

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
September 25, 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, September 25, 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: Jon Polley (Attorney) with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Jonathon Smith (General Manager), Robert Belt (Auditor) with Belt Harris Pechacek, Chris Wright (Operations Manager), Dominic Justice (Meter Technician), Sergio Martinez (Meter Technician) and James Casey (Distribution Apprentice).

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 Ruonavar.

2. Public Comment

None.

4. Old Business

a. Employee Introductions

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

Mr. Justice, Mr. Martinez, and Mr. Casey each told us a bit about themselves, their past work histories, and families.

Mr. Wright, Mr. Justice, Mr. Martinez, and Mr. Casey all left the meeting at 7:08 pm.

3. Review and Approve Minutes

- a. Minutes from the Regular Board Meeting on August 28, 2023

Upon motion by Director Barr, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Minutes of the Regular Board Meeting of August 28, 2023 was approved. Motion carried.

5. New Business

- a. Presentation of FYE 2023 Annual Financial Audit by Belt Harris Pechacek, including acceptance of audit as presented

Mr. Robert Belt said they gave us an unmodified opinion. There were no issues except on the Management Letter at the back of the Audit. On pages 14-15 is information on the fund level and government-wide basis. We are on a full accrual basis of accounting on the Statement of Net Position. On page 16 is the Statement of Activities Fund balance and shows the general health of the District. We should have a minimum of 60 to 90 days in reserve, and we have almost 2 years of fund balance. Our debt service has a substantial balance, but the ratio is good. The Capital Projects fund money left the GRP fund. There is some left in the Infrastructure and Impact Fees. It is a lot of financial information. Due to the modified accrual of accounting, when you shift the basis of accounting, there are a number of adjustments that need to be made. It can get very confusing, very fast. Director Ruonavar asked about page 31. She believes it wasn't there before.

Upon motion by Director Ashy, seconded by Director Barr after full discussion with all Directors present voting aye, it was approved, with fourteen days to ask questions. Motion carried.

- b. Notification regarding fee increases for consultants, vendors, and contractors

Director Bell proposed a few items or methods of ways to make it more fluid. There should be a uniform way of addressing increases to the Board to be able to digest what we agree to. There were several different methods discussed. All Directors as well as Mr. Polley gave their opinions. We are unable to make any decisions tonight. We need a Personnel Policy Review meeting to make any changes. This item is tabled for now.

- c. Party interested in purchasing District SWTP property

To be discussed in Executive Session.

6. Financial Report

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

Director Ruonavar asked about on page 3, #16208 Time Keeping On The Clock, why is it different every month? Mr. Smith will get the breakdown and email it. It should not change unless we add people. #16161 – Uniforms – after budget? The year ends May 31. Water Rate Study - #16400.2 – every month – only time they spend on it. Did update towards the end of fiscal year and rolled into new rates due to MUD 24. Maybe October/November on having completed. #16400.4 – Answering Service? When is the invoice date is that date that it falls in. #16400 – Contract Services – Auding Fee/Legal Fees, etc. but NO Engineering. Mr. Smith to look at and report back. #16302 – Director Fees of Office. Mr. Smith to give a breakdown. Director Ashy asked about Director Fees of Office. Could be the retro payments too. #16512.1 – Office supplies. Mr. Smith has a “new” chair – it’s a Serta that Mr. Wright gave him. #16513 – Water Bill printing. Mr. Smith to look at it. Late notices in August were over 1,300. When will the new online payment service take effect? Mr. Smith will address it in the GM’s report. Mr. Ashy has some additional thoughts too. The Board Expenses include meals, drinks, new calendars, binders, etc. Just what was paid on the credit card. #16303 – Board Training is where reimbursables go. Director Pillow asks about page 13 – YTD Budget Net Income. \$2.4 million was transferred over to pay our debts. We are ahead of schedule. Director Ruonavar asked for Mr. Smith to check with Mrs. Pafford about the Bleyl checks on page 14 that are dated August but are not showing in the Financials.

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

7. Engineering Report by Bleyl Engineering

a. Update on Development Projects

Everything is in the Report. He will answer any questions we may have.

b. Update on Infrastructure Fee Projects

i. Well #5 Rehabilitation, including awarding contract

There were two bids. Bleyl recommends Alsay Incorporated over C & C Water Services for \$298,796.50, with contingency to \$323,796.50. Director Ashy asks why was there a big discrepancy? Mr. Kelly has no concerns that Alsay can perform. He has done some work with C & C before, but not much. There were some math errors in Alsay, the unit price didn't match, but all unit prices were okay when sub-totaled. If the Board is willing to forgo the bid irregularity, that is who Bleyl recommends. Should have a change order at the end of the project.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved to award the Bid on the Well #5 Rehabilitation to Alsay Incorporated for the total base bid of \$298,796.50. Motion carried.

c. Update on Capital Bond Projects

i. Ferne Well #10 Water Plant, including authorizing advertising and bidding

Hoping to advertise and bid soon. Hopefully back for the November meeting. Well #10 is in the Bond Application and Mr. Polley says there will be a Resolution to pay the Operating Fund back next month. Mr. Kelly says that the electrical pricing is outrageous.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved to start the advertising and bidding for the new Well #10. Motion carried.

ii. Ford Road Waterline Relocation, including Pay Application #6

They are doing the boring under the railroad tracks and Loop 494 now.

Upon motion by Director Ruonavar, seconded by Director Denham after full discussion with all Directors present voting aye, Pay Application #6 in the amount of \$406,707.79 is approved. Motion carried.

d. Update on Impact Fee Capital Improvement Projects

i. Impact Fee Study

- 1) Conduct public hearing on revisions to the land use assumptions, capital improvement plan, and revising the impact fee.

At 8:31 pm we opened the Public Hearing on the Impact Fee Study. There were no questions.

At 8:32 the Hearing was closed as there was no public to speak.

- 2) Review, discuss, and take any necessary action on revisions to the land use assumptions, capital improvement plan, and revising the impact fee

Impact Fee Study update, Mr. Kelly is happy to do an overview. There are areas in the District where there is a potential for growth. We use a 10-year period to support growth. It was reviewed by the Committee. Director Ruonavar read a Memo dated August 22, 2023 (attached) verifying that the Committee approves and recommends revising the impact fee. The Committee members all agree. A Resolution will be prepared for the Land Use Assumptions, CIP, and Impact Fee. We will do the rate schedule and adopt the effective date next month.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Land Use Assumptions, Capital Improvement Plan, and Impact Fee is approved. Motion carried.

Director Ashy asked a question regarding Copeland filters preliminary Engineering report, on page 8 of 12, #f. Mr. Kelly says chemical treatment or filtration of some sort. It has to be evaluated over a long period of time. Can only run the well from the bypass right now. Can only run twenty minutes before it backs up. It ran for five days for twenty-four hours a day. Pumped 900,000 gallons and had to flush over three million gallons. This is old information, but a new update from Consultant. It is giving Director Ashy some false hope. It is a more complicated process. Director Ashy also asked about NorthPark Drive as it is a complete mess from Chick Fil-A to Loop 494. They are installing a new water line by Quick Quack and box culverts in the median because they will be paving over that. #G on same page as above. Mr. Smith thinks it is a two-year process on NorthPark. There are twelve water meters on NorthPark. It is a dead-end water line. Water quality is always an issue. We serve only one side of NorthPark to the Kolache Shop. It does not go to Russell Palmer. It makes more financial sense to turn over to the City of Houston, but NOT out of our CCN. COH has a 16" water line. For us to replace is \$600K. The only reason we are making money is because of Quick Quack. We were never contacted. We saw it in the newspaper. We have not done any design, etc. Economics just does not make sense for us. Always confusing anyway due to having two water lines right next to each other.

Director Ruonavar, Director Denham, and Mr. Wright all attended the 1314 Town Hall Meeting.

e. One-Year Warranty

8. General Counsel's Report

a. Resolution Authorizing Procurement of Security Devices

Normally get bids, but since this is for security devices there is an exception. Mr. Polley recommends not to use the bid process and utilize the exception. We will talk more in the Executive Session due to security reasons.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Resolution to use Epic

Engineering for the procurement of security devices was approved. Motion carried.

b. Annual Review of Tax-Exempt Debt Post Issuance Compliance Policy

It is for exempt debt. We go through it annually. The checklist was developed policy through Arbitrage Compliance some years back. Mr. Polley recommends approval of each checklist for each series of bonds for the prior year.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, Annual Review of Tax-Exempt Debt Post Issuance Compliance Policy was approved. Motion carried.

c. Resolution Adopting Impact Fee

Has been done.

d. Amend personnel policy regarding District devices

Section 11.3 prohibited on being installed on local government owned devices by Legislature – “Tik Tok Ban” – See policy in the book. Russian owned security software, Tik-Tok, Cam scanner, Grinder, Facebook, Tinder, Snapchat, Twitter, etc. If it does NOT pertain to SUD, we do NOT allow it. We can broaden it. Director Ruonavar will send a list to Mr. Smith. Under B, Director Pillow asked what about on-call, and under F, does it pertain to Directors? Mr. Polley recommends the Policy.

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, the Personnel Policy regarding District Devices, as amended, has been approved. Motion carried.

e. Approve Abandonment of Easement for 0.380-acre tract with Pulte Homes of Texas, L.P. (Peppervine)

It is the process of platting ROW where an easement is currently located. At Peppervine, the future Mills Branch, the only reason conveyed was due to platting. It is contingent on plat being recorded putting the water line in the ROW and remain in place.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Abandonment of Easement for 0.380-acre tract with Pulte Homes of Texas, L.P. (Peppervine) is approved. Motion carried.

f. Approve Waterline Easement – Vertice Construction

Approve Vertice Construction being conveyed to District. South Plantation is trying to cross over between South Plantation and Ravenwood. Lot lines do not line up due to the Appraisal District but going to accept.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Waterline Easement from Vertice Construction is approved. 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

Any questions asked Mr. Smith? Director Ruonavar asks about the end of the report, the new trail of who answers to who? Mr. Smith said he would answer that later. Why is Sorter's Road not done? They still need to do the punch list. SER is due to a low amount of money and is not motivated. They may be willing to get drainage in place. It has just been hanging out there for a while. Can only push as it is NOT our contract, but the County's.

- b. Update regarding Lone Star Groundwater Conservation District

The Lone Star letter, there was a good conversation at the TAG event. Mr. Sprigener said all is going well. Mr. Smith met with two people at Copeland to take

real time measurements to do coring samples. They spent about 45 minutes on the site. They will take a look and decide if the NW corner or SE corner would work.

c. Woodridge MUD letter regarding Impact Fees for the Preserve at Woodridge

Woodridge – when was the tap actually installed? The email exchanges and Inframark work order and pictures of installation all indicate in April of 2022. They are still wanting us to waive the \$59,575 for Impact Fees. The letter is dated 8/18/23, Mr. Pillow’s comment says 6/6/23 that the check was cut – then the next paragraph shows 11/22 as the owner paid for the fee prior to then. Mr. Pillow says when they get the impact fees paid up, we will consider waiving. They still owe us \$29,400 from 8/23/21 to 8/25/21. Put on hold until future cooperation per Director Ashy. Effectively talking some sort of settlement per Mr. Polley. Director Bridges said they need to get right before we do anything. Mr. Smith will get back with them about getting the \$29,400 first.

d. Service Application and Agreement

No action taken. It was just for our records. No language changes. Just added ID, addresses and TDL’s, etc. Nothing material changed.

d. Lead Service Line Inventory

We do not believe we have any, but every Public Water System in the Country has to do it. We have to put in a spreadsheet (6,500 to 6,700 service lines) what material is on our side and what material is on the customers side. When checking meters, we will have to look at the pipe and see what it is made of. Terry has been here forever, and Mr. Smith will be spending time with him. They will check the service line at the boxes in Briar Tree. Records will help. They are only worried about what is outside. Just information, we will start doing certifications on the lead. We have to fill out the inventory. The information will be publicly available. Now identified, prove galvanized and prove that was never lead on the District. The District is responsible for telling customers how to get funding on their side. It is the EPA doing this and does not give any guidance. It has to be done by 10/16/24.

We already have about 1,000 lines on the spreadsheet. We should have no problem in meeting the deadline, but there are expenses in testing to see if any lead is absorbed into the galvanized lines. A few in subdivisions and make it representative. Sampling and modeling to help reduce costs.

- f. New SCADA PLC with cellular service and programming – Andrew WTP, Briar Tree WTP, Well #9, Well #1, Copeland EST, Ferne EST site, Sears EST site

To be discussed in Executive Session.

- g. Billing and Work Order Software

We have not implemented the 50/50 online payment fees. We asked Starnik and we told we want to do this, but now they are not sure if they can. Now they cannot do it. What they can do is charge the customer ½ of the online payment fee and charge the District the whole fee, which is \$3. For example, Director Ashy would pay \$101.50 in our account. Then we pay \$3 to Starnik. They do NOT have a report to show us what payment fees are paid. So, what we have done instead, we are looking at other billing software. We have talked with AVR and met with them and received pricing. Currently we spend \$80K for Starnik. AVR would be a yearly cost of \$42K+. Mr. Smith recommends going with RVS. They have made some pretty good upgrades. With training, etc. it would be less than \$10K. Looking at the software we get a good group of people in the process. Jeanna, Suzanne, Amanda, Wendy, Chris, and Cutter were all involved. RVS seems to be the best since we already own the software. Mr. Smith says that one of the things that sold them was that they operate a lead and copper module to keep us compliant. The question was asked if this will work with all the other stuff we have. And the answer is yes! It has its own work-order system. Meters will be picked up. We can go to any third-party vendor for payments. On the 15th the District ran out of coins with NO notification from Starnik. We couldn't take payments. Mrs. Pafford had just cut a check and they could not be implemented until October 1st. We had to get 3,000 more coins and have about 1,800 coins left from that. There is NO flexibility with Starnik. Payclix was at least user-friendly. Starnik is NOT. Mr. Smith ran some numbers if we have 500 customers pay \$20 there is a 3% or \$3 minimum charge. For those 500 customers the cost to the customer is \$1,500. With Payclix the cost

is \$.90/transaction. It will only cost the District \$450. We talked to RVS and got a list of payment customers. Paystar is really good too. Paystar is still PSUD's site. 2-1/2% plus \$.30/transaction (\$.80) will save \$1,100/month. Better than Payclix. Go with RVS and Paystar is Mr. Smith's recommendation. How long to learn the RVS System? It is easier than Starnik. Training ideas on how to do so. Mr. Smith will be involved in it. It has billing and payment software. We have a 5-year deal with Starnik and will need access to stuff for a while and will have RVS. The contract goes through June 2025. The annual payment is due June 2024 and that would be the last one. How do we get bills and postage meter? We will be doing billing in-house again. Water Bill printing is budgeted at \$50K. We should be able to do in-house and stay under that \$50K. How soon can we go to RVS?

Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, we will go with RVS and Paystar and do the billing in-house. Motion carried.

10. Executive Session

We went into Executive Session at 9:39 pm

Mr. Kelly left the meeting at 9:42 pm

Executive Session ended at 10:03 pm

As far as #5C - Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to notify the party interested in purchasing the District SWTP property, that we will accept \$60K/acre for the property. Motion carried.

As far as #9F - Upon motion by Director Ruonavar, seconded by Director Barr after full discussion with all Directors present voting aye, to approve the new SCADA PLC with cellular service and programming – Andrew WTP, Brair Tree WTP, Well #9, Well #1, Copeland EST, Ferne EST site and Sears EST site. Motion carried.

11. Director Comments

Director Ruonavar reminded everyone that October 28, 2023 is Sharing is Caring Food Drive by Academy at Valley Ranch. This is the 7th year. It will probably be Sergeant Miller's last year heading it up.

Director Ashy asked about the convenience fee – should there be exceptions for Veteran's and Senior Citizens? Mr. Smith's recommendation is to wait and see what Paystar is going to be. How is the SJRA's fee compared to PSUD's? Riverwalk's basic bill is \$80/month regardless of use.

12. **Next Regular Board Meeting – October 30, 2023 at 7:00 p.m.**

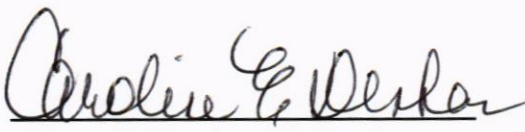
13. **Adjournment**

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 10:11 p.m.

PASSED and APPROVED this the 30th day of October 2023.



President, Board of Directors



Secretary, Board of Directors

