

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**TUESDAY
NOVEMBER 10, 2015
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, November 10, 2015, at 10:00 a.m.

Board Meeting/Workshop

The regular Board Meeting will begin at 10:00 a.m.

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 October 20, 2015, 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
 - c. Rules and Bylaws Committee
 - d. Groundwater Monitoring and Database Committee
 - e. Policy and Personnel Committee
 - f. Conservation and Public Awareness Committee
 - g. Management Plan Committee
 - h. Desired Future Condition Committee
7. Consider and act upon confirming execution of engagement letter for audit services for fiscal year ending December 31, 2015
8. Consider and act upon Mustang SUD Meeting Payments

9. Consider and act upon approval of Investment Policy
10. Consider and act upon 2016 Administrative Services Contract with Greater Texoma Utility Authority
11. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs)
12. Consider and act upon compliance and enforcement activities for violations of District
13. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District
14. Receive Visioning presentation from LBG Guyton Associates
15. Open forum / discussion of new business for future meeting agendas
16. 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 schedules represent 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); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

ATTACHMENT 4

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

TUESDAY, OCTOBER 20, 2015

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

Members Present: Chris Boyd, Eddy Daniel, Evan Groeschel, Kenny Klement, Philip Sanders, Thomas Smith, Ronny Young

Members Absent: Joseph Helmberger, Ron Sellman

Staff: Drew Satterwhite, P.E., Velma Starks, Carolyn Bennett

Legal Counsel: None

Visitors: James Beach, LBG-Guyton Associates
Neal Welch, City of Sanger
Aaron Collier, Collier Consulting

1. Pledge of Allegiance and Invocation

President Daniel provided the invocation and led the group in the pledge of allegiance.

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

President Daniel called the meeting to order at 10:12am, 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 Directors for public comment.

4. Consider and act upon approval of Minutes from the September 8, 2015 board meeting

Motion was made by Ronny Young, seconded by Evan Groeshel, and passed unanimously to approve the minutes of the September 8, 2015 board meeting.

5. Consider and act upon approval of invoices and reimbursements.

President Daniel discussed the invoices and reimbursement with the Board of Directors. The Board of Directors requested that quarterly reports be presented in the future on injection wells. After discussion, motion was made by Ronny Young to approve Resolution No. 2015-10-20-1. The motion was seconded by Thomas Smith and passed unanimously.

6. Receive reports from the following Committees*:

a. Budget and Finance Committee

1) Receive Monthly Financial Information

Mr. Satterwhite reviewed the financial information presented with the Board of Directors.

b. Investment Committee

No report.

c. Rules and Bylaws Committee

No report.

d. Groundwater Monitoring and Database Committee

No report.

e. Policy and Personnel Committee

No report

f. Conservation and Public Awareness Committee

No report.

g. Management Plan Committee

1) Quarterly Report

General Manager Satterwhite reviewed the September 2015 Quarterly Report with the Board of Directors.

h. Desired Future Condition Committee

No report.

7. Consideration and Possible Action Regarding the District's Legal Counsel

President Daniel asked Mr. Satterwhite to review the legal counsel process with the Board. Mr. Satterwhite reported that pursuant to the Board's request legal counsel was pursued utilizing the Request For Proposals ("RFP") process. RFPs were requested, and received by North Texas GCD staff. Committee Members (Thomas Smith, Eddy Daniel and Ronny Young) were provided with the proposals received, and a committee meeting was held. Proposals received from Smith, Robertson, Elliott and Douglas LLP, Sledge Law, and Lloyd Gosselink firm were provided to the Committee for their consideration. President Daniel stated the Committee had met and discussed the RFPs received. Ronny Young made a motion to select Kristen Fancher with Smith, Robertson, Elliott and Douglas LLP for enforcement work, administrative duties and development and upkeep of the rules for the District, and Brian Sledge with Sledge Law for hearings in Austin and litigation. Thomas Smith seconded the motion. After discussion among the Board members, Ronny Young amended his motion to state he moved to select Kristen Fancher with Smith, Robertson, Elliott and Douglas LLP as primary legal counsel, and Brian Sledge with Sledge Law as secondary legal counsel. Thomas Smith seconded the motion and the motion carried unanimously.

8. Receive Presentation from LBG-Guyton Associates Regarding GAM Runs 5,6,7 & 8

James Beach with LBG Guyton provided a presentation to the Board of Directors regarding the GAM runs. Mr. Beach stated this information is being provided to assist the District in making decisions on Desired Future Conditions. Mr. Beach stated he would be present at the next board meeting, November 10th, for a visioning workshop, which will offer the Board time to discuss and consider the model runs and consider the District's Desired Future Conditions (DFCs).

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

President Daniel stated he agreed with the concept of using a percentage of drawdown instead of a number for the District's DFCs. There is a need to request additional model runs, and currently the District's budget contains approximately \$15,000 for model runs. President Daniel asked the Board to consider providing the DFC committee authority to order runs as they are deemed necessary. Motion was made by Thomas Smith to extend the DFC Committee authority to use the budgeted amount previously approved to make runs as they are determined to be appropriate. The motion was seconded by Kenny Klement and passed unanimously.

10. Consider and act upon compliance and enforcement activities for violations of District

There were no enforcement activities currently requiring consideration of the Board of Directors.

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

General Manager Satterwhite reviewed the well registration summary as of September 30, 2015 with the Board of Directors

12. Open Forum / discussion of new business for future meeting agendas

President Daniel stated it is very important for all Board members to attend the visioning workshop to be held November 10th, the next regularly scheduled board meeting.

13. Adjourn public meeting

President Daniel declared the meeting adjourned at 12:14pm.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 7



AGENDA COMMUNICATION

DATE: November 4, 2015

SUBJECT: AGENDA ITEM NO. 7

CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2015

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2015

BACKGROUND

In 2013, the Board had instructed the staff to solicit proposals for audit services for the fiscal year ending December 31, 2013 through fiscal year ending December 31, 2017. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit selection committee reviewed the proposals and selected Hankins Eastup Deaton Tonn & Seay of Denton, Texas. This selection was confirmed at the February 2014 Board meeting.

OPTIONS/ALTERNATIVES

The Board has the option to re-solicit for proposals or to engage with Hankins Eastup Deaton Tonn & Seay of Denton, Texas.

CONSIDERATIONS

District staff is of the opinion that Hankins Eastup Deaton Tonn & Seay of Denton, Texas provided a thorough and quality audit for the last two years

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with Hankins Eastup Deaton Tonn & Seay firm of Denton, Texas for the 2015 audit.

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

October 25, 2015

North Texas Groundwater Conservation District
5100 Airport Drive
Denison, Texas 75020

This is to confirm our understanding of the services we are to provide the North Texas Groundwater Conservation District (the "District") for the year ended December 31, 2015. We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of North Texas Groundwater Conservation District, as of and for the year ended December 31, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the District's basic financial statements. As part of our engagement, we will apply certain limited procedures to the District's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Budgetary Comparison Schedule -General Fund.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards, and will include tests of accounting records, and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and each major fund and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

As part of the audit, we will prepare a draft of your financial statements and related notes. You will be required to review and approve those financial statements prior to their issuance and have responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

You are responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the District complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from the District's attorneys as part of the engagement, and they may bill the District for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you internal control related matters that are required to be communicated under professional standards.

Audit Administration, Fees and Other

We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package to appropriate entities.

Carl Deaton is the engagement partner and is responsible for supervising the engagement and signing the report. We estimate that our fee for these services will be

\$5,300. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2012 peer review report was provided to you during a prior year audit.

We appreciate the opportunity to submit this proposal and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this proposal as described in this letter, please sign a copy of this letter and return it to us.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

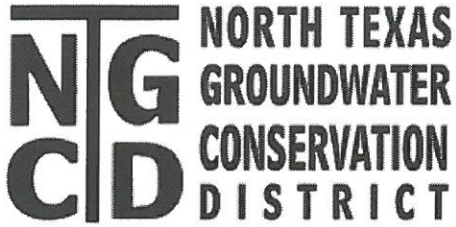
RESPONSE:

This letter correctly sets forth the understanding of the North Texas Groundwater Conservation District.

Signature: _____

Title: _____

ATTACHMENT 8



AGENDA COMMUNICATION

DATE: November 5, 2015

SUBJECT: AGENDA ITEM NO. 8

CONSIDER AND ACT UPON MUSTANG SPECIAL UTILITY DISTRICT MEETING PAYMENTS

ISSUE

Consider and act upon authorizing a payment to the Mustang Special Utility District ("SUD") to compensate for hosting meetings.

BACKGROUND

Over the past several years, the Board of Directors has rotated meeting locations amongst Collin, Cooke and Denton Counties. Earlier this year, the Board expressed an interest in holding the meetings at a location central to all Board members and residents of the District. Mustang SUD offered the use of their facilities and the Board has now been meeting at their offices since July of 2015.

CONSIDERATIONS

Mustang SUD has now hosted the past four (4) meetings. At the recent Board meeting, the Board discussed the possibility of providing Mustang SUD with a payment to compensate for the use of the facilities as well as refreshments that have been offered each meeting by Mustang SUD.

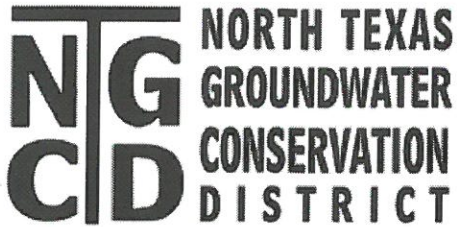
STAFF RECOMMENDATIONS

The staff requests direction from the Board regarding a payment to Mustang SUD to compensate for hosting meetings.

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 9



AGENDA COMMUNICATION

DATE: November 4, 2015

SUBJECT: AGENDA ITEM NO. 9

CONSIDER AND ACT UPON APPROVAL OF INVESTMENT POLICY

ISSUE

Consider and act upon the Investment Policy as required by the Public Funds Investment Act.

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.

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 Proposed Investment Policy.

ATTACHMENTS

Proposed Investment Policy

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E.
General Manager

EXHIBIT "A"

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

ADOPTED: DECEMBER 13, 2010

REVIEWED AND APPROVED: OCTOBER 21, 2014

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 and Chapter 49 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:
 - a. Preservation and safety of principal
 - b. Liquidity
 - c. Diversification
 - d. 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 or employees of the District to be responsible for the investment of its funds and be the District's Investment Officer. 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 quarterly 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.

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:
 - a. Obligations of the United States Government, its agencies and instrumentalities, not to exceed two years to stated maturity, excluding

- mortgage backed securities;
 - b. Fully insured or collateralized certificates of deposit 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
 - c. 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:
 - a. Orally;
 - b. In writing;
 - c. Electronically; or
 - d. 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 in order to assure competitive bidding.
- 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:
 - a. Proof of certification by the Financial Industry Regulatory Association (FINRA) and provision of FINRA CRD number,
 - b. District certification, and
 - c. 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. A representative of the firm will be required to return a signed certification stating that the Investment Policy has been received and reviewed and that controls are in place to control that only authorized securities are sold to the District. A form of the certification is attached to this Investment Policy.

1.08 SAFEKEEPING AND COLLATERALIZATION

- A. Safekeeping of District Owned Securities.
 - a. 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.

- b. 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
- a. 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.
 - b. Collateralization is required on all time and demand deposits over the FDIC insurance coverage. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of the market value of the principal and accrued interest. 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
- C. Authorized Collateral
- a. The only types of collateral authorized by the District are:
 - i. Obligations of the U. S. Government, its agencies and instrumentalities including mortgage-backed securities which pass the bank test.
 - ii. 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.
 - b. 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.

1.09 INVESTMENT TRAINING

- A. The Investment Officer shall attend at least one training session from an independent source approved by the Board involving at least six (6) hours of instruction related to the responsibilities and duties under Subchapter 2256 of the Act unless the Investment Officer currently is in compliance with the requirements of the Act. 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:
 - a. Describe in detail the District's investment position on the date of the report;
 - b. Be prepared by the Investment Officer;
 - c. Be signed by the Investment Officer;
 - d. State the maturity date of each separately invested asset that has a maturity date;
 - e. 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
 - f. State the compliance of the investment portfolio of the District with:
 - i. The investment strategy expressed in the District's Investment Policy; and
 - ii. 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 May 8, 2012 and supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.

CERTIFICATION

I hereby certify that I have received and thoroughly reviewed the investment policy of North Texas Groundwater Conservation District ("District") and have implemented reasonable procedures and controls designed to preclude imprudent investment activities arising out of investment transactions conducted between this firm and the District. Transactions between this firm and the District will be directed towards protecting the District from credit or market risk.

All the sales personnel of this firm dealing with the District's account have been informed and will be routinely informed of the District's investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This firm pledges due diligence in informing the District through its duly appointed Investment Officer of foreseeable risks associated with financial transactions connected to this firm.

(Firm)

(Signature of Registered Principal)

(Name)

(Title)

(Date)

Notification Phone Nos. & Addresses of the District:

Board of Directors

North Texas Groundwater Conservation District
PO Box 508
Gainesville, Texas 76241
(855) 426-4433

Investment Officer

Ronny Young, Secretary/Treasurer

Scope of Services

- I. Recording and Communication Services
 - Act as point of contact for well owners by answering questions regarding rules
 - Provide all postings for meetings ???
 - Provide notice postings in timely manner
 - Mail notices and rules as needed
 - Prepare agenda after consultation with President
 - Prepare and e-mail draft minutes to Board of Directors
 - Complete minutes after review by Board of Directors
 - Maintain website as needed
 - Establish and maintain paper and electronic filing system
 - Provide written communications to well owners, TWDB and others as needed
 - Draft correspondence for signature by designated persons
- II. Database Collection for Registered and Non-Registered Wells in the District
 - Operate and maintain well registration website and map, which depicts wells in each NTGCD county
 - Work with well owners to register wells and collect well registration and water production fees
 - Employ field technician to locate and verify wells in each NTGCD county
- III. Development of Personnel and Other Policies
 - Prepare and present drafts of personnel policies for review by appropriate committee and Board of Directors
 - Prepare and present drafts of operating procedures for future staff to follow
 - Assist Board of Directors in training personnel for District at appropriate time
- IV. Assistance for Rule Development
 - Assist Board of Directors in development of permanent rules
 - Assist Board of Directors in the development and implementation of a Management Plan
- V. Accounting
 - Provide accounting services including keeping financial records, issuing invoices, paying invoices, etc.
 - Prepare and present monthly financial statements
 - Assist Board of Directors with development of budget
 - Prepare and provide documentation for audit
- VI. Groundwater Management Area 8
 - Coordinate Groundwater Management Area 8 (GMA 8) as directed by President and GMA 8 Representative

Approach to Provision of Services

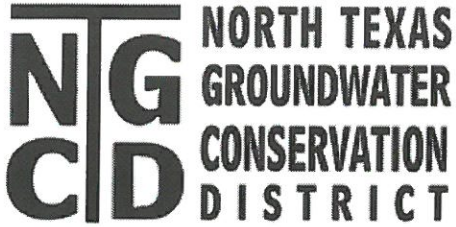
- Staff is able to work diplomatically with well owners and others
- Use 800 number on all letterhead and other communication for calls to make contact easier for well owners
- Well-acquainted with TWDB staff
- Utilize assistance from Texas Alliance of Groundwater District members
- Coordinate District activities with GMA 8 activities
- Develop records and procedures in a manner that will make for easy transition when desired

Estimated Cost of Services

The Authority is a public agency. The Board's approach to provision of services has always been to seek reimbursement for the costs of providing the services requested. These costs include:

- The salary and employer personnel costs (social security, worker's compensation insurance, retirement, and accounting, etc.)
- Mileage for travel required at the rate set annually by IRS
- Any direct expenses required to provide the services requested (telephone charges, copies, postage, and similar expenses directly associated with the project)
- The contract for services will not exceed \$120,000 for administration, \$20,000 for accounting, and \$95,000 for the field technician without prior authorization from the Board of Directors
- Field personnel costs will be an expense of the District, which will include salary, benefits, transportation and other costs directly associated with verification of well and pumping information
- Billing Rates:
 - Administration – \$83 per hour
 - Project Coordinator - \$47 per hour
 - Administrative Assistant - \$28 per hour
 - Finance Officer - \$63 per hour
 - Accounting Assistant - \$40 per hour
 - Office Clerk - \$24 per hour
 - Field Technician - \$42 per hour
 - Operation Supervisor - \$52 per hour

ATTACHMENT 10



AGENDA COMMUNICATION

DATE: November 4, 2015

SUBJECT: AGENDA ITEM NO. 10

**CONSIDER AND ACT UPON 2016 ADMINISTRATIVE SERVICES CONTRACT WITH GREATER TEXOMA UTILITY
AUTHORITY**

ISSUE

Renewal of the contract with Greater Texoma Utility Authority ("GTUA") for 2016 administrative services.

BACKGROUND

In November 2010, the District and GTUA entered into an agreement for administrative services to be provided by GTUA for the District. The Board of Directors of GTUA has indicated their satisfaction with the outcome of the agreement. This agreement will be considered at GTUA's November 16, 2015 Board meeting.

CONSIDERATIONS

This scope of services remains the as the contract executed for 2015. Some of the billing rates in the proposed contract have been slightly adjusted with both increases and decreases. The budgeted amounts identified in the contract are consistent with the 2016 budget adopted by the District.

STAFF RECOMMENDATIONS

The staff recommends that the contract between the District and GTUA be approved.

ATTACHMENTS

2016 Administrative Services Contract with GTUA
2016 Budget

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

**ADMINISTRATIVE SERVICES AGREEMENT
BETWEEN THE GREATER TEXOMA UTILITY AUTHORITY AND
THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

STATE OF TEXAS	§	STATE OF TEXAS
	§	
GREATER TEXOMA UTILITY AUTHORITY	§	NORTH TEXAS GROUNDWATER
	§	CONSERVATION DISTRICT

This Agreement, made and entered into by and between the Greater Texoma Utility Authority, hereinafter referred to as ("Authority") and the North Texas Groundwater Conservation District in Collin, Cooke, and Denton Counties, Texas, hereinafter referred to as ("District").

WITNESSETH:

WHEREAS, the District is experiencing a need for administrative services in order to achieve the objectives provided in its enabling legislation and Chapter 36 of the Texas Water Code; and

WHEREAS, the Authority has staff experienced in water related activities and has provided administrative services to the District since November 2010; and

WHEREAS, the District has determined that it is in the best interest of the District to engage the Authority to assist in providing administrative assistance in establishing the District's programs and activities; and

WHEREAS, the District has determined that the Scope of Services dated November 10, 2015, from the Authority, is in the best interest of the District and that the Authority is qualified and capable of providing such services;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and of the terms and conditions hereinafter set forth, the parties agree as follows:

1. The Scope of Services. The term "Scope of Services" as used herein refers to the Scope of Services made and submitted by the Authority to the District dated November 10, 2015, as amended, modified, or supplemented herein. (attached hereto as "Exhibit A")

The Proposal is a general guideline for the commencement of administrative activities and related services. Said Proposal is superseded by specific terms of this Agreement, which may be amended in writing from time to time upon agreement of the Authority and the District.

2. Administrative Services. The Authority shall perform administrative services for the District at the direction of the District Board, and the District Board President to the extent that the Board President's direction does not conflict with any District or Authority rule, policy, or order of the District or Authority Board. Such directions from the District Board and Board President regarding the performance of administrative services shall supplement any specific services delineated in this Agreement or the attached

Proposal. Administrative services shall include, but not be limited to recording and communication services, database collection and well registration services, as well as assistance in developing personnel policies, operating procedures, refining of temporary rules and developing a management plan. Administrative services shall also include performance of the duties of the "General Manager" as set forth in the District's Temporary District Rules, Bylaws, rules and orders, subject to the directions and orders of the District Board and Board President. The Authority shall not retain outside professional services to be reimbursed by the District without prior authorization from the District. The District Board shall retain ultimate authority in decision-making under the District's Rules.

3. Charges and Payment. Monthly payments shall be made by the District to the Authority for actual costs incurred including, but not limited to hourly wages and benefits of the Authority employees, extra travel costs to and from the District, and other direct costs, including fees for professional services. The Authority shall invoice the District for any such services performed hereunder during the preceding thirty (30) day period, said invoice to be presented by the 25th day of the following month. Said invoice shall be itemized in such a manner that the District may determine the reasonableness of the charges submitted. The District shall pay the full amount of invoices received from the Authority by the tenth day of the month following receipt of any such invoice unless notice of protest or disagreement is given to the Authority within seven (7) business days after receipt of said invoice. Failure of the Authority and the District to agree upon payment of such invoice within thirty (30) days of protest shall be grounds for termination under Paragraph 4 unless the parties can otherwise agree in writing to a schedule of payment.

4. Terms of Agreement. The Term of this Agreement shall be for a 12-month period commencing as of the effective date of this Agreement, which shall be the later date that the District or the Authority executes this Agreement. This Agreement may be renewed upon expiration of the 12-month term of this Agreement by written agreement between the parties. Either the District or the Authority may terminate this agreement for any reason at any time upon ninety (90) days written notice of termination to the other party. Should the Authority or the District elect to terminate this Agreement, the District shall remain responsible for its share of any costs for which it is obligated that remain existing and unpaid as of the effective date of termination.

5. Indemnity. Neither the District nor the Authority shall be liable to the other for loss, either direct or consequential. All such claims for any and all loss, however caused, are hereby waived. Said absence of liability shall exist whether or not the damage, destruction, injury, or loss of life is caused by the negligence of either party or of any of their respective agents, servants, or employees. It is contemplated that each party shall look to its respective insurance carriers for reimbursement of any such loss. Neither party shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless it is specifically covered therein as an additional insured. Nothing contained in this Agreement is intended by either party to create a partnership or joint venture, and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint any party as an agent of any other party, for any purpose whatsoever. It is understood and agreed that by execution of this Agreement, no governmental powers or immunities are waived or surrendered by either the District or the Authority.

6. Independent Contractor. The Authority is, and shall perform this agreement as, an independent contractor, and as such, shall have and maintain complete control over all of its employees, subcontractors,

agents, and operations. Neither the Authority nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, subcontractor, employee, officer or servant of the District. No employee or agent of the District shall be, represent, act, or purport to act or be deemed to be the agent, representative, subcontractor, employee, officer, or servant of the Authority.

7. Surety Bond. Any officer, employee, or agent of the Authority who collects, pays, or handles any funds of the District shall furnish good and sufficient bond payable to the District in an amount determined by the District Board to safeguard the District. The bond shall be conditioned on the faithful performance of that person's duties and on accounting for all funds and property of the District. The bond shall be signed or endorsed by a surety company authorized to do business in Texas. The District Board hereby determines that the initial amount of each bond shall be set at \$50,000.00, and may alter the amount pursuant to a minute order or resolution adopted at a properly noticed meeting. The District Board shall provide the Authority with notice of any such alternative amount. The District shall reimburse the Authority for costs incurred in connection with providing administrative services to the District. Any such out-of-pocket costs exceeding \$2,500.00 per year shall require prior approval of the District Board. The Authority shall limit the collection, payment, or handling of District funds only to the officers, employees, and agents of the Authority who have been bonded in accordance with this paragraph.

8. No Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the parties hereto, and all duties and responsibilities undertaken pursuant to this Agreement shall be for the sole and exclusive benefit of the parties hereto, and not for the benefit of any other party. There are no third party beneficiaries to this Agreement.

9. Assignment. This Agreement shall not be assignable except at the written consent of the Authority and the District hereto, and if so assigned, shall extend to and be binding upon the successors and assigns of the Authority and the District thereto.

10. Notices. All notices given under this agreement shall be deemed properly served if delivered in writing personally, or sent by certified mail to Eddy Daniel, President, North Texas Groundwater Conservation District, PO Box 508, Gainesville, TX 76241, and to the Authority addressed to the President, Greater Texoma Utility Authority, 5100 Airport Drive, Denison, TX 75020-8448. Date of service of notice served by mail shall be the date on which such notice is deposited in a post office of the United States Postal Service. Either party may change their respective addresses for notice by providing notice of such address change in the aforesaid manner with specific reference to this Agreement.

11. Authority Financial Obligations. Nothing in this agreement shall be construed to require the Authority to expend funds from any source other than the revenues received hereunder. All costs required by valid rules, regulations, laws, or orders passed or promulgated by the United States of America, the State of Texas, and regulatory or judicial branches thereof having lawful jurisdiction shall be the responsibility of the District.

12. Entire Agreement. This agreement embodies the entire understanding between the Authority and the District hereto relative to the subject matter hereof and shall not be modified, changed or altered in any respect except in writing signed by the Authority and the District.

13. Governing Law and Severability. This agreement shall be governed by the laws of the State of Texas and the venue in Cooke County, Texas. The provisions of this agreement shall be deemed to be severable and the invalidity of or inability to enforce other provisions hereof. In the event of a conflict between the terms of this Agreement and any exhibit attached hereto, the terms and conditions of this Agreement shall take precedence.

14. Interpretation. Although drawn by the Authority, this contract shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against either party. Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused the signatures of their legally authorized representatives to be affixed hereto, having been duly approved by the respective governing bodies and effective on the last date of execution as set forth below.

GREATER TEXOMA UTILITY AUTHORITY
5100 AIRPORT DRIVE
DENISON TX 75020-8448

NORTH TEXAS GCD
PO BOX 508
GAINESVILLE TX 76241

BY: _____
President

BY: _____
President

DATE: _____

DATE: _____

ATTEST:

ATTEST:

Secretary-Treasurer

Secretary

**NORTH TEXAS GROUNDWATER CONSERVATION DIS
BUDGET 2016**

	Adopt 2015	Actual @ 4/30/2015	EST FOR 12/31/2015	Adopted 2016
Ordinary Income/Expense				
Income				
46003 GMA8	64,575			36,364
*46001 PRODUCTION FEES	615,000	119,687.60	478,750	712,000
46005 Drillers Fees				
46006 WELL REG FEES	5,000	4,800.00	9,600	5,000
46016 Penalty & Fines		2,727.62	2,728	
46100 Interest		598.03	1,794	1,000
46015 LATE FEES				
Total Income	684,575	127,813	492,872	754,364
Expense				
77010 ADMINISTRATIVE	120,000	34,839.15	104,517	120,000
77030 ADS-LEGAL	1,000		1,000	1,000
77025 ACCOUNTING	20,000	4,990.00	14,970	20,000
77027 AUDITING	5,200		5,200	5,000
77050 BANKING FEES				
77100 CONSULTING UPDATE	0			
77150 CONSULTING-HYDROGEO	30,000	1,257.98	30,000	34,400
77175 CONSULTING-MODEL RUNS	20,000		20,000	5,000
77550 CONTRACT FIELD PERSON	70,000	29,024.60	87,074	95,000
77325 DIRECT COSTS-REIMB	4,000	1,077.26	3,232	4,000
77450 DUES & SUBSCRIPTION	1,000	332.75	998	1,600
77480 EQUIPMENT	2,500		2,500	2,500
77500 FEES-GMA8	73,800	2,409.69	7,229	40,000
77650 FUEL/MAINTENANCE	3,000	649.44	1,948	3,000
77800 Inject Well Monitoring		398.90	1,197	700
77810 INSURANCE & BONDING	5,000	1,094.96	5,000	5,000
77970 LEGAL	50,000	6,052.99	24,212	50,000
77980 LEGAL-LEGISLATION	10,000	9,193.00	10,000	
77975 LEGAL-INJECTION		1,233.90	3,702	7,500
78000 LOAN REIMB	225,000		225,000	225,000
78010 MEETINGS & CONFERENCES	2,000	114.70	344	2,000
78310 RENT	2,400	800.00	2,400	2,400
78600 SOFTWARE MAINT	7,500	3,420.00	7,500	7,500
78610 TELEPHONE	2,000	573.49	1,720	2,000
78775 WATER QUALITY ISSUES				
78780 WELL MONITORING/TESTING				
Total Expense	654,400	97,463	559,744	633,600
Net to Fund Balance	30,175			

ATTACHMENT 13

North Texas Groundwater Conservation District

Well Registration Summary As of October 31, 2015

County	Exempt Wells	Non-Exempt Wells	Total Registered Wells
Collin County	107	99	206
Cooke County	284	117	401
Denton County	529	373	902
Total	920	589	1509

Monthly Summary October 2015

County	New Exempt Well Registrations	New Non-Exempt Well Registrations	Existing Exempt Well Registrations	Existing Non-Exempt Well Registrations	Exempt Wells Completed	Non-Exempt Wells Completed	Wells Plugged
Collin County	2	0	0	0	0	2	0
Cooke County	1	0	0	0	7	0	0
Denton County	11	0	0	0	3	0	0
Total	14	0	0	0	10	2	0

ADJOURN