

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING

September 26, 2022

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, September 26, 2022, 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: Jonathan Polley (Attorney) with Radcliffe Bobbitt Adams Polley PLLC, Campbell Colyer (Attorney) with Radcliffe Bobbitt Adams Polley PLLC, Mike Kelly (Engineer) with Bleyl Engineering, and Jonathon Smith (General Manager).

b. **Director Qualifications and Disclosures**

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

c. **Invocation**

Invocation led by Director Denham.

d. **Pledges of Allegiance**

Pledges of Allegiance led by Director Bridges.

2. Public Comment

No public comment.

3. Review and Approve Minutes

Upon motion by Director Barr, seconded by Director Bell after full discussion with all Directors present voting aye, except for Director Pillow who voted nae, the highlighted portion of the August 29, 2022 Minutes will be deleted from the minutes. All other portions of the Minutes were approved. Motion carried.

Director Ruonavar made a motion to remove Mr. Wright's portion in the June 27, 2022 minutes. Mr. Polley advised that we couldn't vote on this as it was not on the agenda. Mr. Smith said he would put it on next month's Agenda if the Board so desired. The Board indicated that we want it on the next Agenda.

Mr. Polley stated that what must be in the minutes is the subject discussed and the action taken. The Board indicated that it wants detailed minutes from the Board Secretary.

4. Old Business

- a. Agreement between Porter Special Utility District and Crystal Springs Water Company for services including meter reading and disconnection/reconnection of water service of customers for nonpayment of sewer service.

Crystal Springs has already signed for Cumberland Crossing. Mr. Polley said it is a bit more than Maple Heights and Porter MUD, as we must supply reports to Crystal Springs – page 2 statement authorizing and certifying that the readings are true and correct. Paragraphs 4, 6 and 8 – indicate significantly more money than was previously being paid. Director Bell is concerned with the timing due to other costs going up and making customers unhappy. Director Bridges thinks we are cheaper than others. Meter reads going up 50 cents.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all directors present voting aye, except Director Bell who voted nae, the Agreement between Porter Special Utility District and Crystal Springs is approved. Motion carried.

5. New Business

a. Montgomery County Water Forum – authorize Director Fee of Office

Director Ruonavar gave update with comments from Director Bell and Director Denham. The SJRA bonds were bought by Texas Water Development Board. Just like Crystal Springs and Chateau Woods, most of Montgomery County MUDs wanted out of our GRP. The Woodlands and Conroe are the ones getting the water – no one else ever will. Mr. Polley explained that we do Revenue Bonds as we are not a taxing jurisdiction. SJRA doesn't collect taxes either. There is no good answer to the issue. Bonds are insured. But the insurance company will sue SJRA to get as much money as possible.

Upon motion by Director Pillow, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the payment of Fees of Office for attendance of the Montgomery County Water Forum was approved. Motion carried.

b. Zero-Turn Mower - declare as surplus property

If over \$300 value must declare as surplus property. We have an \$8,000 budget. The Skag dealer has a Gravely brand mower for \$9,500. They will give us \$1,500 for the old Zero-Turn Mower, thus bringing us to the \$8,000 budget.

Upon motion by Director Bell, seconded by Director Ruonavar after full discussion with all Directors present voting aye the purchase of the Zero-Turn Mower was approved for \$8,000. Motion carried.

c. Purchase new truck to replace Unit #108 (totaled)

A new gas cab and chassis one-ton truck costs about \$44,000 and a diesel costs about \$58,000. We received \$43,500 for the totaled truck and budgeted \$70,000 for a new truck this year. If they see a truck, Jonathon wants permission to purchase it or go with Enterprise. The Board wants to pay cash for a new truck. Martin has a bunch of gooseneck trucks they are trying to send back to get cab and chassis trucks. Director Bell wants a limit of a certain amount to pay cash for the new truck. The Board thinks \$60,000 (including the bed) is enough to spend using the \$43,500 we got on the totaled truck and paying the difference from cash. There were no fleet trucks on the website Director Ruonavar recommended. Planet Ford nor Randall Reed Ford has returned our calls. Try Tommy Vaughn and speak with Jim Jenke. We want a work truck, not one with a bunch of bells and whistles on it. This is for a one-

ton dually work truck. If can't get one in the limits above, then you need to come back to the board for direction.

Upon motion by Director Bridges, seconded by Director Pillow after full discussion with all Directors present voting aye, we gave Mr. Smith permission to purchase a one ton dually work truck for no more than \$60,000 (including the new bed). Motion carried.

d. Charge for Infrastructure Fees instead of GRP Fees

Mr. Smith wants to change from GRP to Infrastructure Fees.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the GRP Fees will now be Infrastructure Fees. Motion carried.

e. Set rate for Infrastructure Fees

We were given a spreadsheet to look at that had several scenarios. After discussion we chose the one that had the rate of \$3.50 up from \$1.75.

Upon motion by Director Bridges, seconded by Director Pillow after full discussion with all Directors present voting aye, the new rate for the Infrastructure Fees will be \$3.50. Motion carried.

f. Schedule of Rates, Fees, and Charges

Not use Impact Fees to pay down debt service. Start new Fees as of December 16, 2022.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all directors present voting aye, the new rates will take effect on December 16, 2022. Motion carried.

6. Financial Report

a. Financial Statement for the period ending July 31, 2022.

Director Pillow asked if anyone had questions about the Financial Report ending July 31, 2022. Director Ruonavar sent in questions and received answers. Director Bell questioned about the new connections for June. Water sales is climbing overall. The Operations report showed a bit down due to little rain. There was a \$250,000 budget error with account 14301 which through the budget out of whack. Was not Mrs.

Pafford's fault – Municipal caused it. But it has been corrected now. Director Ruonavar asked who does coding. Mr. Smith responded that Mrs. Pafford normally does it, but some things do go to the accountant. Director Ruonavar indicated that the penalties and late charges we had to pay was not good. Per Mr. Smith they did not get much time with the financial report before it had to go into the board books. Director Bell indicated that he might have more questions. Item 14300 (page 9) Late fee \$8,000 we are collecting. The deposits and refunds account flexes between positive and negative. Deposits and refunds will be its own account and hydrant and meter will have its own too. 16301 Employee training – Pryor Learning cost is up front. General training, heat related illnesses, issues on leadership, communication, some of it is for discipline. Anything to show for each employee? We have certificates, sign-in lists, etc. Director Ruonavar asked if we would have a certificate for Saturday's tax compliance training. Mr. Polley indicated we would. Director Bell asked about the Profit and Loss (page 16) Report. It's for GRP, we took 3 things that we normally had in GRP and put in the General Operating Fund – surface water supply fees, engineering fees and legal fees. For the (\$3,200) there was \$10,000 miscoded for legal fees so that caused the negative. Director Bell wants tabled until next month as he still has questions. Can we try to get all our questions answered prior to the meeting? It is hard when we get our books on Thursday. Get Jonathon questions on Sunday evening so they can answer questions prior to the meeting on Monday.

7. Engineering Report by Bleyl Engineering

a. Update on Development Projects

- i. New Caney ISD Elementary School (Loop 494), including waterline easement, water meter easements, and developer agreement

No motions made.

b. Update on General Fund Projects

- i. Sorters Road Waterline Relocation project
No update.
- ii. Ford Road Waterline Relocation project, including amendment to professional services agreement

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the professional services agreement is amended (with no change in price).

c. Update on Impact Fee Capital Improvement Projects

i. Valley Ranch Parkway Waterline Extension, including award of contract

Looking at the spreadsheet Bull G Construction was the lowest bidder. They want to do everything trenchless. Mike concerned about a 16" waterline being bored. Director Bell googled the company and they have only been in business two years. They have never been the general contractor on a job before. Mr. Kelly says they have on some small diameter. They only have ten employees. Director Bell wanted to know if the D&B was checked out on any of these and asked if they were bonded. Mr. Kelly said they must be bonded. Director Bell is concerned that this job may be too much for them and they need to be vetted carefully. Several of the others are okay, just cost a lot more. Director Bell said that they raised a couple of red flags for him due to their lack of experience and the length of their being in business. Bleyl has vetted them like the always do. They are hungry. It's a big headache if they can't perform. Mr. Kelly is a bit concerned about their lack of experience. They have not investigated their financials. But there is a big difference in the prices. For price difference may have some headaches but can do extra inspections and watching them carefully. If subbing any portion out the General Contractor is responsible. They are responsible for material, labor, and equipment. Director Bell wants to know if they own their equipment or rent/lease it. There is a difference between renting and leasing. Do they have a lay down yard? Renting equipment is a headache, leasing is the way to go. Director Pillow agrees. Director Bell is just voicing his concerns.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, except Director Bell voting nay, the Contract is awarded to Bull G Construction. Motion carried.

8. General Counsel's Report

a. Arbitrage Compliance Specialists documents

- i. Debt Service Fund Yield Restriction / Bond Reserves Report
- ii. Yield Restriction Compliance Report
- iii. Annual Post-Issuance Compliance Checklist for all outstanding bonds

Page 5 is a summary. Bottom line is we are fine. If interest rates go up may have to do some Yield Restricting or make a rebate payment to the IRS. In 2023 rates may cause us to have some problems. Director Bell thanked Mr. Polley for the nice presentation on Saturday. It was a first-

class job. Breakfast and training were all well done. Checklist was sent to ACS to make sure we are complying. We must do this annually to stay in compliance.

Upon motion by Director Ashy, seconded by Director Barr after full discussion with all Directors voting aye, the Debt Service Fund Yield Restriction / Bond Reserves Report, the Yield Restriction Compliance Report, and the Annual Post-Issuance Compliance Checklist for all outstanding bonds are approved. Motion carried.

Mr. Polley indicated that the training was recorded if anyone is interested in it.

- b. Annual review of the Investment Policy, amend as necessary

Only make changes if required by the legislature. None necessary at this time.

- c. Approve List of Authorized Brokers, amend as necessary

To be done on an annual basis. The only thing that changed is the list of Brokers.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the List of Authorized Brokers is accepted. Motion carried.

- d. Adopt Resolution Calling Public Hearing on Exclusion of Land from District

In your board book you will find an updated memo from three years ago on the attorney's letterhead. You must have an acceptable reason to exclude property. Like we must do for Haven. We must adopt a resolution for the exclusion. We will have to have a Public Hearing at our next meeting. We will have to publish a notice of the exclusion every day for two weeks in the Conroe Courier. The Public can come to the meeting to give them an opportunity to speak, but usually not. Then we can adopt the Order, redefine the District's metes and bounds, and record in the Real Property Records. There is a twenty-day period for challenging the Order.

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

- e. Settlement Agreement with Conroe

There is a zoom meeting scheduled for tomorrow to iron out any revisions. Mr. Polley is hopeful it can be done general counsel to general counsel. He hopes he can have a finalized document our Legal Committee can go through. The committee consists

of Director Pillow, Director Ruonavar and Director Bell. He wants it signed and done. Make sure to email the rest of the Board to keep us informed.

9. **General Manager's Report**

- a. District Property, facilities, infrastructure, vehicles, equipment, projects, developments, compliance, reporting and personnel matters.

Pump Solutions does do pump rebuilding but has Northside Electric do the motor repair. So that is another option for us to use in the future. Mr. Smith to check to see if Houston Winding is still in business. Director Pillow asked how the new employees seem to be working out. Mr. Smith indicated they are good. Should be back to full staff next week when the last employee starts. Director Ruonavar asked about the level indicator that was damaged in the lightning strike. It was a simple fix. The drone doesn't show any damage. Well 5 booster pump was installed this week. Director Ruonavar repeated Director Bell's question if there were any lightning rods on the Elevated Storage Tanks. Mr. Kelly said they are grounded. Well 7 should be back up within a few weeks. The impellers were worn naturally and must be repaired. Mr. Smith asked in the Director's opinion if they wanted to continue to exercise Well 8 since we are going to drill a well at Ferne. Mr. Smith's recommendation is to stop. Mr. Kelly agrees with Mr. Smith since an extensive rehab would have to be done on the well in the future anyway. After much discussion as to the pros and cons there was a consensus to flush it twice a month and see how it goes. Director Ruonavar would like the Directors to have a list of the fire hydrants needing repair. TACHUS was back in Briar Tree today and broke another water line and CenturyLink. They are constantly hitting lines.

We went into Executive Session at 9:04 pm to discuss personnel matters. Mr. Kelly left at this time.

We came out of Executive Session at 9:25 pm with no decisions being made.

10. **Director Comments**

The AWBD Fall Seminar is on Monday, October 31, 2022 same as our Monthly Board Meeting. There was a consensus to move the Board Meeting to Monday, October 24, 2022 instead.

11. **Next Regular Board Meeting – October 24, 2022 at 7:00 p.m.**

12. **Adjournment**

There being no further business to come before the Board, upon motion by Director Ashy, seconded by Director Bridges after full discussion and all Directors present voting aye, the meeting was adjourned at 9:28 p.m.

PASSED and **APPROVED** this the 24th day of October 2022.



President, Board of Directors



Secretary, Board of Directors

