to elect Officers of the Board for calendar year **2024**, 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: _____

Professional Services Agreement
Item #11

**Board Meeting
January 10, 2024**

**Agenda Item #11
Extend Professional Services with Mike Keester**

Agenda Item #11:

Discuss consider and take appropriate action if necessary to extend professional services agreement with Mike Keester, Principal Hydrogeologist and owner of KT Groundwater, LLC located in Round Rock, Texas.

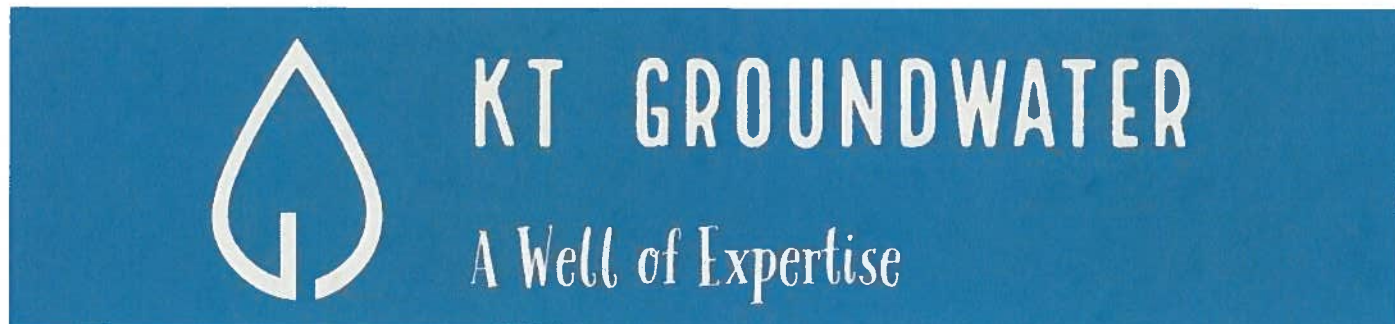
Narrative:

Mike Keester has recently opened and is now the principal owner of KT Groundwater, LLC located in Round Rock, Texas. Mike has provided the attached proposed master services agreement and two proposed task orders. Mike has articulated his desire to continue with the district.

Staff Recommendation:

Recommend that the board allows the general manager to sign a contract for services with KT Groundwater, LLC for geoscience consulting by Mike Keester.

(512) 621-7237



Delivering innovative hydrogeologic solutions to complex geoscientific questions.

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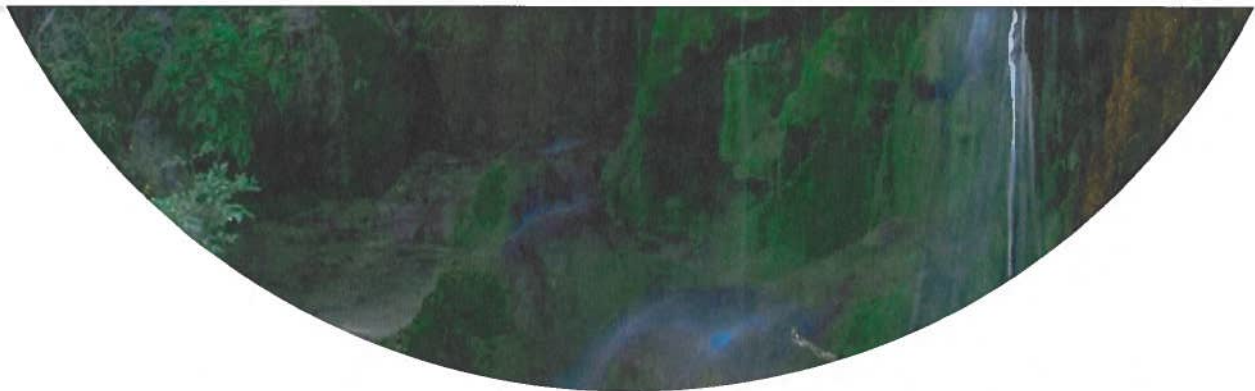
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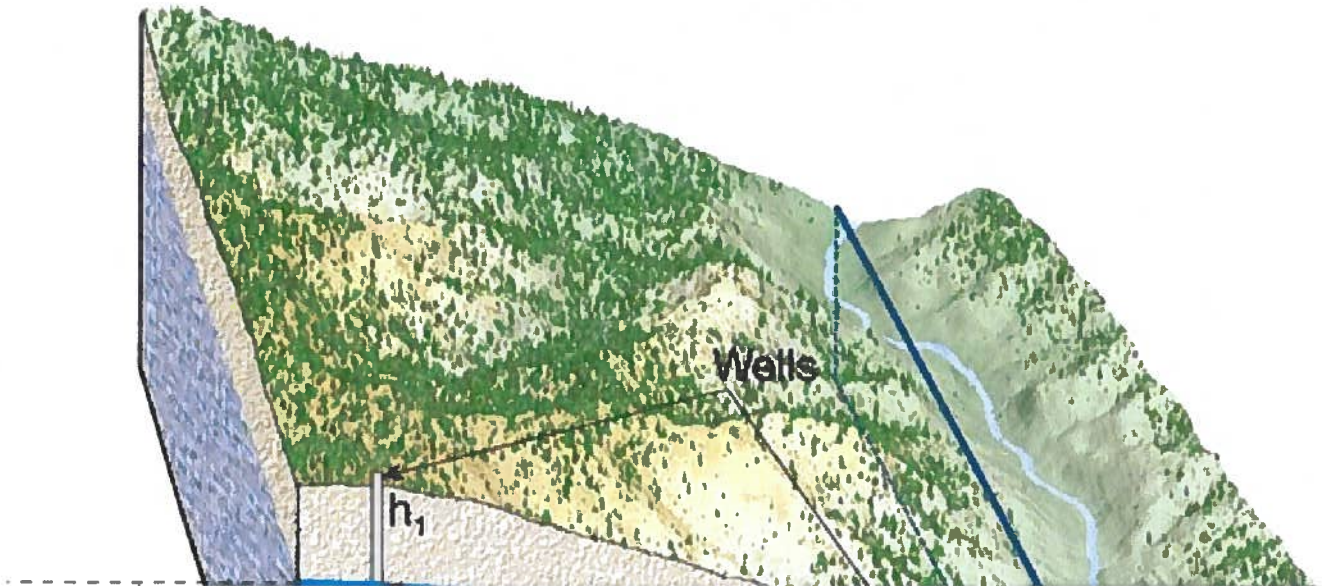
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Our Mission

At KT Groundwater, our mission is to deliver the highest quality geoscience solutions tailored to meet our clients' needs. We strive to exceed our clients' expectations and build long-lasting relationships. As the saying goes, we aim to under promise and over deliver.



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Our Expertise

With over 20 years of experience in hydrogeologic consulting, our principal has the skills and knowledge to tackle your groundwater project. We specialize in groundwater resource availability, management, and development.

(512) 621-7237



Who We Are



Mr. Michael Keester founded KT Groundwater with the purpose of supporting clients in need of our specific expertise and for mentoring young professionals to help them succeed. We understand there are several professional hydrogeologic consulting firms that offer services similar to those of KT Groundwater. Our goal is to provide exceptional technical service while providing innovative solutions to meet your needs.

We are a firm made up of hydrogeologists. As a firm, we focus on groundwater and how to best serve our clients when they need our professional expertise. We also strive to recognize our limitations and partner with other experts when appropriate and necessary. Our approach allows us to provide you with the specific expertise you need for your situation.

One of our most important roles is to help the next generation of professionals be better than we could ever dream of being. A first step in that process is working with young professionals to share our experience and knowledge so we may help them cultivate their talents.

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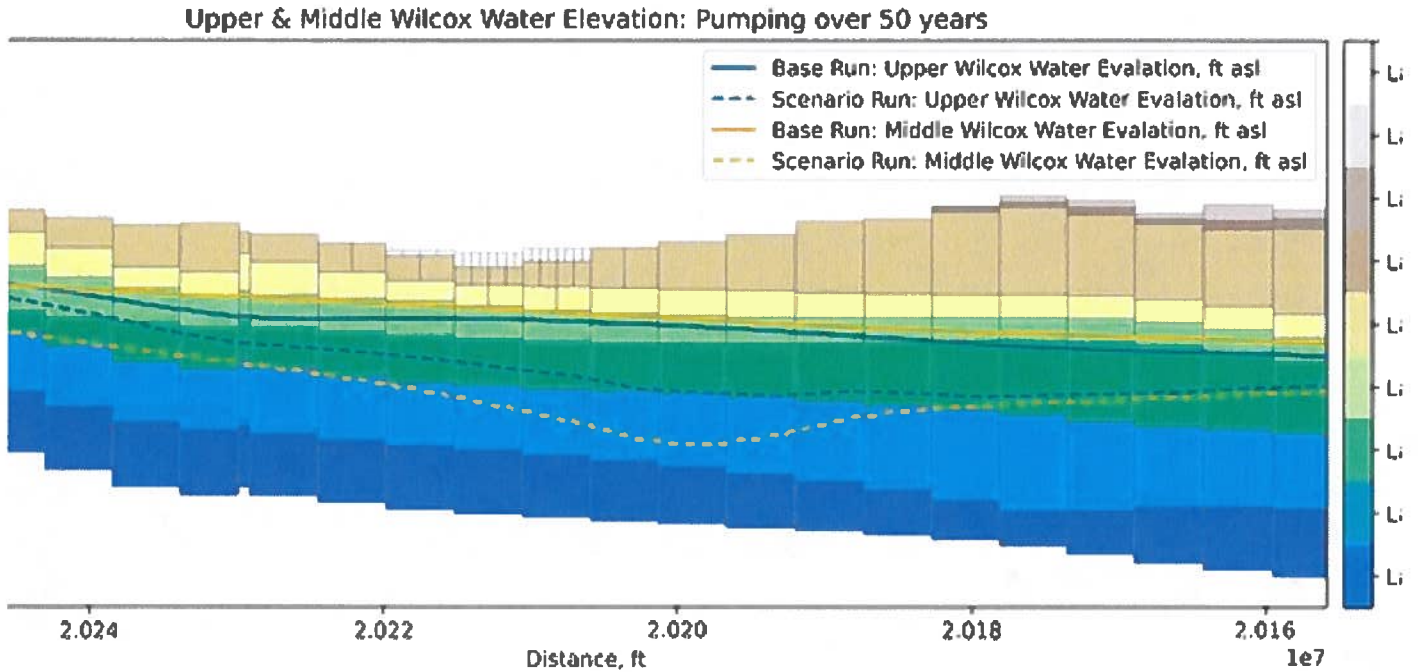
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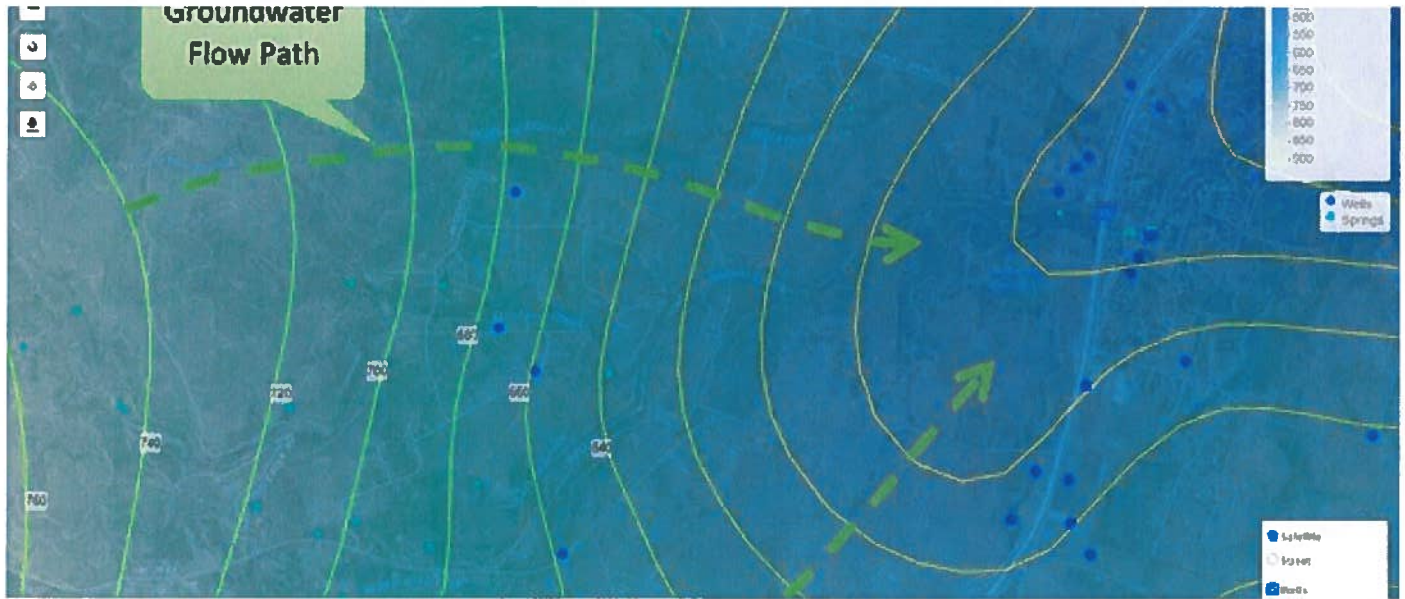


What We Do



Groundwater Availability

From small developments in need of certification of groundwater availability to assessing the availability of groundwater resources for long-term supply, we have experience quantifying reliable long-term groundwater production to meet your projected demands. Our experience includes conducting desktop studies, coordinating drilling and testing, and developing quantitative groundwater models.

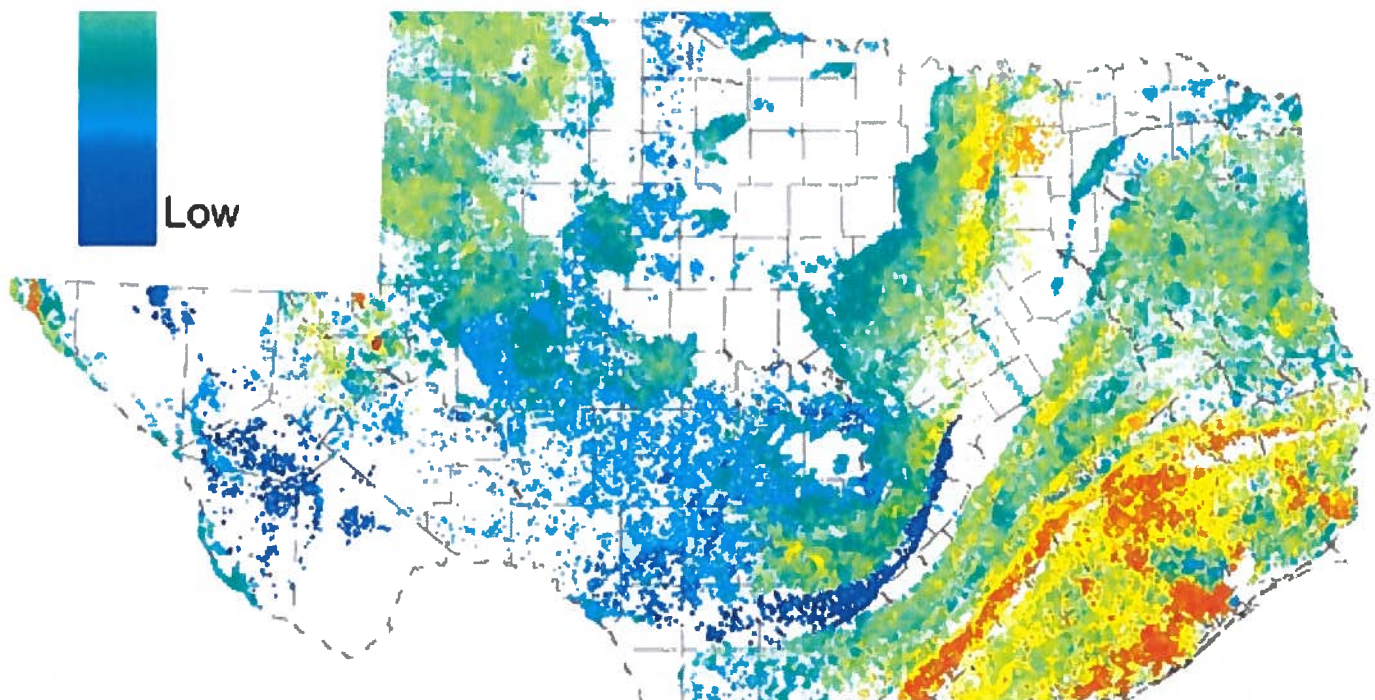


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wells, and Aquifer Storage & Recovery. We have also assisted clients with Groundwater Conservation District permitting to obtain drilling and production permits.



Quantitative Groundwater Modeling

Groundwater modeling is the process of using computer models to simulate and predict groundwater flow and contaminant transport. While we have vast experience modeling groundwater flow, our Team's experience goes beyond modeling flow to assess predicted water level changes in wells and aquifers. Our experts have the tools and knowledge to model groundwater flow, aquifer recharge, and subsurface compaction and its effect on subsidence.



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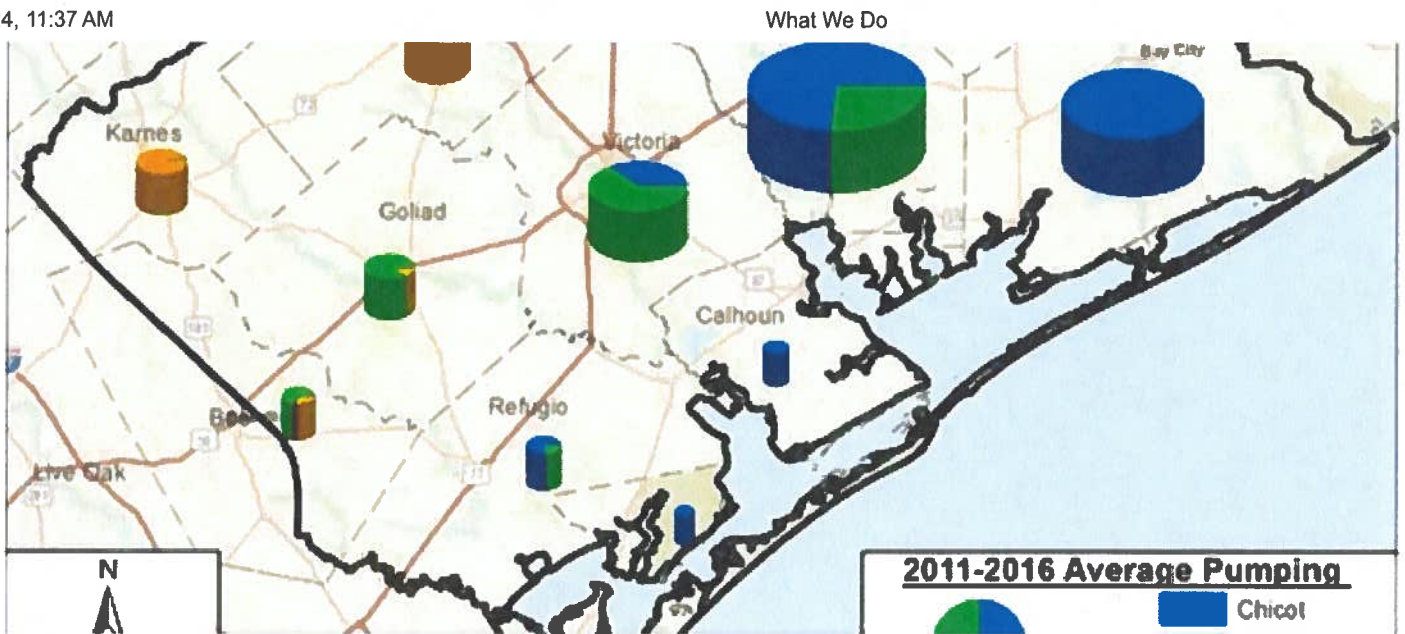
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Well Design and Completion Support

Our team has prepared specifications and worked on wells capable of producing more than 5,000 gallons per minute. We partner with design engineers to assist clients in their development of public supply wells to meet growing demands. Our work includes being on-site during well completion to document contractor's performance relative to the client's specifications.



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serve to manage the resources and develop estimates of available groundwater to meet future needs.



Expert Witness

Mr. Keester has served as a designated hydrogeologic expert during multiple cases. We can apply our experience and expertise in assessing groundwater flow and the effects of pumping to support our clients.

KT Groundwater

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Accept



2804 Paradise Ridge Cove
Round Rock, Texas 78665
(512) 621-7237
KTGroundwater.com

MASTER SERVICE AGREEMENT

THIS MASTER SERVICE AGREEMENT (the “Agreement”) is made and entered into this ____ day of _____, 20__, (“Effective Date”), by and between Clearwater Underground Water Conservation District, with an address of 700 Kennedy Court, Belton, TX, 76513 (the “Client”) and KT Groundwater, LLC with an address of 2804 Paradise Ridge Cove, Round Rock, TX, 78665 (the “Consultant”). Client and Consultant are referred to herein individually as a “Party” or collectively as the “Parties.”

WITNESSETH:

WHEREAS, Client is engaged in the business of serving the public interest of developing, promoting, and implementing water conservation, augmentation, and management strategies to both conserve and utilize groundwater resources for the benefit of the citizens, economy, and environment of Bell County.

WHEREAS, Client, in the course of its aforementioned operations, regularly and customarily enters into contracts with independent Consultants for the performance of consulting services relating thereto; and

WHEREAS, Consultant represents that it has professional, geoscientist, and consulting services to provide Client advice and consultation related the groundwater resources within Bell County and the Central Texas Region, the effects of groundwater production on aquifer conditions, and the management of groundwater resources in Texas.

NOW, THEREFORE, with respect to the foregoing and for good consideration, the Parties do covenant and agree as follows:

1. **Scope.** The “Services” to be performed by Consultant under this Agreement shall be set forth in individual task orders using the general format set forth in Attachment A (“Task Order”), attached hereto and incorporated herein by reference. Client shall not be obligated to call upon Consultant for the performance of any Services and Consultant shall not be obligated to accept any Services and/or task order at the request of Client.
2. **Task Order Process.** Upon the request of Client, Consultant shall prepare a Task Order that contains an identification of the project (“Project”), description of the Services, compensation to be paid to Consultant for the performance of the Services (“Compensation”), and a proposed schedule for the performance (“Project Schedule”) for the Services. Upon mutual agreement of the Parties, the Task Order shall be finalized and executed by the Parties. The effective date of the Task Order will be as set forth in the individual Task Order.

3. Term. This Agreement shall remain in full force and effect continuously until either Party cancels this Agreement with a minimum of thirty (30) days advance notice in writing to the other Party. However, any such termination shall not relieve Client of any Compensation Consultant is due for the Services performed under such Task Orders.

4. Independent Consultant Relationship. In the performance of any Services by Consultant for Client, Consultant shall be deemed to be an independent Consultant, with the authority and right to direct and control all of the details of the Services, Client being interested only in the results obtained. However, all Services contemplated shall meet the approval of Client and shall be subjected to the general right of inspection. Client shall have no right or authority to supervise or give instructions to the employees, agents, or representative of Consultant, but such employees, agents or representatives at all times shall be under the direct and sole supervision and control of Consultant. It is the understanding and intention of the Parties hereto that no relationship of master and servant, principal and agent or employer and employee shall exist between Client and Consultant, its employees, agents, or representatives.

5. Payment. Provided the payment term is not modified by an approved Task Order, Client shall pay Consultant within 45 days of receipt of each invoice for the Services and/or equipment or materials furnished by Consultant at the rate and upon the terms stipulated in the Task Orders, subject to same being accepted by Client as complying with the terms, conditions, specifications and requirements of this Agreement and such Task Order. Notwithstanding the approval for payment of any invoice submitted, Client shall have the right to withhold any payments until Consultant has furnished (i) verification of performance of Services in a manner satisfactory to Client; (ii) verification of delivery of the goods or equipment to which such payment relates, either in part or in full, in a manner satisfactory to Client; (iii) proof that any claims, to the extent such claims exist, against Consultant by Consultant's suppliers, Consultants and Consultants for labor, goods, and equipment furnished in connection with Consultant's obligations under this Agreement have been fully paid and satisfied; and (iv) proof that any liens and privileges, to the extent such liens and privileges exist, of Consultant's suppliers, Consultants and Consultants arising out of the Services or goods or equipment furnished in connection with Consultant's obligations under this Agreement have been fully released.

6. Liens. Consultant agrees to promptly pay all claims for labor, materials, services, and supplies furnished by Consultant hereunder and agrees to allow no lien or charge to be fixed upon property of Client for which Consultant has been paid. Consultant agrees to indemnify and hold Client harmless from and against all such claims or indebtedness incurred by Consultant in connection with the Services provided hereunder, including court costs, expenses, and reasonable attorneys' fees, Client incurs because of the lien or its discharge. It is agreed that Client shall have the right to pay any such claims or indebtedness out of any money due or to become due to Consultant hereunder. Notwithstanding the foregoing, Client agrees that it will not pay any such

claim or indebtedness as long as same is being actively contested by Consultant and Consultant has taken all actions necessary (including the posting of a bond when appropriate) to protect the property interests of Client and any other party affected by such claim or indebtedness.

7. Confidentiality. Consultant covenants and agrees that all information submitted to it by Client under this Agreement will be considered proprietary, confidential and the property of the Client and will be used only for the purpose of carrying out the Services under the Agreement and approved Task Orders. Consultant agrees not disclose any of the information submitted to it by Client under this Agreement, except if the information (i) is in or (other than by act attributable to the Consultant) passes into the public domain; (ii) was in the possession of the Consultant prior to disclosure thereof by or on behalf of the Client; (iii) is disclosed to the Consultant by a third party as a matter of right and without restriction on disclosure who lawfully possesses such information and who did not acquire it directly or indirectly from the Client; (iv) is disclosed pursuant to the order or requirement of a government body, court or administrative agency; or (v) is independently developed by Consultant or its employees without access to the information disclosed hereunder.

8. Insurance. Consultant shall procure and maintain insurance in the minimum amounts outlined below:

General Liability – Including contractual with limits of not less than:

\$1,000,000 Per Occurrence

\$2,000,000 General Aggregate

\$1,000,000 Products/Completed Operations Aggregate

Automobile Liability – With limits of not less than: \$1,000,000 Combined Single Limit

Workers' Compensation – Applicable statutory minimums.

Professional liability – (errors and omissions) insurance, with a combined single limit of not less than \$1,000,000 per occurrence.

Prior to performing any Services, Consultant shall provide to Client Certificates of Insurance evidencing such insurance coverage.

9. Indemnity. **Consultant agrees to indemnify and hold harmless Client, its officers, directors, employees, and invitees (individually and collectively, "Client Group"), from and against all loss or damage for bodily injury, illness, or death or damage to or loss of property, to the extent caused by the negligence of Consultant in the performance of the Services. This obligation to indemnify Client Group shall not impose any obligation on Consultant that exceeds the Limitation of Liability provisions set forth below.**

Client agrees to indemnify and hold harmless Consultant, its officers, directors, employees, subConsultants, and invitees (individually, and collectively, “Consultant Group”) from and against all loss or damage for bodily injury, illness, or death or damage to or loss of property, to the extent caused by the negligence of Client.

Both Client and Consultant will carry at least the minimum insurance limits described above in support of the indemnity agreements contained herein.

This Section shall survive the expiration or termination of this Agreement.

10. Limitation of Liability. In recognition of the relative risks and benefits of the project to both Client and Consultant, the risks have been allocated such that Client agrees, to the fullest extent permitted by law, to limit the liability of Consultant and its officers, employees, and sub-consultants, to Client and all of Client’s Consultants and consultants, for any and all claims, losses, costs, damages of any nature whatsoever; or claims expenses from any cause or causes, including reasonable attorneys’ fees and costs and expert witness fees and costs, so that the total aggregate liability of Consultant to Client shall not exceed the total amount of \$1,000,000 or the total fees billed to the Client, whichever is less. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law.

11. Consequential Damages. Notwithstanding anything to the contrary herein, in no event shall either Party hereto be liable to the other for any special, indirect, incidental, exemplary, or punitive damages, including without limitation, loss of profits, loss of business opportunity or loss of prospective revenue, arising out of this Agreement, however same may be caused. This Section shall survive the expiration or termination of this Agreement.

12. Standard of Care. In providing Services under this Agreement, the Consultant shall perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality. Upon notice to the Consultant and by mutual agreement between the Parties, the Consultant will, without additional compensation, correct those Services not meeting such a standard.

13. Compliance. Consultant shall comply with all laws, rules, and regulations which are now or may become applicable to the Services covered by this Agreement or arising out of the performance of such Services.

14. Safety. Consultant shall continuously maintain adequate protection of all its services from damage, and shall protect the Client’s and Owner’s property from injury or loss arising in connection with the Services. Relative to performance of the Services, Consultant, in recognition of the scope of services, the specifics of the service location, and in Consultant’s capacity as an

independent Consultant which is experienced in the kinds of services to be undertaken hereunder, agrees to provide all necessary training, safety equipment, safety instructions and a written safety plan for the safety of its employees, representatives, SubConsultants, if any, and others who may be at the work location pursuant to the requirements, invitation or permission of Consultant. In addition to the foregoing, Consultant agrees to comply with any safety requirements of Client and Owner.

15. Assignment. Consultant may not assign this Agreement or subcontract any Services to be performed hereunder without the prior written consent of Client.

16. Conflicts. Consultant agrees to provide Client with advance written notice of any hydrogeologic consulting work within the boundaries of GMA 8 in Central Texas that involves anything other than well construction/design, well integrity and/or water quality issues ("Other Engagements within GMA 8 in Central Texas"). Consultant agrees to use good faith efforts to resolve any potential conflicts Consultant's Other Engagement(s) within GMA 8 in Central Texas may create with work Consultant is performing for Client. Client reserves the right to terminate this agreement if it finds that Consultant's Other Engagement(s) within GMA 8 in Central Texas to be unsatisfactory.

17. Texas Public Information Act and Document Retention Policy. Consultant acknowledges that Client is a governmental entity subject to the Texas Public Information Act ("Act"). Consultant acknowledges that its communications with Client and Client representatives may be subject to disclosure under the Act. Consultant agrees to comply with the Act and Client's requests to provide information subject to disclosure under the Act. Consultant acknowledges that Client has a document retention policy and agrees to comply with Client's policy.

18. Notices. All notices required hereunder shall be in writing and shall be given by depositing the same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier, or by delivering the same in person to such Party at the address first written above for such Party. Notice shall be deemed given and effective the day personally delivered, the date after being sent by overnight courier or three (3) business days after deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any Party may change the address for notice by notifying the other of such change in accordance with this Section.

19. No Waiver. No delay of or omission in the exercise of any right, power or remedy accruing to any Party as a result of any breach or default by any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of or in any similar breach or default occurring

later; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

20. Force Majeure. Neither Party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement resulting from vis major, civil or military authority, material change of law, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either Party's employees, or any similar or dissimilar cause beyond the reasonable control of either Party.

21. Applicable Law. This Agreement shall be governed by the laws of the State where the Services are performed or the project is located without regard to conflict of law principles, and shall be binding on the Parties and their successors and assigns.

22. Captions. The headings of this Agreement are inserted for convenience only, and shall not constitute a part of this Agreement or be used to construe or interpret any provision hereof.

23. Severability. The provisions of this Agreement are severable; if any provision of this Agreement is determined by a proper court or authority to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect or impair the remainder of this Agreement, and this Agreement shall remain in full force and effect without such invalid, illegal, or unenforceable provision.

24. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each one of which shall be deemed an original, all of which together shall constitute but one and the same instrument.

25. Preparation of Agreement. All provisions of this Agreement have been subject to full and careful review by and negotiation between Consultant and Client. Each such Party has availed itself of such legal advice and counsel as it, respectively, has deemed appropriate. The Parties hereto agree that neither one of them shall be deemed to be the drafter or author of this Agreement, and in the event this Agreement is subject to interpretation or construction by a court of law or panel of arbitration, such court or panel shall not construe this Agreement or any portion hereof against either Party as the drafter of this Agreement.

26. Entire Agreement. This Agreement constitutes the final, complete and exclusive statement and expression of the agreement among the Parties hereto relating to the subject matter of this Agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement upon its execution and delivery constitutes a valid and binding agreement of the Parties, enforceable in accordance with its terms, and may be modified and amended only by a written instrument executed by the Party to be bound.

IN WITNESS WHEREOF, the Consultant and the Client have executed this Agreement as of the date first written above.

CLIENT:

CONSULTANT:

Clearwater Underground Water Conservation District

KT Groundwater, LLC

By: _____

By: _____

Printed Name: _____

Printed Name: Michael Keester

Title: _____

Title: Principal



2804 Paradise Ridge Cove
Round Rock, Texas 78665
(512) 621-7237
KTGroundwater.com

Attachment A

TASK ORDER #####

This Task Order is made this the ___ day of _____, 20__, by and between Clearwater Underground Water Conservation District (“Client”) and KT Groundwater, LLC (“Consultant”) pursuant to the terms and conditions set forth in the Master Services Agreement executed between the Parties on the ___ day of _____, 20__, (“Agreement”), which is incorporated into this Task Order by reference.

1. The Services to be performed by Consultant under this Task Order are as follows:

2. The Project Schedule is as follows:

3. The Compensation to be paid to Consultant for the performance of the Services under this Task Order is set forth as:

4. Deliverables to be provided under this Task Order are as follows:

Clearwater UWCD

KT Groundwater, LLC

Signature

Signature

Name (Printed or Typed)

Name (Printed or Typed)

Date

Date





2804 Paradise Ridge Cove
 Round Rock, Texas 78665
 (512) 621-7237
 KTGroundwater.com

TASK ORDER 2024.001
Permit Application Review and Support

This Task Order is made this the ___ day of _____, 20__, by and between Clearwater Underground Water Conservation District (“CUWCD”) and KT Groundwater, LLC (“KTGW”) pursuant to the terms and conditions set forth in the Master Services Agreement executed between the Parties on the ___ day of _____, 20__, (“Agreement”), which is incorporated into this Task Order by reference.

1. The Services to be performed by Consultant under this Task Order are as follows:

KTGW will perform non-exempt well permit application reviews as needed. We understand that not all non-exempt applications requiring review will require the same level of professional analysis and we will be guided by District staff regarding the level of analysis for each application. For example, a non-exempt application with a production request of more than five (5) acre-feet per year will require detailed modeling and analysis of the drilling or operating permit, as applicable.

The following table provides our assumptions of work and estimated maximum cost for each anticipated permit evaluation type. Assumptions and costs presented below are based on previous work conducted for similar permits. Actual costs will be based on the time spent on application review. For uncontested permit applications, we will perform the proposed work at or below the estimated maximum cost. For contested permit applications or cases with greater levels of complexity than typical permits, we will work to support the District in an efficient manner; however, actual costs will be based on time spent associated with the permit application.

Permit Evaluation Type	Anticipated Work	Estimated Maximum Cost per Evaluation
Less than 1 acre-foot per year	<ul style="list-style-type: none"> Perform analytical modeling of proposed pumping Evaluate projected beneficial use Assess proposed well completion relative to the local geology Provide summary technical memo with conclusions and recommendations Attend Board meeting to answer questions during public hearing 	\$125
1 to 5 acre-feet per year	Same as above	\$2,100

Permit Evaluation Type	Anticipated Work	Estimated Maximum Cost per Evaluation
More than 5 acre-feet per year	All above work plus: <ul style="list-style-type: none"> • Using the District GAM to model the proposed production, if applicable • Hydrogeologic report review (if applicable) • Meeting with District staff and the applicant to discuss the permit application and findings from the review • Preparing a summary report discussing the findings from the application review • Providing a formal presentation of the findings to the District Board during the permit hearing 	\$4,200

2. The Project Schedule is as follows:

Work will be performed as needed during fiscal year 2023.

3. The compensation to be paid to KTGW for the performance of the Services under this Task Order is time and materials at the following rates:

- Michael Keester: \$210/hr
- Philip Webster: \$165/hr

4. Deliverables to be provided under this Task Order are as indicated in the table under item 1 above:

Clearwater UWCD

KT Groundwater, LLC

Signature

Signature

Name (Printed or Typed)

Name (Printed or Typed)

Date

Date





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Round Rock, Texas 78665
(512) 621-7237
KTGroundwater.com

TASK ORDER 2024.002
Fiscal Year 2024 General Geoscience Consulting

This Task Order is made this the ___ day of _____, 20__, by and between Clearwater Underground Water Conservation District (“CUWCD”) and KT Groundwater, LLC (“KTGW”) pursuant to the terms and conditions set forth in the Master Services Agreement executed between the Parties on the ___ day of _____, 20__, (“Agreement”), which is incorporated into this Task Order by reference.

1. The Services to be performed by Consultant under this Task Order are as follows:

At the District’s request KTGW will be available to provide General Geoscience Consulting services. This Task Order will facilitate authorization of general consulting tasks via email or phone call without further formal authorization during fiscal year 2024.

2. The Project Schedule is as follows:

Work will be performed as needed during fiscal year 2024.

3. The compensation to be paid to KTGW for the performance of the Services under this Task Order is time and materials at the following rates:

- Michael Keester: \$210/hr
- Philip Webster: \$165/hr

4. Deliverables to be provided under this Task Order will vary depending upon the specific request.

Clearwater UWCD

KT Groundwater, LLC

Signature

Signature

Name (Printed or Typed)

Name (Printed or Typed)

Date

Date