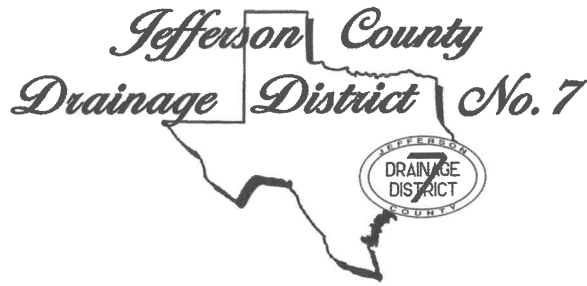


**JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7
AGENDA NO. 2434
JANUARY 7, 2025**

- I. OPEN MEETING AND INVOCATION**
- II. MINUTES OF MEETING NO. 2433**
- III. NEW BUSINESS**
 - A. CONSIDER APPROVAL OF SHORTLIST OF RESPONDENTS TO BE INVITED TO SUBMIT PROPOSALS FOR PHASE 2 FOR THE DESIGN-BUILD CONTRACT FOR SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM RFQ / RFP NO. 2024-010**
 - B. CONSIDER AWARD OF BID FOR DISCHARGE PIPE SUPPORT REPLACEMENT FOR W. PORT ARTHUR ROAD PUMP STATION (PUMP STATION #3) CONTRACT NO. 2024-011**
 - C. CONSIDER RESOLUTION AUTHORIZING SIGNING OF CHECKS, ETC.**
 - D. CONSIDER RESOLUTION ADOPTING REVISED WRITTEN INVESTMENT POLICY**
 - E. SABINE TO GALVESTON BAY PROJECT SUMMARY**
 - F. MANAGER'S MISCELLANEOUS REPORTS**
 - G. EXECUTIVE SESSION¹ – SEE FOOTNOTE**
 - H. CONSIDER AND TAKE ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- IV. CHECKS AND PURCHASE ORDERS**

¹
The District reserves the right to adjourn into executive session at any time during the course of this meeting as authorized by the Texas Open Meetings Act, Texas Government Code §§ 551.071 (Consultation with Attorney), 551.072 (Deliberation about Real Property), 551.073 (Deliberation about Gifts and Donations), 551.074 (Personnel Matters), and any other provision under Texas law that permits a governmental body to discuss a matter in a closed executive session.

MANAGER
ALLEN SIMS, P.E.



COMMISSIONERS
RICHARD BEAUMONT
CHAIRMAN

LESTER CHAMPAGNE
ALBERT MOSES, JR.
JAMES GAMBLE, SR.
MATTHEW E. VINCENT

January 6, 2025

Board of Commissioners
Jefferson County Drainage District No. 7
P. O. Box 3244
4401 Ninth Avenue
Port Arthur, Texas 77643

**RE: Jefferson County Drainage District No. 7
Supervisory Control and Data Acquisition System (SCADA)
RFQ / RFP #2024-010**

Gentlemen:

Request for Qualifications (RFQ) packets were received for the Supervisory Control and Data Acquisition System (SCADA) on December 17, 2024. Three (3) scorable responses were received. These responses were read and scored at the Selection Committee’s meeting on December 18, 2024. A summary of the scoring results is attached for your reference. The following are the respondents along with their respective average scores from the Selection Committee:

Prime Controls	93.75%
Hargrove	87.50%
Epic / W-Industries	76.25%

The RFQ submissions have been thoroughly reviewed and each respondent’s qualifications have been evaluated. There were no informalities identified in any of the submitted packets. All the respondents demonstrated sufficient prior work experience, financial resources, and staffing. After careful consideration, the Selection Committee recommends that all three respondents be invited to proceed to Step 2 of the selection process.

Step 2 of the selection process, the Request for Proposals (RFP), shall include the submission of technical and price proposals on February 21, 2025. These submissions will be opened and scored separately by the Selection Committee soon thereafter. This phase will also provide the respondents with the opportunity to visit each of the sites where work will be taking place. Additionally, the District will conduct


“ Storm Water Management • Serving South Jefferson County ”

**OFFICE LOCATION: 4749 Twin City Highway, Suite 300, Port Arthur Texas 77642
MAILING ADDRESS: P.O. Box 3244, Port Arthur Texas 77643-3244
PHONE (409) 985-4369 FAX (409) 983-7564 WEB SITE• <http://www.dd7.org>**

interviews based on the content of the technical proposals. The goal of Step 2 is to identify the most qualified respondent, with a recommendation for award expected in March 2025.

Please let us know if you have any questions.

Very truly yours,



Kirby B. Johnson, P.E.

"Storm Water Management • Serving South Jefferson County"

OFFICE LOCATION: 4749 Twin City Highway, Suite 300, Port Arthur Texas 77642

MAILING ADDRESS: P.O. Box 3244, Port Arthur Texas 77643-3244

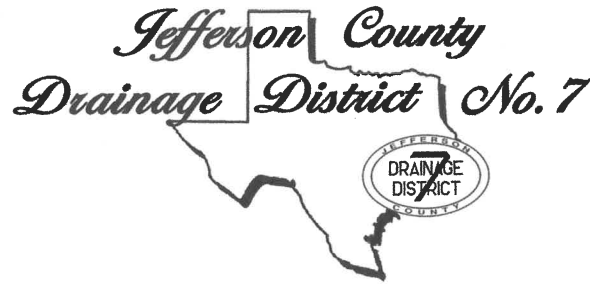
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Jefferson County Drainage District No. 7
Selection Committee RFQ Scoring
Supervisory Control and Data Acquisition (SCADA) System

Date Scored: December 18, 2024

SCORER	RESPONDENT		
	Prime Controls	Epic / W Industries	Hargrove
Kirby Johnson	95	75	90
Toby Davis	95	80	85
Matt Vincent	90	75	85
Dean Depew	95	75	90
AVERAGE	93.75	76.25	87.5

MANAGER
ALLEN SIMS, P.E.



COMMISSIONERS
RICHARD BEAUMONT
CHAIRMAN

LESTER CHAMPAGNE
ALBERT MOSES, JR.
JAMES GAMBLE, SR.
MATTHEW E. VINCENT

January 6, 2025

Board of Commissioners
Jefferson County Drainage District No. 7
P. O. Box 3244
4401 Ninth Avenue
Port Arthur, Texas 77643

**RE: Jefferson County Drainage District No. 7
Discharge Pipe Support Replacement for
W. Port Arthur Road Pump Station (Pump Station #3)
Contract #2024-003**

Gentlemen:

Bids were received for the Discharge Pipe Support Replacement for W. Port Arthur Road Pump Station (Pump Station #3) on December 17, 2024. Three (3) responsive bids were received. A tabulation of the bids is attached to this letter. The base bids were as follows:

Elite Contractors and Equipment, LTD.....	\$283,000.00
M & C Oilfield Services, LLC	\$532,500.00
Triangle Civil Services.....	\$701,000.00

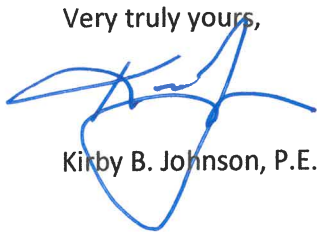
Elite Contractors and Equipment, LTD was the lowest bidder at \$283,000.00. The bids have been reviewed and the low bidder's qualifications evaluated. There were no informalities in any of the bids submitted. After contacting company references, it is in the opinion of this staff that Elite Contractors and Equipment, LTD is qualified to complete this project based on their experience with construction contracts of a similar nature. It is recommended, therefore, that the Board of Commissioners award the Discharge Pipe Support Replacement for W. Port Arthur Road Pump Station (Pump Station #3) to Elite Contractors and Equipment, LTD in the amount of \$283,000.00. The budget for this project for this fiscal year is \$400,000.00.

Please let us know if you have any questions.

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Very truly yours,



Kirby B. Johnson, P.E.

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JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7
BID TABULATION FOR DISCHARGE PIPE SUPPORT REPLACEMENT FOR W. PORT ARTHUR ROAD PUMP STATION (PS #3)
BID OPENING DECEMBER 17, 2024

NO.	BASE BID ITEM	QUANTITY	UNIT	Elite Contractors and Equipment, LTD		M&C Oilfield Services, LLC		Triangle Civil Services	
				UNIT COST	ITEM TOTAL	UNIT COST	ITEM TOTAL	UNIT COST	ITEM TOTAL
1	MOBILIZATION	1	LS	\$24,000.00	\$24,000.00	\$96,500.00	\$96,500.00	\$372,000.00	\$372,000.00
2	INSTALLATION OF STEEL PILES	12	EA	\$12,000.00	\$144,000.00	\$13,800.00	\$165,600.00	\$14,768.75	\$177,225.00
3	INSTALLATION OF STEEL STRINGERS	6	EA	\$10,000.00	\$60,000.00	\$31,700.00	\$190,200.00	\$10,383.00	\$62,298.00
4	INSTALLATION OF I-RODS AND U-BOLTS	1	LS	\$8,000.00	\$8,000.00	\$48,000.00	\$48,000.00	\$57,412.00	\$57,412.00
5	APPLICATION OF COAL-TAR EPOXY AND PAINTING	1	LS	\$5,000.00	\$5,000.00	\$9,700.00	\$9,700.00	\$11,520.00	\$11,520.00
6	SWPPP & PERMIT COMPLIANCE	1	LS	\$2,000.00	\$2,000.00	\$5,700.00	\$5,700.00	\$4,435.00	\$4,435.00
7	DEMOLITION AND REMOVAL OF EXISTING STRUCTURES	1	LS	\$40,000.00	\$40,000.00	\$16,800.00	\$16,800.00	\$16,110.00	\$16,110.00
NO.	ADDITIVE BID ITEM	QUANTITY	UNIT	UNIT COST	ITEM TOTAL	UNIT COST	ITEM TOTAL	UNIT COST	ITEM TOTAL
2A	INSTALLATION OF STEEL PILES - UPGRADED TO SCHEDULE 80	12	EA	\$16,000.00	\$192,000.00	\$2,800.00	\$33,600.00	\$2,750.00	\$33,000.00
TOTAL BASE BID				\$283,000.00		\$532,500.00		\$701,000.00	
TOTAL ADDITIVE BID				\$192,000.00		\$33,600.00		\$33,000.00	
NUMBER OF WORKING DAYS REPORTED				60		105 (Calendar)		60	

	Reported Base Bid Total	\$283,000.00	\$532,500.00	\$701,000.00
	Calculated Total - Reported Total	\$0.00	\$0.00	\$0.00
	Difference in Working Days	0	N/A	0

RESOLUTION NO. 531
AUTHORIZING SIGNING OF CHECKS, ETC.

STATE OF TEXAS §
 §
COUNTY OF JEFFERSON §

WHEREAS, changes in personnel of Jefferson County Drainage District No. 7 require that revisions be made in those persons authorized to sign checks, drafts, orders, and other instruments for the payment of money deposited in Stellar Bank (the "Bank"), the designated depository for funds of Jefferson County Drainage District No. 7.

IT IS THEREFORE RESOLVED BY JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7:

That checks, drafts, orders or other instruments disbursing moneys of Jefferson County Drainage District No. 7 in its Maintenance and Operating Fund, Account No. 21993026, its Insurance Administration Fund, Account No. 21992801, its Debt Service Fund, Account No. 21992983, its 2014 Maintenance Note Proceeds Fund, Account No. 21992991, and its GLO Fund, Account No. 21993009, be signed by the following authorized officers:

At least three (3) of the Commissioners of Jefferson County Drainage District No. 7 consisting of:

Richard D. Beaumont
Lester Champagne
James Gamble, Sr.
Albert Moses, Jr.
Matthew E. Vincent

And one of the following:

Allen D. Sims, the Manager or
Toby Davis, the District Engineer or
Kyla Dean, the Office Supervisor

BE IT FURTHER RESOLVED, that the signatures required on checks drawn by Jefferson County Drainage District No. 7 on its Payroll Fund, Account No. 21993041 shall contain the signature of Allen Sims, the Manager, or Toby Davis, the District Engineer.

AND BE IT FURTHER RESOLVED that signature cards be furnished the Bank on said accounts by the authorized officials so designated herein and that the Bank be authorized to receive and make payment on such checks, drafts, orders or other instruments drawn on said accounts if drawn in accordance with the above directions, and if they contain the signatures of the duly authorized officials, whether manual or facsimile, or both.

This resolution shall continue in force until written notice to the contrary is duly served on the Bank.

AND BE IT FURTHER RESOLVED that all prior instructions for signing of checks, drafts, orders or other instruments drawn on said accounts be superseded by the instructions herein contained, to be effective on or after the date of receipt and filing of this Resolution by the Bank.

I, Albert Moses, Jr., Secretary of the Board of Commissioners of Jefferson County Drainage District No. 7, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Commissioners of Jefferson County Drainage District No. 7, at their meeting No. 2434 held on the 7th day of January, 2025,

upon motion made by Commissioner _____ and seconded by
Commissioner _____ and adopted unanimously by said Board, a
quorum being present.

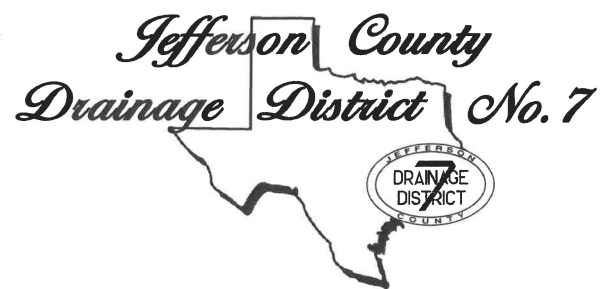
Given under my hand this 7th day of January 2025.

Secretary
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7

District No. 7, at their meeting held on the 7th day of January 2025, upon motion made by Commissioner _____ and seconded by Commissioner _____ and adopted unanimously by said Board, a quorum being present.

Given under my hand this 7th day of January 2025.

Secretary
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7



JEFFERSON COUNTY

DRAINAGE DISTRICT NO. 7

INVESTMENT POLICY AND PROCEDURES

For Fiscal Year

2025

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1.0 INVESTMENT STRATEGY

1.01 The funds of Jefferson County Drainage District No. 7 (the "DISTRICT") are as follows:

Maintenance Fund	Mutual Assurance Claims
Tax Collections Account	Admin Account
HMGP Account	Debt Service Account
2014 Maintenance Note Proceeds	GLO Account
Payroll Account	Capital Fund

The funds of the DISTRICT, that are invested, are invested by matching maturity of investments with cash needs. Investments are made with the intention of holding to maturity, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing highly liquid, short-term, Certificates of Deposit, Treasury Bills and obligations of the United States or its agencies and instrumentalities, with a stated final maturity of three years or less.

2.0 INVESTMENT SCOPE

2.01 Legal Authority to Invest

TEXAS GOVERNMENT CODE ANN., sec. 2256.003 et seq. (Vernon 1995) authorizes the Board of Commissioners to invest DISTRICT funds.

2.02 DISTRICT Investment Portfolio Structure

This investment policy applies to all financial assets of all funds of the DISTRICT at the present time and any funds to be created in the future and any other funds held in custody by the DISTRICT unless expressly prohibited by law or unless it is in contravention of any depository contract between the DISTRICT and any depository bank.

2.03 Applicability of Policy

This policy governs the investment of all financial assets of all funds of the DISTRICT and are managed in compliance with this policy and all applicable state and federal laws.

3.0 INVESTMENT OBJECTIVES AND PRIORITIES

3.01 General Statement

This policy serves to satisfy the statutory requirements of the TEXAS GOVERNMENT CODE, ANN., Title 10, Section 2256, Public Funds Investment Act, to define and adopt a formal investment policy.

3.02 Safety of Principal

The primary objective of the DISTRICT is to ensure the safety of principal in all funds and to avoid speculative investing.

3.03 Maintenance of Adequate Liquidity

The secondary objective of the DISTRICT is to strive to maintain adequate liquidity, through scheduled maturity of investments, to cover the cash needs of the DISTRICT consistent with the objectives of this policy.

3.04 Marketability

Investments 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 quarter of a percentage point will define an efficient secondary market.

3.05 Desired Diversification

It will be the policy of the DISTRICT to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investments of the DISTRICT shall always be selected that provide for stability of income and reasonable liquidity.

3.06 Rate of Return on Investments

It will be the objective of the DISTRICT to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives and state and federal law governing investment of public funds.

3.07 Maturity

Portfolio maturities will be structured to achieve the highest return of interest consistent with liquidity requirements of the DISTRICT'S cash needs. No investment shall have a legal stated maturity of more than thirty-six (36) months.

3.08 Quality and Capability of Investment Manager

It is the DISTRICT'S policy to require the DISTRICT's Investment Officers to attend periodic training in investment courses and seminars offered by independent professional organizations and associations in order to ensure the quality and capability of the DISTRICT's Investment Officers in making investment decisions, in compliance with Sec. 2256.008 of the Public Funds Investment Act.

In compliance with Sec. 49.1571 of the Texas Water Code, the periodic training required is as follows: Within the first year of assuming the role of Investment Officer or Assistant Investment Officer, said person or persons must attend a training session of at least 6 hours relating to investment responsibilities under Chapter 2256, Government Code. At least 4 hours of additional training should be obtained within each 2-year period after the first year.

4.0 INVESTMENT RESPONSIBILITY AND CONTROL

4.01 Delegation of Investment Authority

In accordance with Sec. 2256.005 of the Public Funds Investment Act, the Investment Officer and Assistant Investment Officer, under the direction of Jefferson County Drainage District No. 7 Board of Commissioners and the Manager may invest DISTRICT funds that are not immediately required to pay obligations of the DISTRICT. The Manager will approve each individual investment purchase. The Manager and the District Accountant, are hereby appointed as Investment Officer and Assistant Investment Officer, respectively, shall develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

4.02 Investment Advisory Committee

The Investment Advisory Committee reviews investment policies and procedures, investment strategies, and investment performance. Members of the DISTRICT's Committee should be composed of the Manager, Accountant, the District's Legal Counsel, and the Vice President of the District's Board of Commissioners, and any other Commissioner of the District's Board of Commissioners wishing to serve on this committee. A Chairman will be elected by the Committee, and meetings will be called no less than annually and as needed.

4.03 Fiduciary, Prudence, and Ethical Standards

The DISTRICT adopts the prudent fiduciary rule as applied in the then prevailing circumstances when managing the DISTRICT's portfolios within the applicable legal and policy constraints. The prudent-person rule is restated as follows:

"Investments must be made with the judgment and care, under prevailing circumstances, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs for investment, not for speculation, considering the probable safety of their capital as well as the probable income to be derived."

4.04 Conflicts of Interest

Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Investment Officers shall disclose any personal business relationships with business organizations approved to conduct investment transactions with the DISTRICT. They shall also disclose any specific individuals who seek to sell investments to the DISTRICT and are related to the Investment Officer within the second degree by affinity or consanguinity, as determined under Chapter 573. Disclosure shall be filed with the Texas Ethics Commission and to the DISTRICT's Board of Commissioners.

4.05 Liability of Investment Officer

In accordance with Sec. 113.005, Texas Local Government Code, the DISTRICT's Investment Officers are not responsible for any loss of the DISTRICT funds through the failure or negligence of a depository. This section does not release the Investment Officers from responsibility for a loss resulting from the official misconduct or negligence of the Investment Officers including a misappropriation of the funds, or from responsibility for funds until a depository is selected, and the funds are deposited.

4.06 Accounting and Audit Control

The Investment Officers will establish liaison with the DISTRICT'S outside auditors in preparing investment forms to assist the outside auditors for accounting and auditing control.

4.07 Subject to Audit

It is the policy of the DISTRICT'S Board of Commissioners, at a minimum, to have an annual audit of all DISTRICT funds by an independent auditing firm. The DISTRICT'S investment procedures shall be subject to the annual audit and any special audits as required.

5.0 INVESTMENT REPORTING

5.01 Monthly Reporting

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the DISTRICT's Investment Officers will report in writing monthly to the DISTRICT's Board of Commissioners. The report shall include a detailed listing of all purchases, sales and payments, and a description of each security held.

5.02 Quarterly Reporting

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the DISTRICT's Investment Officers will report quarterly the portfolio statistics, listing the type and description of investment in detail, the broker/dealer used for purchase, the yield to maturity, the stated maturity date, and the previous and current market value.

6.0 INVESTMENT INSTITUTIONS

6.01 Depository Bank

Fully collateralized Time Deposits, Certificates of Deposit, and interest-bearing checking accounts shall be placed at a DISTRICT depository bank under a depository contract executed by the DISTRICT's Board of Commissioners and in compliance with V.C.T.A., Texas Local Government Code, Chapters 116 and 117.

6.02 Broker/Dealers

The DISTRICT's Investment Officers shall invest DISTRICT funds through the Federal Reserve Bank book entry system, consistent with federal and state law and the current Bank Depository contract. Purchases shall be made with the following:

- 6.0201 U. S. Government Securities Dealers maintaining a National Association of Securities Dealers Series 7 license, with knowledge of institutional investing recommended by the DISTRICT, and approved by the DISTRICT's Board of Commissioners. Dealers must comply with Section 6.03 of this Investment Policy to be selected.
- 6.0202 The Capital Markets Division of the Depository Bank.
- 6.0203 Investment Pools meeting the standards of Section 2256.016 of the Texas Public Funds Investment Act.

Dealers must comply with Section 6.03 of this Investment Policy to be selected.

6.03 Approval of Broker/Dealer

The Investment Officers shall review the applications of the broker/dealer/financial institutions for compliance with this policy and recommends institutions for approval as provided in Section 6.02 of the policy. To be recommended for approval, a broker/dealer/financial institution must demonstrate possession of the following criteria:

- 6.0301 Institutional investment experience.
- 6.0302 Good references from public fund investment officers.
- 6.0303 Adequate capitalization per the Capital Adequacy Guidelines for Government Securities Dealers published by the New York Federal Reserve Bank.
- 6.0304 An understanding of this Investment Policies and Procedures Manual.
- 6.0305 Regulation by the Securities and Exchange Commission ("SEC").
- 6.0306 Membership in good standing in the National Association of Securities Dealers, Inc., and
- 6.0307 Valid licensure from the State of Texas.

7.0 INVESTMENT INSTRUMENTS

The DISTRICT's Investment Officers shall use any or all of the following authorized investment instruments consistent with governing law and this policy:

7.01 Bank Investments

- 7.0101 Fully collateralized Time Deposits.
- 7.0102 Fully collateralized Certificates of Deposit.
- 7.0103 Fully collateralized interest-bearing checking accounts.
- 7.0104 Fully collateralized sweep accounts.

7.02 Direct Investments

- 7.0201 United States Treasury Securities.
- 7.0202 Obligations of the United States or its agencies and instrumentalities.
- 7.0203 Excluded in the direct investment are derivative securities including but not limited to Collateralized Mortgage Obligations.
- 7.0204 Investment Pools meeting the standards of Section 2256.016 of the Texas Public Funds Investment Act.

7.03 Overnight Investments

8.0 INVESTMENT PROCEDURES

8.01 Confirmation of Trade

A confirmation of trade will be provided by the broker/dealer to the DISTRICT's Investment Officers for every purchase of an investment security. This trade ticket and confirmation will become a part of the file that is maintained on every investment security.

8.02 Delivery Versus Payment

It will be the policy of the DISTRICT that all Treasury, and Government Agencies' securities shall be purchased using the "delivery vs. payment" (DVP) method through the Federal Reserve System. By so doing, DISTRICT funds are not released until the DISTRICT has received, through the Federal Reserve wire, the securities purchased.

8.03 Safekeeping Institution

All purchased securities shall be held in safekeeping by the DISTRICT, or a DISTRICT account in a third-party financial institution, or with a Federal Reserve Bank.

All pledged securities by the depository bank shall be held in safekeeping by the DISTRICT, or a DISTRICT account in a third-party financial institution, or with a Federal Reserve Bank.

8.04 Rating Changes

Not less than quarterly, the Investment Officers will monitor the credit rating for each held investment that has a Public Fund Investment Act required minimum rating. Any Authorized Investment that requires a minimum rating does not qualify during the period the investment does not have the minimum rating. Prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating. The DISTRICT is not required to liquidate investments that were authorized investments at the time of purchase.

9.0 COLLATERAL AND SAFEKEEPING

9.01 Collateral or Insurance

The DISTRICT's Investment Officers shall ensure that all DISTRICT funds are fully collateralized or insured consistent with federal and state law and the current depository contract in one or more of the following manners:

9.0101 FDIC insurance coverage.

9.0102 United States Government Bonds, Notes, and Bills.

9.0103 Securities of federally sponsored U. S. Agencies and instrumentalities of the United States Government. No Collateralized Mortgage Obligations are acceptable.

9.0104 Letters of Credit issued by the Federal Home Loan Bank of Dallas

9.02 Safekeeping

Securities pledged as collateral shall be deposited in trust with the Federal Reserve Bank or another disinterested third-party bank under an appropriate legal contract. The amount of such securities pledged shall be determined by their market value.

9.03 Collateral Reporting

The one of the DISTRICT's Investment Officers shall report to the DISTRICT's Board of Commissioners his or her valuation of all collateral compared to all DISTRICT deposits on a monthly basis. Collateral deficiencies should be identified and immediately corrected through additional collateral deposited or reductions in the volume of deposited funds.

10.0 INVESTMENT POLICY REVIEW AND AMENDMENT

10.01 Review Procedures

The DISTRICT's Board of Commissioners shall review its investment policy and investment strategies not less than annually.

10.02 Changes to the Investment Policy

The DISTRICT's Investment Officers along with the corresponding Investment Advisory Committee must review the DISTRICT's Investment Policy not less than annually and recommend any changes to the DISTRICT's Board of Commissioners.

11.0 EXHIBITS AND APPENDICES

11.01 Appendix A: Govt. Code, Title 10, Chapter 2256
The Public Funds Investment Act

11.02 Appendix B: Govt. Code, Title 10, Chapter 2257
The Public Funds Collateral Act.

11.03 Exhibit 1: Broker/Dealer Certification

11.04 Exhibit 2: Approved List of Broker/Dealers

11.05 Exhibit 3: Approving Order: Jefferson County Drainage District No 7

CERTIFICATION

I hereby certify that I have personally read and understand the investment policies and policies of Jefferson County Drainage District No. 7 and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this firm and Jefferson County Drainage District No. 7 will be directed towards precluding imprudent investment activities and protecting the District from credit risk.

All the sales personnel of this firm dealing with Jefferson County Drainage District No. 7's account have been informed and will be routinely informed of the District's investment horizons, limitations, strategy, and risk constraints, whenever we are so informed.

This firm pledges due diligence in informing the District of foreseeable risks associated with financial transactions connected to this firm.

(Firm)

(Registered Principal)

(Name)

(Title)

(Registration or Dealer Number)

(Signature)

(Date)

APPROVED LIST OF BROKER/DEALERS

WELLS FARGO BANK, N.A.
6250 Delaware Street
Beaumont, Texas 77706

WELLS FARGO SECURITIES
1445 Ross Ave.
Suite 420
Dallas, Texas 75202

STELLAR BANKCORP, INC.
55 Interstate 10 N
Beaumont, Texas 77707

**ORDER APPROVING
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7
INVESTMENT POLICY AND PROCEDURES**

Upon motion made by _____, seconded by _____, and unanimously adopted, the preceding policies and procedures be, and the same are hereby, **APPROVED, RECEIVED, and ORDERED** filed:

ORDERED this 7th day of **January 2025**.

RICHARD BEAUMONT, CHAIRMAN

LESTER CHAMPAGNE, VICE CHAIRMAN

ALBERT MOASES, JR., SECRETARY

JAMES GAMBLE, SR., COMMISSIONER

MATTHEW E. VINCENT, COMMISSIONER

ATTEST:

Albert Moses, Jr. - Secretary

ADD APPENDIX A & B HERE

December 30, 2024

To the Commissioners
Drainage District No. 7, Jefferson County, Texas
Port Arthur, Texas

We are pleased to confirm our understanding of the services we are to provide for Drainage District No. 7, Jefferson County, Texas for the year ended September 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund, including the disclosures, which collectively comprise the basic financial statements, of Drainage District No. 7, Jefferson County, Texas as of and for the year ended September 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Drainage District No. 7, Jefferson County, Texas' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Drainage District No. 7, Jefferson County, Texas' RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule – General Fund
- 3) Schedule of Changes in Net Pension Liability and Related Ratios
- 4) Schedule of Employer Contributions
- 5) Schedule of Changes in OPEB Liability and Related Ratios

We have also been engaged to report on supplementary information other than RSI that accompanies Drainage District No. 7, Jefferson County, Texas' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

- 1) Schedule of expenditures of federal awards.
- 2) Texas Supplementary Information

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and the Texas Grant Management Standards (TXGMS), and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

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

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your

confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

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

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Drainage District No. 7, Jefferson County, Texas' compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Drainage District No. 7, Jefferson County, Texas' major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Drainage District No. 7, Jefferson County, Texas' compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on 01/15/2025.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees, and Other

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

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

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

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Department of Homeland Security. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Charles G. Reed, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses, will not exceed \$20,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Commissioners of Drainage District No. 7, Jefferson County, Texas. Circumstances may arise in which our report

may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Drainage District No. 7, Jefferson County, Texas and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Charles E. Reed & associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants

RESPONSE:

This letter correctly sets forth the understanding of Drainage District No. 7, Jefferson County, Texas.

Management signature:



Title:

MANAGER

APPROVAL CHECKS FOR JANUARY 7, 2025 MEETING

Albert Moses, Jr.	529.00	Health Insurance Payment
Brady Girouard	300.00	Bee Removal at OCI Project Site
Buna Electric Motor Service	54.80	PS 10 Unit 2 4th Quarter Motor Storage
Cintas Corp.	138.39	Traffic Mat & Hand Sanitizer Service-Admin Bldg.
Duck's Dragline	22,720.00	Trackhoe Work
Electrical Specialties Inc	45.00	Monthly Alarm Monitoring
Function 4 LLC	1,461.00	Plotter Equipment Repairs
Gabriel, Roeder, Smith & Company	9,418.50	GASB 75 Valuation
Groves Equipment Rental Co., Inc.	2,700.00	15 Ton Crane Rental
James Gamble, Sr.	270.00	Health Insurance Payment
M&S Unlimited Services	3,275.00	OH Crane Inspections, Equipment Transportation
Ray Russo	4,821.90	Legislative Consulting Services
Ron Lewis	3,500.00	Legislative Consulting Services
Rutty & Morris Air Conditioning	287.65	Fab Shop Air Conditioner Service
Sam & Tash Services	1,569.62	Admin. Building Cleaning Services
Texan Engineering & Consulting LLC	11,825.00	Engineering Services-General & Blocks Bayou
Toby Davis	50.00	PE License Renewal
United States Postal Service	500.00	Postage Meter
Waukesha-Pearce Industries	9,198.00	Dozer Rental
Wave Solutions	5,215.50	Monthly Software & IT Services
Wells Fargo Remittance Center	948.64	Computer Software, Meeting Expenses, Meals