

**HARLINGEN WATERWORKS SYSTEM
UTILITY BOARD OF TRUSTEES
REGULAR MEETING AGENDA**

Monday, December 18, 2023, at 6:30 P.M.

118 E. Tyler Avenue, Harlingen, Texas – City Hall, Town Hall Meeting Room, 2nd Floor

The Harlingen Waterworks Utility Board of Trustees reserves the right to meet in Executive Session on any agenda item should the need arise, and if applicable, pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code. This is not a Meeting of the Harlingen Elective Commission; however, a quorum of the City Commission may be present.

1. OPEN MEETING AND WELCOME

2. CONFLICT OF INTEREST – *Under State law, a conflict of interest exists if a Trustee, or certain members of that person's family, has a qualifying financial interest in an agenda item. A Trustee with a conflict of interest cannot participate in the discussion nor vote on the agenda item.*

3. COMMUNICATION / INPUT FROM CUSTOMERS AND RESIDENTS OF HARLINGEN

4. APPROVAL OF MINUTES

a) From the Regular Board Meeting of November 29, 2023.

5. REPORTS AND PRESENTATIONS

a) Report on delinquent accounts exceeding \$500

6. FINANCIALS

b) Monthly Financial Report for month ending November 30, 2023.

7. RESOLUTIONS

a) **R2324-13:** Awarding a professional services contract for SCADA System Integration for Water Treatment Operations.

b) **R2324-14:** Awarding a contract for purchase of SCADA Computer System Equipment for Water Treatment Operations.

c) **R2324-15:** Awarding a contract for Managed Detection and Response (MDR) Services for cybersecurity monitoring of networks, endpoints, and servers.

d) **R2324-16:** Awarding a contract for purchase of a Boom Truck.

e) **R2324-17:** Adopting the Harlingen Waterworks System Investment Policy.

8. MANAGER'S REPORTS

9. EXECUTIVE SESSION

(1) Deliberation on the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; pursuant to Tex. Gov't Code §551.074

10. ADJOURN

I certify that a copy of this Agenda was posted on Friday, December 15, 2023, @ 5:00 PM at 134 E. Van Buren, City Hall and on the HWWS Website, and remained so posted for at least 72 hours preceding the time of said meeting.



HARLINGEN
WATERWORKS
SYSTEM



Nilda Sánchez – Board Secretary

CITY OF HARLINGEN WATERWORKS SYSTEM
Regular Board Meeting Minutes
Wednesday November 29, 2023

The Regular Board Meeting of the Utility Board of Trustees was conducted on the 29th day of November 2023 at 6:30 P.M. in the Harlingen Waterworks System's Board Room located on the second floor at 134 East Van Buren Avenue, in the City of Harlingen, Texas.

Board Members Present: Chris Bartnesky, Chairman
Maru De La Paz, Trustee
Michael Murphy, Trustee

Staff Present: Tim Skoglund, General Manager
Gene McCullough, System Attorney
David Sanchez, Director of Water Services
Jon Hedegard, Director of Wastewater Services
Ron De La Garza, Director of Finances
Florita Rodriguez, Customer Service Director
Michael Chamberlain, Purchasing Manager
Jose L. Rodriguez, Director of Information Technology
Elizabeth Soto, Director of Human Resources
Gabriel Trevino, Utility Engineer
Joseph Lunn, Assistant Utility Engineer

City Staff: Josh Ramirez, Assistant City Manager – Internal Affairs

AGENDA ITEM NO. 1: OPEN MEETING AND WELCOME

Chris Bartnesky, Chairman, called the meeting to order at 7:41 P.M. and asked whether the agenda had been posted in accordance with the law; Nilda Sanchez responded affirmatively.

AGENDA ITEM NO. 2: CONFLICT OF INTEREST

Mr. Bartnesky read the conflict-of-interest disclosure and asked the Board if anyone had any known conflicts of interest for this Board Meeting. None of the trustees reported a conflict of interest.

AGENDA ITEM NO. 3: COMMUNICATION / INPUT FROM CUSTOMERS AND RESIDENTS OF HARLINGEN

None.

AGENDA ITEM NO. 4: APPROVAL OF MINUTES – Regular Board Meeting of September 27, 2023.

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With no corrections requested, a motion to approve the Board Minutes for the Regular Board Meeting of September 27, 2023, was made.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

***** OUT OF SEQUENCE**

i) Authorizing a contract for Public Outreach and Communications Services related to rate setting.

Mr. Skoglund discussed a proposal solicited from Tripepi Smith, a communications consultant who had worked extensively with Waterwork's rate consultant in assisting water utilities with public engagement on rate setting. The proposal included a menu of ad-hoc services that could be incorporated in a communications plan for public outreach to support the current rate setting process. Mr. Skoglund suggested a cap of \$30,000 on services and recommended appointment of a committee of Waterworks Board Members and City Commissioners to guide the development and execution of a public outreach communications plan.

Jennifer Vaughn of Tripepi Smith gave a brief presentation about the firm's services and experience in public outreach to support rate setting. Trustee Michael Murphy asked about the length of time this type of public outreach would require. Ms. Vaughn reported some engagements had taken as long as five months. Trustee Maru De La Paz asked about the cost range for a typical scope of services for rate setting projects. Ms. Vaughn reported a range of \$25,000 to \$100,000, depending on the services needed, and an average of about \$40,000. Discussion by the Board ensued.

AGENDA ITEM NO. 5: REPORTS AND PRESENTATIONS

a) Report on delinquent accounts exceeding \$500.

Florita J. Rodriguez gave an overview of the delinquent accounts that were currently pending and reported several accounts that were written off for fiscal year 2023. Discussion by the Board ensued.

AGENDA ITEM NO. 6: FINANCIALS

a) Monthly Financial report for month ending October 31, 2023.

Ron De La Garza gave an overview of the financial reports for October 31, 2023. Discussion by the Board ensued.

b) Presentation of Quarterly Investment Report for Quarter ending September 30, 2023.

Ron De La Garza discussed information in the Quarterly Investment Report, ending September 30, 2023.

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AGENDA ITEM NO. 7: RESOLUTIONS

a) R2324-01: Approving a license renewal for GIS Software and Services

Mr. Skoglund reported on the expiring contract and proposed license renewal for geographic information system (GIS) software by Environmental Systems Research Institute (ESRI). He noted that the software had been a valuable tool for master planning and was continuing to serve as an essential foundation for other enterprise applications. The current contract was expiring soon, and a renewal was needed to continue use of the software and provide access to support services. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-01 – approving a license renewal for GIS Software and Services

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

b) R2324-02: Awarding a contract for the purchase of Ammonia Analyzers

Mr. Skoglund reported that a combination of two chemicals, chlorine and ammonia, were used to disinfect raw water and maintain a disinfectant residual in the distribution system. Maintaining a proper ratio of these chemicals is essential for optimizing dose and disinfection performance and for minimizing system flushing.

One bid had been received for one (1) in-line ammonia analyzer at each of the water treatment plants that would provide real-time indication of ammonia concentration and greatly improve operator's ability to optimize disinfectant dosing. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324:02 – awarding a contract for the purchase of Ammonia Analyzers

Motion: Maru De La Paz
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (3-0).

c) R2324-03: Approving contract Amendment No. 1 for On-Call Hydraulic Modeling Services

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Tim Skoglund reported expenses on the existing contract with Freese & Nichols, Inc. for hydraulic modeling services had reached its not-to-exceed limit of \$25,000. Staff had anticipated the contract limit would be sufficient for the entirety of the fiscal year. He noted, however, that several proposed developments required verification of system capacity and an update of master plan capital project cost estimates was needed for the rate study, all of which exhausted the contract limit.

As other projects would arise, continued access to these services would be essential to evaluate the impacts of new development and respond confidently to economic development inquiries. Mr. Skoglund noted that Freese & Nichols developed the current hydraulic model as part of the master planning effort and possessed the familiarity and expertise to most effectively and responsively provide support. Chris Bartnesky asked for clarification that the proposed \$75,000 amended amount represented the total contract amount. Mr. Skoglund responded affirmatively. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-03 – approving contract Amendment No. 1 for On-Call Hydraulic Modeling Services.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

c) R2324-04: Awarding a contract for purchase of Power Quality Monitors for the Water Treatment Plants.

Mr. Skoglund informed the Board of many recent failures of electrical equipment at the water treatment plants. The issues had been observed more than seven years ago, but a power quality investigation later performed by an electrical engineering consultant revealed no significant problems during a three-month monitoring period.

More recently, power quality problems were resulting in equipment failures and costly repairs. Based on the electrical engineer's recommendation for a suitable power quality monitor, a proposal was solicited for five (5) power quality monitors to be installed at the power feed points to both water treatment plants to provide continual monitoring that would be able to identify and document power quality problems. Such documentation would be essential for pursuing recourse from the power company for the cost of equipment repairs and replacements arising from power quality issues or for motivating power grid improvements. The monitors would be installed by staff. Discussion by the Board ensued.

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A motion was made to approve Resolution No. R2324-04 – awarding a contract for purchase of Power Quality Monitors for the Water Treatment Plants.

Motion: Maru De La Paz
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (3-0).

d) R2324-05: Awarding a contract for Removal and Disposal of Water Treatment Sludge.

Mr. Skoglund reported there had been an accumulation of water treatment sludge in the sludge lagoons at the Downtown and MFR Water Treatment Plants. Over a period of more than 16 years, sludge from the Downtown plant had been hauled to the MFR sludge lagoons, and the accumulation of sludge from both plants was approaching the MFR lagoon's capacity. Removal and disposal of sludge was needed to ensure continued operation of the plants.

Proposals from the region's sole-source vendor for sludge land application had been solicited for dredging the lagoons, removing the sludge, and hauling it off to permitted land application sites. The removal and disposal services for accumulated sludge were proposed to be phased over six years. A not-to-exceed total of \$600,000 was proposed for the first-year contract. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-05 – awarding a contract for Removal and Disposal of Water Treatment Sludge.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

e) R2324-06: Approving Change Order No. 4 – Priority Sewer Renewal Package No. 1 Project.

Mr. Skoglund reported the change order was the final reconciliation for the completed construction contract, reflecting a decrease contract amount of \$732,080.82 associated with a net reduction of line-item quantities in the contract. Discussion by the Board ensued.

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A motion was made to approve Resolution No. R2324-06 – approving Change Order No. 4 – Priority Sewer Renewal Package No. 1 Project

Motion: Maru De La Paz
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (3-0).

f) R2324-07: Authorizing the General Manager to execute documents related to the management of water rights.

Mr. Skoglund recapped a recent purchase of water rights associated with irrigable land that had been developed into an urban use. He explained the need for converting Class A and Class B agricultural rights to municipal water rights and for the consolidation of other rights into a smaller, more manageable number of accounts. The Texas Commission on Environmental Quality required that the executor of water rights transactions be authorized by the governing body to do so. The proposed resolution would authorize the general manager as the executor for the currently needed transactions and any future transaction involving water rights. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-07 – authorizing the General Manager to execute documents related to the management of water rights.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

g) R2324-08: Approving the purchase of a Wastewater Lift Station Pump.

Mr. Skoglund reported that one of current submersible pump at the wastewater treatment plant's influent lift station had been installed in 2006, had reached the end of its useful life, and was in need of replacement. The proposal for the replacement slightly exceeded the fiscal year budget but the proposed manufacturer's pumps had proven reliable through many years of service in the collection system and would be compatible with the control equipment of the same manufacturer at the plant's influent lift station.

A motion was made to approve Resolution No. R2324-08 – approving the purchase of a Wastewater Lift Station Pump.

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Motion: Maru De La Paz
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (3-0).

h) R2324-09: Awarding a contract for purchase of Half-Ton Pickup Trucks.

Mr. Skoglund reported the need for new pickup trucks. Some were failing and had reached the end of their useful lives. One pickup truck had to be replaced because of an accident, and one additional pickup truck had been requested by the newly appointed Fleet/Safety Coordinator in lieu of a stipend for use of his own vehicle. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324:09 – awarding a contract for purchase of Half-Ton Pickup Trucks.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

i) R2324-10: Approving a contract extension for Manhole Rehabilitation.

Mr. Skoglund reported Southern Trenchless had rehabilitated many sewer manholes within the system and that staff continued to be pleased with their performance. Southern Trenchless' manhole rehabilitation services continued to be offered through BuyBoard contract, and even though an improved product at a higher unit price was being proposed, it would substitute for the combination of two former products at a net equal cost. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-10 – approving a contract extension for Manhole Rehabilitation.

Motion: Maru De La Paz
Second: Michael Murphy

Motion to approve was carried by a vote of the Board (3-0).

j) R2324-11: Awarding a contract for purchase of Backhoes.

Mr. Skoglund reported the need for backhoes, one of which would be a replacement and the other two were additional units needed to eliminate downtime associated with

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conflicting demand for two units currently being shared between three crews and to equip a new construction crew established for in-house construction of large meter installation upgrades. Discussion by the Board ensued.

A motion was made to approve Resolution No. R2324-11 – approving a contract for purchase of Backhoes.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

AGENDA ITEM NO. 8: MANAGER’S REPORTS

Mr. Skoglund asked whether the Board had any questions about the manager’s reports, and no questions were asked.

AGENDA ITEM NO. 9: EXECUTIVE SESSION

(1) Deliberation on the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; pursuant to Tex. Gov’t Code §551.074.

Chairman Bartnesky informed the Board, Executive Session was to be rescheduled for next month’s Board Meeting in consideration of the late hour and the absence of Board Trustee, Michael Garza.

AGENDA ITEM NO. 10: ADJOURN

There being no further business to discuss, Chairman, Bartnesky, called for a motion to adjourn the meeting at 8:41 P.M.

Motion: Michael Murphy
Second: Maru De La Paz

Motion to approve was carried by a vote of the Board (3-0).

Attest: _____
Nilda Sanchez, Board Secretary

ACTIVE DELINQUENT ACCOUNTS IN EXCESS OF \$500
November 2023

Account Name	Address	Land Use	Garbage Amt. Due	Water/Sewer Amt. Due	Remarks	Total

**ACTIVE DELINQUENT ACCOUNTS IN EXCESS OF \$500
October 2023**

Account Name	Address	Land Use	Garbage Amt. Due	Water/Sewer Amt. Due	Remarks	Total

**INACTIVE DELINQUENT ACCOUNTS IN EXCESS OF \$500
November 2023**

Account Name	Address	Land Use	Garbage Amt. Due	Water/Sewer Amt. Due	Disconnect Date	Remarks	Total	Lawsuit/ Lien Filed
Szumilewicz, Mark	24473 N Dilworth	RES	\$ -	\$ 731	8/4/2022	Disconnected for non payment. Customer was using approximately 50,000 gallons per month.	\$ 731	YES
Sauceda, Juana Antonia	2020 Martha	RES	\$ 134	\$ 554	6/7/2022	Disconnected for non payment. Winter average for this account was 50,000 gallons.	\$ 688	NO
Moreno, Margarita Santana	1101 E PIERCE	RES	\$ 298	\$ 1,832	6/5/2023	Disconnected for non-payment follow up for assistance with CaCost.	\$ 2,130	NO
Sergio Rodriguez Alamilla	702 E. Monroe	APT	\$ 184	\$ 450	12/20/2022	Spoke to customer assistant. Property sold. Attempting to get in contact with customer.	\$ 634	NO
Combs A.T	1217 E Tyler	COMM	\$ 388	\$ 186	3/6/2023	Disconnected for nonpayment. Customer had not paid for 1 month. Attempted to call and no answer.	\$ 574	NO
Tovar Castro, Zulma Anahi	711 W. Wright	COMM	\$ 198	\$ 586	9/25/2023	Disconnected for nonpayment. Customer had not paid for 1 month. Attempted to call and no answer.	\$ 784	NO
Menchaca, Juan	27300 Paloma Ln.	RES.	\$ -	\$ 634	10/27/2023	Disconnected- Looking into bill.	\$ 634	NO
TOTAL			\$ 1,202	\$ 4,973			\$ 6,175	

INACTIVE DELINQUENT ACCOUNTS IN EXCESS OF \$500
October 2023

Account Name	Address	Land Use	Garbage Amt. Due	Water/Sewer Amt. Due	Disconnect Date	Remarks	Total	Lawsuit/ Lien Filed
Szumilewicz, Mark	24473 N Dilworth	RES	\$ -	\$ 731	8/4/2022	Disconnected for non payment. Customer was using approximately 50,000 gallons per month.	\$ 731	YES
Sauceda, Juana Antonia	2020 Martha	RES	\$ 134	\$ 554	6/7/2022	Disconnected for non payment. Winter average for this account was 50,000 gallons.	\$ 688	NO
Gomez, Jaime Romulo	1810 Evergreen	RES	\$ 215	\$ 356	10/6/2020	Write Off	\$ 571	NO
Perez, Felicia	1310 Anadal	RES	\$ 148	\$ 494	10/13/2020	Write Off	\$ 642	NO
Gonzales, Domingo	1705 Morgan Blvd	APT	\$ 2,054	\$ 316	10/5/2020	Write Off	\$ 2,370	NO
Garcia, Maria Elena	1641 Sam Houston	RES	\$ 362	\$ 216	10/13/2020	write Off	\$ 578	NO
Youghioghney Communications, Inc. dba Pocket Communications	1602 W Tyler	COMM	\$ 573	\$ -	11/24/2020	Write Off	\$ 573	NO
Gracia, Jonathan Manasseh	414 S J	RES	\$ 304	\$ 437	10/27/2020	Write Off	\$ 741	NO
Estrada Jaramillo, Pablo Daniel	15971 Orange Dr	RES	\$ 113	\$ 442	10/23/2020	Write Off	\$ 555	NO
Valley Traveland, Inc.	6201 W Business 83	COMM	\$ 650	\$ 86	10/20/2020	Write Off	\$ 736	NO
Moreno, Margarita Santana	1101 E PIERCE	RES	\$ 298	\$ 1,832	6/5/2023	Disconnected for non-payment follow up for assistance with CaCost.	\$ 2,130	NO
Sergio Rodriguez Alamilla	702 E. Monroe	APT	\$ 184	\$ 450	12/20/2022	Spoke to customer assistant. Property sold. Attempting to get in contact with customer.	\$ 634	NO
Combs A.T	1217 E Tyler	COMM	\$ 388	\$ 186	3/6/2023	Disconnected for nonpayment. Customer had not paid for 1 month. Attempted to call and no answer.	\$ 574	NO
Tovar Castro, Zulma Anahi	711 W. Wright	COMM	\$ 198	\$ 586	9/25/2023	Disconnected for nonpayment. Customer had not paid for 1 month. Attempted to call and no answer.	\$ 784	NO
TOTAL			\$ 5,036	\$ 6,686		Total write off amount \$6,766	\$ 12,307	



**Statement of Net Assets
November 30,2023**

Current Assets

Unrestricted Cash and Investments

Operating Fund - Checking Account	\$	2,442,645.53	
Operating Fund - TexStar		24,083.42	
Operating Fund - TexPool		811,183.93	
Operating Fund - CD Investment		20,317,213.68	
Operating Fund - Money Market		97,902.27	
Operating Fund - Treasuries		-	
Contingency Funds - Checking		488,532.82	
Contingency Funds - TexStar		15,009.08	
Contingency Funds - TexPool		424,146.71	
Contingency - Money Market		909,966.21	
Contingency Funds - CD Investment		2,677,562.88	
Payroll Checking Account		1,499.50	
Working Cash		3,400.00	\$ 28,213,146.03

Restricted Cash and Investments

Customer Deposit - Checking Account		290,578.72	
Customer Deposit - TexStar		42,159.95	
Customer Deposit - Money Market		249,000.00	
Customer Deposit - CD Investment		3,072,784.16	
Customer Deposit - Treasuries		-	
Water Impact Fees - Checking		1,012,222.54	
Water Impact Fees - TexPool		758,376.20	
Water Impact Fees - CD Investment		801,190.28	
Water Impact Fees - Treasuries		-	
Wastewater Impact Fees - Checking		1,214,884.18	
Wastewater Impact Fees - TexPool		227,925.76	
Wastewater Impact Fees - Money Market		-	
Wastewater Impact Fees - CD Investment		3,116,127.25	
Wastewater Impact Fees - Treasuries		-	
Water Reimb / Repair / Replace - Checking		94,262.94	
Water Reimb / Repair / Replace - TexPool		165,730.05	
Water Reimb / Repair / Replace - Money Market		-	
Water Reimb / Repair / Replace - CD Invest		420,772.70	
Wastewater Reimb / Repair / Replace - TexPool		204,506.02	
Wastewater Reimb / Repair / Replace - CD Invest		151,256.04	
Debt Service Funds - TexStar		160,207.02	
Bond Proceeds 2015A - TexStar		-	\$ 11,981,983.81

Accounts Receivable - Utility Billing

Water		527,590.32	
Wastewater		871,323.54	
Allowance for Uncollectible Accounts		(32,932.96)	\$ 1,365,980.90



Statement of Net Assets
November 30,2023

Accounts Receivable Other

Customer Invoices	288,812.89		
Allowance for Uncollectible Invoices	(230,000.00)		
Credit Card Transactions	86,800.56		
NSF Checks	2,807.34		
Customer Service Deposits	-		
Other	1,746,710.12		
Interest Receivable	73,211.19		
Grants Receivable	-	\$	1,968,342.10

Inventories

Wastewater Materials	145,338.05		
Water Materials	534,200.04		
Miscellaneous	38,766.85		
Small Tools	2,835.13	\$	721,140.07

PrePaid Expenses

Escrow Deposit - Workers' Compensation	72,051.05		
Insurance	14,290.74		
Other	-	\$	86,341.79

Total Current Assets

\$ 44,336,934.70

Noncurrent Assets

Net Pension Asset			-
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Capital Assets

Utility Plant in Service	213,952,133.06		
Accumulated Depreciation	(135,805,886.15)		
Construction in Process	7,058,405.77		
Capitalized Interest	-	\$	85,204,652.68

Total Noncurrent Assets

\$ 85,204,652.68

Total Assets

\$ 129,541,587.38

Deferred Outflows

Deferred Amount on Bonds	95,586.26		
Deferred Pension Contributions	508,381.67		
Deferred Pension Investment Earnings	3,181,558.00		
Deferred Pension Experience vs Assumptions	-		
Deferred Change in Assumptions	49,752.00		
Deferred Retiree Health Insurance Contributions	286,244.76		
Deferred Change in Assumptions Retiree Ins	57,404.00		
Deferred Charges Death Benefit OPEB	194,699.38		
Deferred Changes Assump Death Benefit OPEB	80,687.00	\$	4,454,313.07

Total Assets and Deferred Outflows

\$ 133,995,900.45



Current Liabilities

Accounts payable - trade \$ 782,698.67

Due to City of Harlingen

Garbage Service Collections 74,456.99
Other - \$ 74,456.99

Payroll Liabilities

Accrued Wages -
Federal Income Tax (2,769.27)
Social Security and Medicare Taxes -
Texas Employment Commission Tax 37.82
Worker's Compensation Insurance 13,470.64
Employee Retirement 150,513.74
Other Deductions 21,463.87 \$ 182,716.80

Other Current Liabilities

Retainage (Contractor funds withheld) 91,197.01
Escrow Deposit - Subdividers 164,406.13
Customer Deposit Refunds 119,021.70
Unclaimed Customer Refunds 16,416.02
Other 14,622.47 \$ 405,663.33

Payable from Restricted Assets

Accrued Interest \$ 40,779.17

Total Currents Liabilites \$ 1,486,314.96



Statement of Net Assets
November 30,2023

Noncurrent Liabilities

Bonds - Long Term	\$	14,285,000.00	
Bond Premium / Discount		354,092.70	
Vacation Accrual Liability		390,299.40	
Sick Time Accrual Liability		473,593.65	
Retiree Health Care Liability		7,397,964.00	
Retiree Health Benefits Liability		554,780.00	
Net Pension Liability		<u>3,468,446.00</u>	\$ 26,924,175.75

Payable from Restricted Assets

Customer Deposits			<u>3,584,240.45</u>
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Total Noncurrent Liabilities			<u>\$ 30,508,416.20</u>
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Total Liabilities			<u>\$ 31,994,731.16</u>
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Deferred Inflows of Resources

Deferred Pension Investment Experience		1,449,466.00	
Deferred Pension Expenses vs Assumptions		61,473.00	
Deferred OPEB Healthcare Diff Exper		-	
Deferred OPEB Healthcare Chg Assump		1,960,367.00	
Deferred Death Benefits Diff in Exp		1,418.00	
Deferred Death Benefits Chng Assumpt		<u>195,811.00</u>	

Total Liabilities and Deferred Inflows			<u>\$ 35,663,266.16</u>
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Net Assets (Assets Less Liabilities)			<u><u>\$ 98,332,634.29</u></u>
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CITY OF HARLINGEN WATERWORKS SYSTEM

Statement of Cash Flows

Year-to-Date as of the Fiscal Period Ended November 30, 2023

Cash Flows From Operating Activities

Receipts from customers	\$ 4,465,985
Payments to suppliers	(1,737,470)
Payments to or on behalf of employees	<u>(2,012,749)</u>
Net cash provided by operating activities	<u>715,766</u>

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(640,550)
Proceeds from impact fees	174,276
Principal paid on revenue bonds	(1,060,000)
Interest and fees paid on revenue bonds	<u>(263,200)</u>
Net cash used by capital and related financing activities	<u>(1,789,474)</u>

Cash Flows From Investing Activities

Investment earnings	<u>353,223</u>
Decrease in cash and investments	(720,485)
Cash and investments - beginning of year	<u>40,915,614</u>
Cash and cash equivalents - November 30, 2023	<u>\$ 40,195,129</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 491,095
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	649,276
Non-operating revenue	323,019
Changes in assets and liabilities	
(Increase) decrease in receivables, net	170,970
(Increase) decrease in inventory	12,306
(Increase) decrease in prepaid expenses	(162,964)
Increase (decrease) in accounts payable	(640,001)
Increase (decrease) in due to primary government	(9,833)
Increase (decrease) in other liabilities	(127,815)
Increase (decrease) in OPEB related deferred inflows	(1,454,153)
Increase (decrease) in restricted liabilities	<u>9,713</u>
Net cash provided by operating activities	<u>\$ (738,387)</u>

Reconciliation of total cash and investments

	<u>09/30/23</u>	<u>Incr (Decr)</u>	<u>11/30/23</u>
Unrestricted cash and investments	\$ 29,657,380	\$ (1,444,235)	\$ 28,213,145
Restricted cash and investments	11,258,234	723,750	11,981,984
Total cash and investments	<u>\$ 40,915,614</u>	<u>\$ (720,485)</u>	<u>\$ 40,195,129</u>



**City of Harlingen Waterworks System
Statement of Revenues and Expenses
Water Operations**

For the Two-Month Period Ended Nov 30, 2023

	Actual November FY 2024	Actual November FY 2023	YTD Actual FY 2024	YTD Actual FY 2023	Positive (Negative) Variance	Total Budget FY 2024	Target Budget FY 2024	Positive (Negative) Variance
Operating Revenues:								
Base Charges	264,044.66	260,348.13	527,478.99	519,772.72	7,706.27	3,125,933	520,989	6,490.16
Net Service Revenue	557,475.07	517,546.88	1,213,758.90	964,360.89	249,398.01	6,243,624	1,040,604	173,154.90
Water Sales Combes	8,993.99	11,126.07	19,818.81	22,885.50	(3,066.69)	113,426	18,904	914.48
Sales East Rio Hondo	4,950.00	4,950.00	10,832.96	13,073.45	(2,240.49)	83,248	13,875	(3,041.71)
Sales Palm Valley	17,678.93	19,968.63	44,929.51	45,641.31	(711.80)	223,730	37,288	7,641.18
Sales Military Highway	14,573.80	6,172.00	30,692.00	14,733.20	15,958.80	60,600	10,100	20,592.00
Water Sales Primera	17,575.64	18,819.25	38,950.74	39,774.59	(823.85)	231,098	38,516	434.41
Customer Penalties	12,085.84	10,948.27	29,157.36	21,376.15	7,781.21	144,124	24,021	5,136.69
Service Fees	6,670.00	6,430.00	12,840.00	12,915.00	(75.00)	78,670	13,112	(271.67)
Disconnect Fees	13,400.00	13,159.60	32,370.00	29,749.60	2,620.40	213,532	35,589	(3,218.67)
Fuel Adjustment	23,398.41	22,323.90	51,241.60	42,844.07	8,397.53	265,145	44,191	7,050.77
Total Operating Revenue:	\$ 940,846.34	\$ 891,792.73	\$ 2,012,070.87	\$ 1,727,126.48	\$ 284,944.39	\$ 10,783,130	\$ 1,797,188	\$ 214,882.54
Operating & Maintenance Expense:								
Personnel Services	638,905.94	404,216.17	859,996.07	659,290.60	(200,705.47)	6,092,670	1,015,445	155,448.93
Contractual Services	176,453.23	213,821.82	317,123.53	389,999.28	72,875.75	3,225,952	537,659	220,535.14
Maintenance & Supplies	173,602.51	257,205.45	418,549.64	440,944.72	22,395.08	3,000,164	500,027	81,477.69
Other Expenses	9,579.55	9,573.62	16,336.21	12,368.25	(3,967.96)	146,856	24,476	8,139.79
O&M Expenses Before Depreciation	\$ 998,541.23	\$ 884,817.06	\$ 1,612,005.45	\$ 1,502,602.85	\$ (109,402.60)	\$ 12,465,642	\$ 2,077,607	\$ 465,601.55
Net Income - (LOSS) before Depreciation	\$ (57,694.89)	\$ 6,975.67	\$ 400,065.42	\$ 224,523.63	\$ 175,541.79	\$ (1,682,512)	\$ (280,419)	\$ 680,484.09
Depreciation Expense	164,908.65	176,417.49	335,623.98	332,818.11	(2,805.87)	1,570,546	261,758	(73,866.31)
Net Operating Income - (LOSS)	\$ (222,603.54)	\$ (169,441.82)	\$ 64,441.44	\$ (108,294.48)	\$ 172,735.92	\$ (3,253,058.00)	\$ (542,176.33)	\$ 606,617.77
Plus Non-Operating Revenue:								
Impact Fees - Water	19,140.00	16,820.00	81,600.00	51,504.00	30,096.00	253,904	42,317	39,282.67
Tap Fees	3,800.00	4,800.00	13,100.00	11,700.00	1,400.00	60,800	10,133	2,966.67
Inspection Fees	36,354.90	4,884.20	37,405.50	4,984.20	32,421.30	10,000	1,667	35,738.83
Tie in Charges	1,567.05	9,797.55	2,032.05	9,797.55	(7,765.50)	20,000	3,333	(1,301.28)
Garbage Billing Fee	3,125.00	3,125.00	6,250.00	6,250.00	-	37,500	6,250	-
Rental Income	3,510.00	3,510.00	7,020.00	6,070.76	949.24	44,620	7,437	(416.67)
Other Revenue	83.98	-	133.98	-	133.98	2,500.00	416.67	(282.69)
Work for Others	3,750.00	-	4,779.23	-	4,779.23	12,992	2,165	2,613.90
Interest Earnings	86,779.94	42,945.23	180,814.85	77,339.12	103,475.73	625,000	104,167	76,648.18
Miscellaneous Revenue	1,529.03	2,655.50	3,682.66	3,658.51	24.15	24,000	4,000	(317.34)
Backflow Prevention Revenue	2,640.00	1,050.00	6,115.00	4,400.00	1,715.00	30,195	5,033	1,082.50
Loss Surplus & Obsolete Assets	33,383.17	-	45,582.78	-	45,582.78	10,000	1,667	43,916.11
Lease of Water Rights	-	3,000.00	-	3,000.00	(3,000.00)	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Total Non-Operating Revenue:	\$ 195,663.07	\$ 92,587.48	\$ 388,516.05	\$ 178,704.14	\$ 209,811.91	\$ 1,131,511	\$ 188,585	\$ 199,930.88
Less: Non-Operating Expense								
Bond Interest Expense	18,716.10	20,126.93	38,903.50	41,680.58	2,777.08	563,664	93,944	55,040.50
Total Non-Operating Expense	\$ 18,716.10	\$ 20,126.93	\$ 38,903.50	\$ 41,680.58	\$ 2,777.08	\$ 563,664	\$ 93,944	\$ 55,040.50
Water Net Income - (Loss)	\$ (45,656.57)	\$ (96,981.27)	\$ 414,053.99	\$ 28,729.08	\$ 385,324.91	\$ (2,685,211)	\$ (447,535)	\$ 861,589.16



**City of Harlingen Waterworks System
Statement of Revenues and Expenses
Wastewater Operations**

For the Two-Month Period Ended Nov 30, 2023

	Actual November FY 2024	Actual November FY 2023	YTD Actual FY 2024	YTD Actual FY 2023	Positive (Negative) Variance	Total Budget FY 2024	Target Budget FY 2024	Positive (Negative) Variance
Operating Revenues								
Base Charges	173,807.47	171,838.15	347,486.96	343,225.44	4,261.52	2,064,558	344,093	3,393.96
Net Service Revenue	710,537.95	664,579.53	1,457,231.05	1,294,054.51	163,176.54	7,507,958	1,251,326	205,904.72
Customer Penalties	13,265.74	13,905.93	31,735.51	25,790.73	5,944.78	158,172	26,362	5,373.51
Fuel Adjustments	21,385.35	19,955.83	43,935.07	38,865.88	5,069.19	227,892	37,982	5,953.07
Pretreatment Testing Fees	83.64	834.81	83.64	834.81	(751.17)	14,048	2,341	(2,257.69)
Industrial Surcharge Fees	11,250.61	12,281.47	24,045.02	25,080.08	(1,035.06)	129,818	21,636	2,408.69
Wastewater Meter Sales Combes	18,223.10	15,248.80	34,216.27	30,433.20	3,783.07	192,512	32,085	2,130.94
Wastewater Meter Sales Primera	10,736.74	10,736.74	21,311.82	21,311.82	-	143,604	23,934	(2,622.18)
Total Revenue	\$ 959,290.60	\$ 909,381.26	\$ 1,960,045.34	\$ 1,779,596.47	\$ 180,448.87	\$ 10,438,562	\$ 1,739,760	\$ 220,285.01
Operating & Maintenance Expense								
Personnel Services	612,554.99	363,410.08	822,045.27	613,432.75	(208,612.52)	5,691,176	948,529	126,484.06
Contractual Services	26,565.31	56,151.37	108,163.62	169,086.52	60,922.90	1,346,370	224,395	116,231.38
Maintenance & Supplies	117,081.08	108,419.00	278,535.91	262,487.49	(16,048.42)	2,251,087	375,181	96,645.26
Other Expenses	6,829.70	11,204.70	10,995.40	14,949.70	3,954.30	130,050	21,675	10,679.60
O&M Expenses Before Depreciation	\$ 763,031.08	\$ 539,185.15	\$ 1,219,740.20	\$ 1,059,956.46	\$ (159,783.74)	\$ 9,418,683	\$ 1,569,781	\$ 350,040.30
Net Income - (LOSS) before Depreciation	\$ 196,259.52	\$ 370,196.11	\$ 740,305.14	\$ 719,640.01	\$ 20,665.13	\$ 1,019,879.0	\$ 169,979.8	\$ 570,325.31
Depreciation Expense	153,688.36	148,649.49	313,651.60	298,025.67	(15,625.93)	2,120,776	353,463	39,811.07
Net Operating Income - (Loss)	\$ 42,571.16	\$ 221,546.62	\$ 426,653.54	\$ 421,614.34	\$ 5,039	\$ (1,100,897)	\$ (183,483)	\$ 610,136.37
Plus Non-Operating Revenue								
Impact Fees - Wastewater	29,510.70	19,188.00	92,675.70	63,161.00	29,514.70	332,066	55,344	37,331.37
Tap Fees	250.00	1,700.00	700.00	3,300.00	(2,600.00)	-	-	700.00
Inspection Fees	18,151.70	2,865.60	20,594.70	3,145.60	17,449.10	20,300	3,383	17,211.37
Tie In Charges	71,861.71	14,969.40	71,861.71	14,969.40	56,892.31	30,000	5,000	66,861.71
Garbage Billing Fee	3,125.00	3,125.00	6,250.00	6,250.00	-	37,500	6,250	-
Rental Income	3,510.00	3,510.00	7,020.00	6,070.77	949.23	44,619	7,437	(416.50)
Other Revenue	-	-	-	-	-	-	-	-
Work for Others	1,250.00	1,852.50	1,350.00	1,852.50	(502.50)	12,000	2,000	(650.00)
Interest Earnings	89,772.94	45,334.65	183,064.62	82,062.53	101,002.09	625,000	104,167	78,897.95
Miscellaneous Revenue	23,888.25	14,383.25	48,927.50	32,677.45	16,250.05	122,000	20,333	28,594.17
Loss Surplus & Obsolete Assets	7,022.71	-	40,213.49	-	40,213.49	5,000	833	39,380.16
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Total Non-Operating Revenue	\$ 248,343.01	\$ 106,928.40	\$ 472,657.72	\$ 213,489.25	\$ 259,168.47	\$ 1,228,485	\$ 204,748	\$ 267,910.22
Less: Non-Operating Expense								
Bond Interest Expense	18,716.07	20,126.91	38,903.45	41,680.54	2,777.09	563,662	93,944	55,040.22
Total Non-Operating Expense	\$ 18,716.07	\$ 20,126.91	\$ 38,903.45	\$ 41,680.54	\$ 2,777.09	\$ 563,662	\$ 93,944	\$ 55,040.22
WasteWater Net Income - (Loss)	\$ 272,198.10	\$ 308,348.11	\$ 860,407.81	\$ 593,423.05	\$ 266,984.76	\$ (436,074)	\$ (72,679)	\$ 933,086.81



**City of Harlingen WaterWorks System
Statement of Revenues and Expenses
Combined Operations**

For the Two-Month Period Ended Nov 30, 2023

	Actual November FY 2024	Actual November FY 2023	YTD Actual FY 2024	YTD Actual FY 2023	Positive (Negative) Variance	Total Budget FY 2024	Target Budget FY 2024	Positive (Negative) Variance
Operating Revenues:								
Base Charges	437,852.13	432,186.28	874,965.95	862,998.16	11,967.79	5,190,491	865,082	9,884.12
Net Service Revenue	1,268,013.02	1,182,126.41	2,670,989.95	2,258,415.40	412,574.55	13,751,582	2,291,930	379,059.62
Water Sales Combes	8,993.99	11,126.07	19,818.81	22,885.50	(3,066.69)	113,426	18,904	914.48
Sales East Rio Hondo	4,950.00	4,950.00	10,832.96	13,073.45	(2,240.49)	83,248	13,875	(3,041.71)
Sales Palm Valley	17,678.93	19,968.63	44,929.51	45,641.31	(711.80)	223,730	37,288	7,641.18
Sales Military Highway	14,573.80	6,172.00	30,692.00	14,733.20	15,958.80	60,600	10,100	20,592.00
Water Sales Primera	17,575.64	18,819.25	38,950.74	39,774.59	(823.85)	231,098	38,516	434.41
Customer Penalties	25,351.58	24,854.20	60,892.87	47,166.88	13,725.99	302,296	50,383	10,510.20
Service Fees	6,670.00	6,430.00	12,840.00	12,915.00	(75.00)	78,670	13,112	(271.67)
Disconnect Fees	13,400.00	13,159.60	32,370.00	29,749.60	2,620.40	213,532	35,589	(3,218.67)
Fuel Adjustment	44,783.76	42,279.73	95,176.67	81,709.95	13,466.72	493,037	82,173	13,003.84
Pretreatment Testing Fees	83.64	834.81	83.64	834.81	(751.17)	14,048	2,341	(2,257.69)
Industrial Surcharge Fees	11,250.61	12,281.47	24,045.02	25,080.08	(1,035.06)	129,818	21,636	2,408.69
WW Meter Sales Combes	18,223.10	15,248.80	34,216.27	30,433.20	3,783.07	192,512	32,085	2,130.94
WW Meter Sales Primera	10,736.74	10,736.74	21,311.82	21,311.82	-	143,604	23,934	(2,622.18)
Total Operating Revenue:	\$ 1,900,136.94	\$ 1,801,173.99	\$ 3,972,116.21	\$ 3,506,722.95	\$ 465,393.26	\$ 21,221,692	\$ 3,536,949	\$ 435,167.54
Operating & Maintenance Expense:								
Personnel Services	1,251,460.93	767,626.25	1,682,041.34	1,272,723.35	(409,317.99)	11,783,846	1,963,974	281,932.99
Contractual Services	203,018.54	269,973.19	425,287.15	559,085.80	133,798.65	4,572,322	762,054	336,766.52
Maintenance & Supplies	290,683.59	365,624.45	697,085.55	703,432.21	6,346.66	5,251,251	875,209	178,122.95
Other Expenses	16,409.25	20,778.32	27,331.61	27,317.95	(13.66)	276,906	46,151	18,819.39
O&M Expenses Before Depreciation	\$ 1,761,572.31	\$ 1,424,002.21	\$ 2,831,745.65	\$ 2,562,559.31	\$ (269,186.34)	\$ 21,884,325	\$ 3,647,388	\$ 815,641.85
Net Income - (LOSS) before Depreciation	\$ 138,564.63	\$ 377,171.78	\$ 1,140,370.56	\$ 944,163.64	\$ 196,206.92	\$ (662,633)	\$ (110,439)	\$ 1,250,809.39
Depreciation Expense	318,597.01	325,066.98	649,275.58	630,843.78	(18,431.80)	3,691,322	615,220	(34,055.25)
Net Operating Income - (LOSS)	\$ (180,032.38)	\$ 52,104.80	\$ 491,094.98	\$ 313,319.86	\$ 177,775.12	\$ (4,353,955.00)	\$ (725,659.17)	\$ 1,216,754.15
Plus Non-Operating Revenue:								
Impact Fees - Water	19,140.00	16,820.00	81,600.00	51,504.00	30,096.00	253,904	42,317	39,282.67
Impact Fees - Wastewater	29,510.70	19,188.00	92,675.70	63,161.00	29,514.70	332,066	55,344	37,331.37
Tap Fees	4,050.00	6,500.00	13,800.00	15,000.00	(1,200.00)	60,800	10,133	3,666.67
Inspection Fees	54,506.60	7,749.80	58,000.20	8,129.80	49,870.40	30,300	5,050	52,950.20
Tie in Charges	73,428.76	24,766.95	73,893.76	24,766.95	49,126.81	50,000	8,333	65,560.43
Garbage Billing Fee	6,250.00	6,250.00	12,500.00	12,500.00	-	75,000	12,500	-
Rental Income	7,020.00	7,020.00	14,040.00	12,141.53	1,898.47	89,239	14,873	(833.17)
Other Revenue	83.98	-	133.98	-	133.98	2,500	417	(282.69)
Work for Others	5,000.00	1,852.50	6,129.23	1,852.50	4,276.73	24,992	4,165	1,963.90
Interest Earnings	176,552.88	88,279.88	363,879.47	159,401.65	204,477.82	1,250,000	208,333	155,546.14
Miscellaneous Revenue	25,417.28	17,038.75	52,610.16	36,335.96	16,274.20	146,000	24,333	28,276.83
Backflow Prevention Revenue	2,640.00	1,050.00	6,115.00	4,400.00	1,715.00	30,195	5,033	1,082.50
Loss Surplus & Obsolete Assets	40,405.88	-	85,796.27	-	85,796.27	15,000	2,500	83,296.27
Lease of Water Rights	-	3,000.00	-	3,000.00	(3,000.00)	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Total Non-Operating Revenue:	\$ 444,006.08	\$ 199,515.88	\$ 861,173.77	\$ 392,193.39	\$ 468,980.38	\$ 2,359,996	\$ 393,333	\$ 467,841.10
Less: Non-Operating Expense								
Bond Interest Expense	37,432.17	40,253.84	77,806.95	83,361.12	5,554.17	1,127,326	187,888	110,080.72
Total Non-Operating Expense	\$ 37,432.17	\$ 40,253.84	\$ 77,806.95	\$ 83,361.12	\$ 5,554.17	\$ 1,127,326	\$ 187,888	\$ 110,080.72
Combined Net Income - (Loss)	\$ 226,541.53	\$ 211,366.84	\$ 1,274,461.80	\$ 622,152.13	\$ 652,309.67	\$ (3,121,285)	\$ (520,214)	\$ 1,794,675.97

City of Harlingen Waterworks System
Analysis of Current Investments
For the Month Ended November 30, 2023

DESCRIPTION	TEXPOOL	TEXSTAR	Certificates of Deposit	Money Market Accounts	PCB Bank	TOTAL
	Local Gov't Investment Pool	Local Gov't Investment Pool				
Unrestricted Funds						
Revenue Fund	\$ 811,184	\$ 24,083	\$ 20,317,214	\$ 97,902	\$ 2,446,046	\$ 23,696,429
Payroll					1,500	1,500
Contingency Funds	424,147	15,009	2,677,563	909,966	488,533	4,515,218
Total Unrestricted Funds	1,235,331	39,093	22,994,777	1,007,868	2,936,078	28,213,146
Restricted Funds						
Bond Debt Service Funds	-	160,207				160,207
Customer Deposits	-	42,160	3,072,784	249,000	290,579	3,654,523
Sewer Impact Fees	227,926		3,116,127		1,214,884	4,558,937
Water Impact Fees	758,376		801,190		1,012,223	2,571,789
Sewer Reimb/Repair/Replace	204,506		151,256			355,762
Water Reimb/Repair/Replace	165,730		420,773		94,263	680,766
Total Restricted Funds	1,356,538	202,367	7,562,130	249,000	2,611,948	11,981,984
Total - Book Value	2,591,869	241,459	30,556,907	1,256,868	5,548,026	40,195,130
Percentage of Portfolio	6.0%	1.0%	76.0%	3.0%	14.0%	100.0%
Current Market Value	\$ 2,591,869	\$ 241,459	\$ 30,556,907	\$ 1,256,868	\$ 5,548,026	\$ 40,195,130
Unrealized Gain (Loss)	-	-	-	-	-	-
Current Yield	5.3218%	5.3307%	5.3846%	5.5600%	5.0166%	5.2289%
Interest Earned	\$ 11,395	\$ 823	\$ 129,198	\$ 5,574	\$ 24,196	\$ 176,553

Financial Institution	<u>Certificates of Deposit</u>				
	Purchase Date	Maturity Date	Amount	Interest Rate	CD #
Veritex Bank	12/20/2022	12/20/2023	\$ 2,091,233	4.87%	9009005127
East West Bank	9/26/2023	12/20/2023	1,010,579	5.82%	172533615
Veritex Bank	1/24/2023	1/27/2024	2,602,626	4.84%	9009005166
East West Bank	2/16/2023	2/16/2024	1,560,603	5.02%	172794960
East West Bank	8/23/2023	2/26/2024	1,523,690	5.72%	172538392
BOK Fincial	3/23/2023	3/21/2024	1,551,596	4.88%	1026943864
East West Bank	9/26/2023	3/21/2024	1,515,594	5.72%	172089328
East West Bank	4/20/2023	4/22/2024	1,031,045	4.96%	172903009
East West Bank	10/24/2023	4/22/2024	1,006,035	5.78%	172330286
BOK Fincial	5/18/2023	5/16/2024	1,000,000	5.06%	1027228085
East West Bank	8/23/2023	5/16/2024	1,523,231	5.61%	172246001
Third Coast Bank	6/28/2023	6/30/2024	1,521,173	5.60%	6000059045
Third Coast Bank	6/28/2023	6/30/2024	2,028,230	5.60%	6000059078
East West Bank	7/21/2023	7/22/2024	1,020,130	5.47%	172145442
East West Bank	10/24/2023	7/22/2024	1,005,951	5.70%	172709090
Bank OZK	8/23/2023	8/23/2024	2,027,968	5.51%	6902131506
Bank OZK	11/21/2023	8/23/2024	2,000,000	5.50%	6902199648
East West Bank	9/26/2023	9/20/2024	2,525,487	5.61%	172086683
East West Bank	10/24/2023	10/24/2024	2,011,735	5.62%	172109354
Balance			<u>\$ 30,556,907</u>		

HARLINGEN WATERWORKS SYSTEM
Capital Project Report
for the Period Ended November 30, 2023

ACCOUNT NUMBER	DESCRIPTION	Construction in Progress 9/30/23	FY 2022 Expense 11/30/23	Closed to Property 11/30/23	Construction in Progress 11/30/23	Purchase Orders 11/30/23	FY 2024 Adopted Budget	Budget Balance	Cash Requirement	Percent of Annual Budget Completed
Proj FY 2024 Capital Improvement Program										
01-0115-04-01-415	415 WATER RIGHTS	\$ 817,000.00	\$ -		\$ 817,000.00	\$ -	\$ 600,000.00	\$ 600,000.00	\$ 600,000.00	0.00%
01-0102-04-01-544	544 MO PARKNG LOT PROP A	18.00	-		18.00	55,258.36	-	(55,258.36)	55,258.36	#DIV/0!
01-0101-04-35-064	064 YARD IMPROVEMENTS WH	68,980.00	-		68,980.00	-	1,620,000.00	1,620,000.00	1,620,000.00	0.00%
01-0101-04-35-455	455 VAN BUREN STRUCTURAL	9,393.67	-		9,393.67	-	2,800,000.00	2,800,000.00	2,800,000.00	0.00%
01-0101-04-35-459	459 VAN BUREN OFFICE REM	36,841.42	-		36,841.42	-	100,000.00	100,000.00	100,000.00	0.00%
01-0101-04-35-460	460 VAN BUREN LOBBY SECU	2,384.50	-		2,384.50	-	500,000.00	500,000.00	500,000.00	0.00%
01-0101-04-04-025	025 RAW WATER INTAKE REH	148,032.90	-		148,032.90	608,299.10	564,000.00	(44,299.10)	608,299.10	0.00%
01-0116-04-04-110	110 DT WTP SLUDGE MANAGE	158,851.00	-		158,851.00	-	-	-	-	#DIV/0!
01-0101-04-04-502	502 ACTIFLOW TUBE SETTLE	50,000.00	-		50,000.00	-	50,000.00	50,000.00	50,000.00	0.00%
01-0116-04-40-450	450 MFR WTP SLUDGE MANAG	333.00	-		333.00	-	-	-	-	#DIV/0!
01-0101-04-40-503	503 PIER REPLACEMENT MFR	-	-		-	-	500,000.00	500,000.00	500,000.00	0.00%
01-0260-04-05-063	063 MISC WATER LINE INTE	1,849.50	-		1,849.50	13,949.81	500,000.00	486,050.19	500,000.00	0.00%
01-0260-04-05-447	447 DEVELOPER PARTICIPAT	22,025.00	-		22,025.00	-	500,000.00	500,000.00	500,000.00	0.00%
01-0120-04-05-451	451 WTR METER UPGRADES >	102,161.86	3,166.80		105,328.66	566.00	1,090,000.00	1,086,267.20	1,086,833.20	0.29%
01-0120-04-05-452	452 AMI SMART METER IMPL	25,072.00	-		25,072.00	-	-	-	-	#DIV/0!
01-0120-04-05-454	454 WTR METER < 3" REPLA	113,887.82	28,893.51		142,781.33	-	170,000.00	141,106.49	141,106.49	17.00%
01-0260-04-05-504	504 LEAD SERVICE LINE SU	-	-		-	-	-	-	-	#DIV/0!
01-0290-04-05-505	505 FIRE TRAIN W/LINE &	-	-		-	-	-	-	-	#DIV/0!
01-0401-04-12-028	028 LIFT STATION 25 REHA	413,465.17	267.50		413,732.67	39,852.05	-	(40,119.55)	39,852.05	#DIV/0!
01-0962-04-12-030	030 WWTP HEADWORKS, EQ B	109,059.91	-		109,059.91	127,308.80	3,975,000.00	3,847,691.20	3,975,000.00	0.00%
01-0260-04-12-068	068 PRIORITY SEWER RENEW	2,762,548.17	310,254.98		3,072,803.15	3,509,283.96	3,900,000.00	80,461.06	3,589,745.02	7.96%
01-0401-04-12-070	070 LIFT STATION 76 PUMP	104,788.60	-		104,788.60	50,000.00	450,000.00	400,000.00	450,000.00	0.00%
01-0401-04-12-112	112 LIFT STATION 5 REHAB	102,850.53	975.00		103,825.53	136,111.27	279,000.00	141,913.73	278,025.00	0.35%
01-0260-04-12-421	421 WW MANHOLE REHABILIT	501,917.46	70,949.75		572,867.21	249,986.00	300,000.00	(20,935.75)	249,986.00	23.65%
01-0260-04-12-438	438 DEVELOPER PARTICIPAT	427.50	-		427.50	-	500,000.00	500,000.00	500,000.00	0.00%
01-0260-04-12-506	506 LITTLE CREEK INTERCE	53,800.00	-		53,800.00	93,340.00	2,627,000.00	2,533,660.00	2,627,000.00	0.00%
01-0260-04-12-507	507 OSBORN INTER, L/S 53	-	-		-	-	852,000.00	852,000.00	852,000.00	0.00%
01-0401-04-12-508	508 LIFT STATION 55 REPL	-	-		-	-	266,000.00	266,000.00	266,000.00	0.00%
01-0114-04-18-437	437 WW SLUDGE DEWATERING	2,280,481.97	21,299.01		2,301,780.98	89,359.30	-	(110,658.31)	89,359.30	#DIV/0!
01-0102-04-18-501	501 LAND	25,010.50	-		25,010.50	16,750.00	1,520,000.00	1,503,250.00	1,520,000.00	0.00%
01-0401-04-12-029	029 LIFT STATION 59 REHA	16,301.74	13,162.50		29,464.24	-	450,000.00	436,837.50	436,837.50	2.93%
01-0119-04-12-066	066 GERATOR LS7, 7	62,713.36	-		62,713.36	(55,258.36)	-	55,258.36	-	#DIV/0!
01-0401-04-12-590	590 LIFT STATION 33 REPL	2,985.00	900.00		3,885.00	-	350,000.00	349,100.00	349,100.00	0.26%
01-0101-04-40-584	584 FLASH & FLOCCULATION	-	-		-	-	400,000.00	400,000.00	400,000.00	0.00%
01-0260-04-12-067	067 HAND RD MANIFOLD FOR	-	-		-	-	675,000.00	675,000.00	675,000.00	0.00%
01-0260-04-12-585	585 LIFT STATION 23 ELIMINATION	-	-		-	-	358,000.00	358,000.00	358,000.00	0.00%
01-0260-04-12-586	586 LIFT STATION 19 ELIMINATION	-	-		-	-	572,000.00	572,000.00	572,000.00	0.00%
01-0260-04-12-587	587 LIFT STATION 20 ELIMINATION	-	-		-	-	497,000.00	497,000.00	497,000.00	0.00%
01-0260-04-12-588	588 LS 2/50 ELIMIN & LS	-	-		-	-	36,000.00	36,000.00	36,000.00	0.00%
01-0260-04-12-589	589 LS-9 UPGRADE & FM RE	-	-		-	-	541,000.00	541,000.00	541,000.00	0.00%
Total Capital Improvement Program		7,993,180.58	449,869.05	-	8,439,164.63	4,934,806.29	27,542,000.00	18,729,224.66	23,498,464.52	

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Proj FY 2024 Operating Capital										
01-0101-05-33-515	515 ACCESS CONTROL MAIN	-	-	-	-	-	-	\$ -	\$ -	#DIV/0!
01-0951-05-33-518	518 BOARD ROOM MULTIMEDI	-	-	-	-	-	22,000.00	\$ 22,000.00	\$ 22,000.00	0.00%
01-0951-05-33-582	582 SERVER CLUSTER WAREHOUSE	-	-	-	-	62,747.36	72,360.00	9,612.64	72,360.00	0.00%
01-0951-05-33-583	583 SERVER CLUSTER WTPS (2)	-	-	-	-	1,219.72	253,200.00	251,980.28	253,200.00	0.00%
01-0952-05-33-089	089 ERP SOFTWARE	-	2,500.00	-	2,500.00	2,500.00	360,000.00	355,000.00	357,500.00	0.69%
01-0951-05-02-577	577 COMPUTER WORKSTATION (2)	-	7,925.44	-	7,925.44	-	9,000.00	1,074.56	1,074.56	88.06%
01-0951-05-02-578	578 INSPECTOR LAPTOPS (3)	-	-	-	-	-	9,000.00	9,000.00	9,000.00	0.00%
01-0118-05-02-579	579 11X17 PRINTER	-	-	-	-	-	5,000.00	5,000.00	5,000.00	0.00%
01-0118-05-02-580	580 AERIAL DRONE	-	-	-	-	-	5,000.00	5,000.00	5,000.00	0.00%
01-0109-05-02-581	581 1/2 TON CREW CAB 4 X4 PICKUP	-	-	-	-	51,904.00	60,000.00	8,096.00	60,000.00	0.00%
01-0108-05-04-561	561 FREE AMMONIA ANALYZERS (2)	-	-	-	-	36,140.00	40,000.00	3,860.00	40,000.00	0.00%
01-0108-05-04-562	562 STREAM CURRENT ANALYZER	-	17,315.00	-	17,315.00	-	20,000.00	2,685.00	2,685.00	86.58%
01-0951-05-04-563	563 DESKTOP COMPUTERS (7)	-	7,189.21	-	7,189.21	3,508.59	10,500.00	(197.80)	3,508.59	68.47%
01-0109-05-04-564	564 1/2-TON PICK UP TRUCK	-	-	-	-	40,458.75	42,000.00	1,541.25	42,000.00	0.00%
01-0108-05-04-565	565 POWER QUALITY MONITERS (5)	-	-	-	-	39,114.00	37,000.00	(2,114.00)	39,114.00	0.00%
01-0106-05-05-566	566 2-INCH TRASH PUMPS (5)	-	-	-	-	5,587.50	10,000.00	4,412.50	10,000.00	0.00%
01-0106-05-05-567	567 3-INCH TRASH PUMPS (2)	-	-	-	-	2,815.90	4,000.00	1,184.10	4,000.00	0.00%
01-0119-05-05-568	568 5,000 KW GENERATORS (2)	-	-	-	-	5,665.36	6,500.00	834.64	6,500.00	0.00%
01-0118-05-05-569	569 TRAILER-MOUNTED PRESSURE WASHER	-	-	-	-	-	18,000.00	18,000.00	18,000.00	0.00%
01-0109-05-05-570	570 SUSPENSION AIR BAGS (5) FOR TRUCKS	-	-	-	-	-	15,000.00	15,000.00	15,000.00	0.00%
01-0109-05-05-571	571 1/2-TON TRUCK	-	-	-	-	40,458.75	42,000.00	1,541.25	42,000.00	0.00%
01-3471-05-05-131	131 WATER TAPS SERVICE	-	19,867.36	-	19,867.36	-	55,000.00	35,132.64	35,132.64	36.12%
01-0109-05-17-572	572 LIGHT DUTY TRUCK	-	-	-	-	38,653.00	35,000.00	(3,653.00)	38,653.00	0.00%
01-0108-05-17-573	573 TOC ANALYZER	-	-	-	-	46,291.24	50,000.00	3,708.76	50,000.00	0.00%
01-0108-05-17-574	574 CBOD INCUBATOR	-	-	-	-	-	8,000.00	8,000.00	8,000.00	0.00%
01-0109-05-35-575	575 1/2 TON EXTENDED CAB TRUCK	-	-	-	-	-	55,000.00	55,000.00	55,000.00	0.00%
01-0101-05-35-576	576 20-TON HVAC CONDENSER	-	11,249.96	-	11,249.96	4,800.00	18,000.00	1,950.04	6,750.04	62.50%
01-0118-05-08-545	545 BACKHOE (2)	-	-	-	-	288,493.20	290,000.00	1,506.80	290,000.00	0.00%
01-0109-05-08-546	546 DUMP TRUCK (2)	-	-	-	-	-	273,000.00	273,000.00	273,000.00	0.00%
01-0118-05-08-547	547 FORK LIFT	-	-	-	-	-	80,500.00	80,500.00	80,500.00	0.00%
01-0118-05-08-548	548 MANHOLE BOX 10' X 10'	-	-	-	-	-	45,800.00	45,800.00	45,800.00	0.00%
01-0118-05-08-549	549 TRENCH BOX 8' X 20'	-	-	-	-	-	26,500.00	26,500.00	26,500.00	0.00%
01-0109-05-08-550	550 1-TON SERVICE TRUCK	-	-	-	-	-	90,000.00	90,000.00	90,000.00	0.00%
01-0118-05-08-551	551 UTILITY TRAILER 20'	-	-	-	-	-	15,000.00	15,000.00	15,000.00	0.00%
01-0119-05-12-552	552 PORTABLE GENERATOR (2) LIFT STATIO	-	-	-	-	-	55,000.00	55,000.00	55,000.00	0.00%
01-0118-05-12-553	553 BACKHOE	-	-	-	-	144,246.60	145,000.00	753.40	145,000.00	0.00%
01-0109-05-12-532	532 18-TON BOOM TRUCK (CRANE)	-	-	-	-	-	400,000.00	400,000.00	400,000.00	0.00%
01-0109-05-12-554	554 ELECTRICIAN TRUCK	-	-	-	-	-	90,000.00	90,000.00	90,000.00	0.00%
01-0118-05-12-555	555 CONDUIT PIPE THREADING MACHINE	-	-	-	-	-	15,000.00	15,000.00	15,000.00	0.00%
01-0106-05-12-556	556 PUMP REPLACEMENTS LIFT STATIONS	-	-	-	-	-	100,000.00	100,000.00	100,000.00	0.00%
01-3472-05-12-132	132 WASTEWATER TAPS SERVICES	-	24,041.67	-	24,041.67	4,582.63	65,000.00	36,375.70	40,958.33	36.99%
01-0106-05-18-557	557 60 HP HEADWORKS PUMP	-	-	-	-	43,986.20	42,500.00	(1,486.20)	43,986.20	0.00%
01-0109-05-42-558	558 1/2 TON PICKUP TRUCK (2)	-	-	-	-	66,552.50	82,000.00	15,447.50	82,000.00	0.00%
01-0118-05-42-559	559 REFRIDGERANT RECYCLING MACHINE	-	-	-	-	8,952.16	9,000.00	47.84	9,000.00	0.00%
01-0951-05-42-560	560 DIAGNOSTIC COMPUTER FOR DIESEL	-	-	-	-	4,728.00	5,000.00	272.00	5,000.00	0.00%
		-	-	-	-	-	-	-	-	#DIV/0!
Total Operating Capital		-	90,088.64	-	90,088.64	943,405.46	3,090,860.00	2,057,365.90	2,912,222.36	
Total Capital Outlay		7,993,180.58	539,957.69	-	8,529,253.27	5,878,211.75	30,632,860.00	20,786,590.56	26,410,686.88	

RESOLUTION NO. R2324-13

**AWARDING A PROFESSIONAL SERVICES CONTRACT FOR SCADA SYSTEM
INTEGRATION FOR WATER TREATMENT OPERATIONS**

WHEREAS, Harlingen Waterworks System’s supervisory control and data acquisition (SCADA) system architecture using individual client devices is considered obsolete and a security risk; and

WHEREAS, recommended best practices employ centralized control via server-client architecture to ensure data consistency and synchronization among peer devices; and

WHEREAS, implementation of best practices will require procurement of SCADA servers, client devices, and integration services for the upgraded SCADA system; and

WHEREAS, Dedicated Controls of Princeton, TX has submitted a proposal for providing professional services for SCADA system integration that has been deemed fair and reasonable; and

WHEREAS, Dedicated Controls has performed well in service and support of the Waterworks’ existing SCADA system and is a certified solution provider for the SCADA software; now, therefore:

BE IT RESOLVED, that the Harlingen Waterworks System Utility Board of Trustees does hereby award a professional services contract to Dedicated Controls of Princeton, TX for SCADA system integration in the total amount of \$87,462.00.

Board Member _____ moved, seconded by Board Member _____, that the above Resolution be adopted.

Motion carried _____ Yeas, _____ Nays

I hereby certify the foregoing Resolution was adopted by the Utility Board of Trustees for the Harlingen Waterworks System at a Board meeting held on the 18th day of December 2023.

Nilda Sanchez – Board Secretary



MEMORANDUM

To: Timothy E. Skoglund, General Manager
From: Jose Rodriguez, IT Director
Date: November 11, 2023
Re: Supervisory Control and Data Acquisition (SCADA) System Integration for Water Treatment Operations

The water treatment plants at Harlingen Waterworks presently use a Supervisory Control and Data Acquisition (SCADA) system that enables operators to monitor and control various processes, offering a graphical interface for real-time data display and facilitating operator interaction with the control system. SCADA systems play a critical role in enhancing efficiency, safety, and reliability in producing water for our customers.

Currently, our SCADA system architecture that uses individual client devices is considered obsolete and a security risk. This approach lacks centralized control and poses challenges for the management of data consistency and synchronization among peer devices. An audit of our systems by the Cybersecurity & Infrastructure Security Agency (CISA) of the Department of Homeland Security, recommended replacing the current outdated architecture and implementing a more secure architecture and equipment in accordance with industry best practices.

Best practices use server-client architecture wherein the server acts as a central hub for system control and management. This centralization facilitates the implementation of security measures more effectively and enables the server to operate with superior reliability and performance compared to individual client devices.

To implement SCADA improvements at the water treatment plants, professional services and computer hardware are necessary to ensure successful deployment of the upgraded system.

Dedicated Controls, a firm specializing in SCADA systems based in Princeton, TX, submitted the accompanying statement of qualifications and proposal summarized in the table below for integration of software and hardware for the server-client architecture that CISA has recommended as best practice. Additionally, Dedicated Controls has provided essential SCADA support to the Waterworks in recent years and is a certified solution provider for the VTScada software that our treatment plants currently use.

Vendor	Proposed Fee
Dedicated Controls of Princeton, TX	\$87,462.00

Staff recommends awarding a contract for professional services to Dedicated Controls in the amount of \$87,462.00.

Statement of Qualifications

Company Profile

Dedicated Controls LLC was organized in 2011 to design and build SCADA (Supervisory Control and Data Acquisition) systems specifically within the **water/wastewater industry**. The company incorporated on January 1, 2012 and now operates as a Limited Liability Corporation.

The company operates a thoroughly modern **UL508A** panel shop, service center, and main office in Princeton, TX. We offer 24/7 support throughout Texas, with additional technical representatives in the Austin area to support South Texas operations.

8 highly qualified employees are dedicated to construction, integration, and technical support. With hard work and dedication to customer service, we have maintained an average **26% growth** each year since inception.

EXPERIENCE

Dedicated Controls LLC's personnel account for over **120** years of combined experience in the electronics, instrumentation, and control industry. From basic water wells, pump stations, and lift stations to complete surface water treatment plants and wastewater treatment plants, we have experience in virtually all aspects of water and wastewater production, delivery, and monitoring.

We are experts in the field of radio system design and implementation, and handle most of the tasks associated with this portion of our business in-house—such as: FCC license compliance and coordination, radio path propagation studies, and radio tower construction.

We are a **Registered Wonderware Systems Integrator** and a **Certified VTScada Systems Integrator**. Additionally, we support multiple platforms of PLCs and radio manufacturers such as: Allen Bradley, Modicon, SCADAPack, Koyo (Directlogix), MDS, FreeWave, MikroTik, and Phoenix Contact.

Core Competencies

Dedicated Controls is a SCADA Integration company committed to understanding the problems of and designing solutions for clients in the water industry. We try to exceed our customers' expectations by covering a wide range of different operations, equipment, and software that is the best solution for long-term performance. Our goal is to build great communication with the customer for service needs throughout the life of the SCADA system. We share the dedication of our customers to the efficient production and delivery of safe, quality water to a public that includes our own families. By drawing from and combining a wide range of pre-designed products, we endeavor to meet any control and radio telemetry need. We offer introductory systems for the simplest control needs that are fully expandable to fully-integrated SCADA systems.

COMPLIANCE

Dedicated Controls will comply with all applicable Federal and State statutes: including those for environmental, safety, and licensing in the state of Texas; and will provide the necessary protection equipment and best practices to conform to the Owner's safety procedures, insuring a safe workplace environment at all times.

Each Dedicated Controls employee is full-time and on the payroll. Dedicated Controls does not use temporary labor for its employees in order to circumvent existing laws requiring equality of benefits, plans to ownership, management, and labor.

Dedicated Controls is **certified** by Texas as a **HUB** (Historically Underutilized Business), which assists customers to achieve credit towards fair share goals.

MANAGEMENT TEAM

CA

CHARLES ALFORD

serves as Chief Technical Manager and oversees all new installations and service activity.

Charles' background includes over 28 years of service in the systems integration field, including expertise in:

- electronics, Variable Frequency Drives, panel design, construction, and AutoCAD design
- system construction, integration, and programming
- technical service and trouble-shooting

Charles has extensive experience in a broad range of industrial environments beyond water and wastewater including, mining, electrical power plants, oil and gas, and offshore drilling. In his spare time he enjoys cattle ranching and volunteering in his local community.

DB

DAVID BOUNDS

serves as Business Development Manager and is actively involved in project installations and service activity.

David was the Manager of a North Texas Technical Support Center for a leader in the SCADA industry prior to his departure to create an organization whose focus was to provide exceptional services at a more competitive price.

David's background includes over 21 years of service in the systems integration field, including expertise in:

- electronics, panel design, construction, and UL compliance
- system construction, integration, and programming
- radio telemetry
- technical service and trouble-shooting

Additionally, David has experience in the water/wastewater industry as a former licensed operator for water utility systems. He has been with the company since its inception. A native to Moody, TX, David resides in Gatesville, TX with his wife Brittney and sons Behr, Boyd, and Broc, and enjoys farming, ranching, and beekeeping in his spare time.

EM

EDWARD MEYER

manages the UL-Listed 508A Panel Shop, the Computer Assisted Design department, quality control, and purchasing.

His 43 years of extensive experience, principally at Texas Instruments, includes design and testing of the Harpoon and Tomahawk Missile Weapons Systems, Magnetic Anomaly Detection Weapon Systems, the Semiconductor Group, and the Memory Group.

He has been with the company since 2013. Ed lives in Fairview, TX with his wife Tabatha with whom he enjoys flying and golf.

CC

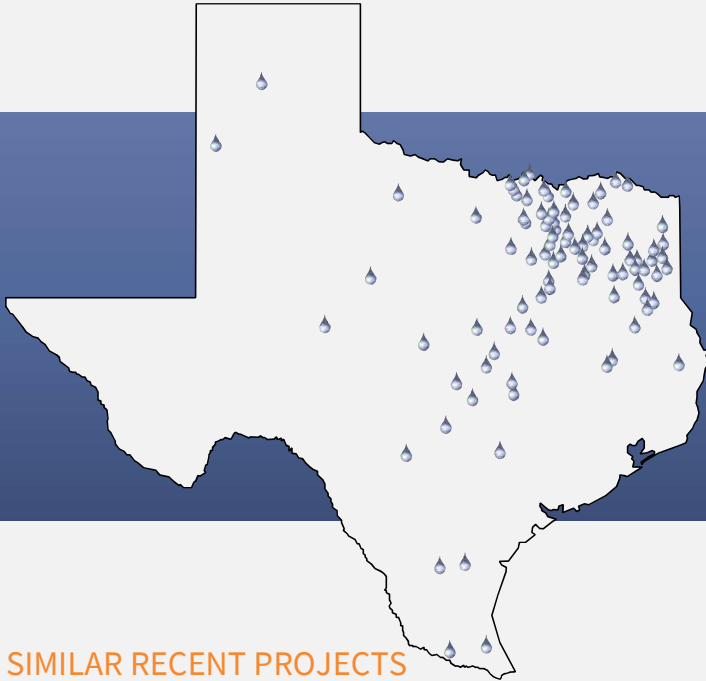
COLTEN CARONE

an electronics technician, has a total of 10 years in the electronics industry principally in the SCADA field; all of which has been in the water and waste water industry.

Colten has experience with numerous electrical and SCADA installations involving switchgear, OEM panels, a wide variety of instrumentation and electronics. Colten previously worked and supervised activities in the telecommunications industry for AT&T, Verizon, and Level 3 communications in which he handled fiber optics for worldwide communication purposes.







He has been with the company since 2014. Colten resides in McKinney, TX, with his wife Meagen, where he enjoys hunting and fishing in his spare time.

EXISTING CLIENTS



Dedicated Controls services 100+ facilities across Texas:
 Municipal Water/Wastewater
 Texas Parks and Wildlife
 Rural Water Districts

SIMILAR RECENT PROJECTS

<p>01 </p>	 <p>CITY OF BONHAM TEXAS THE STAR OF NORTH TEXAS</p> <p>SBR Process</p>	<p>2012</p> <p>02 </p>	 <p>Major WWTP Expansion – Activated Sludge</p>	<p>2018</p> <p>03 </p>	 <p>Multiple Lift Station Monitoring</p>
<p>client contact</p>	<p>City of Bonham Lance Capehart 903-583-7555</p>	<p>client contact</p>	<p>City of White Oak Beaux Huey 903-759-3936</p>	<p>client contact</p>	<p>City of Primera Seth Sanchez 956-706-2411</p>
<p>04 </p>	 <p>SCADA for Water System</p>	<p>2016</p> <p>05 </p>	 <p>Citywide SCADA Implementation</p>	<p>2018</p> <p>06 </p>	 <p>Citywide SCADA System Overhaul for Water & Wastewater</p>
<p>client contact</p>	<p>Jim Wells County Octavio Flores 361-664-0482</p>	<p>client contact</p>	<p>City of Hondo Buddy Stewart 210-391-3053</p>	<p>client contact</p>	<p>City of San Saba Eric Morgan 325-372-5144</p>

TROUBLESHOOTING/SERVICE AVAILABILITY

Setting ourselves apart from the competition, Dedicated Controls remains engaged not only during implementation, but also after project completion. Our commitment to system reliability and lasting relationships with our customers drives our availability for both on-site and remote trouble-shooting.

While system failures/malfunction unrelated to natural weather phenomena are uncommon when using our preferred equipment, our experienced personnel can troubleshoot remotely via phone or by remote system login. If needed, an on-site visit can be scheduled quickly, often with parts brought directly from inventory at our warehouse in Princeton, TX.

Depending on the nature of the issue and site location, one of the following service staff will provide the needed support:

- Charles Alford (Rockdale, TX) 979-406-0104
- David Bounds (Gatesville, TX) 972-632-8716
- Ed Meyer (Princeton, TX) 214-457-6588
- Colten Carone (Princeton, TX) 512-966-9218
- Zach Springer (Rockdale, TX) 512-567-4727

UL CERTIFICATION

UL PRODUCT CATEGORY

Industrial Control Panels

[See General Information for Industrial Control Panels](#)

DEDICATED CONTROLS L L C
PO BOX 579
PRINCETON, TX 75407 USA

E364412

Industrial control panel enclosures.

Industrial control panels.

Last Updated on 2013-07-27

The appearance of a company's name or product in this database does not in itself assure that products so identified have been manufactured under UL's Follow-Up Service. Only those products bearing the UL Mark should be considered to be Certified and covered under UL's Follow-Up Service. Always look for the Mark on the product.

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PROPOSAL

Project: City of Harlingen

Process Control Network Improvements (Rev2)

Date: November 22, 2023

To: City of Harlingen

Attention: Jose Rodriguez

Project Reference: City of Harlingen Process Control Network Improvements (rev2)

Dedicated Controls LLC is pleased to offer the following proposal for the City of Harlingen Process Control Network Improvements (Rev2) Project to furnish and install the following material relative to the SCADA System as defined hereafter:

Plans & Specification: N/A; Were not provided for this scope of work.

Scope of Work: Supply and install new software and licensing to consolidate multiple VTSCADA applications into two segregated platforms respective to each Water Treatment Plant. Setup dual redundant servers at each WTP to allow automatic failover in the event of a primary server failure. Setup thin clients in place of all other existing VTSCADA machines in the system. Assist with new isolated process control network including new Ethernet radios, managed and unmanaged network switches, firewall, and radio towers (provided by City) to take the SCADA system network off the business network and improve security of process control network. Assist IT department with IT related items to facilitate VTSCADA overhaul.

Material to be furnished by Dedicated Controls LLC.

1. 2 = VTSCADA dual redundant server setup.
2. 1 = Unlimited VTSCADA thin client license.

Services to be provided by Dedicated Controls LLC.

1. HMI conversion and modifications as needed.
2. Testing and Start-up.
3. One year parts and labor warranty.

Proposal Exclusions:

1. Any other modifications, purchases, installations not included in the above equipment and services.

Proposal Clarifications:

1. Pricing does not include sales tax or bonding cost.
2. Invoicing shall be progress based with 100% upon project completion. Payment terms to be NET THIRTY (30) days.
3. Pricing shall be valid for (30) days only from proposal date.
4. An evaluation will be performed to determine which existing VTSCADA application is best suited for the basis of building off of for each WTP and utilized for the new VTSCADA server applications. Limited modifications to the existing applications will be performed as part of this proposal.
5. There may be additional improvements identified while the work in this agreement is being performed that will be communicated to the owner for future projects and/or improvements to the overall system as it is understood that there are certain "unknowns" that accompany a project of this type.
6. Warranty shall be for a period as per the project specifications to repair/replace furnished products that are found to be defective due to manufacturing defects and/or improper workmanship. Damages resulting from acts of God and/or improper maintenance shall not be covered by this warranty.



PO Box 100
Evant, TX 76525

Price Total: \$87,462.00

Please Note: Additional scope of work changes that may be requested will be billed on a time and material basis.

We appreciate the opportunity and look forward to providing services for the above scope of work. Thank you and please feel free to call if there are any questions.

Regards,

David Bounds

David Bounds
Business Development
Dedicated Controls LLC
Office: 972-736-2880 ext. 104
Cell: 972-632-8716
Email: David@dedicatedcontrols.com

Authorized representative's signature and date for approval of
project: _____.

RESOLUTION NO. R2324-14

**AWARDING A CONTRACT FOR PURCHASE OF SCADA COMPUTER SYSTEM
EQUIPMENT FOR WATER TREATMENT OPERATIONS**

WHEREAS, Harlingen Waterworks System has continuing need of a supervisory control and data acquisition (SCADA) system for Water Treatment Plant operations, and new computer equipment is required to address obsolescence and security risks associated with the current system; and

WHEREAS, the current SCADA system architecture and the standalone computing devices supporting the system are outdated or obsolete, lead to inconsistencies and difficulties in maintenance, security updates, driver improvements; and

WHEREAS, quotations received for a centralized computer system to support SCADA using best practices architecture are summarized in the table below; and

Vendors	Purchasing Cooperative Contract	Total Price
SHI	DIR-TSO-4317	\$96,522.27
Conexient	-None-	\$111,844.00
Scale Computing (OEM)	-None-	\$115,155.36

WHEREAS, based on compatibility, performance, uptime reliability, features, warranty, and long-term cost, the proposal by SHI Government Solutions offered under a DIR purchasing cooperative contract has been determined to offer best value; now, therefore:

BE IT RESOLVED, that the Harlingen Waterworks System Utility Board of Trustees does hereby award a contract to SHI Government Solutions for purchase of SCADA computer system equipment in the total amount of \$96,522.27.

Board Member _____ moved, seconded by Board Member _____, that the above Resolution be adopted.

Motion carried _____ Yeas, _____ Nays

I hereby certify the foregoing Resolution was adopted by the Utility Board of Trustees for the Harlingen Waterworks System at a Board meeting held on the 18th day of December 2023.

Nilda Sanchez – Board Secretary



MEMORANDUM

To: Timothy E. Skoglund, General Manager
From: Jose Rodriguez, IT Director
Date: December 5, 2023
Re: Supervisory Control and Data Acquisition (SCADA) Computer System Equipment for Water Treatment Plant Operations

To improve SCADA functionality and security at both the MFR and Downtown water treatment plants, acquisition of a centralized computer system is needed for upgrading the obsolete and potentially unsafe SCADA system architecture currently used to support water treatment plant operations.

A centralized server approach has been recommended as a best practice because it alleviates the burden on existing individual client devices, particularly benefiting the management of resource-intensive tasks. Implementing a centralized computer system for the water treatment plant’s SCADA system also simplifies the incorporation of security measures and achieves superior reliability and performance relative to the current system. Additionally, the consolidation of real-time data from multiple water facilities on an operator’s workstation can significantly reduce response time when addressing issues.

For the computer system equipment needed to implement server-client architecture, staff favors use of Scale Computing equipment because of its established track record of reliability and its compatibility with other Scale Computing hardware currently in use at Waterworks’ facilities. Scale’s computer equipment will support SCADA for both water treatment plants and is offered with 5-year hardware warranty and software support.

Staff obtained the three attached quotes as summarized below for Scale Computing equipment. The quote from SHI International Corp has been offered under a purchasing cooperative contract with the Texas Department of Information (DIR).

Vendor	Purchasing Cooperative Contract	Total Price
SHI	DIR-TSO-4317	\$96,522.27
Conexient	-None-	\$111,844.00
Scale Computing (OEM)	-None-	\$115,155.36

Staff recommends awarding a contract for the purchase of the SCADA Computer System to SHI Government Solutions whose lowest-cost proposal meets all specifications and meets competitive procurement requirements based on a DIR purchasing cooperative contract.

Additional equipment purchases totaling approximately \$40,000 for network devices, workstations, and a fiber installation will be needed beyond the scope of the foregoing quotations to meet the complete hardware requirements for the SCADA system. Accordingly, the total cost

for the SCADA system improvements, including professional integration services and equipment, will total approximately \$224,000, falling underbudget by about \$29,000. Please refer to the FY 2024 Budget excerpt below for this capital asset expense.

Information Technology	Server Clusters at WTPs (2)	\$253,200	SCADA software currently runs on a chain of servers that are difficult to maintain, prone to errors, present a cybersecurity risk. Centralized server architecture recommended by SCADA consultant and an audit by the U.S. Cybersecurity and Infrastructure Security Agency.
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Pricing Proposal
 Quotation #: 24256447
 Created On: 12/7/2023
 Valid Until: 12/29/2023

TX-City of Harlingen Waterworks System

Inside Account Executive

Jose Rodriguez

134 E Van Buren
 Harlingen, TX 78551
 United States
 Phone:
 Fax:
 Email: jlrodriguez@hwws.com

Alex Jasko

300 Davidson Ave
 Somerset, NJ 08873
 Phone: 732-652-3061
 Fax:
 Email: alex_jasko@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 2X XEON E-2000 CPU 3X HDD 1X CTLR SSD HE551 CHASSIS Scale Computing - Part#: CHA-2-15 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	3	\$5,393.15	\$16,179.45
2 6C/12T 3.5GHZ 3200MT/S CTLR INTEL E-2386G Scale Computing - Part#: CPU-2-19 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	3	\$0.01	\$0.03
3 16GB DDR4 ECC UDIMM 3200MT/S MEM 16GB DDR4 ECC UDIMM Scale Computing - Part#: RAM-2-10 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	6	\$0.01	\$0.06
4 1.92TB 3.5IN SATA SSD 1.92TB INT 3.5IN SATA SSD Scale Computing - Part#: SSD-2-04 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	3	\$0.01	\$0.03
5 2TB 3.5 SAS HDD DRV 2TB 3.5 SAS HDD Scale Computing - Part#: HDD-2-02 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	9	\$0.01	\$0.09
6 2PORT INTEL/DELL X710 CTLR 2PORT 10GB RJ45 Scale Computing - Part#: NIC-2-0D Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	3	\$0.01	\$0.03

7	5YR LICS AND SW SC//HYPERCORE -LICS 6C STANDARD Scale Computing - Part#: HCOS-S-5-6C Contract Name: Software/ Services Contract #: DIR-TSO-4317 Coverage Term: 11/30/2023 – 11/29/2028 Note: Cluster 1	3	\$9,841.00	\$29,523.00
8	5YRS HW WARRANTY SVCS Scale Computing - Part#: HW-5 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Coverage Term: 11/30/2023 – 11/29/2028 Note: Cluster 1	1	\$1,617.94	\$1,617.94
9	NODE INSTALL REMOTE SUP REMOTE SVCS INSTALLATION Scale Computing - Part#: QSRN Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 1	3	\$313.50	\$940.50
10	2X XEON E-2000 CPU 3X HDD 1X CTLR SSD HE551 CHASSIS Scale Computing - Part#: CHA-2-15 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	3	\$5,393.15	\$16,179.45
11	6C/12T 3.5GHZ 3200MT/S CTLR INTEL E-2386G Scale Computing - Part#: CPU-2-19 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	3	\$0.01	\$0.03
12	16GB DDR4 ECC UDIMM 3200MT/S MEM 16GB DDR4 ECC UDIMM Scale Computing - Part#: RAM-2-10 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	6	\$0.01	\$0.06
13	1.92TB 3.5IN SATA SSD 1.92TB INT 3.5IN SATA SSD Scale Computing - Part#: SSD-2-04 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	3	\$0.01	\$0.03
14	2TB 3.5 SAS HDD DRV 2TB 3.5 SAS HDD Scale Computing - Part#: HDD-2-02 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	9	\$0.01	\$0.09
15	2PORT INTEL/DELL X710 CTLR 2PORT 10GB RJ45 Scale Computing - Part#: NIC-2-0D Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	3	\$0.01	\$0.03
16	5YR LICS AND SW SC//HYPERCORE -LICS 6C STANDARD Scale Computing - Part#: HCOS-S-5-6C Contract Name: Software/ Services Contract #: DIR-TSO-4317	3	\$9,841.00	\$29,523.00

Coverage Term: 11/30/2023 – 11/29/2028

Note: Cluster 2

17	5YRS HW WARRANTY SVCS Scale Computing - Part#: HW-5 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Coverage Term: 11/30/2023 – 11/29/2028 Note: Cluster 2	1	\$1,617.94	\$1,617.94
18	NODE INSTALL REMOTE SUP REMOTE SVCS INSTALLATION Scale Computing - Part#: QSRN Contract Name: Software/ Services Contract #: DIR-TSO-4317 Note: Cluster 2	3	\$313.50	\$940.50
19	5YR LICS AND SW SC//FLEET LICS MANAGER - 5 CLUSTER Scale Computing - Part#: FM-S-5-5 Contract Name: Software/ Services Contract #: DIR-TSO-4317 Coverage Term: 1/28/2024 – 1/27/2029 Note: Fleet Manager - 5 Year	1	\$0.01	\$0.01

Subtotal	\$96,522.27
Shipping	\$0.00
Total	\$96,522.27

Additional Comments

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Please note, if Emergency Connectivity Funds (ECF) will be used to pay for all or part of this quote, please let us know as we will need to ensure compliance with the funding program.

Thank you for choosing SHI-GS! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

**SHI Government Solutions, Inc. is 100% Minority Owned, Woman Owned Business.
TAX ID# 22-3695478; DUNS# 14-724-3096**

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.



Quotation

Scale Computing

525 S Meridian St
 Indianapolis, IN 46225
 USA
 Phone: (877) 722-5359
 Email: sales@scalecomputing.com

Quote #: Q-59057-1
Date: 12/5/2023 3:04 PM
Expires On: 12/29/2023

End User

Harlingen Water Works System
 134 E. Van Buren
 Harlingen, TX 78550
 United States

Registered Partner:

SHI International Corp

Distributor:

Promark Technology - Ingram Micro

Scale Computing Representative	Phone	Email
Steve Purington	(737) 666-2255	spurington@scalecomputing.com

Location 1

PART #	PRODUCT	START	END	QTY	MSRP/UNIT	PRICE/UNIT	TOTAL PRICE
CHA-2-15	HE551 Chassis			3	\$5,677.00	\$5,677.00	\$17,031.00
CPU-2-19	Intel Xeon E-2386G			3	\$0.00	\$0.00	\$0.00
RAM-2-10	16GB DDR4 ECC UDIMM			6	\$0.00	\$0.00	\$0.00
SSD-2-04	1.92TB 3.5" SATA SSD			3	\$0.00	\$0.00	\$0.00
HDD-2-02	2TB 3.5" SAS HDD			9	\$0.00	\$0.00	\$0.00
NIC-2-0D	2-port 10GBASE-T			3	\$0.00	\$0.00	\$0.00
HCOS-S-5-6C	SC//HyperCore - 6 core 60 Month Standard license and support software	11/30/2023	11/29/2028	3	\$12,367.86	\$12,367.86	\$37,103.58
HW-5	5 Year HW Support for Scale Computing HCI Appliance	11/30/2023	11/29/2028	1	\$1,703.10	\$1,703.10	\$1,703.10

PART #	PRODUCT	START	END	QTY	MSRP/UNIT	PRICE/UNIT	TOTAL PRICE
QSRN	Node Installation Remote Support			3	\$330.00	\$330.00	\$990.00
Location 1 Total Price:							\$56,827.68

Location 2

PART #	PRODUCT	START	END	QTY	MSRP/UNIT	PRICE/UNIT	TOTAL PRICE
CHA-2-15	HE551 Chassis			3	\$5,677.00	\$5,677.00	\$17,031.00
CPU-2-19	Intel Xeon E-2386G			3	\$0.00	\$0.00	\$0.00
RAM-2-10	16GB DDR4 ECC UDIMM			6	\$0.00	\$0.00	\$0.00
SSD-2-04	1.92TB 3.5" SATA SSD			3	\$0.00	\$0.00	\$0.00
HDD-2-02	2TB 3.5" SAS HDD			9	\$0.00	\$0.00	\$0.00
NIC-2-0D	2-port 10GBASE-T			3	\$0.00	\$0.00	\$0.00
HCOS-S-5-6C	SC//HyperCore - 6 core 60 Month Standard license and support software	11/30/2023	11/29/2028	3	\$12,367.86	\$12,367.86	\$37,103.58
HW-5	5 Year HW Support for Scale Computing HCI Appliance	11/30/2023	11/29/2028	1	\$1,703.10	\$1,703.10	\$1,703.10
QSRN	Node Installation Remote Support			3	\$330.00	\$330.00	\$990.00
Location 2 Total Price:							\$56,827.68

Fleet Manager - 5 Year

PART #	PRODUCT	START	END	QTY	MSRP/UNIT	PRICE/UNIT	TOTAL PRICE
FM-S-5-5	SC//Fleet Manager - 5 cluster license, 60 Month subscription	1/28/2024	1/27/2029	1	\$1,500.00	\$1,500.00	\$1,500.00
Fleet Manager - 5 Year Total Price:							\$1,500.00

Customer Total: USD 115,155.36

Order Lead Time Notice

Although our standard lead time on build-to-order systems is 4 weeks, please be aware that lead times may be extended due to the availability of components at the time of your order. Once an order is placed, an anticipated ship date based on current knowledge of said availability will be issued. Further communication regarding order timeframes will be issued and ASD from that point forwards, if necessary. Order status can be tracked both through e-mail notifications and by accessing order details in the partner and customer portals.

Terms & Conditions

Order: End User shall submit written/electronic purchase orders (as specified by SCALE) to approved Reseller or Distributor for SCALE Products. By placing an order for SCALE software/hardware, End User agrees to be bound by the End User Software License Agreement and the ScaleCare Terms and Conditions – available at <https://www.scalecomputing.com/eula> and <https://www.scalecomputing.com/terms-of-support-and-maintenance>.

Shipping: SCALE will ship SCALE Products to the address specified on the purchase order. All SCALE Products shall be shipped F.O.B. Origin (SCALE's shipping point). End User shall be responsible for shipping costs, shipping insurance costs, shipping taxes and shipping surcharges, if applicable. \$60 per 1U node / \$100 per 2U node will be invoiced for ground shipping in the US. Contact your SCALE Sales Manager for International shipping rates.

Price: End User's price for each unit will be determined based on SCALE's list price at the time of order. End User is responsible for paying any and all applicable sales and/or use tax to their appropriate revenue agency unless taxes are billed directly by SCALE.

Title: Title to hardware will pass to End User upon shipment of the SCALE Products in accordance with order terms above.

Returns: All orders are considered final. No returns of sold SCALE Products will be accepted.

Discounts offered by Scale Computing are one-time discounts, based on products and services offered in this quote. Discounts are only valid until the expiration date on this quote and will not be carried forward for future orders.

MSRP 2nd bid quote

Signature: _____

Effective Date: ____/____/____

Name (Print): _____

Title: _____

Please sign and email to po@scalecomputing.com.

THANK YOU FOR YOUR BUSINESS!

Quote



Date: 12/7/2023
 Quote ID #: QUO-64130-120723
 End Customer: Harlingen Water Works System
 Attn:

Reseller: Conexient
 Contact: David Brown

Phone: 405.720.8844
 email: dbrown@conexient.com

Quote Expiration 12/29/2023

Line	Part Number	Description	Qty	Quoted Price	Ext. Price
SCALE COMPUTING					
<u>Location 1</u>					
	CHA-2-15	HE551 Chassis	3	\$ 6,217.00	\$ 18,651.00
	CPU-2-19	Intel Xeon E-2386G	3	\$0.00	\$0.00
	RAM-2-10	16GB DDR4 ECC UDIMM	6	\$0.00	\$0.00
	SSD-2-04	1.92TB 3.5" SATA SSD	3	\$0.00	\$0.00
	HDD-2-02	2TB 3.5" SAS HDD	9	\$0.00	\$0.00
	NIC-2-0D	2-port 10GBASE-T	3	\$0.00	\$0.00
	HCOS-S-5-6C	SC//HyperCore - 6 core 60 Month Standard license and support software	3	\$11,137.00	\$33,411.00
	HW-5	5 Year HW Support for Scale Computing HCI Appliance	1	\$1,865.00	\$1,865.00
	QSRN	Node Installation Remote Support	3	\$355.00	\$1,065.00
	Shipping & Handling	Shipping & Handling Charges	1	\$180.00	\$180.00
<p>Hardware/Software prices subject to change without notice, subject to availability. Tax and Shipping & Handling charges may not be included in this Quote and will be added to invoice total where applicable.</p> <p>CONFIDENTIAL AND PROPRIETARY MATERIAL</p> <p>This document contains information that is confidential and proprietary to Conexient and is not to be used outside the scope of which this response is being published. Recipients shall not disclose information contained herein to third parties without Conexient's prior written consent.</p>					

Total (w/o applicable tax and shipping):

\$ 55,172.00

Quote



Date: 12/7/2023
 Quote ID #: QUO-64131-120723
 End Customer: Harlingen Water Works System
 Attn:

Reseller: Conexient
 Contact: David Brown

Phone: 405.720.8844
 email: dbrown@conexient.com

Quote Expiration 12/29/2023

Line	Part Number	Description	Qty	Quoted Price	Ext. Price
SCALE COMPUTING					
<u>Location 2</u>					
	CHA-2-15	HE551 Chassis	3	\$ 6,217.00	\$ 18,651.00
	CPU-2-19	Intel Xeon E-2386G	3	\$0.00	\$0.00
	RAM-2-10	16GB DDR4 ECC UDIMM	6	\$0.00	\$0.00
	SSD-2-04	1.92TB 3.5" SATA SSD	3	\$0.00	\$0.00
	HDD-2-02	2TB 3.5" SAS HDD	9	\$0.00	\$0.00
	NIC-2-0D	2-port 10GBASE-T	3	\$0.00	\$0.00
	HCOS-S-5-6C	SC//HyperCore - 6 core 60 Month Standard license and support software	3	\$11,137.00	\$33,411.00
	HW-5	5 Year HW Support for Scale Computing HCI Appliance	1	\$1,865.00	\$1,865.00
	QSRN	Node Installation Remote Support	3	\$355.00	\$1,065.00
	Shipping & Handling	Shipping & Handling Charges	1	\$180.00	\$180.00

Hardware/Software prices subject to change without notice, subject to availability. Tax and Shipping & Handling charges may not be included in this Quote and will be added to invoice total where applicable.

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Total (w/o applicable tax and shipping):

\$ 55,172.00

Quote



Date: 12/7/2023
 Quote ID #: QUO-64132-120723
 End Customer: Harlingen Water Works System
 Attn:

Reseller: Conexient
 Contact: David Brown

Phone: 405.720.8844
 email: dbrown@conexient.com

Quote Expiration 12/29/2023

Line	Part Number	Description	Qty	Quoted Price	Ext. Price
SCALE COMPUTING					
<u>Fleet Manager - 5 Year</u>					
	FM-S-5-5	SC//Fleet Manager - 5 cluster license, 60 Month subscription	1	\$ 1,500.00	\$ 1,500.00
	Shipping & Handling	Shipping & Handling Charges	1	\$0.00	\$0.00

Hardware/Software prices subject to change without notice, subject to availability. Tax and Shipping & Handling charges may not be included in this Quote and will be added to invoice total where applicable.

CONFIDENTIAL AND PROPRIETARY MATERIAL

This document contains information that is confidential and proprietary to Conexient and is not to be used outside the scope of which this response is being published. Recipients shall not disclose information contained herein to third parties without Conexient's prior written consent.

Total (w/o applicable tax and shipping):

\$ 1,500.00

RESOLUTION NO. R2324-15

**AWARDING A CONTRACT FOR MANAGED DETECTION AND
RESPONSE (MDR) SERVICES FOR CYBERSECURITY
MONITORING OF NETWORKS, ENDPOINTS, AND SERVERS**

WHEREAS, the increasing intensity and sophistication of cyberattacks requires advanced cybersecurity measures to protect Harlingen Waterworks System’s networks, endpoints, and servers against breaches that can expose sensitive information and result in loss of data and the function of enterprise applications on which the System’s operations increasingly depend; and

WHEREAS, Managed Detection and Response (MDR) services offered by Palo Alto Networks offers real-time monitoring and detection of cyber threats, enables rapid threat response, and gives System administrators access to cybersecurity experts and resources to fortify the System’s overall security posture; and

WHEREAS, cybersecurity tools offered by Palo Alto Networks are highly regarded and have proven effective in the Waterworks’ current operations; and

WHEREAS, a proposal from SHI Government Solutions based on a BuyBoard purchasing cooperative contract for Palo Alto Networks’ MDR services has been determined to be fair and reasonable; now, therefore:

BE IT RESOLVED, that the Harlingen Waterworks System Utility Board of Trustees does hereby award a contract to SHI Government Solutions for managed detection and response services for cybersecurity monitoring of networks, endpoints and servers in the total amount of \$34,189.00 for initial set up and a term of service ending November 8, 2024 after which recurring annual service charges will be incurred.

Board Member _____ moved, seconded by Board Member _____, that the above Resolution be adopted.

Motion carried _____ Yeas, _____ Nays

I hereby certify the foregoing Resolution was adopted by the Utility Board of Trustees for the Harlingen Waterworks System at a Board meeting held on the 18th day of December 2023.

Nilda Sanchez – Board Secretary



MEMORANDUM

To: Timothy E. Skoglund, General Manager
From: Jose Rodriguez, IT Director
Date: December 10, 2023

Re: Managed Detection and Response Services for Cybersecurity

Notable cyberattacks in recent weeks have reinforced the need for proactive cybersecurity measures to protect against threats to our information technology systems, digital data, and daily operations. To harden our technology systems against attacks and mitigate the effects of potential threats, staff recommends adding Palo Alto’s Managed Detection and Response (MDR) services into our cybersecurity strategy. HWWS currently uses other Palo Alto security products, and supplementing them with MDR services will enhance our ability to defend against cyber threats.

MDR services provide continual monitoring for our network, endpoints (user devices), and servers. This real-time monitoring facilitates prompt detection of potential threats and improves our ability to swiftly respond to security incidents around the clock. MDR services provided by Palo Alto include access to cybersecurity professionals who have the expertise to efficiently analyze identified threats, offer insights into attack characteristics, and provide recommendations to fortify our overall security posture.

Staff solicited and received quotes for Palo Alto’s MDR services as summarized in the table below. The lowest priced quote of \$34,189 offered by SHI includes a one-time setup fee of \$16,823 and prorated charges of \$17,366 for approximately 11 months of service that is intended to expire and renew concurrently with our antivirus protection service contract. The annualized cost for recurring MDR services is \$18,944. Annual services are subject to escalation, but the set up fee would not recur.

Vendors	Purchasing Cooperative Contract	Total Price
SHI	BuyBoard	\$34,189.00
Carahsoft	-None-	\$41,751.80
Ingram Micro	-None-	\$43,018.02

SHI’s lowest-cost proposal meets all specifications and satisfies competitive procurement requirements based on its BuyBoard purchasing cooperative contract.

The first year cost exceeds the FY 2024 Budget allocation of \$23,200 for managed security services. Operating budget surplus is anticipated to be available to cover the overbudget amount.

Staff recommends awarding a contract to SHI Government Solutions for the purchase of Palo Alto’s Managed Detection and Response services for a term ending November 8, 2024, in the total amount of \$34,189.00.



Pricing Proposal
 Quotation #: 24140404
 Created On: 11/6/2023
 Valid Until: 1/24/2024

TX-City of Harlingen Waterworks System

Inside Account Executive

Jose Rodriguez

134 E Van Buren
 Harlingen, TX 78551
 United States
 Phone: 956-430-6132
 Fax:
 Email: jlrodriguez@hwws.com

Alex Jasko

300 Davidson Ave
 Somerset, NJ 08873
 Phone: 732-652-3061
 Fax:
 Email: alex_jasko@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 For use with Unit42 MDR Customer Only: Optimization Service for Unit 42 MDR: Existing XDR Customer - Small : 200 - 2000 Agents Palo Alto Networks - Part#: PAN-CONSULT-XDR-U42-OPT-EC-S Contract Name: BuyBoard - Technology Equipment, Products, Services and Software Contract #: 661-22 Serial #: 0220980000003772 Coverage Term: 12/15/2023 – 11/8/2024	1	\$16,823.00	\$16,823.00
2 Palo Alto Networks eXtended Managed Detection and Response service for XDR Pro EP, Cloud and for XDR Pro TB Palo Alto Networks - Part#: PAN-UNIT42-XMDR Contract Name: BuyBoard - Technology Equipment, Products, Services and Software Contract #: 661-22 Serial #: 0220980000003772 Coverage Term: 12/15/2023 – 11/8/2024	1	\$14,356.00	\$14,356.00
3 Host Insights add-on for Cortex XDR Palo Alto Networks - Part#: PAN-XDR-HOST-INST Contract Name: BuyBoard - Technology Equipment, Products, Services and Software Contract #: 661-22 Serial #: 0220980000003772 Coverage Term: 12/15/2023 – 11/8/2024	200	\$6.70	\$1,340.00
4 Annual Forensics add-on for 1 Cortex XDR endpoint, includes 30 days of data retention Palo Alto Networks - Part#: PAN-XDR-FRNS Contract Name: BuyBoard - Technology Equipment, Products, Services and Software Contract #: 661-22 Serial #: 0220980000003772 Coverage Term: 12/15/2023 – 11/8/2024	50	\$33.40	\$1,670.00
		Subtotal	\$34,189.00

Shipping	\$0.00
Total	\$34,189.00

Additional Comments

Palo Alto has a no returns policy.

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Please note, if Emergency Connectivity Funds (ECF) will be used to pay for all or part of this quote, please let us know as we will need to ensure compliance with the funding program.

Thank you for choosing SHI-GS! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

**SHI Government Solutions, Inc. is 100% Minority Owned, Woman Owned Business.
TAX ID# 22-3695478; DUNS# 14-724-3096**

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.

GOVERNMENT PRICE QUOTATION



CARAHSOFT TECHNOLOGY CORP
 11493 SUNSET HILLS ROAD | SUITE 100 | RESTON, VIRGINIA 20190
 PHONE (703) 871-8500 | FAX (703) 871-8505 | TOLL FREE (877) 878-7468
 WWW.CARAHSOFT.COM/PALOALTONETWORKS |
 PALOALTONETWORKS@CARAHSOFT.COM

TO: Jose Rodriguez
 IT Director
 City of Harlingen Waterworks System
 134 E Van Buren Ave
 Harlingen, TX 78550

FROM: Caleb Still
 Palo Alto Network Government Solutions Team
 at Carahsoft Technology Corp.
 11493 Sunset Hills Road
 Suite 100
 Reston, Virginia 20190

EMAIL: jlrodriguez@hwws.com

EMAIL: Caleb.Still@carahsoft.com

PHONE: (956) 430-6132

PHONE: (571) 662-4742

FAX: (703) 871-8505

TERMS: FTIN: 52-2189693
 Shipping Point: FOB Destination
 Remit To: Same as Above
 Payment Terms: Net 30 (On Approved Credit)
 Cage Code: 1P3C5
 DUNS No: 088365767
 UEI: DT8KJHZXVJH5
 Credit Cards: VISA/MasterCard/AMEX
 Sales Tax May Apply

QUOTE NO: 42206189
QUOTE DATE: 12/07/2023
QUOTE EXPIRES: 01/06/2024
VENDOR Q#:
RFQ NO:
SHIPPING: GROUND
TOTAL PRICE: \$41,751.80

TOTAL QUOTE: \$41,751.80

Palo Alto Networks is currently experiencing lead times of 4-10 weeks for all PANW hardware and associated accessories.

LINE NO.	PART NO.	DESCRIPTION	LIST PRICE	QUOTE PRICE	QTY	EXTENDED PRICE
1	PAN-CONSULT-XDR-U42-OPT-EC-S	For use with Unit42 MDR Customer Only: Optimization Service for Unit 42 MDR: Existing XDR Customer - Small : 200 - 2000 Agents	\$17,000.00	\$17,000.00	OM 1	\$17,000.00
2	PAN-UNIT42-XMDR	Palo Alto Networks eXtended Managed Detection and Response service for XDR Pro EP and Cloud 330 Day Term	\$24,468.00	\$20,797.80	OM 1	\$20,797.80
3	PAN-XDR-HOST-INST	Host Insights add-on for Cortex XDR 330 Day Term	\$9.02	\$8.79	OM 200	\$1,758.00
4	PAN-XDR-FRNS	Annual Forensics add-on for Cortex XDR 330 Day Term	\$45.09	\$43.92	OM 50	\$2,196.00
SUBTOTAL:						\$41,751.80

PLEASE SEND ALL ORDERS TO: CoreCyberOM@carahsoft.com

The products and services listed in this quotation are subject to the terms and conditions per the Palo Alto Networks EULA located at www.paloaltonetworks.com/content/dam/pan/en_US/assets/pdf/legal/palo-alto-networks-end-user-license-agreement-eula.pdf

GOVERNMENT PRICE QUOTATION



CARASOFT TECHNOLOGY CORP
11493 SUNSET HILLS ROAD | SUITE 100 | RESTON, VIRGINIA 20190
PHONE (703) 871-8500 | FAX (703) 871-8505 | TOLL FREE (877) 878-7468
WWW.CARASOFT.COM/PALOALTONETWORKS | PALOALTONETWORKS@CARASOFT.COM

LINE NO.	PART NO.	DESCRIPTION	LIST PRICE	QUOTE PRICE	QTY	EXTENDED PRICE
				TOTAL PRICE:		\$41,751.80
				TOTAL QUOTE:		\$41,751.80

The products and services listed in this quotation are subject to the terms and conditions per the Palo Alto Networks EUSA located at https://www.paloaltonetworks.com/content/dam/pan/en_US/assets/pdf/legal/palo-alto-networks-global-customer-support-services-terms-and-conditions-eusa.pdf



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Call reference # QUO-17753247-K9Y1P9
 To ensure fastest and most accurate processing of your order, please provide the quote# at the time of purchase

Quote: QUO-17753247-K9Y1P9 -0

Name: PaloAltoNetworks - 0022678913 - Harlingen Water Works System

Customer Name: INGRAM MICRO

Currency: US Dollar

Effective From: 12/7/2023

Send Date: 12/08/2023

Vendor Bid Expiry Date: 3/6/2024

End User Name: HARLINGEN WATER WORKS SYSTEM

Special Pricing Information: Special Pricing Number: 0022678913 Start Date: 12/7/2023 Expiry Date: 3/6/2024

Solution Comments:

PANW, XDR, UNIT 42

Item #	Vendor Line #	SKU	Manufacturer	Mfr. Part #	Qty	Description and Product Info	Avail. Qty	Serial#	Start Date	End Date	MSRP	Ext MSRP	Price	Ext Price	Discount off MSRP	Comments
1	000030	HG6580	PALO ALTO PROFESSIONAL SERVICES	PAN-CONSULT-XDR-U42-OPT-EC-S	1	For use with Unit42 MDR Customer Only: O Product stocked by manufacturer. Delivery times vary. Country of Origin: (None) Weight: 0.00 Dim W i h :		0220980 0000037 72	12/14/2023	11/7/2024	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	0.000	L:000030 C:20231215 E:20241108 K:0220980000 003772
2	000040	HG7339	PALO ALTO - ION CLOUDGENIX UNIT 42	PAN-UNIT42-XMDR	1	Palo Alto Networks eXtended Managed Date Product stocked by manufacturer. Delivery times vary. Country of Origin: (None) Weight: 0.00 Dim W i h :		0220980 0000037 72	12/14/2023	11/7/2024	\$24,468.36	\$24,468.36	\$22,021.52	\$22,021.52	10.000	L:000040 C:20231215 E:20241108 K:0220980000 003772 TERM:11
3	000050	HG7350	PALO ALTO SUBSCRIPTIONS	PAN-XDR-HOST-INST	200	Host Insights add-on for Cortex XDR Product stocked by manufacturer. Delivery times vary. Country of Origin: (None) Weight: 0.00 Dim W i h :		0220980 0000037 72	12/14/2023	11/7/2024	\$9.02	\$1,804.00	\$8.88	\$1,776.00	1.550	L:000050 C:20231215 E:20241108 K:0220980000 003772 TERM:11
4	000060	HG7347	PALO ALTO SUBSCRIPTIONS	PAN-XDR-FRNS	50	Annual Forensics add-on for Cortex XDR Product stocked by manufacturer. Delivery times vary. Country of Origin: (None) Weight: 0.00 Dim W i h :		0220980 0000037 72	12/14/2023	11/7/2024	\$45.09	\$2,254.50	\$44.41	\$2,220.50	1.508	L:000060 C:20231215 E:20241108 K:0220980000 003772 TERM:11
					Products / Services Total	252						\$45,526.86		\$43,018.02		
													\$43,018.02			

Purchase this for \$43,018.02 or lease for \$1,505.63 per month.

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For specific pricing and to order the above products, you may

- Call the Ingram Micro Sales department at 1.800.456.8000
- * Your PO number
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- * End user license, contract or authorization number
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- * End user address
- * End user contact
- * End user contact email address
- * End user contact phone number
- * End user contact fax number

Thank you for your order!

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RESOLUTION NO. R2324-16

**AWARDING A CONTRACT FOR
PURCHASE OF A BOOM TRUCK**

WHEREAS, Harlingen Waterworks System has continuing need of a boom truck for its wastewater collection and construction maintenance operations, and a replacement is needed for a failing unit at the end of its useful life; and

WHEREAS, two bids were received boom for a boom truck on December 8, 2023 as summarized in the table below; and

Vendor	Total	Est. Delivery
CraneWorks, Inc. Houston, TX	\$329,753	1 week from PO receipt
Technology International, Inc. Lake Mary, FL	\$378,479	4-7 months

WHEREAS, the FY 2024 Budget allocates \$400,000 for purchase of a replacement 18-ton boom truck; and

WHEREAS, the lowest bidder offered a 22-ton boom truck for an underbudget, low-bid amount that has been determined to be fair and reasonable; now, therefore:

BE IT RESOLVED, that Harlingen Waterworks System Utility Board of Trustees does hereby award a contract to CraneWorks, Inc. of Houston, TX for purchase of a Boom Truck in the total amount of \$329,753.

Board Member _____ moved, seconded by Board Member _____, that the Resolution be adopted.

Motion carried: _____ Yeas, _____ Nays

I hereby certify the foregoing Resolution was adopted by the Utility Board of Trustees for Harlingen Waterworks System at a Board Meeting held on the 18th day of December 2023.

Nilda Sanchez – Board Secretary

Memorandum

To: Timothy E. Skoglund P.E. – General Manager
 Through: Michael Chamberlain – Purchasing Manager
 From: Jon M. Hedegard – Wastewater Services Director
 Date: December 11, 2023
 Re: Purchase of a 22-ton Boom Truck

The FY 2023 Budget as excerpted below appropriated funds for the replacement of one (1) 18-ton Boom Truck. Unit 177 is used by the Wastewater Collection and Construction Maintenance Departments for a variety of tasks including pump removal and equipment placement.

Department	Description	Budget	Purpose
Wastewater Collection	18-ton Boom Truck	\$400,000.00	Existing boom truck is 29 years old and unavailability of parts have made the unit obsolete. FY2023 budget of \$280,000 was insufficient.

Additionally, Unit 177 has incurred over \$61,000.00 in repairs over the years. Parts for repair are not available in most cases and the unit is failing.

Bids for the boom truck were first solicited in November, but a rebid was necessary as no bidders were able to deliver during the current fiscal year. Upon re-solicitation, two vendors submitted bids as summarized below, and both can deliver within the current fiscal year.

Vendor	Total	Est. Delivery
CraneWorks, Inc. Houston, TX	\$329,753	1 week from PO receipt
Technology International, Inc. Lake Mary, FL	\$378,479	4-7 months

CraneWorks of Houston, Texas submitted the low bid in the amount of \$329,753 for a boom truck having a 22-ton crane that exceeds the 18-ton minimum specification. CraneWorks’ unit is also available for immediate delivery.

Wastewater staff recommends the purchase of this 22-ton unit from CraneWorks of Houston, Texas in the bid amount of \$329,753.00.

RESOLUTION NO. R2324-17

ADOPTING THE HARLINGEN WATERWORKS SYSTEM INVESTMENT POLICY

WHEREAS, Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act”, requires the governing body to annually adopt an Investment Policy by rule, order, ordinance, or resolution; and

WHEREAS, the Public Funds Investment Act requires the resolution include a record of changes made to either the investment policy or strategy; and

WHEREAS, changes as summarized below are proposed to the Harlingen Waterworks Investment Policy to provide a more comprehensive document, in support of the requirements of the Public Funds Investment Act; and

Marketability sections have been updated to remove language about a specific “spread” for simplicity.

“Council of Governments” has been added to include additional training resources.

Amount of Government Money Market Mutual Funds has been increased to reflect current market conditions.

Selection of Banks and Broker/Dealers (Appendix 1) section updated to reflect name change of broker/dealer listed and arranged in alphabetical order.

WHEREAS, the attached Investment Policy and incorporated revisions comply with the Public Funds Investment Act, as amended, and authorize the investment of Waterworks’ funds in safe and prudent investments; now, therefore:

BE IT RESOLVED, by the Utility Board of Trustees of the Harlingen Waterworks System that Harlingen Waterworks System has complied with the requirements of the Public Funds Investment Act, and that the Investment Policy as amended, attached hereto, is hereby adopted as the Investment Policy of the City of Harlingen Waterworks System effective December 18, 2023.

Board Member _____ moved, seconded by Board Member _____ that the above Resolution be adopted.

Motion carried _____ Yeas, _____ Nays

I hereby certify the foregoing Resolution was adopted by the Utility Board of Trustees for the Harlingen Waterworks System at a Board meeting held on the 18th day of December 2023.

Nilda Sanchez – Board Secretary

MEMORANDUM

To: Utility Board of Trustees for Harlingen Waterworks System
From: Ronald De La Garza, Finance and Revenue Director
Date: December 18, 2023
RE: Annual Adoption of Investment Policy

Texas Government Code Chapter 2256, commonly known as the “Public Funds Investment Act” (PFIA), requires the governing body of a public entity to annually adopt an Investment Policy by rule, order, ordinance, or resolution. In addition, the Public Funds Investment Act requires the resolution include a record of changes made to either the investment policy or strategy.

Within the Marketability sections of the Investment Strategies, language was removed regarding a specific “spread” defining an efficient secondary market. This language is more informative, but may not always be true, so it was removed for simplicity.

Council of Governments was added as an approved training source since PFIA training through North Central Texas Council of Governments has been created.

The maximum amount of Government Money Market Mutual Funds utilized for flexibility has been increased. Since rates have increased, government money market mutual fund rates are more competitive than they have been in the past, so these will be seen through a sweep account structure with a bank.

The Approved Broker/Dealer list in Appendix 1 has been updated with a name change and organized in alphabetical order. The firm and representative remain the same; however, the updated firm reflects a name change from Duncan Williams to SouthState|Duncan-Williams Securities.

Also included are a few minor grammar corrections.

The Investment Policy has been reviewed by the Waterworks’ Investment Advisors, Valley View Consulting, Inc.

Thank you for your consideration. I am available to discuss this updated policy at your convenience.

CITY OF HARLINGEN WATERWORKS SYSTEM INVESTMENT POLICY

INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the City of Harlingen Waterworks System (the "Waterworks") to achieve the goals of safety, liquidity, public trust, and yield for all investment activity.

The Utility Board of Trustees of the Waterworks shall review and adopt, by resolution, its investment strategies and policy not less than annually. The resolution shall include a record of changes made to the Investment Policy or strategy.

This Policy serves to satisfy the statutory requirement, specifically the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), to define, review and adopt a formal investment strategy and policy.

INVESTMENT STRATEGY

The Waterworks maintains an investment portfolio that utilizes six specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolio:

Operating Funds

The primary objective of the investment strategies for operating funds is to assure the anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure that will experience minimal volatility during economic cycles.

Suitability - Any investment eligible in the Investment Policy is suitable for Operating-type Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than one year (calculated using the stated final maturity of each investment) and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

Liquidity - Operating-type Funds require the greatest short-term liquidity of any of the fund types. Short-term bank deposits, investment pools, and money market mutual funds will 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 an unanticipated cash flow requirement. ~~Historical market "spreads" between the bid and offer prices of a particular security type of less than a tenth of a percentage point will define an efficient secondary market.~~

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Waterworks. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable investment types and portfolio restrictions is the desired objective. The Waterworks' operating fund portfolio shall be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills at a maturity level comparable to the Waterworks' weighted average maturity in days.

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.

Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule, the market risk of the overall portfolio will be minimized.

Liquidity - Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Bank deposits, investments pools, and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments.

Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Diversification - Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the Waterworks is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide an advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield - Attaining a competitive market yield for comparable investment types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

Debt Reserve Funds

Investment strategies for debt reserve funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate debt service fund from investments with a low degree of volatility.

Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing reduces the investment's market risk if the Waterworks' debt is redeemed and the Reserve Fund liquidated. Maximum maturity shall be the lesser of five years or the final debt service payment date of the specific bond issue. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Liquidity - Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the Waterworks' debt holders. The funds are "returned" to the Waterworks at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the Waterworks is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter in anticipation of increasing yields.

Marketability - Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Diversification - Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

Construction Funds

The primary objective of the investment strategies for construction funds will be to assure that anticipated cash flows are matched with adequate investment liquidity. To allow for flexibility and unanticipated project outlays, at least 10% of the funds will be maintained in cash equivalent investments, including bank deposits, investment pools, or money market mutual funds.

Suitability - Any investment eligible in the Investment Policy is suitable for Construction Funds.

Safety of Principal - All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Construction Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

Liquidity - Most construction programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. The stated final maturity dates of investments held shall not exceed the lesser of estimated project completion dates or the I.R.S. temporary period. Short-term bank deposits, investment pools, and money market mutual funds will provide readily available funds generally equal to ten percent of available funds. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. ~~Historical market “spreads” between the bid and offer prices of a particular security type of less than a tenth of a percentage point will define an efficient secondary market.~~

Diversification - Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the Waterworks is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield - Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy’s risk constraints. The Construction fund will be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills/Notes at a maturity level comparable to the Construction Fund’s weighted average maturity in days.

Customer Deposit Funds

Investment strategies for customer deposit funds shall have as the primary objective the assurance of investment liquidity adequate to cover the return of deposit to customers or its application to balances due.

Suitability - Any investment eligible in the Investment Policy is suitable for Customer Deposit Funds.

Safety of Principal - All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund’s portfolio to less than two years and restricting the maximum allowable maturity to five years will be adequate to control the fund’s market risk.

Liquidity - Customer Deposit Funds require the liquidity adequate to cover the return of customer deposits. Short-term bank deposits, investment pools, and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments. Investments purchased shall not have a stated final maturity date that exceeds five (5) years, nor a maximum dollar weighted average maturity that exceeds two years (calculated using the stated final maturity of each investment).

Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. ~~Historical market “spreads” between the bid and offer prices of a particular security type of less than a tenth of a percentage point will define an efficient secondary market.~~

Diversification - Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Waterworks. Diversifying the appropriate maturity structure up to the five-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The Customer Service fund will be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills/Notes at a maturity level comparable to the Customer Service Fund's weighted average maturity in days.

Pooled Funds

The Waterworks may consolidate cash balances from all funds to optimize investment opportunities. Investment earnings will be allocated to the various funds based upon their respective participation and in accordance with generally accepted accounting principles. The maximum stated final maturity shall be three years, and the maximum dollar weighted average maturity shall be 365 days (calculated using the stated final maturity of each investment).

SCOPE

This Investment Policy shall govern the management and investment of all financial assets of all funds of the Waterworks. These funds are accounted for in the Waterworks' Annual Financial Report and include:

- Enterprise Fund (operating funds, debt service funds, and debt reserve funds)
- Construction Fund(s)
- Customer Deposit Funds

Funds expressly exempt from this Investment Policy are funds administered for the benefit of the Waterworks by outside agencies under deferred compensation programs.

OBJECTIVES

The Waterworks shall manage and invest its cash with six objectives, listed in order of priority: suitability, preservation and safety of principal, liquidity, marketability, diversification, and yield. All investments shall be designed and managed in a manner responsive to the public trust.

The Waterworks shall maintain a comprehensive cash management program which includes collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies to increase cash availability and obtain a reasonable return on the investment of idle cash.

Suitability

Each investment shall be in conformance with all Federal regulations, State of Texas statutes, and other legal requirements including the City Charter, City Ordinances, this Investment Policy, and applicable bond covenants.

Preservation and Safety of Principal

Each investment transaction shall be conducted in a manner to ensure the preservation of capital in the overall portfolio. Investment credit risk will be monitored and limited. Broker/dealers with which the Waterworks conducts business will be pre-approved by the Board. Adequate collateral will be maintained to secure all funds on deposit in financial institutions. Third-party safekeeping will provide assurance that securities are held in an account in the name of the Waterworks. All securities transactions will settle on a delivery vs. payment basis. The market value of securities pledged as collateral will be monitored on a monthly basis.

Liquidity

The investment portfolio shall be structured such that the Waterworks is able to meet all financial obligations that might be reasonably anticipated, in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow requirements, by investing in securities with active secondary markets, and by utilizing cash equivalent investments to achieve same day liquidity for short-term funds.

Marketability

The Waterworks' policy for funds under internal management is to buy and hold investments until maturity. For funds under external money management, the goal is to select investment managers capable of managing their portion of the portfolio consistent with this Investment Policy. Marketability is of great importance should the need arise to liquidate an investment before maturity.

Diversification

Investments of the Waterworks shall be diversified by type and maturity to create a portfolio structure which will experience minimal volatility during economic cycles.

Public Trust

Participants in the Waterworks' investment process shall act responsibly as custodians of public trust. Investment Officers shall avoid transactions which might impair public confidence in the Waterworks' ability to govern effectively.

Yield

The Waterworks' cash management program shall be designed with the objective of obtaining a reasonable rate of return throughout budgetary and economic cycles, taking into account the investment risk limitations and the cash flow characteristics of the portfolio. Yield is of secondary importance compared to the safety and liquidity objectives described above.

RESPONSIBILITY AND CONTROL

Delegation of Authority

Authority to manage the investment program of the Waterworks is derived from this Investment Policy. The General Manager, Finance Director, and Accountant are designated as Investment Officers of the Waterworks and are responsible for investment decisions and activities. Management responsibility for the investment program is hereby delegated to the Finance Director who is responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. The Finance Director shall establish written procedures for the operation of the investment program consistent with this Investment Policy. No person may engage in an investment transaction except as provided under terms of this Policy and the procedures established by the Finance Director. The Utility Board of Trustees of the Waterworks retains ultimate responsibility as fiduciaries of the assets of the Waterworks.

Training

To ensure qualified and capable investment management, an Investment Officer must receive ten hours of investment training within twelve (12) months after taking office or assuming duties. Following the initial training, Investment Officers must attend training not less than once in a two-year period that begins on the first day of the Waterworks’ fiscal year and consists of the two consecutive fiscal years after that date. Each Investment Officer shall attend at least one training session from an independent source approved by the Utility Board of Trustees and shall receive not less than eight (8) hours of instruction relating to the officer's responsibility under the Act during each two-year period. Such training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act. Training sponsored by the Council of Governments, Texas Municipal League, the Government Finance Officers Association, the Government Treasurers’ Organization of Texas, or the Center for Public Management of the University of North Texas is approved for Waterworks’ Investment Officers.

Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Waterworks are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that the objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, in conjunction with the annual audit, the Finance Director shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The results of this review shall be reported to the Utility Board of Trustees. The internal controls shall address the following points:

- avoidance of collusion;
- separation of transaction authority from accounting and record keeping;
- clear delegation of authority to subordinate staff members;
- custodial safekeeping;
- avoidance of physical delivery securities; and
- written confirmation for investment transactions and fund transfers.

Standard of Care

The standard of care to be applied by the Investment Officers shall be the "prudent person" rule, which states: "Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." In determining whether the Investment Officers have exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- the investment of all funds, or funds under the Waterworks' control, over which the Officers had responsibility rather than consideration as to the prudence of a single investment; and
- whether the investment decision was consistent with the written Investment Policy of the Waterworks.

The Investment Officers, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific investment's credit risk or market price changes, provided that these deviations are reported immediately, and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest

Investment Officers and Waterworks' staff 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 the ability to make impartial investment decisions. Investment Officers shall disclose to the Utility Board of Trustees any material interests in financial institutions that conduct business with the Waterworks. They shall further disclose positions that could be related to the performance of the Waterworks' portfolio. Investment Officers shall subordinate their personal financial transactions to those of the Waterworks', particularly with regard to timing of purchases and sales.

An Investment Officer who has a personal business relationship with an organization seeking to engage in an investment transaction with the Waterworks shall file a statement disclosing that personal business interest. An Investment Officer related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Waterworks shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Utility Board of Trustees.

For purposes of this Policy, an Investment Officer has a personal business relationship with a business organization if:

- the Investment Officer owns 10 percent 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;
- funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
- the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

Investment Policy Certification

A written copy of the Investment Policy shall be presented to any local government investment pool or discretionary investment management firm (business organization) offering to engage in an investment transaction with the Waterworks.

A qualified representative of the business organization offering to engage in an investment transaction with the Waterworks shall execute a written instrument in a form acceptable to the Waterworks and the business organization substantially to the effect that the business organization has:

- received and reviewed the Investment Policy of the Waterworks; and
- acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions, conducted between the Waterworks and the organization, that are not authorized by this Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Waterworks' entire portfolio, or requires an interpretation of subjective investment standards, or relates to investment transactions of the Waterworks that are made through accounts or other contractual arrangements over which the business organization has not accepted discretionary investment authority.

Qualified representative means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

- for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the certification on behalf of the investment pool; or
- for an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under the Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

The Investment Officers may not acquire or otherwise obtain any authorized investment from a person who has not delivered to the Waterworks the required instrument. Nothing in this subsection relieves the Waterworks of the responsibility for monitoring the investments made by the Waterworks to determine that they are in compliance with this Investment Policy.

REPORTING

Quarterly Reporting

Not less than quarterly, within a reasonable time after the end of the period, the Finance Director shall submit to the Utility Board of Trustees and the General Manager a written investment report. The report shall provide a clear picture of the status of the current investment portfolio and transactions made over the last reporting period. This summary will be prepared in a manner that will allow the Waterworks to ascertain whether investment activities during the reporting period have conformed to this Policy. The report must be signed by each Investment Officer.

The report will include the following:

- A listing of individual investments held at the end of the reporting period;
- The ending book and market value of investments for the period;
- Average weighted yield to maturity of the portfolio as compared to applicable benchmarks;
- State the maturity date of each investment that has a maturity date;
- The percentage each type of investment represents of the total portfolio;
- State fully accrued interest for the reporting period;
- Statement of compliance of the Waterworks investment portfolio with State law and the Investment Strategy and Policy approved by the Utility Board of Trustees.

If the Waterworks invests in other than money market mutual funds, investment pools, or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the Investment Officers shall be formally reviewed at least annually by an independent auditor in conjunction with the annual audit, and the results of the review shall be reported to the Utility Board of Trustees by that auditor.

Annual Report

Within 60 days of the end of the fiscal year, the Finance Director shall present an annual report on the investment program and investment activity. This report may be presented as a component of the fourth quarter report to the General Manager and the Utility Board of Trustees.

AUTHORIZED AND SUITABLE INVESTMENTS

Assets of the Waterworks may be invested in the following instruments; provided, however, that at the time of purchase no assets of the Waterworks shall be invested in any instrument or security not authorized for investment under the Act, as the Act may from time to time be amended. The Waterworks is not required to liquidate investments that were authorized investments at the time of purchase. Should an investment lose its required minimum rating, all prudent measures will be taken to liquidate that investment.

- A. Obligations, including letters of credit, of the United States of America, or its agencies and instrumentalities, including the Federal Home Loan Banks;
- B. Direct obligations of the State of Texas or its agencies and instrumentalities;
- C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States of America or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
- D. Obligations of counties, cities, and other political subdivisions of the State of Texas that have been rated as to investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A"

or its' equivalent.

- E. Certificates of Deposit and other evidences of deposit at a financial institution that a) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; b) secured by obligations described in **COLLATERAL, SAFEKEEPING AND CUSTODY**, that have a market value of not less than the principal amount of the certificates, or c) secured in any other manner and amount provided by law for deposits of the Waterworks.

In addition to the above provisions, the Waterworks may invest in brokered certificates of deposit through a broker or depository institution that has its main office or a branch office in this state and is selected as required by the Act. The broker or depository institution must arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Waterworks. The full amount of the principal and accrued interest of each of the certificates of deposit must be insured by the United States or an instrumentality of the United States.

The Waterworks must appoint the depository institution or broker as custodian for the Waterworks with respect to the certificates of deposit.

- F. Local government investment pools in the State of Texas which invest in instruments and follow practices allowed by current law; maintain as an investment objective a \$1.00 net asset value; provide offering circulars containing information required by the Act; provide investment transaction confirmations; provide a monthly report containing information required by the Act; have an advisory board as specified by the Act; are continuously rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and are fully compliant with the Act. Participation in an investment pool must be authorized by resolution of the Utility Board of Trustees.
- G. No-load government money market mutual funds organized and in compliance with current law; that maintain as an investment objective a \$1.0000 net asset value for each share; are registered with and regulated by the Securities and Exchange Commission; are continuously rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and have provided to the Waterworks a prospectus and other information required by the Securities Exchange Act of 1937 or the Investment Company Act of 1940.
- H. Repurchase agreements with a defined termination date, fully collateralized by cash or securities described in A above held in the name of the Waterworks by an independent third-party custodian contracted by the Waterworks; placed through primary government securities dealers or financial institutions doing business in Texas; who have executed a Repurchase Agreement that has been approved by the Utility Board of Trustees.

Not Authorized

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and payno

principal;

- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bear no interest;
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

PORTFOLIO MANAGEMENT

Holding Period

The Waterworks intends to match the holding periods of invested funds with liquidity needs of the Waterworks. In no case will the dollar weighted average maturity of investments of the Waterworks' operating funds exceed one year. The maximum final stated maturity of any investment shall not exceed five years.

The Waterworks maintains a "buy and hold" portfolio strategy. However, investments may be sold before they mature if market conditions present an opportunity for the Waterworks to benefit from the trade. Securities may be sold early to meet unanticipated liquidity needs; to improve the quality, yield, or target duration of the portfolio; or to mitigate losses due to an issuer's declining credit rating.

Risk and Diversification

The Waterworks recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification that shall be achieved by the following general guidelines:

- A. Risk of issuer default is controlled by limiting investments to those instruments allowed by the Act, which are described herein.
- B. Risk of market price changes shall be controlled by:
 - investing with varying maturities;
 - limiting the weighted average maturity of operating fund investments to one year;
 - avoiding over-concentration from a specific issuer or business sector other than U.S. Treasury Securities;
 - monitoring the market value of securities monthly by obtaining pricing information contained in the Wall Street Journal, by requesting pricing from the Waterworks' investment advisors, or from pricing provided by the depository or custodial bank.

The following maximum limits, by instrument, are established for the total Waterworks' portfolio:

<input type="checkbox"/> U.S. Treasury Securities	100%
<input type="checkbox"/> Investment Pools	60%
<input type="checkbox"/> Agencies and Instrumentalities	60%
<input type="checkbox"/> Financial Institutions Deposits	100%
<input type="checkbox"/> Repurchase Agreements	25%
<input type="checkbox"/> Government Money Market Mutual Funds	12 5%

Credit Rating Review and Effect of Loss of Required Rating.

Not less than quarterly, the Investment Officers will obtain the current credit rating for each held investment from a reliable source to ensure that the investment has maintained the required minimum rating. The Investment Officers will take all prudent measures that are consistent with this Policy to liquidate an investment that is downgraded to less than the required minimum rating.

Competitive Environment

It is the policy of the Waterworks to create a competitive environment for all individual purchases and sales, and financial institution deposits. Transactions with money market mutual funds, local government investment pools and when issued securities are deemed to be made at prevailing market rates.

Delivery vs. Payment

All securities shall be purchased on a delivery vs. payment basis. That is, funds shall not be wired or paid until verification has been made that the correct security has been received by the safekeeping agent.

SELECTION OF BANKS AND BROKER/DEALERS

Depository

Pursuant to the terms of Texas Local Government Code Chapter 105, at least every five years a primary depository financial institution shall be selected through a formal request for applications (RFA) process.

The Finance Director shall request, receive, and review applications, and present the specifications of each application to the Utility Board of Trustees who shall designate by resolution the financial institution(s) to serve as primary depository for the Waterworks. The following selection criteria will be considered when awarding the depository contract(s):

- the ability to qualify as a depository for public funds in accordance with State and local laws;
- the ability to meet all requirements in the banking RFA;
- the credit worthiness and financial stability of the financial institution;
- the ability to provide an appropriate level of service;
- the cost of the services to be provided; and
- a location within the City of Harlingen.

Certificates of Deposit and Other Interest-Bearing Accounts

Financial institutions seeking to participate in the Waterworks' competitive deposit placement program must agree to execute a depository contract with the Waterworks prior to receipt of any deposit from the Waterworks.

Broker/Dealers

The Waterworks will conduct investment transactions only with authorized broker/dealers that have annually been reviewed, revised, and approved by the Utility Board of Trustees (see Appendix 1). All broker/dealers shall provide the Waterworks with references from public entities which they are currently serving.

Investment Advisors

The Waterworks may, by resolution approved by the Utility Board of Trustees, contract with one or more investment advisors to assist the Waterworks' financial staff in the management of the Waterworks' funds or funds under its control. The investment advisor must be registered with the Securities and Exchange Commission or with the State Securities Board. A contract with an Investment Advisor may not be for a term longer than two years and any contract, renewal, or extension must be approved by the Utility Board of Trustees.

To be eligible for consideration, an investment advisor shall demonstrate knowledge of and experience in the management of public funds within the state of Texas. An appointed investment advisor shall act within the guidelines of this Investment Policy while transacting business on behalf of the Waterworks.

When a non-discretionary investment advisor is used, the investment advisor will assist in the selection of broker/dealers used in the procurement of investment instruments for the Waterworks.

COLLATERAL, SAFEKEEPING AND CUSTODY

Insurance or Collateral

Consistent with the requirements of Texas Government Code Chapter 2257, the Waterworks requires all depository institution deposits including certificates of deposit to be federally insured or secured by pledged collateral acceptable to the Waterworks. With the exception of deposits secured with irrevocable letters of credit at 100% of the principal and accrued and anticipated interest on the deposits or investments, the collateralization level will be market value of at least 102% of principal and accrued interest on the deposits or investments, less any amount insured by the FDIC. Evidence of the pledged collateral, in the form of an original pledge receipt or a written or electronically transmitted advice of transaction, shall be maintained by the Finance Director. Collateral shall be reviewed at least monthly to ensure the market value of the pledged securities is adequate. The security shall be pledged in the name of the Waterworks. The custodian's records shall assure the notation of the Waterworks' explicit claim on the securities. The original pledge receipts shall be delivered to the Waterworks.

Custodial Agreement

Safekeeping and custody of securities and collateral shall be in accordance with state law. Collateral pledged to secure deposits of the Waterworks shall be held by a third-party custodial institution in accordance with a Custodial Agreement which clearly defines the Waterworks' rights to the collateral in case of default, bankruptcy, or closing and shall establish procedural steps for gaining access to the collateral. The custodial institution shall be approved by the Waterworks and be one of the following: the Federal Reserve Bank; a federal home loan bank; or a financial institution that has its main office or a branch office in Texas and has a capital stock and permanent surplus of \$5 million or more and is not affiliated with the firm pledging the collateral.

Collateral Defined

The Waterworks shall accept only the following as collateral:

- FDIC insurance coverage;
- Obligations of the United States of America, its agencies and instrumentalities, including irrevocable letters of credit;
- Direct obligations of the State of Texas or its agencies and instrumentalities;
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States of America or their respective agencies and instrumentalities;
- Obligations of states, agencies thereof, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

Subject to Audit

All collateral shall be subject to inspection and audit by the Finance Director or the independent auditors of the Waterworks.

PERFORMANCE

Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The portfolio shall be designed with the objective of obtaining a reasonable rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements of the Waterworks. "Weighted average yield to maturity" shall be the portfolio performance measurement standard.

Performance Benchmark

It is the Policy of the Waterworks to purchase investments with maturity dates coinciding with cash flow needs. Through this strategy, the Waterworks shall seek to realize reasonable rates of return using allowable investments available in the market at that time. At a minimum, the market value will be calculated on a quarterly basis on all investments and compared to current book value. The Waterworks' portfolio shall be designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury Bills/Notes at a maturity level comparable to the Waterworks' weighted average maturity in days.

INVESTMENT POLICY ADOPTION

The Waterworks' Investment Policy shall be adopted by resolution of the Utility Board of Trustees. On an annual basis the Utility Board of Trustees shall adopt a written instrument stating that it has reviewed the Investment Policy and investment strategies and record any changes made to the Policy or strategies.

Appendix 1

Harlingen Waterworks System Approved List Broker/Dealers

~~Duncan-Williams, Inc.~~

FHN Financial

Multi-Bank Securities

Rice Financial

SAMCO Capital Markets, Inc.

~~SouthState~~~~Duncan-Williams, Inc.~~ Securities

Wells Fargo Brokerage Services, LLC

Top Customers by Revenue – November 2023

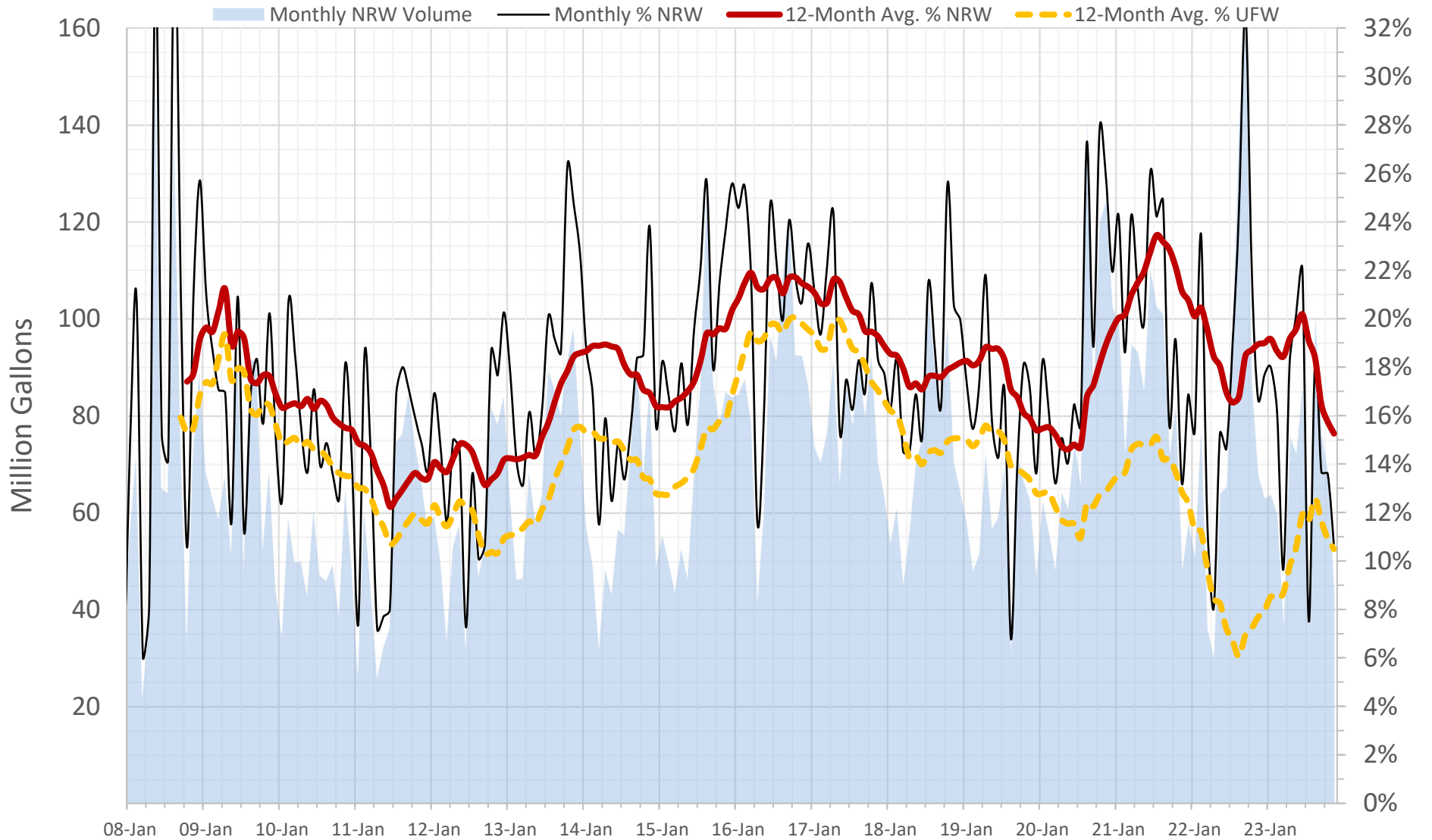
Account Name	Rank	Rank Change	Total Water Gallons	Meter Count	Avg. Water Per Meter	Total Sewer Gallons	Total Revenue
H C I S D	1	0	12,747,200	138	92,371	4,650,200	\$ 44,816
Valley Baptist Medical Center	2	1	7,598,800	38	199,968	6,506,200	\$ 39,068
City of Primera	3	1	10,651,600	1	10,651,600	7,322,000	\$ 29,812
City of Combes	4	1	6,931,000	6	1,155,167	6,476,000	\$ 29,681
City of Harlingen	5	-3	7,091,300	153	46,348	2,055,400	\$ 23,876
City of Palm Valley	6	0	10,714,500	2	5,357,250	-	\$ 17,879
Texas Industrial Service	7	1	2,877,000	2	1,438,500	2,848,000	\$ 15,914
PC Highland Gardens, LP	8	1	2,895,900	4	723,975	2,685,600	\$ 15,709
Military Water Supply Corp.	9	-2	8,772,000	1	8,772,000	-	\$ 15,100
T. S. T. C.	10	0	3,827,300	44	86,984	1,351,400	\$ 13,419
Valco Chem. Co.	11	14	1,957,000	3	652,333	1,957,000	\$ 10,855
Harlingen Medical Center	12	-1	2,144,000	10	214,400	1,698,800	\$ 10,415
Toreros Investments V LLC	13	7	1,534,400	2	767,200	1,534,400	\$ 8,975
Sundance Apartments	14	5	1,640,700	5	328,140	1,298,300	\$ 8,347
RAYBEC	15	0	1,508,100	2	754,050	1,508,100	\$ 8,343
Paradise Park	16	-3	1,475,900	3	491,967	1,231,300	\$ 7,671
Reddy Ice Corporation	17	-3	1,285,500	2	642,750	1,285,500	\$ 7,084
Marine Academy	18	0	1,142,600	2	571,300	1,142,600	\$ 6,828
Valley Baptist Missions	19	-3	1,087,900	4	271,975	1,087,900	\$ 6,544
Blue Wave Harrison, (TXST-03)	20	7	1,142,300	2	571,150	1,110,400	\$ 6,208
Vantage at Harlingen	21	-4	1,184,000	5	236,800	990,000	\$ 5,923
Camelot Village LLC	22		1,169,100	42	27,836	847,000	\$ 5,887
Valley International Airport	23	-11	1,726,600	26	66,408	514,800	\$ 5,809
Boyer Harlingen L.C.	24	4	1,224,500	6	204,083	841,000	\$ 5,522
The University of Texas Rio Grande Valley	25	1	1,877,000	14	134,071	464,500	\$ 5,469
East Rio Hondo Water Supply	26	-2	184,768	1	184,768	-	\$ 5,130
Windsor Nursing and Rehabilitation Center	27	3	885,200	2	442,600	880,800	\$ 4,926
CPLC Texas Affordable Housing, LLC	28		818,200	8	102,275	818,200	\$ 4,839
Harlingen Park Place Apartments, LLC	29		835,600		#DIV/0!	835,600	\$ 4,748
Stoneleigh Apartment Homes, LLC	30		924,400		#DIV/0!	665,800	\$ 4,712
Sunshine R. V. Park	31		801,300		#DIV/0!	801,300	\$ 4,697
7-Eleven, INC	32		1,026,400		#DIV/0!	584,300	\$ 4,414
Park Place Estates, Inc	33	0	765,100	3	255,033	765,100	\$ 4,369
Santiago Healthcare, INC	34		817,300	4	204,325	735,300	\$ 4,353
Mexican Snacks, Inc	35		828,883	2	414,442	809,786	\$ 4,333

WATER LOSS ANALYSIS

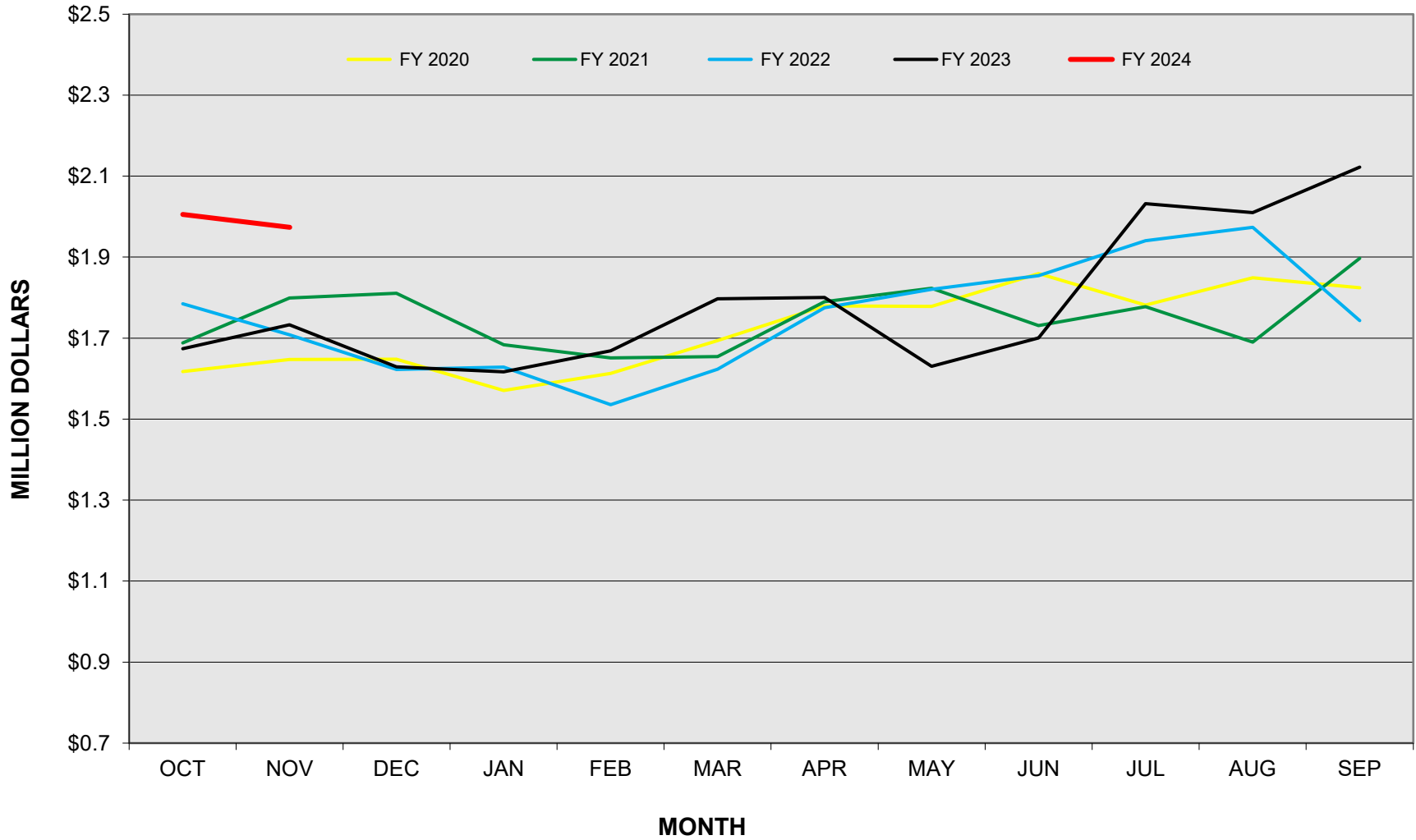
(in million gallons)

WATER	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23
Plant Pumping (60-day avg)	385.5	358.8	344.2	359.2	393.8	402.4	366.6	373.9	454.6	544.0	538.0	477.7	419.0
- Retail Volume	299.2	255.3	246.6	267.9	292.2	305.3	247.1	263.2	379.2	391.4	423.6	380.2	323.3
- Wholesale Volume	39.1	38.3	43.3	39.9	47.4	35.9	40.3	42.6	56.7	58.3	56.9	51.3	37.3
- Flushing	23.7	22.2	21.1	16.1	17.6	14.7	16.1	22.0	25.0	25.6	23.9	27.0	20.4
= Unaccounted Water	23.6	43.0	33.1	35.3	36.6	46.4	63.2	46.0	-6.4	68.7	33.6	19.3	37.9
Monthly %	6%	12%	10%	10%	9%	12%	17%	12%	-1%	13%	6%	4%	9%
12-Month Average %	7.3%	7.6%	7.8%	7.6%	7.7%	8.3%	8.9%	10.0%	9.3%	11.1%	10.0%	8.9%	9.1%
Non-Revenue Water	47.2	65.1	54.3	51.4	54.2	61.1	79.2	68.0	18.6	94.3	57.5	46.2	58.4
Monthly %	12%	18%	16%	14%	14%	15%	22%	18%	4%	17%	11%	10%	14%
12-Month Average %	18.5%	18.6%	18.6%	17.9%	17.7%	18.0%	18.4%	18.7%	17.2%	16.9%	15.1%	14.0%	14.1%

Non-Revenue (NRW) & Unaccounted-For Water (UFW)



Billed Water & Sewer

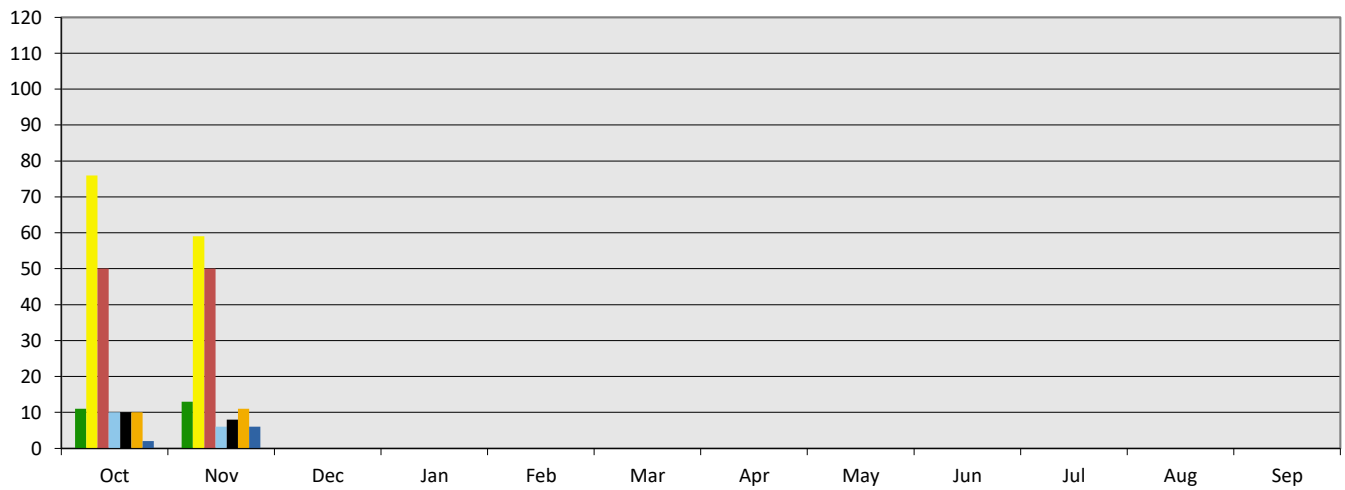


FY 2024 SEWER OPERATIONS

Operations Events

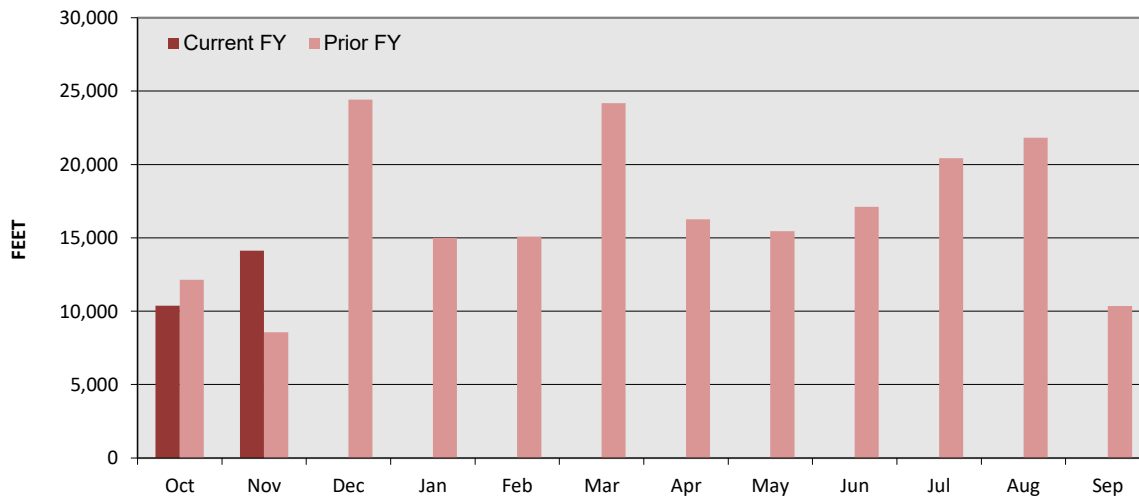
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FYTD
Lift Station Alarms & Maint.	11	13											24
Manhole & Mainline Maint.	76	59											135
Sewer Backup	50	50											100
Sewer Odor Complaints	10	6											16
Washdowns	4	3											7
Miscellaneous	10	8											18
Sewer Taps	10	11											21
Cust. Svc. TV/Inspection	2	6											8
Electrical Maintenance	50	40											90
TOTALS	223	196	-	-	-	-	-	-	-	-	-	-	419

■ Lift Station Alarms & Maint.
 ■ Manhole & Mainline Maint.
 ■ Sewer Backup
 ■ Sewer Odor Complaints
 ■ Miscellaneous
 ■ Sewer Taps
 ■ Cust. Svc. TV/Inspection



Length of Sewer Lines Tested, Cleaned & Maintained (feet)

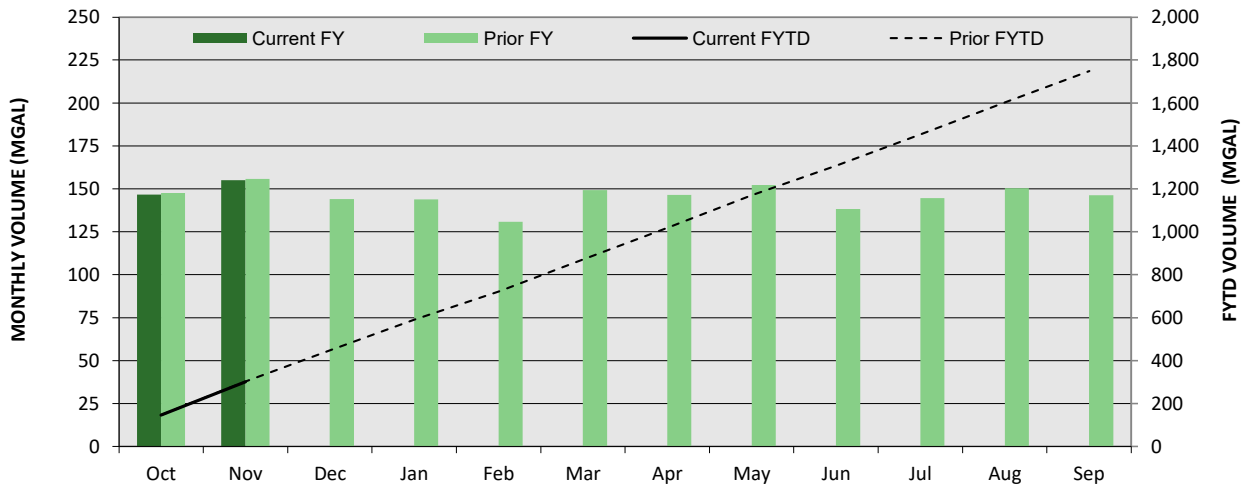
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FYTD
Current FY	10,376	14,132											24,508



FY 2024 WASTEWATER TREATMENT, REUSE, SLUDGE

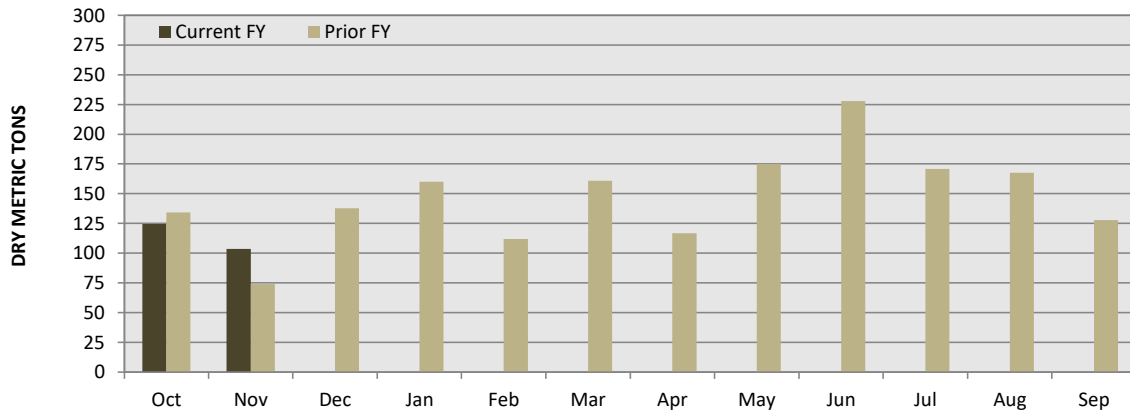
Wastewater Treated

(million gallons)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FYTD
Discharge to Arroyo	133	137											270
Total Reclaimed Water	13.3	17.9											31
Treasure Hills GC	7.9	10.9											18.8
Ramsey Park	0.8	0.9											1.7
Soccer Complex	2.8	3.3											6.1
Plant Reuse	1.8	2.7											4.6
Monthly Total	147	155											
FYTD	147	302											



Sludge Production

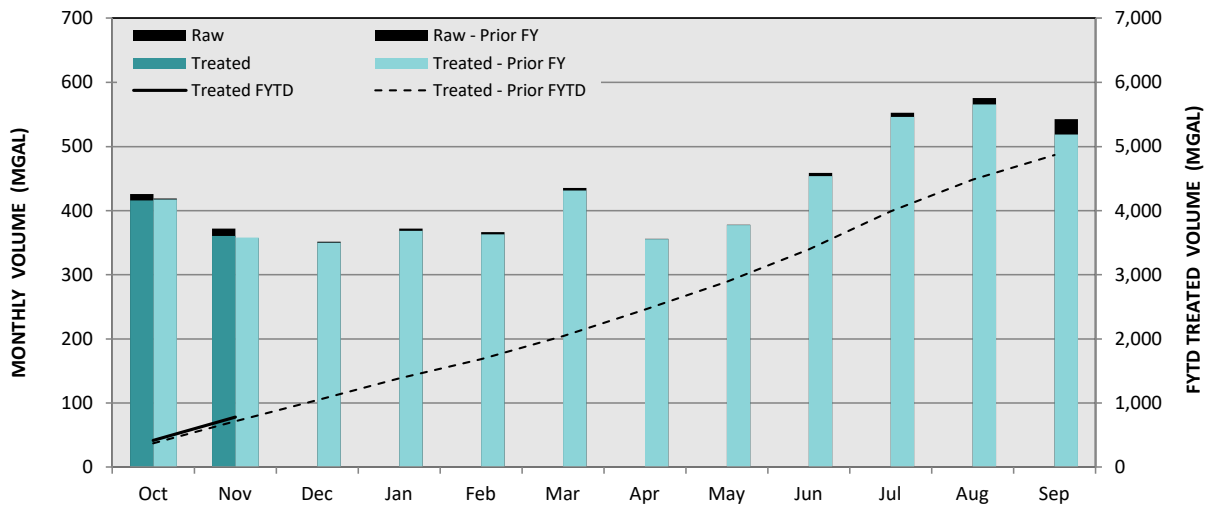
(dry metric tons)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FYTD
Current FY	124.4	103.6											228



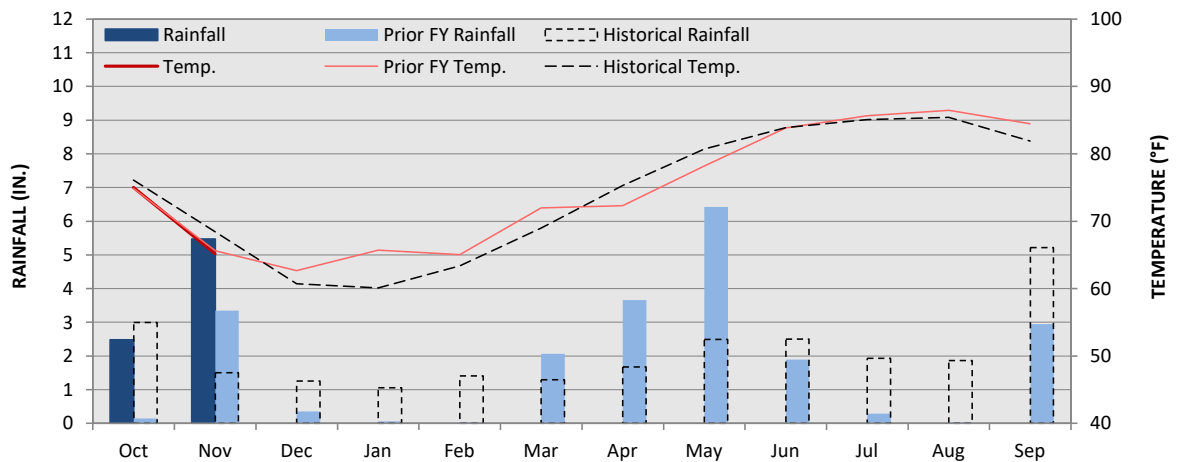
FY 2024 WATER PUMPAGE & WEATHER

Raw Water	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Monthly Total (mgal)	426	372	-	-	-	-	-	-	-	-	-	-
Daily Average	13.7	12.4	-	-	-	-	-	-	-	-	-	-
Max Day	15.9	17.4	-	-	-	-	-	-	-	-	-	-
FYTD	426	798										

Treated Water	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Monthly Total (mgal)	416	361	-	-	-	-	-	-	-	-	-	-
Daily Average	13.4	12.0	-	-	-	-	-	-	-	-	-	-
Max Day	15.0	16.3	-	-	-	-	-	-	-	-	-	-
FYTD	416	777										

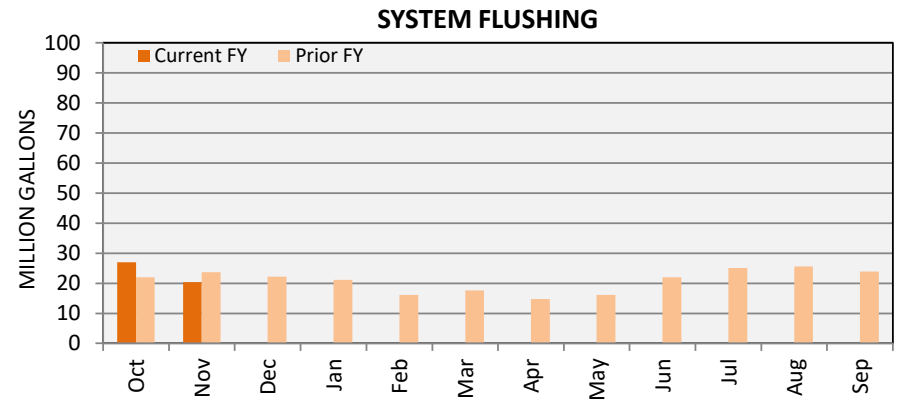
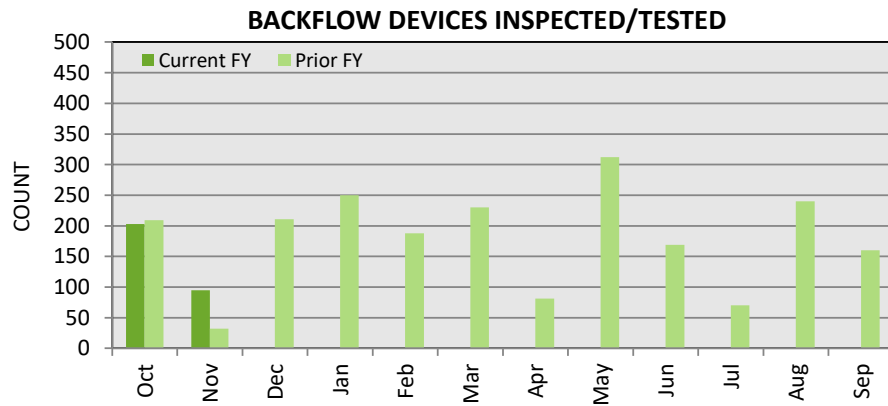
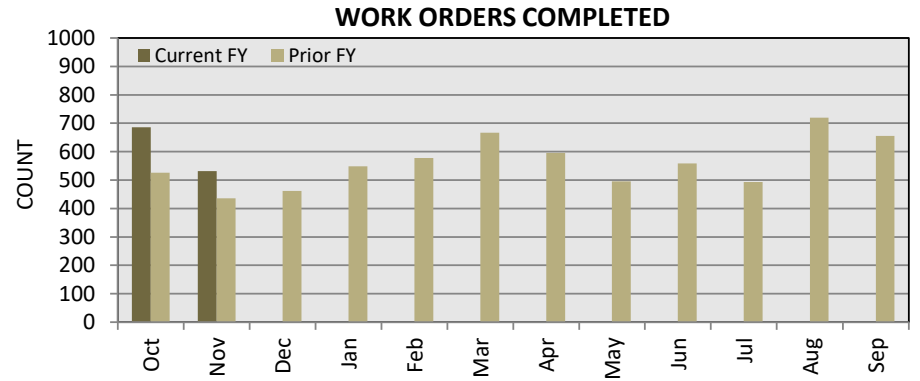
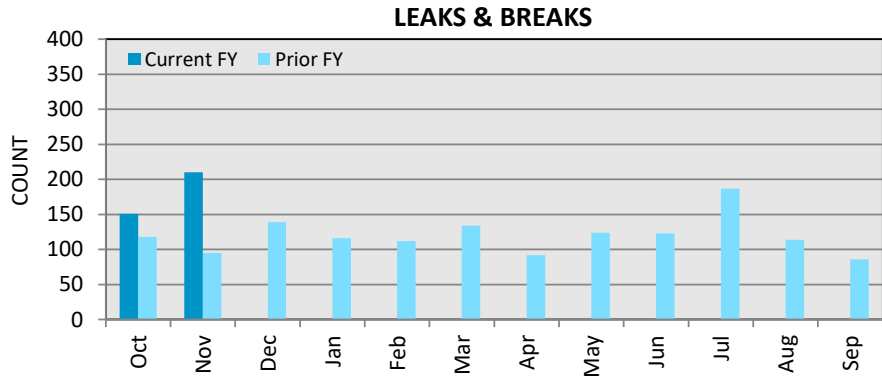


Weather	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	FYTD
Rainfall (in.)	2.48	5.47											8.0
Historical Rainfall	2.99	1.50	1.26	1.06	1.41	1.29	1.67	2.49	2.50	1.93	1.86	5.22	25.2
Average Temp. (°F)	75.0	65.2											70.1
Historical Avg. Temp.	76.1	68.4	60.7	60.1	63.4	69.0	75.3	80.7	83.9	85.1	85.4	81.9	72.3



FY 2024 WATER DISTRIBUTION OPERATIONS

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Leaks & Breaks	151	210										
Work Orders Completed	686	531										
New Meters Installed	6	1										
Water Taps	6	1										
Backflow Devices Inspected/Tested	203	95										
Hydrants Flushed	104	63										
Flushed Water (mgal)	27.0	20.4										
Hydrant Count	2,747	2,747										



FY 2024 Customer Service Operations

Customer Service Representatives

Description	FY21	FY22	FY23	FY23	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Connects Taken in CS	3,704	3,419	3,282	558	295	263										
Disconnects Taken in CS	3,412	3,230	3,137	513	272	241										
Accounts Billed	326,245	331,282	333,006	55,807	27,874	27,933										
Past Due Notices Issued	156,034	88,471	80,174	15,767	8,315	7,452										
Emails Handled	7,498	8,859	17,606	4,745	2,387	2,358										
Returned Items	228	591	534	119	67	52										
Phone Calls Handled	128,697	102,329	109,648	17,305	8,553	8,752										

Service Technicians

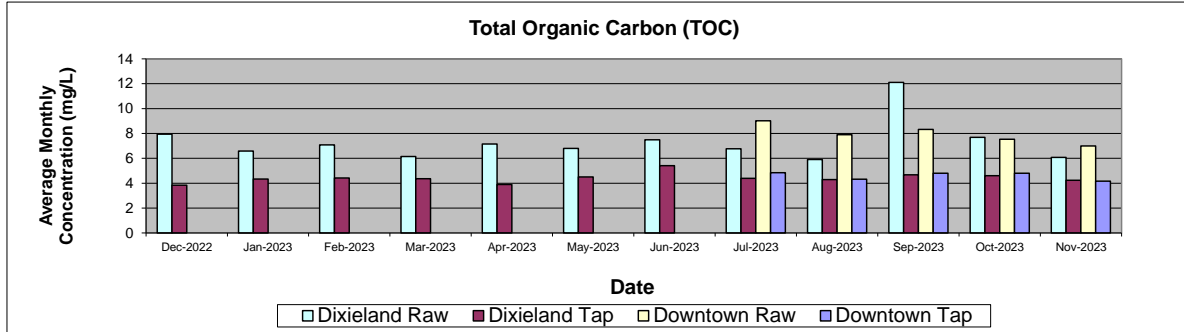
Description	FY21	FY22	FY23	FY23	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Connects	3,784	3,419	3,282	558	295	263										
Disconnects	3,412	3,230	3,137	513	272	241										
Non Pay Cut Offs	6,148	5,858	5,408	1,018	587	431										
Non Pay Reconnects	4,920	4,773	3,964	761	465	296										
After Hours Calls	217	298	254	31	20	11										
Meter Installs	301	300	293	46	30	16										
Bullhead Taps	42	59	45	19	8	11										
Meter Changes	691	1,135	506	98	61	37										
General Work Orders	2,746	4,089	3,518	870	468	402										
Meters Read	356,294	360,909	367,443	61,111	30,531	30,580										

Cashiers/Payment Analysis

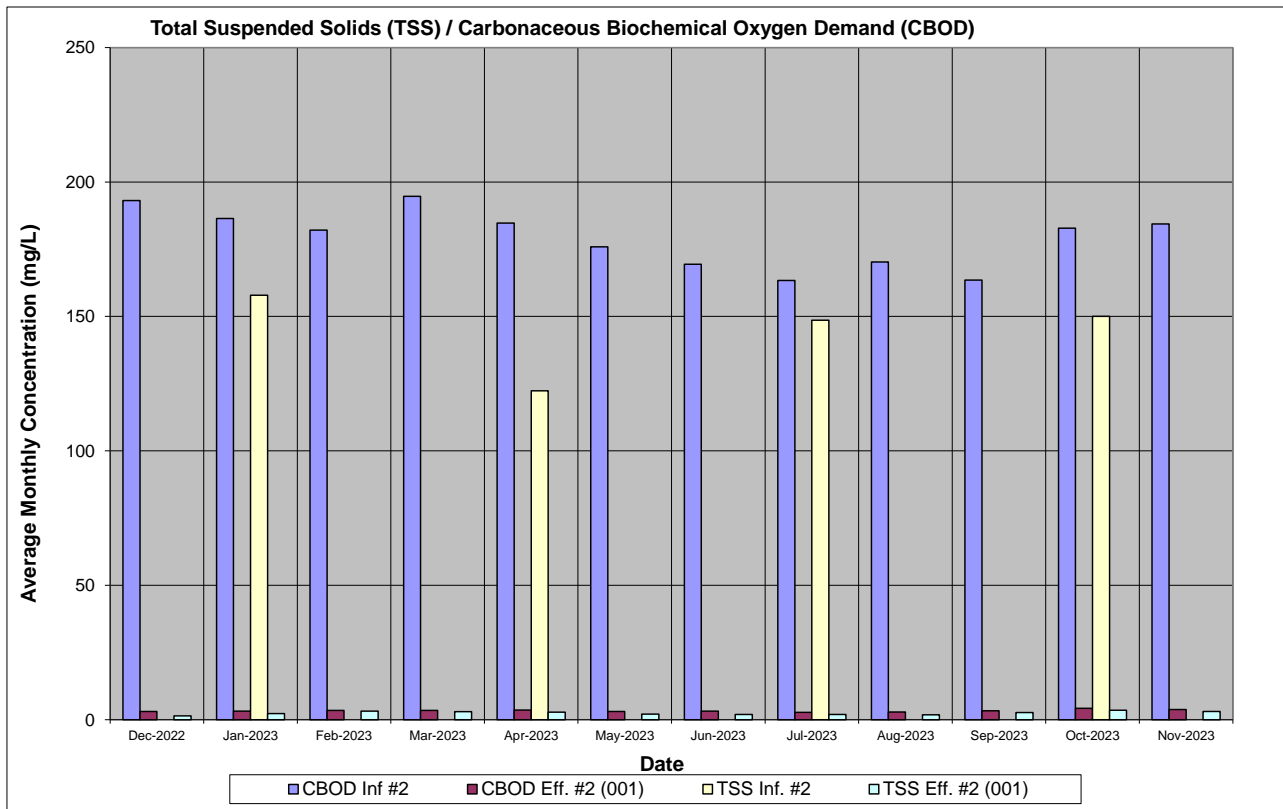
Description	FY21	FY22	FY23	FY23	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	%
Cash	52,041	49,869	46,286	7,271	3,557	3,714											14.2
Checks	39,312	37,154	34,450	5,550	2,776	2,774											10.8
Kiosks	-	-	-	-	-	-											0.0
Onlines	61,760	76,425	91,380	16,405	7,809	8,596											31.9
Phone System IVR	30,673	30,344	28,505	4,903	2,372	2,531											9.5
Mail/Drop Box	30,616	23,968	21,933	3,033	1,491	1,542											5.9
Bank Drafts	51,028	53,207	54,902	9,298	4,621	4,677											18.1
Fiserv	25,529	23,147	21,633	3,300	1,650	1,650											6.4
Credit Cards in Office	7,080	7,605	8,769	1,510	794	716											2.9
Wire Transfers	422	588	524	94	52	42											0.2
Payments Taken	298,461	302,307	308,382	51,364	25,122	26,242	-	-	-	-	-	-	-	-	-	-	100.0

Environmental Compliance Division

Client Samples Analyzed Each Month												
	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023
TOC	2	2	2	4	2	2	6	6	12	6	6	12
CBOD	49	50	44	49	51	47	49	47	47	45	50	47
TSS	31	33	28	32	28	33	29	33	32	30	35	27



The above graph shows the reduction in concentration of TOC obtained at both Drinking Water Treatment Plants. TOC describes any organic (carbon containing compounds) in water. TOC is broken down by microorganisms consuming oxygen in the process. At high TOC concentrations, so much oxygen is consumed that other aquatic species cannot survive. Also, drinking water TOC reduction is required when disinfection byproducts such as THMs (trihalomethanes) start to increase.



The above graph shows the reduction in concentration of both TSS and CBOD obtained at WWTP #2 each month.

FY 2024 Activity Report

November

FY 2023 FY 2024

Retail Billing	SEP	OCT	NOV	FYTD	PRIOR FYTD	% CHANGE
WATER						
Volume (mgal)	423.6	380.2	323.3	703.5	557.6	26.2%
Charges	\$ 1,022,611	\$ 942,529	\$ 840,920	\$ 1,783,449	\$ 1,516,165	17.6%
Base	\$ 263,025	\$ 263,434	\$ 264,045	\$ 527,479	\$ 519,773	1.5%
Fuel	\$ 25,429	\$ 22,811	\$ 19,400	\$ 42,211	\$ 33,455	26.2%
Commodity	\$ 734,157	\$ 656,284	\$ 557,475	\$ 1,213,759	\$ 962,937	26.0%
SEWER						
Volume (mgal)	215.4	204.9	194.3	399.2	352.7	13.2%
Charges	\$ 984,242	\$ 941,607	\$ 904,416	\$ 1,846,023	\$ 1,671,335	10.5%
Base	\$ 171,819	\$ 172,364	\$ 172,492	\$ 344,857	\$ 340,579	1.3%
Fuel	\$ 23,721	\$ 22,550	\$ 21,385	\$ 43,935	\$ 38,803	13.2%
Commodity	\$ 788,702	\$ 746,693	\$ 710,538	\$ 1,457,231	\$ 1,291,953	12.8%

Wholesale Billing	SEP	OCT	NOV	FYTD	PRIOR FYTD	% CHANGE
WATER						
Volume (mgal)	56.9	51.3	37.3	88.5	87.0	1.7%
Charges	\$ 96,037	\$ 86,484	\$ 67,771	\$ 154,255	\$ 146,921	5.0%
Combes	\$ 14,354	\$ 13,293	\$ 11,004	\$ 24,297	\$ 29,588	-17.9%
East Rio Hondo	\$ 5,130	\$ 6,097	\$ 5,130	\$ 11,227	\$ 13,549	-17.1%
Palm Valley	\$ 35,304	\$ 28,242	\$ 18,322	\$ 46,563	\$ 47,301	-1.6%
Military Highway	\$ 16,747	\$ 16,701	\$ 15,100	\$ 31,801	\$ 15,262	108.4%
Primera	\$ 24,502	\$ 22,152	\$ 18,215	\$ 40,367	\$ 41,221	-2.1%
SEWER						
Volume (mgal)	11.6	12.9	13.8	26.7	26.0	2.7%
Charges	\$ 25,865	\$ 27,883	\$ 30,275	\$ 58,159	\$ 56,556	2.8%
Combes	\$ 15,883	\$ 16,447	\$ 18,677	\$ 35,125	\$ 33,522	4.8%
East Rio Hondo	\$ -	\$ -	\$ -	\$ -	\$ -	NA
Primera	\$ 9,981	\$ 11,436	\$ 11,598	\$ 23,034	\$ 23,034	0.0%

Total Billing	SEP	OCT	NOV	FYTD	PRIOR FYTD	% CHANGE
Water Volume (mgal)	480.5	431.4	360.6	792.0	644.6	22.9%
Water Charges	\$ 1,118,647	\$ 1,029,013	\$ 908,691	\$ 1,937,704	\$ 1,663,086	16.5%
Sewer Volume (mgal)	227.0	217.8	208.1	425.9	378.6	12.5%
Sewer Charges	\$ 1,010,107	\$ 969,491	\$ 934,691	\$ 1,904,181	\$ 1,727,891	10.2%

FY 2024 Activity Report

November

FY 2023

FY 2024

Accounts	SEP	OCT	NOV	FYTD*	PRIOR FYTD*	% CHANGE
WATER						
Billed	27,846	27,879	27,938	55,817	55,134	1.2%
ICL	24,480	24,512	24,570	49,082	48,448	1.3%
OCL	3,366	3,367	3,368	6,735	6,686	0.7%
All Meters	30,526	30,551	30,597	30,597	30,196	1.3%
Active	27,780	27,812	27,946	27,946	27,503	1.6%
Inactive	2,746	2,739	2,651	2,651	2,693	-1.6%
Sprinkler Meters	2,330	2,336	2,336	2,336	2,293	1.9%
Active	2,057	2,060	2,059	2,059	2,027	1.6%
Inactive	273	276	277	277	266	4.1%
Turnover + New	284	295	263	558	520	7.3%
Residential	268	272	232	504	442	14.0%
Commercial	16	23	31	54	78	-30.8%
Industrial	0	0	0	0	0	NA
Potential	959	1,234	1,221	1,221	1,005	21.5%
SEWER						
Billed	21,799	21,843	21,877	43,720	43,157	1.3%
ICL	20,534	20,580	20,625	41,205	40,641	1.4%
OCL	1,265	1,263	1,252	2,515	2,516	0.0%
Total Accounts	22,697	22,739	22,790	22,790	22,492	1.3%
Active	21,835	21,878	21,930	21,930	21,621	1.4%
Inactive	862	861	860	860	871	-1.3%

New Connections	SEP	OCT	NOV	FYTD	PRIOR FYTD	% CHANGE
WATER						
Total	26	43	28	71	53	34.0%
Non-Sprinkler	21	36	21	57	45	26.7%
Sprinkler	5	7	7	14	8	75.0%
Residential	16	36	20	56	40	40.0%
ICL Domestic	13	29	14	43	34	26.5%
ICL Sprinkler	1	3	4	7	1	600.0%
OCL Domestic	2	3	2	5	5	0.0%
OCL Sprinkler	0	1	0	1	0	NA
Commercial	10	7	8	15	13	15.4%
ICL Non-Sprinkler	6	4	2	6	5	20.0%
ICL Sprinkler	4	3	3	6	7	-14.3%
OCL Non-Sprinkler	0	0	3	3	1	200.0%
OCL Sprinkler	0	0	0	0	0	NA
SEWER						
Total	18	33	16	49	39	25.6%
ICL Residential	14	29	14	43	33	30.3%
OCL Residential	0	0	0	0	1	-100.0%
ICL Commercial	4	4	2	6	5	20.0%
OCL Commercial	0	0	0	0	0	NA
Septic Tanks	3	3	5	8	6	33.3%

Miscellaneous	SEP	OCT	NOV	FYTD*	PRIOR FYTD	% CHANGE
Requested Disconnects	252	272	241	513	481	6.7%
Delinquent Disconnects	432	587	431	1,018	950	7.2%
Penalties Total	\$ 26,188	\$ 35,541	\$ 25,352	\$ 60,893	\$ 47,156	29.1%
Penalties Residential	\$ 21,001	\$ 25,037	\$ 20,660	\$ 45,697	\$ 34,752	31.5%
New Meters Installed	24	38	27	65	43	51.2%
Active Subdivisions	11	9	11	11	12	-8.3%



TEMPORARY STAFFING REPORT
November 2023

Temporary Staffing - Water							Hours as of	Billing	Total
PO	Vacancy	Dept	Temp Name	Replacing	Start Date	End Date	End of Month	Rate (\$/hr)	Billing
212487	Building Maintenance	35	Aurelio Meza	Jose A. Rodriguez	9/26/2022	2/10/2023	0	\$ 14.20	\$ -
212486	Groundskeeper	35	Hector Barrios	Jesus Hernandez-Martinez	9/26/2022	11/11/2022	0	\$ 17.04	\$ -
									\$ -
									\$ -
									\$ -
Totals							0		\$ -

**NOTES: Meza hired 2/13/2023

Temporary Staffing - Wastewater							Hours as of	Billing	Total
PO	Vacancy	Dept	Temp Name	Replacing	Start Date	End Date	End of Month	Rate (\$/hr)	Billing
	None								\$ -
									\$ -
									\$ -
									\$ -
									\$ -
Totals							0		\$ -