

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –January 22, 2024 at 6:30 P.M.

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer

Robert Diaz

Joe Howe

William Ilse

Tracy Scheel Via Zoom

Others Present:

Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. (CLSUD Legal Counsel)

David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. (CLSUD Legal Counsel)

Jerry Shepherd with Southwest Engineers

Allison Nieto with Southwest Engineers Via Zoom

Jeff Kallus with Southwest Engineers Via Zoom

Tom Walker with Southwest Engineers Via Zoom

Leigh Anne Walker with Southwest Engineers Via Zoom

Bill Fry with Plum Creek Utility-OMMS

Chris Betz, County Line Special Utility District Staff

Jesse Pena with Quiddity Engineering

Humberto Ramos, County Line Special Utility District Staff

Daniel Heideman, County Line Special Utility District Staff

Doug Schnautz, County Line Special Utility District Staff

Jennifer Tarbutton, County Line Special Utility District Staff

France Alston, County Line Special Utility District Staff

Tracie Crowell, County Line Special Utility District Staff

The following represents the actions taken by the Board of Directors (Board) of the County Line Special Utility District (CLSUD). The Board of Directors convened in a meeting at the date, time and location stated above.

A. CALL TO ORDER. Director Brewer called the meeting to order at 6:44 P.M.

B. ROLL CALL. Quorum of the Board was present, with Directors Brewer, Diaz, Howe and Ilse in attendance at the office of County Line Special Utility District and Director Scheel via Zoom.

C. PUBLIC COMMENT. No Public Comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the December 18, 2023 regular Board Meeting. Director Diaz made a motion to approve the Consent Agenda in its entirety. Director Ilse seconded the motion and the Motion passed unanimously. 5 Aye, 0 Nay

E. REPORTS. The Board of Directors received the following reports:

E.1 Wastewater Treatment Plant Report. Bill Fry with Plum Creek Utility-OMMS reported the plant had a good month. Overall total connections for 2023 was two hundred ninety-seven (297). Plant expansion is online and operational and can provide up to a capacity of 300,000 gallons per day. No real maintenance issues or major issues during the freeze. Two hundred thousand (200,000) gallons flowed through the plant today during the flood due to the system taking on water somewhere within the system. Believe the added water is coming from some open clean out caps within the Las Estancias Subdivision. A vacuum broke and stopped for about four (4) hours, had plenty of room in the plant.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported a pre-construction meeting was held January 10 for the Porter Creek Lift Station and Force Main project. Plans are mostly complete on the Porter Creek Gravity Main, waiting to bid until financing is confirmed and developments needing service are further along. Received the survey data for the FM 2720 Wastewater Extension and will start design and easement acquisition. Design is in progress for the Commercial Area Wastewater. Plans approved/under construction for Seven (7) developments; plans have been submitted for review for seven (7) developments and twenty-three (23) developments have requested service and paid the application fee.

Jeff Kallus with Southwest Engineers reported the well pump has been installed at the Brooks Well site, still waiting on a permit from City of Kyle to complete the electrical. A pre-construction meeting was held January 22, 2024 for the Reuse Plant, the design is almost complete for the line crossing Hwy 21 and extending to the concrete plant, working on an easement that will be needed for this line. Progress has been made on easement acquisitions for the FM 2720 Water Line project, a pre-construction meeting will be scheduled soon. Construction has started on the San Marcos (Hwy 21) water line. Design has started for the elevated tank to be located on Misty Lane. Plans are being reviewed for the Bollinger Subdivision and Wayside Phase 3 Subdivision.

E.3 Capacity Report. Jeff Kallus with Southwest Engineers reported at the end of 2023 there were 6,023 active meters and 2,193 reserved meters for a total of 8,216 meters. Eight hundred twenty-six (826) meters were added in 2022 and four hundred sixty-four (464) meters were added in 2023. When you

include Non-Standard Service Agreements (NSSAs) in the works the total jumps to 9,605 Living Unit Equivalents (LUEs), when remaining phases of subdivisions are added the total jumps to 13,891 LUEs and with new requests that have come in the total jumps to 17,187 LUEs.

E.4 Easement Report. Tom Walker with Southwest Engineers reported all easements have been acquired for the San Marcos (Hwy 21) water line. Director Brewer will sign the easements for Tracts 5, 9 and 10 for the FM 2720 water line tonight, still need the easement on the Doehne tract, thinks the easement form has been finalized and will be signed this week. Received an Amendment from Craig Scott for a waterline relocation along FM 2720. One easement, Tract 5 is needed for Camino East.

E.5 Financial Report. France Alston with County Line Special Utility District (CLSUD) reported total funds in the bank at the end of December is \$21,727,390.00 of that \$21,375,364.00 is in the Logic account. Total interest for the year is \$689,206.00. Total water revenue collected, not including impact fees, was \$8,598,799.00. Total expenses not including any construction were \$6,228,436.00. One large check was cut to Plum Creek Utility in the amount of \$954,100.00 for their portion of fees paid for the Pradera Subdivision, all other checks are in line with what is paid every month.

E.6 CRWA, GBRA & ARWA Report. Humberto Ramos with County Line Special Utility District (CLSUD) reported:

- HCWTP -Overage: *At the November 13th CRWA BOT item 1. Approving an annual overage charge procedures from New Gen Strategies & Solutions, LLC was tabled to allow Crystal Clear SUD to hear Chris Ekrut's presentation at a meeting of all participants.*
 - *On November 29th a meeting of all the participants was held. The outcome was to implement the overage charge presented by Chris Ekrut for the past two years of overages. The Overage will be addressed at the Nov. 8th CRWA BOM. The issue is still unresolved.*
 - *On December 8th, County Line SUD sent a letter to CRWA BOT, regarding their position on the method and process. (see attached)*
 - *On December 15th, Martindale WSC sent a letter to CRWA regarding withholding Operations and Maintenance as a result of violation of its responsibilities under the terms of the Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract.*
 - *Overage item is on the January 8th, CRWA BOT Agenda.*

HCWTP – Improvements/Membrane Replacement/Pipeline

- *See Ardurra Memo dated January 8th (attached) for Improvements and Membrane Replacement*
- *No discussions or resolution regarding the CLSUD pipeline as per the Demand Letter sent by CLSUD to CRWA in Fall of 2023.*
- CRWA BOM *-Meeting held on January 3rd, I was unable to attend.*
- CRWA BOT *will meet on January 15th (see attached agenda). Items related to CLSUD include all items listed under General Business:*
 - Item 8 Presentations/Discussions

- A. *Armstrong, Vaughn & Associates, P.C. will present the FY 2023 Audit and their report thereon.*
- B. *The Board of Trustees will discuss the December 15, 2023, notice letter from counsel of Martindale Water Supply Corporation concerning alleged "failure (of CRWA) to perform its responsibilities under the terms of "the Amend and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, dated February 9, 2021, and intent to withhold certain sums from expenses billed by CRWA under the Contract.*
- Item 11 General Business
 - C. *CRWA 24-01-005 Concerning Ratification of Executive Separation and Release Agreement (President, Timothy Fousse).*
 - D. *CRWA 24-01-007 Concerning Ratification of Consultant Agreement for Interim General Manager Services (President, Timothy Fousse)*
 - E. *CRWA 24-01-008 Concerning Approval of an Agreement with Collaborative Water Resolution, LLC for General Manager Search and Recruitment Services (President, Timothy Fousse).*
 - F. *CRWA 23-011-078 Concerning an Annual Overage Procedure (Doris Steubing).*
- CRWA Wells Ranch III Project
 - *Groundwater Leasing: An additional 886.7 acre-feet of Carrizo aquifer groundwater was recently leased in Gonzales County total current – 9,315 acre-feet.*
 - *Preliminary Engineering Report: PER was completed by Trihydro and was distributed to the Entity managers.*
 - *Draft Water Supply and Treatment Contract: There is nothing new to report.*
- GBRA/Gonzales Carrizo Water Supply Project
 - *The hearing is set for the week of April 22, 2024.*
 - *GBRA has been actively negotiating with the protestants (5) to attempt to settle. Thus far GBRA has settled with Gonzales County WSC with four protestants remaining.*
 - *GBRA has issued an RFQ for the design of the well field expansion. The project will add 3 new wells and expand the existing 7 existing wells. Responses are due January 11th.*
 - *HDR provided all of the 90% design for the pipelines and booster pump station on December 20th.*
 - *Schedule-wise, these pipelines are anticipated to bid in July 2024, with construction complete in April 2026.*
 - *GBRA has received approximately 10 appraisals and has initial offers out to 2 landowners for the pipeline easements.*
 - *ARWA received submittals for the design of the expansion of the WTP and is evaluating those SOQs.*
 - *Recall CLSUD is contracted for 2,419 AF or 27.63% of total project. In addition, GBRA needs additional funding in the amount of \$19,421,475 to complete the project. CLSUD portion is \$5,366,153.564. GBRA is currently working on the debt schedule.*

We have a Memorandum of Understanding (MOU) to work together for planning purposes. GBRA has a Water Secure Initiative to provide raw water coming from the basin to entities in this area. GBRA is asking for a commitment from entities by next fall. Not sure of the cost right now but would be a large transmission line with an ASR and other components. Humberto will keep monitoring this and keep everyone informed.

Chris Betz reported items of importance for Alliance Regional Water Authority (ARWA). ARWA will meet on January 24th at 3:00 P.M. at County Line Special Utility District (CLSUD), will discuss rate and right of way issues along with GBRA infrastructure.

E.7 General Manager's Report. Humberto Ramos with County Line Special Utility District (CLSUD) reported the following:

About fifty (50) calls came in during the freeze, mostly concerning freezes on the customer's end. Had one leak located under a driveway, but it was not a result of the freeze and CLSUD will pay for the repair. As CLSUD goes for state funding, the state requires we comply with the Build America/Buy America so we need to be aware of this as we plan/design projects so we can get reimbursed for these projects. Recently discovered the water that is part of our take or pay agreement with Goforth Special Utility District (SUD) concerning the Talavera Subdivision was also being used for construction water, meetings have been held with Goforth SUD and the developer of the Talavera Subdivision to discuss how to rectify this issue, also discussed providing additional water under this Agreement so the last phases of the subdivision can be developed.

- Continue working with various developers within CLSUD CCN.
- Regional meetings (see E.4 CRWA & ARWA Report)
 - *Region L meeting scheduled for February 14th.*
 - *Attend Guadalupe County Ground Water Conservation District -Rules Workshop for Wilcox Aquifer – January 11th.*
- City of Umland Meeting(s)
 - *Monthly Meeting with Staff – To meet new commercial development consultant -Thomas Rhodes. Will continue to work on priorities for CLSUD: development of a water conservation ordinance by 2nd Q of 2024, wastewater ordinance 1st Q of 2025; Franchise Agreement.*
 - *City Council Meeting – Meeting held on January 3rd; no staff attended.*
- City of Kyle
 - *Meeting on CCN (water) transfer held on January 3rd, will have follow up on January 18th. Currently researching how much compensation is owed to CLSUD for previous agreements. This concerns the Wiegand Tract and three (3) other tracts. We can serve the Wiegand Tract, but it would involve pushing water up a hill. Working on a cost estimate to find out how much it would cost to build the needed infrastructure to push the water and see if it would benefit CLSUD keeping the tract in our CCN or if it would make more sense transferring the tract to the City of Kyle's CCN. CLSUD cannot use Lloyd Gosselink to represent them in this matter since they also represent the City of Kyle, CLSUD will need to hire a different attorney to represent them. As part of the possible CCN transfer, City of Kyle requested water along with a road bore under FM 150, CLSUD said that would not be possible.*
- Project Nora (Mega Site)
 - *No update.*

Daniel Heideman with County Line Special Utility District (CLSUD) reported the following on the office expansion project located on a 2.0-acre tract where the Hemphill water tower is located. John Littlefield with Southwest Engineering is designing the project. Doug Schnautz and Drew Schnautz

with CLSUD are also part of the design. Preliminary plans were handed out at the meeting and will have estimated costs of the project once the design is final.

E.8 President's Report. Nothing was reported.

E.9 General Counsel's Report. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. reported on this item. Mr. Gershon spoke about a Master Checklist that the law office of Lloyd Gosselink sent to CLSUD that provides a comprehensive list of things that are required by the water code, local government code, government code, election code, TCEQ requirements that CLSUD staff is required to complete on a month/year basis. Board needs to think about policy issues and risk management issues at least once a year. Need to discuss Bylaws, they are not required, but are helpful to handle internal affairs.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION DISCUSSED IN THE FOLLOWING ORDER: F.1, F.2, F.3, F.4, F.5, F.6, F.7, F.8, F.10, F.11, F.12, F.13, F.14, F.16, F.17, F.15 AND THEN F.9.

F.1 Discuss, consider, and take action regarding County Line Special Utility District 2024 Budget. France Alston with County Line Special Utility District (CLSUD) discussed this item. As per CLSUD bylaws an annual budget is to be adopted at the beginning of every calendar year. Staff has been working on the budget over the last quarter of 2023 and has held five meetings to review the budget to include meeting with rate consultant Chris Ekrot (New Generation) and Andrew Friedman (SAMCO). The purpose of this meeting was to ensure the proposed budget will not impede opportunities for grant/bond funding and is consistent with developing a *Financial Plan*. Most recently, Staff has meet with CLSUD President Toni Brewer to review the proposed Budget. The budget is broken into the company budget and the Water and Wastewater CIP budget. The CIP budget is out of balance, but we do have over \$21M in the bank which could cover this, but we need additional funds to allow us to keep money in the bank. Income coming in on the new budget is \$11,090,022.24, total expenses on the budget are \$9,598,690.58 leaving a net profit of \$1,491,332.87. The budget is predicated on revenue estimates and will be brought to the board with any corrections quarterly. The GBRA Buy In and CRWA costs have increased by 23% in 2024. The San Marcos Water Agreement which started in July 2023 is annual at \$88,512.50 a month. Line labor of \$392,420.00 of which \$370,000.00 is for replacing and lowering an old line located on Plum Creek Road that keeps breaking. Line parts of \$683,491.89 for water meters for 2024, currently have 2,243 in reserve. Will work with Doug Schnautz and Drew Schnautz to make sure we have the money before they spend it. The increase in wages includes hiring three (3) new employees. The three (3) new employees will be for customer service, regulatory issues/conservation, and field crew help. Director Howe asked what happens if we do not use a line item, Ms. Alston stated it would be moved somewhere else if it is feasible and if the board approves it. Director Howe asked if any of the debt shortfalls under the CIP budget could be made up with debt funding. Humberto Ramos stated CIP money can only be used for CIP projects, cannot be used for anything else. Director Howe also asked on the income part of the company if there were rate increases built into the budget. Ms. Alston said no, but we are working on a rate increase for March 2024. Director Howe made a motion to approve the budget. Director Diaz seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.2 Discuss, consider, and take action to adopt an Order of Election. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item.

- Our next Directors' Election is May 4, 2024 if contested.

- Timeline of key statutory requirements:

December 18, 2023 – District posted its *Notice of Deadline to File an Application for a Place on the Ballot* (at the District’s office and website) (must remain posted until February 16, 2024).

January 17, 2024 – First day that candidates may submit an *Application for a Place on the Ballot* and an *Appointment of Campaign Treasurer*.

[each application must use District’s form and be notarized, filed with the District, and acknowledged by Board Secretary; it is acceptable for each candidate to appoint themselves as their campaign treasurer]

February 16, 2024, at 5:00 PM – Final deadline to submit completed, notarized *Application for a Place on the Ballot* and *Appointment of Campaign Treasurer* and adopt *Order of Election* (need polling places from County, which may require subsequent amendment of this order).

February 19, 2024 – Next regularly scheduled Board meeting at which we can approve the election services contract with the Counties’ election services administrators. May need to put down a deposit with the election services administrators.

February 20, 2024 – Deadline for write-in candidates.

March 18, 2024 – Regularly scheduled Board meeting at which we can timely cancel the election if unopposed and notify the Counties that we can cancel the election services contract.

Mr. Gershon stated the Order attached to the board packet is missing Exhibits A and B and they will be added when made available by the county election offices. Also stated a motion should be made to adopt the Order as presented and to delegate authority to Directors Brewer and Howe to sign and issue it. Director Scheel made a motion to approve. Director Howe seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.3 Discuss, consider, and take action to accept the Resignations of Ken Dodson and James “Rusty” Loep from the County Line Special Utility District Board of Directors. Mike Gershon with Lloyd Gosselink Rochelle and Townsend, P.C. discussed this item. Written notices of resignation were received within the past 30 days from Directors Ken Dodson and James “Rusty” Loep. Director Ken Dodson’s term expires May 2025; Director Rusty Loep’s term expires May 2024. Texas Water Code § 49.105(a) mandates that an appointment be made within 60 days of the vacancy and provides that the appointed Director serves for the remainder of the term. Each Director serves “at large,” and not to serve in a limited geographical region like with commissioners’ courts (by precinct), city council (by place), and some districts. Director Diaz made a motion to accept the resignations of Ken Dodson and James “Rusty” Loep. Director Ilse seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.4 Discuss, consider, and take action regarding seats on the County Line Special Utility District Board of Directors. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. In light of vacancies and appointments over the past 15+ years, it may be helpful to keep track of each seat’s term by assigning a “place” or “position” number to each seat (CLSUD is not required to or restricted from doing so). The Board’s June 1, 2009 resolution indicates that “WHEREAS, this board wishes to document what the existing election cycle is so that future prospective candidates and the voting public is on notice of the

existing cycle...," and then listed the seven Director seats by Director's name and term (listed (a)-(f)). It is staff's recommendation that we list each Director seat by "place number" (e.g., Place 1, etc.).

- Place 1 Toni Brewer (term expires 2024)
- Place 2 Robert "Bob" Diaz (term expires 2026)
- Place 3 Ken Dodson (term expires 2025)
- Place 4 Joe Howe (term expires 2025)
- Place 5 William Ilse (term expires 2026)
- Place 6 James "Rusty" Loep (term expires 2024)
- Place 7 Teresa "Tracy" Scheel (term expires 2025)

Director Scheel made a motion to approve. Director Diaz seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.5 Discuss, consider, and take action regarding County Line Special Utility District Board Members. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. This item is on the agenda to discuss how you want to handle the written notices of resignation received within the past 30 days from Directors Ken Dodson and James "Rusty" Loep. Director Ken Dodson's term expires May 2025; Director Rusty Loep's term expires May 2024. Texas Water Code § 49.105(a) mandates that an appointment be made within 60 days of the vacancy and provides that the appointed Director serves for the remainder of the term. Each Director serves "at large," and not to serve in a limited geographical region like with commissioners' courts (by precinct), city council (by place), and some districts. TCEQ can appoint someone if needed. Humberto Ramos stated it should be the board that selects who is appointed to the board and CLSUD staff should refrain from finding someone. Mr. Ramos suggested this item be on the February agenda to allow the current board to find possible appointments. We need to be equal opportunity, will place something on our website to let people know about the vacant positions. Mr. Ramos said there has been a developer at the last couple of meetings wishing to serve on the board, but that would be a conflict of interest. Mr. Gershon agreed and said the legislature has stated if you are a developer of property within the district, you are not eligible, you are disqualified. Also applies to the owners of development companies and their employees. Director Scheel feels if someone submits an application for the election, we should look at them as possible replacements to fill the vacancies we currently have. Mr. Gershon recommended placing something on our website and including it on our billing, board felt that was a good idea along with sending out an email blast. No action, will revisit next month.

F.6 Discuss, consider, and take action regarding Developer Confidentiality Agreements ("NDAs"). Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. More than one developer or speculative investment group has requested that we enter into a confidentiality or nondisclosure agreement ("NDA") regarding their proposed project. Their objectives make sense—they do not want to disclose information about their location, business plan and development goals.

- We can enter into such an agreement with the intent to be discreet about their projects and not voluntarily disclose information about their projects. ** However, we must condition any such agreement by our statutory responsibilities under the "Open Government" provisions of Subtitle A of Title 5 of the Texas Government Code, which

require public transparency with limited exceptions. These statutes include the Texas Public Information Act ("TPIA") and Texas Open Meetings Act ("TOMA");

- TPIA:
 - TPIA considers all information in CLSUD's possession to be "public information" subject to disclosure unless excepted under Subchapter C ("Information Excepted from Required Disclosure").
 - To withhold disclosure, (A) an objection to disclosure must be filed with the Attorney General ("AG") by CLSUD or the third party requesting that CLSUD not disclose and (B) AG must issue a written decision allowing nondisclosure.
- TOMA:
 - TOMA allows our Board agendas, Board packets and Board discussions to maintain some level of confidentiality as described in Subchapter D ("Exceptions to Requirement that Meetings be Open").

The legislature over the last couple of legislative sessions has changed the law and how you can protect third parties' information that is in our files, the legislature has told the AG to adopt some rules on it. We have ten (10) days to notify the third party when a Public Information Act request has been made to us for information. A form on the AG's website must be completed and sent to the third party that has requested their information be kept confidential informing them a request has been made for their information. If they wish to keep their information confidential, they must follow the steps on the AG's form and then wait for the AG to decide on what can and cannot be released. We should not release any information until the AG provides us with directions on how to proceed. Director Scheel suggested a code name be given to these projects which CLSUD has already been doing. Director Scheel made a motion authorizing the General Manager to enter confidentiality agreements with developers and investment groups "subject to our statutory responsibilities under the Open Government provisions of Subtitle A of Title 5 of the Texas Government Code". Director Ilse seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay The board decided to table the second proposed motion in the board packet of "instructing legal counsel to prepare a board resolution or policy memorializing in writing the intent of this motion to respect the interest of third-party developers and investment groups to protect the confidentiality of their information while communicating to these third parties that CLSUD has and must comply with certain mandatory Texas "Open Government" laws".

F.7 Discuss, consider, and take action regarding Wayside Wastewater Agreement. This item was tabled, no discussion or action taken.

F.8 Discuss, consider, and take action regarding a Master Services Agreement for Engineering Services. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. A Master Services Agreement (MSA) is an agreement which establishes the terms and conditions that govern all current and future activities and responsibilities between two parties. For our purposes, this should apply to current and future professional engineering services. Within our current CLSUD

Procurement Policy (Under Section: 7 Procedures applicable to procurement of services and in item a) Engineering Services) it references Master Services Agreement as such:

“CLSUD shall enter into an agreement with a reputable engineering firm for registered professional engineering services based on the RFP/RFB outline above. A Master services agreement shall be established with the service provider outlining general conditions, fees structure, etc. Such master services agreements shall be for a three (3) year period, with applicable extension periods.”

As of current there is no one standard Master Services Agreement used by CLSUD. Therefore, in order to be consistent with all professional engineering services current and in the future, staff have drafted the attached Master Services Agreement for your consideration. The Agreement needs to have language as to possible conflicts of interest between parties. Mike Gershon stated most firms provide MSAs. The document we have takes into consideration several different large professional services for primarily engineering firms and feels the clauses protect CLSUD while still being fair to those who work with us. The MSA can be used for all services, not just engineering services. Director Diaz made a motion to approve the Master Services Agreement. Director Ilse seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.9 Discuss, consider, and take action regarding a Master Services Agreement with Southwest Engineers. This item was discussed fourth (4th) in executive session. Director Scheel made a motion to approve Humberto to work out a Master Services Agreement with Southwest Engineers. Director Howe seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.10 Discuss, consider, and take action regarding Lease Agreement for the Reuse Plant with Hill Vue Farm, LLC. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. Currently, CLSUD has been working to establish reuse activities as a core business activity. To date, developers are required to place within their developments reuse lines, construction water is to be reuse water and future industrial users are encouraged to use reuse water. In addition, CLSUD has awarded the construction contract for the Reuse Plant to TTE, LLC for \$1,379,000. The current PCU wastewater facility is located at Hill Vue Farm, (Daniel Hiedeman) and PCU has entered into a lease agreement with Hill Vue Farm, LLC. It has been planned that a new Reuse Plant which will require a 1-acre tract, be located proximal to the PCU wastewater facility for system efficiency. Therefore, in order to construct and operate a Reuse Plant, a lease agreement must be entered into with Hill Vue Farm, LLC. The agreement attached to the packet is not final, still need to negotiate a leasing amount and have the attorney for Hill Vue Farm review the agreement. The agreement is for a fifty (50) year term with right of first refusal language should the property be sold. Tom Walker with Southwest Engineers has been asked to provide a costing starting point as to what we should pay for this lease. Director Howe asked who would treat the water and Bill Fry with BVRT stated they would treat the water and send it to the reuse plant; additional treatment may be necessary once it reaches the reuse plant. The agreement was tabled until the February meeting to give everyone a chance to review the agreement and determine a leasing amount.

F.11 Discuss, consider, and take action regarding Reuse Agreement with Plum Creek Utility. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. In order for CLSUD to have access to reuse water for its Reuse Plant, CLSUD must enter into an agreement with PCU. PCU will process the wastewater and discharge/pump the reuse water to CLSUD reuse plant. The agreement illustrates the responsibility and obligations of each party to include a rate to be paid by CLSUD to PCU

for the water being pumped to the planned CLSUD Reuse Plant. To date, developers are required to place within their developments reuse lines. In addition, CLSUD will develop a "reuse" rate within the first quarter of 2024. The agreement attached to the board packet is still being reviewed by all parties, item was tabled until the February board meeting to allow everyone time to review the agreement and make any necessary revisions.

F.12 Discuss, consider, and take action regarding Road Maintenance Agreement with Hill Vue Farm, LLC. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. In order to access the Plum Creek Utility (PCU) wastewater facility and to access the proposed CLSUD Reuse Plant, a common road is in existence and is functional to date. The road is owned by Hill Vue Farm, LLC (Daniel Heideman) and is accessed from Grist Mill Road. In order to ensure proper maintenance and good condition of the road at all times, Hill Vue Farm, LLC is interested in entering into a Road Maintenance Agreement. This Road Maintenance Agreement will be an equal cost share between CLSUD and PCU and will be administrated by CLSUD. The agreement was not final at meeting time, so the item was tabled until the February board meeting.

F.13 Discuss, consider, and take action regarding amendment(s) to the Procurement Policy. Humberto Ramos with County Line Special Utility District (CLSUD) and Mike Gershon with Lloyd Gosselink Rochelle and Townsend, P.C. discussed this item. At the CLSUD December 18th Board meeting, action was taken to participate in the Houston-Galveston Area Council Cooperative Purchase Program (HGAC Buy). As you recall the advantage to buy-boards are that they allow for the procurement process to be more efficient as they have already negotiated goods/services for certain prices in accordance with public competitive procurement processes compliant with State statues. It was requested by the CLSUD Board that the current Procurement Policy include language regarding participation in such activities. Mr. Gershon stated language was added to the Procurement Policy to make it in compliance and consistent with recent statutory changes and to set out what our duties are under the statues and to clarify what restrictions are imposed based upon what services we are seeking. This item was tabled since the Procurement Policy was not attached to the board packet and the board did not have the opportunity to review the revisions prior to the meeting. The only item attached to the board packet was a memo provided by Lloyd Gosselink Rochelle & Townsend, P.C.

F.14 Discuss, consider, and take action regarding Short Term and Long-Term Disability Insurance. Jennifer Tarbutton with County Line Special Utility District (CLSUD) discussed this item. The following plan breakdowns were provided to the board to review from Standard Insurance since they are the largest supplier of Long-Term Disability (LTD) and Short-Term Disability (STD):

LTD Plan 3 would run alongside STD Plans 1 or 3 and LTD Plan 4 would run alongside STD Plan 7.

The staff's recommendation would be Option 1 - to have the shorter STD elimination period (Plan 1) and the 90-day LTD elimination period (Plan 3).

LTD is as follows:

Plan 3: Volume (\$77,037) *Rate (.579)/100(LTD benefits are per \$100 of covered payroll) =\$446

Plan 4: Volume (\$77,037) *Rate (.439)/100(LTD benefits are per \$100 of covered payroll) =\$338

STD is as follows:

Plan 1: Volume (\$10,059) *Rate (.34)/10(STD benefits are per \$10 of covered benefit) =\$342

Plan 3: Volume (\$10,059) *Rate (.252)/10(STD benefits are per \$10 of covered benefit) =\$253
Plan 7: Volume (\$10,059) *Rate (.362)/10(STD benefits are per \$10 of covered benefit) =\$364

Option 1(STD Plan 1 and LTD Plan 3) \$9,456 annual premium
Option 2(STD Plan 3 and LTD Plan 3) \$8,388 annual premium
Option 3(STD Plan 7 and LTD Plan 4) \$8,424 annual premium

Ms. Tarbutton said Option 1 with a seven (7) day elimination period is the group's standard plan and has an eighty-three (83) day benefit period which provides for a ninety (90) day short term disability time period. After ninety (90) days, the long-term disability plan would come into play for a period of two (2) years, but there is a benefit waiting period of ninety (90) days. There would not be a gap between the short term and long-term coverage, they would run concurrently, and you would not have to submit a whole bunch of paperwork to receive the long-term disability. The Standard Insurance does not require you to have used all your sick and vacation time before the short term and long-term coverage kicks in. Humberto Ramos stated the benefits committee met in October and recommended having short term and long-term disability as an employee benefit and he also stated Canyon Regional Water Authority (CRWA) has this benefit for their employees. Director Diaz made a motion to approve Option 1 for short term and long-term disability. Director Ilse seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.15 Discuss, consider, and take action regarding Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, Water Transportation and Wheeling Agreement between Maxwell SUD and CRWA, CRWA staff's draft Memorandum of Understanding, and CLSUD's demand letter to CRWA. This item was discussed third (3rd) in executive session. Director Diaz made a motion as directed in executive session. Director Howe seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.16 Discuss, consider, and take action authorizing the acquisition of the following easements and property in support of the District's water pipeline infrastructure projects. This item was discussed first (1st) in executive session. Director Scheel made a motion to approve the Bob White 2.0-acre tract, Cornelius Crenshaw Survey, A068 for a Booster Station as discussed in executive session. Director Howe seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

- A. Tract 1, FM 2720, RUC Holdings
- B. Tract 5, FM 2720, RUC Holdings
- C. Tract 6, FM 2720, Doehne/Tripolic
- D. Tract 9, FM 2720 RUC Holdings
- E. Tract 10, FM 2720, Walton Texas LP
- F. Bob White 2.0-acre tract, Cornelius Crenshaw Survey, A068 for a Booster Station

F.17 Discuss, consider, and take action regarding the transfer of wastewater CCN service area from Gristmill Utility Company to County Line Special Utility District, and the Sewer CCN Service Area Transfer Agreement between Gristmill Utility Company and County Line Special Utility District. This item was discussed second (2nd) in executive session. Director Howe made a motion to proceed as directed in executive session. Director Diaz seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS. No action taken on these items.

G.1 Bid the Porter Creek Gravity Main.

G.2 Items tabled on the January 22, 2024 Agenda

H. EXECUTIVE SESSION. Director Diaz made a motion to enter executive session and read the following: County Line Special Utility District reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.087 (deliberations regarding economic development negotiations). Director Scheel seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay. Meeting entered executive session at 8:16 P.M. to discuss Items F.16, F.17, F.15 and F.9 above in that order. Director Diaz made a motion to leave executive session. Director Howe seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay Meeting left executive session at 9:41 P.M. and entered back into regular session. No motions were made while the meeting was in executive session.

Prior to entering executive session, Daniel Heideman with County Line Special Utility District (CLSUD) showed pictures of a water line installed in the 1960s that was probably buried only three feet (3') deep. Over time the dirt has eroded, and a farmer continued to get closer and closer to the road with his plowing and broke the line a couple of weeks ago. Radke construction provided a proposal for his labor only to rebury the line for \$3,750.00, CLSUD will need to purchase any pipe. Mr. Heideman just wanted to inform the board of this expense.

I. ADJOURNMENT. Director Scheel made a motion to adjourn the meeting and Director Diaz seconded the Motion, Motion passed unanimously. 5 Aye, 0 Nay Meeting was adjourned at 9:46 P.M.



County Line SUD, Board President

Toni Brewer

Date 2/19/24