

**COUNTY LINE SPECIAL UTILITY DISTRICT**

**Meeting Minutes**

Board of Directors Meeting –November 20, 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

Tracy Scheel

**Others Present:**

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

Allison Nieto with Southwest Engineers

Jeff Kallus with Southwest Engineers

Tom Walker with Southwest Engineers

Bill Fry with Plum Creek Utility-OMMS

Jesse Pena with Quiddity Engineering

Herb Williams with Williams Water Works Consulting Via Zoom

Justin Ivicic with Maxwell Special Utility District

Brooks Willig with LaTierra

Chris Ekrut 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: Items F.1-F.21, F.22 was skipped to discuss later in Executive Session after F.23 and the items listed under G. Board Member Items or Future Agenda 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 6:33 P.M.
- B. ROLL CALL.** Quorum of the Board was present, with Directors Brewer, Diaz, Howe, Ilse, 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 October 16, 2023 Public Hearing Meeting.**

**D.2 Consider and take action to approve the minutes of the October 16, 2023 regular Board Meeting.**

Director Brewer requested a motion be made to pass the minutes of the October 16, 2023 Public Hearing Meeting and the October 16, 2023 Regular Board Meeting. Director Scheel made a motion to approve both, and Director Diaz seconded 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 they are still making connections and the plant is in compliance. They are finishing up the plant expansion and should have it operational by December 31, 2023.

**E.2 Engineer's Report.** Allison Nieto with Southwest Engineers reported bids were received for the Porter Creek Lift Station and Force Main and project will be awarded later in the meeting. Plans should be completed this month for the Porter Creek Gravity Main and will likely bid in January due to the holidays. Field Survey is scheduled to start next week on the FM 2720 Wastewater Extension. Survey data was received for the Commercial Area Wastewater and design work will begin. Seven (7) developments have had plans approved or are under construction; six (6) developments have submitted plans for review; and twenty-three (23) developments have requested service and paid their application fee.

Jeff Kallus with Southwest Engineers reported the elevated tank site on Misty Lane has been purchased, this tank will receive water supply directly from Alliance Regional Water Authority (ARWA). Construction plans are complete for the Reuse Water Plant and the construction contract will be awarded later in the meeting. Construction plans for the reuse line to the concrete plant are about 90% complete. A preconstruction meeting was held on the San Marcos Water Supply/Hwy 21 water line and construction should start the week after Thanksgiving. The pump for the Brooks Well Site has been built and tested and should arrive next month.

**E.3 Capacity Report.** Jeff Kallus with Southwest Engineers reported County Line Special Utility District (CLSUD) currently has 5,978 active Living Unit Equivalents (LUEs) with 2,241 LUEs in reserve and 1,134 LUEs pending. Remaining phases of developments will add another 4,285 LUEs and other service requests will add an additional 2,067 LUEs for a total of 15,705 LUEs. CLSUD is on track to add 500-600 meters this year.

**E.4 Easement Report.** Tom Walker with Southwest Engineers reported the Hwy 21 transmission line consists of seventeen (17) tracts and we have all the easements except the Walton Tracts 4 and 5, Spencer Nealy is working on these two (2) tracts and feels we should have them shortly. On FM 2720 we still need easements on three (3) Walton Tracts, no compensation was offered on these tracts, we do have Rights of Entry from them for surveying. We still need easements on two (2) tracts for Camino East and on the FM 2001 waterline relocation we are still trying to get an easement on property owned by Mr. McCormick.

**E.5 Financial Report.** France Alston with County Line Special Utility District (CLSUD) reported interest in the Logic's account last month was \$65,000.00. In October, CLSUD put \$4,673,000.00 into the Logic's account and in November added an additional \$3,781,000.00 for a balance of \$21,183,308.00. We still need to pay Plum Creek Utility (PCU) their part of the Wastewater Revenue for September and October. Still working on the budget and hopes to have it complete in December for the board to approve at the January board meeting. Ms. Alston mentioned the following checks: two (2) checks in the amount of \$29,542.58 for easements; check in the amount of \$18,378.44 to Five Star Electric for a new pump; check in the amount of \$61,500.00 to PCU for a reimbursement for the reuse plant; check in the amount of \$265,537.50 to City of San Marcos to get us current on our water payments; check in the amount of \$88,000.00 to the Ayers Family Trust for an easement; check in the amount of \$26,271.18 to Dale Lowden Excavating for completion of a job; check in the amount of \$88,512.50 to the City of San Marcos for the current payment on our water contract; and check in the amount of \$695,275.00 to PCU for connection fees for Watermill Phase 3.

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

- CRWA Construction Committee meeting was held on October 31<sup>st</sup>:
  - Discussion Items
  - Transmission Line Projects –
    - *Hays Caldwell Pipeline Alignment -Reassigned task to work on this issue within CRWA. Brandon Rohan will take the lead and set up a meeting to discuss next steps with the entities.*
  - Water Treatment Plant Improvements
    - Hays Caldwell WTP Updates (Adurra) –
      - *Nonfilter building improvements- Members of Hays Caldwell agreement meet last part of Oct. to determine if any items can be eliminated to reduce overall project cost. Currently awaiting cost benefit analysis for eliminating/reducing (drying beds) from CRWA staff. Project overrun is estimated to be \$8M. Task associated with the construction of a new tank, fence and some plumbing will go out for bid soon (see attachment for schedule).*

- *Planned filter building improvements -Discussed two items that will be taken to the CRWA BOT-*
  - *1. Recommendation for a Reimbursement Resolution in the amount of \$12M for the design services associated with the Hays Caldwell Water Treatment Plant Membrane Replacement Project.*
  - *2. Recommendation to approve a second Service Order with Ardurra in the amount of \$659,415.50 for design services associated with the Hays Caldwell Water Treatment Plant Membrane.*
- *HCWTP -Overage: Overage will be addressed at the Nov. 8<sup>th</sup> CRWA BOM. The issue is still unresolved.*
- *CRWA BOT will meet on Nov. 13<sup>th</sup> (see attached agenda). Items related to CLSUD include:*
  - *Item 10 General Business*
    - A. Adopting a Reimbursement Resolution in the amount of \$12M for the design services associated with HCWTP.*
    - B. Adopting a second Service Order with Ardurra in the amount of \$659,415.50*
  
    - F. Adopting a resolution to engage in a consulting agreement with Ritz & Associates PA in the amount of \$2,500 for arbitrage rebate calculation related to the Hays Caldwell WTP Expansion contract revenue bonds.*
  
    - H. Adopting a Reimbursement Resolution for design services associated with the Hays Caldwell Pipeline Project*
  
    - I. Approving an annual overage charge procedure from NewGen Strategies & Solutions, LLC to be applied when the contractual*

Chris Betz was not able to attend the meeting, so an ARWA report was not given.

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

- **General Manager Report**
  - Continue working with various developers within CLSUD CCN
  - CRWA meetings (see E.4 CRWA & ARWA Report),
  - CLSUD Operations
    - *This month ordered 580 meters for replacement and anticipation of installations for 2024.*
    - *Hired College Intern to assist with Lead Service Line Inventory Report due October 2024.*
  - City of Uhland Meeting(s)
    - *Monthly Meeting with Staff -Discussed: continue to work together and share information about each entity; shared information on SOP's on development continue plan for providing waste water to downtown Uhland. priorities for CLSUD are to develop water conservation ordinance by 2<sup>nd</sup> Q of 2024, wastewater ordinance 1<sup>st</sup> Q of 2025; interest in Franchise agreement;*
    - *City Council Meeting – Did not attend.*

- City of Kyle (Humberto will start attending their council meetings)
  - *Mistakenly did water patrols within our CCN last week of October. Corrected issue and state it should not happen again.*
- Project Nora (Mega Site)
  - *Worked with GBRA and engineers to respond to recent request from Project Nora*
- Region L (Humberto attended this meeting)
  - *Took action to solicit and fill existing vacancies (Industrial and Water Districts).*
  - *Approved execution of an amendment to TWDB to increase the total project cost. This action allows Region L to receive an additional \$209,105.*
  - *Approved method for Infeasible Water Management Strategy Evaluation Results. No WMS was determined to be infeasible in Region L. Approved method for Feasible Water Management Strategies which is a nine-step process. All WMS included in the 2026 Plan must go through the process to determine Feasibility.*
  - *Approved the surface water hydrologic assumptions, including hydrologic variance requests for the 2026 Regional Water Planning Cycle and submittal to TWDB.*
  - *Request for clarifying CLSUD Reuse Project identified to occur in 2023 as "Infeasible" or "Feasible" as per recent rules by TWDB and as stated in the 2021 Region L Plan. – Provided documentation that project is moving forward with capital investments and developer requirements and should be classified as "feasible".*
  - *Schedule for 2024 meetings: Feb. 14<sup>th</sup>, May 2<sup>nd</sup>, August 1<sup>st</sup>, and Nov. 2<sup>nd</sup> Region L meeting scheduled for November 2<sup>nd</sup>.*
- CRWA Wells Ranch III Project
  - *At a preliminary hearing on November 8<sup>th</sup>, the administrative law judge ruled that neither objector to CRWA's application has standing.*
- GBRA/Gonzales Carrizo Water Supply Project
  - *Discovery is closed. Depositions started. The hearing is set for the week of April 22, 2024.*
  - *GBRA had a 60% design workshop of the pipelines and HDR working on responses.*
  - *90% design in December*
  - *Schedule-wise, these pipelines are anticipated to bid in July 2024, with construction complete in April 2026.*
  - *GBRA is working with ARWA to initialize WTP expansion design. ARWA put out an RFQ for this design. Design could start as early as this December.*
  - *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.*

Danny Heideman with CLSUD reported no progress has been made on the office expansion project. The Task Order in Item F.14 below will need to be approved so the project can move forward.

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

**E.9 General Counsel's Report.** Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. reported they have been having productive project meetings with Southwest Engineers and the staff of County Line Special Utility District (CLSUD).

**F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION:** were taken out of order and were discussed in the following order: Items F.1-F.21, F.22 was skipped to discuss later in Executive Session after F.23 and the items listed under G. Board Member Items or Future Agenda Items.

**F.1 Discuss, consider, and take action regarding Amended and Restated Wholesale Wastewater Service Agreement Between PCU and CLSUD.** Humberto Ramos with County Line Special Utility District (CLSUD) and Chris Ekrut with NewGen Strategies and Solutions, LLC discussed this item. On February 1, 2018, CLSUD and Plum Creek Utility Company, LLC (PCU) entered into a Wholesale Wastewater Service Agreement, providing the terms and conditions for PCU to treat the domestic wastewater collected by CLSUD from its retail customers. The parties have been working for quite some time to amend and restate the Agreement (replacing the 2018 Agreement), to better reflect the current working conditions between the Parties, in light of the maturation of the CLSUD wastewater system and growth in the CLSUD wastewater service area. This process has focused on two main concepts: (1) the terms and conditions of the Agreement itself and (2) the financial exhibits that will provide the rate methodology for CLSUD's payment obligations under the Agreement. On October 27<sup>th</sup>, CLSUD staff, Chris Ekrut, Board Member Joe Howe and David Klein met with PCU representatives Steven Greenberg, Bill Fry, Elliot Hall, Chuck Loy and Randall Wilburn to discuss and finalize the agreement. Chris Ekrut stated the agreement follows the Standard Regulatory Framework and is a wholesale contract. The agreement provides a methodology for updating rates in accordance with acceptable procedures and provides protection and stability to rate payers while ensuring financial viability for PCU. PCU is a startup operation with few customers, so you have a higher cost per customer. The goal of the agreement is to maintain stability in rates to the customers. Service Initiation Fees (SIF) are paid by developers and is growth paying for growth until such time the project is under full operations. Director Howe questioned 5.1 on Page 13 of the Agreement stating Moody's A rates and has a plus 6%, his understanding was this should be 5%. Mr. Ekrut said this was an oversight and it should read Moody's A plus 5%. Director Howe questioned Exhibit E which discusses Service Initiation Fees (SIF). This is only mentioned twice in the Agreement. Exhibit E references Table VI-1, this is in VI-2 on Page 52 of the PDF of the Agreement. Mr. Ekrut said we might need to reference back to Appendix A in Exhibit C to correct the citation. Director Howe questioned if we even need Exhibit E in the Agreement at all; Mr. Ekrut said Exhibit E is important because it allows for the SIF Fees which allows for the financial feasibility of the project. If you do not have SIF Fees, then the rates charged to customers would be higher and would come down over time. Mr. Ekrut said Tab VI-2 has been taken out and replaced with Appendix A. Exhibit C establishes what we call the Revenue Requirement, which is the money to be generated. We will then go in and compare the revenue generated under the rate to the revenue required if there is a deficiency. Then that increment will come from the SIF balance, and we pull down the balance of those SIF Fees over time. Director Howe felt there is a range in terms of revenue requirements, we should meet if this goes above or below a certain percent. Director Howe made a motion we approve the Amended and Restated Wholesale Wastewater Service Agreement between PCU and CLSUD with Section 5.1 changed from 6% to 5% using the Moody's A Index and then Exhibit E VI-2 Flat Rate Calculation

Revenue Requirement, instead of being based on Scheule VI-1 will be based on Appendix A, Exhibit C. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.2 Discuss, consider, and take action regarding ARWA additional funding need.** Graham Moore with Alliance Regional Water Authority (ARWA) discussed this item. Mr. Moore began his presentation by going over a map of the transmission system for the Carrizo-Wilcox Water Project. All pipes are in the ground for Segments A and B and are doing hydrostatic testing now. Segment C is how CLSUD will receive their water and should bid next week and be awarded in January. Making good progress on Segment D and Segment E has 5-10% of the pipe in the ground and should be complete in June 2024. Good progress is being made on the Water Treatment Plant despite delays in the electrical switch gear which should ship November 30, 2023 from Mexico. They hope to have the plant online in April 2024. Plant consists of two (2) different raw water tanks, one for ARWA water and one for GBRA water. The Maxwell Booster Pump Station located on Hwy 142 consists of a 5-million-gallon storage tank and has pumps pushing water to the north and south. There is room for expansion for future pumps and ground storage and will be the location of their administration facility. The South Inline Elevated Tank is a 1-million-gallon composite tank used for redundant storage for emergency situations, helps in pressure maintenance to the lines and operation of the pumps. This should be online in May 2024. Pipeline running under Plum Creek will be a micro tunnel about fifty-five feet (55') deep; pipeline running under the San Marcos River is on the North side of the river and will be a micro tunnel started right after Thanksgiving and should take three (3) to four (4) weeks to finish; and the pipeline running under SH-130 is being hand tunneled by a crew of four (4) and is a seven hundred foot (700') crossing and will have a sixty foot (60') diameter pipe. This project has a shortage of \$46 million due to increased construction costs and land acquisition costs. Funding is needed to complete Segment C of the pipeline, the North Inline Elevated Storage Tank and the Administrative Facility; \$4 million has been allocated for the construction of the Administrative Facility. Canyon Regional Water Authority's (CRWA) share is \$14.2 million and CLSUD's share is 10% or \$1.4 million. Next step in financing is to issue Bond Anticipation Notes (BANs). Current agreement with the participating utilities does not allow for BANs. Upcoming action needed in December is approval of an amendment to the Water Supply Contract to allow the use of BANs and in December or January, approval of a resolution to authorize the issuance of BANs. This item was tabled until the December board meeting.

**F.3 Discuss, consider, and take action to set date for a December Board Meeting for County Line Special Utility District.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. To meet the timeline with ARWA seeking additional funding, a recommendation was made to have a board meeting on December 11, 2023. Director Scheel recommended having the board meeting on December 18, 2023 since the December 11 date conflicts with the Canyon Regional Water Authority (CRWA) meeting, board agreed with the December 18 date and Director Scheel made a motion to set the regularly scheduled meeting for December 18, 2023 at 6:30 P.M. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.4 Discuss, consider, and take action on Order Annexing Land into County Line Special Utility District.** Mike Gershon, with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. Previously, CLSUD and Maxwell SUD transferred their water CCN service areas and intended to exclude and annex land so that their jurisdictional boundaries align with their water CCN boundaries. All of the commercial lots within the Sunset Oaks subdivision are now within CLSUD's

water CCN. The landowners have agreed to annex the portion of Sunset Oaks left in CLSUD's water CCN (the commercial lots) into CLSUD's jurisdictional boundaries. Mr. Gershon stated CLSUD held a public hearing on the annexation of Commercial Lot 4 of the Sunset Oaks Subdivision on November 20, 2023 and there were no protests against the annexation. All of the landowners of Commercial Lot 4 signed the annexation petition. The property is within CLSUD's CCN and recommended a motion to adopt the Order Annexing Land into CLSUD to add Commercial Lot 4 of the Sunset Oaks subdivision into CLSUD's jurisdictional boundaries. Director Scheel made a motion to adopt the Order Annexing Land into CLSUD to add Commercial Lot 4 of the Sunset Oaks subdivision into CLSUD's jurisdictional boundaries and delegate authority to Joe Howe and Toni Brewer to sign the Order. Director Ilse seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.5 Discuss, consider, and take action regarding Wastewater Rate increase.** Humberto Ramos with County Line Special Utility District (CLSUD) and Herb Williams with Williams Water Works Consulting discussed this item. William Water Works Consulting was engaged by CLSUD on June 1, 2023 to review wastewater rates and validate a proposed increase. Williams Waterworks was not to review the contract between CLSUD and PCU. On July 11, 2023, Mr. Williams finalized the proposal to the Board of Directors that the \$80.00 increase was supported by a financial analysis. The current wastewater rate is \$65.00 per month per customer with \$60.00 being paid to PCU for operations/treatment and \$5.00 per month per customer being paid to CLSUD for maintenance/administration. This current rate has been in effect for about four (4) years, which is when the agreement with PCU and CLSUD was signed. The proposed new rate is \$80.00 per customer per month. With the new rate, \$75.00 per customer per month will be paid to PCU and \$5.00 per customer per month will be paid to CLSUD. The proposed fee increase will generate needed funds to meet expense requirements of PCU when combined with the Service Initiation Fees (SIF). The proposal was presented to the board July 24, 2023 by Chris Betz as Mr. Williams was not able to attend the meeting. Mr. Williams was able to attend the August 21, 2023 meeting to answer any questions concerning the proposal, waiting on legal review to approve agreement and rate increase. Mr. Williams attended the September 18, 2023 meeting to answer questions on any financial issues concerning wastewater rates. CLSUD will notify only wastewater customers of the rate increase. Director Scheel made a motion to approve an increase in the wastewater rate from \$60.00 to a total of \$80.00 with \$75.00 to PCU and \$5.00 to CLSUD effective February 1, 2024. Director Ilse seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.6 Discuss, consider, and take action regarding Water Rate increase.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. Herb Williams with Williams Water Works Consulting has been contacted to prepare a presentation on a water rate increase, at meeting time, the presentation was not ready. Mr. Ramos recommended this item be tabled. Director Scheel made a motion to table the item. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.7 Discuss, consider, and take action to approve Plan Agreement for Plan Year 2024 for employee and employer contribution increase to Texas County and District Retirement System (TCDRS).** Jennifer Tarbutton with County Line Special Utility District (CLSUD) discussed this item. In 2022 CLSUD elected to participate in the TCDRS retirement system. Currently, this is the only retirement plan for CLSUD. Under this plan CLSUD currently requires employees to contribute 4%





of their salary to retirement and CLSUD matches at 125%. The maximum allowable contributions in the TCDRS systems are 7% for the employee and 250% for the employer. Management met with Staff on September 22<sup>nd</sup> and subsequently on October 23<sup>rd</sup> to discuss the will of the Staff and the potential impacts of their selection. Based on both meetings, the consensus of Staff was to elect to participate at the 7% mandatory employee contribution. The CLSUD Benefits Committee met on October 26<sup>th</sup> and unanimously recommended setting the employee contribution at 7% and set the CLSUD employer contribution at 175% for 2024. All changes to TCDRS will take effect January 1, 2024. The difference in this increase will be \$76,840.87. Director Ilse made a motion to increase to 7% and 175%. Directors Scheel and Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.8 Discuss, consider, and take action regarding County Line Special Utility District's employee salary adjustments.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. In FY 2022-23 there were no salary adjustments. Unfortunately, the consumer price index and inflation continued to rise from the previous year. Therefore, employee salary increases were instituted in August 2023 at the discretion of the then General Manager Daniel Heideman to assist with the no salary adjustments in the beginning of 2023 and a result of the economy. In reviewing the impacts of the premium increases on the CLSUD's employees which pay for their dependent's coverage, it became evident that the premium increases, combined with the additional retirement contribution increases from 4% to an expected 7% would have a significant impact on most employees. In addition, the annual inflation rate is currently at 3.70% and the Cost-of-Living Adjustment (COLA) for 2024 is expected to be 3.2%. The CLSUD Benefits Committee met on October 26 and unanimously recommended that the General Manager, at his discretion, provide employees a COLA compensation from a pool of \$31,357.76 and merit adjustments from a pool of \$73,168.11. All merit adjustments will be based on an annual evaluation and take into effect January 1, 2024. Director Howe made a motion to adopt the Benefits Committee's recommendation for COLA compensation from a pool of \$31,357.76 and merit adjustments from a pool of \$73,168.11 provided annual evaluations are completed and all adjustments are at the discretion of the General Manager. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.9 Discuss, consider, and take action regarding design of the Misty Lane Elevated Tank to receive ARWA water.** Jeff Kallus with Southwest Engineers discussed this item. County Line Special Utility District (CLSUD) purchased property on Misty Lane to construct an elevated tank for the Alliance Regional Water Authority (ARWA) water. Currently, CLSUD has three (3) elevated tanks that are all Multi-Column Tanks. Mr. Kallus recommended a 1-million-gallon tank and would like to do bids for a Composite Elevated Tank and a Multi-Column Tank. A Multi-Column Tank would take about one (1) year to construct, and a Composite Elevated Tank would take about eighteen (18) months to construct and would have an initial higher cost but would be less maintenance cost since there is less metal surface. Mr. Kallus would also like the board to approve his reaching out to Geotech to allow manufactures to bid the project. Humberto Ramos recommended a 1-million-gallon tank and a Geotech Work Order. Director Ilse made a motion to approve the 1-million-gallon tank and a Geotech work order. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.10 Discuss, consider, and take action to bid the Porter Creek Gravity Main Project.** Allison Nieto with Southwest Engineering discussed this item. This project is needed to serve the Haney Park Subdivision, which paid wastewater impact fees for Phase 1A (96 LUEs) on September 18. It will also serve Westside at Cotton Gin, Rowan Ranch, and the surrounding area in the future. It was included in the Wastewater Capital Improvement Plan (CIP) Amendment in September and had an estimated construction cost of \$1.34 million. Plans should be completed later this month. This project will probably not advertise for bids until January due to the holidays. Director Howe made a motion to authorize Southwest Engineering to bid the Porter Creek Gravity Main Project. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.11 Discuss, consider, and take action to award the Porter Creek Lift Station Construction Project.** Allison Nieto with Southwest Engineering discussed this item. This project 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). It was added to the Wastewater Capital Improvement Plan (CIP) in September and had an estimated construction cost of \$1,535,000.00. Bids were received from six (6) contractors on Thursday, November 9. The lowest bidder was Alterman, Inc. with a bid of \$1,193,600.00. We are still waiting to receive a signed easement back from the Creeks Crossing developer (Sun Communities), but their NSSA requires them to provide us the necessary onsite easements as a condition of service and we have been told they will have it to us within the next week or two. Director Howe made a motion to award the Porter Creek Lift Station Construction Project to Alterman, Inc. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.12 Discuss, consider, and take action to award the Porter Creek Force Main Construction Project.** Allison Nieto with Southwest Engineering discussed this item. This project goes along with the Porter Creek Lift Station Construction Project. This project 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). It was added to the Wastewater Capital Improvement Plan (CIP) in September and had an estimated construction cost of \$381,850.00. Bids were received from five (5) contractors on Thursday, November 9. The lowest bidder was Nelson Lewis, Inc. with a bid of \$306,793.50. We are still waiting to receive a signed easement back from the Creeks Crossing developer (Sun Communities), but their NSSA requires them to provide us the necessary onsite easements as a condition of service and we have been told they will have it to us within the next week or two. This will be a twelve-inch (12") force main. Director Scheel made a motion to award the Porter Creek Force Main Construction Project to Nelson Lewis, Inc. Directors Diaz and Ilse seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.13 Discuss, consider, and take action to award the Reuse Plant Construction Project.** Jeff Kallus with Southwest Engineers discussed this item. This project is to build a water plant to allow the use of reuse water. A reuse system is in place to several irrigation meters and is to be extended to Five Star Concrete, who is County Line Special Utility District's (CLSUD) largest water user. The engineer's estimate for construction was \$1,050,000.00. Bids were received from four (4) contractors on Thursday, November 9. The lowest bidder was TTE, LLC with a bid of \$1,227,000.00. The base bid included a 68,000-gallon storage tank; however, the board suggested seeking bids for a 150,000-gallon storage tank. Alternative bids were received for a 150,000-gallon ground storage tank, which would increase the bid by \$152,000.00. The total bid would increase to \$1,379,000.00 and TTE, LLC

would still be the lowest bidder. Director Scheel made a motion to award the Reuse Plant Construction Project to TTE, LLC with an increase to a 150,000-gallon storage tank at a cost of \$1,379,000.00. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.14 Discuss, consider, and take action regarding Task Order package for engineering services related to doing new Maintenance Building Facility Site located on CR 202.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. Task Order 30-10-23, if approved, will allow Southwest Engineers to move forward with obtaining the required permits from the City of Kyle, and provide necessary construction plans to complete the maintenance building at the Hemphill property on County Road 202. Director Ilse made a motion to approve the Task Order. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.15 Discuss, consider, and take action regarding Task Order package for engineering services for the Porter Creek Lift Station and Force Main Project.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. This is regarding Southwest Engineer's Task Order for engineering services related to the Capital Improvement Plan (CIP) projects that were discussed/awarded in Items F.11 and F.12 above. Southwest Engineers previously performed the design services for this project under a separate contract with Plum Creek Utility Company (PCU). However, since this project was added to the Wastewater CIP in September, this Task Order is being submitted to CLSUD to cover the remaining engineering services of Bidding, Construction Phase Assistance, Record Drawings, and O&M Manuals. It has a total fixed fee of \$35,500.00. Director Howe made a motion to approve F.15. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.16 Discuss, consider, and take action regarding Task Order package for engineering services for the FM 2720 Wastewater Easement Acquisition and Design.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. This is regarding Southwest Engineer's Task Order for Right of Way and engineering services related to the FM 2720 Gravity Main which is another upcoming Capital Improvement Plan (CIP) Project. This project will serve the Bollinger Subdivision, Neimann Farm, Bobwhite Ranch, Lockhart 150 Subdivision, and the Mega Industrial Site, as well as the surrounding areas. This Task Order includes services related to Easement Acquisition, Survey, Design, Permitting, Bidding, Construction Phase Assistance, SWPPP, and Record Drawings. This Task Order has a potential fee of \$250,000.00. Director Scheel made a motion to approve Task Order package for engineering services for the FM 2720 Wastewater Easement Acquisition and Design to Southwest Engineers. Director Ilse seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.17 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.** Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item.

- At the last three months' Board meetings, the Board was briefed about developments in meetings held and communications among Hays-Caldwell Counties Original Participating Members (County Line SUD, Crystal Clear SUD, Martindale WSC and Maxwell SUD) and City of San Marcos:
  - 1) to resolve a dispute over payment of fees by Crystal Clear SUD for "overage" (pumping beyond the annual contracted-for water) and

- 2) for CRWA to plan for, design, finance and construct a pipeline and associated infrastructure capable of delivering contracted-for water.
  - Substantial activity has occurred since the District sent its demand letter on August 31, 2023 and Maxwell SUD sent its six-month notice of intent to terminate wheeling agreement:
    - CRWA's Board of Trustees passed a resolution in September to direct NewGen Strategies & Solutions' Chris Ekrut to develop a Rate Methodology applicable to annual overage. Ekrut's proposal circulated in early November.
    - Several stakeholder meetings have been held at CRWA, and separately among General Managers and among attorneys, focused on achieving the two (2) priorities listed above.
- No action was taken on this item.

**F.18 Discuss, consider, and take action regarding developments with perfluoroalkyl and polyfluoroalkyl substances (PFAS) regulation, nationwide litigation, sampling, and related notices and deadlines for DuPont, 3M and other class-action lawsuit settlements.** Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item.

- Board was briefed at its October Board meeting about PFAS generally and recent litigation settlements specifically:
  - Mr. Gershon and his law partner Nathan Vassar who has expertise and experience with PFAS litigation and pending settlements explained the settlement opportunities and obligations. If District takes no action, it will remain "in" the class settlements, will waive any future remedies against DuPont and 3M, and be required to submit a claim to participate in the settlement funds. It is uncertain how many utilities will remain in the class and what cumulative claim amounts (\$\$) will be.
  - Proposed Next Steps: Mr. Ramos would initiate or direct communications with wholesale suppliers, Edwards Aquifer Authority, and possible contractors/labs (for sampling, testing and assessment of potential for PFAS to be treated).
- With respect to the District's wholesale suppliers (CRWA, City of San Marcos, GBRA), Mr. Ramos communicated with each supplier's senior management.
- With respect to the District's own supply from its Edwards wells, Mr. Ramos communicated with the Edwards Aquifer Authority's General Manager.
- Mr. Ramos identified LCRA lab to conduct analysis of District water samples.
- Recommendation: Opt out by deadlines in December 2023 to avoid costs of claims process and retain remedies against DuPont and 3M.

Mr. Gershon suggested a motion to opt out of two (2) class-action settlements involving DuPont and 3M and to delegate authority to the general manager and the law office of Lloyd Gosselink Rochelle & Townsend (LG) to file the paperwork. Mr. Gershon stated most utilities are opting out, ones not opting out know they have PFAS issues. Director Howe made a motion to opt out of the PFAS class action lawsuit and delegate the general manager and LG to file paperwork. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.19 Discuss, consider, and take action authorizing the acquisition of the following easements in support of the District's water pipeline infrastructure projects.**

Humberto Ramos with County Line Special Utility District recommended this item be tabled, item was included on the agenda in case the board needed to make a decision regarding these easements. Director Scheel made a motion to table this item and Director Ilse seconded the motion. 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.20 Discuss, consider, and take action on Resolution Memorializing the District's Annual Review and Adoption of Amendments to Its Investment Policy and Appointment of Investment Officer and Investment Committee Members.** Mike Gershon with Lloyd Gosselink Rochelle & Townsend discussed this item.

- The Texas Water Code and Public Funds Investment Act ("PFIA") require the District's Board to annually review the District's Investment Policy and make any required or desired amendments. The following amendments to this policy are recommended to clarify:
  - composition of the District's Investment Committee; and
  - duties of one or more of the District's representatives to (i) review the Investment Policy annually, (ii) amend this policy if necessary, (iii) undertake training as required by the PFIA, and (iv) ensure reporting of the requisite training to the Comptroller.
- The Board designates its Investment Officer and Investment Committee Members from time to time, as appropriate.
  - Former employee Rebecca Moore had served as Investment Officer. General Manager Humberto Ramos has undertaken the required Investment Officer training and is qualified to serve.
  - At the present time, the Investment Committee is composed of Ms. Moore, Director James Loep, and Daniel Heideman.

Director Scheel made a motion to approve Investment Officer to Humberto Ramos and Committee of Humberto Ramos, France Alston and James Loep and a motion to approve a resolution reflecting the annual review CLSUD did as required by statute and makes the amendments to enhance the policy. Director Ilse seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

**F.21 Discuss, consider, and take action on Order Amending County Line Special Utility District's Service Policy Regarding Wastewater Impact Fees.** Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. CLSUD amended its wastewater impact fee, effective September 19, 2023, to increase it from \$1,250 to \$2,500 per LUE. CLSUD's policy for water impact fees is to determine the amount owed (i.e., assessment) after (1) the developer requests to reserve capacity, and (2) CLSUD confirms that capacity can and will be reserved. The date that both of these prerequisites are fulfilled is the "Capacity Confirmation Date." The developer then pays the then-current impact fee amount (i.e, collection) as of the Capacity Confirmation Date. The Service Policy needs to be updated to clarify that CLSUD has the same policy/procedures for wastewater impact fees. There are other edits to the Service Policy for clarity and update cross-references within the Service Policy. In the Order adopting amendments to the wastewater impact fee, effective September 19, 2023, the Board already authorized the Board President, General Manager, Engineer, and General Counsel to take actions consistent with the Order, including updating the District's service policy. This was brought back to the Board to clarify and memorialize CLSUD's policy on the assessment and collection of wastewater impact fees, which mirrors the policy for water impact fees. Mr. Gershon recommended a motion to adopt the Order Amending CLSUD's Service Policy regarding wastewater

impact fees. Director Howe made a motion to adopt the Order Amending County Line Special Utility District's Service Policy regarding Wastewater Impact Fees. Director Ilse seconded the motion, and motion passed unanimously. 5 Aye, 0 Nay

**F.22 Discuss, consider, and take action regarding LUE Variance request.** This item was discussed in executive session. No action was taken.

**F.23 Discuss, consider, and take action on County Line Special Utility District's Holiday Gathering.** Jennifer Tarbutton with County Line Special Utility District discussed this item. CLSUD traditionally holds a Christmas gathering to gather together as a company and celebrate the holiday season. This year's gathering will take place on Tuesday, December 5th from 6:00 P.M. to 8:00 P.M. at Hays County Barbeque Restaurant located at 1612 S. IH 35 San Marcos, Texas 78666. Also, in keeping with CLSUD tradition, employees are presented with an annual stipend to show appreciation and financial assistance during the holiday season. Currently CLSUD has 14 employees, and the staff recommended a stipend pool of \$24,464.64 to be distributed amongst the employees during this time. The recommended stipend pool is within the annual budget. Director Ilse suggested Clear Springs in New Braunfels for next year's holiday gathering. Director Scheel requested the date be changed to December 4, Ms. Tarbutton stated the December 5 date is what was originally scheduled, but was changed to December 4, but it was too late to correct the board packet as it had already been sent out. Director Howe made a motion to approve F.23 with the date changed to December 4 and to approve the stipend. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

#### **G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS.**

**G.1 Engage SAMCO for Financial Advisor Services.** Humberto Ramos with County Line Special Utility District (CLSUD) stated this will be on the December agenda.

**G.2 Participation in the Houston Galveston Buy Board.** Chris Ekrut will assist with this item.

**G.3 Engage Norton Rose Fulbright for Bond Counsel Services.** Humberto Ramos with CLSUD said they will be engaged to sell bonds to pay for the Capital Improvements Project (CIP).

**H. EXECUTIVE SESSION.** Director Scheel made a motion to adjourn into Executive Session to discuss Item F.22 and Director Howe seconded the motion. Motion passed unanimously. Director Scheel read the paragraph under H. Executive Session on the Agenda. Meeting entered executive session at 8:37 P.M. Item F.22 was discussed under Texas Government Code Section 551.071 (consultation with attorney) and Section 551.072 (deliberations about real property). Director Howe made a motion to leave executive session and the motion passed unanimously. Meeting left executive session at 8:48 P.M. and entered regular session.

**I. ADJOURNMENT.** Director Scheel made a motion to adjourn the meeting and Director Ilse seconded the Motion, Motion passed unanimously. Meeting was adjourned at 8:49 P.M.



---

County Line SUD, Board President  
Toni Brewer

Date 12/18/23