

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
July 31, 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, July 31, 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: Jonathan Polley (Attorney) with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Jonathon Smith (General Manager), Chris Wright (Operations Manager), Brian Johnson (Distribution Apprentice), Susan Knapp (Infinity Services), James Spigener (LSGCD) and his wife Brenda Spigener, and Kristin Hein (LSGCD).

- b. **Director Qualifications and Disclosures**

Mr. Smith stated 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 Ashy.

2. Public Comment

None.

5. New Business

a. Employee Introductions

i. Brian Johnson – Distribution Apprentice

Chris Wright, Operations Manager introduced Brian Johnson and he told us a bit about himself.

Mr. Wright and Mr. Johnson left the meeting at 7:04.

c. LSGCD Subsidence Study Phase 3 Site

Mr. Spigener is getting us up to date. The new General Manager was hired and will be starting August 14, 2023. She will come in and meet us. As far as the Phase 3 site is concerned, Mr. Spigener wants to keep a closer relationship with Porter SUD. Director Ruonavar asked why they chose Copeland and Mr. Spigener stated because it gives more space, and his people felt the pilot well could be used and save approximately \$350,000. The Board discusses the LSGCD Subsidence Study Phase 3 – there will be no cost to the District. The TWDB and the GMA-14 are trying to determine how much water can be taken out of the aquifer without any damage. The Jasper aquifer in Montgomery County has no data. Harris County has some,

but we do not want to use it. We have ten months to get a shot and change the GMA 2024 model. We could collect core samples at \$1.2 million each to give us immediate data or extensometers in future for \$3.4 million to get long term data. There is lots of room at Copeland. The SJRA has given them a site in The Woodlands also. That gives two pretty good core examples where the likelihood of subsidence is probable. Mr. Spigener states he is not a hydrologist, but he has three on the project.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors voting aye, it was agreed that the LSGCD can use the Copeland site for their Subsidence Study Phase 3. Motion carried.

b. Presentation by Infinity Services, LLC (website vendor)

Ms. Knapp, the Infinity Services Web Developer, spoke to us about their services. MUD Districts are their primary clientele. They can take care of PSUD. Our current website is missing a couple of things that are required by law. They are trying to save us money. They want to make sure we are up to date and current. They can make a standard website at no cost since we already have one. The other thing they spoke to Director Ruonavar about was email and text alerts that are offered as well. They will try to beat other prices and it takes three to four weeks to get a standard site going. If we want a custom site, it takes about six to eight weeks. Mr. Smith will get the prices of our current service and we can compare them next month.

Ms. Knapp and Mr. and Mrs. Spigener left the meeting at 7:16 pm.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on June 26, 2023

b. Minutes from the Special Board Meeting on July 17, 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

June 26, 2023 and the Special Board Meeting of July 17, 2023 were both approved. Motion carried.

4. Old Business

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

Mr. Smith states that the cash payments as of June 15, 2023 were for 598 transactions. There were 1,270 checks received, and 4,047 payments and e-checks of which 2,507 of these being on autopay. Yes, it costs the District money. We have budgeted \$150K for it. The majority of our customers use the service, and we are absorbing the fees. E-checks are \$1 each and credit cards are \$3 or 3% minimum now. Auto draft may have a fee – he isn't sure. Right now, our customers pay \$0 extra for the service. Director Bell wants to know if it can be done in a way that our customers don't get sticker shock? Mr. Smith believes we should have flexibility to charge a percentage. As of now we can only use StarnikPay. The other company we used was a bit less on e-checks and about the same on credit cards. We are currently looking for another system. Director Bell believes we should gradually increase so as not to cause sticker shock. What are the pros and cons? How did we get here? Starnik is a billing software that reads the meters and creates the bills. RVS was the previous system we used. There was no input from us to charge the fee. Director Bell says the bottom line is if there is a fee, we should not charge 3%, but absorb some of the fees. Maybe have the customer pay 2%. Mr. Smith says we should postpone this discussion until we get information on other systems. What about ACH payment? Is it a \$1 charge? What about Cash App, Pay Pal or Venmo?

This item was tabled for now.

6. Financial Report

- a. Financial Statements for the period ending June 30, 2023

Director Ruonavar asked about account #14400 – water sales? Deposits and Refunds? Balance? It is an in and out account. Late fees? Over \$7K, 1100 to 1200

late notices/month. What is the difference between delinquent fees and late fees? Late fees are charged if past the 16th of the month. Delinquent fees are when you get disconnected. It includes the reconnect fee. This month we had 94 (we usually average around 24). There are repeat offenders on the list. Porter MUD usually has 10 – 35, this month there were 74. NSFs on the previous system would handle several times. Starnik sends us emails and we then turn around and get with the customers and put charges back on their account, plus charge a \$35 NSF fee. The CSI fees look good. Tampering Fees of \$250 last month for tampering with service. We monitor meters, we disconnect every day and pull meters and charge a tampering fee. This also includes Maple Heights. The Developer installed all services. Contractors will rig up devices without a meter or account, then we charge Century Communities a tampering fee and cost for usage. We will not set a meter or do anything until paid. We will not allow Developers to set leads in the future. We will take care of it, and they will pay for it. We set the meters. Account #15391 is for when a Contractor hits a water line. Stormtech paid the bill months ago and an annual credit card rebate is in this account too. Account #16110.2 should only be the \$1K deductible when we get a claim paid. Like the lightning strike. Account #16160.2 SCADA – Penncomp and Epic charges to get access to server. Plant and Primary On Call get \$20/day and Secondary gets \$10/day if they are needed. Extension 19 Answering Service – the bill was for more than a month (pro-rated); We did a comparison between the new and old answering services and we would have saved \$200 on those calls. Ms. Pafford toured the facility and they have been pretty good so far. M & R #16501 vehicles, which ones? Mr. Smith will respond later. #16505 – Small Tools – Director Bell wants Mr. Smith to make a breakdown and let us know. #17010 – Copeland and Well #9 – Mr. Smith to do a breakdown as well. The new security is #16602. #17001 – new taps for Contractors. #17204.3b is the original outfitting of truck #114. Why now asked Director Ruonavar? They did not charge originally. They gave a credit that looked like it had been paid, but we owed it. It was for the lights, etc. for the trucks. The bulk water from hydrant is for when they keep the hydrant meter for a month, then they pay for the rental. On page 15, Director Ruonavar asks about 3028 and 3029 – they charged \$2,500 to review the plan and permit fees?

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

June 30, 2023 were approved with Mr. Smith following up on several items. Motion carried.

b. General Operating Fund

- i. Approve transfer from GOF Independent (6076) and GOF TexPool (0001) to IOF Independent (4805)

This is for \$3.2 million (\$800K from (6076) and \$2.4 million from (0001) for the Infrastructure to satisfy the Budget.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved to make the transfer from GOF Independent of \$800K (6076) and from GOF TexPool of \$2.4 million (0001) for a total of \$3.2 million into IOF Independent (4805). Motion carried.

7. Engineering Report by Bleyl Engineering

a. Update on Development Projects

- i. Royal Pines (MCMUD #24)

Nothing new at this time.

- ii. Peppervine

Nothing new at this time.

- iii. New Caney ISD Elementary School, including Pay Application #2

Pay Application #2 in the amount of \$4,212.00 from Bull G Construction

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, Pay Application #2 in the amount of \$4,212.00 from Bull G Construction was approved. Motion carried.

- iv. 25021 FM 1314 Strip Center

Nothing new at this time.

- v. Hendricks 50-Acre Tract, including approving feasibility study

Nothing new at this time.

- vi. Rendezvous Resort (fka The 100-Acre Woods)

Feasibility Report – 63 RV stations and Wellness Center – stub out served by 4” meter. Still have improvements on north side of property. Maple Heights improvements – not yet. Would have required multiple connections, not an option at this time. Not a requirement to loop the system as there are no roads in the area. On Page 3, Director Bell asks about would the water – not enough capacity for existing – clarification from TCEQ requiring number of factors involved. Can we do it? Are we at the edge without another plant? Capabilities not capacity. Number 2 under water wells-page 4-we have plenty of capacity plus growth. Plus, additional projects under way to increase capacity. We exceed TCEQ minimums if an issue. Page 5, paragraph 3-Old Houston and Bay Lane is 8” and may reduce. Upsizing lines. Development Agreement-\$ upfront. Then design, etc. Lose some redundancy.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Feasibility Report on the Rendezvous Resort (fka The 100-Acre Woods), was approved. Motion carried.

b. Update on Infrastructure Fee Projects

- i. Copeland Elevated Storage Tank, including Pay Application #3 Missed this Pay Application #3 last month. Bleyl recommending payment.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, Payment #3 in the amount of \$6,075.00 to Randy Roan Construction was approved. Motion carried.

- ii. Well #5 Rehabilitation

No action was taken.

- iii. NorthPark Waterline Relocation

No action was taken.

- iv. Plugging Yancy Well and Well #6, including awarding contract

c. Update on Capital Bond Projects

- i. Bond Application Report #2

Nothing at this time.

- ii. Bond Application Report #3

Nothing at this time.

- iii. Sorters Road Waterline Relocation

Nothing at this time.

- iv. Ferne Water Plant

Nothing at this time.

- v. Ford Road Waterline Relocation, including Pay Application #4

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, Pay Application #4 to Blazey Construction Services in the amount of \$451,103.92 is approved. Motion carried.

- vi. New Administration Building

d. Update on Impact Fee Capital Improvement Projects

- i. Impact Fee Study, including appointing new committee members

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, Director Bell, Director Denham, Director Ruonavar, Mr. Cameron Maxedon (Developer and Home Builder) and Mr. Jim Fredericks (Realtor) were appointed as the Capital Improvements Committee Members. Motion carried.

Now Mr. Kelly will schedule a meeting for the Capital Improvements Committee between August 14 and 23, 2023, in the morning if possible. Mr. Kelly will let us know what date works best.

At Copeland, Well #6 is going to be plugged. LSGCD will drill their own well, just use our data on Well 8.

We took a break at 8:30 pm

Kristen Heil left the meeting.

We returned from break at 8:40 pm

8. General Counsel's Report

- a. Amended Resolution Adopting Director Fees of Office and Expense Reimbursement Policy

Section 1, conditions on second Page, Legislature made change to reflect language that you can increase the amount by Statute by the Ethics Commission, which is currently \$221/day. The maximum of \$7,200 stays the same. Can keep dollar amount as it currently is but change when it is changed by Legislature. The Board of Directors are considered Employees for Income Tax purposes only. They are not Employees per State Law purposes. From \$150 to \$221, Director Pillow says is a

47% increase. Has the Ethics Committee ever reduced the amount? Mr. Polley is not sure. What is best for the District? Directors Pillow and Ashy are good where it is.

Upon motion by Director Barr, seconded by Director Ruonavar after full discussion with all Directors present voting aye, except Directors Pillow and Ashy voting nay. Motion carried.

The Statute went into effect as of June 18, 2023. We could go back and retro the amount. Mr. Smith needs to know if the Directors want this done. Director Pillow and Ruonavar say August 1, 2023. Director Bell says if it went into effect on June 18, 2023, then that is when it should be done.

Upon motion by Director Bell, seconded by Director Barr after full discussion with all Directors present voting aye, except Directors Pillow and Ashy voting nay. Motion carried.

Director Ashy does not want a check for back fees, but due to policy he has to have one. He can donate or use it – His choice.

b. Notice of Default to Valley Ranch MUD No. 1

Mr. Polley has written a letter but only in Draft Form as of now. They are not communicating properly and have never sent additional capacity requests. Mr. Kelly gets the run around. They are using more capacity than contract states as of last summer and this summer. The letter was sent to their Attorney on Thursday and Mr. Polley received a response this weekend. They provided some data that does not exactly match. It does not have this summer's data on it. Our goal, not to pick a big fight, but to fix it. It seems to be working. We are optimistic. We have their attention. Director Bell wants to know is it worth asking, how did we get here? When we do future contracts can we put in a clause that states any excess after a certain amount is billable? Not a lot of leverage. We have a proposal we will discuss in a minute. We know the water consumption because they are our meters. It is what is going on behind the scenes for the future that we need to know about.

No action taken. For informational purposes only at this time.

- c. Amendments to District Rules and Regulations regarding excess water rate and non-compliance fee for wholesale customers

There is a suggestion to incorporate excess water rate into our rates at two times their normal rate. Delinquency rate for wholesale customers. If non-compliant, assess a fee of \$1,000 to their next bill. We are obligated to give 60-day notice before they go into effect. We will send them out to all our wholesale customers.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, it was agreed to send out the excess water rate and delinquency rate to all of our wholesale customers. Motion carried.

9. General Manager's Report

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

Director Ruonavar asked about Well #5 – Put in a split unit to keep the VFD panel cool. No fans. We are going to get fans installed into the panel. Director Bell asked who will do this? Mr. Smith indicated that EFS will do the VFD and Alsay will set the motor and EFS will connect it. EFS has been with the District for a long time. We do not have many alternatives. Director Bell wants to know how much they charge us for a service call. Mr. Smith will check and let us know. Director Bell is just curious. Director Ruonavar asked about page 4 and McShan. How deep are the water lines? Mr. Smith indicated that they are 16" lines at 6'-6" deep. On page 6, middle picture, the bottom is 6' deep. There is a 9 – 10' fence. The drainage ditch is by the road. The new one has not been cut yet. Page 9 is not on Ford Road. Peppervine Section 2 is not as deep. Should be a minimum of 4'. Page 11, concrete pad for pedestal. Some pictures are from a drone. Bleyl inspector takes them. Page 12 was able to be repaired and did not have to be replaced. The 411 session on page 18 – commercial developments with Signorelli, plus two other of the big developers will be there. Director Ruonavar is registered too. The 2024 Mid-Winter Conference – Directors Ruonavar and Denham are registered. Well #5, this

winter we will take down and video the screens, new pumps, rebuilt motor, new VFD, and in next couple of years we will build a new chemical building and a 500,000 GST. VFD installed by EFS – starter went out and main switch gear. Are we getting directly from distributor or EFS? EFS gets it as we do not have any relationships with distributors. If buying 600 amp, VFD, etc. what was the cost to install, asked Director Bell? Probably \$20K. We do not have any base line to compare costs to. Whenever the starter got hit it was a 36-week lead time. That is why we did the way we did to get it up and running. We are using EFS as our in-house electrical guys. Parts and material. Do we look up online to see what we can get them for? It is hard to get stuff right now. Director Bell thinks we need to see where we are at – are we getting a good deal? Director Pillow should know if good prices or not on some things. Time and material is good money. We can look and reach out to see what base labor is. Not ruling out us buying the VFD's. They are in business to make profit. It may or may not be able for us to buy parts and have them put in. They will probably charge more. We are sure a service charge is charged for each visit. If you get other estimates, they will charge too. Whoever gets the business may give a break on the service charge. EFS usually comes within an hour. Alsay/PEMSCO takes a while. The original PEMSCO crew does not seem to be there according to Director Bell. Alsay does not rebuild the motor, they sub it out and probably hard to get parts.

b. Update regarding Lone Star Groundwater Conservation District

Done earlier tonight.

c. TCEQ Boil Water Notice and Rescind Notice

TCEQ Boil Water Notice Guidelines and Rescind Notice have mandatory language and certificate of delivery, etc. Nothing in the District's Rules and Regulations because we follow TCEQ's Guidelines. Now we issue in English and Spanish too. In Winter Storm Uri or Tropical Storms, no one is out so cannot put out signs. No rules need to be issued due to TCEQ Guidelines/Regulations.

No action taken.

d. Lake Houston Lawn Care and Site Mowing options

Directors Ruonavar and Denham have issues with this contract. Director Ruonavar gave options. Mr. Smith thought if we can get a part-time employee with our current employee, Terry Sanders (Facilities Maintenance), we could get the lawn care done in-house and get a good job. Maybe 20 hours per week. One would mow and one would weed eat and not have to pay this contract. When through they can do line locates, etc. Part-time would not get benefits. Wants to go up to \$16K per year. It is an option to have part-time and then when we have an opening for a full-time position, we would know what this person could offer and maybe move up. We will be adding staff, so we will need a motion. Do we have liability insurance for a part-time employee? Mr. Smith will check.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, adding a position for a part-time employee, pending the liability issue, is approved. Motion carried.

Mr. Kelly left the meeting at 9:23 pm

We went into Executive Session at 9:23 pm

We came out of Executive Session at 9:50 pm

10. Executive Session

Mr. Smith left the meeting at 9:30 pm due to the nature of the Executive Session.

Mr. Smith returned to the meeting at 9:50 pm

11. Director Comments

Director Barr asked about the filters, iron and manganese, polyphosphates or filters. Why are we not maintaining the filter systems? Mr. Smith says that chemicals are approved by the Government. Filter systems are more expensive than polyphosphates. With filters we need storage tanks, pumps, and media maintenance. Or we just do phosphates. Director Barr asked why change something that is already there? Mr. Smith says it is due to a maintenance and flow issue. Now it is well to GST and phosphates are cheaper. Wells #1 and #5 have/had

filters. Director Bell asks where do we add the polyphosphates? Mr. Smith says out of the Well they are injected with chlorine and phosphate. They have to have two rooms because chlorine does not play nice. We had been adding phosphates for a long time before Mr. Smith was here. To add filters to the system would probably cost \$8 – 10 Million up front then higher electrical costs and media costs. Mr. Pillow asks if Mr. Smith can get us a percentage of how much polyphosphates we are putting in the system. Probably mg/L or gallons per day. It is based on flow. Water Utility Services check quarterly, and they are only adjusted quarterly. .00005 lbs/gallon or for every 20,000 gallons we are putting in one gallon of phosphate.

12. Next Regular Board Meeting – August 28, 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 10:00 p.m.

PASSED and APPROVED this the 28th day of August 2023.



President, Board of Directors



Secretary, Board of Directors

