

**PORTER SPECIAL UTILITY DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**

**October 26, 2020**

The Board of Directors (the Board or Directors) of Porter Special Utility District (the District) met in regular session and via Zoom Meeting - Conference Call, at 7:00 p.m., at 22162 Water Well Road, Porter, Texas 77365, on Monday, October 26, 2020, 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
Evelyn Satterwhite	Director

Director Denham took the roll, all Directors were present in the District Board Room except for Director Satterwhite who attended via Zoom, thus constituting a quorum. Also attending for the District were: Jonathan Polley (Attorney) with Radcliffe Bobbitt Adams Polley PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Jonathon Smith (General Manager), Jim Ferguson (Operations Manager), Amanda Phillips (Executive Administrator), and Wendy Pafford (Bookkeeper).

Participants of the Board Meeting attending via Zoom:

Evelyn Satterwhite, Director

**Director Qualifications and Disclosures**

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

**b. Invocation**

Invocation led by Director Denham.

**c. Pledges of Allegiance**

Pledges of Allegiance led by Director Ashy.

The Board President requested that all members of the meeting stay on topic, and conduct business thoroughly, completely, and timely.

**2. Public Comment**

No public comment.

**3. Review and Approve Minutes**

**a. Minutes of the Regular Meeting on September 28, 2020.**

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Minutes of the Regular Meeting of September 28, 2020 were approved. Motion carried unanimously.

**b. Minutes of the Special Meeting on October 6, 2020.**

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Minutes of the Special Meeting of October 6, 2020 were approved. Motion carried unanimously.

**4. Old Business**

**a. Review, discuss and take any necessary action regarding the District's Rules and Regulations, including procedures for handling illegal connections.**

This item was tabled.

**b. Review, discuss, and take any necessary actions regarding the District's Personnel Policies.**

Ms. Phillips presented the Personnel Policy changes that the Policy Committee had discussed at their meeting on October 23, 2020. The presented policies included updating the Definition of Immediate Family, creating a Workplace Violence Policy section 13.4, updating the notification procedures in the Vacation Leave Policy section 5.2, and creating a Bereavement Leave Policy section 5.12, and a Code of Ethics Policy section 6.5.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the policies including the Definition of Immediate Family, the Workplace Violence Policy section 13.4, the Vacation Leave Policy section

5.2, the Bereavement Leave Policy section 5.12, and the Code of Ethics Policy section 6.5 were approved. Motion carried unanimously.

## **5. New Business**

- a. Review, discuss, and take any necessary action regarding the Wholesale Water Supply Agreement with Montgomery County MUD 24, including approving the "1<sup>st</sup>" Additional Capacity Request.

The District is now providing water to Montgomery County MUD 24's water storage tank. The initial agreement was for 47,250 gallons daily, the MUD is requesting an additional 47,250 gallons a day. Montgomery County MUD 24 has a well that is their primary source of water, the District is their secondary source. Mr. Smith stated that the MUD will make a formal request that the District can ratify at the November Meeting.

Upon motion by Director Ashy seconded by Director Bridges after full discussion with all Directors present voting aye, the Board approved the Wholesale Water Supply Agreement with Montgomery County MUD 24, including approving the "1<sup>st</sup>" Additional Capacity Request. Motion carried unanimously.

- b. Schedule Special Board Meeting for Presentation of Water Rate Study by Raftelis

The Board will meet Monday, November 2, 2020 at 6:30 p.m. in person at the District Offices, and via Zoom for the Presentation of Water Rate Study by Raftelis.

- c. Schedule Special Board Meeting for Presentation of FYE 2020 Financial Audit by Belt Harris Pechacek

The Board will meet Monday, November 9, 2020 at 6:30 p.m. in person at the District Offices, and via Zoom for the Presentation of FYE 2020 Financial Audit by Belt Harris Pechacek.

## **6. Financial Report**

- a. Review, discuss, and take any necessary action regarding Financial Statements

Mr. Smith stated that the three Municipal Accounts invoices were for different months. There were errors on the invoices, and Municipal Accounts was delayed in correcting them. Director Denham asked about the Lone Star Groundwater Conservation Permit fees, Mr. Smith confirmed they are paid by the District as the GRP Plan Sponsor. Director Pillow asked about the charges to the Postage – Monthly Bill account, Mr. Smith stated that the District typically pays a large amount toward the postage permit when the balance is low. Director Pillow also asked about charges to the Phone and Internet account. Mr. Smith stated he would request a breakdown of the account.

Director Pillow asked about the Maintenance and Repair of Water System Account, Mr. Smith stated that Staff is working with Municipal Accounts to move some of the charges into New Taps. Mr. Smith stated that the Brooklyn Trails new taps has contributed to the large amount of charges in the account. Director Pillow asked about the increase in Office Supplies, Mr. Smith stated he would have to pull a breakdown of charges, but it could be contributed to setting up the Bookkeeper Office.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Financial Report was approved. Motion carried unanimously.

**b. Review Quarterly Investment Report for Period Ending August 31, 2020.**

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Quarterly Investment Report for Period Ending August 31, 2020 was approved. Motion carried unanimously.

Mr. Smith stated that the Investment Committee met earlier in the month and that he and Ms. Pafford met with Municipal Accounts last week.

**7. Engineering Report by Ardurra Group**

**a. Update on Surface Water Treatment Plant Pilot**

Mr. Smith stated he had spoke with Mr. Peters with Ardurra Group recently. Mr. Peters reported that the TCEQ is backed up due to being short staffed and employees working from home due to COVID-19. Mr. Smith stated that it may be a few months before the District hears from the TCEQ about the Pilot Study Report.

**8. Engineering Report by Bleyl Engineering**

**a. Developments update**

**b. General Fund Projects update**

- i. Review, discuss, and take any necessary action regarding the Adams Street Waterline Upsizing Project, including approving Pay Estimate No. 1 in the amount of \$90,517.05.**

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the Board approved Pay Estimate No. 1 in the amount of \$90,517.05 to G&A Boring Direccional, LLC. Motion carried unanimously.

Mr. Ferguson stated the project is essentially complete, G&A Boring Direccional, LLC is completing the hydro mulching.

- ii. Review, discuss, and take any necessary action regarding the Andrew Water Treatment Plant Generator, including awarding contract for the engine replacement.

Mr. Kelly stated that two bids were received, one bid was significantly lower, that company did not bid the specified motor. Mr. Kelly stated that the bid from McDonald Municipal and Industrial was 5% higher than he projected the cost of the project would be. Director Pillow asked what the turn-around time was on the project, Mr. Kelly stated 120 days.

Upon motion by Director Denham, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Board approved awarding the contract for the engine replacement to McDonald Municipal and Industrial not to exceed the amount of \$236,469.00 for the engine replacement for the Andrew Water Treatment Plant Generator. Motion carried unanimously.

- iii. Review, discuss, and take any necessary action regarding the Well #9 Generator, including approving "Attachment A" under the existing Professional Services Agreement, authorizing advertising and bidding of the new generator, adopting a Resolution Authorizing Application to TCEQ for Approval of Use of Surplus Funds, and adopting a Resolution Declaring Intent to Reimburse Expenditures from Proceed of Tax Exempt Bonds

Mr. Kelly presented document for the Board to review a 550kw natural gas generator for Well #9. Mr. Polley discussed the Resolution Authorizing Application to TCEQ for Approval of Use of Surplus Funds, and adopting a Resolution Declaring Intent to Reimburse Expenditures from Proceed of Tax Exempt Bonds.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Board approved to move forward with the Well #9 Generator, including approving "Attachment A" under the existing Professional Services Agreement, authorizing advertising and bidding of the new generator, adopting a Resolution Authorizing Application to TCEQ for Approval of Use of Surplus Funds, and adopting a Resolution Declaring Intent to Reimburse Expenditures from Proceed of Tax Exempt Bonds. Motion carried unanimously.

**c. Update on Impact Fee Capital Improvement Projects**

No further updates.

**9. General Counsel's Report**

**a. Update on Lone Star Groundwater Conservation District rules**

No updates.

- b. Review, discuss, and take any necessary action regarding *Crystal Springs Water Co. v. Porter Special Utility District.***

The Litigation Committee is scheduled to meet on Thursday, October 30, 2020.

- c. Review, discuss, and take any necessary action regarding the defeasance of Series 2012-A Bonds and Series 2014 Bonds issued for groundwater reduction plan projects.**

Mr. Polley stated the Series 2014 Bonds would be redeemable in December 2021. The Series 2012-A Bonds can be redeemed now. Mr. Polley presented an Order for the authorization of the early call and redemption of the remaining 2012-A Bonds and authorization to send notice to the Districts paying agent. The District is redeeming \$4,225,000.00 in Bonds.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Board approved the Order for the authorization of the early call and redemption of the remaining 2012-A Bonds and authorization to send notice to the Districts paying agent. Motion carried unanimously.

- e. Review, discuss, and take any necessary action regarding the Arbitrage Compliance Specialists checklists and reports**

Mr. Polley stated the District does not currently owe the IRS for any interest earnings from the Bonds.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Board approved the Arbitrage Compliance Specialists checklists and reports. Motion carried unanimously.

- d. Review, discuss, and take any necessary action regarding the Water Supply Agreement with the City of Conroe**

The District has been in a reservation period that lasts for a two-year period. In the reservation period the District is paying half of the regular fee, and that period ends on November 1, 2020. The City of Conroe has notified the District of a rate increase effective January 1, 2020 that will bring the monthly bill to \$27,707.00. The District is also received a recoupment of 30% off the monthly bill that will expire after 2022. Once the recoupment period ends the District will pay over \$38,000.00 a month. The District will go over the projected budget for FYE 2021. This item was tabled.

The Board recessed for a break at 8:00 p.m., and reconvened at 8:03 p.m.

## 10. General Manager's Report

### a. Personnel matters

### b. Maintenance of District property, facilities, and equipment

Mr. Ferguson stated that Water Systems Engineering did samples on the Copeland Well and there was no presence of IRB and SRB bacteria. Mr. Ferguson stated that Staff will be moving to put the well online, potentially with water in the system at the end of October or beginning of November. Director Denham and Director Ruonavar asked about the status of housekeeping at the plants and Mr. Ferguson gave updates on the progress.

Mr. Smith updated the Board on the Sorters Rd. easement acquisitions, stating that the District has three new easements, and has issued two checks last week, and one this week. There are six remaining easements on Sorters Rd.

Mr. Smith stated that he is having weekly update meetings with Raftelis regarding the Water Rate Study.

Mr. Ferguson reported on a hydrant that was damaged by a tow-truck, he stated he will be invoicing the owner-operator.

Mr. Smith discussed with the Board about an occurrence of a leak that has prompted him to inquire about contracting an answering service. Director Ruonavar requested for Mr. Polley look over the contract from the answering service. Directors Ruonavar, Barr, and Satterwhite said nay to the answering service. Directors Ashy, Bridges, and Denham said yay to the answering service. Director Pillow said yay, the Board had 3 nay votes and 4 yay votes. The Board agreed if the service is not excellent or does not meet the District's expectations it will be cancelled. The minimum charge is \$20.00 a month, the next 100 minutes of calls is at \$0.99, and thereafter \$1.19 a minute.

### c. Review, discuss, and take any necessary action regarding the impact of the COVID-19 coronavirus pandemic on the business of the District.

### d. Review, discuss, and take any necessary action ratifying changes to the General Manager's employment contract.

Director Ashy asked is the water loss will be more accurate in the future, Mr. Smith stated yes once all the Kamstrup meters are installed. Director Ruonavar asked about the repair of the damaged truck, Mr. Ferguson stated that Perkins will be completing the repairs soon. Mr. Ferguson stated the new truck was delivered from DeMontrond.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Board approved the General Managers Report. Motion carried unanimously.

Adjourn to Executive Session at 8:48 p.m.  
Executive Session ended at 8:48 p.m. by Director Pillow.  
Regular Session reconvened at 9:26 p.m. by Director Pillow.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Board approved the Settlement agreement with Chateau Woods MUD. Motion carried unanimously.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Board approved the General Managers Contract. Motion carried unanimously.

### **11. Directors Comments**

Director Ashy is requesting a spreadsheet of water figures and information for the elected officials'.

### **12. Next Board Meeting**

Regular Meeting scheduled Monday, November 30, 2020 at 7:00 p.m.

### **13. Adjournment**

At any time during the meeting and in compliance with the Texas Open Meetings Act (Chapter 551), the Porter Special Utility Board of Directors may meet in executive session on any of the above agenda items for consultation concerning attorney-client matters (551.071); deliberation regarding real property (551.072); deliberation regarding prospective gifts (551.073); personnel matters (551.074); and deliberation regarding security devices (551.076). No action may be taken during executive session, therefore, following executive session, the Board of Directors will reconvene to an open meeting and take action as necessary.

There being no further business 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 9:30 p.m.

**PASSED and APPROVED** this the 30th day of November 2020.

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President, Board of Directors

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Secretary, Board of Directors



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