

# Investment Portfolio

Karen Hoyt, Director of Finance &  
Administration

Governing Board Workshop

December 6, 2022

Agenda Item #3

# Background

- In April, the Board approved the selection of PFM Asset Management for investment advisory services.
- The District received approximately \$18.4 for the sale of transfer development rights within the Agricultural Reserve, which are committed for future capital projects including ASR.
- Need to develop an investment strategy for those revenues and other current funds in order to maximize earning potential in accordance with the District's Investment Policy

# Listing of Bank Accounts

	<u>Account Code</u>	<u>Account Title</u>	<u>Type of Account</u>	<u>Balance</u>	<u>Interest Rate as of October 31, 2022</u>	<u>Annual Earnings</u>
<b>Uncommitted</b>						
Operations	15100	TRUIST INV #28338	Checking + Interest	7,617,230.85	0.02%	1,523.45
<b>Committed</b>						
Canal Revetment	15100	TRUIST INV #28338	Checking + Interest	1,025,000.00	0.02%	205.00
Hazard Mitigation	15119	PNC, MMA - HMF	Money Market	1,637,855.69	1.44%	23,585.12
	15120	TRUIST, MMA - HMF	Money Market	3,825,583.24	0.01%	382.56
	15123	TD BANK, MMA - HMF	Money Market	3,207,714.37	1.39%	44,587.23
	15125	SYNOVUS BANK, MMA - HMF	Money Market	<u>8,427,447.66</u>	1.52%	128,097.20
				17,098,600.96		
Capital Projects	15126	SYNOVUS BANK, MMA - CP	Money Market	26,454,264.17	1.52%	402,104.82
Self Insurance	15170	TRUIST, MMA - SIF	Money Market	1,868,082.81	0.05%	934.04
	15182	TD BANK, CKG - SIF	Money Market	<u>217,114.99</u>	1.39%	3,017.90
				2,085,197.80		
				<b>54,280,293.78</b>	1.11%	<b>602,708.87</b>

# Considerations

- What funds are available for investment?
- How much should we investment?
- When will the funds be needed for future projects?
- What should be the duration of the investments?

# Lake Worth Drainage District

## Investment Portfolio Discussion

December 6, 2022

Sean Gannon, CTP

407.406.5778 | [pfmam.com](http://pfmam.com)

*PFM Asset Management LLC*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

# Investment Asset Classes Time Horizon

## Short-Term

### Key Components

- Safe and highly liquid
- Provides capital use flexibility, provides a low return and protects of capital
- Works with needs for cash flow liability matching, as maturing value is known

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### Typical Investment Types

- Bank deposits
- Money market funds
- LGIP's
- Certificates of deposits
- Treasury bills
- Commercial paper
- Less than 1-year Treasuries

## Intermediate-Term

### Key Components

- Safer and more liquid than longer-term assets
- Portfolios strategies are structured to earn a return and mature in 1-3 years
- Ability to work with future cash flow liability matching needs

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### Typical Investment Types

- Intermediate fixed income
- Treasury notes
- Corporate bonds
- Agency MBS
- Asset backed securities
- Municipals
- Supranationals

# Strategies



# FL PALM Liquid and Term

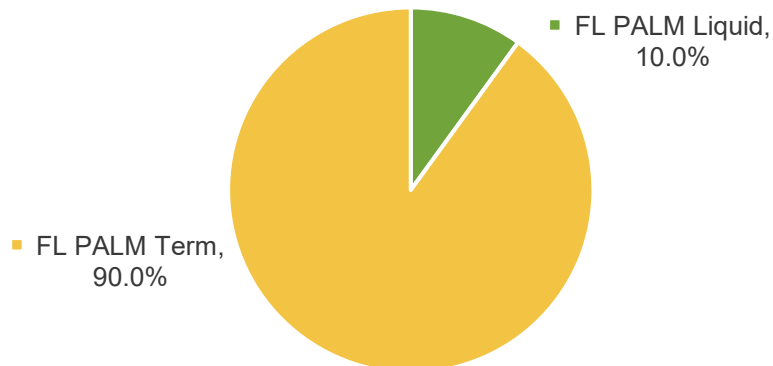
## Portfolio Characteristics

- High liquidity
- Term matched to known cash flows
- Earnings and maturities are known

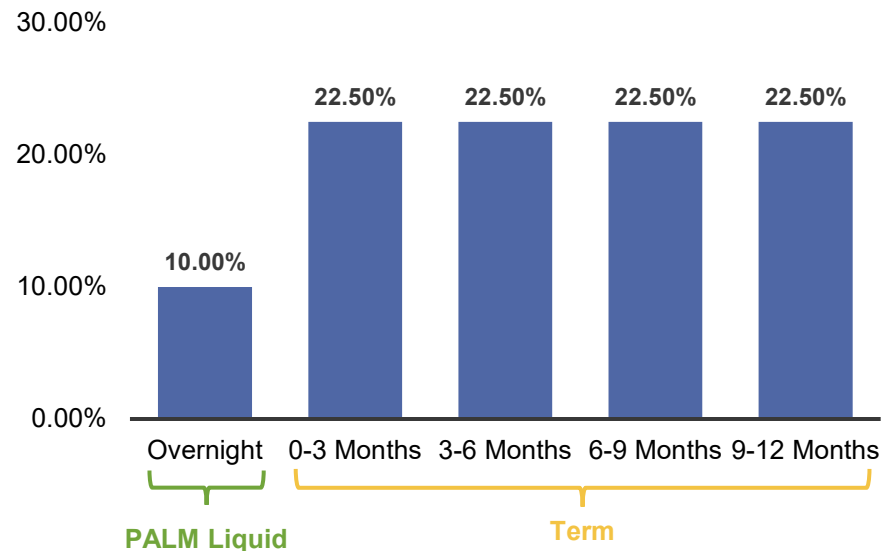
## Portfolio Statistics

<b>Total Market Value</b>	\$10mm
<b>Weighted Average Maturity</b>	204 days
<b>Monthly Ladder: Yield at Market</b>	4.71%
<b>Quarterly Ladder: Yield at Market</b>	4.72%

## Sector Allocation



## Maturity Distribution



The portfolio is for illustrative purposes only. Yield at market is based on a weighted average sourced from FL PALM, Bloomberg & PFMAM Trading Desk, as of August 31, 2022.



# FL PALM Benefits and Disadvantages

## ■ Benefits

- Greatest level of safety of principal and liquidity of funds
- Yields earned are competitive to the current interest rate environment
- Can be utilized as a vehicle to earn income, keep funds liquid and cash flow matching
- **No out-of-pocket management fees**

## ■ Disadvantages

- Earnings are outpaced by longer duration strategies
- Difficult keeping pace with inflation
- Similar to a fund and is not covered under current PFMAM contract
  - PFMAM is not engaged as investment advisor



# Fixed-Income Separately Managed Account

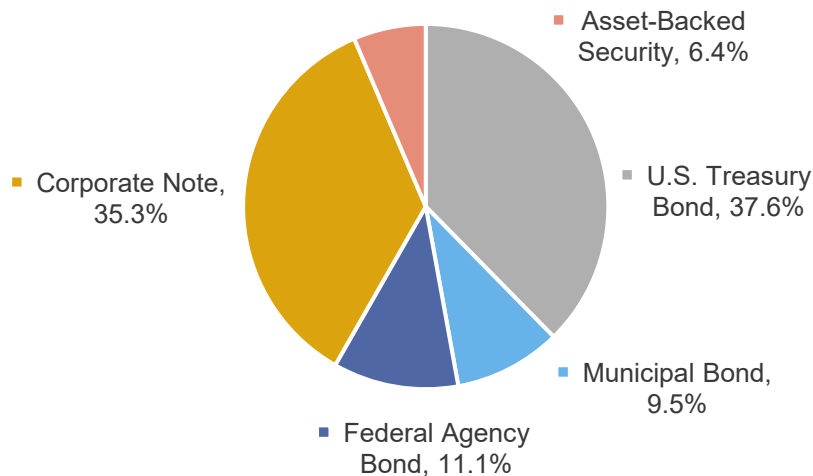
## Portfolio Characteristics

- Direct ownership of securities
- Customized SMA construction

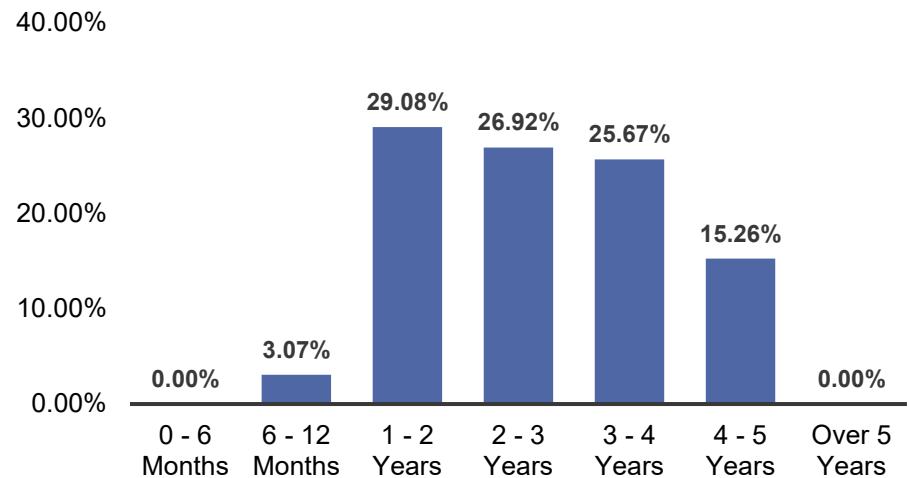
## Portfolio Statistics

Estimated Market Value	\$10mm
Duration	2.44 Years
Yield at Market	4.69%

## Sector Allocation



## Maturity Distribution



The portfolio is for illustrative purposes only. Yield at market is based on a weighted average sourced from Bloomberg & PFMAM Trading Desk, as of November 22, 2022.

# PFMAM Fixed Income Composites

Strategy/Benchmark	Average Annual Total Returns							Duration	Standard Deviation of Returns (gross of fees)	No. of Accounts	Assets (in \$ Millions)
	Yield	2Q	for periods ended June 30, 2022								
			1 Year	3 Years	5 Years	7 Years	10 Years		(5 years)		
<b>PFMAM Enhanced Cash Composite</b>		<b>-0.08%</b>	<b>-0.82%</b>	<b>0.74%</b>	<b>1.26%</b>	<b>1.16%</b>	<b>0.96%</b>	<b>0.60</b>	<b>0.51%</b>	<b>20</b>	<b>4,814</b>
ICE BofAML 1 Yr Treasury Index	4.70%	-0.48%	-1.44%	0.53%	1.09%	0.92%	0.73%	0.90	0.73%		
<b>PFMAM 1-3 Year Fixed Income Composite</b>		<b>-0.52%</b>	<b>-3.16%</b>	<b>0.43%</b>	<b>1.14%</b>	<b>1.08%</b>	<b>0.98%</b>	<b>1.71</b>	<b>1.21%</b>	<b>148</b>	<b>12,896</b>
ICE BofAML 1-3 Treasury Index	4.57%	-0.50%	-3.30%	0.24%	0.94%	0.84%	0.78%	1.78	1.39%		
<b>PFMAM 1-5 Year Fixed Income Composite</b>		<b>-0.82%</b>	<b>-4.44%</b>	<b>0.28%</b>	<b>1.14%</b>	<b>1.18%</b>	<b>1.13%</b>	<b>2.37</b>	<b>1.71%</b>	<b>157</b>	<b>15,009</b>
ICE BofAML 1-5 Treasury Index	4.40%	-0.81%	-4.61%	0.04%	0.91%	0.92%	0.89%	2.52	1.93%		
ICE BofAML 1-5 Gov't/Corp, AA or better	4.54%	-0.84%	-4.64%	0.06%	0.95%	0.97%	0.96%	2.52	1.88%		
The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Data shown is prior to the deduction of investment advisory fees. Composite presentations prepared in accordance with GIPS® are available upon request. For important disclosure information please visit pfmam.com/disclosures.											
Benchmark source: Bloomberg. All benchmarks represent total returns for the noted periods, with the exception of the ICE BofAML Constant 5-Year Maturity Treasury Index, which represents a book value return by utilizing the rolling 60-month moving average yield. As the stable value benchmark is an equally weighted rolling 60-month moving average of a 5-year Treasury security for each month, the 2.54 year duration noted above represents a weighted average maturity (WAM).											

# Fixed-Income SMA Benefits and Disadvantages

## ■ Benefits

- Bonds provide sustained income, capital appreciation in a total return strategy, diversification through investing in differing bonds and capital preservation
- Tied directly to your investment policy, so you have control of asset mix guidelines
- Generally, outperforms LGIPs (FL PALM)
- Covered under your current contract with PFMAM
  - Receive all PFMAM services

**pfm**  **asset  
management**

## ■ Disadvantages

- Minimum fee of \$25,000 per year
- Lower liquidity than LGIP (usually 1-2 days to raise cash)

# Disclaimer

Investment advisory services are provided by PFM Asset Management LLC (“PFMAM”), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

For more information regarding PFMAM’s services please visit [www.pfmam.com](http://www.pfmam.com).



# Available Funds to Invest

<b>Total District Funds</b>	<b>\$54,280,293</b>
Less: Uncommitted	<u>(7,617,230)</u>
 Available funds	 \$46,663,063

# Investment Strategy #1

Invest \$20,000,000 in FL PALM at 4.99% for  
12 months earning \$998,000

Balance	\$46,663,063
Less:	<u>(20,000,000)</u> FL PALM
Remaining	\$26,663,063

# Investment Strategy #2

a) Invest \$10 million in FL PALM at 4.99% for 12 months earning \$499,000

b) Invest \$10 million in PFMAM 1-3 year Fixed Income Composite at 4.57% earning less management fees of \$25,000 \$432,000

Balance \$46,663,063

Less: (10,000,000) FL PALM

Less: (10,000,000) 1-3 year Fixed Income Composite

Remaining \$26,663,063



# Investment Strategy #3

a) Invest \$20 million in FL PALM at 4.99% for  
12 months earning \$ 998,000

b) Invest \$20 million in PFMAM 1-3 year Fixed  
Income Composite at 4.57% for earning, less  
management fees of \$25,000 \$ 889,000

Balance \$46,663,063

Less: (20,000,000) FL PALM

Less: (20,000,000) PFMAM 1-3 year

Remaining \$ 6,663,063

# Investment Strategy #4

Invest \$40 million in FL PALM with varying maturity dates:

- |                                       |            |
|---------------------------------------|------------|
| a) \$10 million for 90 days at 4.54%  |            |
| maturing in March, 2023 earning       | \$ 113,000 |
| b) \$10 million for 180 days at 5.14% |            |
| maturing in June, 2023 earning        | \$ 257,000 |
| c) \$10 million for 270 days at 4.94% |            |
| maturing in September, 2023 earning   | \$ 370,000 |
| d) \$10 million for 360 days at 4.99% |            |
| maturing in December, 2023 earning    | \$ 499,000 |

Balance	\$46,663,063
Less:	<u>(40,000,000)</u> FL PALM
Remaining	\$ 6,663,063

## Investment Program Rates

November 30, 2022

Please Call FL PALM Client Services Group With Questions or to Invest at 877.495.8246  
More Information and Account Access at [www.fl-palm.com](http://www.fl-palm.com)

### Current 7-Day Yield<sup>(1)</sup>

**FL PALM** **4.00%**

### FL PALM Fixed Term Rates<sup>(2)</sup>

<u>Maturity</u>	<u>Date</u>	<u>Net Rate</u>
60 Days	January	<b>4.22%</b>
90 Days	February	<b>4.54%</b>
120 Days	March	<b>4.74%</b>
150 Days	April	<b>4.84%</b>
180 Days	May	<b>5.14%</b>
210 Days	June	<b>5.14%</b>
240 Days	July	<b>4.94%</b>
270 Days	August	<b>4.94%</b>
300 Days	September	<b>4.94%</b>
330 Days	October	<b>4.94%</b>
365 Days	November	<b>4.99%</b>

### FL PALM Investment Program Attributes

#### FL PALM Portfolio

- Cash management vehicle
- Stable \$1.00 NAV LGIP
- 60 day max weighted average maturity (WAM)
- 120 day max weighted average life (WAL)
- Rating: AAAM by Standard & Poors<sup>(3)</sup>

#### FL PALM Term Portfolio

- Designed to match the cash flow requirements of investors
- Investors can better budget for interest earnings
- Rating: AAAF by Fitch<sup>(4)</sup>



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1. The current seven-day yield, also referred to as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is not indicative of future results and yields may vary. The yields shown above may reflect fee waivers by the Fund's current or prior service providers. When such waivers occur, they reduce the total operating expenses of the Fund, and the Fund's yield would have been lower if there were no such waivers.

2. FL PALM Term rates are market rates, subject to change and the rates shown are net of applicable advisory fees and other expenses. They are quoted on an actual day basis, interest is simple and payable at maturity. Actual rates, availability, and minimum investment amounts may vary at the time of purchase and are subject to change. Once you place an investment, the rate is fixed for the full term of your investment and there may be a penalty for early redemption. The minimum investment for FL PALM Term is \$1,000,000. A description of the FL PALM Term Portfolio is contained in the FL PALM Information Statement. The Information Statement contains important information and should be read carefully before investing. Past performance is not indicative of future results.

3. Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAM rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit Standard & Poor's website ([http://www.standardandpoors.com/en\\_US/web/guest/home](http://www.standardandpoors.com/en_US/web/guest/home)).

4. The Term portfolio has received a rating of AAAF from Fitch Ratings ("Fitch"). The ratings reflect Fitch's review of the Term program's investment and credit guidelines, the portfolio's credit quality and diversification, as well as the capabilities of PFM Asset Management LLC as investment adviser. The Fitch AAAF rating indicates the highest underlying credit quality (or lowest vulnerability to default). However, it should be understood that this rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology visit [www.fitchratings.com](http://www.fitchratings.com).

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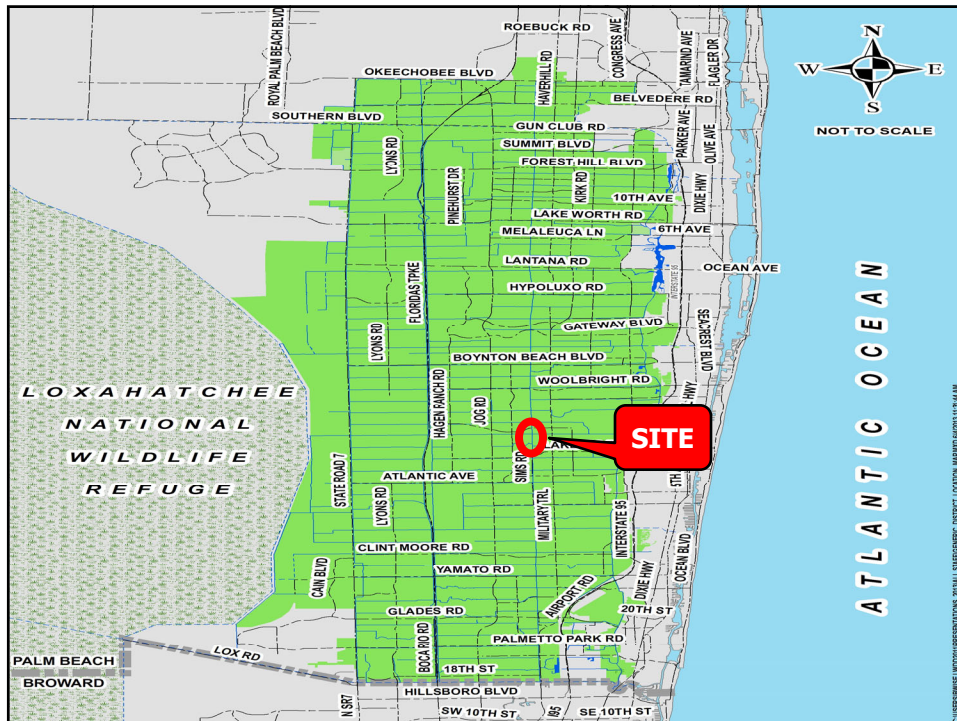
# High Point of Delray West Condominium – Monument Development Sign Military Trail; L-32 Canal

Project #RW-22-0087 - DRAFT

Nicole Smith, Permit Supervisor  
Board Workshop – December 6, 2022  
Agenda Item #4



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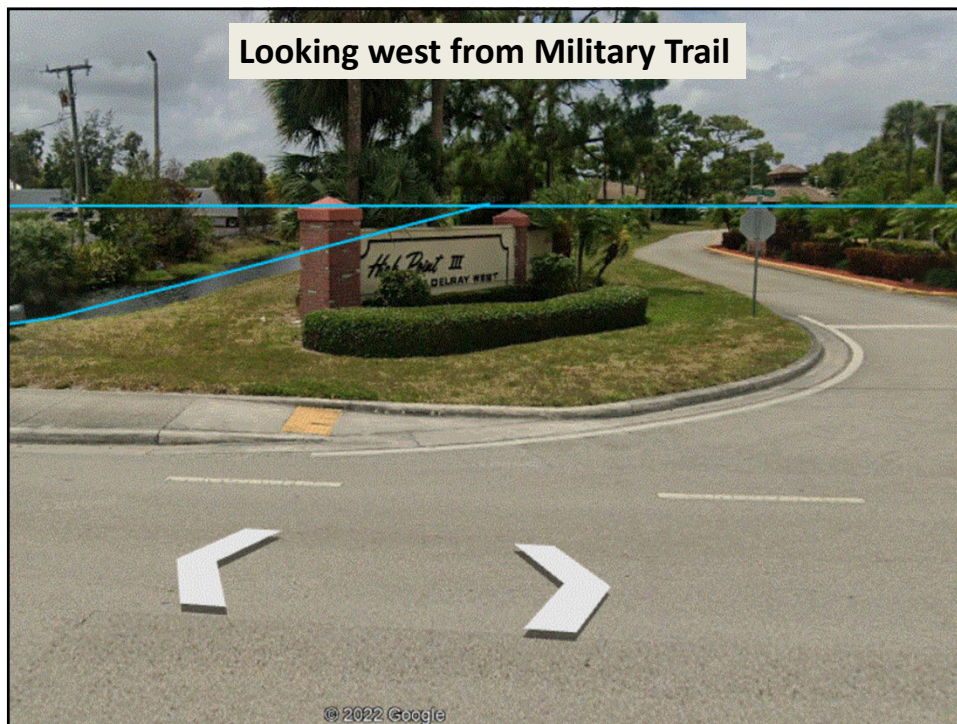
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## Background

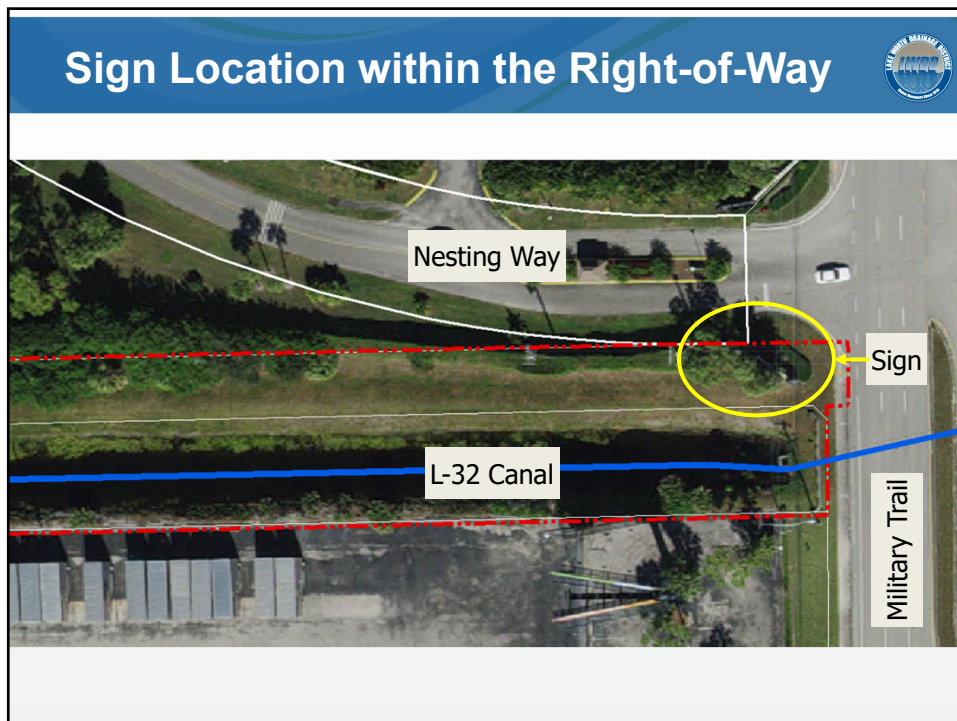


- February 2021 – CCRP identified encroachments
- March 2021 – Notice of Violation Letters mailed (CM-21-0259)
- July 2021 through March 2022 – Correspondence between LWDD, High Point HOA, and attorney
- July 2021 – VP High Point HOA made a public comment at the Board Meeting requesting consideration for the sign to remain
  - Sign is in the original location since installation ~40 years
  - Staff met and discussed options with the HOA
- March 2022 – Applicant agreed to convey an Ingress-Egress Easement to LWDD along Nesting Way
- March 2022– Variance application received

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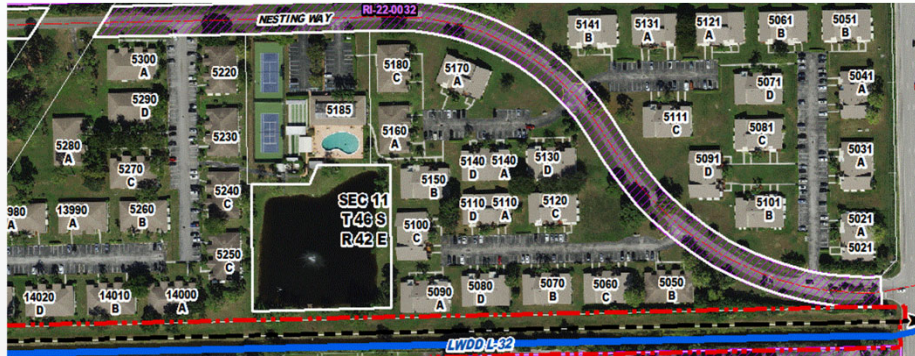
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# L-32 Canal, Sign, & Hedge

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## Ingress/Egress to be granted to LWDD



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## Staff Recommendation



- Approval to issue a right-of-way permit to High Point of Delray West HOA for the existing Monument Sign within the north right-of-way of the L-32 Canal
- Subject to:
  - Removal of the Clusia Hedge (HOA is working with Staff)
  - Removal of existing sign and appurtenances at time of replacement
  - COI listing LWDD as an Additional Insured (min. liability coverage of \$1,000,000.00) (Received)
  - Conveying an Ingress-Egress Easement along Nesting Way to LWDD (RI-22-0032)
  - LWDD Operating Policies
  - **Application Fee** - \$500.00 (Paid)
  - **Use Fee** – Waive
  - **Annual Fee** – Commencing 1yr from Permit Issuance
    - \$500.00 (Minimum per Policy)
    - Adjusted every five (5) years by the compounded CPI

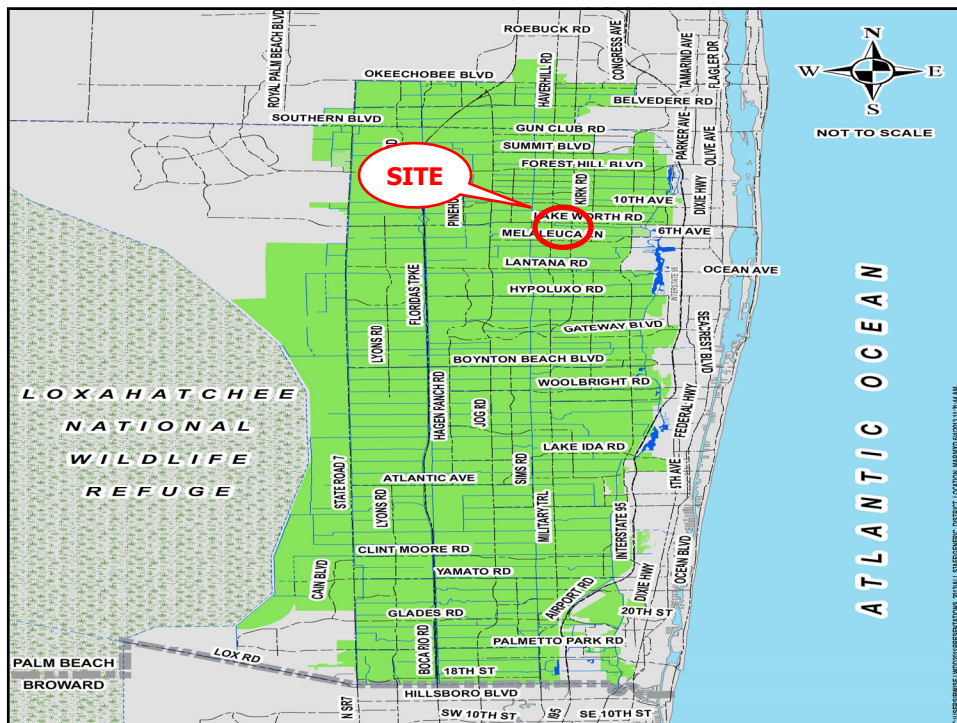
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**Florida Power & Light**  
**Installation of Three (3) FPL Utility Poles with a Parallel**  
**Installation within the south right-of-way of the L-12**  
**Canal for ~430' on the east side of Military Trail**  
**LWDD Project No. RW-22-0353**

Nicole Smith, Permit Supervisor  
 Governing Board Workshop – December 6, 2022  
 Agenda Item #4



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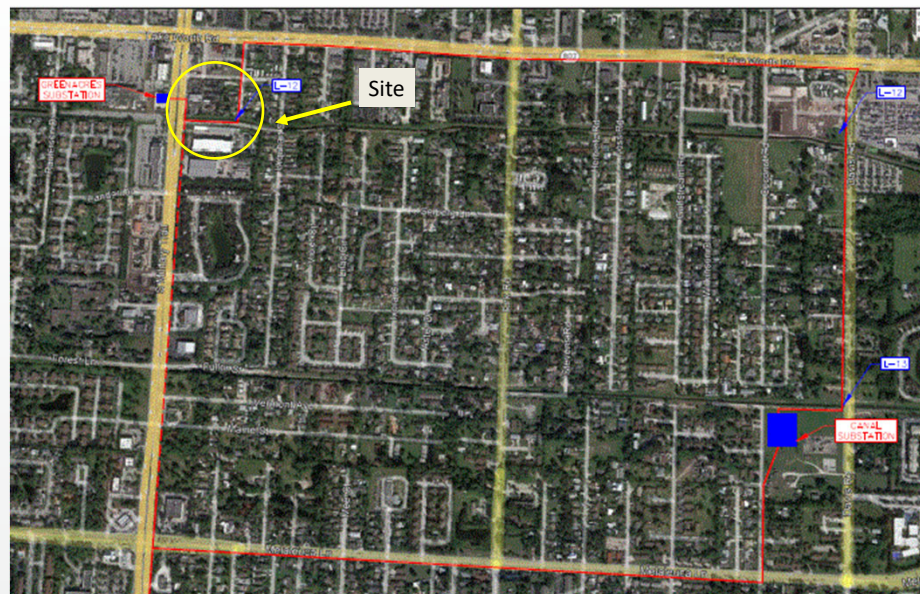
## Background



- LWDD Policy requires Board approval for parallel installations
- FPL has submitted an application requesting approval for the installation of three (3) FPL Poles within the south right-of-way of the L-12 Canal, east side of Military Trail.
- This project will allow FPL to extend their Transmission Line to the City of Lake Worth Beach's (CLWB) switchyard
- FPL cannot install the FPL Poles outside of the L-12 Canal Right-of-Way due to a storage building immediately south of the L-12 Canal's south easement line
- FPL has addressed all alternative options for parallel installations to verify there are no other options for utility placement (Operating Policy for Parallel Utility Lines - Section 3.11.1.6.3, Items A-G)
- FPL will be responsible for annual fees

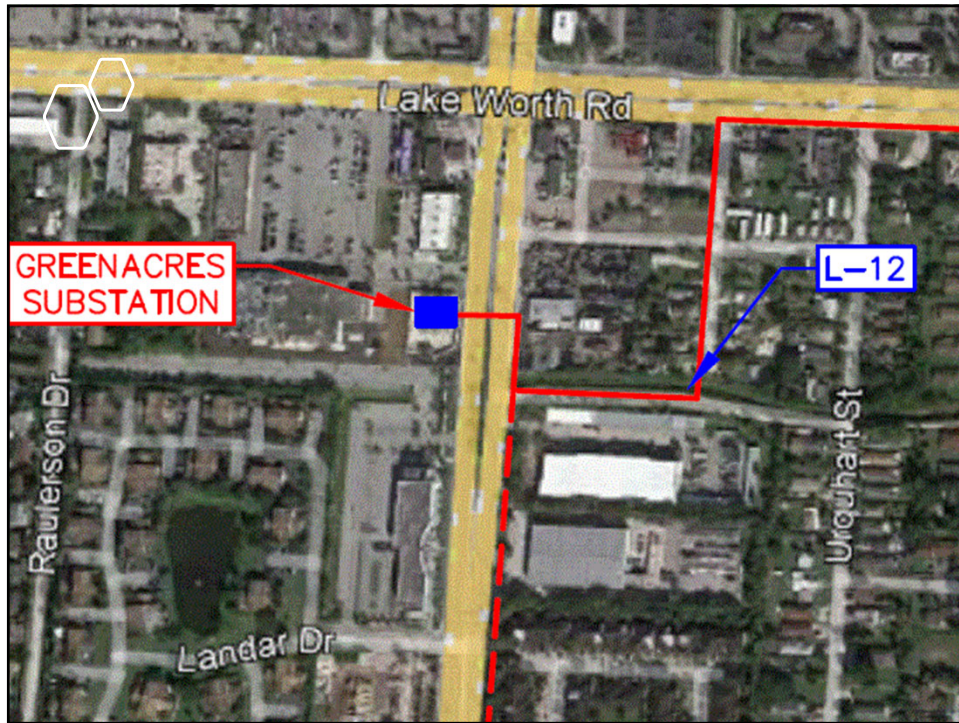
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## FPL's Overview Transmission Project



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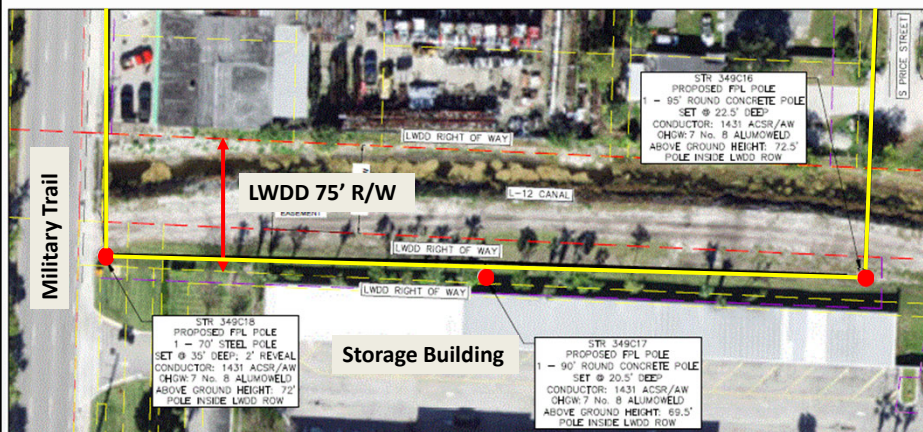
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## L-12 Looking east from Military Trail



7

## Proposed Pole Location



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## Staff Recommendation



- Approval to issue a Right-of-Way Permit to FPL for the installation of three Utility Poles and the parallel installation within the south right-of-way of the L-12 Canal for ~430'.
- Subject to:
  - Applicable Fees
  - LWDD Operating Policies
- **Application Fee**
  - $\$2.00 \times 430 \text{ LF} = \$860.00$
- **Use Fee**
  - $\$20.00 \times 430 \text{ LF} = \$8,600.00$
- **Annual Fee** – (Commencing 1yr from Permit Issuance)
  - $\$4.00 \times 430 \text{ LF} = \$1,720.00$
  - Adjusted every five (5) years by the compounded CPI



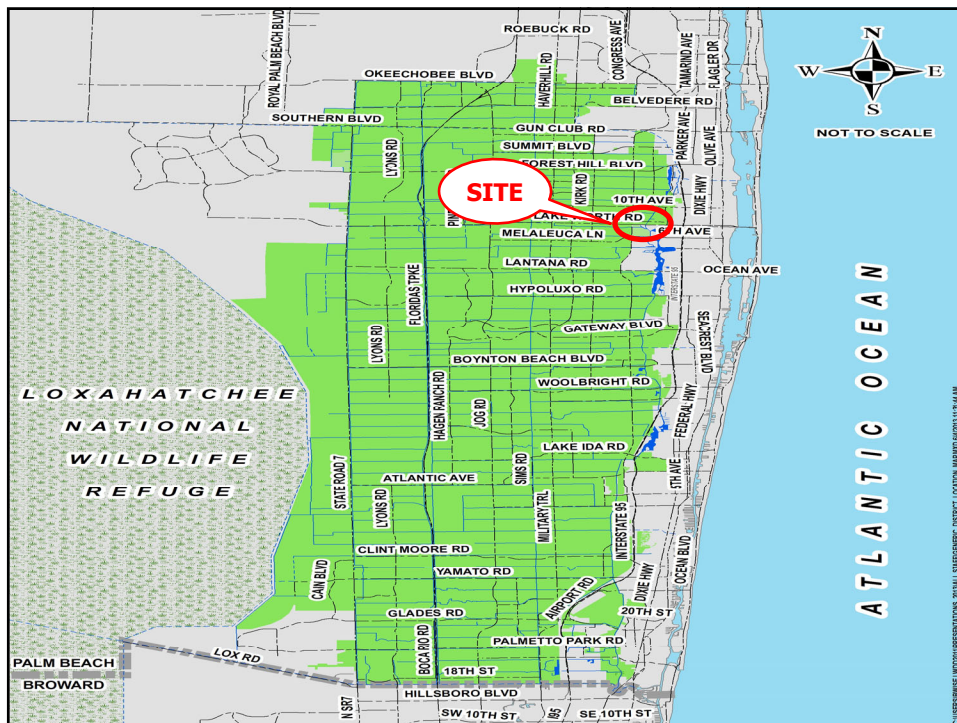
## Approval to allow Three Existing Temporary Monitoring Wells to remain within the E-4 Canal Right-of-Way adjacent to Palm Beach State College

LWDD Project No. RW-22-0397

Nicole Smith, Permit Supervisor  
Governing Board Workshop – December 6, 2022  
Agenda Item #4



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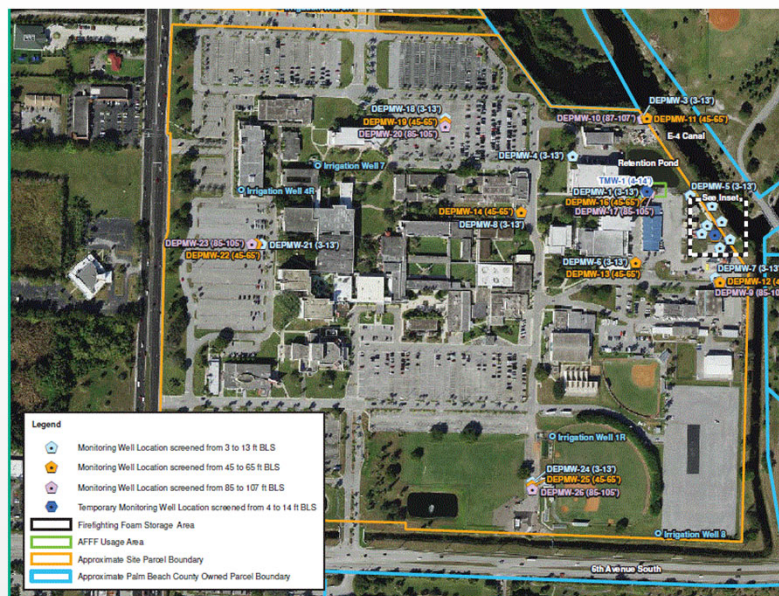
## Background



- Parcel is located on the west side of E-4 Canal, north of 6<sup>th</sup> Avenue; adjacent to Palm Beach State College. This portion of the college campus is adjacent to the E-4 Canal Right-of-Way and is used for Fire Training Courses
- Florida Department of Environmental Protection (FDEP) contracted Geosyntec, Inc. to perform monitoring and testing
- November 3, 2022 - Tommy and myself met with FDEP (via Teams Meeting) to discuss this project
- "On behalf of the Florida Department of Environmental Protection, Geosyntec is conducting environmental site assessment activities to evaluate the extent and magnitude of per- and polyfluoroalkyl substances (PFAS) in site media including soil, groundwater, sediment, and surface water. PFAS concentrations exceed provisional target cleanup levels in soil and groundwater. Perfluorooctane sulfonate (PFOS) concentrations in surface water exceed screening levels (i.e., levels are non-regulatory and non-enforceable) based on the consumption of freshwater and estuarine finfish and shellfish. Neither provisional cleanup target levels nor screening levels for sediment has been calculated." – James Mills, E.I., Geosyntec Consultants, Inc.
- "The contaminations discovered originating from the fire training facility at PBSC is rather serious. It impacts soil, groundwater and the surface water within the nearby canal. Fortunately, we have developed a plan that we believe will significantly reduce the severity and spread of the contamination." – Dave Phillips, Site Investigation Section, FDEP

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## FDEP Monitoring Well Locations



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## Existing Monitoring Wells



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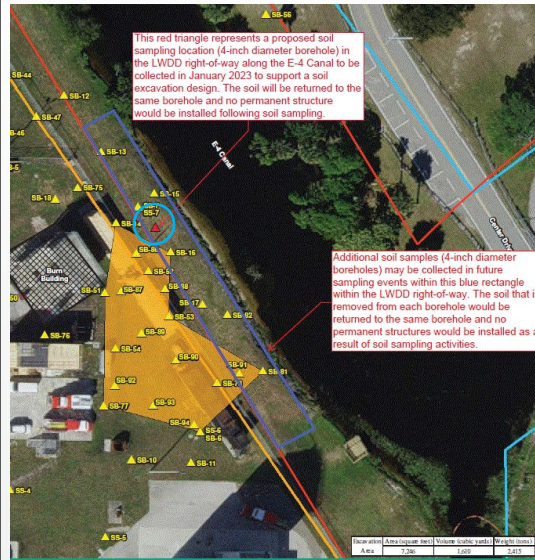
## Temporary Monitoring Well Locations



- Monitoring wells DEPMW-27, -28, and -32 were installed in the LWDD right-of-way along the E-4 Canal in October 2022. We are applying to permit these 3 monitoring wells. We will use these 3 monitoring wells to collect groundwater during future groundwater sampling events.

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## Soil Sampling Locations



This red triangle (circled in blue) represents a proposed soil sampling location (4-inch diameter borehole) in the LWDD right-of-way along the E-4 Canal to be collected in January 2023 to support a soil excavation design. The soil will be returned to the same borehole and no permanent structure would be installed following soil sampling. Additional soil samples (4-inch diameter boreholes) may be collected in future sampling events within this blue rectangle within the LWDD right-of-way. The soil that is removed from each borehole would be returned to the same borehole and no permanent structures would be installed as a result of soil sampling activities.

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## Maximum location of Soil Excavation



Maximum extent of future soil excavation within the LWDD right-of-way presented by the two blue polygons. Soil from these blue shaded areas would be excavated, replaced with clean backfill to match the existing grade, compacted, and completed with sod.

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## Staff Recommendation



- Approval to issue a Right-of-Way Permit for the Three (3) Existing Monitoring Wells within the E-4 Canal Right-of-Way which will allow Soil Samplings and Soil Excavation.
- Approval to grant permit for Five (5) Years with the option to extend if required by FDEP.
- Subject to:
  - Certificate of Liability Insurance (listing LWDD as an "Additional Insured")
  - LWDD Operating Policies & Permit Conditions
  - Permit fee \$4,350.00 (Requested)
    - Application Fee \$580.00 per well
    - Use Fee \$870.00 per well





## Background



- Parcel is located on the east side of E-3 Canal, south side of Okeechobee Blvd; adjacent to The Fount PUD
- The project site is the former Town of Palm Beach landfill and was historically used as a solid waste incinerator (1930's – 1950's)
- The site was permitted as a composting facility in 1979 and then as a Class III Landfill in 2006
- Environmental Assessment has identified constituents of concerns in groundwater such as, ammonia, arsenic, barium, cadmium, chromium, lead, iron, magnesium, nitrate, and total dissolved solids.
- Geosyntec is proposing to install two Monitoring Wells (MW-14 & MW-15) within the east right-of-way of the E-3 Canal; and two Contingency Monitoring Wells (MW-16 & MW-17) incase MW-14 & MW-15 do not provide horizontal delineation of groundwater impacts.

3

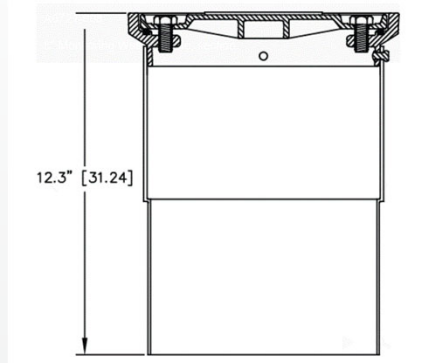
## Background continued...



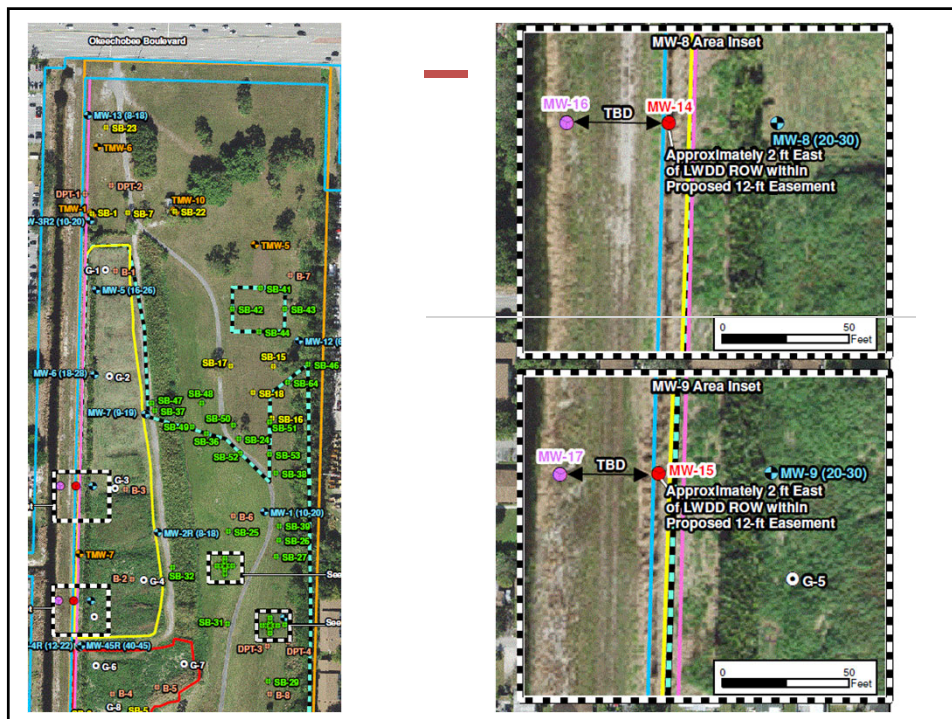
- The Monitoring Wells will need to remain in place for a minimum of 1 Year; FDEP may require property owner to keep wells in place for additional time or install additional wells, pending test results
- Monitoring Wells will then be abandoned/removed per LWDD requirements
- Well #14 & #15 will encroach ~10' into LWDD's 12' proposed easement

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## Proposed Monitoring Well



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## Staff Recommendation



- Approval to issue a Right-of-Way Permit for the installation of Two (2) Temporary Monitoring Wells & Two (2) contingency monitoring wells within E-3 Canal Right-of-way
- Subject to:
  - Certificate of Liability Insurance (listing LWDD as an "Additional Insured")
  - LWDD Operating Policies & Permit Conditions
  - Permit fee \$2,900.00 (paid)
    - Application Fee \$580.00 per well
    - Use Fee \$870.00 per well