

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

IN-PERSON MEETING LOCATION:

Pilot Point ISD Administration Office
829 S. Harrison St.
Pilot Point, TX 76258

REMOTE ACCESS ALSO AVAILABLE AT:

Join by computer, tablet or smartphone at the following link:

<https://global.gotomeeting.com/join/879603773>

or

Join by phone 408-650-3123 with access code: 879-603-773

**TUESDAY
JANUARY 12, 2021
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Tuesday, January 12, 2021 at 10:00 a.m.

IN-PERSON MEETING LOCATION:

**Pilot Point ISD Administration Office
829 S. Harrison St.
Pilot Point, TX 76258**

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Join by phone 408-650-3123 with access code: 879-603-773

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold public hearings and a Board meeting in-person and via telephone and video conference call beginning at 10:00 a.m. on Tuesday, January 12, 2021. Please note for in-person attendance that the Board meeting location can only accommodate a limited number of attendees in order to comply with the Governor's proclamation related to in-person gatherings, and that remote access may be required in the event the capacity limitations are reached. Public comment can be provided whether participating in-person or remotely.

Permit Hearing

The Permit 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 conduct a permit hearing on the following Production Permit Applications:

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review the Production Permit Applications of:

New Production Permits

1. Applicant: Denton Independent School District; 1307 N. Locust, Denton, TX 76201

Location of Well: FM 1385 and Fishtrap Road, Prosper, TX 76227; Latitude: 33.235611°N, Longitude: 96.891250°W; About 300 feet south on FM 1385 from the intersection of Union Park Blvd and FM 1385, and about 1150 feet east of FM 1385.

Purpose of Use: Landscape Irrigation

Requested Amount of Use: 17,340,000 gallons per year for 2021 and 6,700,000 gallons per year after 2021

Production Capacity of Well: 195 gallons per minute

Aquifer: Trinity (Paluxy) Aquifer

2. Applicant: Independence Water No. 2, LP; 3000 Turtle Creek Blvd, Dallas, TX 752019

Location of Well: Eagle Ct., Melissa, TX 75454; Latitude: 33.2967447°N, Longitude: 96.5534671°W; About 650 feet north on Liberty Way from the intersection of Liberty Way and Patton Drive, and about 1500 feet east of Liberty Way

Purpose of Use: Landscape Irrigation and Pond(s)/Surface Impoundment(s)

Requested Amount of Use: 20,080,000 gallons per year through 2022 and 15,480,000 gallons per year after 2022

Production Capacity of Well: 180 gallons per minute

Aquifer: Woodbine Aquifer

3. Applicant: Responsive Education Solutions; 1301 Waters Ridge Dr., Lewisville TX 75057

Location of Well: 4300 E. First St., Prosper, TX 75078; Latitude: 33.235139°N, Longitude: 96.734389°W; About 500 feet south on N. Custer Rd from the intersection of N 1st St. and N. Custer Rd, and about 500 feet west of N. Custer Rd.

Purpose of Use: Landscape Irrigation and Pond(s)/Surface Impoundment(s)

Requested Amount of Use: 9,360,000 gallons per year for 2021 and 5,190,000 gallons per year after 2021

Production Capacity of Well: 175 gallons per minute

Aquifer: Woodbine Aquifer

Permit Amendments

4. Applicant: City of Krum, 410 N. First Street, Krum, TX 76249

Location of Well: 4910 Masch Branch RD, Krum, TX 76249; Latitude: 33.257833°N, Longitude: 97.208028°W; About 125 feet west of Masch Branch Road and 900 feet south of the intersection of Masch Branch Road and FM 1173

Purpose of Use: Public Water Supply

Requested Amount of Use: 35,011,000 gallons per year

Production Capacity of Well: 300 gallons per minute (Increased from 200 gallons per minute)

Aquifer: Trinity (Antlers) Aquifer

3. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).
4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.
5. Adjourn or continue permit hearing.

Board Meeting

The regular Board Meeting will begin upon adjournment of the above noticed Permit Hearing.

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 November 10, 2020, Board meeting.
5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2020-01-12-01.
6. Review and act upon approval of Investment Policy.
7. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - b. Investment Committee
 - 1) Receive Quarterly Investment Report
8. Consider and act upon confirming execution of Engagement Letter from Audit Services for Fiscal year ending December 31, 2020.
9. Discussion and possible action on the requirement of the City of Highland Village's need to submit a Hydrogeological Report.
10. Update and possible action on E-Merchant services.
11. Consider and act upon purchasing Acoustic Water Level Measuring Device.
12. Consider and discuss an Amicus brief in *Neches and Trinity Valleys GCD vs. Mountain Pure TX*
13. Discussion and possible action on the District's Hydrogeology Firm
 - a. Statement of Qualifications and selection
 - b. Proposal and Contract
14. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
15. Consider and act upon compliance and enforcement activities for violations of District rules.
 - a. EnerCorp

16. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.
 - a. District's Disposal/Injection Well Program
 - b. Well Registration Summary
17. Open forum / discussion of new business for future meeting agendas.
18. 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.

ATTACHMENT 4

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

IN-PERSON MEETING LOCATION:

Pilot Point ISD Administration Office
829 S. Harrison St.
Pilot Point, TX 76258

REMOTE ACCESS ALSO AVAILABLE AT:

Join by computer, tablet or smartphone at the following link:
<https://global.gotomeeting.com/join/963747269>

or

Join by phone 872-240-3311 with access code: 963-747-269

Tuesday, November 10, 2020 – 10:00 a.m.

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold public hearings and a Board meeting in-person and via telephone and video conference call beginning at 10:00 a.m. on Tuesday, November 10, 2020. Please note for in-person attendance that the Board meeting location can only accommodate a limited number of attendees in order to comply with the Governor's proclamation related to in-person gatherings, and that remote access may be required in the event the capacity limitations are reached. Public comment can be provided whether participating in-person or remotely.

Members Present: Thomas Smith, Ronny Young, Allen Knight, Lee K. Allison, and Ron Sellman, Joe Helmberger, Ryan Henderson, and David Flusche

Members Absent:

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

Visitors: Kristen Fancher, Legal Counsel
Michelle Carte

Permit Hearing

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
President Thomas Smith called the permit hearing to order at 10:04 a.m.
2. Review the Production Permit Applications of:

1. Applicant: Hollyhock Residential Association, Inc.; 6401 S Custer Road, McKinney, TX 75070
Location of Well: Hollyhock Road, Frisco, TX 75033; Latitude: 33.2168787°N, Longitude: 96.8722393°W;
On the east side of the road about 800 feet south of the Hollyhock Road and State Highway 380.
Purpose of Use: Landscape Irrigation
Requested Amount of Use: 9,490,800 gallons per year (Historic Use: 19,200 gallons per year)
Production Capacity of Well: 180 gallons per minute
Aquifer: Woodbine Aquifer

General Manager Drew Satterwhite reviewed the application.

2. Applicant: The Grove Frisco Community Association; 4835, LBJ Freeway, Suite 690, Dallas, TX 75244
Location of Well: Latitude: 33.141091°N, Longitude: 96.734342°W; About ¼ of a mile north of the intersection of Collin McKinney Parkway and Custer Road and 300 feet west of Custer Road.
Purpose of Use: Landscape Irrigation and Pond(s)/Surface Impoundment(s)
Requested Amount of Use: 29,220,000 gallons per year
Production Capacity of Well: 250 gallons per minute (Replacement Well)
Aquifer: Trinity (Paluxy) Aquifer

General Manager Drew Satterwhite reviewed the application.

3. Public Comment on the Production Permit Applications.

There were no public comments

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.

Board Member Allen Knight made the motion to grant the Production Permits as presented. Board Member Ron Sellman seconded the motion. Motion passed unanimously.

5. Adjourn or continue permit hearing.

President Thomas Smith adjourned the permit hearing at 10:15 a.m.

Board Meeting

1. Pledge of Allegiance and Invocation

Board Member Ron Sellman led the Pledge of Allegiance and provided the invocation.

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

Board President Thomas Smith called the meeting to order 10:16 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

There were no public comments.

4. Consider and act upon approval of the minutes from the October 13, 2020, Board meeting.

Board President Thomas Smith asked for approval of the minutes from the October 13, 2020 meeting. Board Member Allen Knight made the motion to approve the minutes. Board Member Lee K. Allison seconded the motion. Motion passed unanimously.

5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2020-11-10-01.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Board Member Allen Knight made the motion to approve Resolution No. 2020-11-10-01. Board Member 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 provided a review of the Financial Report for the Board.

7. Consider and act upon 2021 Administrative Services Contract with Greater Texoma Utility Authority.

General Manager Drew Satterwhite provided background information for the board. In November 2010, the District and GTUA entered into an agreement for administrative services to be provided by GTUA for the District. This relationship, along with the Board's prudent management of funds, has helped the District operate with some of the lowest production fees in the region. The Board expressed in 2019 that they would prefer a 5-year term as opposed to the 1-year term that has traditionally been in place. The District's Legal Counsel, Kristen Fancher, has reviewed and adapted the contract. A brief discussion was held. Board Member Joe Helmberg made the motion to approve the contract. Board Member Ronny Young seconded the motion. Motion passed unanimously.

8. Discussion and possible action on who will pay transaction fees for the District's online fee payments software.

General Manager Drew Satterwhite informed the board that the new database will allow credit card payments. The fee options were discussed. Board Member Joe Helmsberger made the motion to pass the fee on to the customer and for the District to pay the \$20 per month fee in order to reduce the fees for twelve months. Board Member Ron Sellman seconded the motion. Motion passed. Board Member Ronny Young voted against.

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

General Manager Drew Satterwhite informed the Board that GMA 8 met on October 27, 2020. The DFC resolution was approved. Individual signature pages were sent out to the districts. We are waiting on one signature page to be returned. Once that signature page is received, the signed resolution will be sent to the districts which will start the 90-day process. Kristen Fancher, Legal Counsel, reviewed the 90-day process with the Board.

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

Drew Satterwhite informed the Board there are none at this time.

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

a. District's Disposal/Injection Well Program

No report at this time.

b. Well Registration Summary

General Manager Drew Satterwhite reviewed the Octoberr Well Registration Summary. There were 29 wells registered.

General Manager Drew Satterwhite informed the Board that a letter will be going out with the Third Quarter billing informing the groundwater producers that the new database will be in place in December 2020.

12. Consider and act upon accepting resignation of a District Board Member, Ryan Henderson.

General Manager Drew Satterwhite read the resignation letter sent by Ryan Henderson. Ryan Henderson expressed his appreciation to the Board and informed the Board that the City of Anna is trying to get Public Works Director, Greg Peters, appointed to the Board. Board Member Allen Knight made the motion to accept the resignation of Ryan Henderson. Ron Sellman seconded the motion. Motion passed unanimously.

13. Consider and act upon Resolution of Appreciation for Ryan Henderson.

General Manager Drew Satterwhite informed the Board that the Board has adopted the Resolution of Appreciation and Presented a plaque to retiring Board members. Board Member Allen Knight made the motion to adopt Resolution No. 2020-11-10-02 and present Ryan Henderson with a plaque. Board Member Ronny Young seconded the motion.

14. Open forum/discussion of new business for future meeting agendas.

The Board discussed whether to have a December meeting. It was decided if there was a permit application requiring attention, a December virtual Permit Hearing only meeting would be held otherwise no meeting will be held.

15. Adjourn public meeting

Board President Thomas Smith declared the meeting adjourned at 11:00 a.m.

Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2021-01-12-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS
GROUNDWATER CONSERVATION DISTRICT AUTHORIZING PAYMENT OF
ACCRUED LIABILITIES FOR THE MONTH OF NOVEMBER & DECEMBER

The following liabilities are hereby presented for payment:	<u>Amount</u>
<u>Administrative Services</u>	
GTUA - November	33,478.76
GTUA - December	38,053.50
<u>Advertisement</u>	
<u>Consultant</u>	
WSP - Hydro-Geo Services through October	240.00
<u>Direct Costs</u>	
Awards Unlimited - Appreciation Award Ryan Henderson	143.50
Hillerby Printing - #10 business envelopes	132.30
NexTraq - December	39.95
NexTraq - January 2021	39.95
Vadim Municipal Software - Ebill fees for billing 191 & 192	0.96
Vadim Municipal Software - Ebill fees for billing 194 & 195	8.00
<u>Dues & Subscriptions</u>	
Texas Alliance of Groundwater Districts - 2021 membership renewal	358.00
<u>GMA-8 Fees</u>	
WSP - Joint groundwater planning effort through October	7,696.00
<u>Insurance</u>	
Bayless-Hall & Blanton - BOD dishonesty bond renewal	219.00
<u>Legal</u>	
Fancher Legal - November-December	3,536.00
<u>Legal-Injection Well Monitoring</u>	
Sledge Law Group LLC - Services through September	760.00
Sledge Law Group LLC - Services through October	303.00
<u>Meetings & Conferences</u>	
Pilot Point ISD - BOD Room Rental	75.00
<u>Postage</u>	
U.S. Postal Service - P.O. Box renewal	114.00
<u>Software Maintenance</u>	
Aquaveo - Well Database Maintenance for October	500.00
Aquaveo - Well Database Maintenance for November	500.00
Aquaveo - Well Database Maintenance for December	500.00
<u>Refunds</u>	
Daniel & Brown Inc. - Refund Driller Deposit	100.00
Eagle Ridge Energy - Refund overpayment	50.00
Mark Land - Refund Driller Deposit	100.00
Central Texas Water Well- Refund Drillers Deposit	800.00
A & V Water - Refund Drillers Deposit	100.00
A-5 Services - Refund overpayment	200.00
<u>Well Injection Monitoring</u>	
State Plat Services - September	62.80
State Plat Services - October	56.40
State Plat Services - November	50.00
State Plat Services - December	56.40
GRAND TOTAL:	<u>\$ 88,273.52</u>

On motion of _____ and seconded by

the foregoing Resolution was passed and approved on this, the 12th day of January, 2021 by

AYE:

NAY:

President

Secretary/Treasurer

ATTACHMENT 6



AGENDA COMMUNICATION

DATE: January 4, 2021

SUBJECT: AGENDA ITEM NO. 6

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. During this last legislative session, nothing changed in regards to the PFIA act that would necessitate any amendments to our current policy. However, after consultation with a certified Financial Advisor the staff is recommending some minor redlined cleanup type changes.

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

Draft Investment Policy
Resolution

PREPARED AND SUBMITTED BY:

A handwritten signature in black ink, appearing to read 'Drew Satterwhite', written over a horizontal line.

Drew Satterwhite, P.E.
General Manager

EXHIBIT "A"

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

REVIEWED AND APPROVED: ~~October 8, 2019~~ January 12, 2021

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 supply the following as appropriate and when requested: 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 A qualified representative of the business organization shall execute a written instrument substantially to the effect that the organization has received and reviewed this policy. The business organization acknowledges the implementation of procedures and controls to preclude imprudent investment activities that are not authorized by the Investment Policy~~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.
 - b-c. Letters of Credit issued by a Federal Agency or Instrumentality.
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

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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 may automatically 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 collateral of equal to or greater than value than the required security level replaced security.~~ 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. 2021-01-12-2

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 12th day of January, 2021 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 7 A-1

NORTH TEXAS GROUNDWATER
Profit & Loss Budget vs. Actual
 January through December
 2020

	TOTAL				
	Nov and Dec 20	2 mo. Budget	YTD Actual	Total Budget	% of Budget remaining
Ordinary Income/Expense					
Income					
46003 - Registration Fees	3,400.00	3,500.00	24,400.00	21,000.00	-16.19%
46004 - Well Driller Fees			0.00		0.0%
46005 - PRODUCTION FEES	-50.00	0.00	570,622.93	700,000.00	18.48%
46006 Income GMA8	10,168.60	8,333.34	45,662.65	50,000.00	8.67%
46007 - Penalties	1,500.00		6,000.00		0.0%
46015 Late Fees			23,622.08		0.0%
Uncategorized Income					0.0%
Total Income	<u>15,018.60</u>	<u>11,833.34</u>	<u>670,307.66</u>	<u>771,000.00</u>	<u>13.06%</u>
Gross Profit	15,018.60	11,833.34	670,307.66	771,000.00	13.06%
Expense					
77010 ADMINISTRATIVE					
77013 Admin-Secretarial	3,255.00	4,166.68	19,241.00	25,000.00	23.04%
77014 Admin-Project Coordinator	5,292.00	3,333.34	13,137.00	20,000.00	34.32%
77015 Admin-GM	11,639.00	10,333.34	69,961.00	62,000.00	-12.84%
77016 Admin-Clerical	6,960.00	6,666.68	43,228.50	40,000.00	-8.07%
77040 ADMIN-MILEAGE	81.23	500.00	730.43	3,000.00	75.65%
77025 ACCOUNTING	7,203.75	5,000.00	33,891.25	30,000.00	-12.97%
77027 AUDITING	0.00	0.00	5,500.00	5,535.00	0.0%
77030 ADVERTISING	0.00	333.34	688.85	2,000.00	65.56%
77050 BANKING FEES	0.00	0.00	45.00	100.00	0.0%
77150 CONSULTING-HYDROGEO SVC	240.00	7,500.00	27,418.82	45,000.00	39.07%
77325 DIRECT COSTS-REIMB	1,241.32	1,166.70	4,119.29	7,000.00	41.15%
77450 DUES & SUBSCRIPTION	358.00	500.00	2,158.00	3,000.00	28.07%
77480 EQUIPMENT	0.00	1,666.68	2,305.01	10,000.00	76.95%
77485 Equipment Database	0.00	2,500.00	0.00	15,000.00	100.0%
77500 FEES-GMA8	931.60	9,166.68	45,141.85	55,000.00	17.92%
77550 FIELD TECH	23,269.50	20,833.34	126,195.50	125,000.00	-0.96%
77560 Field Permitting/Geologis	10,608.50	11,666.68	67,257.50	70,000.00	3.92%
77650 FUEL/MAINTENANCE	428.10	583.34	2,716.21	3,500.00	22.39%
77800 INJECTION WELL MONITORING	106.40	116.68	639.80	700.00	8.6%
77810 INSURANCE & BONDING	742.00	658.34	5,112.98	3,950.00	-29.44%
77970 LEGAL					
77975 Legal-Injection	0.00	2,833.34	4,948.30	17,000.00	70.89%
77970 LEGAL - Other	3,536.00	8,333.34	27,738.82	50,000.00	44.52%
78010 MEETINGS & CONFERENCES	381.42	1,333.34	2,241.25	8,000.00	71.98%
78310 Rent	400.00	400.00	2,400.00	2,400.00	0.0%
78600-SOFTWARE MAINT	1,531.16	833.34	8,224.11	5,000.00	-64.48%
78610 TELEPHONE	362.38	450.00	3,057.30	2,700.00	-13.23%
78780 Well Monitoring/Testing	0.00	750.00	216.57	4,500.00	95.19%
Total Expense	<u>78,567.36</u>	<u>65,458.46</u>	<u>518,314.34</u>	<u>615,385.00</u>	<u>15.77%</u>
Other Income/Expense					
Other Income					
46100 INTEREST INC	527.71	3,333.34	15,356.50	20,000.00	
Total Other Income	<u>527.71</u>	<u>3,333.34</u>	<u>15,356.50</u>	<u>20,000.00</u>	
Net Other Income	527.71	3,333.34	15,356.50	20,000.00	
Net Income	<u><u>-63,021.05</u></u>	<u><u>-50,291.78</u></u>	<u><u>167,349.82</u></u>	<u><u>175,615.00</u></u>	

NORTH TEXAS GROUNDWATER

Balance Sheet

As of October 31, 2020

ASSETS

Current Assets

Checking/Savings

10001 Checking Account	1,404,682.91
10005 Cash-Index Account	6,749.58
10008 Cash - Tex Star	88,113.38
10025 Accounts Receivable	56,497.57
10033 A/R Penalties	1,500.00
10035 A/R GMA8 Members	7,152.43
10070 Liens	14,000.00
10010 INVESTMENT	700,000.00
10026 Allowance for Uncollectib	-27,500.00
12001 Prepaid Expenses	2,278.02

TOTAL ASSETS 2,253,473.89

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

23100 Accounts Payable	-110.50
23150 Well Drillers Deposits	40,351.82

Total Liabilities 40,241.32

Equity

35100 Retained Earnings	2,045,882.75
Net Income	167,349.82

Total Equity 2,213,232.57

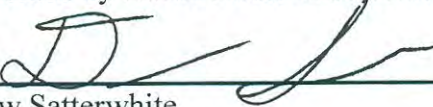
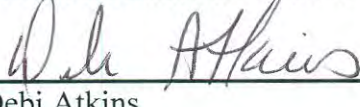
TOTAL LIABILITIES & EQUITY 2,253,473.89

ATTACHMENT 7 B-1

North Texas Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
December 31, 2020

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
12/31/2020

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		0.50%	1/1/2021	12/31/2020	\$ 1,404,682.91	\$ 1,404,682.91	1.00	\$ 1,404,682.91	1	0.50%
Independent (ISS)		0.50%	1/1/2021	12/31/2020	6,749.58	6,749.58	1.00	6,749.58	1	0.50%
TexStar		0.0676%	1/1/2021	12/31/2020	88,113.38	88,113.38	1.00	88,113.38	1	0.07%
East West		1.5800%	2/22/2021	2/15/2020	700,000.00	700,000.00	1.00	700,000.00	53	2.55%
					<u>\$ 2,199,545.87</u>	<u>\$ 2,199,545.87</u>		<u>\$ 2,199,545.87</u>	<u>18</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	September 30, 2020		Purchases/ Adjustments	Sales/Adjust/ Call Maturity	December 31, 2020	
			Face Amount/ Par Value	Book/Market Value			Face Amount/ Par Value	Book/Market Value
Independent (DDA)	0.50%	12/31/2020	\$ 1,296,101.34	\$ 1,296,101.34	273,455.41	164,873.84	\$ 1,404,682.91	\$ 1,404,682.91
Independent (ISS)	0.50%	1/1/2021	6,741.18	6,741.18	8.40		\$ 6,749.58	\$ 6,749.58
TexStar	0.957%	1/1/2021	88,088.26	88,088.26	25.12		\$ 88,113.38	\$ 88,113.38
East West	1.58%	2/22/2021	700,000.00	700,000.00			\$ 700,000.00	\$ 700,000.00
			<u>\$ 1,917,659.25</u>	<u>\$ 1,917,659.25</u>	<u>\$ 273,488.93</u>	<u>\$ 164,873.84</u>	<u>\$ 2,199,545.87</u>	<u>\$ 2,199,545.87</u>

ATTACHMENT 8



AGENDA COMMUNICATION

DATE: January 5, 2021

SUBJECT: AGENDA ITEM NO. 8

**CONSIDER AND ACT UPON ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING
DECEMBER 31, 2020**

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2020

BACKGROUND

In 2018, the Board instructed the staff to solicit proposals for audit services for a period up to five (5) years. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit committee reviewed the proposals and recommended McClanahan and Holmes, LLP of Bonham, Texas. This recommendation was accepted and confirmed by the Board at the September 11, 2018 meeting.

CONSIDERATIONS

District staff is of the opinion that McClanahan and Holmes, LLP of Bonham, Texas has provided thorough and quality audits during their tenure with the District. The fees for the 2020 audit services will not exceed \$5,650 which is within the 3% increase limit imposed by their original proposal.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with McClanahan and Holmes, LLP of Bonham, Texas for the 2020 audit

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

Drew Satterwhite, General Manager

RECOMMENDED BY:

Debi Atkins, Finance Officer

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

Bonham, Texas
December 2, 2020

Members of Management and Board
North Texas Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide North Texas Groundwater Conservation District for the year ended December 31, 2020. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of North Texas Groundwater Conservation District as of and for the year ended December 31, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement North Texas Groundwater Conservation District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to North Texas Groundwater Conservation District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. 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

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Comparative Balance Sheet – General Fund
2. Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund

Audit Objectives

The objective of our audit is the expression of opinions as to whether your 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 auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of North Texas Groundwater Conservation District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of North Texas Groundwater Conservation District's financial statements. Our report will be addressed to members of the board of North Texas Groundwater Conservation District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that North Texas Groundwater Conservation District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. 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 the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of North Texas Groundwater Conservation District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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 government involving (1) management, (2) employees who have significant roles in internal control, and (3) 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of McClanahan and Holmes, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately April 2020 and to issue our reports no later than June 1, 2020, unless extenuating circumstances occur. April J. Hatfield is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$5,650. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit and is payable on presentation. The above fee 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.

We appreciate the opportunity to be of service to North Texas Groundwater Conservation District 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 our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

McClanahan and Holmes, LLP
Certified Public Accountants

RESPONSE:

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

Signature: _____

Title: _____

Date: _____

ATTACHMENT 10



AGENDA COMMUNICATION

DATE: January 7, 2021

SUBJECT: AGENDA ITEM NO. 10

UPDATE AND POSSIBLE ACTION ON E-MERCHANT SERVICES

ISSUE

Discussion and possible action on who will pay transaction fees for the District's online fee payments software.

BACKGROUND

Last month, December 2020, the District rolled out our new database that will include switching our accounting/billing software to QuickBooks. Unlike our current software, QuickBooks will allow for constituents to pay their fees by credit card. In November, the Board elected to pay a \$20 fee to keep fees lower, but that the customer would pay the credit card and ACH fees if they elect to use that option.

After this decision by the Board, the staff ran into issues setting this E-Merchant service up as Quickbooks would not approve our tax-exemption status without an IRS letter. Subsequently, we looked at other options through QuickBooks and settled on using Chase Bank through webpay.com. The fees are different and summarized below.

- Quickbooks
 - ACH = flat \$3.00 per transaction
 - CC = 3.5% + \$0.30 per transaction
- Chase Bank
 - ACH = 0.8% + \$0.30 per transaction
 - CC = 2.9% + \$0.30 per transaction

CONSIDERATIONS

The Staff believes this is the best solution that we have seen available.

The District staff is unsure of how many will elect to use the credit card option due to the fact that it is not currently possible with our existing accounting software.

It is also important to note, that the constituents will still be able to pay with a check and avoid transaction fees.

STAFF RECOMMENDATIONS

The staff requests that the Board authorize the use of Chase Bank for E-Merchant services.

ATTACHMENTS

Fee Schedule

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager



Getting a payment processor is easy with Invoiced Payments. Powered by Chase, Invoiced Payments offers competitive rates for handling credit card, debit card, and ACH transactions. Complete the form below to get started.

Invoiced Payments requires a paid subscription to Invoiced. Please purchase a subscription (<https://app.invoiced.com/activate>) in order to sign up for payment processing.

Fees

Payment Method	Fee
Credit and debit cards	2.9% + \$0.30
ACH	0.8% + \$0.30, max \$5
Other Fees	
Chargeback	\$15.00
NSF Return	\$15.00

ATTACHMENT 11



AGENDA COMMUNICATION

DATE: January 4, 2021

SUBJECT: AGENDA ITEM NO. 11

CONSIDER AND ACT UPON PURCHASING ACOUSTIC WATER LEVEL MEASURING DEVICE

ISSUE

Consider and act upon purchasing Acoustic Water Level Measuring Device.

BACKGROUND

As required by the District's Management Plan, the District monitors water levels on an annual basis for wells across Grayson and Fannin Counties. The District currently has a steel tape, e-tape and air compressor that we use to capture water levels. The air compressor is the only device that we have that does not require us to go "down hole". The air compressor works well, but is generally limited to public water system wells as they have air lines and as those air lines age the air measurement method becomes less reliable.

Over the past year, the District has tested 3 different devices in an effort to find a reliable way to measure water levels that would not require us to place any equipment "down hole" or inside the well.

CONSIDERATIONS

The District staff was pleased with the performance of the Eno Scientific Well Watch 700 and believes it will open up our ability to recruit more wells into the system as it is a low-risk way to get water level data.

The cost of this unit is \$2,301, which the staff would propose to be split with Red River GCD.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize purchasing the Well Watch 700.

ATTACHMENTS

Well Watch 700 Product Sheet

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E.
General Manager



Well Watch[®] 700 Series

Sonic Water Well Level Monitoring

Patent Pending

Intelligent water well management system for commercial applications.



Level & Flow Monitoring



Resource Management



Pump System Control



Remote Telemetry

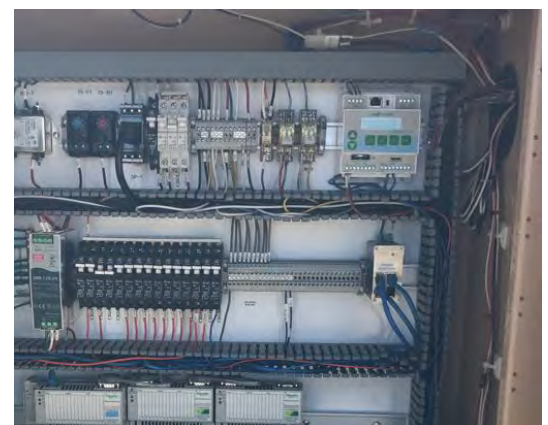
Features:

- Measures water levels using sound waves, no risk of contamination
- Complete well management and control, providing real time asset data
- Simple external installation, no well decommissioning (prior or during)
- Monitor levels in wells with caustic water without damaging the sensors, protecting equipment investments
- Minimize or eliminate manual level measurements, reducing labor costs
- Maintain well pressure while still obtaining real time data
- Customizable data, set reference point/update frequency/logging rate
- Integrates easily with SCADA and other communications methods



The Well Watch 700 is the most powerful and versatile well monitoring system on the market today. It is the only meter that has the ability to measure water levels in commercial water wells with levels down to 7000ft, up to 30" diameter, and with top mount turbine or submersible pumps. Operating on low frequency sound waves means that there is no need for equipment to be lowered down into the casing. The versatile sound waves can travel past obstructions, installed well equipment and around corners. The Well Watch boasts an intuitive software that monitors well conditions and automatically adjusts to maintain the most accurate readings.

The 700 was designed to be a well management hub. It will not only provide the user with static, drawdown, recovery and flow data at an interval chosen by the user but also boasts two independently programmable relays for pump control and remote alarms. There are multiple outputs to choose from including RS232, RS485, 4-20mA, 0-5V, SDI-12 and Ethernet to communicate with any pre-existing system. An internal data logger allows it to operate as a stand alone system or a backup in case of communication loss, logging up to 25 million data points. Collected data can be accessed over the USB connection or by removing the SD card.



Well Watch[®] 700 Series

Specifications

730 Well Watch Probe Specifications:

PHYSICAL:

Type 304 Stainless steel weatherproof housing
 Dimensions: 4.4 x 4.4 x 10.15"
 Weight: 10 lbs
 Well pressure up to 100 psi
 2" FPT Connection to well access port

POWER:

Power supplied by 710 Controller (Weatherproof conduit connection for strain relief or sealtite connectors)

ENVIRONMENTAL:

Temperature - -20 to 175 F (-25 to 80 C)
 Humidity - 5 to 95% non-condensing

COMMUNICATIONS:

4 wire to 710 Controller



710 Well Watch Controller Specifications:

PHYSICAL:

Heavy duty ABS housing
 Dimensions: 4.8 x 4 x 2.36"
 Weight: .5 lbs
 Din rail or flange mounting, Designed for dry locations

MEASUREMENT:

Units - English (ft & in), Metric or Imperial
 Range - 15 to 7000 ft (5 to 2100M)
 Resolution - .05 ft
 Accuracy - .1 ft

POWER:

External Power - 12 to 36VDC at 300mA max (with all options enabled)
 Real Time Clock- Li Ion 3V battery CR2032

ENVIRONMENTAL:

Temperature - -20 to 175 F (-25 to 80 C)
 Humidity - 5 to 95% non-condensing

LOGGING:

Extended Memory - 2GB nonvolatile flash memory for 25 million data points
 Automatic Logging Rates - 1 sec to 1 day per sample

COMMUNICATIONS:

RS232 Serial Port: Baud 300-57600, format selectable (19200 baud,8,1,n default), streaming output, programming interface
 RS485 Serial Modbus Port: baud 300-57600, RTU/ASCII (19200 baud,8,1,n default)
 SDI12 Serial Port: baud 1200, 7 data bits, even parity
 Ethernet: Modbus TCP, Webservice
 Alarm Output: Isolated relay contact 250V AC .25A (30VDC 2A) max
 Pump Control Output: isolated relay contact 250V AC .25A (30VDC 2A) max
 Pulsed Flowmeter Input
 Analog Output: 0-5V and independent 4-20mA



ATTACHMENT 13 a & b



AGENDA COMMUNICATION

DATE: January 4, 2021

SUBJECT: AGENDA ITEM NO. 13 a and b

DISCUSSION AND POSSIBLE ACTION ON THE DISTRICT'S HYDROGEOLOGY FIRM

ISSUE

James Beach, the District's primary Hydrogeologist is no longer with WSP and has started a new firm.

BACKGROUND

Since 2014, the District has used James Beach as our Hydrogeologist. The District was initially engaged with LBG Guyton until they were purchased by WSP, both of which James was an employee. Effective January 4, 2021, James has opened a new firm which is Advanced Groundwater Solutions, LLC and is no longer employed by WSP.

CONSIDERATIONS

Advanced Groundwater Solutions, LLC has sent us a proposed contract and will be sending a Statement of Qualifications (SOQ) and Proposal following the drafting of this memorandum. The Board will be sent a copy of the SOQ and Proposal after receipt.

In addition, the District's legal counsel will be reviewing the proposed contract and may have recommended edits should the District decide to engage Advanced Groundwater Solutions, LLC.

STAFF RECOMMENDATIONS

The staff will be prepared to make a recommendation following the receipt of the SOQ and proposal.

ATTACHMENTS

Proposed Contract and Fee Schedule

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E.
General Manager

Professional Services Contract

This agreement for the performance of services is entered into this ____ day of _____, 202_, by and between Advanced Groundwater Solutions, LLC (AGS) and _____ (Client). Subject to the contract terms and conditions below, AGS's standard fee schedule that is attached and the proposal or scope of work that is attached. In the event of a conflict between the standard contract terms and conditions or fee schedule and any attached proposal or scope of work, the terms of the proposal or scope of work shall govern.

CLIENT

Name: _____
Company: _____
Address: _____
City/State/Zip: _____
Phone _____

CLIENT CONTACT(S)

Reporting: _____
Site/Other: _____

BILLING INFORMATION

Name: _____
Company: _____
Address: _____
City/State/Zip: _____

Project Location: Street: _____ City: _____ State: _____ Zip: _____
Proposal/Scope Date, Client Project No.: _____ #Pages Attached: _____

Brief Statement of Services: _____

Anticipated Start Date: _____ Anticipated Completion Date: _____

Preliminary Cost Estimate: \$ _____

AGS Office Location: _____ Project Manager: _____

Principal in Charge: _____

Retainer: \$ _____

Client hereby engages AGS to perform the services described and referred to herein and agrees to pay AGS for such services, and acknowledges that the terms of this agreement are subject to AGS's standard contract terms and conditions and all attached and referenced material and documents. Unless otherwise provided in the attached proposal or scope: (1) inclusion of anticipated "start" and "completion" dates shall not be construed to impose a "time is of the essence" requirement; and (2) any preliminary cost estimate shall not be construed as a "fixed-fee" or "not-to-exceed" amount, unless stated in writing in the approved proposal or scope of work. In consideration of the foregoing, AGS agrees to perform the services described and referenced herein.

ADVANCED GROUNDWATER SOLUTIONS, LLC

CLIENT

By: (signature) _____
(printed) _____
Title: _____
Date: _____
Witness: _____

By: (signature) _____
(printed) _____
Title: _____
Date: _____
Witness: _____

STANDARD TERMS AND CONDITIONS

FEE PAYMENT

- 1) AGS will submit invoices to Client monthly following any month of significant activity, and a final invoice upon completion of services. Invoices will show charges based on the current AGS Fee Schedule or other agreed-upon basis, and will include a list of charges by approved task for work performed.
- 2) Payment is due upon receipt of invoice. On accounts past due by forty-five (45) days, Client will pay a finance charge of 1.25 percent per month dating from the invoice date.
- 3) In the event Client requires expert-witness testimony, Client will pay AGS all past due balances before AGS will proceed to prepare for or offer testimony.
- 4) Client will pay the balance stated on the invoice unless Client notifies AGS of the particular item that is alleged to be incorrect within fifteen (15) days from the invoice date. Client will remit the balance of undisputed items in a timely manner while a disputed item is being reviewed.
- 5) In the event Client fails to pay AGS within forty-five (45) days following invoice date, AGS may consider the default a breach of the consulting agreement and all duties of AGS may be suspended or terminated, and work product may be withheld, without liability of any kind to AGS.

OWNERSHIP OF DOCUMENTS AND CONFIDENTIALITY

- 1) Project report(s), project deliverable(s), and written work products prepared by AGS and provided to the Client during the project shall remain the property of the Client.
- 2) Field data and notes, laboratory test or technical data, calculations, estimates, and other documents prepared in the course of consulting service shall remain the property of AGS, but may be requested by the Client during the project.
- 3) Client agrees that all reports and other work that AGS furnishes to Client or Client's agents which are not paid for under the scope of work, will be returned to AGS upon demand and will not be used for any purpose whatsoever.
- 4) Documents provided to AGS by the Client will be returned to the Client, upon request at the completion of work at Client's cost.
- 5) Reuse of AGS report(s), project deliverable(s) or other written materials by the Client or others, on extensions or modifications of the project or on other sites, without written permission from AGS or suitable adaptation by AGS for the intended purpose, shall be at the Client's or user's sole risk, without liability on the part of AGS, and Client agrees to indemnify and hold AGS harmless from all claims, damages and expenses, including attorney's fees.
- 4) AGS shall maintain Client's project data, report(s) and project deliverable(s) in strictest confidence, and will release such project data, report(s), project deliverable(s) or technical information to others only upon express written permission from the Client.

DISPUTES

- 1) Client will pay all reasonable collection expenses or litigation fees, including attorney fees, that AGS incurs in collecting any delinquent amount Client owes.
- 2) If the Client institutes a suit against AGS which is dismissed or for which judgment is rendered for AGS, Client will pay AGS for all costs of defense including attorney fees, expert witness fees and court costs.

INSURANCE AND INDEMNIFICATION

- 1) AGS will carry Workers Compensation, General Liability, Automobile Liability, Excess Umbrella-Form Liability and Professional Liability insurance policies in amounts which AGS considers adequate. Certificates of insurance will be provided to the Client upon request. Within the terms and conditions of the insurance, AGS agrees to indemnify Client against loss caused by actions of AGS, its employees or its subcontractors. AGS will not be responsible for liability beyond the limits and conditions reflected herein and in the Certificate of the Insurance. At Client's request, AGS will seek additional insurance coverage or limits for specific projects, and will bill the Client for the additional premium cost. AGS will require that its field subcontractors are insured to the same levels required of AGS by the Client.
- 2) AGS's professional liability will be limited to the value of the consulting services performed.
- 3) AGS will not be responsible for any loss or liability related to negligence of the Client or others employed by Client, or from negligence by any person for whose conduct AGS is not legally responsible.
- 4) Neither the Client nor AGS, their respective officers, directors, partners, employees, contractors or sub-consultants shall be liable to the other or shall make any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the Project or to this Agreement. This mutual waiver of consequential damages shall include, but is not limited to, loss of use, loss of profit, loss of business, loss of income, loss of reputation

and any other consequential damages that either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied warranty. Both the Client and AGS shall require similar waivers of consequential damages protecting all the entities or persons named herein in all contracts and subcontracts with others involved in this project.

TEST BORINGS, OTHER EXPLORATIONS AND LAB SERVICES

1) To drill test borings or perform other explorations, AGS may engage a contractor experienced in this work. The Contractor's invoices plus a fifteen (15) percent service charge will be added to AGS's invoice. On occasion, AGS engages the specialized services of a testing firm or laboratory, individual consultants or other companies to participate in a project. When considered necessary, these firms or other consultants will be used with Client's approval. The cost of such services plus a fifteen (15) percent service charge will be included in our invoice. Such specialists will be wholly responsible for their work product(s).

2) Alternatively, at Client's request, AGS will recommend contractor(s) or specialist(s) for Client to enter into direct contract(s) with. In that event, invoices for these outside services will be issued to Client for direct payment to the contractor(s). AGS review and approval of each invoice will be provided on request. Under either alternative, AGS does not guarantee and is not responsible for the performance of the contractor(s) or the accuracy of their reports or results.

GEOPHYSICAL, GEOCHEMICAL AND TESTING INSTRUMENTATION SERVICES OR EQUIPMENT

AGS is equipped to provide or can rent or lease specialized geophysical, geochemical or other testing instrumentation services or equipment according to the project needs. Fees for these equipment services will be based on use charges at standard rates published by AGS or the equipment rental or lease costs plus AGS fees for consulting services.

CUSTODY OF MATERIALS

- 1) In the course of work, AGS may take custody of and transport soil and/or water samples from Client's site. Upon the completion of evaluation and/or testing of such samples, AGS reserves the right to return the samples to Client at Client's expense, and Client agrees to accept such samples and the responsibility for their proper and legal disposal.
- 2) At no time, under any circumstances, will AGS personnel represent AGS or themselves as generators of waste, hazardous or otherwise, which may have to be removed from or disposed of on a site, and AGS personnel will not sign hazardous waste manifests on behalf of Client.

RIGHT OF ENTRY

Client will furnish right-of-entry on the site for AGS to conduct the work. AGS will take reasonable precautions to minimize damage to the land from use of its equipment, but has not included the cost for restoration of damage that may result from AGS site operations in the AGS fee. If AGS is required to restore the land to its former condition, this will be arranged and the restoration cost plus fifteen (15) percent will be added to the associated AGS fee.

DAMAGE TO SUBSURFACE STRUCTURES

Reasonable care will be exercised in locating subsurface structures in the vicinity of proposed subsurface explorations performed by AGS or an AGS subcontractor. This will include contact with the local agency coordinating subsurface utility information (i.e., "Call Before You Dig" service) and a review of plans provided by Client for the site to be investigated. AGS shall rely upon any information provided by Client or Client's agent or representative. If the locations of underground structures are not known accurately or cannot be confirmed, then there will be a degree of risk to Client associated with conducting the work. In the absence of confirmed underground structure locations, Client agrees to accept the risk of damage and possible costs associated with repair and restoration of damage resulting from exploration work by AGS or an AGS subcontractor.

PETROLEUM PRODUCTS AND HAZARDOUS MATERIALS

- 1) Petroleum products, hazardous materials, or asbestos may exist at a site where there is no reason to believe they should be present. If, at any time, evidence of the existence or possible existence of such substances is discovered, AGS reserves the right to renegotiate any consulting agreement, the fees for AGS services and our continued involvement in the project. AGS will notify Client as soon as possible should unanticipated hazardous materials or suspected hazardous materials be discovered.
- 2) The discovery of hazardous materials or suspected hazardous materials may make it necessary for AGS to take immediate measures to protect human health and safety and/or the environment. Client agrees to compensate AGS for the cost of any and all measures that, in our

professional onsite judgment are justified to preserve and protect the health and safety of AGS personnel, Client's employees and/or the public, and/or the environment. In addition, Client waives any claims against AGS and, to the full extent permitted by law, agrees to indemnify, defend and hold AGS harmless from any and all claims, damages and liability, including but not limited to cost of defense, in any way connected with petroleum products, hazardous materials or asbestos.

STANDARD OF CARE

In accepting the AGS proposal for consulting services, Client acknowledges the inherent risks associated with any subsurface investigation. In performing professional services, AGS will use that degree of care and skill ordinarily exercised under similar circumstances by members of the profession practicing in the same or similar localities. AGS makes no express or implied warranty beyond our commitment to conform to this high standard of professional practice.

January 2021

ADVANCED GROUNDWATER SOLUTIONS, LLC

2021 FEE SCHEDULE FOR CONSULTING SERVICES

Principal Hydrogeologist	\$200 to \$250/hour
Principal Engineer	\$200 to \$250/hour
Senior Associate/Hydrogeologist Senior Associate/Engineer	\$150 to \$200/hour
Senior Consultant/Hydrogeologist Senior Consultant/Engineer	\$150 to \$200/hour
Associate/Hydrogeologist Associate/Engineer	\$125 to \$175/hour
Senior Hydrogeologist Senior Environmental Engineer or Scientist Senior Modeler	\$120 to \$160/hour
Hydrogeologist II, Environmental Engineer II Environmental Scientist II	\$80 to \$120/hour
Hydrogeologist I, Environmental Engineer I Environmental Scientist I	\$70 to \$100 /hour
Senior Technician	\$75 to \$100/hour
Technician	\$70 to \$90/hour
GIS or CAD Engineer/Operator	\$80 to \$100/hour
Administrator/Clerical	\$75 to \$80/hour

Our company requires reimbursement for actual expenses that are incurred, including computer time. The use of personal vehicle for project travel or field work will be billed at the IRS approved rate per mile. An administrative charge of 5 percent is affixed to actual expenses and 15 percent for subcontractors.

Invoices are payable upon receipt; accounts unpaid more than 45 days after the billing date are subject to 1.25 percent interest per month (15-percent annual rate) from the invoice date.

ATTACHMENT 16 b.

North Texas Groundwater Conservation District

**Well Registration Summary
As of November-30-2020**

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Oct-31-2020
Agriculture	9	12	42	63	0
Commercial / Small Business	7	9	35	51	1
Domestic Use (household / lawn watering at residence)	90	494	862	1447	12
Filling a pond or other surface impoundment**	51	16	110	178	0
Golf course irrigation	15	2	21	38	0
Industrial / Manufacturing	8	12	8	29	0
Irrigation	97	4	190	291	1
Leachate	0	0	0	0	0
Livestock Watering	8	76	61	145	0
Monitoring	0	0	0	0	0
Municipal / Public Water System	35	74	236	346	0
Other	15	8	38	61	2
Piezometer	0	0	0	0	0
Poultry	0	0	0	0	0
Solely to supply water for rig actively***	0	0	0	0	0
Supplying water for oil or gas production*	1	7	68	76	0
Not Specified	10	0	25	35	1
SUM	346	714	1696	2760	17

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Well Registration Summary
(as of 12/31/2020)

Well Type	Collin	Cooke	Denton	Total NTGCD	New Registrations December 2020
Domestic	80	489	844	1413	21
Public Water System	30	74	222	326	0
Irrigation	94	4	182	280	1
Surface Impoundment	50	16	110	176	0
Livestock	7	76	60	143	3
Oil / Gas	1	6	68	75	0
Agriculture	8	13	40	61	1
Commercial	6	9	38	53	4
Golf Course Irrigation	15	2	21	38	0
Other	8	5	17	30	1
Industrial / Manufacturing	7	13	8	28	0
Monitoring	0	0	0	0	0
TOTALS	306	707	1610	2623	31

NOTE: Plugged wells have been excluded

ADJOURN