

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –November 21, 2022 at 6:30 PM

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer

Robert Diaz

Joe Howe

William Ilse

James “Rusty” Loep

Tracy Scheel

Others Present:

Chris Betz

Allison Nieto with Southwest Engineers via Zoom

Jeff Kallus with Southwest Engineers via Zoom

Humberto Ramos via Zoom

Bill Fry

Danielle Lam with Lloyd Gosselink Rochelle & Townsend, P.C. via Zoom

Jesse Pena with Quiddity Engineering

Doug Schnautz

Jennifer Tarbutton

Rebecca Moore

Tracie Crowell

The following represents the actions taken by the Board of Directors (Board) of the County Line Special Utility District (CLSUD) in the order they occurred during the meeting. 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 6:32 P.M.

B. ROLL CALL. Quorum of the Board was present, with Directors Brewer, Diaz, Howe, Ilse, Loep and Scheel in attendance.

C. PUBLIC COMMENT. There was no public comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the September 19, 2022 regular Board meeting. Director Scheel moved to approve the minutes and Director Diaz seconded the Motion. Director Howe abstained from voting. 5 Aye, 0 Nay.

D.2 Consider and take action to approve the minutes of the October 17, 2022 regular Board meeting. Director Scheel moved to approve the minutes and Director Diaz seconded the Motion. Director Howe abstained from voting. 5 Aye, 0 Nay.

E. REPORTS.

The Board of Directors received the following reports:

E.1 Wastewater Operations Report. Bill Fry with Plum Creek utility reported no issues with the wastewater treatment plant operations, everything in compliance. Still do not have a generator. Connections being added, Lutheran Church has been connected to the down town lift station. Lightning struck the Las Estancias lift station taking out all electrical and both pumps, currently running off a temporary diesel powered pump to keep lift station running. Hoping insurance will help with the repair costs estimated to be around \$100,000.00.

E.2 Engineer's Report.

Allison Nieto reported the Downtown Umland Wastewater projects are complete except for the generator at the lift station. Gristmill South Gravity and Reuse Mains are under construction and scheduled to be completed in February 2023. Porter Creek Gravity Main is under design and scheduled to be completed in February 2023. PCU is under construction on the WRRF 1 Phase 4 Expansion, which will add another 150,000 gallons per day of capacity for a total of 300,000 gallons per day, construction should be complete in Spring 2023. PCU is currently in design on the Porter Creek Lift Station and Force Main, which will convey the wastewater from CLSUD's Porter Creek Gravity Main and the Creeks Crossing Subdivision (Phases three and four) to PCU WRRF 1, design is scheduled to be complete in January 2023. Four (4) developments are under construction, plans have been approved for four (4) developments, plans have been submitted for review for three (3) developments and nineteen (19) developments have requested service and paid the application fee.

Jeff Kallus reported ARWA is proposing to add a second delivery point at Misty Lane and SH 21, water to be delivered to future elevated tank or SH 21 Booster Station. Material submittal received from contractor and are under review for the Brooks Well Site/Edwards Well Test. Working on preliminary design and layout to determine size of site needed for the potential GBRA water source. 30% of the plans were completed and approved by BVRT for the reuse water plant and expect 60% of the plans to be completed by January. CLSUD is currently booked for 2,000 acre feet of water for CRWA Wells Ranch Phase 3 and can increase the amount if necessary, February 1, 2023 is the deadline to confirm amount of water needed. Construction plans are completed and are being submitted to the County on the FM 2001 water line relocation, still need easements which will be reimbursed by the county or TXDOT. Survey is expected to be completed soon on the FM 2720 water line. Once survey is completed, easement exhibits can be completed and easement acquisitions can be completed. A draft water sharing agreement was provided by the City of San Marcos and is being reviewed by CLSUD's attorney for the San Marcos Interim Water Supply. Gristmill Road Reuse Water Line extension is in design of the road crossing of SH 21 and extension to the concrete plant.

E.3 Financial Report. Rebecca Moore reported 2.6 million gallons of construction water sold last month. Wastewater Impact fees consisted of 163 LUE's for Camino East and 1 LUE for the Lutheran Church. Water reserves up, first month billed at new rate. First month for CRWA and ARWA new budget year which started in October. Interest still high for income. Presented a draft budget for 2023. Draft budget narrative showed the following: Wastewater revenue assumed starting at 720 connections and increased by 5 connections each month; Water revenue is at the same rates as 2022, if we increase rates to the suggested rates in the rate survey it would be an additional 10% of revenue (increase of about \$600,000); San Marcos interim water expense is for the full year, contract has not been signed yet and once contract is signed the minimum monthly amount would be \$88,512.50. If we use the full amount of 1 MGD the monthly amount would be \$177,025.00 after the minimum amount of \$88,512.50 it is on a usage amount per thousand gallons (roughly two (2) million in expenses next year if we max out the contract); Retirement contribution would be 6% instead of the current 3% if CLSUD goes to Texas County & District Retirement System; No raises or increase in staff included in this draft budget; Depreciation of \$335,000.00 included; Net operating loss is around -\$720,301.26. Tony recommended we revisit the budget at next BOD meeting. GBRA bond payment does not start until 2024. Wells Ranch Phase III is not in our current capital improvement plan and according to auditors, if we want to use restrictive income it has to be on our capital improvement plan.

E.4 CRWA & ARWA Report. Humberto Ramos with CRWA reported their BOD meeting was held November 14, 2022 and no meeting is scheduled for December. Trish Carls, a water attorney was hired to help with permitting for the Wells Ranch Phase III project. GBRA seeking 9,000 acre feet of water, some will be for CLSUD and some for Maxwell Water Supply. Ms. Carls gave them an overview of the GBRA process to help give them insight. \$72,000.00 GIS Engineering Service Agreement with the existing engineer, this is a Phase III component. CRWA will put all of their infrastructure in GIS Software format so they can easily access it, third phase will include Hays/Caldwell, will not include new infrastructure, but will include existing infrastructure outside the water treatment plant. Speaking to Nanostone about ceramic filters at Lake Dunlap. Tri-Hydro to work with Nanostone to put in new membranes. Tri-Hydro was awarded a \$107,000.00 Service Agreement to work on this project. Resolution for a \$68,000.00 project to see if ozone would be beneficial in front of the system instead of in back of the system. Currently at back of the system

at Lake Dunlap and wanted to do a study to see if it would alleviate some by-products if located in front of the system.

Chris Betz with ARWA reported nothing going on out of the normal. Working on a Legislative Agenda. Working on keeping costs down on the pipe line project. Trying to get a handle on how much water will be needed in the short term. Still working on right of way issues for the pipeline in our area. Stated easement acquisition will not be the delay in getting water, line construction will cause the delay, might have additional crews come in over the next few months to help speed up construction on the line. Director Scheel was disheartened in regards to the information regarding the easement acquisitions for Segment C after Graham Moore's presentation last month.

E.5 General Manager's Report. Daniel Heideman did not attend the meeting, a hand out was included in the Board Packet for review.

E.6 President's Report. Nothing was reported.

E.7 Capacity Report. Rebecca Moore stated more than it was in September due to new requests. Westside at Plum Creek, Fountain of Life Church and Woodmere Park are the newer requests. Whoever pays impact fees and has a signed NSSA moves up on the list to get water. Presented a chart which is sorted by NSSA date, then date paid first half of impact fees, then date requested for service. Pecan Woods and Caldwell Valley in Hays County will be delayed a bit. Working to get build out schedules from developers to see how many homes they are trying to get on line each month.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION TAKEN OUT OF ORDER:

F.1 Discuss, consider, and take action regarding Gonzales Carrizo Water Supply Project. Chris Betz reported on this item. Contract signed earlier in the Spring/Summer. Bonds possibly will be sold in January 2023. Last numbers we saw were prior to the Federal Reserve interest rate increases, could be a slight rate increase in early December 2022 of a quarter to ½ of a point. Would have more information in January or February. No action taken.

F.2 Discuss, consider, and take action on CRWA's Wells Ranch Phase III Water Supply Project. Chris Betz reported attorneys are still working on the contract, getting fairly close to a contract. Humberto Ramos reported CRWA met on November 18, 2022 and all entities were invited to attend, Bond Council discussed the progress of the contract. The Bond Council reached out to Martindale Water Supply Corporation since they had three items of concern and none were included in the contract. Martindale feels they are not going to be able to take their 500 acre feet of water, at one point they said they would take 100 acre feet of water and then stated they wouldn't take any water, group feels it is best to move forward with this water supply contract. CRWA set a deadline of February 1, 2023 for entities to state how much water they would take. Samco is making sure the entities have rate studies conducted to make sure they can afford the water requested. Contract is almost complete except for the amount of water each entity will request and the delivery points. Danielle Lam confirmed we have agreed to the form of the contract, need to work on getting signed NSSA's and make sure we have the correct rate structure to support any bond payments. Rebecca Moore stated CLSUD received first invoice and she requested the board approve the project before she paid the invoice, board tabled the decision.

F.3 Discuss, consider, and take action on PCU Wholesale Wastewater Agreement. Chris Betz reported the attorneys, Mr. Heideman and an engineer or two finished everyone's input and we have a document with some questions and comments and are ready to start working with PCU. Need to sit down and work out some issues, but we are moving ahead. No action taken.

F.4 Discuss, consider, and take action to accept bid for tank cleaning services. Doug Schnautz reported four (4) bids were submitted. Advanced Diving Services, Inc. submitted a bid of \$9,140.00; Ron Perrin Water Technologies, Inc. submitted a bid of \$15,393.00; Texas Tank Services submitted a bid of \$11,250.00 and Pittsburgh Tank and Tower submitted a bid of \$13,775.00. Suggested the bid be awarded to the lowest bidder which was Advanced Diving Services, Inc. Director Howe made a motion to award the bid to Advanced Diving Services, Inc. and Director Diaz seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.5 Discuss, consider, and take action regarding Order Amending CLSUD's Service Policy in regard to Disconnection and Late Fees During Extreme Cold Weather Emergency.

Danielle Lam with Lloyd Gosselink Rochelle & Townsend, P.C. presented this item. Public Utility Commission of Texas created new rules in regards to Prohibiting Disconnection of Water Service During Extreme Cold Weather Emergency. An extreme weather event is defined as a period beginning when the previous day's highest temperature in an area did not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports for that area. For purposes of these requirements, an extreme weather emergency is over on the second business day the temperature exceeds 28 degrees Fahrenheit. During this time, retail public utilities like CLSUD cannot disconnect service or impose late fees for nonpayment of bills that are due during such emergencies, until after the extreme weather emergency is over. Affected customers may also request a payment schedule for unpaid bills that are due during an extreme weather emergency. Notification about these protections will need to be provided to CLSUD customers in Spanish and English by January 31, 2023. Civil Penalties will be imposed for violating these rules. An order was prepared to amend CLSUD's Service Policy Section C, Section E. 8, Section E.11.c and Section G.12 in regards to disconnection and late fees during extreme weather emergencies. Ms. Lam recommended approval of this Order as presented. Director Scheel made a Motion to approve Order and Director Ilse seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously

F.6 Discuss, consider, and take action regarding Interim Water Supply Agreement with the City of San Marcos. Item discussed under Executive Session. No action was taken on this item during the executive session.

F.7 Discuss, consider, and take action regarding Southwest Engineers Amendment No. 1 to FM 2720 Water Line Improvements. Jeff Kallus reported on this item. Original proposal was for easement acquisition, this Amendment added the engineering design of the water line to the project. The line will be a twenty-four inch (24") line, approximately four (4) miles long. Director Howe made a Motion to approve and Director Scheel seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously

F.8 Discuss, consider, and take action regarding Order Authorizing General Manager to Take Action on Small Non-Standard Service Requests. Item discussed under Executive Session. No action was taken on this item during the Executive Session. After Executive Session, Director Scheel moved to approve the Order authorizing the General Manager to take action on

Small Non-Standard Service Requests up to 7 LUE's. Director Ilse seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously

F.9 Discuss, consider, and take action regarding handling violations of CLSUD's Service Policy regarding one meter per residence requirement. Doug Schnautz reported CLSUD has accounts wherein multiple residences are connected to one meter which is in violation of CLSUD's Service Policy. Discussed if a payment plan would be an option to help customers obtain additional meters when they are in violation of this rule. Possibly have customers reapply for service if they are shown under the wrong category (shown as a single family residence and should be shown as a multiple family residence). Maybe have customers change from a single service account to a master metered account. Discussed methods to notify customers when they are in violation. Item was tabled to allow CLSUD staff and attorney to figure best solution and discuss at next meeting.

F.10 Discuss, consider, and take action regarding Order Authorizing General Manager to Execute Utility Conveyance Agreements. Danielle Lam with Lloyd Gosselink Rochelle & Townsend, P.C. presented this item. General Manager of CLSUD is authorized to take actions to further CLSUD's day to day business and Utility Conveyance Agreements fall under this. The Order would authorize the General Manager to sign Utility Conveyance Agreements instead of the Board President and would also grant the General Manager authority to delegate this authority to the Assistant General Manager when the General Manager determines it is necessary. Ms. Lam recommended approval of this Order as presented. Director Scheel made a Motion to approve the Order and Director Ilse seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously

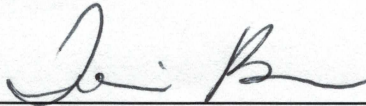
F.11 Discuss, consider, and take action regarding Order Amending Section H.5 of CLSUD's Service Policy. Danielle Lam with Lloyd Gosselink Rochelle & Townsend, P.C. presented this item. Section H.5 of CLSUD's Service Policy establishes penalties for violations of the District's Drought Contingency Plan. Order would Clarify the language regarding second offences, third offences, and any subsequent offences. Ms. Lam recommended approval of the Order as presented. Director Scheel made a Motion to approve and Director Diaz seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.12 Discuss, consider, and take action regarding Order Amending Section E of CLSUD's Service Policy Regarding Methods of Notice. Danielle Lam with Lloyd Gosselink Rochelle & Townsend, P.C. presented this item. The Order would amend Section E of CLSUD's Service Policy to create a new Section E.25 regarding acceptable methods of notice when CLSUD is required to provide written notice prior to disconnection, unless already specified by the Service Policy. Ms. Lam recommended approval of this Order as presented. Director Howe did not like email as a method of notice and Director Scheel did not like posting in a newspaper as a method of notice. Ms. Lam explained that the new Section is meant to allow CLSUD to use other methods of notice as a last resort when CLSUD has failed to reach the customer via mail, hand delivery, email, and fax. Ms. Lam and CLSUD Staff also explained that the first attempt to provide notice would be via mail. After discussion, Directors Howe and Scheel agreed to approve Order as presented. Director Diaz made a Motion to approve and Director Howe seconded the Motion. 6 Aye, 0 Nay-Motion passed unanimously.

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS. Director Scheel requested the ARWA quarterly report be sent out. Would like to be kept informed of easement status and if on schedule. Jennifer Tarbutton stated she receives the Agenda for ARWA and would forward to CLSUD board members. No BOD meeting will be held in December.

H. EXECUTIVE SESSION. At 8:04 P.M., upon Motion by Director Howe, seconded by Director Scheel, passed unanimously 6-0, the Board adjourned into executive session as authorized by Texas Government Code Section 551.071 (consultation with attorney) to discuss Item F.6 and Item F.8. A Motion was made by Director Diaz and seconded by Director Ilse and unanimously passed to end the executive session. Executive Session ended at 8:38 P.M. and the meeting returned to regular session. No action was taken during executive session for Item F.6 and Item F.8. Director Scheel made the Motion and Director Ilse seconded the Motion, no other actions were taken while in Executive Session

I. ADJOURNMENT. Director Scheel made a motion to adjourn the meeting and Director Diaz seconded the Motion, Motion passed unanimously. Meeting was adjourned at 8:41 P.M.



County Line SUD, Board President

Toni Brewer

Date 1/23/23