

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

**MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS**

**TUESDAY
OCTOBER 9, 2018
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
at the

**Mustang SUD Administrative Offices
7985 FM 2931
Aubrey, Texas
Tuesday, October 9, 2018**

**Public Hearing to Adopt Permanent Rules for Water Wells in Collin, Cooke, and Denton Counties,
Texas**

The Public Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold a public hearing, accept public comment, and may discuss and consider adoption of the District's Permanent Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas.

Agenda

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review of Permanent Rules for Water Wells applicable to the District.
3. Public Comment on District's Permanent Rules for Water Wells (verbal comments limited to three (3) minutes each).
4. Consider and act upon adoption of the Permanent Rules for Water Wells applicable to the District.

Board Meeting

The regular Board Meeting will begin upon adjournment of the above-noticed Public Hearing to Adopt Permanent Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Pledge of Allegiance and Invocation.

2. Call to order, establish quorum; declare meeting open to the public.
3. Public comment.
4. Consider and act upon approval of the minutes from the September 11, 2018, Board meeting.
5. Consider and act upon approval of invoices and reimbursements.
6. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - b. Investment Committee
 - 1) Receive Quarterly Investment Report
 - c. Groundwater Monitoring and Database Committee
 - d. Management Plan Committee
7. Consider and act upon Vehicle Purchase.
8. Review and act upon approval of Investment Policy.
9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
10. Consider and act upon compliance and enforcement activities for violations of District rules.
11. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.
12. Open forum / discussion of new business for future meeting agendas.
13. Adjourn public meeting.

* Reports from District standing committees will include a briefing by each committee for the Board on the activities of the committee, if any, since the last regular Board meeting.

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

These public meetings are available to all persons regardless of disability. If you require special assistance to attend the meeting, please call (855) 426-4433 at least 24 hours in advance of the meeting to coordinate any special physical access arrangements.

For questions regarding this notice, please contact Velma Starks at (855) 426-4433, at ntgcd@northtexasgcd.org, or at 5100 Airport Drive, Denison, TX 75020.

At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the North Texas Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation

regarding prospective gifts (§551.073); deliberation regarding personnel matters (§551.074); deliberation regarding security devices (§551.076); and deliberation regarding cybersecurity (§551.089). Any subject discussed in executive session may be subject to action during an open meeting.

ATTACHMENT 4

MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING AND PUBLIC HEARING
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

TUESDAY SEPTEMBER 11, 2018

MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS

Members Present: Ronny Young, Maurice Schwanke, Ron Sellman, Evan Groeschel, Allen Knight, Chris Boyd, David Flusche, Joe Helmberger, and Thomas Smith (arrived at 10:12)

Members Absent:

Staff: Drew Satterwhite, Paul Sigle, Wayne Parkman, Allen Burks, Debi Atkins, Theda Anderson, Carolyn Bennett, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
Pete Schulmeyer, Collier Consulting
Neal Welch, City of Sanger
Bob Patterson, Northern Trinity GCD

1. Pledge of Allegiance and Invocation

President Ronny Young led the group in the Pledge of Allegiance and provided the invocation.

2. Call to order, establish quorum; declare meeting open to the public

President Young called the meeting to order 10:02 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

There were no citizens present requesting to appear before the Board of Director for public comment.

4. Consider and act upon approval of the minutes from the July 10, 2018 board meeting

Motion was made by Ron Sellman to approve the minutes of the July 10, 2018 meeting. The motion was seconded by Evan Groeschel, and passed unanimously.

5. Consider and act upon approval of invoices and reimbursements

After review and brief discussion Allen Knight made the motion to approve Resolution No. 2018-09-11-01. Ron Sellman seconded the motion. Motion passed unanimously.

6. Receive reports from the following Committees*:

- a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information

General Manager Drew Satterwhite reviewed the financial information with the Board.
- b. Investment Committee
 - 1) Receive Quarterly Investment Report

General Manager Drew Satterwhite reviewed the Quarterly Investment Report with the Board. Landmark Bank CD matures November 16, 2018.
- c. Groundwater Monitoring and Database Committee

General Manager Drew Satterwhite informed the Board that the staff **will** provide a demonstration to the Board after the database is complete.
- d. Management Plan Committee

No Report

7. Consider and act upon authorizing the execution of a Deposit Placement Agreement with Independent Bank.

General Manager Drew Satterwhite provided the Board with background information. When the District was first created, Index and Checking accounts were set up with Independent Bank. The District has utilized these accounts since inception. Recently, the District staff began exploring more opportunities for investment earnings. During this process, the staff discovered that neither staff nor Independent Bank had a copy of a Deposit Placement Agreement.

This agreement sets forth standard account conditions such as who can sign, termination conditions, maximum number of withdrawals, etc.

Independent Bank provided this standard Deposit Placement Agreement. In the process, staff was able to negotiate a 1.25% and 1.65% interest rate increase on the Index and Checking account, respectively.

Board Member Joe Helmberger made the motion to authorize the execution of the Deposit Placement Agreement with Independent Bank. Board Member Maurice Schwanke seconded the motion. The motion passed unanimously.

8. Consider and act upon updating the District's Investment Strategy.

General Manager Drew Satterwhite provided the Board with background information. The District has an Index and Checking account with Independent Bank. At the last meeting, the Board authorized the opening of an account with TexStar. Now that the District has opened a TexStar account, the staff is proposing to use TexStar and the Independent Bank accounts interchangeably. Staff proposes to hold funds in the account with the highest interest rate, moving the funds when appropriate.

Board Member Joe Helmberger made the motion to update the District's Investment Strategy to accommodate this procedure. Board Member David Flusche seconded the motion. The motion passed unanimously.

9. Consider and act upon solicited proposals for audit services.

General Manager Drew Satterwhite provided background information for the Board. For the last 5-years, the District has engaged the auditing firm Hanks, Eastup, Deaton, Tonn & Seay to perform auditing services for the District. Due to their 5-year proposal term being complete, the Board directed the staff to solicit for proposals for audit services at the May 2018 meeting. Four proposals were received from Hankins Eastup Deaton, McClanahan and Holmes, Rutherford Taylor & Co, Lafollett & Abbott. The Board discussed the proposals and decided to change firms and not just lead auditor.

Board Member Thomas Smith made the motion to go with McClanahan and Holmes for audit services. Board Member Joe Helmberger seconded the motion. The motion passed unanimously.

10. Update and possible action regarding the process for the Development of Desired Future Conditions (DFCs)

General Manager Drew Satterwhite reported that the GMA-8 RFQs for administrative and technical consultant are due October 1. NTGCD is providing administrative services to the GMA.

11. Consider and act upon compliance and enforcement activities for violations of District's Rules.

a. Hydrous Americas Cable Park, LLC

Kristen Fancher, Legal Counsel, reported that Hydrous Americas Cable Park, LLC is not in compliance, therefore legal action will continue.

12. General Manager's Report: The General Manager will update the Board on operational, educational and other activities of the District.

General Manager Drew Satterwhite reported total number of registered wells in NTGCD is 2,248. The vehicle purchase process is continuing.

Paul Sigle handed out maps showing monitoring well candidates and injection well locations. After the first of the year, the board will take a look at the new database.

13. Receive presentation regarding permanent rules development and review of rules amendment draft.

a. Consider and act upon action items for rules development

Kristen Fancher, Legal Counsel, reviewed the draft of the permanent rules with the Board. The Board discussed items and made several comments for additions and amendments to the current set of draft rules.

14. Open forum/discussion of new business for future meetings

The Public Hearing for the Permanent Rules will be held on October 9, 2018. This will allow for the 20 day in advance newspaper and county posting notifications.

15. Adjourn public meeting

President Young declared the meeting adjourned at 11:51 a.m.____

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2018-10-04-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTHS OF SEPTEMBER

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - September	22,541.78
<u>Advertising</u>	
Gainesville Daily Register - Water conservation tips	178.00
Denton Record Chronicle - Public Hearing Notice - August	480.00
Denton Record Chronicle - Public Hearing Notice - September	69.60
Star Local Media - District rules Public Hearing	297.00
<u>Consultant</u>	
LBG Guyton - September	
<u>Direct Costs</u>	
Nextraq - September	39.95
<u>Dues & Subscriptions</u>	
Texas Alliance of Groundwater Districts - Renewal 2018-2019	1,563.00
<u>Insurance</u>	
Bayless-Hall Blanton Insurance - Oct 18 renewal BOD Dishnesty Bond	330.00
<u>Legal</u>	
Kristen Fancher PLLC August	3,286.00
<u>Meetings & Conferences</u>	
Mustang SUD - BOD Room Rental October	75.00
<u>Well Monitoring</u>	
Statewide Plat Service - July 2018	50.00
Statewide Plat Service - August 2018	56.40
<u>Well Production</u>	
RCG F&B - Reimbursed well production fees for exempt well	190.27
GRAND TOTAL:	\$ <u>29,157.00</u>

On motion of _____ and seconded by _____ the foregoing Resolution was passed and approved on this, the 14th day of November, 2017 by the following vote:

AYE:
NAY:

President

Secretary/Treasurer

ATTACHMENT 6 A-1

Balance Sheet

For General Fund (00)

September 30, 2018

Assets

00-01-10001	Checking Account	60,032.66
00-01-10005	Index Account	6,373.80
00-01-10008	Cash- TexStar	400,000.00
00-01-10010	Investments	1,000,000.00
00-01-10025	Accounts Receivable	32,564.34
00-01-10048	A/R Strittmatter Irrigation	14,000.00
00-01-10050	A/R 440 Ranch	1,500.00
00-01-10051	A/R Hydrous American Cable	1,500.00
00-01-10052	A/R Alpha Omega	100.00
00-01-12001	PP Expense	3,054.74
	Total	<u>1,519,125.54</u>
	Total Assets	<u>\$ 1,519,125.54</u>

Liabilities and Fund Balance

00-01-23100	Accounts Payable	30,069.33
00-01-23150	Well Drillers Deposits	37,450.00
	Total	<u>67,519.33</u>
	Total Liabilities	<u>67,519.33</u>
00-01-35100	Fund Balance	1,292,708.63
00-01-35110	Current Year Excess of Revenue over Expenses	163,166.99
	Total	<u>1,455,875.62</u>
	Excess of Revenue Over Expenditures	<u>(4,269.41)</u>
	Total Fund Balances	<u>1,451,606.21</u>
	Total Liabilities and Fund Balances	<u>\$ 1,519,125.54</u>

North Texas Groundwater Conservation District

Statement of Revenue and Expenditures

10/4/2018 11:31am

Revised Budget

For General Fund (00)

For the Fiscal Period 2018-9 Ending September 30, 2018

Account Number	Current Budget	Current Actual	Annual Budget	YTD Actual	Remaining Budget %
Revenues					
00-01-46001 Well Production Fees	\$ 174,500.00	\$ (40.27)	\$ 698,000.00	\$ 350,831.84	49.74%
00-01-46003 Well Registration Fees	1,500.00	1,700.00	18,000.00	14,300.00	20.56%
00-01-46005 Well Drillers Fees	0.00	0.00	0.00	1,300.00	0.00%
00-01-46010 GMA8 Fees	0.00	0.00	10,000.00	0.00	100.00%
00-01-46015 Late Fees	0.00	(150.00)	0.00	5,677.60	0.00%
00-01-46016 Penalty and Fines	0.00	0.00	0.00	1,600.00	0.00%
00-01-46100 Interest Inc	0.00	969.89	1,500.00	3,958.39	(163.89%)
Total General Fund Revenues	\$ 176,000.00	\$ 2,479.62	\$ 727,500.00	\$ 377,667.83	48.09%
Expenditures					
00-01-77012 Admin-Mileage	\$ 208.33	\$ 248.15	\$ 2,500.00	\$ 1,679.05	32.84%
00-01-77013 Admin-Secretarial	2,500.00	806.24	30,000.00	10,578.24	64.74%
00-01-77014 Admin-Project Coordinator	1,250.00	265.89	15,000.00	12,789.89	14.73%
00-01-77015 Admin-GM	4,583.33	3,680.00	55,000.00	42,182.00	23.31%
00-01-77016 Admin-Clerical	2,750.00	1,944.00	33,000.00	25,398.00	23.04%
00-01-77025 Accounting	2,083.33	1,663.50	25,000.00	18,067.50	27.73%
00-01-77027 Auditing	0.00	0.00	5,500.00	5,400.00	1.82%
00-01-77030 Advertising	83.33	366.60	1,000.00	1,283.60	(28.36%)
00-01-77050 Banking Fees	0.00	0.00	0.00	10.00	0.00%
00-01-77150 Consulting- Hydrogeo	7,083.33	0.00	85,000.00	32,731.27	61.49%
00-01-77325 Direct Cost	333.33	439.03	4,000.00	3,159.18	21.02%
00-01-77450 Dues & Subscription	166.67	0.00	2,000.00	427.08	78.65%
00-01-77480 Equipment	0.00	0.00	2,000.00	835.19	58.24%
00-01-77500 Fees-GMA8	916.67	1,678.27	11,000.00	1,907.27	82.66%
00-01-77550 Field Tech	10,416.67	7,123.00	125,000.00	81,813.00	34.55%
00-01-77560 Field Permitting/Geologist	5,833.33	3,182.00	70,000.00	31,561.00	54.91%
00-01-77650 Fuel/Maintenance	250.00	161.72	3,000.00	2,534.38	15.52%
00-01-77800 Injection Well Monitoring	58.33	0.00	700.00	438.40	37.37%
00-01-77810 Insurance	0.00	669.42	4,000.00	3,591.26	10.22%
00-01-77970 Legal	4,166.67	0.00	50,000.00	32,308.43	35.38%
00-01-77975 Legal-Injection	833.33	0.00	10,000.00	11,610.05	(16.10%)
00-01-78010 Meetings & Conferences	375.00	1,001.41	4,500.00	3,900.13	13.33%
00-01-78310 Rent	200.00	200.00	2,400.00	1,800.00	25.00%
00-01-78600 Software Maint	833.33	0.00	10,000.00	54,086.41	(440.86%)
00-01-78810 Telephones	166.67	263.52	2,000.00	1,845.91	7.70%
Total General Fund Expenditures	\$ 45,091.65	\$ 23,692.75	\$ 552,600.00	\$ 381,937.24	30.88%
General Fund Excess of Revenues Over Expenditures	\$ 130,908.35	\$ (21,213.13)	\$ 174,900.00	\$ (4,269.41)	

North Texas Groundwater Conservation District
Statement of Revenue and Expenditures
YTD Comparative Statement
For the Fiscal Period Ending September 2018

Account Number	Previous YTD Actual	YTD Actual
Revenue		
00-01-46001 Well Production Fees	465,907.30	350,831.84
00-01-46003 Well Registration Fees	11,800.00	14,300.00
00-01-46005 Well Drillers Fees	0.00	1,300.00
00-01-46010 GMA8 Fees	0.00	0.00
00-01-46015 Late Fees	780.49	5,677.60
00-01-46016 Penalty and Fines	0.00	1,600.00
00-01-46100 Interest Inc	1,613.56	3,958.39
Total General Fund Revenues	<u>\$ 480,101.35</u>	<u>\$ 377,667.83</u>
 Expenditures		
00-01-77012 Admin-Mileage	1,519.76	1,679.05
00-01-77013 Admin-Secretarial	17,157.00	11,669.00
00-01-77014 Admin-Project Coordinator	17,388.00	13,340.00
00-01-77015 Admin-GM	39,416.00	42,182.00
00-01-77016 Admin-Clerical	25,030.32	25,398.00
00-01-77025 Accounting	14,177.65	18,067.50
00-01-77027 Auditing	5,400.00	5,400.00
00-01-77030 Advertising	1,238.43	1,283.60
00-01-77050 Banking Fees	0.00	10.00
00-01-77150 Consulting- Hydrogeo	68,978.90	32,731.27
00-01-77325 Direct Cost	3,973.65	3,196.58
00-01-77450 Dues & Subscription	1,828.83	427.08
00-01-77480 Equipment	1,495.71	835.19
00-01-77500 Fees-GMA8	3,225.52	229.00
00-01-77550 Field Tech	83,514.50	81,813.00
00-01-77560 Field Permitting/Geologist	740.00	31,561.00
00-01-77650 Fuel/Maintenance	1,878.08	2,534.38
00-01-77800 Injection Well Monitoring	470.60	438.40
00-01-77810 Insurance	3,299.29	3,591.26
00-01-77970 Legal	30,274.80	32,308.43
00-01-77975 Legal-Injection	12,587.30	11,610.05
00-01-77980 Legal-Legislation	14,095.00	0.00
00-01-78010 Meetings & Conferences	3,189.75	3,900.13
00-01-78310 Rent	1,800.00	1,800.00
00-01-78600 Software Maint	38,344.57	54,086.41
00-01-78610 Telephone	1,538.06	1,845.91
Total General Fund Expenditures	<u>\$ 392,561.72</u>	<u>\$ 381,937.24</u>
 General Fund Excess of Revenues over Expenditures	 \$ 87,539.63	 \$ (4,269.41)

ATTACHMENT 6 B-1

North Texas Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
September 30, 2018

The investment portfolio of the North Texas Groundwater Conservation District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Presented by North Texas Groundwater Conservation District Investment Officers:



Drew Satterwhite
General Manager



Debi Atkins
Finance Officer

Investment Holdings
9/30/18

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		1.80%	10/1/2018	9/30/2018	\$ 60,032.66	\$ 60,032.66	1.00	\$ 60,032.66	1	1.80%
Independent (ISS)		1.50%	10/1/2018	9/30/2018	6,373.80	6,373.80	1.00	6,373.80	1	1.50%
TexStar		1.995%	10/1/2018	9/30/2018	400,000.00	400,000.00	1.00	400,000.00	1	2.00%
Landmark Bank		1.59%	11/16/2018	11/10/2017	500,000.00	500,000.00	1.00	500,000.00	47	1.59%
Legacy Bank		2.42%	3/25/2019	9/24/2018	500,000.00	500,000.00	1.00	500,000.00	176	2.42%
					<u>\$ 1,466,406.46</u>	<u>\$ 1,466,406.46</u>		<u>\$ 1,466,406.46</u>	<u>76</u>	

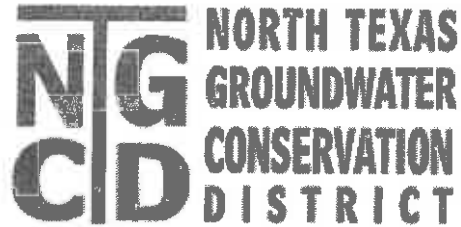
(1)

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018			September 30, 2018		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
			Independent (DDA)	1.80%	10/1/2018	\$ 622,746.18	\$ 622,746.18	
Independent (ISS)	1.50%	10/1/2018	205,879.12	205,879.12		(199,505.32)	6,373.80	6,373.80
TexStar	1.995%	10/1/2018			400,000.00		400,000.00	
Landmark Bank	1.59%	11/16/2018	500,000.00	500,000.00			500,000.00	500,000.00
Legacy Bank	2.42%	3/25/2019			500,000.00		500,000.00	500,000.00
			\$ 1,328,625.30	\$ 1,328,625.30	\$ 900,000.00	\$ (762,218.84)	\$ 1,466,406.46	\$ 1,066,406.46

ATTACHMENT 8



AGENDA COMMUNICATION

DATE: October 1, 2018

SUBJECT: AGENDA ITEM NO. 8

REVIEW AND ACT UPON APPROVAL OF INVESTMENT POLICY

ISSUE

Review and act upon the Investment Policy as required by the Public Funds Investment Act ("PFIA").

BACKGROUND

The North Texas Groundwater Conservation District initially adopted an Investment Policy in 2012. This policy is required to be reviewed annually in order to comply with Public Funds Investment Act. Following the last legislative session the District updated the policy to comply with changes in the law. As you know, this year was not a session year and the staff has not identified anything in need of changing in the policy.

The policy states that the Board of Directors will approve broker/dealers and PFIA training sources on an annual basis. Below, is a list of the broker/dealers and PFIA training sources:

Independent training sources:

- Association of Water Board Directors
- Texas Rural Water Association
- Texas Water Utilities Association
- Government Finance Officers' Association
- Government Finance Officers' Association of Texas
- Government Treasurers' Organization of Texas
- Council of Governments
- University of North Texas Center for Public Management
- American Institute of Certified Public Accountants
- Association of Governmental Accountants

Broker/Dealer List:

- BOKF Financial
- FTN Financial
- Raymond James

OPTIONS/ALTERNATIVES

The Board could adopt the attached policy, modify the policy, or defer to committee for review.

CONSIDERATIONS

The adoption of this policy will be evidence that the Board is responsible in its use of public funds.

STAFF RECOMMENDATIONS

The staff recommends adopting the Investment Policy as well as the broker/dealers and PFIA training sources.

ATTACHMENTS

2018 Investment Policy
Resolution

PREPARED AND SUBMITTED BY:

A handwritten signature in blue ink, consisting of a stylized initial 'D' followed by a horizontal line and a long, sweeping flourish.

Drew Satterwhite, P.E.
General Manager

EXHIBIT "A"

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

REVIEWED AND APPROVED: October 9, 2018

EXHIBIT "A"

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

1.01 PURPOSE

This policy with respect to district investments has been adopted by the Board of Directors (the "Board") of North Texas Groundwater Conservation District (the "District") to establish the principles and criteria by which the funds of the District should be invested and secured (a) to preserve the principal, (b) to earn interest, (c) to address investment diversification, yield, and maturity, (d) to fulfill the duties of the designated Investment Officer of the District, (e) to comply with the types of authorized investments and to specify the maximum allowable stated maturity of the District's investments, and (f) to comply with the provisions of Texas law related to the investment and security of funds applicable to groundwater conservation districts ("Investment Laws"). The provisions of Chapter 36 of the Texas Water Code relating to investments and securities, the Public Funds Investment Act (the "Act") as amended in Chapter 2256 of the Texas Government Code, and other appropriate statutes are applicable to the investment of the District's funds.

1.02 POLICY OF INVESTMENT

- A. The preservation of principal shall be the primary concern of the District and the District Investment Officer. To the extent that the principal is protected, District funds shall be invested to yield the highest possible rate of return to meet the current and future financial needs of the District and to maintain liquidity, all while taking into consideration the strength of the financial institution, and complying with any Internal Revenue Code laws or regulations and procedures set forth in any bond resolutions or orders, adopted from time to time by the Board. Funds of the District shall be invested by the District's staff in accordance with the policy. Any resolution or order adopted by the Board relating to investment policies or procedures shall be in writing and shall be made available to requesting members of the public.
- B. Investment of funds shall be governed by the following investment objectives, in order of priority:
 1. Understanding suitability of investments to the District's requirements;
 2. Preservation and safety of principal;
 - a. Credit risk - the District will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment
 - b. Interest rate risk - the District will minimize the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates
 3. Liquidity;
 4. Marketability prior to maturity of each investment;
 5. Diversification; and
 6. Yield.

- C. The investment of the District's funds should be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching securities with cash flow dates will normally increase yield, will lock in higher yields, and reduce the need to sell securities prior to maturity, thus reducing market risk.

1.03 DELEGATION OF INVESTMENT AUTHORITY

- A. The Board shall designate by resolution one or more officers and/or General Manager and Finance Officer of the District to be responsible for the investment of its funds and be the District's Investment Officer(s). The Board resolution shall also authorize the Investment Officer to engage in investment transactions, deposit, withdraw, wire funds for investments, transfer and manage funds on behalf of the District. However, there shall be no transfer, expenditure, or appropriation of District funds, other than a transfer of the funds from one District account to another account of the District as stated above, unless by check or draft signed by two (2) members of the Board or authorized by separate order or resolution of the Board.
- B. The Investment Officer is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Board retains ultimate fiduciary responsibility.
- C. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, wire transfer agreements, banking services contracts, and other investment related activities.
- D. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.
- E. The Investment Officer's authority is effective until the District rescinds the authority or until: (1) termination of employment with the District for an Investment Officer who is an employee of the District; or (2) vacating the office of director for an Investment Officer who is a director of the Board.
- F. An officer or employee of a regional planning commission, council of governments or similar regional planning agency created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under this policy.
- G. Should total District funds exceed \$50,000, there is hereby established an investment committee, composed of the Investment Officer, and at least two directors. The investment committee shall meet annually or as needed to monitor and review the investments and collateral pledge agreements of the District. The Investment Officer shall be the chairman of the committee. The committee shall report concerning the District's investments

transaction for the preceding year describing the investment portion of the District at the end of each fiscal year. The report shall be written and signed by members of the committee. The committee also shall report to the Board on its review the month following each quarterly meeting.

- H. No person may deposit, withdraw, invest, transfer, or manage in any other manner funds of the District without the express written authority of the Investment Officer.
- I. Obtain and review competitive rates from qualified investment providers, financial institutions and broker/dealers.

1.04 PRUDENT PERSON RULE

- A. The actions of the Investment Officer in the performance of his or her duties as manager of the District's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.
- B. The Investment Officer acting in accordance with written procedures exercising due diligence shall be relieved by personal responsibility for an individual security's performance provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

1.05 INVESTMENT STRATEGY BY FUND

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

- a. Capital Projects Account: The District may choose to have a Capital Projects Account from time to time, and, if so, shall maintain as its primary objective to maximize the suitability of the investment in such funds to the financial requirements of the District while preserving the safety of principal with regard to monies collected or allocated for such fund.
- b. Operating Account: Funds in this account shall be invested to meet the operating requirements of the District as determined by the annual operating budget of the District, or by resolution of the Board.
- c. Debt Service Account: Funds in this account shall be invested to meet the debt service requirements of the District. In order to accomplish this, the District will invest such funds in amounts and maturity dates that most likely match the debt service requirements of the District.

1.06 AUTHORIZED INVESTMENTS

- A. Acceptable investments under this Policy shall be limited to the instruments listed below and as further described by the Act. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the District until this Policy has been amended and the amended version is adopted by the

Board:

1. Obligations of the United States Government, its agencies and instrumentalities, , including the Federal Home Loan Banks, but excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations, and real estate mortgage investment conduits; not to exceed two years to stated maturity,;
 2. Fully insured or collateralized certificates of deposit and other forms of deposit placed in compliance with the Act from any bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank; and
 3. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Act.
- B. Bids for investments, including certificates of deposit, may be solicited:
1. Orally;
 2. In writing;
 3. Electronically; or
 4. In any combination of those methods.
- C. All purchases of securities shall be made on a delivery versus payment basis assuring that no District funds are released before the security is received by the custodian.

1.07 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

- A. All investments made by the District will be made through either the District's banking services bank or an approved broker/dealer. The Board will review the list of broker/dealers annually. A list of at least three broker/dealers will be maintained of approved investment broker/dealers. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 153C-1 (uniform net capital rule).
- B. Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:
1. Proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of FINRA CRD number,
 2. Audited financial statements, and
 3. Proof of current registration with the Texas State Securities Board.
- C. Every broker/dealer and bank with which the District transacts business will be provided a copy of this Investment Policy for review to assure that they are familiar with the goals and objectives of the investment program.

1.08 SAFEKEEPING AND COLLATERALIZATION

- A. Safekeeping of District Owned Securities.
1. All purchased securities shall be cleared to safekeeping on a delivery versus payment basis and held in safekeeping by an independent third party financial

- institution, or the District's banking services depository.
2. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party custodian shall be required to issue safekeeping receipts to the District listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is being held for the District or pledged to the District.

B. Securities Pledged as Collateral

1. All securities pledged to the District for all bank time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which securities are pledged.
2. Collateralization is required on all time and demand deposits over the FDIC insurance coverage.
 - a. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of the deposit amount plus accrued interest on the deposit, less the applicable level of FDIC insurance.
 - b. Collateral will be held by an independent third party custodian. The custodian shall provide a written monthly report directly to the District listing all pledged collateral by description and par at a minimum. The investment officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.
 - c. If the collateral pledged for a deposit falls below the deposit value of the deposit, plus accrued interest, less FDIC insurance, the institution holding the deposit will be notified by the investment officers and will be required to pledge additional collateral no later than the end of the next business day.

C. Authorized Collateral

1. The only types of collateral authorized by the District are:
 - a. Obligations of the U. S. Government, its agencies and instrumentalities including mortgage-backed securities which pass the bank test.
 - b. Obligations of a state or subdivision, city, county, school district of any state which is rated A or better by two nationally recognized rating agencies.
2. If the depository proposes a collateral pooling program, the Investment Officer will review and evaluate the program's risk and cost to the District for presentation to the Board. The pooling of collateral allows a bank to create a pool of securities for collateral purposes for multiple governments and will not result in securities pledged directly/specifically to each government.
3. Collateralized deposits often require release or substitution of collateral. Any broker/, dealer, or financial institution requesting substitution must contact the investment officers for approval and settlement. The substituted security's value will be calculated and substitution approved, if its value is equal to or greater than

the required security level. The investment officers, or a designee, must provide written notification of the decision to the bank or the custodian/safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The investment officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

1.09 INVESTMENT TRAINING

- A. The Investment Officer shall attend training, as required by Water Code 36.1561, from an independent source approved by the Board involving at least six (6) hours of instruction. The initial training shall occur within 12 months after the Investment Officer takes office or assumes his or her duty. The Investment Officer shall attend an investment training session not less than once in a two-year period and receive not less than four (4) hours of instruction related to the duties and investment responsibilities under Subchapter 2256 of the Act from an independent source approved by the Board.
- B. Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

1.10 REPORTING AND PERFORMANCE EVALUATION

- A. The Investment Officer shall submit a monthly report to the District Manager.
- B. Not less than quarterly, the Investment Officer shall prepare and submit to the Board a written report of investment transactions for all funds subject to this policy for the preceding reporting period. The report must:
 - 1. Describe in detail the District's investment position on the date of the report;
 - 2. Be prepared by the Investment Officer;
 - 3. Be signed by the Investment Officer;
 - 4. State the maturity date of each separately invested asset that has a maturity date;
 - 5. 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; and
 - 6. State the compliance of the investment portfolio of the District with:
 - a. The investment strategy expressed in the District's Investment Policy; and
 - b. Relevant provisions of the Act.
- C. Market prices for market evaluations will be obtained from an independent source.
- D. In addition, the report shall explain the quarter's total investment return and compare the return with budgetary expectations.
- E. All reports shall be in compliance with the Act.

1.11 MISCELLANEOUS

- A. The District, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies to review investment performance and to ensure investment security. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions.

- B. The District shall review this policy at least annually and adopt a resolution confirming the continuance of the policy without amendment or adopt an amended investment policy.

- C. This investment policy was reviewed and approved on December 12, 2017 and supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.

RESOLUTION NO. 2018-10-09-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT RELATING TO AN INVESTMENT POLICY

WHEREAS, the North Texas Groundwater Conservation District ("District") was created by an act of the 81st Legislature on May 19, 2009, R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8856 ; and

WHEREAS, the District has a responsibility of approving investments for the resources in its care and custody; and

WHEREAS, the Staff and Board has reviewed this document and believes it to be in conformance with the State statutes regarding the investment of public funds;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The Investment Policy attached as Exhibit "A" is hereby re-adopted by this resolution and shall be in full force until further change by Board action.
2. The District's Investment Officers are designated by this resolution to be the Secretary of the Board of Directors, the General Manager and the Finance Officer.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed and approved on this 9th day of October, 2018 by the following vote:

AYE:

NAY:

ABSTAIN:

At a regular meeting of the Board of Directors of the North Texas Groundwater Conservation District.

President

ATTEST:

Secretary-Treasurer

ATTACHMENT 11



COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

General Manager's Quarterly Report

Date: October 1, 2018

North Texas GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2018.

Well Registration Program:

Current number of wells registered in the District: 2,267

Aquifers in which the wells have been completed: Trinity and Woodbine

Well Inspection/Audit Program:

**2018
Well Inspections**

Month	Collin	Cooke	Denton	Total
January	0	0	28	28
February	21	7	2	30
March	6	7	45	58
April	6	32	41	79
May	19	6	31	56
June	5	24	72	101
July	3	12	66	81
August	6	12	79	97
September	4	7	32	43
October				
November				
December				
Total	70	107	396	573

North Texas Groundwater Conservation District

Well Registration Summary
As of September-30-2018

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Aug-31-2018
Agriculture	6	11	33	50	0
Commercial / Small Business	7	8	29	44	0
Domestic Use (household / lawn watering at residence)	73	365	641	1081	11
Filling a pond or other surface impoundment**	45	15	75	136	1
Golf course irrigation	15	2	21	38	0
Industrial / Manufacturing	7	11	8	27	0
Irrigation	82	4	190	276	5
Leachate	0	0	0	0	0
Livestock Watering	7	60	40	107	1
Monitoring	0	0	0	0	0
Municipal / Public Water System	33	70	223	327	0
Other	10	6	32	48	0
Piezometer	0	0	0	0	0
Poultry	0	0	0	0	0
Solely to supply water for rig actively***	1	1	7	9	0
Supplying water for oil or gas production*	0	5	55	60	0
Not Specified	16	9	39	64	0
SUM	302	567	1393	2267	18

ADJOURN