

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –December 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

Tracy Scheel

Others Present:

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

Allison Nieto with Southwest Engineers Via Zoom

Jeff Kallus with Southwest Engineers Via Zoom

Tom Walker with Southwest Engineers Via Zoom

Bill Fry with Plum Creek Utility-OMMS

Chris Betz, County Line Special Utility District Staff

Stephanie Leibe with Norton Rose Fulbright

Andrew Friedman with SAMCO Capital

Graham Moore with Alliance Regional Water Authority

Clayton Chandler with McCall, Parkhurst & Horton, LLP

Jesse Pena with Quiddity Engineering

Chris Ekrut Via Zoom

Humberto Ramos, County Line Special Utility District Staff

Doug Schnautz, County Line Special Utility District Staff

Jennifer Tarbuton, County Line Special Utility District Staff

France Alston, County Line Special Utility District Staff

Tracie Crowell, County Line Special Utility District Staff

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

- A. CALL TO ORDER.** Director Brewer called the meeting to order at 6:30 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 November 20, 2023 Public Hearing Meeting.

D.2 Consider and take action to approve the minutes of the November 20, 2023 regular Board Meeting.

Director Diaz made a motion to approve the Consent Agenda in its entirety. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

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

E.1 Wastewater Treatment Plant Report. Bill Fry with Plum Creek Utility-OMMS reported connections are being added regularly to the system. Plant expansion will go online the evening of December 19, 2023 which will double the capacity of the plant. No maintenance issues and the plant is in compliance. Engineering students from Texas State toured the plant, they are currently working on a reuse project with the City of San Marcos. Bill Fry provided an updated DMR report to replace the DMR report that was originally included in the meeting packet.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported the Porter Creek Lift Station and Force Main were awarded at the November Board Meeting and the Contracts are being executed by contractors, Pre-construction meetings to be held in January. Plans to be issued for bid in January for the Porter Creek Gravity Main and will be awarded in February. Field survey is complete and are waiting on the survey data to start design on the FM 2720 Wastewater Extension. Design is in progress for the Commercial Area Wastewater. Seven (7) developments have plans approved and are under construction; seven (7) developments have submitted plans for review; and twenty-three (23) have requested service and paid application fees.

Jeff Kallus with Southwest Engineers reported the well pump was installed at the Brooks Well Site, but we are still waiting for an electrical permit from the City of Kyle. The Reuse Water Plant Project was awarded last month to TTE, currently putting the final steps on the reuse line which will come across Highway 21 to the concrete plant and to the County Line Special Utility District office site. Eight (8) bids were received last month for the FM 2720 Water. Contractor is potholing now on the San Marcos Interim water supply line.

E.3 Capacity Report. Jeff Kallus with Southwest Engineers reported no Impact Fees were paid since the last meeting. Have 6,005 active meters with 2,241 reserved meters. New Service Requests include Sac-N-Pac for 17 LUEs (Living Unit Equivalent); HCISD Elementary School for 70 LUEs, Open R, which is outside CLSUD's CCN for 3,000 LUEs, have a meeting scheduled with Aqua Water Supply to discuss the CCNs and Kyle 40 for 209 LUEs.

E.4 Easement Report. Tom Walker with Southwest Engineers reported all the easements have been acquired for the San Marcos Waterline. Still need the three (3) Walton easements for the FM 2720 Waterline, Spencer Neely is still working on them. Surveys have been completed and we have Rights of Entry for these tracts. Working on an Amendment for the FM 2001 Waterline Relocation. Still waiting on two (2) easements for Camino East (Cotton Gin). Title issues were discovered on the Mark Doehne tract located on FM 2720. About seventeen percent (17%) of the tract is owned by other individuals, easements will need to be acquired from these individuals. Not sure if compensation to these individuals will come from Mark Doehne's portion or if additional money will be needed to compensate these individuals for the easements.

E.5 Financial Report. France Alston with County Line Special Utility District (CLSUD) reported interest earned in the month of November was \$92,000.00. The budget should be ready in January for approval by the board. In the month of November, \$3,944,585.00 in Water Impact Fees was collected and \$470,000.00 was collected in Wastewater Impact Fees. Ten (10) checks for Easements were cut for a total of \$736,573.00. Large check was cut to HydroPro for meters. Two checks for health insurance were cut for the months of October and November. Four (4) checks for Gristmill Utility and Plum Creek Utility because a month was missed.

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

- HCWTP -Overage: *At the November 13th CRWA BOT item I. Approving an annual overage charge procedures from New Gen Strategies & Solutions, LLC was tabled to allow Crystal Clear SUD to hear Chris Ekrut's presentation at a meeting of all participants.*
 - *On November 29th a meeting of all the participants was held. The outcome was to implement the overage charge presented by Chris Ekrut for the past two years of overage. The Overage will be addressed at the Nov. 8th CRWA BOM. The issue is still unresolved.*
 - *On December 8th, County Line SUD sent a letter to CRWA BOT, regarding their position on the method and process. (see attached)*
- CRWA BOM *-Meeting held on December 6th. At the end of November CCSUD used 120.53 AF over at HCWTP. HCWTP production is 2-2.3 MGD. after another modular failed. Had a discussion on the plan for the forecasted failure of the membrane facility and realized CRWA had no plan other than try and rerate the trailer. Had a discussion on the amount of water left for HC participants and found out only 40-100 AF will be left. This was a concern for all members of HC.*
- CRWA BOT *will meet on Dec. 11th (see attached agenda). Items related to CLSUD include all items listed under General Business:*
 - Item 10 General Business

- A. *Concerning approval of a second amendment to the ARWA Regional Water Supply Contract.*
 - B. *Concerning approval of a first amendment to the CRWA/SUDS Take-or-Pay Contract.*
 - C. *Concerning Bond Anticipation Notes and other related matters.*
 - D. *Concerning Formulation of a Policy for Managing Raw Water Supplies. (Result of the overage issue, recommendation by Maxwell Special Utility District to start developing policies.)*
 - E. *Concerning Formulation of a Policy for Annual Reporting on Water Use. (Result of the overage issue, recommendation by Maxwell Special Utility District to start developing policies.)*
 - F. *Concerning approval of an Annual Overage Charge Procedure (Tabled at the last meeting and this meeting. In December 2022, Chris Ekrut generated a document with a method that showed how to capture this overage, within the past year nothing has been accomplished to stop this overage. On December 8, 2023, Crystal Clear Special Utility District issued a memo addressing these overages. Martindale Water Supply Corporation issued an email stating they will not be paying their operations and maintenance costs for any overages that have been taken by others. These costs are estimated to be about \$2,000.00 per month. Hope this Item F. will come up in January and action will be taken by the board.)*
 - G. *John Kaufman gave an early retirement notice he will be retiring January 12, 2024, an interim person will be chosen.*
- CRWA Wells Ranch III Project
 - *Tricia Karls attorney for CRWA is preparing summation of from the administrative law judge ruling that neither objector to CRWA's application has standing from the preliminary hearing on November 8th.*
 - GBRA/Gonzales Carrizo Water Supply Project
 - *The hearing is set for the week of April 22, 2024.*
 - *GBRA has issued an RFQ for the design of the well field expansion. The project will add 3 new wells and expand the existing 7 existing wells.*
 - *HDR is due to provide 90% design for the pipelines and booster pump station on December 20th.*
 - *Schedule-wise, these pipelines are anticipated to bid in July 2024, with construction complete in April 2026.*
 - *ARWA received submittals for the design of the expansion of the WTP and is evaluating those SOQs.*
 - *Recall CLSUD is contracted for 2,419 AF or 27.63% of total project. In addition, GBRA needs additional funding in the amount of \$19,421,475 to complete the project. CLSUD portion is \$5,366,153.564. GBRA is currently working on the debt schedule.*
 - Alliance Regional Water Authority BOT- will meet on December 14th, meeting will be a hybrid with location at CLSUD. Items addressed will be:
 - *Authorizing the issuance of ARWA Series 2023; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Note.*

- *Relating to Establishing the Authority's Intention to Reimburse Itself for the Expenditure of Funds Relating to the Payment of Project Costs for The Phase 1B Improvements Water Supply Project from the Proceeds of Tax-Exempt Obligations to be Issued by the Authority.*

Chris Betz reported items of importance for Alliance Regional Water Authority (ARWA) right now are Segment C of the pipeline which is part of our area, financing and City of Kyle expressed an interest in needing more water as soon as possible.

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)
- City of Umland Meeting(s)
 - Monthly Meeting with Staff – TEAMS meeting to address Utility Certification Status with Marigold Phase 3 Subdivision. Discussed formalizing development process. Discussed: priorities for CLSUD development of a water conservation ordinance by Q2 of 2024, wastewater ordinance Q1 of 2025; Franchise Agreement
 - City Council Meeting – No meeting in December
- City of Kyle
 - Meeting on CCN water transfer
- Project Nora (Mega Site)
 - No update

Office Expansion Report

We are looking at the possibility of converting the maintenance building into offices and a conference room. SWE has taken field measurements and is working on a preliminary site plan for parking to present to staff.

Maintenance Building

Background

CLSUD is considering converting the current maintenance building into offices and a board room. A new maintenance building will be built on CLSUD property behind the Hemphill Water Tower similar in size to the current maintenance building.

Project Details / Construction

The project is for a maintenance building with associated parking and drives along with storage yard for maintenance equipment, materials, and supplies.

Timing

Although final confirmation has not been provided by the City of Kyle, it has been indicated by staff that a Final Plat will not be required to develop the site as proposed.

- Civil design of the site plan which includes the building footprint area, parking, driveways, storage yard area, detention facilities to be prepared and submitted to the City of Kyle by 01/31/2024.
- It is anticipated with city review time that once plans have been submitted, site development permit should be issued within a 4-month time frame.
- It is anticipated that construction of this project (including the building) would be +/-6 months.

Please note that the above process does not include any permits for the building itself.

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

E.9 General Counsel's Report. Nothing was reported.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION:

F.1 Consideration and possible action related to Amendment No. 1 to the CRWA/SUDs Take-or-Pay Contract. Graham Moore with Alliance Regional Water Authority discussed this item. Need to cover the \$46M gap in funding. Feel a Bond Anticipation Note (BAN) is the best way to cover the gap. The BAN will be a short term, one (1) year financing and then refinance through their 2024 SWIFT application, which will allow them to extend this over a thirty (30) year period at a lower interest rate. Segment C of the pipeline is bidding now and hope to award the project at their January 24, 2024 board meeting. Canyon Regional Water Authority, Crystal Clear Special Utility District and Green Valley Special Utility District have all approved the Section 3.08 language stated below be added to the contract described below.

On January 1, 2008 Canyon Regional Water Authority entered into a water supply contract with the Alliance Regional Water Authority (formerly known as the Hays Caldwell Public Utility Agency.) On October 19, 2015 a Take-or-Pay Contract was executed among Canyon Regional Water Authority and the Crystal Clear Special Utility District, the County Line Special Utility District, and the Green Valley Special Utility District based on the 2008 agreement with the Alliance Regional Water Authority (ARWA).

For ARWA to move forward with seeking funds through Bond Anticipation Notes, Section 3.08 of the 2008 agreement must be added to reflect the following:

Section 3.08 Bond Anticipation Notes. Notwithstanding anything contained herein to the contrary:

- (a) The Agency may issue Bond Anticipation Notes (as such term is defined herein below) as a single series or as separate series of each Sponsoring Public Entity (as defined in the Agency Contract) requesting financing by the Agency, in such form as now or hereafter authorized by law.
- (b) In the case of Bond Anticipation Notes issued by the Agency as a single series, (i) the Agency may issue such Bond Anticipation Notes pursuant to the terms of a single Bond Resolution adopted by the Agency; (ii) the term Bond Resolution shall refer to such single Bond Resolution of the Agency; and (iii) each Sponsoring Public Entity shall be responsible solely for the Bond Payments attributable to its pro rata portion of such Bond Anticipation Note, allocated pro rata as if the Bond Anticipation Note were comprised of separate series.

(c) As used in the Contract (including this Amendment), the term "Bond Anticipation Note(s)" means a note or other instrument or evidence of indebtedness issued in anticipation of, and payable in whole or in part from, proceeds from the sale of future Bonds (or other Bond Anticipation Notes).

Director Scheel made a motion to approve Amendment No. 1 to the CRWA/SUDs Take-or-Pay Contract. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.2 Consideration and possible action related to a Resolution Approving a Resolution of the Alliance Regional Water Authority Authorizing the Issuance of Bond Anticipation Notes for the Canyon Regional Water Authority; and Other Related Matters. Graham Moore with Alliance Regional Water Authority (ARWA) discussed this item. On November 20, Mr. Moore presented to the CLSUD Board the project update and need for additional funding of \$46M to complete Segment C of the Pipeline, North Elevated Storage Tank to help with pressure maintenance and the Administrative Building. CRWA's share is \$14.2M and CLSUD's portion is estimated to be less than \$1.5M. The Bond Anticipation Note (BAN) in the principal amount of \$46M is with Wells Fargo Bank, N.A. The interest rate on the one (1) year BAN is set at 4.72%. Assuming the BAN can be refinanced in a year with the SWIFT application, the total interest will be just short of \$2M and CLSUD's share of the interest will be just under \$64,000.00 due November 2024. Working to try to include that interest payment with the principal amount financed as part of the entire bond. The boards of Canyon Regional Water Authority, Crystal Clear Special Utility District and Green Valley Special Utility District have already approved the Resolution. Director Howe asked what would happen if the full \$46M is not needed to complete the three (3) items listed above, Mr. Moore stated the money will be invested in future expansion projects. Director Howe also expressed concern over the cost of the administrative building and hopes the cost can be reduced, Mr. Moore said that has been a concern of others. Director Brewer asked if CLSUD is ok with making these payments, Mr. Moore stated if they are not able to refinance, the interest payment would be due in November 2024. If the interest can be included, the first payment wouldn't be due until August 2025 and would only be an interest payment. Mr. Moore does not currently know what that payment amount will be. Director Brewer thinks the board needs to have some kind of information on how we are paying for items when they vote, the board needs a clear understanding of how things will be paid for. Director Scheel made a motion to approve a Resolution approving a Resolution of the Alliance Regional Water Authority authorizing the Issuance of Bond Anticipation Notes for the Canyon Regional Water Authority; and other related matters. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.3 Discuss, consider, and take action approving CLSUD joining the Houston-Galveston Area Council Cooperative Purchasing Program and authorizing the General Manager to complete all required forms. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. The Houston-Galveston Area Council Cooperative Purchase Program (HGAC Buy) is a large buy-board that allows any state governmental entity, including County Line Special Utility District (CLSUD), to join for free. Buy-boards are cooperative purchase programs. The advantage to buy-boards is that they allow for the procurement process to be more efficient as they have already negotiated goods/services for certain prices in accordance with public competitive procurement processes compliant with State statutes. The program is funded by the vendors providing the goods

and services and contributing one percent (1%) of their fees to the program. Staff is requesting the authorization to join the HGAC Buy specifically so that it can access a rate consultant, Chris Ekrut with NewGen Strategies and Solutions, LLC (NewGen) that is in the program to provide a comprehensive water rate and fee study to include developing a commercial class, industrial class, and reuse rate. In the future there may be other goods and/or services that CLSUD requires that can be procured through the HGAC Buy program. Mr. Ramos stated this item would need to be approved in order to engage Mr. Ekrut in Item F.4 below. Director Brewer requested a motion be made and Mike Gershon with Lloyd Gosselink Rochelle & Townsend, PC recommended a motion of: To provide the authorizing our entering into the Interlocal Contract required by the Houston Galveston Area Council that is in the board packet and delegate authority to the general manager to execute that Interlocal Contract. Director Howe said so moved and Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.4 Discuss, consider, and take action approving an agreement with NewGen Strategies and Solutions, LLC (NewGen) to provide a comprehensive water rate and fee study to include developing a commercial class, industrial class and a reuse rate. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. We need a comprehensive water rate study to determine the rates for a commercial class, industrial class, and a reuse rate. Mr. Ekrut's fee of \$37,500.00 is budgeted for next year. Director Howe wants to make sure we are following our current process; Mr. Ramos stated the buy board allows us to engage Mr. Ekrut. Director Howe wants to make sure our purchasing process allows for the buy board to trump our process. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, PC stated under Chapter 49, 057D allows us to select the type of professional Chris Ekrut with NewGen is, he is comfortable as we are still abiding by our policy and really the overarching statutory mandate. The board feels the Procurement Policy needs to be revised at some point to include Buy Boards. Director Scheel made a motion to waive 4.b of the Procurement Policy in order to vote on Item F.4. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay. Director Scheel also made a motion to approve Agreement with NewGen Strategies and Solutions, LLC to provide a comprehensive water rate and fee study to include developing a commercial class, industrial class, and a reuse rate. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.5 Discuss, consider, and take action regarding authorizing the execution of a Municipal Advisor Contract with SAMCO Capital. Humberto Ramos with County Line Special Utility District (CLSUD) and Andrew Friedman with SAMCO Capital Markets discussed this item. Approving this is not traditional with what CLSUD has been doing by paying cash, but CLSUD does not have enough cash to pay for all the needed infrastructure/projects. Wastewater Capital Improvement Plan (CIP) projects include the Porter Creek Lift Station, Force Main and Gravity Main, Commercial Area Wastewater, FM 720 Gravity Main, Misty Lane Oversizing and FM 150 Gravity Main at an estimated cost of \$10,945,000.00. Water projects include the FM 2720 Waterline to Bollinger and then to the Bobwhite Booster Station, Misty Lane Elevated Tank, Cotton Gin Road Water Line relocate upsize, Reuse Booster Station, Reuse Water Line extension to concrete plant, Highway 21 Water Line which is currently under construction, Highway 21 Water Line Plant tie-in, Well #2 pump replacement, Farmers Road (Steelhorn) Water Line upsize, FM 2001 Water Line relocate, new Maintenance Building and Office Expansion for an estimated total of \$20,749,770.00. France Alston with CLSUD stated there is \$21,000,000.00 in cash reserves, SAMCO will assist us in

obtaining financing to pay for the infrastructure/projects. Mr. Friedman along with his partners serve as financial advisors around the State of Texas to special utility districts, cities, counties, and school districts. SAMCO Capital is the #1 Underwriter of Texas Bonds, #1 Underwriter of Texas Special District Bonds and #3 Financial Advisor in Texas overall. Since 2000 eighty-three (83) transactions have been financed through the Texas Water Development Board totaling over \$486M. Since 2015 have advised on five hundred sixty-seven (567) financings totaling over \$5B. His team advises three (3) of the top fifteen (15) fastest growing communities in the United States including the Texas Cities of Kyle, New Braunfels and Little Elm. Some challenges that we will face is the conversion from a rural water and sewer provider to a suburban utility provider, maintaining the District's CCN to mitigate the threat of encroachment by other water and sewer providers (developers continue to gain strength through changes in legislation to force their developments out of a CCN should the provider lack the will or means to provide services in a timely manner). Need to be looking ten (10) years into the future to make sure we can afford to pay for the needed infrastructure/services. Also need to understand the risks to take on debt to serve a development and then the development does not happen, their expertise will help balance debt and cash reserves. SAMCO will also help develop a financing plan to meet the logistical and capital needs of the District based upon projected growth. When issuing debt, it is usually a 20–30-year amortization, different call features can be structured. Financing Options for the District would be to fund projects with cash through collected Impact Fees, through Debt (Bonds), Texas Water Development Board (TWDB) Financing or through Short-Term Revenue Notes. SAMCO would work with Mr. Ekrut to make sure the right water and wastewater rates could be established and adopted to help pay for needed services and get out of debt. Mr. Ramos stated we currently have a contract with Frost Bank as a financial advisor and would need to provide thirty (30) days' notice to them if SAMCO Capital is approved as our financial advisor. Director Howe is in favor of SAMCO and cancelling our contract with Frost Bank, but wanted to make sure we are following statutory requirements and our procurement policy. Mike Gershon with Lloyd Gosselink Rochelle & Townsend PC feels the board can engage SAMCO without waiving the current Procurement Policy. Director Brewer stated she liked the balance between cash and financing and wanted to make sure we would receive regular reporting stating this is how much cash we have, and this is what we borrowed, and these are the projects. Mr. Friedman said they will not have access to our accounting software to know cash balances but will put together a proforma against our audited financials laying out the revenue, expenses, operating income and here is the plan for that debt. In addition, a debt book will be provided that shows what is outstanding and the amount that you can expect to pay every six (6) months towards the principal and interest. Will continue to have ongoing discussions between SAMCO, CLSUD staff and the Board about project updates and how to finance the projects, need to continue to look at cash position to determine how much can be borrowed, if any needs to be borrowed. Director Scheel made a motion to approve authorizing the execution of a Municipal Advisor Contract with SAMCO Capital. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay. Will need to address the existing financial advisor contract next month.

F.6 Consideration and Approval of a resolution approving an engagement agreement for Bond Counsel legal services with Norton Rose Fulbright US. Humberto Ramos with County Line Special Utility District (CLSUD) and Stephanie Leibe with Norton Rose Fulbright US LLP discussed this item. Mr. Ramos has worked with Norton Rose Fulbright in the past, Director Scheel has worked with

Ms. Leibe through the City of Kyle. CLSUD needs bond counsel to ensure actions taken are in compliance with state and federal regulations. Ms. Leibe joined the firm in 2015, prior to 2015 she worked at the Texas Attorney General's office for about thirteen (13) years as a public finance attorney, the last five (5) years she was chief of the Public Finance Division. Ms. Leibe represents multiple different types of local government including special utility districts, water districts, cities, and counties. Her team, located in Austin, consists of two (2) federal tax attorneys and three (3) state law attorneys. When the District goes through the bond issuance process, especially bonds that are sold in the public market, there are three (3) areas of law which her firm has experience, the state law authority to issue, Federal tax law to ensure that those bonds can be issued on the tax-exempt basis and then the offering of the document itself which have Federal security laws which apply to the bond issuance. Director Brewer verified with France Alston, the CLSUD accountant that all these expenses are being added to the 2024 budget and will be pointed out when the budget is reviewed. Director Scheel made a motion to approve a Resolution approving an Engagement Agreement for Bond Counsel legal services with Norton Rose Fulbright US. Director Howe seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.7 Consideration and approval of a Resolution relating to the establishing the County Line Special Utility District's intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various utility system improvements from the proceeds of obligations to be issued by the district for authorized purposes; authorizing other matters incident and related thereto; authorizing the execution of any necessary Engagement Agreement with the authority's financial advisor; and providing an effective date. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. SAMCO mentioned a Reimbursement Resolution would be needed in their item above. The Resolution is for \$31M which allows reimbursement of any project expenses sixty (60) days prior to the adoption of the resolution and within eighteen (18) months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid). CLSUD can be reimbursed for Easements, Pipeline, Property that was purchased on Misty Lane for an Elevated Storage Tank. Mr. Ramos stated good record keeping is a must. Director Howe made a motion to approve a resolution in the packet relating to the establishing the County Line Special Utility District's intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various utility system improvements from the proceeds of obligations to be issued by the district for authorized purposes; authorizing other matters incident and related thereto; authorizing the execution of any necessary engagement agreement with the authority's financial advisor; and providing an effective date. Director Scheel seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.8 Discuss, consider, and take action regarding Task Order for Services from Southwest Engineers to complete documents for state funding and TCEQ requirements regarding bond sale. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. CLSUD wants to engage Southwest Engineering to complete and submit all necessary documents and assist in engineering work at a cost of \$35,000.00, said amount is included in the 2024 budget and would be a reimbursable expense. Director Howe made a motion to approve Task Order for Services from Southwest Engineers to complete documents for state funding and TCEQ requirements regarding bond sale. Director Ilse seconded the motion, and the motion passes unanimously. 5 Aye, 0 Nay

F.9 Discuss, consider, and take action regarding Task Order for Engineering Services to start design of the Misty Lane Elevated Tank project to receive ARWA water. Jeff Kallus with Southwest Engineers discussed this item. At the last board meeting the board approved reaching out to Geotech. This Task Order is the engineering fee to do the design, go out for bids and award the project and then all the construction oversight. They will also reach out to paint and structural inspectors and will help find someone to monitor the construction of the tank. Humberto Ramos stated this will be a reimbursable expense. Construction costs are estimated to be between \$3-4M. Director Scheel made a motion to approve Task Order for Engineering Services to start design of the Misty Lane Elevated Tank project to receive ARWA water. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.10 Discuss, consider, and take action to award the FM 2720 Waterline Project. Jeff Kallus with Southwest Engineers discussed this item. Had a good bidder turnout on December 7 with eight (8) bids on the project. All bidders had to turn in three (3) bids, a base bid for 24" Polyvinyl Chloride (PVC), first alternate bid for 24" Ductile Iron Pipe (DIP) and a second alternate bid for 24" High-density polyethylene (HDPE). Had them submit three (3) bids because of price fluctuations. PVC pipe is 99% of the pipe in CLSUD's system. Usually when a project gets 16" or larger pipe they install DIP pipe. PVC pipe has an I.D. of 22", the DIP pipe is thinner and has a 25" I.D. versus the HDPE pipe which has an I.D. less than 21" making the DIP pipe have 22% more capacity than PVC and 45% more capacity than HDPE. HDPE 24" pipe has over 5,000 gallons per minute (GPM) capacity, with the GBRA water we are getting around 2,000 GPM and the purpose of this pipeline is to push the GBRA water through the system. We do anticipate the plant on Bob White Road to receive future waters. Right now, the HDPE would provide 2.7 times what we are getting with GBRA. The HDPE pipe is \$600,000.00 cheaper and the DIP and PVC pipe were similar in price. DIP pipe is recommended over PVC pipe. This project will be about 2/3rds of the Capital Improvement Project (CIP). At some point, Mr. Kallus feels a second pipeline might be needed instead of everything in one pipeline and there is a possibility the line may need to be relocated if FM 2720 is expanded. Mr. Kallus recommends the 24" HDPE pipe. Nelson Lewis, Inc. had the lowest base bid and Coy Lowden with Dale Lowden Excavating had the lowest alternative bids. Dale Lowden Excavating is the contractor doing the Highway 21 pipeline project. Director Scheel made a motion to award the bid to Dale Lowden Excavating for the 24" HDPE pipe for the FM 2720 Waterline Project hopefully not to exceed \$2,441,025.05. Director Howe seconded the motion, and the motion passes unanimously. 5 Aye. 0 Nay. Director Howe did question if this was a comprehensive bid, if they had the opportunity to access the site and if there are no clear issues that would result in change orders. Mr. Kallus said they did visit the site and there is one property where County Line has the easement, but there is quite a bit of brush that has been added to this site, appears most of it is outside the easement, but we will have a better look during construction whether any of it needs to be moved. Hopefully the removal will be on the landowner, but we will tackle that in the future, and it should be the contractor's problem. From the road it looks like there is still enough room.

F.11 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 Ekzut to develop a Rate Methodology applicable to annual overage. Chris Ekzut'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.12 Discuss, consider, and take action authorizing the acquisition of the following easements in support of the District's water pipeline infrastructure projects.

- 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

Humberto Ramos with County Line Special Utility District (CLSUD) stated this item was included in the event action was needed on these easements. Director Scheel made a motion to table Item F.12. Director Diaz seconded the motion, and the motion passed unanimously. 5 Aye, 0 Nay

F.13 Discuss, consider, and take action regarding executing a leasing agreement with DEX Imaging for a copier. Jennifer Tarbutton with County Line Special Utility District (CLSUD) discussed this item. Currently County Line has six (6) printers in the office. Five (5) are different models with the newest being a 2019 (2-2016, 2-2018, 2-2019). We would like a central main printer to carry the load of our heavy printing. We are experiencing time-consuming delays waiting for copies and scans. We reached out to three different leasing companies. Two of those companies came to the office to do an assessment of our needs. Ubeo Business Service and Dex Imaging. They both provided quotes and suggestions. Ubeo's quote is \$220.00/month for a Ricoh MP C4504 that prints 45/ppm and is a used model that was discontinued in 2017 but has very little usage. Dex provided two quotes. The first is \$285.00/month for a New Sharp BP-70C45 that prints 45/ppm, and the model was introduced in 2022. The other quote is for a Sharp BP-70C31 at 31/ppm. Prior to meeting time, Ms. Tarbutton's recommendation was the Model BP-70C31 at \$265.00 per month for a 36-month lease but is now recommending the Sharp BP-70C45 that prints 45/ppm at a cost of \$285.00 per month lease amount with a \$25.00 per month maintenance cost. There is a per page cost after 3,333 pages at a cost of \$0.0075 per page. The lease would be for thirty-six (36) months and does not have a buyout. The annual cost would be about \$3,720.00. Ms. Tarbutton also recommends doing the multi-function device connectivity support agreement which would give us remote support and they

would come out within four (4) hours for \$15.00 per month. If we decide not to do this agreement, we will be charged a per hour rate including travel time to get to the office. Director Scheel made a motion to approve executing a leasing agreement with Dex Imaging for a new Sharp BP-70C45 printer. Director Howe seconded the motion, and the motion passes unanimously. 5 Aye, 0 Nay. Motion does include the \$15.00 per month fee.

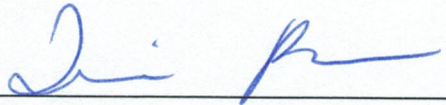
G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS.

- G.1 Short Term and Long-Term Disability Insurance.**
- G.2 Master Services Agreement for Engineering Services.**
- G.3 Agreement with Southwest Engineers.**
- G.4 Lease Agreement for Reuse Plant between PCU and CLSUD.**
- G.5 Road Maintenance Agreement between PCU and CLSUD.**

Director Howe recommended reviewing the Procurement Policy.

H. EXECUTIVE SESSION. Meeting did not enter Executive Session.

I. ADJOURNMENT. Director Howe made a motion to adjourn the meeting and Director Diaz seconded the Motion, Motion passed unanimously. 5 Aye, 0 Nay Meeting was adjourned at 8:11 P.M.



County Line SUD, Board President
Toni Brewer

Date 1/22/24