

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –July 24, 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

Ken Dodson

James “Rusty” Loep

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

Humberto Ramos with Canyon Regional Water Authority

Helen Alvarez-Ramos

Bill Fry with Plum Creek Utility-OMMS

Justin Ivicic with Maxwell Special Utility District

Jesse Pena with Quiddity Engineering

Scott Miller with Ranch Road Development via Zoom

Daniel Heideman, County Line Special Utility District Staff

Doug Schnautz, County Line Special Utility 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) 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, Howe, Ilse, Dodson, Loep and Scheel in attendance.

C. PUBLIC COMMENT. No Public Comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the June 19, 2023 regular Board meeting. Director Scheel moved to approve the minutes and Director Dodson seconded the Motion. Passed unanimously 7 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 reported new connections are being added, none are commercial connections. Working with the crew of County Line Special Utility District (CLSUD) to get reuse water to the temporary tank to deliver the reuse water to developers to use as construction water. Currently the reuse water is running into the creek and would like to be able to use it for construction water. PCU and CLSUD are working on a reuse agreement. Plant is in compliance. Plant expansion is nearing completion, waiting on electrical panels to finish the plant. Fortunately, there is not currently a need for the expansion, but want to have it finished when the extra capacity is required. Hopefully the project will be finished in September or October.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported the Porter Creek Gravity Main plans are about 90% complete, waiting to finalize and bid the project until developer(s) are ready to pay impact fees. In the process of amending the Wastewater Capital Improvements Plan (CIP) and Impact Fees to include areas previously omitted that now have service requests. Pushing back the hearing another month to allow time to finish the report and decide which projects to include. Right now there is close to 20 million dollars in construction costs over the next couple of years. Trying to figure out what developers will construct and what Plum Creek Utility (PCU) will construct. Need to give a thirty (30) day notice before the public hearing, report must be complete when notice is posted. Hopefully everything will be ready by the September board meeting. Construction to expand the treatment plant should be complete in the next couple of months, will add an extra 150,000 gallons per day of capacity. Design is complete and plans are ready for bid on the Plum Creek Utility (PCU) Porter Creek Lift Station and Force Main project, need developers to pay impact fees to help fund the project. Currently, five (5) developments are under construction; plans for two (2) gas stations have been approved; eight (8) plans have been submitted for review; and twenty-one (21) developments have requested service and paid the application fee.

Jeff Kallus with Southwest Engineers reported a preconstruction meeting was held July 5 for the well pump replacement project which was bid last August, electrical components necessary to finish the project should arrive sometime in September. Construction plans for the reuse water plant are about 95% complete and the construction plans for the reuse line to the concrete plant are about 30% complete. Construction plans for the FM 2720 water line are about 30% complete, still trying to work out alignment on a portion of the line. Easement acquisition is in progress for the San Marcos Interim Water Supply, plans are pretty much done and hope to set bid date this week and advertise. Texas Commission on Environmental Quality (TCEQ) approved the alternative capacity request. Capacity for supply went from 0.41 gallons per minute per living unit equivalent (GPM/LUE) to 0.35 GPM/LUE. Feasibility studies for the following developments have been completed: 129 Cotton Gin Road (192 LUEs); Kyle 98 (610 LUEs along FM 150); and Umland Fire Station (1LUE near elementary school). Developments still under review are: High Road Retail Plaza (25 LUEs along SH 21) and Paloma Farms (180 LUEs along Misty Lane).

E.3 Financial Report. Daniel Heideman with County Line Special Utility District (CLSUD) reported Accountant, Rebecca Moore's last day with CLSUD was Friday, July 14 and France Alston was hired to take her place. Chris Betz with CLSUD also reported on this item. Balance Sheet items included the following: The distribution systems increase in 2023 is from Camino East dedicating system and the new motor for the booster station; land and easements increased due to the Hwy 21 San Marcos Interim Water line; and wastewater Hays County increase is due to the final payment of the Downtown Lift Station, Gristmill South gravity main completion and the Camino East dedication. Profit and Loss (P&L) items included water acquisition fees and water impact fees from two (2) individual customers; interest income is still positive, rates are hovering close to 5%; sold 42 million gallons of water in June including 742,000 gallons in construction water, customers averaged around 8,060 gallons; billed 879 LUEs in wastewater; and late and cut off fees reflect twenty-six (26) cut offs and eight hundred seventy-two (872) late fees. Expenses include the San Marcos take or pay which was higher than usual with 9.7 million gallons, this expense is not for the interim water, but for an agreement signed eighteen to twenty (18-20) months ago; pipes and parts were purchased for construction of the temporary reuse system; incurred tank expenses for cleaning five (5) tanks and replacing some parts; and technology expenses for new meter software and two (2) days of training. Unrestrictive income is still positive, but we will start paying for the San Marcos Interim water in July with a minimum amount of \$88,512.50 per month. The Grants and Line Relocation income is for the retainer portion of our reimbursement from the TX Dot project I-35 Kyle Crossing relocation that happened five-six (5-6) years ago. Major checks cut were Check No. 15611 in the amount of \$26,000.00 payable to Ranch Road Apartments for an easement for the San Marcos interim water and Check No. 15698 in the amount of \$11,271.96 payable to Advanced Diving Services for the tank cleanings.

E.4 Public Funds Report. Chris Betz with County Line Special Utility District (CLSUD) reported the Quarterly State Funds report is a state required report to keep everyone updated on what is in savings, funds are required to be kept in a safe, federally insured institution. As of March 31, 2023 the First Lockhart National Bank Operating account had a balance of \$673,220.13 with an average interest rate of 0.0500 percent, with \$573.78 interest earned, First Lockhart National Bank Money Market account had \$50,294.47 with an average interest rate of 1.2625 percent, with \$563.09 interest earned and the Logic account had \$11,025,341.88 with an average interest rate of 3.9349, rate right now is closer to 4.75 percent

and is expected to increase a quarter point later this week, interest earned was around \$400,000.00

E.5 CRWA & ARWA Report. Humberto Ramos with Canyon Regional Water Authority (CRWA) started out by introducing his wife, Helen. The Board of Trustees meeting was held Monday, July 10, 2023. Hays/Caldwell produced 2.5 million gallons of water per day and the pall trailer produced 1-1.5 million gallons of water per day, trailer is having electronic and SCADA problems. Koch membranes are still running, really is not any damage to them. Ardura is working on a FEMA grant in the amount of 9 million dollars for the Hays/Caldwell treatment plant extension, they are also looking for other grant opportunities for additional funds to help cover costs for the expansion. July 10 meeting entered Executive Session to seek mediation with the four (4) entities. Session discussed ways to help Crystal Clear with pumping over their amount and needing additional water. Crystal Clear has an agreement with Canyon Regional Water Authority (CRWA) for 500 acre feet of water, and they are under the impression they can use 650 acre feet of water. Currently there is no raw water to make up the difference. Crystal Clear is reaching out to the other entities to try and set up an agreement. CRWA is working on their budget which is due by October 1. The proposed budget is for \$41 million which is an increase from the previous year's budget of \$37 million. Guadalupe-Blanco River Authority (GBRA) increased the raw water rate from \$165.00 to \$175.00. GBRA raw water delivery system rate is still at \$0.59. Personnel costs increased to \$700,000.00 due to the addition of an operator and engineer and a 49% health insurance increase due to a high number of claims last year. Hays/Caldwell operations requested a \$50,000.00 truck and a \$30,000.00 forklift. Membrane fund is \$480,000.00.

Chris Betz with Alliance Regional Water Authority (ARWA) reported they will meet Wednesday, July 26 at 3:00 pm at the office of County Line Special Utility District (CLSUD) and online. The agenda should be relatively short and plan to talk about the budget, operations and fees. Rate consultant will address how to handle the water treatment plant owned by ARWA, but operations will be shared by non ARWA members. ARWA planned to expand the next phase around 2026-2027, but GBRA wants to do the expansion now. ARWA needs to decide how to handle this since it will be a substantial cost, but might save money by doing the expansion now since costs continue to rise. Cost is almost \$50 million above what was quoted back in 2018-2019. \$46 million is needed to complete what ARWA said they would complete, cost will include the completion of the pipeline going North, administration building and elevated storage tank. Regarding the CLSUD-GBRA Water Project, should the two entities go out on their own for funding or just have GBRA obtain funding for the entire project, leaning towards GBRA obtaining the funding for the entire project.

E.6 General Manager's Report. Daniel Heideman with County Line Special Utility District (CLSUD) reported that water loss for June was 5.92 %. The reuse plant is almost ready to be built and will need to be built on property either already owned or leased by CLSUD. BVRT currently leases 10 acres of property and is willing to lease 1 acre of that to CLSUD to build the reuse plant, negotiations are still in progress.

Chris Betz gave a report on the proposed new CLSUD building (proposed plans prepared by Southwest Engineers provided to the board as a handout). Building will be constructed to meet code standards, spray foam insulation, floors will be burnished concrete and will not be slippery when wet, conference room walls will be finished with 5/8" drywall down to a 4' light gray R-panel wainscot, conference room ceiling will be silver R-panel, baseboards will be 1x6

hardwood painted in charcoal gray, conference room lights will be 6" recessed halo lights, outlets will be placed on the walls and floor of the conference room, light switches will allow for dimming and ducting in the conference room will be exposed, galvanized round duct located down the center of the gable.

E.7 President's Report. Director Brewer thanked the board for allowing the meeting to be rescheduled from July 17 to July 24 to allow her to go to Disney Land.

E.8 Capacity Report. Jeff Kallus with Southwest Engineers gave this report. Not familiar with the chart included in the board packet that was prepared by Rebecca Moore. Stated at 0.41 gallons per minute capacity, we were at 5700 LUEs and at 0.36 gallons per minute capacity we would be around 6500 LUEs. LUE count would increase to 8500 LUEs once we connected to the San Marcos water. County Line currently has around 5700 connections. Several subdivisions will be online by next summer and several developments are waiting on Non-Standard Service Agreements (NSSAs) to be sent to them, currently working on a sample NSSA to send to developers when they submit their service request.

E.9 Easement Report. Jeff Kallus with Southwest Engineers reported Possession Use Agreements are being worked on for the San Marcos Waterline. FM 2720 easement will be obtained, but landowners aren't in a rush to grant them. Two of the landowners for the Steelhorn Waterline are also giving easements for the FM 2720 Waterline, so once the FM 2720 easements are received, the Steelhorn easements will be received.

E.10 Pending Legislation Report. Nothing was reported for this item.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION:

F.1 Discuss, consider, and take action regarding Wastewater Rates presentation. Chris Betz spoke on this item since Herb Williams was not able to do his presentation due to a medical emergency, hopes to give the presentation at the August board meeting. We have been working on a PCU Wholesale Agreement for about four (4) years, this Agreement will control everything about the wastewater treatment plant. County Line Special Utility District (CLSUD) wanted to be involved so they would have some control over rates. Elementary school became a customer, but they couldn't pay Plum Creek Utility (PCU) directly so they paid CLSUD who turned around and paid PCU. New developments came in on Grist Mill Road and added additional customers, so the original agreement didn't address all the items it needed to with the additional customers. Revised Agreement is almost complete, but needed a study done to see what to charge rate payers and they would be reimbursed for expenses. If you have 1,500 connections, you need to charge almost \$160.00 a month per connection to break even, at 2,250 connections you would need to charge about \$106.00 per month per connection and once you reach 3,200 connections, the \$75.00 per month starts to help you break even. Hopefully by next month, the legal document will be finalized and will be able to present it at the board meeting for approval. The proposed rate is \$80.00 per month, with \$75.00 being paid to PCU and \$5.00 being kept by CLSUD. This new fee would generate the needed funds to meet expense requirements of PCU when combined with the Service Initiation Fees. CLSUD will need to figure out if the \$5.00 per month will be enough to cover costs and future maintenance expenses. Director Howe questioned if the existing Agreement with PCU addressed rate structure/increases, concerned about CLSUD paying for a rate consultant to raise rates that would benefit PCU and CLSUD would not see an immediate benefit. Bill Fry with PCU feels the rate study will benefit CLSUD by making sure the customers

are not being overcharged. Director Howe feels the original Agreement with PCU needs to be an attachment to the rate study to help clarify the study. PCU is afraid if the rates are too high, connections will drop which will hurt them in the long run, so they are willing to take a loss up front and see a gain in the future with new connections being added. Director Scheel questioned if \$80.00 per month is a fair rate, and Chris Betz felt that it is. No action taken on this item.

F.2 Discussion regarding CRWA Wells Ranch III Project. Humberto Ramos with Canyon Regional Water Authority (CRWA) did not have an update on this item other than we are still waiting for verbiage from the attorney for the agreement. Verbiage will be the similar to the language in the Hays/Caldwell Agreement. Have acquired 7,000 acre feet of water leases and have another 6,000 acre feet of water leases still being held by the attorney. An amended application for Gonzales was submitted for 920 acre feet of water, will be taken to the groundwater board which will present it to our board in September. Still acquiring leases to make our 14,650 acre feet of water. No action taken on this item.

F.3 Discuss, consider, and take action regarding GBRA/Gonzales Carrizo Water Supply Project. Jeff Kallus with Southwest Engineers stated a meeting was held July 17 at the GBRA office to present an update on the project, main update was to the budget. In April, the plans were at 30% and there was a significant increase in price so they are trying to figure out ways to reduce the cost. GBRA is wondering if the utilities want to construct the leg that would connect to their take point for the trunk line which is going down FM 2001. Maxwell Special Utility District's leg would be approximately 12,800 feet, County Line Special Utility's leg would be approximately 6,000 feet at a cost of close to \$2.4 million and Goforth Special Utility District's leg would be approximately 2,200 feet. Each entity would need to front the money or go to bonds if they decide to build their leg on their own. CLSUD's leg would actually be closer to 4,300 feet with a cost of around \$1.7 million, if this leg is shortened, then the line leaving the booster site would become longer. GBRA's right of entry will expire in the next couple of months so they have not put much work into the design of this segment. Pipeline and Booster Station necessary to push the water to CLSUD should be complete around 2026, but that does not necessarily get CLSUD's contracted water to that delivery point, but there is potential to get additional interim water from Lockhart or New Braunfels Utility (NBU). Right now, the board is leaning towards letting GBRA build and obtain financing instead of building the leg on their own, but would like input on how the other entities are handling their legs and more information on the financing. To save money at the Booster Pump Station, GBRA is looking at replacing the concrete masonry unit (CMU) with a metal building which would be about a million dollars cheaper, revising the chlorine feed system to a ChlorTainer containment system in lieu of the CMU building and 1-1MG GST (instead of 2). The board is concerned about the \$10 million Fiber amount. No action taken on this item, tabled. Per Chris Betz, other updates related to this project: making progress on the design for the transmission pipelines, a pre-hearing conference is scheduled with the State Office of Administrative Hearings (SOAH) on August 9 to discuss permit amendments; and rights of entry for the right of way have all been complete (except 1).

F.4 Discussion regarding PCU Wholesale Wastewater Agreement. Item was also discussed under Item F.1 above during the wastewater rates presentation. Attorneys for County Line Special Utility District (CLSUD) and Plum Creek Utility (PCU) are still working

through minor details on the Agreement. Need the rates proposed in F.1 above approved before Agreement can be completed. No action taken on this item.

F.5 Discuss, consider, and take action to approve transfer of Wastewater CCN from Gristmill Utility, LLC to County Line Special Utility District. Allison Nieto with Southwest Engineers discussed this item. Basically, the same Agreement as last month, except for revisions made to the county on Page 1 (was Williamson County and now revised to Hays County), Gristmill Utility, LLC (GUC) is now responsible for costs in Sections 2 and 3 and Randall Wilburn, attorney for GUC was added to Section 7. Attorney for GUC and CLSUD are both good with the Agreement. At last month's board meeting, Director Howe was concerned if the development would be required to pay CLSUD's \$1,250.00 per LUE impact fee, but Ms. Nieto said no because this is not located in the impact fee service area and none of the projects in the Capital Improvement Plan (CIP) would benefit this development. Development is using a gravity main that was originally built to serve the elementary school. Development is only paying for the capacity used in the gravity line which is approximately \$170,000.00. Currently, CLSUD owns the line and maintains it. Director Scheel made a motion to approve the Transfer of Wastewater CCN from Gristmill Utility, LLC to County Line Special Utility District and Director Dodson seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.6 Discuss, consider, and take action regarding Amendment of Drought Contingency Plan. Daniel Heideman with County Line Special Utility District (CLSUD) discussed this item. Want to get away from having designated watering days on the weekends, want to spread the days out to make it a little easier to keep the tanks full. Director Howe would like the ending time to be changed to 11:30 and Director Scheel wants Stage 2 (e) to read "with written permission". The Board also discussed revisiting the plan at a later date to revise our plan to more closely match neighboring cities plans. Director Scheel made a motion to approve the amendment and Director Dodson seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.7 Discuss, consider, and take action concerning Order amending District Service Policy. Director Howe suggested in Section F, No. 13 Reservation of Capacity, "not" be added back in, but after discussion, the board decided to leave "not" out. Director Scheel made a motion to approve the amendment and Director Dodson seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.8 Discuss, consider, and take action to Cancel the August 21, 2023 Public Hearing to Consider Amendments to the Land Use Assumptions, Capital Improvements Plan, and the Wastewater Impact Fees for the County Line Special Utility District Wastewater Impact Fee Service Area and discuss, consider, and take action on Order Setting a Public Hearing to Consider Amendments to the Land Use Assumptions, Capital Improvements Plan, and the Wastewater Impact Fees for the County Line Special Utility District Wastewater Impact Fee Service Area. Allison Nieto with Southwest Engineers discussed this item. Planning on pushing the public hearing back from August to September. Not quite ready yet to place a thirty (30) day notice of the hearing in the newspaper since we are still trying to figure out which projects to include and how we are going to fund those. Hope to have those decisions made and the report completed to be able to have the hearing at the September board meeting. Director Scheel made a motion to Cancel the August 21, 2023 Public Hearing to Consider Amendments to the Land Use Assumptions, Capital Improvements Plan, and the Wastewater Impact Fees for the County Line Special Utility

District Wastewater Impact Fee Service Area and to approve an Order Setting a Public Hearing on September 18, 2023 to Consider Amendments to the Land Use Assumptions, Capital Improvements Plan, and the Wastewater Impact Fees for the County Line Special Utility District Wastewater Impact Fee Service Area and Director Diaz seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.9 Discuss, consider, and take action to remove Rebecca Moore as a Texas Public Funds Investment Act Investment Officer. Daniel Heideman with County Line Special Utility District (CLSUD) stated Rebecca Moore is no longer an employee of CLSUD and she needs to be removed as an officer. An appointment does not need to be immediately made. Director Scheel made a motion to remove Rebecca Moore as a Texas Public Funds Investment Act Investment Officer and Director Diaz seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.10 Discuss, consider, and take action to remove and/or add signatories to the financial accounts. Daniel Heideman with County Line Special Utility District (CLSUD) stated Rebecca Moore needs to be removed as a signatory on all financial accounts since she is no longer an employee and need to have the ability to add the new general manager, Humberto Ramos to the accounts. Director Scheel made a motion to approve, and Director Dodson seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

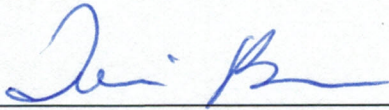
F.11 Discuss, consider, and take action for board approval of Resolutions for Eminent Domain on easement tracts along State Hwy 21. Jeff Kallus with Southwest Engineers stated the Resolution was prepared to keep the process moving forward just in case negotiations fell through, appraisals have been received. Director Howe wanted to know if the landowners have acknowledged us reaching out to them, Mr. Kallus was not sure as he has not been working on this, Zach with Southwest Engineers has been working on this, but was not available at meeting time. Daniel Heideman with County Line Special Utility District thinks a settlement has been reached with Broadway Bank. Director Scheel made a motion to approve the Resolution and Director Loep seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously. Director Scheel made a motion to use the date the Resolution was approved as the Resolution No. with an "A" at the end of the date, 07-24-2023-A and Director Ilse seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

F.12 Discuss, consider, and take action regarding employment of the successor to the General Manager and/or succession plan for the General Manager position. Chris Betz felt this item did not need to enter Executive Session since he was authorized to negotiate employment terms with the new general manager and the board already approved who to hire as the new general manager. The estimated start date would be August 14, 2023, but may change depending on what his current employer says when he gives his two (2) week notice July 25. Humberto Ramos was announced as the new general manager of County Line Special Utility District (CLSUD). Mr. Ramos thanked everyone for the opportunity and the confidence in him to move CLSUD forward. With the hiring of Mr. Ramos, a new title will need to be assigned to Daniel Heideman, introductions will need to be made to the staff of CLSUD and office space arrangements will need to be made. Director Scheel made a motion to approve Humberto Ramos as the successor to the general manager position for CLSUD and Director Ilse seconded the motion. 7 Aye, 0 Nay-Motion passed unanimously.

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

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

I. ADJOURNMENT. Director Scheel made a motion to adjourn the meeting and Director Dodson seconded the Motion, Motion passed unanimously. Meeting was adjourned at 8:46 P.M.



Date 8/21/23

County Line SUD, Board President

Toni Brewer