

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
August 28, 2023

The Board of Directors (the Board or Directors) of Porter Special Utility District (the District) met in regular session at 7:00 p.m., at 22162 Water Well Road, Porter, Texas 77365, on Monday, August 28, 2023, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code.

1. Call Meeting to Order the President, after finding that the notice of the meeting was posted as required by law, called the meeting to order at 7:00 p.m. and declared it open for such business as may come before it.

a. Roll Call of the Board of Directors/Declaration of a Quorum

Doug Pillow	President
Jodi Ruonavar	Vice-President
Caroline Denham	Secretary
Danny Bridges	Treasurer
Johnny Barr	Asst. Secretary-Treasurer
Jason Ashy	Director
Donald Bell	Director

Director Denham took the roll, all Directors were present in the District Board Room thus constituting a quorum. Also attending for the District were: Monica Garza (Attorney) with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Jonathon Smith (General Manager), Altaf Noor and Jazz Toor representing Montgomery Crossing / Canyon Creek Estates.

b. Director Qualifications and Disclosures

Mr. Smith stated there were no updates on Director qualifications and disclosures.

c. Invocation

Invocation led by Mr. Smith.

d. Pledges of Allegiance

Pledges of Allegiance led by Director Pillow.

2. Public Comment

None.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on July 31, 2023

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Minutes of the Regular Board Meeting of July 31, 2023 was approved. Motion carried.

7. a. Update on Development Projects

i. Montgomery Crossing / Canyon Creek Estates, including approving revised feasibility study

Mr. Noor and Mr. Toor spoke of how Covid and costs caused the delay of the 276-unit multi-family complex near Montgomery Pines Apartments. They hope to break ground before year-end. They are excited to be in the area. Mr. Noor comes from Georgia (about 2 years ago). Asked if there were any questions. Mr. Kelly says we need to go forward with the feasibility study. There are a few changes to be made. It was originally for 300 units and has now decreased to 270

multi-family units. Using the TCEQ clarifications on how to count. An updated site plan has been given. Going from 18 to 12 acres. For multi and mixed use. Based on meter size there are 540 projected connections, dependent on actual sizes. We have a 12" line for enough capacity and 494 is an Impact Fee project to do, if we have developer contribution to help. No other big changes. Still a lot of work to do. They are ready to do Phase 1, solely multi-family. So, they want that portion approved. Director Ruonavar asked if the retention pond was big enough? According to Mr. Toor, it is. There is a road extension to be built off of 59. Bleyl recommends approval. Director Ruonavar asked about the application and deposit. Mr. Smith said it had been cleared up.

Upon motion by Director Barr, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the revised feasibility study was approved. Motion carried.

Mr. Noor and Mr. Toor left the meeting.

4. Old Business

- a. StarnikPay online payment fees for credit cards, debit cards, and Echecks

Mr. Smith sent an email on 8/11/23 to all the Directors about Starnik Pay. Auto drafts do not charge like Debit cards, credit cards or ACH. Cash Apps are NOT allowed. There is a \$3 or 3% fee. Anything under \$100 is \$3. Over \$100 is 3%. Do we want the District to keep paying all the fees or give a percentage to the customer in all or part? A hard check has no fee as does cash. Online checks are \$1/item (we get about 1,200 e-checks per month). Budget is currently at \$150K per year. This month there was just over \$12K. Director Ashy believes that is a big number for the District to absorb. He thinks we should do at least ½ for convenience fee. There is no other service we can use at this time, and it is not negotiable. We accept Visa, MC and Discoverer (we do not accept American Express). We buy "coins" each month. \$12K gets us 6K coins. Director Bell asks if that is a requirement of the industry? Mr. Smith is not sure. Cost does not vary for the "coins". Starnik is our billing and work order system. Director Ashy says

the fee is the fee. You can call it what you want to. Are we going to charge the customer?

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present with only Directors Ruonavar and Barr voting aye, on having the customer pay the \$3 or 3% per item fee, the motion did not carry.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, on having customer pay 50% of the service fee to help absorb cost (Director Bell says to wait until we do the rate study, but Director Ashy does not want it buried in a rate increase), the motion carried.

b. Infinity Services, LLC (website vendor)

Mr. Smith had a conversation with Susan at Infinity Services. We currently have 551 customers that are signed up. They charge \$150/mo for unlimited updates. To do email/text it would be \$100/hour to create an email and \$100/hour to do a text. Then there would be a fee of \$.05/text or email notification and \$100/month. About \$345/month total. We are currently paying \$46.50/month. All updates, seasonal and holiday. We add texts and we send out notifications, which are free. We are currently out of compliance, stated Director Ruonavar. Ms. Garza says we are actually covered because we are not considered a taxing authority. We file certain information through Polley Garza PLLC. Some information overlaps. She believes we are covered per the section she brought up. The site is really nice compared to what we have with GoDaddy. They are updating their old forms and website data. Mr. Smith is good with what we have. It was comparing what we currently have with Rural Water Impact to the Infinity Services. We currently get encrypted. We only send out two notices a month. Sometimes emails and texts. There was no action taken.

5. New Business

a. Employee Introductions

- i. Dominic Justice – Meter Technician
- ii. Sergio Martinez – Meter Technician
- iii. James Casey – Distribution Apprentice

They all had issues and will be here next month.

b. PFIA training for Directors, including approving Director Fees of Office

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved to pay Director Fees of Office to the Directors attending the Public Funds Investment Act training. Motion carried.

c. CPR training for Directors

It will be done here at PSUD in December, for District Employees, but there are not enough spaces available for Directors at this time. SUD to pay for any Directors that are interested in attending a session off site.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved that PSUD will pay for any off-site CPR training for Directors. Motion carried.

6. Financial Report

a. Financial Statements for the period ending July 31, 2023

Director Bell asked about the June delinquent fees (page 14, item 301). July's fees were \$9,200. Mr. Smith stated that we disconnected 92 and Porter MUD had 76. Director Ruonavar asked why Porter MUD and MC 110 are not in there? Mr.

Smith says it just depends on when the invoices go out. They probably go out about 9/15/23 and it depends on their Board Meetings when they are paid. We currently still have 5 for PSUD that have not been reconnected and 7 for Porter MUD. Director Ruonavar asked about Page 7, item 16208 (On the Clock). How is it used by our personnel? Do the five exempt employees use the system? Mr. Smith says the employees' clock in and out wherever they are located. They can clock in on their phone or desktop. She asked if sick time and vacation time done that way also? Mr. Smith said yes, approved by their Supervisor (which are Chris, Suzanne or Jonathon). Then the times are double-checked before the timecards are closed out for the pay period. Extension 19 Answering Service is much better than the other service, says Director Ruonavar. Item 17009 on page 8 and 17009.4 – two replacement trucks – mileage? Anything in hopper – no. Page 11, Well #10 \$43,802 to Bleyl is for engineering. Page 13, #35008 -Briar Chase West hydrant is no good. Going to redo them all from 6" to 12". New hydrants will be close to where they are now. Where is the charge for Well #6 and the Yancy Well? Have they been done yet? Mr. Smith indicated that they have not been completed yet. There have only been engineering charges so far.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Financial Statements for the period ending July 31, 2023 were approved. Motion carried.

- b. Approve transfer from CPF TexPool (0012) to CPF Independent (6084)
- c. Approve transfer from CPF Independent (6084) to GOF Independent (6076) to reimburse GOF for capital project expenses

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, it was approved to make the transfer from CPF TexPool (0012) to CPF Independent (6084) and the transfer from CPF Independent (6084) to GOF Independent (6076) to reimburse GOF for capital project expenses. Motion carried.

7. Engineering Report by Bleyl Engineering

a. Update on Development Projects

Done above.

i. 50-Acre Tract, including approving feasibility study

Nothing new at this time.

b. Update on Infrastructure Fee Projects

i. Well #5 Rehabilitation, including authorizing advertising and bidding

Bleyl is asking for the approval to do advertising and bidding.

Upon motion by Director Bell, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved to do the advertising and bidding of Well #5 Rehabilitation. Motion carried.

ii. Bobby/Deuster Lane Waterline Improvements, including authorizing engineering

This is in North County off of Louis and Porter Lane. They have private wells, but the residents want water service from PSUD. It will be included in the upcoming CIP Amendment. There will be some contribution from the new customers. The waterline between Louis and Porter Lane and Deuster south.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved to do the engineering of the Bobby/Deuster Lane Waterline. Motion carried.

c. Update on Capital Bond Projects

- i. Ford Road Waterline Relocation, including Pay Application #5

Upon motion by Director Ashy, seconded by Director Barr after full discussion with all Directors present voting aye, the Pay Application #5 was approved in the amount of \$545,717.00. Motion carried.

- d. Update on Impact Fee Capital Improvement Projects

- i. Impact Fee Study

No action taken.

- e. One-Year Warranty

No action taken.

- f. Miscellaneous Items

- i. Addendum to Engineering Service Agreement

There is a rate increase for Bleyl that goes into effect as of 9/1/23. It has been 18 months since the last increase. They usually increase every three years or so. With Covid and the year we have had they are having to increase now. Trying to be competitive with other firms in the area and keep up with inflation. We are not sure what the rates were prior to the last increase.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, the Bleyl rate increase was accepted. Motion carried.

8. General Counsel's Report

- a. Acceptance of Water Meter Easement – 0.0046-acre tract – Stonetown Forest Villa

This is for a water meter easement on Ford Road.

Upon motion by Director Ashy, seconded by Director Barr after full discussion with all Directors present voting aye, the Water Meter Easement of 0.0046 acres is accepted. Motion carried.

- b. Review Arbitrage Compliance Specialists Report(s) and approve updated Engagement Letter

We have three outstanding bonds – “A liability may be accruing”. Not yet but could send the IRS a rebate in the future. We have maxed out, so they are monitoring. The next reporting period is probably when a rebate may be due. The Engagement is that they are monitoring. The last one is from 2003 and all is the same except for one \$25 decrease.

Upon motion by Director Ashy, seconded by Director Barr after full discussion with all Directors present voting aye, the Arbitrage Compliance Specialists report and Engagement Letter are approved. Motion carried.

- c. Amended District Information Form and Notice to Purchaser

Left on accidentally – disregard

- d. Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies and Code of Ethics for the investment of District Funds and Review of Investments.

There are a few changes. The Public Funds Investment Act has some technical changes. 1) There are 5 priorities under section 3.1; 2) under Section 5.3 – repurchase agreements. What funds can be invested in. Director Bell asks about Section 4.1 – appointment of officers. Creighton and Belt are too, correct? Ms. Garza stated that authorized investment has to be listed in our policy. The Re-Purchase Agreement has to have specific terms and terminology added. It doesn't change the structure, just the language. Director Bell also noted that Alan Derby was gone and that needed to be changed. The last change is an attachment – an authorized broker list – it is an updated list with Kimberly at Polly

Garza PLLC with the Accountant. Public Funds Investment Act. Risk listed authorized investments (CD's).

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies and Code of Ethics for the investment of District Funds and Review of Investments has been approved. Motion carried.

e. 88th Legislative Session Update

There is a memo in our packet. If there are any questions, we can ask Mr. Polley. On Page 1, HB 2815 – there was a major change in the regulations regarding the per diam amount. On Page 2, HB 3507 – Effective 9/1/23 – Construction Contracts – competitive bids increasing to \$150K from \$75K. Other thresh holds stay the same. SB 1893 – Tik Tok Ban – Ban on District owned devices. Page 6 – Campaign Finance Reports – Have to be posted to the District website and maintained on the website for 5 years. SB 594 – RV's – counted as 1 connection. Currently the District allows 3.3 RVs on a single-family connection. New regulations state 8 RVs as a single-family connection starting 9/1/23, but not through TCEQ yet. A lot of smaller systems are required to provide a single connection to 1 RV. Too much. Now 8:1.

9. General Manager's Report

- a. Update regarding wells and facilities, water production and demand, fleet vehicles and equipment, drought and weather forecasts

Any questions asked Mr. Smith? Director Ruonavar asked when do you usually do the General Managers Weekly Report? Mr. Smith indicated that he tries to do it on Friday, but Monday is better for pictures. It just depends. Monday is a better day for the report, but he would rather do on Friday. We are still looking to hire a part-time employee to help Terry Sanders and an Apprentice Operator. Director Bell asks about page 9. What are we looking at? Mr. Smith said Porter High School – a new meter. It is sitting in a vault. It is up on the School property.

Director Bell asked if the School District gets a special rate and Mr. Smith said no. Director Ruonavar stated that in the Vehicle Report, there is a truck listed with a driver that no longer works for the District. Mr. Smith said it will be changed. Directors Ruonavar, Bell and Mr. Smith leave tomorrow morning for a conference. Page 15 – the Drought Monitor Report. We are not looking at drought contingency plan. Valley Ranch is now at Stage 3. Mr. Smith does not want to tie our contingency plan to one thing. He wants to look at voluntary in May and in June depending on the conditions, it could be State 2 (June/July) next year. Depends on demand/capacity/climate.

b. Update regarding Lone Star Groundwater Conservation District

The LSGCD's new General Manager has officially started her employment.

c. Notice of Funding Opportunity – Hazard Mitigation Grant Program (DR #4705)

There is a Notice of Funding opportunity. In early 2023, severe winter storm – national disaster – Federal funding. Did not affect our county, but now it is open to others. It would help us with the Hazard Mitigation Plan and 75% of the costs - would be paid for by the Government. Recommendation to work with Bleyl to get this Mitigation Plan. The second page shows eligible activities – the last one is what we need to focus on. What if something happens with gas, chlorine, energy, etc. (Upgrade the generator at Well #5).

Upon motion by Director Bell, seconded by Director Ashy after full discussion with all Directors present voting aye, it was approved to move forward with Bleyl to get the Mitigation Plan completed. Motion carried.

d. Harris-Galveston Subsidence District Letter re: Request to Install and Maintain a GPS Station in Porter SUD Copeland Site

Mr. Smith said the Harris-Galveston Subsidence District wishes to place a subsidence device at Copeland too. They want to monitor the shift in soil in all directions. In talking with Mr. Kelly, it has to be super straight. It has to be

precise due to the way they do measurements. What will they do with the information? They will put it in the GMA report for this area. They have no jurisdiction over what we do here. They show that The Woodlands and our area with a drop of 3' over the next 50 years. There are two separate monitors for LS and H/G, one for water and one for ground movement. It only uses a small footprint and has solar panels so does not use any electricity. It would be close to the MCC building.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved to allow the Harris-Galveston Subsidence District to place a subsidence device at Copeland. Motion carried.

e. Woodridge MUD letter re: Impact Fees for the Preserve at Woodridge

Mr. Costello sent us a check in the amount of \$189,000 and it looked like it was for an apartment building. Now based on multi-unit impact fee calculation and wants to pay off of the meter size. See letter for explanation. Director Ruonavar states that if we do for them, we are setting a precedent. She asks if they received the Impact Fee Letter yet. Mr. Smith said yes. They are to pay quarterly. Just received a check six weeks ago. No report, just check. Nothing based on when the meter set, what serving, just until we received the letter. Anything we have to show what day installed? Over a year later to receive payment. Memo on check said 8" meter. They still owe us back to 2021 (\$29,400). Mr. Smith and Mr. Kelly have been trying to get a meeting with them for a very long time. Due to lack of communication, they are using more water than they are supposed to. They are pumping double than what they are supposed to. There is no tap report like stated in the Agreement, etc. They need to substantiate it. It was installed but not in use. For Entergy we are charged a Demand Charge, why don't we do something like that? Mr. Smith to let Louis know we need proof. Are they supposed to be reporting to us quarterly?

10. Executive Session

There was no Executive Session.

11. Director Comments

Director Ruonavar told us about “Sharing is Caring” on October 28, 2023. Sargeant Miller has asked us if we want to put groceries at boxes in front of different stores. Can we share on our Website? Talk to your families. It is okay with all Directors to put on Website. Sargeant Miller will get a flyer to Director Ruonavar. Director Ashy wants to know if Copeland is being exercised enough. Mr. Smith doesn’t believe it matters because when we get filters in place they will have to be cleaned off and purged anyway. Mr. Bridges spoke about the EMC Livestock Show and Rodeo. He won’t be there this year, but he takes care of the kids. It is the first time in 39 years that he won’t be there.

12. Next Regular Board Meeting – September 25, 2023 at 7:00 p.m.

13. Adjournment

There being no further business to come before the Board, upon motion by Director Ashy, seconded by Director Barr after full discussion and all Directors present voting aye, the meeting was adjourned at 8:48 p.m.

PASSED and APPROVED this the 25th day of September 2023.



President, Board of Directors



Secretary, Board of Directors

