

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –September 18, 2023 at 6:30 P.M.

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:

Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. (CLSUD Legal Counsel)
David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. (CLSUD Legal Counsel)
Chris Betz, County Line Special Utility District Staff
Allison Nieto with Southwest Engineers
Jeff Kallus with Southwest Engineers
Tow Walker with Southwest Engineers
Bill Fry with Plum Creek Utility-OMMS
Jesse Pena with Quiddity Engineering
Herb Williams with Williams Water Works Via Zoom
Justin Ivicic with Maxwell Special Utility District Via Zoom
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). Items for Action or Discussion/Direction were taken out of order and were discussed in the following order: F.1-F.8, then F.11-F.13, then F.15. Items F.9, F.10 and F.14 were discussed in Executive Session after the previously mentioned Items. 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 6:58 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. No Public Comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the August 15, 2023 Special Meeting.

D.2 Consider and take action to approve the minutes of the August 21, 2023 regular Board meeting.

Director Brewer requested the Board approve D.1 and D.2 in one motion. Director Diaz made a motion to approve the Consent Agenda and Director Loep seconded the Motion. Passed unanimously. 6 Aye, 0 Nay.

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

E.1 Wastewater Treatment Plant Operations Report. Bill Fry with Plum Creek Utility-OMMS reported flow has increased, feels the start of the new school year is the reason for the increased flow. The newly expanded part of the plant should start later this year, still waiting on electrical components to be installed. Plant is in compliance and adding connections, mainly in the Watermill Subdivision. No commercial connections had been made as of report date. Maintenance activities at WRRF#1 were the repair of the fine screens to remove trash that had been filtered out. Maintenance activities on County Line SUD wastewater facilities and lines were not performed by Plum Creek Utility's (PCU) operator, OMMS. Three (3) board members of Maxwell Special Utility District (SUD) toured the plant to see operations. Humberto Ramos said Maxwell SUD is looking to possibly partner with PCU. A temporary tank has been located to help with getting the reuse water online sooner.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported the Impact Fee Advisory Committee for the Wastewater Capital Improvements Plan (CIP) and Impact Fee Amendment met August 30 for the Public Hearing to be held before the September Board Meeting so the board can take action on this item. Design is complete and the board is to take action on bidding the project at the September 18 board meeting for the Porter Creek Lift Station and Force Main. This will serve the Creeks Crossing Subdivision by taking the water across the creek to the plant for treatment. Plans are 90% complete on the Porter Creek Gravity Main, this will be the first project in the CIP and will run down Cotton Gin Road and Dairy Lane to the lift station. Should take eighteen (18) months to complete. Project Nora is a potential industrial development on the FM 2720 mega-site, water and wastewater responses to a proposal/questionnaire for round two (2) of the site selection process were submitted. Plum Creek Utility (PCU) is under construction on the WRRF#1 Phase 4 expansion

which will add another 150,000 gallons per day (GPD) of capacity, construction should be complete in Fall of 2023. Five (5) subdivisions are under construction; two (2) gas station plans have been approved; eight (8) plans have been submitted for review and twenty-one (21) developments have requested service and paid an application fee.

Jeff Kallus with Southwest Engineers reported the pump that was received for the Brooks Well Site was the wrong size and had to be returned. Based on current aquifer levels, it was decided to place the pump lower than proposed. The contractor ran a test to verify the straightness of the open hole and did a video to determine the optimal location to place the pump. The pump should be installed within the next three (3) weeks. Construction plans are nearly complete for the reuse water plant, hope to bid the project at the October board meeting. Construction plans for the FM 2720 water line are at 50% for the route from Old Spanish Trail to the Bollinger Subdivision, the Capital Improvement Plan (CIP) will continue the line further down the route. Easement acquisitions are in progress for the San Marcos Interim Water Supply, Lowden Excavation hopes to have the signed contract to Southwest Engineers (SWE) this week to provide to County Line Special Utility District (CLSUD) for signature. Plans are close to being approved for the following developments: Camino East Phase 2 (Cotton Gin Road); Marigold Phase 2 (High Road); Wayside Phase 2 (High Road); Watermill Phase 3; Bollinger Phases 1 and 2; and 1400 FM 150.

E.3 Financial Report. France Alston with County Line Special Utility District (CLSUD) reported San Marcos sent an email stating our account is set up and we should receive the first invoice this week for July and August. Interest income does not include Logic's this month because a statement has not been received in the mail and she doesn't currently have access to the account. A check for \$53,549.31 was cut to Covert Chevrolet for the purchase of the 2024 work truck and a check was cut in the amount of \$13,222.65 to Harbor Truck and Van for a utility bed for the newly purchased work truck. Payment was made in the amount of \$24,236.00 to Edmunds Gov Tech for the annual fee for our billing software. An invoice was received and paid to Alliance Regional Water Authority (ARWA) in the amount of \$53,585.97 for the San Marcos water sharing.

E.4 CRWA & ARWA Report. Humberto Ramos with County Line Special Utility District (CLSUD) reported the following:

- CRWA Construction Committee meeting was held on September 5th:
 - Transmission Line Projects – *CLSUD -Engineer (GEI) was not present to provide update on pipeline alignment. I provided the committee with insight into the recently sent CLSUD demand letter.*
 - Hays Caldwell WTP Updates – *Exterior facility improvements still awaiting permitting from San Marcos and County (see attached PowerPoint)*
 - Pall mobile membrane unit performance -Staff updated that the unit is working "just fine".
 - Engineering Services Agreement to replace existing Koch membranes-*Construction Committee recommended to the CRWA BOT approve a partial engineering scope of work with Ardurra Group, Inc. for preliminary design services of the Hays Caldwell WTP Membrane Improvement Project for a cost not to exceed \$110,528.00 and approve a corresponding reimbursement resolution. This partial scope work includes Task 1 for General Project Management and Quality Control, Task 2.1 of Task 2.0 for Data Collection and Review, and Task 6.1 of Task 6.0 for a Funding*

Opportunities Workshop of Ardurra's overall scope of work for preliminary design services.

- CRWA held a meeting on September 11th to discuss the HCWTP overage September. *In attendance were City of San Marcos, CLSUD, Maxwell SUD, Martindale WSC and Crystal Clear SUD. After a lengthy discussion with no impasse, direction moved towards addressing the recommended resolution CRWA 23-09-0957 proposed by Maxwell for consideration at the CRWA BOT meeting later at 6:00 p.m. All entities participated in the redrafting of the resolution entitled Revised Resolution No. 23-09-057.*

- CRWA BOT met on September 11th (see attached agenda). Items related to CLSUD include:

- Item 4 Oath and Statement of Office of New Trustee
 - *I took the Oath of office and was welcomed in as a CLSUD representative to the CRWA BOT.*

- Item 7 Presentations/Discussions

- A. *Hays Caldwell Wheeling Agreement Notice. -A summary of the letter was given by the attorney (Trey Wilson), with no action or direction Board.*

- B. *County Line Pipeline Project Notice and Demand Letter – A summary of the letter was given by the attorney (Trey Wilson), with no action or direction from the Board. I did provide a statement as to our intent and our need for the pipeline.*

- Item 9 CRWA Committee Reports

- A. *Project Status Comments and Updates on Committee Activity- I requested a response from the CRWA Board regarding CLSUD demand letter and I asked for some type of action immediately to address the letter as CLSUD Board is awaiting a response. I asked that the Vice-President take the lead and set up a meeting among the participating entities to start addressing the expiration of the Maxwell Wheeling agreement and the pipeline.*

- Item 10 General Business

- A. *CRWA 23-09-052 Concerning approval of FY 2024 Budget – Budget was approved. GBRA raw water delivery system rate will remain at \$0.595 per 1,000 gallons; GBRA raw water rate to increase \$175/af from \$165/af; Annual personnel costs increased by approximately \$622,000 over the prior year's budget. This includes a 5% COLA and 3% merit increase in employee wages. Increased in insurance and employer contributions of 50%; repair and replacement increase to \$1.7M; CLSUD contribution to the CRWA budget is \$2,058,098.78. CLSUD contribution to the Alliance Regional Water is \$632,013.19.*

- B. *CRWA 23-09-0-52 Concerning approval of Engineering Services Agreement with Adurra Group, Inc. – Motion passed for preliminary design services of the Hays Caldwell WTP Membrane Improvement Project for a cost not to exceed \$110,528 with an amendment to include the scope of work.*

- C. *CRWA 23-09-056 Concerning approval of additional Life Insurance Benefits through TCDRS – Motion passed to increase life insurance benefits for CRWA employees at a rate of 0.17% for \$3,413.*

D. CRWA 23-09-057 Concerning a New Rate Methodology for Hays Caldwell Participating Members – Revised resolution as attached passed.

o Item 13 Future Board Member Agenda Items

A. *Board Member Tracey Scheel requested that at the next CRWA Board meeting in October that CRWA have an item at its October meeting to update the status of the request for a pipeline for CLSUD based on the demand letter.*

Mr. Ramos attended the CRWA Board of Trustees meeting Monday, September 11, 2023 where he was sworn in as a board member. One of the items discussed at the meeting that concerns CLSUD is the demand letter from CLSUD to CRWA, both entities will need to find a way to work together on this project.

Chris Betz with Alliance Regional Water Authority (ARWA) reported they are still negotiating with Guadalupe Blanco River Authority (GBRA) for second phase two to three years early. They do not want to put members in a bind for paying these expenses earlier than planned. Certain ARWA members like us need the water. Still finalizing the executive director review. Humberto Ramos stated the ARWA Admin Committee met regarding health insurance for their employees, rates increased dramatically. The committee will recommend to their board compensating their employees for this increase. Mr. Ramos also stated we should receive the first phase of water by Fall of 2024.

E.5 General Manager's Report. Humberto Ramos with County Line Special Utility District (CLSUD) referred the board to his calendar of activities attached to the board packet for the month of September. He met with various developers within the CLSUD CCN, attended/ing CRWA meetings, attended the Umland City Council meeting, attended a CLSUD management meeting September 1, 2023 and will attend another one September 22, 2023. He is working on the Memorandum of Understanding (MOU) with BVRT and Maxwell Special Utility District and the MOU with GBRA. Wants to work with the City of Umland to create a conservation ordinance to help CLSUD enforce water usage. Director Scheel stated the P&Z Committee for the City of Kyle has been tasked with this project as well. Director Howe pointed out water sold for the month of August was 40% higher than the previous month, Jennifer Tarbutton contributed the increase to irrigation by the new developments, school being back in session and people staying at home more.

Daniel Heideman with County Line Special Utility District (CLSUD) reported that at the last few meetings, we discussed the construction of the new conference building behind the existing CLSUD building. Plans were turned over to Southwest Engineers and they feel there is not enough space behind the existing CLSUD building to construct the new building since a lift station will need to be constructed on the property, a detention pond, parking and the collection point for the re-use water. An employee of CLSUD suggested constructing a new warehouse at the 2.00 acre Hemphill elevated tank site and convert the existing warehouse into offices and the conference room. Mr. Heideman stated CLSUD might be able to acquire additional land from the school located next to the Hemphill site, because of a high pressure gas line cutting through the land. There should still be enough space

at the Hemphill site to construct a larger elevated tank if needed. Board feels this is a good idea and requested additional information on this project.

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

E.7 Capacity Report. Jeff Kallus with Southwest Engineers reported as of August, there are 5,967 active meters with 1,700 reserved meters. Four hundred (400) meters have been added this year. The San Marcos water will get us to 7,500 connections and the ARWA water will get us to 9,000 connections.

E.8 Easement Report. Jeff Kallus with Southwest Engineers introduced Tom Walker as a new member of their right of way team. So far two and a half (2.5) easements have been purchased along the San Marcos Waterline, hope to have more by the end of September. Walton owns the majority of the easements along FM 2720. Two of the tracts along FM 2720 are the same as the Steelhorn Waterline Extension.

E.9 General Counsel's Report. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. reported they have had a number of productive half (1/2) day working sessions over the last few months with County Line Special Utility District (CLSUD) and Southwest Engineers. The next meeting will be held Wednesday, September 20, 2023 at the CLSUD office. Mr. Gershon had additional items to discuss in Executive Session later in the meeting.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION: These items were taken out of order and were discussed in the following order: F.1-F.8, then F.11-F.13, then F.15. Items F.9, F.10 and F.14 were discussed in Executive Session after the previously mentioned Items.

F.1 Discuss, consider, and take action to cancel the September 18, 2023 Public Hearing to Receive Petitions and Exclude Land from CLSUD and discuss, consider, and take action on Order Calling a Public Hearing to Receive Petitions and Exclude Land from CLSUD. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. Mr. Gershon stated we need to acknowledge that we are not having a public hearing today due to the limited publication schedule of the newspapers within the district and the strict notice requirements, CLSUD could not publish notice in time for a September 18, 2023 public hearing date. A motion needs to be made to call a public hearing on October 16, 2023 and the Order included in the board packet is ready to be approved by a motion and signed today, CLSUD will be able to meet the notice requirements. Director Howe made a motion to adopt Order Calling a Public Hearing to Receive Petitions and Exclude Land from County Line Special Utility District (CLSUD) on October 16, 2023. Director Scheel seconded the motion. 6 Aye, 0 Nay- Motion passed unanimously.

F.2 Discuss, consider, and take action regarding Wastewater Rates presentation. Chris Betz discussed this item. He reported that PCU has requested a proposed increase to the monthly wastewater rates (per customer) from \$65/month (\$60 to PCU) to \$80/month (\$75 to PCU). Mr. Betz noted that this would be the first increase since CLSUD and PCU entered into a wholesale wastewater treatment agreement 4-5 years ago. On behalf of CLSUD, Herb Williams stated that he has reviewed the financials for the proposed rate change and that he had presented his findings to the Board in July and August, 2023. Herb also reviewed and discussed CLSUD's \$5 administrative fee - which is the only portion of the monthly fee that is not forwarded to PCU. Mr. Betz clarified that this item is for

informational purposes at this meeting, as CLSUD Staff still need to finalize negotiations concerning the Amended and Restated Wholesale Wastewater Service Agreement Between PCU and CLSUD (WSWW Agmt), the status of which would be discussed under that separate agenda item. Also, he stated that the method of the Board approving this rate increase would be through the eventual vote on the WSWW Agmt. In response to a question from the CLSUD Board, David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. stated that CLSUD does not need to have a public hearing to approve a retail wastewater rate change; and, Mr. Betz agreed that since the CLSUD Board has discussed the rate increase at the July, August and September Board meetings and will likely discuss that topic again at the October Board meeting, a public hearing was not necessary.

Mr. Betz reiterated that negotiations with the WSWW Agmt with PCU is close to being complete, and that the rates proposed in the Agreement will go from \$65.00 to \$80.00 per customer per month, with CLSUD getting \$5.00 a month per customer and PCU receiving \$15.00 a month more per customer. Herb Williams with Williams Water Works stated he had no additional information and still had the same recommendation. No action was taken on this item.

F.3 Discussion regarding Amended and Restated Wholesale Wastewater Service Agreement Between PCU and CLSUD. Chris Betz presented this item. He noted that in addition to the items discussed under the "Wastewater Rate Increase" agenda item, above, he would like to update the Board on the progress with the WSWW Agmt negotiations. Also, he reported that due to the gravity, term, and scope of the WSWW Agmt, CLSUD has asked Chris Ekrut to review the WSWW Agmt terms and calculations. Mr. Betz stated that he, Chris Ekrut, and CLSUD's attorney and engineer are also doing their final reviews, and plan to forward a counter-offer to the Board members shortly, so that they can have the opportunity to review this lengthy, complex, long-termed, and exhaustive agreement. Chris Betz noted that Chris Ekrut has worked with other special utility districts as well as Canyon Regional Water Authority (CRWA), so he was familiar with this subject matter. He added that Mr. Ekrut's concerns with WSWW Agmt include: the rate of return referenced in Exhibit C of this Agreement, as it is higher than what the Public Utility Commission (PUC) has allowed for similar deals; and considerations relating to construction in progress items being included in the rate, since customers need to benefit from an item in order for it to be included in the rate. No action was taken on this item.

F.4 Discussion regarding CRWA Wells Ranch III Project. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. CRWA submitted a permit amendment application to the Gonzales County Underground Water Conservation District (GCUWCD) to increase the production rate for one of its existing permitted wells in the Carrizo aquifer, "Well 14-Christian West," from 495 gpm to 1,065 gpm. The proposed pumping rate increase of 570 gpm equates to an increase in production of 920.05 acre-feet per year. If permit amendment is granted, this 920.05 acre-feet per year will be used as an initial phase of Wells Ranch III to provide water to East Central SUD, Evergreen SUD and Springs Hill WSC because existing plant infrastructure can produce the increase with little modifications to Well 14. A public hearing was held on September 12, 2023 in Gonzales Texas regarding CRWA 14,000 acre foot project. Several public comments were made, and a few protesters protested the 920 acre feet of water. A judge will see who of the protesters has standing and will make a claim. CRWA is just starting the permit for the 920 acre feet of water. No action was taken on this item.

F.5 Discuss, consider, and take action regarding GBRA/Gonzales Carrizo Water Supply Project. Humberto Ramos discussed this item. Discovery continues in the SOAH process. County Line Special Utility District (CLSUD) entered into this contract for 2,400 acre feet of water. Will be a year before GBRA will bet their permit. No action was taken on this item.

F.6 Discuss, consider, and take action to adopt order amending CLSUD's Wastewater Land Use Assumptions, Capital Improvements Plan, and Impact Fee. Allison Nieto with Southwest Engineers presented this Item. She noted that she did not have any comments in addition to those provided in the public hearing that preceded this meeting. Director Howe stated that while the Impact Fee Advisory Committee (IFAC) recommended amending the wastewater impact fee to the maximum allowable amount of \$2,525.00 per living unit equivalent, it was his understanding that the maximum allowable amount was adjusted down to \$2,500.00. Director Scheel made a motion to approve Item F.6 for \$2,500.00 per living unit equivalent. Director Diaz seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously. Director Brewer asked for the Board to consider making a motion to change the effective date of this Order to September 19, 2023 since it was approved after-hours. Director Scheel made a motion to amend her original motion and make it effective September 19, 2023. Director Diaz seconded the motion. 6 Aye, 0 Nay-Motion passes unanimously.

F.7 Discuss, consider, and take action regarding the advertisement of the Porter Creek Lift Station and Force Main Construction Project. Allison Nieto with Southwest Engineers discussed this item. This project was just added to the CLSUD Capital Improvement Plan. It is needed to serve Phases 3 & 4 of the Creeks Crossing Subdivision (currently under construction), as well as several upcoming developments (Haney Park, Westside at Cotton Gin, and Rowan Ranch). The estimated construction cost is around \$2 million. We are still waiting to receive a signed easement back from the Creeks Crossing developer (Sun Communities) before starting construction, but their NSSA requires them to provide us the necessary onsite easements as a condition of service. Haney Park has signed a Wastewater Non-Standard Service Agreement (NSSA) and paid their Impact Fees, Inspection Fees and PCU Fees for Phase 1, we are now committed to provide wastewater service to them within the next eighteen (18) months. Director Howe made a motion to advertise the Porter Creek Lift Station and Director Scheel seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.8 Discuss, consider, and take action to adopt a policy for construction-project-related real property acquisitions and to appoint a Board Acquisitions Committee. Humberto Ramos with County Line Special Utility District (CLSUD) and Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. This policy is the result of us trying to acquire easements and realizing there is not a current policy for the General Manager to acquire real property. The policy is patterned after Alliance Regional Water Authority's (ARWA) policy, which has proven effective for the recent acquisitions of approximately two hundred (200) real property interests. This policy delegates certain authority to the General Manager and Board-appointed Board Acquisitions Committee members. ARWA's policy does not contain a condition of service so the following was added to the policy of CLSUD: CLSUD may require, as a condition of service, that an applicant for service grant a permanent recorded easement that (1) is dedicated to CLSUD and (2) will provide a reasonable right of access and use to allow CLSUD to construct, install, maintain, replace, upgrade, inspect, or test any facility necessary to serve that applicant as well as CLSUD's purposes in providing system-wide service. CLSUD may not require an applicant to provide an easement for a service line for the sole benefit of another applicant. As a condition of service to a new subdivision, CLSUD may require a developer to provide

permanent recorded easements to and throughout the subdivision sufficient to construct, install, maintain, replace, upgrade, inspect, or test any facility necessary to serve the subdivision's anticipated service demands when the subdivision is fully occupied. The policy includes a section for approval of acquisitions without appraisal reports based on the amount by which the acquisition cost, including any non-monetary consideration, exceeds a Readily-Appraised Value for the Property which means a property value determined by means other than an appraisal report for a specific property sought to be acquired, such as the current value for ad valorem tax purposes, the cost of other similar acquisitions, or an appraisal report related to a similar acquisition. The general manager is authorized to approve transactions wherein the amount of exceedance is less than or equal to \$3,000.00, the acquisitions committee is authorized to approve transaction wherein the amount of exceedance is greater than \$3,000.00, but less than or equal to \$50,000.00. Any exceedance amount greater than \$50,000.00 requires board approval. Mr. Gershon stated that two (2) motions are needed for this item: 1. Motion to adopt this policy; and 2. Motion to appoint one-three (1-3) members to the Board Acquisitions Committee; members of this committee will have an informal conversation when required as contemplated by the policy. Director Scheel made a motion to approve the policy and Director Diaz seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously. Director Howe made a motion to appoint less than a quorum of the Board of Directors to the Board Acquisitions Committee to include Directors Brewer, Diaz and Scheel, and Director Loep seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.9 Discuss, consider, and take action ratifying the acquisitions of easements, including, but not limited to the following: This item was discussed under Executive Session as authorized by Texas Government Code Section 551.071 (consultation with attorney) and as authorized by Texas Government Code Section 551.072 (deliberations about real property). Humberto Ramos requested our Engineers be present for this item and the board agreed to allow them to stay. Director Howe made a motion giving Humberto Ramos the right to acquire easements for F.9 tracts A-C in the amounts discussed under Executive Session. Director Ilse seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.10 Discuss, consider, and take action authorizing acquisition of easements, including, but not limited to the following: This item was discussed under Executive Session as authorized by Texas Government Code Section 551.071 (consultation with attorney) and as authorized by Texas Government Code Section 551.072 (deliberations about real property). Humberto Ramos requested our Engineers be present for this item and the board agreed to allow our Engineers to stay. Director Howe made a motion for Humberto Ramos to move ahead on the F.10 tracts A-J for the amounts discussed under Executive Session. Director Scheel seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.11 Discuss, consider, and take action regarding the advertisement of the Reuse Plant Construction Project. Jeff Kallus with Southwest Engineers discussed this item. We are ready to go to bid on this project, the project will take about a month to construct depending on electrical parts. This would serve the concrete plant and irrigation lines that are already connected to a re-use line. Plans have been sent to Bill Fry at Plum Creek Utility (PCU), fiberglass tanks that bill has could reduce cost for the interim. The project consists of a 66,000 gallon storage tank. Chris Betz thought it might make sense to install a larger tank. He feels that when the concrete plant has a big day, the 66,000 gallon tank

may not be large enough. Director Howe made a motion to advertise for the Reuse Plant Construction Project and Director Scheel seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.12 Discuss, consider, and take action regarding the advertisement of the FM 2720 Water Line Construction Project. Jeff Kallus with Southwest Engineers stated that they are still working on easements, but would like to go out to bid at the October board meeting. Director Scheel made a motion to advertise for the FM 2720 Water Line Construction Project and Director Loop seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

F.13 Discuss, consider, and take action to fill vacancies on the Board by appointment for the unexpired terms. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. At last month's board meeting, the board was briefed about next steps to fill vacancies by appointment for the remaining term(s) and then by election at the 2024 board election. Six (6) directors were present, and we needed four (4) votes to pass the motion. We'll need the director to abstain from any votes that directly affect their seat on the board. Two (2) motions needed to be made. Motion 1: A motion to fill the vacant seats for Directors Ken Dodson, Joe Howe and Teresa (Tracy) Scheel with the intent to add their seats on the ballot for the 2024 election for a one (1) year term through 2025. Director Loop said so moved and Director Diaz seconded the motion. 4 Aye, 0 Nay, Directors Howe and Scheel abstained from voting. Director Dodson was not in attendance for the meeting. Motion 2: A motion to fill the vacant seats for Directors Bob Diaz and William Ilse with the intent to add their seats on the ballot for the 2024 election for a two (2) year term through 2025. Director Scheel said so moved and Director Howe seconded the motion. 4 Aye, 0 Nay, Directors Diaz and Ilse abstained from voting. Director Dodson was not in attendance at the meeting. Directors took their oath of office after the meeting adjourned. Directors voted to approve these motions. 6 Aye, 0 Nay-Vote passed unanimously.

F.14 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 under Executive Session as authorized by Texas Government code Section 551.071 (consultation with attorney). No action was taken on this item. Will remain optimistic parties can work together to get this resolved.

F.15 Discuss, consider, and take action regarding review of CLSUD Texas Municipal League (TML) quote and possible review of other alternative plans/quotes. Jennifer Tarbutton with County Line Special Utility District (CLSUD) discussed this item. The insurance proposal for next year came in and it was 55% higher than our current year plan. Ms. Tarbutton would like to continue with the plan currently offered instead of any of the other plans proposed by TML. CLSUD's loss ratio was low at 32%, the average loss ratio was 83%. Ms. Tarbutton requested a re-rate, but it was denied because rates are manually rated on our census and not our loss ratio. For 2021 the rate increased by 2% and for 2023 the rate increased by 9%. Rates were received for an HMO, but there was not a significant decrease in rate and the coverage was not as good. Twelve (12) out of the fourteen (14) employees are insured with the insurance offered by CLSUD and the other two (2) employees are insured under other policies. Half of the employees covered by the insurance offered by CLSUD also cover their family. CLSUD covers 100% of the premium for the employee and 50% of the premium for the employee's family. Premiums that the employee will be responsible for will increase by \$300.00 or

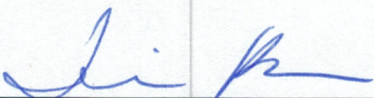
more per month. Graham Moore, who also sources his employee's insurance through TML saw a huge increase in premiums. Mr. Moore went outside of TML for quotes and found they were about 30% higher than the rates quoted through TML. Ms. Tarbutton has requested quotes from other companies, but had not received a response at meeting time. Director Howe stated they do not pay that much for insurance for their employees, suggested a few CLSUD employees go to healthcare.gov to get a quote individually to see if it was cheaper. Humberto Ramos and Director Scheel stated these increases are happening everywhere. Chris Betz suggested CLSUD could cover the first \$500.00 of the deductible to help offset the higher cost to the employees, the board wants to figure out something to help with the cost but is not sure if pay raises are the solution. Mr. Ramos does not want to lose any employees so something needs to be done to help offset the higher premiums. CLSUD would like to keep the same plan they currently have and would like to have an employee meeting to get their input. Ms. Tarbutton would like the board to allow the staff to make a decision about what plan they would like to go with. The board requested Ms. Tarbutton ask TML if CLSUD committed to a plan by October 1, 2023 and then found a better plan, could they get out of the commitment if notice was provided prior to January 1, 2024. Director Scheel felt the thirty (30) day notice TML provided was not enough time and they should have provided ninety (90) day notice. Director Scheel made a motion to accept what Jennifer proposed as the option for coverage and to meet with employees. Director Diaz seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously.

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS.

G.1 Review contributions to Texas County and District Retirement System (TCDRS). Jennifer Tarbutton discussed this item. This item will be discussed at the October 16, 2023 CLSUD board meeting. Looking to increase employee and employer contributions to TCDRS. The board requested that the annual salaries of the CLSUD employees be provided to the board.

H. EXECUTIVE SESSION. Director Scheel made a motion to enter Executive Session to discuss Items F.9, F.10 and F.14. Director Howe seconded the motion. 6 Aye, 0 Nay-Motion passed unanimously. Meeting entered Executive Session at 8:29 P.M. Item F.9 and Item F.10 were discussed under Executive Session as authorized by Texas Government Code Section 551.071 (consultation with attorney) and as authorized by Texas Government Code Section 551.072 (deliberations about real property). Item F.14 was discussed under Executive Session as authorized by Texas Government Code Section 551.071 (consultation with attorney). Meeting left Executive Session at 9:30 P.M. and entered regular session to make the motions for Items F.9, F.10 and F.14.

I. ADJOURNMENT. Director Diaz made a motion to adjourn the meeting and Director Loep seconded the Motion, Motion passed unanimously. Meeting was adjourned at 9:34 P.M.



County Line SUD, Board President
Toni Brewer

Date 10/16/23