



**REGULAR MEETING
RIVERBEND WATER RESOURCES DISTRICT
PUBLIC NOTICE OF BOARD OF DIRECTORS' MEETING
WEDNESDAY, MARCH 27, 2024
12:00 P.M.
228 TEXAS AVENUE, SUITE A, NEW BOSTON, TX 75570**

*Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of the Riverbend Water Resources District will conduct a meeting; open to the public, on **Wednesday, March 27, 2024, at 12:00 p.m.**, at the Riverbend Water Resources District ("Riverbend") office, in the **Conference Room** located at **228 Texas Avenue, Suite A, New Boston, TX 75570**.*

The Board of Directors is authorized by the Texas Open Meetings Act to convene in closed or executive session for certain purposes. These purposes include receiving legal advice from its attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073); discussing personnel matters (Section 551.074); discussing security personnel or devices (Section 551.076); or discussing economic development matters (Section 551.087). If the Board of Directors makes a determination to go into executive session on any item on this agenda, the Presiding Officer will announce that an executive session will be held and will identify the item to be discussed and provision of the Open Meetings Act that authorizes the closed or executive session.

A G E N D A

- I. CALL TO ORDER & ROLL CALL
- II. INVOCATION & PLEDGE
- III. PUBLIC COMMENTS

The Board of Directors allows individuals to speak to the Board. Prior to the meeting, speakers must sign in on the public comment sheet. The time limit is five (5) minutes per speaker, subject to the provisions set forth under Section 551.007 of the Texas Government Code.

- IV. CONSENT AGENDA ITEMS

- A. Discussion and possible action regarding February 28, 2024 Regular Meeting minutes.



V. REPORTS

- A. Discussion and possible action regarding activities with Sulphur River Basin Authority.
- B. Discussion and possible action regarding activities with TexAmericas Center.
- C. Discussion and possible action regarding activities with REDI.

VI. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION

The Board of Directors will consider, discuss, and if appropriate, take action on the following item(s):

A. Discussion and possible action regarding approval of a resolution reviewing and updating Riverbend’s Personnel Policy Manual.

This item pertains to updating Section 6-3 Bereavement Leave. There is a need to clarify the number of hours of leave approved for the bereavement of a family member. The policy currently reads, “If you are a full-time employee and you lose a close relative, you will be allowed paid time off of up to five (5) days to assist in attending to your obligations and commitments.” Staff would like to change the allowance of bereavement leave from five (5) days to forty (40) hours. Staff recommends approval.

Action Item: Consider motion for approval of RESO 20240327-01 approving the amendments and updates to the Riverbend Personnel Policy Manual.

B. Discussion and possible action regarding approval of a resolution reviewing and updating the Capitalization Policy & Investment Policy of Riverbend Water Resources District.

This item pertains to the annual review and, if necessary, updates, to the Capitalization Policy as well as the Investment Policy. Riverbend Water Resources District desires to review and update accordingly, its policies and procedures regarding the principles and criteria involved in the capitalization of district assets. In addition, the Public Funds Act of Texas requires the Board of Directors of the Riverbend Water Resources District to annually review its Investment Policy and Strategies and to make readily available these policies and procedures to the public in written form. There are no changes for either policy being proposed for this year. Staff recommends approval.



Action Item: Consider motion for approval of RESO 20240327-02 reviewing and approving the Capitalization Policy & Investment Policy of Riverbend Water Resources District.

VII. REPORTS

A. Board Members

B. Executive Director/CEO

VIII. EXECUTIVE SESSION

The Board of Directors is authorized by the Texas Open Meetings Act to convene in closed or executive session for certain purposes. These purposes include receiving legal advice from its attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073); discussing personnel matters (Section 551.074); discussing security personnel or devices (Section 551.076); or discussing economic development matters (Section 551.087). If the Board of Directors makes a determination to go into executive session on any item on this agenda, the Presiding Officer will announce that an executive session will be held and will identify the item to be discussed and provision of the Open Meetings Act that authorizes the closed or executive session.

IX. NEXT REGULAR MEETING

Riverbend Regular Meeting, April 24, 2024 at 12:00 p.m. at Riverbend Offices, 228 A Texas Avenue, New Boston, Texas 75570.

X. ADJOURNMENT

Kyle Dooley

Kyle Dooley, Executive Director/ CEO
Riverbend Water Resources District

*Persons with disabilities who plan to attend the RWRD Board of Directors' meeting and who may need auxiliary aids or services are requested to contact the RWRD Administrative Offices at (903) 831-0091, as soon as possible. All reasonable efforts will be taken to make the appropriate arrangements.

**REGULAR CALLED MEETING
RIVERBEND WATER RESOURCES DISTRICT
WEDNESDAY, MARCH 27, 2024**

**CONSENT AGENDA ITEM IV. A.
February 28, 2024
Regular Meeting Minutes**

**Regular Called Meeting
Riverbend Water Resources District
Board Meeting Minutes
February 28, 2024**

228 Texas Avenue, Suite A, New Boston, Texas 75570

M I N U T E S

I. Call to Order, Roll Call, and Establishment of Quorum and Certification of Notice

Pursuant to a notice posted on the District website, the Chair, Steve Mayo, President of the Board, called the meeting to order at 12:05 p.m.

Directors Present:

Steve Mayo, President
Lynn Davis, Vice President
Tina Veal-Gooch, Secretary
Sonja Hubbard, Treasurer
Van Alexander, Past President

Directors Absent:

None

Administration Present:

Kyle Dooley, Executive Director/CEO
Eli Hunt, Director of Operations
Tara Houck, CFO
Becky Melton, HR Manager/Executive Assistant

Public Present:

Please see the attached list for additional guests.

II. Invocation & Pledge

Steve Mayo led the invocation and the pledge of allegiance.

III. Public Comments

None.

IV. Consent Agenda Items

Item IV. A. was considered under a Consent Agenda for one single motion of approval.

A. Discussion and possible action regarding January 24, 2024 Regular Called Meeting Minutes.

A single motion was made by **Tina Veal Gooch** and seconded by **Sonja Hubbard** to approve the Consent Agenda Item as listed above. The motion passed unanimously.

VI. Regional Entity Reports

A. Discussion and possible action regarding activities with Sulphur River Basin Authority (SRBA).

David Weidman provided that Kelly Mitchell was appointed as the new Chairman for SRBA. No action taken.

B. Discussion and possible action regarding activities with TexAmericas Center (TAC).

Scott Norton, Executive Director, provided an update. TexAmericas is dealing with 114 different businesses right now. Twenty of them have chosen the TAC footprint as their final site in Texas to consider. The plastics recycling company has submitted paperwork to the county and the college for the tax abatements. We anticipate closing on that contract this summer. The first phase of a solar panel project will also be started on the TAC footprint bringing about 125 jobs. Project New Age is underway. A 250-acre site clearing began on TAC-East before discussions started with a new company. If the contract is finalized, 3 million square feet of space will be built in a couple of phases. They committed to 1,000 jobs but it will likely be more than that. No action taken.

C. Discussion and possible action regarding activities with Ar-Tex REDI.

Sonja Hubbard provided that progress is being made with the textile manufacturer on the Arkansas side as well as the airport. A dinner meeting is being held tonight with the CEO of Union Pacific to discuss logistics from the Texas side to the Arkansas side parcels. No action taken.

VI. Agenda Items for Individual Consideration

A. Discussion and possible action regarding approval of a resolution approving the first quarter financials for FY 2024.

Tara Houck presented the first quarter financials for FY 2024.

A motion was made by Van Alexander and seconded by Sonja Hubbard to approve RESO 20240228-01 approving the first quarter financials for FY 2024. The motion passed unanimously.

B. Discussion and possible action regarding approval of a resolution approving the first quarter investment report for FY 2024.

Tara Houck presented the first quarter investment report for FY 2024.

A motion was made by Tina Veal Gooch and seconded by Lynn Davis to approve RESO 20240228-02 approving the first quarter investment report for FY 2024. The motion passed unanimously.

C. Discussion and possible action regarding approval of a resolution authorizing the Executive Director/CEO to execute an interlocal agreement(s) for risk management insurance with the TWCA Risk Management Fund.

Kyle Dooley provided information that this is a renewal of the District's risk management insurance. We are currently part of the TWCA Risk Management Fund, and the plan includes property insurance, workers' compensation insurance, board insurance and cyber security insurance.

A motion was made by Sonja Hubbard and seconded by Tina Veal Gooch to approve RESO 20240228-03 authorizing the Executive Director/CEO to execute an interlocal agreement(s) for risk management insurance with the TWCA Risk Management Fund. The motion passed unanimously.

D. Discussion and possible action regarding approval of a resolution reviewing and updating the Drought Contingency Plan and the Water Conservation Plan of Riverbend Water Resources District.

Kyle Dooley provided information on the review and update of the Water Conservation Plan as well as the Drought Contingency Plan. Normally this review is done in March, however, TWDB needs these documents approved in order to finalize principal forgiveness applications turned in for the City of Avery and the City of Leary as well as for the additional request for water facility project funds. There is no change in the Drought Contingency Plan and one change to the Water Conservation Plan. We needed to add that the breakdown on the installation costs on the larger taps will be determined on a case-by-case basis.

A motion was made by Van Alexander and seconded by Lynn Davis to approve RESO 20240228-04 reviewing and updating the Drought Contingency Plan and the Water Conservation Plan of Riverbend Water Resources District. The motion passed unanimously.

VII. Riverbend Reports

A. Board Members

No reports

B. Executive Director/CEO

Kyle Dooley provided the following updates:

Regional Water System Project: Matt Garcia provided an update on the project. Pape has completed the second phase of Value Engineering with the successful design consultants.

Several design decisions were made which will make the project more efficient and the plant easier to operate. They met with Texarkana Water Utilities (TWU) and Plummer & Associates to review the connection of the proposed facilities to the existing system as it relates to pressures and metering locations. This coordination effort is on-going. The Texas Water Development Board returned 13 comments on our Environmental Information Document. Pape's team met with TWDB on February 22 to review the comments in person and identify next steps. There are essentially two comments outstanding that we are working to resolve: one deals with the Texas Historical Commission deliverable and the other deals with the waters of the US. They should have the Water of the US comment resolved by the end of this week and they are working on a satisfactory method to resolve the Historical Commission comment as soon as possible. The Project Information Form is completed for the request for additional funding and will be submitted by the deadline of March 1, 2024. The contract documents for the remaining portion of the Design for the successful Design Consultant are being finalized and Pape will assist Riverbend to negotiate these contracts. Kyle Dooley added that the final application to withdraw the remaining funds to complete the project. This request will be for \$297.8 million, bringing the total project cost to \$497.8 million, which includes \$57 million for contingency to cover the unknown changes in construction costs. In the original request, 60% of the funds were taxable and 40% were tax exempt, in this request, 80% will be tax exempt which will help with the payback. With the EID near completion, Mr. Dooley elaborated on a couple of comments. On the original EID, TPWD reviewed and had no comments. The environmental manager at TWDB sees that TPWD didn't comment on the raw water line running near the Redwater City Park. She asked TPWD to make a comment if they had one which started the review of that piece of the process over. The comment from the Historic Commission is related to archeological surveys. Those surveys were started during the initial planning for the project to get permits for the intake and the ultimate rule curve. The Corps now states we don't need the permit at all so now the archeological surveys can be started.

Industrial Waste Water Plant: On February 5th, Kyle met with RRAD Public Works, Contracting and the Directorate of Resource Management. The Resource Manager had questions about the project and needed to complete its review before Contracting could finalize the contract language for the funding of the project. They would then submit comments back to Public Works. Public Works has not received comments to date. Debt is paid back by the Army through facility charges. Our assumption is that the new debt would be paid back in the same way. We are awaiting their response.

Ultimate Rule Curve and Environmental & Cultural Resources Study: The Programmatic agreement is in the process of being signed by all the interested parties. The Environmental Assessment Document is complete as well as the H & H studies. It will be March before the Cultural Resources Study is finalized and awarded to a contractor. Once the contractor is on board, they will ask us to review the contributed funds agreement again. Once we have that, we will bring it to the Board for approval.

No action taken.

VIII. Executive Session

The board stood at ease at 12:45 p.m.

The board reconvened in Executive Session at 12:50 p.m. with quorum pursuant to section 551.071 and 551.072 of the Texas Open Meetings Act.

The board came out of Executive Session at 1:38 p.m.

The board reconvened with quorum at 1:39 p.m.

IX. Next Riverbend Meetings

Riverbend Regular Meeting, Wednesday, March 27, 2023 at 12:00 p.m. at Riverbend Offices, 228 A Texas Avenue, New Boston, Texas 75570.

X. Adjournment

With no additional business to be discussed, a motion was made by Tina Veal Gooch and seconded by Lynn Davis to adjourn the meeting at 1:40 p.m. The motion passed unanimously.

The minutes of the Riverbend Water Resources District Board of Directors meeting, held on February 28, 2024, were read and approved on the 27th day of March 2024.

Steve Mayo, President

Kyle Dooley, Executive Director/ CEO

**REGULAR CALLED MEETING
RIVERBEND WATER RESOURCES DISTRICT
WEDNESDAY, MARCH 27, 2024**

**GENDA ITEM VI. A.
RWRD RESO 20240327-01
Personnel Policy Amendment**



RIVERBEND RESOLUTION NO. 20240327-01

**AUTHORIZING THE APPROVAL OF AMENDMENTS TO THE PERSONNEL
POLICY MANUAL OF THE RIVERBEND WATER RESOURCES DISTRICT**

WHEREAS, Riverbend Water Resources District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59 Article XVI, Texas Constitution, existing pursuant to and having the powers set forth in Chapter 9601 of the Special District Local Laws Code of the State of Texas; and

WHEREAS, Riverbend Water Resources District first adopted a Personnel Policy Manual on March 2, 2016 and has updated policies as needed; and

WHEREAS, Riverbend Water Resources District desires to continue to update certain policies and procedures of its Personnel Policy Manual.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Riverbend Water Resources District hereby adopts the amendment(s) to the Personnel Policy Manual as attached.

PASSED and APPROVED this 27th day of March 2024

Steve Mayo, President

ATTEST:

Tina Veal Gooch, Secretary

Attached: Personnel Policy Manual Changes



6-3 Bereavement Leave

We know the death of a family member is a time when you wish to be with the rest of your family. If you are a full-time employee and you lose a close relative, you will be allowed paid time off of up to ~~five (5) days~~ forty (40) hours to assist in attending to your obligations and commitments. For the purposes of this policy, a close relative includes any individual related to the employee in the first or second degree of consanguinity (blood) or the first or second degree of affinity (marriage), or other individuals as approved by the Executive Director/CEO. Please see the chart of Consanguinity and Affinity at the end of this manual for further clarification. ~~a spouse, domestic partner, child, parent, sibling, or grandparent of an employee, employee's spouse, or any relative living in the employee's household.~~ You must inform your supervisor and submit a leave request prior to commencing bereavement leave. In administering this policy, the District may require verification of death. Employees using bereavement leave will be paid without a deduction in annual leave or sick leave balances. Bereavement leave will not be used to calculate overtime.

**REGULAR CALLED MEETING
RIVERBEND WATER RESOURCES DISTRICT
WEDNESDAY, MARCH 27, 2024**

**AGENDA ITEM VI. B.
RWRD RESO 20240327-04
Capitalization Policy &
Investment Policy**



RIVERBEND RESOLUTION NO. 20240327-02

AUTHORIZING THE APPROVAL OF THE CAPITALIZATION POLICY AND THE INVESTMENT POLICY OF THE RIVERBEND WATER RESOURCES DISTRICT

WHEREAS, Riverbend Water Resources District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59 Article XVI, Texas Constitution, existing pursuant to and having the powers set forth in Chapter 9601 of the Special District Local Laws Code of the State of Texas;

WHEREAS, the generally accepted accounting principles requires the Board of Directors of the Riverbend Water Resources District to adopt a Capitalization Policy for accounting and audit purposes; and

WHEREAS, the Public Funds Act of Texas (the "Act") as amended, requires the Board of Directors of the Riverbend Water Resources District to annually review its Investment Policy and Strategies; and

WHEREAS, Riverbend Water Resources District desires to review and update accordingly, its policies and procedures and to make readily available these policies and procedures to the public in written form.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Riverbend Water Resources District, after its annual review, hereby adopts the Capitalization Policy and the Investment Policy.

PASSED and APPROVED this 27th day of March 2024

Steve Mayo, President

ATTEST:

Tina Veal Gooch, Secretary

Attached: Capitalization Policy & Investment Policy



Riverbend Water Resource District Capitalization Policy

Purpose

This capitalization policy is intended to provide guidance for the capitalization and depreciation of capital assets to comply with the requirements of Governmental Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standard Board Statement No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement requires the reporting of Riverbend Water Resources District's ("District") capital assets and depreciation in their annual audited financial statement.

This policy includes capital asset classes, descriptions, capitalization threshold levels, estimated useful lives, methods of depreciation and the procedures to be used in effectively identifying, recording and reporting the District's capital assets.

Asset Classification

District capital assets are used to support three major criteria of the business:

- General Administration
- Infrastructure
- Land Improvements, buildings, building improvements, and facilities

General Administration

General administration is the activity that District employees conduct to run the day to day business. Capital assets that support these activities can include but are not limited to office furniture, fixtures, equipment, information and computer systems, etc., where the following two (2) conditions are met:

- Each individual item has a cost of \$10,000 or more, and;
- Useful life of at least three (3) years.

Infrastructure

Activities related to infrastructure include new construction, replacement due to expansion or new technology, replacement due to the end of normal life cycle, major repairs or refurbishment and acceptance of assets through the contribution by other agencies. Capital assets that are in this group can include facility improvements and renovations, water and sewer systems, pipelines, pump stations, membranes, meters and other major components that are used in the water and wastewater treatment plant facilities. In addition, capital assets in this category can also include roads, streets, bridges, tunnels, drainage systems, dams and lighting systems.

The District has elected to not utilize the modified approach for depreciation of infrastructure under GASB 34.

Land Improvements, buildings, building improvements, and facilities

Activities related to this category include acquisition, new construction, replacement due to expansion or new technology, replacement due to the end of normal life cycle, major repairs or

refurbishment and acceptance of assets through the contribution by other agencies. Capital assets that are in this group can include but are not limited to land, land improvement, buildings, building improvements, and facilities.

1) New Construction:

New construction normally starts as a Construction-In-Progress project and may take more than one fiscal year to complete. At the completion of the project, the total costs of the project may be broken down by the major groups of assets such as distribution system, pumping system, reverse osmosis system, etc. Under each system, the component unit of the assets is listed based on the nature of the component and the length of the estimated useful life.

To be considered as a capital asset, these two conditions must be met:

- Each individual item or component unit has a cost of \$10,000 or more, and;
- Useful life of at least three (3) years.

Exception:

Service connections (pipelines) are capitalized as capital assets and are not subject to the \$10,000 limitation. However, it still has to meet the useful life limitation of at least three years. In the situation when the customer pays the cost of acquiring and installing service connections, but the District is responsible for the maintenance of the service connections, the District should include the connections as part of the District capital assets and record the customer contributions as capital contributions revenue.

2) Replacement due to expansion or new technology:

Replacement can take place when the District is expanding its facilities to increase production capacity, or as the result of new technology and equipment becoming available on the market that is more cost efficient than what is currently used. In this situation, the old systems or equipment will be replaced when they still have a remaining useful life and economic value.

To be considered as a capital asset, these two conditions must be met:

- Each individual item or component unit has a cost of \$10,000 or more, and;
- Useful life of at least three (3) years.

Also, because the retired equipment or systems may still have a positive net book value, the District will calculate and record the appropriate loss of disposition.

3) Replacement due to the end of life cycle:

Replacement can also take place as a result of normal scheduled maintenance. The components can be purchased at the same time but be installed simultaneously or within a planned short period time. In this situation, the old systems or equipment will be replaced when they have no useful life or economic value.

To be considered as a capital asset, these two conditions must be met:

- The aggregate total costs of the component units have a cost of \$10,000 or more, and;
- Useful life of at least three (3) years.

The estimated portion of the original asset that was replaced will be removed from the asset records of the District.

4) Repairs or refurbishments:

The District's existing systems require repairs and maintenance on a regular basis. Repair or refurbishment expenses to the existing capital assets under certain circumstances may be capitalized. The criteria for determining whether the expenditure is an expense or capital asset requires knowledge of the effect the repair will have on the capital asset.

To be considered as a capital asset, these conditions must be met:

- Total repair or refurbishment cost of one job has to be \$10,000 or more, and;
- After the repair or refurbishment, the remaining useful life of the existing asset must be extended by at least three (3) years.

When the above conditions are not met, the cost of repair or refurbishment will be considered as operations and maintenance expenses.

5) Contribution by other agency:

The District may enter into an agreement with other governmental agencies to co-build some infrastructure. At the completion of the project, a portion or the entire infrastructure may be contributed to the District regardless of which agency had paid for the costs and the District has the primary responsibility for maintaining the asset. In this situation, the capital asset is recorded at the time the asset is the sole property of the District. The total cost of the project must be broken down by operating system, and the major component units are to be listed under the operating systems depending on the nature and the length of the estimated useful life.

To be considered a capital asset, these two conditions must be met:

- Each individual item or component unit has a cost of \$10,000 or more, and;
- Useful life of at least three (3) years.

Determination of Cost

Governmental GAAP states that purchased or District-constructed capital assets should be reported at historical cost. The total cost of the capital asset is the cash outlay or its equivalent that is necessary to acquire the asset and put it in operating condition. These costs include contract price, freight, sales tax, licensing fees, handling and assembling, installation and testing, direct labor and material, indirect labor and materials, benefit and overhead allocations as well as any construction period interest cost as required. In addition, it is the District's policy to capitalize any cost that is specifically identifiable with a planned capital project (or asset

acquisition), including public information costs and costs incurred to obtain financing for the project. Contributed capital assets will be recorded at their estimated fair market value at the date of the asset was contribution to the District.

Estimated Useful life

The District uses Internal Revenue Tax Law requirements, general guidelines obtained from professional or industry organizations and information for comparable assets of other governments as the guidelines when estimating the useful lives of the capital assets.

Depreciation Method

The District uses straight-line method with no salvage value for all depreciable capital assets.

Summary

The following table summarizes the criteria discussed above:

Asset Class	Description	Threshold	Useful life (years)
OFFICE FURNITURE, EQUIPMENT	Desk, chair, file cabinet, telephone printer	\$10,000	3-10
INFORMATION SYSTEMS	Computer, server, software, monitor	\$10,000	3-6
LAND	Land	N/A — capitalize all	N/A
LAND IMPROVEMENT	Sidewalks, fences, landscape	\$10,000	20
BUILDING & IMPROVEMENT	Buildings	\$10,000	40
INFRASTRUCTURE	Pipelines, pump station, well, motors, vaults, membranes, pump, storage tank, meters, compressor, water and wastewater systems/ facilities	\$10,000	3-60
VEHICLES	Car, truck, tractor, trailer	\$10,000	5
INTANGIBLE ASSETS	Studies, water rights, permits	\$10,000	20-60

* The above descriptions are not limited to those described. In addition, the District reserves the right to add any specific item and any specific amount to conform to District specialty needs and/or practices.

Glossary:

Capital Assets: Capital assets are acquired for use in operations and not for resale. They are long term in nature and subject to depreciation. They possess physical substance.

Component Unit: Individual identifiable pieces of a capital asset (or group of capital assets).

Depreciation: The systematic and rational allocation of the estimated historical cost of a capital asset, (or if donated, the fair value of the capital asset at the time of donation), over its estimated useful service life.

Estimated Useful life: The period of time over which an asset's cost will be depreciated.

Fair Market Value: An estimate of what a willing buyer would pay to a willing seller, both in a free market, for an asset or any piece of property.

Governmental GAAP: The Governmental Generally Accepted Accounting Principles: Conventions, rules and procedures that serve as the norm for the fair presentations of financial statements as applicable to governmental entities.

GASB 34: The Governmental Accounting Standards Board's (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis require State and Local Governments depreciate their exhaustible capital asset, including infrastructure.

Historical Cost: The actual exchange value in dollars at the time the asset was acquired. It is measured by cash or cash equivalent price of obtaining the asset and charges necessary to bring it to its intended location and to place the asset in its intended condition for use.

Infrastructure: The structures that support a society, such as roads, water supply, wastewater, power grids, flood management systems, telecommunications (Internet, telephone lines, broadcasting), and so forth.

Replacement: The substitution of a new facility or component of an existing facility.

Salvage Value: An estimate of the amount that will be realized at the end of the useful life of a depreciable asset.

Straight-Line Depreciation Method: Is determined by the formula: $(\text{Cost-Salvage value}) / \text{Estimated useful life} = \text{Depreciation per period}$.

Riverbend Water Resource District Investment Policy and Strategies

Scope

This Investment Policy and Strategies shall govern the investment of all financial assets of the Riverbend Water Resources District (“RWRD” or the “District”). These funds are accounted for in the District's Financial Statements.

Prudence

Investments shall be made with judgment and care — under circumstances then prevailing — which a person of prudence, discretion and intelligence exercises in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of his or her capital, as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officer(s) acting in accordance with written procedures and the Investment Policy and Strategies and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the District's Investment Policy and Strategies and written investment procedures.

Objectives

It is the policy of the District that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with state and federal regulations, applicable bond resolution requirements, and this adopted Investment Policy and Strategies.

In accordance with the Public Funds Investment Act, the following prioritized objectives (in order of importance in accordance with Section 2256.005(d) of the Act), apply for each of the District's investment strategies:

Suitability — It is important to understand the suitability of the investment to the financial requirements of the District. Only eligible investments listed in the Investment Policy and Strategies are suitable for District funds.

Safety — Preservation and safety of principal are also of importance. All investments shall be of high-quality securities with no perceived default risk. Market price fluctuations

will occur, however managing the weighted average days to maturity for each fund type as specified will minimize these fluctuations.

Liquidity — To enable the District to meet operating requirements that might be reasonably anticipated, the District's investment portfolio must maintain a sufficient level of liquidity. This shall be achieved by matching investment maturities with forecasted cash flow requirements, by maintaining at least 5% of the District's funds in overnight investments and by investing in securities with active secondary markets. Short-term investment pools and money market mutual funds provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability — Securities with active and efficient secondary markets are necessary in the event of unanticipated cash requirements. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification — Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the district. Diversifying the appropriate maturity structure will reduce market cycle risk. Also, restricting the sum of investments purchased from certain issuers will reduce the credit risk exposure of the portfolio.

Yield — Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month treasury bill portfolio shall be the minimum yield objective or "benchmark". A secondary objective will be to obtain a yield equal to or in excess of a local government investment pool, money market mutual fund or average Federal Reserve discount rate.

The first measure of success in this area will be the attainment of enough income to offset inflationary increases. Even though steps will be taken to obtain this goal, the Investment Officer(s) shall constantly be cognizant of the standard of care and the investment objectives pursuant to the provisions of the amended Act, Section 2256.006(a).

The Investment Officer(s) shall avoid any transactions that might impair public confidence in the District's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

I. Investing Strategies

Each major fund type has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the individual fund's unique requirements and the following shall be considered separate investment strategies for each of the funds mentioned below. District funds shall be analyzed and invested according to the following major fund types:

Operating Funds — Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to structure a portfolio, which will minimize volatility during economic cycles. This may be accomplished by purchasing high quality, short-term securities, which will complement each other in a laddered maturity structure. A dollar weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity date of each security.

Debt Service Funds — Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date. A dollar weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity date of each security.

Debt Service Reserve Funds — Investment strategies for debt service reserve emergency and contingency funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate fund from securities with a low degree of volatility. Securities should be of high quality and, except as may be required by the bond ordinance specific to an individual issue, of short to intermediate-term maturities with stated final maturities not exceeding five (5) years and a weighted average maturity not to exceed 730 days. Volatility shall be further controlled through the purchase of securities carrying the highest coupon available, within the desired maturity and quality range, without paying a premium, if at all possible. Such securities will tend to hold their value during economic cycles.

Construction and Special Purpose Funds — Investment strategies for construction projects or special purpose fund portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates of securities held should not exceed the estimated project completion date. A dollar weighted average maturity of 730 days or less will be maintained and calculated by using the stated final maturity of each security.

II. Delegation of Authority and Training

Unless already specified by law, the District must select at least one Investment Officer to be responsible for the investment of the funds. This must be done by rule, order, ordinance, or resolution, as appropriate. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the District. Therefore, it is recommended to designate as Investment Officer(s) those positions responsible for making investment decisions. Authority granted is effective until rescinded by the District, or until that person's employment is terminated. Pursuant to Section 2256.005 Subsection (f) of the Act, RWRD designates the Chief Financial Officer as an Investment Officer, a primary individual who shall be involved in investment activities to perform and execute the duties as required by the general laws of the state of Texas under oversight by the Executive Director/CEO.

Accordingly, the Investment Officer(s) of the District for the purposes of Section 2256.008 of the Act, shall receive 6 hours of training relating to their responsibility under the Act within 12 months after assuming duties. In addition, the Investment Officer(s) are required to receive 4 hours of applicable training every two years. These sessions must be completed no less often than once every two fiscal years commencing September 30, 2011 and the financial officers shall receive not less than 10 hours of instruction relating to investment responsibilities. The training must include education in investment controls, security risks, strategy risks, market risks, diversification and compliance with the Public Funds Investment Act. The investment training session shall be provided by an independent source approved by the investment committee. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institute of higher learning or any other sponsor other than a business organization with whom the District may engage in an investment transaction. Thus, these independent sources will be training sessions sponsored by Government Treasurer's Organization of Texas, University of North Texas, Government Finance Officers Association of Texas.

The Investment Officer(s) shall establish written procedures for the operation of the investment program, consistent with this Investment Policy and Strategies. Such procedures shall include any explicit delegation of authority to the individual(s) responsible for investment transactions. No person(s) may engage in investment transactions, except as provided under the terms of this Investment Policy and Strategies and the procedures established by the District.

III. Ethics and Conflicts of Interest

The Public Funds Investment Act includes ethics and conflicts of interest provisions. The Investment Officer(s) and employee(s) involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Investment Officer(s) and employee(s) involved in the investment process shall sign annual statements agreeing to abide by this section of the Investment Policy and Strategies and affirming no known

conflicts of interest. The Investment Officer(s) and employee(s) involved in the investment process must file a disclosure statement with the Texas Ethics Commission and the District, if the Investment officer(s) or employee(s) has/have a personal business relationship with a business organization offering to engage in an investment transaction with the District.

An investment officer or employee involved in the investment process has a personal business relationship with a business organization if:

- a. The investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- b. Funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the prior year; or
- c. The investment officer has acquired from the business organization during the prior year investments with a book value of \$2,500 or more for the personal account of the investment officer.

In addition, any investment officer or employee who is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to sell an investment to the District must file a statement disclosing that relationship with the Texas Ethics Commission and the District.

IV. Authorized Financial Dealers and Institutions (including pools)

This Investment Policy and Strategies requires a formal competitive "request for proposals" process be used to select broker/dealers, financial institutions, bank depositories, and pools. As the policy is intended to endure, it does not mention specific financial institutions or bank depositories. Rather, it provides for a process that will screen out institutions that lack economic viability or whose past practices suggests that the safety of public capital would be impaired if transactions were directed to or through such financial institutions or bank depositories.

- A. When selecting broker/dealers, the District should look at:
 - Financial conditions, strength and capability to fulfill commitments;
 - Overall reputation with other dealers or investors;
 - Regulatory status of the dealer; and
 - Background and expertise of the individual representatives.
 - In addition, in order to use a broker/dealer, they have to be included on an annually reviewed authorized broker list for the District.
- B. When selecting financial institutions and bank depository institutions, the District should look at:
 - Types of collateral;
 - Security Interest Perfected; and
 - Rates.

- C. When selecting a local government investment pool, the law requires the pool to supply the following information to the District seeking to join the pool:
- a. investment transaction confirmations; and
 - b. a monthly report that contains, at a minimum, the following information:
 - the types and percentage breakdown of securities in which the pool is invested;
 - the current average dollar-weighted maturity, based on the stated maturities of the pool;
 - the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - the size of the pool;
 - the number of participants in the pool;
 - the custodian bank that is safekeeping the assets of the pool;
 - a listing of daily transaction activity of the district participating in the pool;
 - the yield and expense ratio of the pool;
 - the portfolio managers of the pool; and
 - any changes or addenda to the offering circular.

V. Certification Required from Broker/Dealers, Financial Institutions, Bank Depositories, and Pools

A qualified representative from any firm offering to engage in investment transactions with the District is required to sign a written instrument that certifies that they have received and reviewed a written copy of the District's Investment Policy and Strategies. The firm must acknowledge that it has implemented reasonable procedures and controls in an effort to preclude investments between the District and the firm that are not authorized by the District's Investment Policy and Strategies. The District's Investment Officer(s) may not transact business with a person or entity who has not delivered the required written instrument to the District.

VI. Authorized and Suitable Investments

The following is a list of the types of authorized investments by the District:

- Certificates of Deposits;
- Collateralized Mortgage Obligation, secured by the Full Faith and Credit of the Federal Government;
- Federal Home Loan Mortgage Corporation;
- Freddie Mac CMO;
- GMNA II Guaranteed Pass Thru;
- Government National Mortgage Association Bonds;
- Logic Investment Pool;

- Lone State Investment Pool;
- Money Market Accounts;
- TexPool Participant Services;
- TexPool Prime Participant Services;
- TexStar Participant Services; and
- U.S. Treasury Notes

VII. Collateralization

Required for certificates of deposit over the \$100,000 insurance limit, for bank depository services over the \$250,000 insurance limit, and for repurchase agreements and reverse repurchase agreements, this Investment Policy and Strategies addresses market valuation responsibility and timing, safekeeping by a third party and evidence of ownership.

All banks' and savings and loan associations' deposits and investments of District funds shall be secured by pledged collateral with a market value equal to no less than 103 percent of the principal plus accrued interest less an amount insured by FDIC or NCUSIF. Evidence of proper collateralization in the form of original safekeeping receipts held in institution's trust department or at a third-party institution not affiliated with the bank or bank holding company will be maintained in the office of the Investment Officer(s) at all times. The Investment Officer(s) will approve and release all pledged collateral. Collateral will be reviewed monthly to assure the market value of the securities pledged exceeds investments and/or the related bank balances. The District shall request additional collateral in the event they deem that their deposits and investments are not sufficiently protected by the pledged collateral.

VIII. Safekeeping and Custody

This Investment Policy and Strategies requires that all investments, with the exception of investment pools and mutual funds, must be settled on a delivery versus payment basis. It is strongly recommended to have investments safekept with a third-party institution, not the organization which sold the investment to the government district.

All transactions must be executed with authorized security dealers and financial institutions on a delivery-versus-payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the Trustee received the collateral. The collateral shall be held in the name of the District or held on behalf of the District. The Trustee's records shall assure the notation of the District's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the District. Securities will be held by the District's safekeeping agent, which shall be selected through a competitive "request for proposal" process or that agent's representative in New York City, or in its account at the Federal Reserve Bank or FHLB.

IX. Diversification

Diversification should be conceptualized in terms of maturity, as well as instrument type and issuer. Thus, the diversification concept in an operating fund should include prohibition against over concentration in a specific maturity sector, as well as constraining the reliance on specific risky instruments and issuers.

It is the Investment Policy and Strategies of the District to diversify its investment portfolios. The diversification will protect interest income from the volatility of interest rates and the avoidance of undue concentration of assets in a specific maturity sector; therefore, portfolio maturities shall be staggered. Securities shall also be selected and revised periodically by the District. In establishing specific diversification strategies, following general policies and constraints shall apply:

1. Risk of market price volatility shall be controlled through maturity diversification and by controlling unacceptable maturity extensions and a mismatch of liabilities and assets. The maturity extension will be controlled by limiting the weighted average maturity of the entire portfolio to 730 days. All long-term maturities will be intended to cover long-term liabilities. In addition, five (5%) percent of the funds in the portfolio will be liquid at all times.
2. The District shall establish strategies and guidelines for the percentage of the total portfolio that may be invested in U.S. Treasury Securities, federal agency instrumentalities, repurchase agreements, and insured/collateralized certificates of deposit and other securities or obligations. The District shall conduct a quarterly review of these guidelines and shall evaluate the probability of market and default risk in various investment sectors as part of its considerations.
3. Risk of principal loss in the portfolio as a whole shall be minimized by diversifying investment types according to the following limitations.
4. Investment Type % of Portfolio:
 - U.S. Treasury Notes/Bills 100%
 - U.S. Agencies & Instrumentalities 100%
 - State of Texas Obligations & Agencies 15%
 - Local Government Investment Pools 50%
 - Local Government Obligations (AA) 10%
 - Repurchase Agreements 25%
 - Certificates of Deposit 100%
 - U.S. Government Money Market Funds 50%
5. By Institution:
 - Repurchase Agreements — No more than 10%
 - All Other — No more than 40%
 - Investment Pools — No more than \$10,000,000

X. Maximum Maturities

The maximum allowable stated maturity for an individual investment owned by the District is three (3) years except that no more than one million five hundred thousand dollars of the District's unrestricted investments may have an average or expected maturity date of no more than ten (10) years and provided further that any investment held in connection with a reserve fund by any bond resolution may have a maturity that exceeds ten (10) years, so long as the expected maturity date of the investment does not exceed the maturity date of the bond for which the investment was pledged.

XI. Internal Controls

The District, in conjunction with its annual audit, shall perform a compliance audit of management controls on investments and adherence to the District's Investment Policy and Strategies. The Investment Officer(s) shall establish a system of internal controls. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by Investment Officer(s) or employees of the District.

Examples of controls and managerial emphasis deemed important include the following:

- All appropriate investment transactions settled delivery versus payment (DVP);
- Investments safekept at a third party in the district's name;
- Annual compliance audit by independent auditor;
- Custodian safekeeping receipts maintained;
- Use of competitive bidding for investments;
- Avoidance of bearer-form securities;
- Documentation of investment bidding events;
- Written confirmation of telephone transactions;
- Reconcilements and comparisons of security receipts with the investment subsidiary records, including custodian bank;
- Compliance with investment policies;
- Verification of all interest income and security purchase and sell computations;
- Control of collusion;
- Separation of duties;
- Separation of transaction authority from accounting and record-keeping;
- Clear delegation of authority;
- Accurate and timely reports;
- Validation of investment maturity decisions with supporting cash flow data;
- Adequate training and development of the Investment Officer(s);
- Review of financial conditions of all brokers, dealers, and depository institutions (where practical);
- Staying informed about market conditions, changes and trends that require adjustments in investment strategies;
- Monitoring market values at least monthly; and/or
- Written procedures documentation.

XII. Performance Standards

Performance standards provide a measure for determining the effectiveness of portfolio management. The Investment Officer(s) should design and review the District's investment portfolio with the objective of obtaining a rate of return throughout budgetary economic cycles, commensurate with the investment risk constraints and the cash flow needs.

XIII. Reporting

Regular investment reports to the Board of Directors of the District provide necessary written communication regarding investment performance, risk analysis, adherence to policy provisions and other pertinent information.

The following elements are required by this Investment Policy and Strategies and Texas State law concerning the District's Investment Report:

1. Must be prepared quarterly;
2. Must include a report of investment transactions for all funds;
3. Must describe the investment position;
4. Must be prepared jointly and signed by all of the Investment Officer(s);
5. Must contain a summary statement that provides the following information:
 - Beginning and ending market values for the period;
 - Additions and changes to the market value during the period;
 - Fully accrued interest for the period; and
 - List by type of asset and fund type invested;
7. Must list the book and market value for each investment at the beginning and ending of the reporting period;
8. Must list the maturity date (for all investments that have one) for each individual investment;
9. Must assign each investment to the account or fund or pooled group fund for which it was acquired; and
10. Must provide a statement that the investment portfolio is in compliance with relevant provisions of the Public Funds Investment Act and with the District's Investment Policy and Strategies.

XIV. Investment Policy and Strategies Adoption and Annual Review

The Board of Directors of the District shall review its Investment Policy and Strategies, not less than annually, and authorize an official action (i.e. resolution) stating that this Investment Policy and Strategies has been reviewed and approved.

**Riverbend Water Resource District
Investment Policy and Strategies**

**Certification Required from Broker/Dealers, Financial Institutions,
Bank Depositories, and Pools**

I, _____, am a qualified representative from an entity offering to engage in investment transactions with the Riverbend Water Resources District (the “District”) and certify that I have received and reviewed a written copy of the District’s Investment Policy and Strategies; I further acknowledge that the entity which I represent has implemented reasonable procedures and controls in an effort to preclude investments between the District and the entity that are not authorized by the District’s Investment Policy and Strategies.

Entity Name

Signature of Representative

Entity Address

Printed Name of Representative

Entity Address

Email Contact of Representative

Entity Phone

SUBSCRIBED AND ACKNOWLEDGED BEFORE ME by the said Declarant,
_____ on this _____ day of _____, _____.
Date Month Year

Notary Public, State of Texas