

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
November 30, 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 Thursday, November 30, 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
Vacant	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, Chris Wright (Operations Manager), and Mr. Charlie Lyons, a property owner that wanted to observe the meeting.

b. **Director Qualifications and Disclosures**

There were no updates on Director qualifications and disclosures.

c. Invocation

Invocation led by Director Ruonavar.

d. Pledges of Allegiance

Pledges of Allegiance led by Director Pillow.

2. Public Comment

None. Mr. Lyons wanted to observe the meeting.

3. Review and Approve Minutes

- a. Minutes from the Regular Board Meeting on October 30, 2023

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Minutes of the Regular Board Meeting of October 30, 2023 were approved. Motion carried.

4. Old Business

None.

5. New Business

- a. Authorize Director attendance and Fee of Office for attending the Montgomery County Water Symposium on December 6, 2023 at 6:00 pm at The Atrium Center in New Caney

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the authorization for Director Attendance and Fee of Office for attending the Montgomery County Water Symposium was approved. Motion carried.

6. Financial Report

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

Account #14705-6 are all zeros as Porter MUD was late that month. Same for the other two entities. Water supply is up – good job! Tampering fees are up – that is good too - Account #14401.8. Drug Screen #16523.2 noted. # 16972 – Starnik should not be that high again. New taps and services are due to taps on the other side (Ms. Pafford sent emails answering questions today from Director Ruonavar). Lake Houston Lawncare – Ms. Pafford was trying to negotiate - #8976 10/19/23 – Page 11 the other check does not reference – for August and FINAL service – No further money from us. Maintenance is doing an excellent job. The part-timer is wonderful. AFLAC is paid by the employees – we only withhold and cut checks.

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

7. Engineering Report by Bleyl Engineering

a. Update on Development Projects

Any questions?

i. New Caney ISD

Tabled.

ii. Altera Forest Colony, including approving feasibility study

Mr. Kelly can go through, but only hit highlights. There are 360 units. Impact fees charged in full. \$768K. Developer aware, rates and units both went up. Number of connections in the District have been updated. There are 11,676 as of 9/1/23 – 12,865 connections total. Pine Shadows to Azalea Boulevard to connect direct feed to waterline for apartments, Developer funded project. Signorelli easements –

already taken care of last time. Recommendation for Developer Agreement we design and dictate construction and the Developer pays.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved to do the feasibility study as recommended by Bleyl Engineering. Motion carried.

iii. Momentum Business Park, including approving feasibility study

Straightforward project for office/warehouse space. Two commercial reserves. 3" and 4" – Impact fees \$108K – final amount to be determined when we do the plan review. It is near Oakhurst at the entrance of Auburn Trails Drive. Ten buildings on one side and 16 on the other side; Water Plant improvements and water distribution improvements. Tie in to 12" at Auburn Fields Drive to Church Street. Impact fees will pay for that portion of that line. It will eliminate dead ends. The District has to do the US 59 crossing with impact fees. Tie in so no dead-end. Breakdown at back of the report. Bobcat, TexMar and Hertz are all going to be on US 59 near La Marketa de Porter (Mercado). The map shows the proposed line in red. Yellow and black dashed line the Developer is responsible for. 24" steel casing that District pays for. Two sets of box culverts. Fiber optic we are aware of. We believe we know all issues. Director Bell asks if anything is damaged is the Contractor responsible for it? They should do 811 Locates before any construction begins.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was decided to approve the Study and Developer Agreement, being conditional upon Mr. Smith's review and acceptance. Motion carried.

b. Update on Infrastructure Fee Projects

i. Well #5 Rehabilitation

Director Bell had questions on the well motors – 200 hp – in bid in past and has not seen requested a certain manufacturer like Westinghouse or Siemens – does motor

have lightening protection as well as 1-2 years warranty to be extended out? Should last 20-30 years. If we can have an option for a 5-year extended warranty? From his perspective we should ask for specific manufacturers. Mr. Kelly said that the bid form typically has very general information and the technical sheet has all of the other specifications. Mr. Kelly will get a copy and send it to the board members. Usually offer high-end motors like Siemens and due to our entity, we cannot sole source. Director Ruonavar asks when was Well #5 built and put online? Believes it was 1986. The motor or pump has not gone out until recently. It is almost 40 years old. They do not make equipment like they used to, says Mr. Kelly. It was a US Motor. We do have the option to put in a new motor (it was rehabbed in 2002-2003) and put the current one on a shelf as a backup. Director Ruonavar says currently should we lose that well, we are in trouble. Well #7 loops around now. Director Bell still believes a more efficient motor and giving us information on data and specifications on bid will help us. Pre-construction meeting has been held and could bring back and a change order could cost us more money per Mr. Kelly. Contracts were signed tonight but awarded earlier. Per Mr. Polley would still be a change order. In future bids if we could be a bit more specific (or have more detail). Director Bell believes \$28-\$35K are the specs on that motor. Mr. Kelly will share.

ii. Water Well Road GST and Booster Pump Improvements Bid Results

Bid results – Mr. Kelly did not like. Only one bidder and it was ugly. \$2 million range was estimated, and bid was \$4.6 million range. Everyone else is busy. Bulk of work would be subcontracted out and some were not interested. Mr. Kelly recommends rejecting the bid. The electrical bid was \$1 million (we estimated \$250K). The Ferne plant is made an extra item in that bid to have extra and scope of work can be added and done here.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was decided to reject the bid for the Water Well Road GST and Booster Pump Improvements. Motion carried.

- iii. Bobby/Deuster Lane Waterline Improvements, including authorizing advertising and bidding

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to send out for bids on Bobby/Deuster Lane Waterline Improvements. Motion carried.

- iv. Lazy Lane Waterline Replacement Proposal

4,700 lf of waterline, probably 100 – 150 connections and is due for an upsize. Using infrastructure fee funds to address existing problems that Impact Fees cannot replace.

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

- v. W. Ford Road Waterline Replacement Proposal

Widen on North side of Ford Road and our line at 30" may be in the way (between US 59 and Loop 494). The County expressed concern. We were planning to do it but passed to mobile home park to do it. If we have to do it, they will have to pay too. Pickle Ball place by the Mosque building. Mr. Smith has spoken to them, and they will have to pay, and the District will do the work. Move forward with design.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved to accept the proposal. Motion carried.

- c. Update on Capital Bond Projects

- i. Sorters Road Waterline Relocation Phase II, including approving Pay Application #2

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, it was decided to approve Pay Application #2 for Blazey Construction for the Sorters Road Waterline Relocation, Phase II in the amount of \$55,893.65. Motion carried.

ii. Ford Road Waterline Relocation, including Pay Application #8

It was passed out tonight. \$189,664.10. There was a discrepancy in some unit prices for field order that paid out of contingencies were double-billed. \$40K was caught by Bleyl.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, Pay Application #8 for Blazey Construction for the Ford Road Waterline Relocation in the amount of \$189,664.10 is approved contingent on the paperwork being corrected. Motion carried.

d. Update on Impact Fee Capital Improvement Projects

e. One-Year Warranty

f. Miscellaneous Items

i. HMGP Hazard Mitigation Grant (DR #4705) – 25% District Contribution

Due to Winter Storm. District pays 25% and Grant pays the other 75%. Or, we can reapply through the GLO and get paid 100%. So that is what we are going to do. Mr. Kelly does not believe there is a cap under the Hazard Mitigation Study. The plan is good for five years anytime a disaster is anywhere in the State.

ii. General Land Office Hazard Mitigation Grant – 0% District Contribution

Director Pillow said that Mr. Smith said we should apply under the GLO and see if we get one or the other.

8. General Counsel's Report

a. Supplemental Agenda for May 2024 Election Items

- A. Update on May 4, 2024 Directors Election matters, and take any necessary actions on same;

Mr. Polley gave a brief update on Election matters with no decisions being made.

B. Notice of Appointment of Designated Agent; and

Mr. Polley to post and we usually appoint his firm, that way we can send any questions to them, and they will take care of them, and we do not have to worry about.

C. Notice of Deadline to File Applications for Place on Ballot.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, Notice of Appointment of Designated Agent will be Mr. Polleys Firm and the Notice of Deadline to File Applications for Place on Ballot are approved. Motion carried.

b. Discuss filling vacant Director position

Tabled for now.

- c. Entergy seeking to acquire easement at Andrew WTP property, including retaining special counsel

Entergy is seeking an easement at Andrew and final offer letter. Our response was provided, which Entergy did not accept. They will try to move forward for condemnation. They are trying to put a high voltage power line over our water well. They have power, but we have legal issues with when they can condemn from another Utility. They can put their lines somewhere else. It is right in the curve,

and they can relocate. They are done negotiating. We need to get a lawyer that does condemnation work that is more efficient. Mr. Polley had hoped to have an engagement letter. Ellie Veccio cannot due to their Louisiana firm doing work for Entergy. We do not have time to bring back to another Board Meeting. They can notice as Special Commissioner's hearing to file condemnation. Director Bell is questioning it due to not knowing who the attorney will be. Mr. Polley said he can give information to Mr. Smith, and he can look at it. Mr. Polley will identify the attorney and let us know. He agrees with Director Bell. We can authorize with a caveat.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was approved to obtain Special Counsel to fight the Condemnation of the Easement at the Andrew Water Plant, providing Mr. Smith's vetting and approval of said Counsel. The Counsel can be engaged after notification per Director Bell. Motion carried.

d. Consider Resolution Adopting Rules for Acceptance of Electronic Bids for Construction Contracts

We have to adopt rules to do electronic bids. They are straightforward rules. It is a sealed bid process. A software program does it. Mr. Kelly explained the processes. They have software and do both types of bids. We can allow either way and can do both on one bid – some paper and some electronic. No cost to the District except for a nominal fee less than \$100 to accept. Director Ruonavar asks if it will get us more bidders? Mr. Kelly says more and more contractors are using it, so maybe.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Resolution for Adopting Rules for Acceptance of Electronic Bids for Construction Contracts is approved. Motion carried.

e. Resolution Evidencing Official Intent to Reimburse Expenditures from Proceeds of Tex-Exempt Bonds

We have to have a Plan of Financing to transfer funds – we need documentation. We have to have a Resolution within 60 days of spending money for Ferne and Ford Road.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Resolution Evidencing Official Intent to Reimburse Expenditures from Proceeds of Tax-exempt Bonds is approved. Motion carried.

- f. Warm Waters LLC / Porter Business Park, including annexation of 8.21 acres

This has been hanging out there for a while. It is in Riverwalk's CCN – Consent Letter to get Riverwalk's consent. Were willing to do it but has not done it. The letter needs to be more detailed (like Mr. Polley's example). A Petition for Annexation and Petition for City (of Houston) Consent to Annex Agreement needs to be completed. ETJ line crosses this property. The City of Conroe is on the other side of the ETJ.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Warm Waters LLC / Porter Business Park, including annexation of 8.21 acres was approved. Motion carried.

- g. Approve letter agreement and acceptance of waterline easement related to the Herc Rentals tract

Herc (Jagged Horse Investments). PSUD needs to accept the easement and will serve letter to proceed with development. They need to provide back-flow and the waterline goes across their easement. They wish to keep billboard in their easement. We need to approve the easement, etc.

Upon motion by Director Ashy, seconded by Director Denham after full discussion with all Directors present voting aye, the Water Line Easement Agreement (3,195 square feet/0.0734 acres) is approved. Motion carried.

h. Appoint Directors to Bid Grading Committee

Mr. Kelly and Mr. Wright – Ferne Water Plant – spoke for a while with Mr. Smith, Mr. Polley and Mr. Kelly. The low bidder is not always best – Ferne expecting on general contractor doing everything. For a competitive sealed proposal process, we need to evaluate experience, qualification, and history. We can reject some portions of bids and send in Financials and Safety Records to decide. The Committee will do scoring and pick the most qualified. On Competitive Sealed Proposals, price is only one component. The City of Conroe uses a Committee. Three Directors can be on it. Mr. Kelly, Mr. Smith, and Mr. Wright are also willing to be on the Committee. Directors Ruonavar, Bell, and Bridges are willing to be on the Committee as well.

Upon motion by Director Ashy, seconded by Director Denham after full discussion with all Directors present voting aye, it was decided that Directors Ruonavar, Bell, and Bridges would be on the Bid Grading Committee. Motion carried.

i. Attorney hourly rate adjustments

Tabled until next month's meeting. Polley Garza PLLC provided a letter and Exhibit "A" showing current and New Rates, as well his firms standard rates. They also provided, as required by Section 2252.908 of the Texas Government Code, the new Disclosure of Interested Parties (aka Form 1295) for our review and consideration as per our new requirements.

9. General Manager's Report

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

Mr. Wright filled in for Mr. Smith for this meeting. Director Ruonavar asked if we have taken a good look at where the NCISD's work trailer is on our property? Our property goes at an angle. Mr. Wright will look into it. She also asks where we are going to build this big building on that small piece of dirt, especially the driveway? She believes their retaining ditch should be ours too. She is just saying. She also

asks how much longer on Ford Road? Their time is up in December. On Saturday they are doing meters. On page 8 of 14 is that vault in front of the school. Yes. Hurricane season ends tonight. Director Ruonavar asks about the fleet report. One vehicle went 2K miles – Chad takes home when on call. He covered one of Cutter's weeks so a bit more than usual. The leases are up in 22 months. They only have V-8's in them. One truck (2023) has less than 500 miles, the 4 x 4 that was loaned to Director Ruonavar while hers was being repaired only cost \$56K. All Distribution Operators can operate the Deere and the other tractor. We do Safety Training and Utility Safety Training (Tailgate meetings a few times monthly) according to Mr. Wright. The guys cannot operate machinery until they prove themselves. We have a total of five that can operate and three can operate proficiently. Two are getting there.

- b. Woodridge MUD letter regarding Impact Fees for the Preserve at Woodridge

Tabled. Paid a portion of Impact Fees, but not all per Mr. Smith.

- c. Christmas bonuses for District Employees – to be discussed in closed session.

10. Executive Session

Mr. Kelly and guest left at 8:32 pm

We went into Executive Session at 8:32 pm

Executive Session ended at 8:35 pm

As far as #9c – Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Christmas bonuses for District Employees will be done in accordance with our Policies and Procedures. Motion carried.

11. Director Comments


None.

12. Next Regular Board Meeting – Thursday, December 21, 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 Ruonavar (in honor of Director Johnny Barr) after full discussion and all Directors present voting aye, the meeting was adjourned at 8:36 p.m.

PASSED and APPROVED this the 21st day of December 2023.


Vice President, Board of Directors


Secretary, Board of Directors

