

COUNTY LINE SPECIAL UTILITY DISTRICT

Meeting Minutes

Board of Directors Meeting –April 15, 2024 at 6:30 P.M.

District Office-8870 Camino Real, Umland, Texas 78640

Board Members Present:

Toni Brewer Via Zoom

Robert Diaz

Joe Howe

Tracy Scheel

Rebecca Moore

Others Present:

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

David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. (CLSUD Legal Counsel) Via Zoom

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 Ekrut with NewGen Strategies & Solutions

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

Chris Betz, County Line Special Utility District Staff

Humberto Ramos, County Line Special Utility District Staff

Doug Schnautz, County Line Special Utility District Staff

France Alston, County Line Special Utility District Staff

Tracie Crowell, County Line Special Utility District Staff

Jo Ann Barrera, County Line Special Utility District Staff

Darlene Cisneros, County Line Special Utility District Staff

Karina Ortega, 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 Diaz, Howe, Scheel and Moore in attendance and Director Brewer Via Zoom.

C. PUBLIC COMMENT. No Public Comment.

D. CONSENT AGENDA:

D.1 Consider and take action to approve the minutes of the March 18, 2024 regular Board meeting. Director Scheel made a motion to approve the Consent Agenda. Director Diaz 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 the plant is in compliance and is receiving more flow, running about 140,000 gallons per day. Still adding residential connections, no new commercial connections. Sludge removing equipment is being added to the plant. Helping County Line Special Utility District (CLSUD) with the construction of the reuse plant.

E.2 Engineer's Report. Allison Nieto with Southwest Engineers reported construction on the Porter Creek Lift Station should have begun last week, if not will start this week and should be complete this summer. Construction on the Porter Creek Force Main is about ninety percent (90%) complete. Plans are nearly complete and should advertise for bids this month on the Porter Creek Gravity Main. Easement acquisition and design is in progress on the FM 2720 Gravity Main and Commercial area wastewater. County Line Special Utility District (CLSUD) hosted a meeting today with some of the landowners in the vicinity of their office to discuss the commercial area wastewater, reuse plant and water and to answer any questions they had. Working on preliminary calculations and exhibits for the Wastewater CIP (Capital Improvements Project) Amendment and preliminary exhibits for the Wastewater CCN (Certificate of Convenience and Necessity) Amendment. The TCEQ (Texas Commission on Environments Quality) Bond Issuance Report should be complete this month. Plans have been approved/under construction for eight (8) developments; eight (8) developments have submitted plans for review and thirteen (13) developments have requested service and paid their application fee.

Jeff Kallus with Southwest Engineers reported the pump replacement at the Brooks Well site is almost complete. Project has been under construction for some time now due to lead times with the VFDs, disconnects and various other components. The contractor wants to schedule a meeting for the startup of the well this week. Pipe is in the ground for the San Marcos water line project. Hydrants and the meter vault to tie into San Marcos still need to be installed. The meter vault has been received so it should be installed this week. The tie in to the booster site located on Highway 21 should start this week. The water line construction project on FM 2720 has started, contractor is currently fusing

pipe stretching from Old Spanish Trail to Farmers Road. Construction on the reuse plant is underway on Grist Mill Road, foundation work is being done this week. Hope to have this project completed by the end of the year. The elevated tank on Misty Lane is in design and have received proposals for Geotech services. Hope to bid this project in May. A meeting was held with the staff of County Line SUD to discuss the new maintenance building, a meeting with the City of Kyle will be scheduled to discuss the new building. A proposal was received for survey work on Cotton Gin Road for easements needed to relocate the water line due to the road widening project by Hays County, this proposal will be brought to the board at a future meeting.

Chris Betz showed drone footage provided by Brian Heideman of the Reuse Plant construction, Highway 21 (San Marcos Waterline) project and the FM 2720 waterline project.

E.3 Capacity Report. Jeff Kallus with Southwest Engineers reported High Road Retail and Cotton Gin RV Park both signed their Non-Standard Service Agreements (NSSAs), and Marigold Phase 3 paid their Impact Fees. Currently have 6,198 active meters and 2,363 in reserve for a total of 8,561 total LUEs (Living Unit Equivalents). Construction of the new Hays elementary school is moving forward, hope to have the school online by fall of next year.

E.4 Easement Report. Tom Walker with Southwest Engineers reported we are waiting on a new survey for the FM 2720 wastewater line project, once the survey is received, we can move forward with acquiring about ten (10) easements. The landowners have been contacted already about needing the easements. Hope to have the Camino East easement for Tract 5 wrapped up soon. Have a meeting scheduled for April 16, 2024 with a landowner on Misty Lane to discuss an easement. The easements for the Highway 21 waterline have all been acquired and the easements for the FM 2720 waterline have been acquired on the tracts closest to Highway 21. The Steelhorn waterline might potentially have an issue due to a power pole, Mr. Walker will reach out to the landowner to discuss a possible slight adjustment.

E.5 Financial Report. France Alston with County Line Special Utility District (CLSUD) reported the interest on the Logic's account was \$109,683.60, interest won't be quite that much next month since some money had to be taken out of this account in March. No Impact Fees were collected in March, only had water revenue in the amount of \$751,823.42. The month ended with \$272,090.47 in the black. Paid over \$500,000.00 to projects that are currently going. Wrote several big checks in March: \$151,938.59 and \$151,938.79 to Dale Lowden Excavating; \$6,144.00 to Texas Municipal League for a worker's comp audit; \$19,000.00 to TTE, LLC for the reuse plant; \$18,700.00 to Hill Vue Farms, LLC for the annual rent for the land where the reuse plant is located; \$59,049.35 to EKA for the vacuum trailer; \$214,448.09 to Nelson Lewis, Inc. for the Porter Creek construction project; and \$72,977.00 to Prime Controls for SCADA at the force main for Plum Creek in the City of Umland. Ms. Alston reported the following on the budget for the first quarter: A payment of \$347,075.00 was made to Plum Creek Utility (PCU) for Impact Fees paid by Marigold in 2023; about \$104,000.00 over budget for Canyon Regional Water Authority (CRWA) expenses, will look into why we are so far over budget; Item 5240-Line Parts which is for meters ordered last year, but are coming in this year; Item 5835-Technology Expense is for SCADA for the lift station; the phone expense every month increased due to adding tablets to the account to help Farah with her lead testing project, once Farah's project is complete, Karina will use them for service orders; unused vacation time and comp time from last year was paid out in the amount of \$35,000.00; to continue working on other projects, the relocation of the

waterline located on Cotton Gin Road is being pushed to later, only budgeted \$300,000.00 and project will cost about \$700,000.00. The amount will be reimbursed by Hays County, but it will take time before the reimbursement is received. Water revenue is less than what was originally budgeted.

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

- 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 overages. 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.
- On December 15th, Martindale WSC sent a letter to CRWA regarding withholding Operations and Maintenance as a result of violation of its responsibilities under the terms of the Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract.
- Overage item was on the January 8th, CRWA BOT Agenda. A vote was taken, and the item failed.
- On January 25, 2024, Maxwell SUD representatives, Martindale representatives, CLSUD representatives met with Paul Terrel (attorney for Crystal Clear) to try and resolve the overage issue.
- On February 8th, Paul Terrel, attorney for Crystal Clear sent an email to Maxwell Attorney (Zach) and CLSUD attorney (Mike) regarding leasing water from each entity in an effort to resolve the overage issue.
- Demand letter dated February 9, 2024 was sent by Maxwell SUD, CLSUD, and Martindale SUD to CRWA and Crystal Clear SUD.
- At the February 12th CRWA Board
 - Took action to approve resolution CRWA 23-11-078 Concerning an Annual Overage Charge Procedure. Which was adopting an annual overage charge procedure developed by NewGen Strategies & Solutions, LLC to be applied when the contractual annual allocation of treated water is exceeded by a participating member of the Amended Restated (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, dated February 9, 2021. meeting after Executive Session, CRWA passed Resolution CRWA 23-11-078
- On February 15 CRWA sent a letter in response to the February 9th demand letter requesting mediation. Subsequently all entities agreed to seek mediation.
 - Mediation is set for May 17th.

HCWTP -- Improvements/Membrane Replacement/Pipeline

- CRWA Staff submitted a TWDB Swift Application (\$24.9M) for improvements without CLSUD Pipeline. Subsequently, CRWA submitted a TWDB D-Fund application (\$19M).
- CLSUD Staff met with interim CRWA GM Randy Schwenn on pipeline funding, coordinated effort to achieve funding. CRWA scheduled a meeting with all entities for the week of March 20th.

- The meeting for April 10th will be postponed until after mediation.
- CRWA BOM -Meeting held on April 3rd. New General Manger Kerry Averyt began working on March 25th at CRWA and attended this meeting.
- CRWA BOT meeting got rescheduled from April 8 to April 15. One item that will be discussed is the Wheeling Agreement with Maxwell Special Utility District that is set to expire in August. County Line needs this agreement in order to receive some of their water supply.
- CRWA Wells Ranch III Project
 - No agreement has been finalized, only drafted with errors.
 - Gonzales County Underground Water Conservation District. –CRWA is requesting that certain conditions of the 920 AF be excluded as part of the permit requirement. Intent is to use the permitted water for East Central, SHWSC and Green Valley. The district will also require additional mitigation fees and monitoring wells.
 - CRWA is trying to determine how to move forward with utilizing the 920 AF for Green Valley SUD, East Central SUD and Springs Hill WSC.
- GBRA/Gonzales Carrizo Water Supply Project
 - The hearing is set for the week of April 22, 2024.
 - GBRA is still actively negotiating with the protestants in an attempt to settle. The hearing is set for the week of April 22, 2024.
 - GBRA received 100% design packages for the pipelines and booster pump station by the end of this month.
 - GBRA has received approximately 45 appraisals and has initial offers out to 45 landowners for the pipeline easements.
 - 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.
 - Met with GBRA on February 5th to discuss potential increased cost for CLSUD Financial Plan. Based on this meeting they informed CLSUD the need is \$68M. Waiting on debt schedule from GBRA.
- Alliance Regional Water Authority BOT- will meet on April 24th, meeting will be held at San Marcos Activity Center. The early expansion of the water treatment facility will be discussed, the expansion will help County Line SUD receive their Phase 1 water. Chris Betz stated there are some entities that do not want the early expansion since they currently have enough water and do not have the money budgeted for the project, while some entities are saying they need water now and are willing to pay for the early expansion to receive the water. Segment C of the pipeline is starting in our area, a meeting was scheduled with the City of Uhland to finalize some items and make sure all the permits, rights of way and easements are in order.

E.7 General Manager's Report and Office Expansion Report. Humberto Ramos with County Line Special Utility District (CLSUD) thanked everyone for attending the retirement party of Daniel Heideman on April 5. Mentioned the meeting held at the CLSUD office April 15 with the various landowners around the County Line office to discuss the wastewater system, reuse plant under

construction, water and answered any questions they had. The meeting was a success, and the landowners requested another meeting in a few months.

- The office manager resigned and is employed with the City of Uhland. Currently use funds for this position to fill an Accounts Payable Specialist.
- Met with Executive Committee on April 12th to discuss serving developments outside CLSUD CCN and discussed a Water Resources Plan. Intent is to make a recommendation to the April 15th CLSUD BOT.
- Continue working with various developers within CLSUD CCN.
- Regional meetings (see E.4 CRWA & ARWA Report)
- City of Uhland Meeting(s)
 - Monthly Meeting with Staff – TBD. Will continue to work on priorities for CLSUD: development of a water conservation ordinance by 2nd Q of 2024, wastewater ordinance 1st Q of 2025; Franchise agreement.
 - City Council Meeting – Attended meeting held on April 3rd.
- City of Kyle
 - Staff attended City of Kyle City Council mtg on April 2nd.
 - Met with Mayor pro-tem Robert Rizzo on February 26th.
 - Awaiting meeting with Staff to resolve CCN transfers and funds owed to CLSUD by City of Kyle.
- Project Nora (Mega Site)
 - No new update
- Office Expansion – will be having a predevelopment meeting with City of Kyle April 25 or May 2nd. Waiting for the engineers to provide a cost for the whole project. The initial estimate was \$500,000.00 and now the estimate is about \$2 million.
- Security
 - Obtaining three quotes to conform with Procurement Policy before moving forward. Other activities, trimmed branches off of building, replacing outdated lighting at main office and booster site. Doug Schnautz is working on this project.

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

E.9 General Counsel's Report. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. brought up again meetings are held between County Line SUD, Southwest Engineers, and Lloyd Gosselink Rochelle & Townsend to discuss various projects, agreements, etc. They have been beneficial to keep everyone on track of what needs to be done.

F. ITEMS FOR ACTION OR DISCUSSION/DIRECTION

F.1 Discuss, consider, and take action regarding appointing a member to fill vacancy on the County Line Special Utility District Board. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. and our Board President, Toni Brewer discussed this item. They discussed the process for finding prospective board member candidates and the process to appoint them to vacant board positions. They feel it will be beneficial to post any vacancies on our website, place a notice on our bills or send any other notification that may be beneficial in finding board candidates. Any prospective candidate will need to meet with Humberto Ramos for him to educate them on what the board does and just visit with them. If he feels they are a good candidate, the Executive Committee will need to meet and

discuss the candidate and will bring the decision to the board to vote on. Karina Ortega said about 75% of our customers receive papers bills and about 25% of our customers receive their bills electronically. Our billing company, PMSI will need a 1-2 week notice about adding something in the comment section of our bills. Director Scheel feels we need to make sure the notice on the bills stands out so our customers' attention will be drawn to it. Director Moore recommended using Mail Chimp as an option to notify our customers about the board vacancy. Mike Gershon feels a motion is not needed for this item.

F.2 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 discussed this item. Mr. Vaughan stated they test our financial statements to make sure they are accurate. Revenues are way up compared to the past three (3) years due to the number of accounts billed each month, the amount of water sold and new rates that went into effect in May. Costs were also up, mainly due to the Canyon Regional Water Authority (CRWA) and San Marcos agreements. At the end of 2023 County Line SUD had just over \$21 million in the bank, about \$17 million of that was Impact Fees and about \$3.7 million extra for operational needs which equates to about seven (7) months of operating costs. Director Scheel asked if a rating score is given to County Line SUD and Mr. Vaughan said no, a letter accompanies the audit and it stated everything is good. At meeting time, County Line SUD had received copies of the final audit. The board packet had been sent out prior to receiving the final audit. Director Scheel made a motion to accept the audit. Director Diaz seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.3 Discuss, consider, and take action regarding NewGen Strategies and Solutions LLC rate methodology. Chris Ekrut with NewGen Strategies and Solutions gave a draft presentation on this item. An estimated 7,664 new connections are expected by 2029. With new growth, additional personnel are needed, new sources of water are needed, and new capital projects are needed. With new sources of water, the initial rate for customers will be high, but will even out over time as additional connections are added. Rates should be reviewed every year to make sure our revenues match or exceed our expenses, need to prepare for "rainy days" to make sure our reserves are sufficient. Also need to make sure we are investing and reinvesting in the district through capital projects which are funded with debt. Impact fees can cover costs of existing debt for eligible projects, amendments to the impact fee will need to be amended as project needs change. Estimated water projects over the next two (2) years are over \$21 million and estimated wastewater projects are over \$7 million, some of this amount is impact fee eligible. Right now, these amounts are anticipated to be funded by debt and the debt will be paid back through impact fees. In order to fund something with impact fees, it must be on your Impact Fee Capital Improvement Plan which is required to be updated every five (5) years, Mr. Ekrut recommends updating the plan every year. Potential water sources and estimated costs of those sources are:

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
San Marcos Surface Water	\$1,062,150 Effective Rate: \$5.82	\$1,115,258 Effective Rate: \$6.11	\$1,171,020 Effective Rate: \$6.42	\$1,229,571 Effective Rate: \$6.74	\$1,291,050 Effective Rate: \$7.07	\$1,355,602 Effective Rate: \$7.43

San Marcos ARWA Water Sharing	\$338,850 Effective Rate: \$4.51	\$342,166 Effective Rate: \$4.56	\$0 Effective Rate: \$0.00	\$0 Effective Rate: \$0.00	\$0 Effective Rate: \$0.00	\$0 Effective Rate: \$0.00
CRWA-Hays Caldwell	\$2,010,882 Effective Rate: \$4.72	\$2,300,703 Effective Rate: \$5.40	\$3,039,069 Effective Rate: \$7.13	\$3,091,052 Effective Rate: \$7.25	\$3,152,023 Effective Rate: \$7.40	\$3,132,018 Effective Rate: \$7.35
CRWA-Wells Ranch III 2,000 AF	\$340,003 Effective Rate: \$0.52	\$352,041 Effective Rate: \$0.54	\$1,610,559 Effective Rate: \$2.47	\$6,789,687 Effective Rate: \$10.42	\$7,137,953 Effective Rate: \$10.95	\$7,885,047 Effective Rate: \$12.10
ARWA	\$525,680 Effective Rate: \$1.57	\$775,821 Effective Rate: \$2.32	\$965,630 Effective Rate: \$2.89	\$970,927 Effective Rate: \$2.90	\$976,000 Effective Rate: \$2.92	\$982,423 Effective Rate: \$2.94
EAA	\$25,608 Effective Rate: \$0.27	\$25,608 Effective Rate: \$0.27	\$25,608 Effective Rate: \$0.27	\$25,608 Effective Rate: \$0.27	\$25,608 Effective Rate: \$0.27	\$26,419 Effective Rate: \$0.27
GBRA	\$323,495 Effective Rate: \$0.41	\$630,221 Effective Rate: \$0.80	\$2,359,350 Effective Rate: \$2.99	\$3,616,644 Effective Rate: \$4.59	\$5,113,530 Effective Rate: \$6.49	\$5,108,303 Effective Rate: \$6.48
BVRT 3,000 AF	\$0 Effective Rate: \$0.00	\$14,173,000 Effective Rate: \$1.29	\$32,810,000 Effective Rate: \$3.00	\$32,810,000 Effective Rate: \$3.00	\$32,810,000 Effective Rate: \$3.00	\$32,810,000 Effective Rate: \$3.00

The cost of these projects is calculated by the annual cost of the project divided by the volumes produced by the project, not volumes being sold. The BVRT project is the most expensive project but has a fairly low effective rate due to the volume of water produced. Water acquisition fees are also available to support the acquisition of new water sources.

Preliminary recommendations are:

Water-Residential

- Condensed tier structure by combining the 5th and 6th tiers.
- Apply a twenty-five percent (25%) tier differential to the tier structure.

Water-Commercial, Institution, and Master Meter

- Condensed tier structures from 7 tiers to 3 tiers.
- Apply a fifty percent (50%) tier differential to the tier structure.

Water-Bulk

- Based on a maximum wholesale effective rate and mark up eight percent (8%). Charge the highest source cost to your bulk water users.

Water-Industrial

- Condense tier structure from 6 tiers to a flat rate.
- Flat rate is based on combined volumetric effective rates of the Commercial, Institutional, and Master Meter classes plus any additional increase needed.

Wastewater

- No proposed changes to the wastewater rates.

Monthly bill impacts based on a 5/8" residential meter and 5,000 gallons of water and wastewater including all the additional projects on existing water sources; excludes Wells Ranch III and BVRT:

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water	\$69.95	\$69.95	\$99.60	\$118.35	\$123.39	\$131.09	\$131.09
Wastewater	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
W/WW Bill	\$149.95	\$149.95	\$179.60	\$198.35	\$203.39	\$211.09	\$211.09
Water Variance		\$0.00	\$29.65	\$18.75	\$5.04	\$7.70	\$0.00
WW Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W/WW Variance		\$0.00	\$29.65	\$18.75	\$5.04	\$7.70	\$0.00

Monthly bill impacts based on a 5/8" residential meter and 5,000 gallons of water and wastewater including all the additional projects on existing water sources; includes Wells Ranch III:

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water	\$69.95	\$69.95	\$104.65	\$138.36	\$203.74	\$203.74	\$203.74
Wastewater	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
W/WW Bill	\$149.95	\$149.95	\$184.65	\$218.36	\$283.74	\$283.74	\$273.74

Water Variance		\$0.00	\$34.70	\$33.71	\$65.38	\$0.00	\$0.00
WW Variance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W/WW Variance		\$0.00	\$34.70	\$33.71	\$65.38	\$0.00	\$0.00

Monthly bill impacts based on a 5/8" residential meter and 5,000 gallons of water and wastewater including all the additional projects on existing water sources; includes BVRT from Caldwell County:

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Water	\$69.95	\$69.95	\$161.87	\$268.98	\$268.98	\$268.98	\$268.98
Wastewater	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
W/WW Bill	\$149.95	\$149.95	\$241.87	\$348.98	\$348.98	\$348.98	\$348.98
Water Variance		\$0.00	\$91.92	\$107.11	\$0.00	\$0.00	\$0.00
WW Variance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W/WW Variance		\$0.00	\$91.92	\$107.11	\$0.00	\$0.00	\$0.00

Three (3) things driving into 2025 is approximately \$300,000 additional operating and maintenance expenses (O&M); \$600,000 additional wholesale expense; and \$1.85 million in debt payments. The \$99.60 rate shown in table one (1) above is not out of line with other water providers in the area. Capital Projects that would be impact fee eligible are the FM 2720 waterline to Bollinger; FM 2720 waterline to the Bobwhite Booster Station; Bobwhite Booster Station; High Road Booster Station piping tie-in; Porter Creek Lift Station and Force Main; Porter Creek Gravity Main; Commercial Area wastewater; and the FM 2720 and FM 150 Gravity Mains. Capital Projects that would not be impact fee eligible are the Misty Lane Elevated Tank; Cotton Gin Road waterline relocate upsize; Reuse Booster Station; Reuse waterline extension to the concrete plant; miscellaneous tasks/reporting; Highway 21 waterline construction; Highway 21 waterline plant tie-in; Well #2 pump replacement; Farms Road waterline-Steelhorn upsize; FM 2001 waterline relocate; subdivision reviews/NSSAs (Non-Standard Service Agreements); Misty Lane waterline; Farmers Road waterline-Steelhorn 6"; subdivision reviews/requests (developers would pay for this); Wastewater CIP Amendment; Wastewater CCN Amendment; and supplemental O&M building. Mr. Ekrut recommends a rate increase as early as January 2025. Next steps are to continue the conservations; continue to review the budget; continue to pin down water sources; and determine what is realistic for next year. Director Brewer wants to continue to discuss this with Mr. Ekrut and the Executive Committee.

F.4 Discuss, consider, and take action to approve County Line Special Utility District's Water Conservation Plan. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. The purpose of a Water Conservation Plan is to efficiently manage and reduce water usage to ensure sustainable water resources. Texas Commission on Environmental Quality (TCEQ) requires revisions to Water Conservation Plans once every five years for public water systems with over 3,300 connections. The required components include utility profile, goals, tracking, metering, loss control, education, rate structure, 5 and 10-year goals, residential and water loss expressed in gallons per capita per day (GPCD), Wholesale or Contract, Regional Water Group Notification, and official ordinance. The most recent plan was adopted on May 20, 2019. Since CLSUD serves more than 3,300 connections, it is required to submit the plan by May 1st. The current plan differs from the last adopted one as updates have been made to the service map, and utility profile and the addition of form TWDB-1969 for wholesale water suppliers, CLSUD currently has a wholesale agreement with Goforth Special Utility District, our agreement is silent regarding their conservation plan. A notation will be made on the submittal to TCEQ under the wholesale component stating they will need to abide by our conservation plan. Director Scheel made a motion to move forward and approve. Director Diaz seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.5 Briefing and public input on County Line Special Utility District's proposed Drought

Contingency Plan (DCP), then discuss, consider, and take action regarding approving a Drought

Contingency Plan. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. The purpose of a Drought Contingency Plan is to outline strategies and procedures for managing water supply during periods of drought or water scarcity. Texas Commission on Environmental Quality (TCEQ) requires revisions to Drought Contingency Plans once every five (5) years for public water systems with over 3,300 connections. The most recent plan was adopted on September 19, 2022. Since CLSUD serves more than 3,300 connections, it is required to submit the plan by May 1, 2024. CLSUD will implement the same drought contingency plan from 2023, which was submitted to TCEQ in August of that year. The only alteration from the previous plan is the incorporation of the utilization of alternative water sources outlined in Texas Administrative Code §288.22. Director Scheel made a motion to approve the Drought Contingency Plan and Resolution. Director Moore seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.6 Discuss, consider, and take action to ratify amendment to Task Order 12-10-23-1. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. Mr. Ramos has already signed the amendment to keep the project moving and wants to ask the board for forgiveness. This amendment will amend the County Line Special Utility District (CLSUD) task order (TO 12-10-23-1) for the FM 2720 Wastewater Main (SWE Project #0017-092-23) for additional survey services. Fees need to be increased for Task 2 (Easement Survey) and Task 3 (Topo Survey) due to TxDOT planning to widen FM 2720, which results in having to relocate CLSUD's wastewater line further into the acquired easement. This Task Order requests an extra \$11,000.00 for additional survey work related to the FM 2720 Wastewater Gravity Main project; the original Task Order amount was \$250,000.00. CLSUD and

Southwest Engineers were recently notified of TXDOT's intent to acquire additional ROW along FM 2720 for future roadway widening in the vicinity of this proposed project. Therefore, we will need to shift this wastewater alignment further into the properties to account for this planned widening and avoid having to relocate this pipeline in the future. The survey work for this project (both topo and easement exhibits) has already been completed, so an updated survey will be needed along this new alignment and the previous easement exhibits will need to be modified for the new easement location. Director Scheel made a motion to ratify Amendment No. 1 to Task Order 12-10-23-1 and approve/forgive Humberto Ramos for signing. Director Moore seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.7 Discuss, consider, and take action to serve developments outside County Line Special Utility District's service area. Humberto Ramos with County Line Special Utility District (CLSUD) discussed this item. The Executive Committee has met twice to discuss the below developments and their consensus was to move forward with incorporating the developments that are not currently within our CCN (Certificate of Convenience and Necessity) into our CCN. Director Howe stated that each development has its own circumstances, and the developers should bear the cost of any amendments to our CCN. Director Howe asked Mike Gershon with Lloyd Gosselink Rochelle & Townsend how it works with funding water projects in terms of impact fees and timing and phases when developers are pursuing Municipal Utility Districts (MUDS). He is concerned CLSUD will get started on various projects to serve these developments and then the development fails to happen. Mr. Gershon stated MUDS are reimbursed once the assessed value of their holdings reaches a certain threshold so they have to build out in order to get reimbursed. Director Scheel made a motion to move forward as discussed. Director Moore seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

1. Kyle 40

- 209 LUEs total on roughly 40 acres in 4 phases
- Approximately 113 LUEs are within the current water CCN and District boundary. (CLSUD CCN and Goforth SUD CCN). Jeff Kallus recommends CLSUD only serve the portion that is in their CCN. When you get close to High Road, the elevations are getting up there so maintaining 35 PSI could be a problem. The developer's request was to be served by one or the other, not by two separate water utilities.

2. Open R Ranch

- 3,000 LUEs on 1,278 acres
- Phase 1 – 354 LUEs
- In Goforth and Aqua CCN
- Director Howe feels we should keep the reuse water rights.

3. Lantana (Lockhart 150)

- 448 LUEs on 150 acres
- 328 LUEs in Phase 1
- Not within any current CCN or District Boundary
- They would need to have an onsite lift station and then a force main that would pump the wastewater back up to the FM 2720 gravity main to the Plum Creek Utility (PCU) Warf 3 which is currently under design.

4. Neimann (Data Center)
 - o 18 LUEs on 205 acres
 - o Phase 1 – 6 LUEs
 - o Not within any current CCN or District Boundary.

5. Hiram Brown
 - o 1 meter on 129 acres
 - o Within Aqua WSC CCN boundary and receives water service from Aqua WSC.

F.8 Discuss, consider, and take action to engage Lloyd Gosselink Rochelle & Townsend, P.C. to file documents with the Public Utility Commission to include developments outside our service area. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. In support of the application to amend CLSUD's certificate of convenience and necessity (CCN) discussed under Agenda Item No. F.7 above, Lloyd Gosselink will provide a supplemental engagement agreement to specify the legal work required to pursue the CCN application. This scope of work falls within Lloyd Gosselink's current general counsel engagement. A budget for this CCN work can be provided. Director Howe wants the cost of the CCN Amendment to be on the developers, Humberto Ramos said we can have a discussion offline about this. No action is required on this item.

F.9 Discuss, consider, and take action to approve a Surplus Property Policy for County Line Special Utility District. Humberto Ramos with County Line Special Utility District discussed this item. After an initial inventory of CLSUD assets, it appears that there are some assets that are no longer needed and that can either be sold, recycled, or otherwise disposed of. This Surplus Property Policy establishes a policy and procedure that meets statutory requirements and is tailored to make the process of assessing whether assets are surplus efficient. This policy applies to all CLSUD's assets, including what is legally classified as "Real Property" or "Personal Property." Real Property generally includes but is not limited to land owned in fee simple or by easement. Personal Property generally includes but is not limited to tangible assets such as equipment, materials, supplies, and furniture. Texas statutory law has requirements that ensure accountability and control over special districts' assets and whether assets can be determined surplus and disposed of. This policy reflects the current statutory requirements in the Texas Water Code and Texas Local Government Code, as follows: Personal Property valued at more than \$300.00 must first be found by action of the Board to be surplus and not needed by CLSUD, and then requires Board action to authorize that the surplus Personal Property be sold either by public or private sale. Items valued at \$300.00 or less may be donated or disposed of by the General Manager unless the Board prefers to make decisions on assets below that threshold. All Real Property irrespective of value must first be classified as surplus by action of the Board and not needed by CLSUD, and then requires Board action to authorize that the surplus Real Property be sold or exchanged either by public or private sale. Director Scheel made a motion to approve the Surplus Property Policy. Director Moore seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

F.10 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. Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. A committee was formed consisting of Director Brewer, Director Scheel and

Humberto Ramos. Mr. Gershon visited with Director Brewer to talk through the mediator's packet prior to this board meeting. The mediation is scheduled for May 17, 2024. Mr. Ramos wants to discuss this further with the committee instead of discussing this in executive session tonight. No action was taken on this item.

F.11 Discuss, consider, and take action authorizing the acquisition of the following easements and property in support of the District's water pipeline infrastructure projects.

A. Tract 1, FM 2720 RUC Holdings – Working on now as part of the FM 2720 Extension.

B. Tract 5, Camino East, Lennar – Close to finalizing.

C. Misty Lane Easement – Working on now.

This item was included on the agenda in case action was needed. No action was needed on this item.

F.12 Discuss, consider, and take action regarding the transfer of wastewater CCN service area from Gristmill Utility Company to County Line Special Utility District, and the Sewer CCN Service Area Transfer Agreement between Gristmill Utility Company and County Line Special Utility District.

David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. A meeting was held with Gristmill Utility Company (GCU), Plum Creek Utility (PCU), the developer and County Line SUD (CLSUD) and an agreement was reached between them to address the provisions of wastewater services on a retail and wholesale basis. We will continue to work with the developer of Wayside to enter into a Non-Standard Service Agreement (NSSA). Will get the CCN transfer abatement lifted and will get the CCN transfer approved. No action was needed on this item.

F.13 Discuss, consider, and take action to appoint a replacement to former Director James Loep to serve on the Investment Committee.

Mike Gershon with Lloyd Gosselink Rochelle & Townsend, P.C. discussed this item. At the November 20, 2023 CLSUD board meeting, a Resolution was adopted Memorializing District's Annual Review of its current Investment Policy, Adoption of Amendments to this Investment Policy and Appointments of Investment Officer and Investment Committee Members. Director Loep was appointed to be a member to the Investment Committee. Director Loep resigned as a CLSUD board member January 5, 2024, therefore a replacement needs to be appointed for Director Loep. Director Diaz stated he would like to be on this committee with Humberto Ramos and France Alston. Director Scheel made a motion to replace Director Loep by appointing Director Diaz as his replacement on the Investment Committee. Director Moore seconded the motion and the motion passed unanimously. 5 Aye, 0 Nay

G. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS. Director Scheel requested a presentation be given to the board on Municipal Utility Districts (MUDS) and Public Improvement Districts (PIDS). Humberto Ramos felt David Klein with Lloyd Gosselink Rochelle & Townsend, P.C. should give the presentation.

H. EXECUTIVE SESSION. The meeting did not enter executive session.

I. ADJOURNMENT. Director Moore made a motion to adjourn the meeting and Director Scheel seconded the Motion, Motion passed unanimously. 5 Aye, 0 Nay Meeting was adjourned at 8:42 P.M.



Date 5/20/24

Toni Brewer
County Line SUD, Board President