

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –April 17, 2023 at 6:30 P.M.

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer

Robert Diaz

William Ilse

Ken Dodson

Tracy Scheel

Others Present:

Chris Betz, County Line Special Utility District Staff

Allison Nieto with Southwest Engineers via Zoom

Jeff Kallus with Southwest Engineers via Zoom

John Littlefield with Southwest Engineers via Zoom

Mike Gershon with Lloyd Gosselink, Rochelle and Townsend via Zoom

Humberto Ramos with Canyon Regional Water Authority

Bill Fry with Plum Creek Utility-OMMS

Jesse Pena with Quiddity Engineering

Phil Vaughan with Armstrong, Vaughan and Associates, P.C.

John Buford with Walton

Daniel Heideman, County Line Special Utility District Staff

Doug Schnautz, County Line Special Utility Staff

Jennifer Tarbutton, County Line Special Utility District Staff

Rebecca Moore, 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) in the order they occurred during the meeting. The Board of Directors convened in a meeting at the date, time and location stated above.

A. CALL TO ORDER. Director Brewer called the meeting to order at 6:30 P.M.

B. ROLL CALL. Quorum of the Board was present, with Directors Brewer, Diaz, Ilse, Dodson 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 March 20, 2023 regular Board meeting. Director Brewer moved to approve the minutes and Director Scheel seconded the Motion. Passed unanimously 5 Aye, 0 Nay.

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

E.1 Wastewater Operations Report. Bill Fry with Plum Creek Utility-OMMS (PCU) reported new connections have been made, mainly in Watermill. WRRF #1 in compliance with the permit. Construction of the expansion of WRRF #1 is nearing completion, should be online middle of summer. Once the new plant is online, the old plant will be transferred to the new plant so the old plant can be inspected and any necessary repairs and upgrades can be completed. Generator should be started Tuesday, April 18, 2023 at the lift station.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported all projects are complete at the Downtown Uhland Wastewater, except for the generator at the lift station which should be started April 18, 2023. 90% of the plans for the Porter Creek Gravity Main have been issued for review, waiting to bid the project until more developers have paid impact fees. Plum Creek Utility is under construction on the WRRF #1 Phase 4 expansion, should be complete summer of 2023. Plum Creek Utility currently bidding/contracting the Porter Creek Lift Station and Force Main project, which will convey the wastewater from County Line Special Utility District's Porter Creek Gravity Main and the Creeks Crossing Subdivision, Phases three (3) and four (4) to the Plum Creek Utility WRRF #1, construction on this is estimated to start in May. Four (4) subdivisions under construction; four (4) subdivision plans have been approved; five (5) subdivision plans have been submitted for review; and eighteen (18) developments have requested service and paid application fees.

Jeff Kallus with Southwest Engineers reported the contractor anticipates material to be available in June and construction will begin on the well pump replacement at the Brooks Well Site. Currently working on site acquisition for the plant for the GBRA water source. The FM 2720 water line project is waiting on a survey drawing for a reroute in one location and the Right of Way crew is working on negotiating easements for the properties that have exhibits completed. Easement acquisition is in progress on the San Marcos Interim Water Supply and design of the meter vault, plant tie-in and water line are under design. Updating projections provided by Region L Water Planning Group, projections should be completed

by end of the month. Submitted to Texas Commission on Environmental Quality (TCEQ) an Alternative Capacity Request lowering capacity from .41 to .36.

E.3 Financial Report. Rebecca Moore with County Line Special Utility District (CLSUD) presented a balance sheet and no questions were asked. For the month of March, 1,060 accounts had late fees charged and 26 accounts were cutoff due to non-payment. Entrance to the wastewater plant was improved and tank labor was high due to an evaluation of Well #3. Incurred water professional fees in the amount of \$8,850.00 for property appraisals along Highway 21 for easements on the San Marcos water supply project and rate study. No Impact Fees were collected in March resulting in a negative Restricted Income.

E.4 CRWA & ARWA Report. Humberto Ramos with Canyon Regional Water Authority (CRWA) reported their Board of Trustees meeting was held April 10, 2023. Three (3) items were discussed under Executive Session, Wells Ranch II Emergency Generator project, Nanostone at Lake Dunlap and the overage settlement agreement with Gonzales County Underground Water Conservation District (GCUWCD). GCUWCD over pumped 26.7 acre feet of water and were assessed a \$500.00 fine. Paw trailer is connected, but cannot run until May after the Direct Integrated Testing (DIT) study from Texas Commission on Environmental Quality (TCEQ) is completed. Will run just to make sure everything is running and connected properly, but cannot filter water. Companies for the membrane repair are being interviewed. Samco provided the debt schedule to participating entities in the Wells Ranch III project. Included were proposals for a twenty-four inch (24") and thirty inch (30") water line going north on Highway 130. Maxwell Special Utility District requested the general manager of Canyon Regional Water Authority (CRWA) to attend their next meeting to explain why the expansion project and membrane repairs are taking so long.

Chris Betz with Alliance Regional Water Authority (ARWA) reported nothing major is happening. The Edwards Aquifer Authority (EAA) Bill picked back up and is moving along and was placed on the General House Calendar. This Bill is to clean up an administrative issue in regards to taking water outside the territory of the EAA. ARWA's next board meeting will be held Wednesday, April 26 at 3:00 PM at the office of County Line Special Utility District (CLSUD).

E.5 General Manager's Report. Daniel Heideman with County Line Special Utility District (CLSUD) provided a handout with his report of water usage and finances. Reported he had nothing to add to the Engineer's Report or the Canyon Regional Water Authority Report.

E.6 President's Report. Director Brewer requested the July 17, 2023 County Line Special Utility District (CLSUD) Board Meeting be rescheduled to July 24, 2023. Board members in attendance agreed to the change of meeting date.

E.7 Capacity Report. Rebecca Moore with County Line Special Utility District (CLSUD) reported not a lot of movement from last month. A service request for 200 Living Unit Equivalents (LUEs) located on Cotton Gin Road was received after the Capacity Report was prepared, development will be included on the next Capacity Report.

E.8 Easement Report. Jeff Kallus with Southwest Engineers reported the San Marcos Waterline has thirteen (13) parcels along the route, easement exhibits for six (6) tracts have been received, easement limits have been provided to the surveyor for the remaining tracts

and the right of way agents have started easement negotiations with the various landowners. The FM 2720 Waterline extension has eleven (11) parcels along the route, easement exhibits for six (6) tracts have been received and the remaining exhibits are in waiting until the revised survey is received, right of way agents have started easement negotiations with the various landowners. Steelhorn waterline extension has two (2) parcels along the route, surveyors were in the field and will start working on the easement exhibits. This extension is to provide water to the Steelhorn development at the developer's expense unless County Line Special Utility District (CLSUD) chooses to upsize the water line, upsized waterline will be at the expense of CLSUD. FM 2001 waterline relocation has one (1) parcel along the route, a proposal has not been requested from a surveyor for this project yet.

E.9 Pending Legislation Report. Chris Betz with Alliance Regional Water Authority (ARWA) reported the Edwards Aquifer Authority (EAA) Bill is being watched. Jennifer Tarbutton with County Line Special Utility District (CLSUD) will send out the Alliance Regional Water Authority (ARWA) board packet to the board of directors of CLSUD for the April 26, 2023 meeting.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION taken out of order:

F.1 Discuss, consider, and take action regarding CRWA Wells Ranch III New Water Supply Contract. Humberto Ramos with Canyon Regional Water Authority (CRWA) discussed this item. Stated we are still waiting on Leonard to get back to us. Samco has sent out debt schedules to the participating entities and are waiting for feedback from the participating entities. No action was taken on this item.

F.2 Discuss, consider, and take action regarding Sewer Service Area Agreement with RUC Holdings ULC, Walton Texas, LP and its affiliates.

F.3 Discuss, consider, and take action regarding Sewer Service Area Agreement with Walton Camino Real 1, LP and its affiliates.

Items F.2 and F.3 above were discussed together by John Littlefield with Southwest Engineers, Chris Betz, Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. and John Buford with Walton. The two (2) agreements are for property owned by Walton referred to as "Caldwell Valley" and "Camino Real" The agreements would allow these properties to be removed from County Line Special Utility District's (CLSUD) Sewer Certificate of Convenience and Necessity (CCN). Walton feels these agreements would provide options to potential or future buyer(s) of the two (2) properties. The board of CLSUD is concerned about who might run the plant in the future and how they would run it, current board would approve the agreements, but a buyer may not come along until a future board, buyer may decide they want to be in CLSUD's CCN and then would need to go through the process of bringing them back into CLSUD's CCN, board would rather draw up agreements as needed instead of a blanket agreement. Director Scheel made a motion to not approve the Sewer Service Agreements at this time and allow for future boards to make those approvals in the future as necessary. Director Dodson seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

F.4 Discuss, consider, and take action regarding Gonzales Carrizo Water Supply Project. Chris Betz with Alliance Regional Water Authority (ARWA) discussed this item.

Stated nothing new on this project, project is in design and permitting. Surveyors are on the ground doing general surveys and environmental cultural surveys on the pipeline routes. No action was taken on this item.

F.5 Discuss, consider, and take action on PCU Wholesale Wastewater Agreement.

Chris Betz with Alliance Regional Water Authority (ARWA) discussed this item. Stated there have been several meetings and emails in the past month, another meeting is scheduled next week. Progress is being made. Attorneys are working through eight (8) minor items on the agreement. Financial calculations have been received in the form of a spreadsheet with about sixty (60) tabs. Herb Williams has been contacted to see if he can help with sorting through all the calculations, will find someone else if Mr. Williams cannot assist. No action was taken on this item.

F.6 Discuss, consider, and take action regarding hiring new IT Support Vendor for County Line Special Utility District.

Rebecca Moore with County Line Special Utility District (CLSUD) discussed this item. Stated she has reached out to another vendor, but their quote was way lower than the other vendor quotes, she will reach out to a fourth (4th) vendor for a quote. Director Brewer requested the quotes be presented in spreadsheet form to make it easier to compare. No action was taken on this item.

F.7 Discuss, consider, and take action regarding County Line Special Utility District's Audit prepared by Armstrong, Vaughan and Associates.

Phil Vaughan with Armstrong, Vaughan and Associates, P.C. discussed this item. Mr. Vaughan stated this was a clean audit. Twenty-five (25) journal entries last year and three (3) journal entries this year. Operating revenues up \$1.3 million over last year. Cash down a little from year before, but receivables up because of Impact Fees collected. Expenses are up about fifteen percent (15%) mostly due to water costs and personnel expenses. Thirty-one percent (31%) more water sold than last year. Loss in 2021, but show a gain in 2022. Bottom line for 2022 added \$8 million to the district's net worth. Director Scheel mad a motion to approve/accept the audit, Director Diaz seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

F.8 Discuss, consider, and take action regarding appointing a member to Canyon Regional Water Authority Board of Trustees and Board of Managers.

Humberto Ramos with Canyon Regional Water Authority (CRWA) stated the Board of Trustees meet the second (2nd) Monday of the month at 6:00 PM and is comprised of committees. The Board of Managers is comprised of the managers of the various entities and do not have committees, they make recommendations to the Board of Trustees. Director Diaz made a motion to appoint Director Scheel to the Board of Trustees position and Daniel Heideman to the Board of Managers position. Director Dodson seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

F.9 Discuss, consider, and take action regarding Long Term Disability Insurance and Short Term Disability Insurance for County Line Special Utility District.

Information from the Standard Insurance Company was provided in the board packet for review. Director Scheel recommended the benefits committee meet and discuss first. No action taken, tabled until after the committee meets.

F.10 Discuss, consider, and take action to amend Section G, Paragraph 8.d. of the District Service Policy.

Plum Creek Utility/BVRT requested the number of days to provide wastewater service be increased from 365 days to 545 days due to delays in receiving

supplies and labor shortages. Director Scheel made a motion to amend Section G, Paragraph 8.d. and Director Ilse seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

F.11 Discuss, consider, and take action regarding the Reclaimed Water Supply Agreement between Plum Creek Utility Company LLC and County Line Special Utility District. John Littlefield with Southwest Engineers stated no real update at this time, still working on getting an agreement in place. Will meet again this month to keep pushing things forward. No action taken on this item.

F.12 Discuss, consider, and take action on potential CCN transfer to City of Kyle and amending the jurisdictional boundaries concerning 99 acres located on FM 150. Daniel Heideman with County Line Special Utility District (CLSUD) and John Littlefield with Southwest Engineers discussed this item. Property in question is called the "Wiegand Property" which is located immediately East of the City of Kyle's water tower located on FM 150. This property is a high point in CLSUD's system making it difficult to serve due to low pressure. A pump station would need to be built in order to serve the property and Mr. Littlefield feels the expense would not be in the best interest of the public. CLSUD is working with the City of Kyle to transfer the property into their Certificate of Convenience and Necessity (CCN) and wanted the board of CLSUD to be aware of the possible CCN transfer. No action taken on this item.

F.13 Discuss, consider, and take action regarding GAP Analysis from Continental Utility Solutions, Inc. (cusi). Rebecca Moore and Jennifer Tarbutton with County Line Special Utility District (CLSUD) discussed this item. CLSUD's current utility billing software has a few kinks on the user side. Continental Utility Solutions, Inc. (cusi) is another utility billing software option. Cusi, at an \$8,000.00 charge would come in and do a gap analysis prior to a contract being signed. CLSUD's current utility billing software contract is up in October, would need to provide at least a sixty (60) day written notice to current software provider if not renewing contract. Gap analysis would be performed thirty (30) days prior to a contract being signed and would take one hundred twenty (120) days before software would be operational. Cusi offers more features, but would be more expensive than current software. Decided to address this software change next year due to new IT Vendor and meter software happening this year, didn't want to make too many changes in one year. No action taken on this item, tabled until a later date.

F.14 Discuss, consider, and take action on amending the February 15, 2016 Daniel Heideman Retirement Agreement. This item was discussed in Executive Session under Texas Government Code 551.074 (personnel matters). Director Scheel made a motion to amend Daniel Heideman's Employee Contract from the previous including the amendments discussed in Executive Session. Director Dodson seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

F.15 Discuss, consider, and take action on succession plan for the General Manager position and a timeline for the eventual posting and advertising of the position. This item was discussed in Executive Session under Texas Government Code 551.074 (personnel matters). Director Scheel made a motion to create a committee consisting of Director Scheel, Director Howe, Chris Betz and the current General Manager, Daniel

Heideman to find a successor to Mr. Heideman as soon as possible. Director Dodson seconded the motion. 5 Aye, 0 Nay-Motion passed unanimously.

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS. No Future Items were given.

H. EXECUTIVE SESSION. Director Scheel made a motion to enter into Executive Session to discuss Items F.14 and F.15 above under Texas Government Code 551.074 (personnel matters). Director Diaz seconded the motion. Motion passed unanimously and the board adjourned into Executive Session at 7:52 PM.

I. ADJOURNMENT. Director Scheel made a motion to adjourn the meeting and Director Dodson seconded the Motion, Motion passed unanimously.



Date 5/15/23

County Line SUD, Board President

Toni Brewer