

**PORTER SPECIAL UTILITY DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**  
**January 29, 2024**

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, January 29, 2024, 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
Jason Ashy	Director
Donald Bell	Director
Charlie Lyons	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) and Gerald Ruiz (Attorney), both with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Jonathon Smith (General Manager), and Ms. Kim Brode with Commissioner Matt Gray's office.

**b. Director Qualifications and Disclosures**

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

**c. Invocation**

Invocation led by Director Bell.

**d. Pledges of Allegiance**

Pledges of Allegiance led by Director Lyons.

**2. Public Comment**

None.

**3. Review and Approve Minutes**

- a. Minutes from the Regular Board Meeting on December 21, 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 December 21, 2023 were approved. Motion carried.

**4. Old Business**

None.

**5. New Business**

- a. Update from Commissioner Matt Gray

Ms. Kim Brode of Commissioner Matt Gray's Office gave us an update in Commissioner Gray's stead. Commissioner Gray has two passions. One is cleaning up East Montgomery County. He has reinstated the inmate litter control project using inmates three times a week to help pick up litter from East Montgomery County. He is also trying to stop the illegal dumping, cleaning up parks and removing bandit signs. In one week, 1,500 bandit signs



were removed from East County. He has two heavy trash days scheduled for the year. The first one will be on March 23 at Bull Sallas Park. His second passion is drainage. Since January 2023 there have been 1,200 open service requests to dig ditches. East County has five Gradalls and are no longer installing culverts. They inspect only and the Gradalls only do drainage. The permitting office charges \$24 for an inspector to inspect the site for a culvert and it is up to the owner to contract out the setting of the culvert. The system seems to be working. All their crews have been trained to look for illegal culverts and once found they get tagged and an inspector comes out to let the owner know what needs to be done to bring it up to code. They are also working on partnerships with others. They have a grant with GLO for funding to clean up creeks and bayous. There are three in our area. There is some Federal funding as well. They are hiring out some neighborhoods like Porter Heights and Arbor Oaks to help with flooding. EMCID is going to get the splash pad up and running as it had no recirculation of water. It should open in March in New Caney. There is also a grant for a recycling center in Porter off of Owens Road. It will move from Roberts Road within about six months. The services will be bigger. Tachus and others are messing up ditches. Director Ruonavar said that Briar Tree floods now. They are working well with the County now. They are pouring concrete on Sorters Road, Segment 1 today. They are ahead of schedule. The State is working on the light at 494 and Ford Road. The light at Knox Road and 494 has been designed and approved and should be operable within the next year. There should be a light at 494 and Oakley too. We should follow them on Facebook and their website. Dan Crenshaw working on a grant to finish Ford Road. Waiting on Budget in Washington, DC. She left the meeting at 7:13 pm. We should be getting an update from Hugo about the Ford Road light.

b. Memorial Plaque at Briar Tree WTP (Well #5)

Director Ruonavar wants one for the past members of the Board that have had a hand in the Building of Well #5. Just a small sign to remember members like Johnny Barr, D. A. Wilson, Ned Newman, Virginia Hammock, Barbara Eagan, Linda Beth Ruonavar and some of the others that are gone and helped get the Well in there.

Upon motion by Director Denham, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to have a small memorial plaque made at a cost of under \$500 for Well #5 (Briar Tree). Motion carried.

c. Directors and Personnel Code of Ethics Committee (Bylaws Committee)

Mr. Smith said that there was a request for a bylaws committee for the Board, similar to the Personnel Policy Committee. It was discussed previously when J. T. Foster was with Polley. It would be its own stand-alone document. Director Pillow asked if we really need to have a Committee or can Mr. Smith and Mr. Polley do it and let us take a look at it. Director Ruonavar says as long as the Code of Ethics is in it, that will be fine. There was a general consensus to let Mr. Smith and Mr. Polley work on it. No action needed to be taken at this time.

Director Pillow made a point of mentioning that we need to be careful of Directors respecting other Directors. When a Director has the floor, let them speak and not over speak. He said he was as guilty as anyone. There is no need for a motion. Just offer common courtesy to each other.

**6. Financial Report**

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

Mr. Smith is looking into the NSF/Return fees, electricity to the wells, and ebills for the water bills. Director Ruonavar is not getting water bills. Lancaster/Wyatt does not respond to phone calls and Director Ruonavar wants it noted. Postage other – is a catchall from the previous bookkeeper and we do not budget for it. Account 16303 – Board Training – Mr. Smith to check into. Meters are for Maple Heights, Section 3 as well as the Meter Company that has been providing meters is going out of business. Also, for Section 2 for Maple Heights as well. Director Ruonavar asked about Account 16523.2 on page 4 – Drug Screening – Mr. Smith to check into that one too.



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 December 31, 2023 were approved pending Mr. Smith reporting back to us on the items questioned. Motion carried.

- b. Review Quarterly Investment Report for period ending November 30, 2023

Upon motion by Director Ruonavar, seconded by Director Lyons after full discussion with all Directors present voting aye, the Quarterly Investment Report for period ending November 30, 2023 was approved. Motion carried.

**7. Engineering Report by Bleyl Engineering**

- a. Update on Development Projects

Any questions?

- i. Taco Bell at Painted Boulevard, including approving Potential Conflict of Interest Letter

Bleyl is working for both sides. This is in the Cumberland area.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, Conflict of Interest Letter was approved. Motion carried.

- ii. Quick Quack Carwash, including approving Feasibility Study

By Hofbrau – 39 equivalent connections – Impact Fee \$150K if 6” meter

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, Feasibility Study for the Quick Quack Car Wash was approved. Motion carried.

b. Update on Infrastructure Fee Projects

Mr. Kelly's report looks better.

c. Update on Capital Bond Projects

- i. Sorters Road Waterline Relocation Phase II, including approving Pay Application #3

Next month should be the final.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Sorters Road Waterline Relocation Phase II, Pay Application #3 in the amount of \$7,663.64 to Blazey Construction Services is approved. Motion carried.

- ii. Ferne Well #10 Water Plant, including approving construction contract

There were different contract times and funding sources. Approve Ferne Water Plant Improvements to R & B Group, Inc. They are to be completed within 510 days calendar days at a cost of \$9,143,871.00.

Upon motion by Director Bridges, seconded by Director Bell after full discussion with all Directors present voting aye, it was decided to approve the construction contract for the Ferne Water Plant to the R & B Group, Inc. at \$9,143,871.00. Motion carried.

- iii. Ford Road Waterline Relocation, including approving Change Order #1 and Pay Application #9

Ford Road – Pay Application #9 in the amount of \$12,968.92 and Change Order #1 for \$53,792.94 and 18 additional days on contract – breakdown in detail due to the UP Crossing 14 – 16 feet deep fiber optic line, Water line repair – broke line



that fell into trench – at Porter APC Church – additional \$23K cost plus 3 additional days . They didn't notify us about costs – Concrete Driveway – 16" water line \$5K plus 1 day and number of rain days - \$53,792.94 and 36 days to contract. Still cleaning up, etc. Murky costs. Is it the contractor's fault, no – District's fault, no; Collapsed water line? Whose fault – unknown; With all that, have some heartburn, plus we incurred costs, water loss, employee time, rail inspectors time. \$25K – Direct subs some labor from Blazey. Mr. Kelly is not sure what's a fair number - Maybe Direct Subs and splitting direct labor – What's total \$14K. Director Ashy asked if done all the work on Ford Road. We expected to use more of the contingency of the project, but Mr. Kelly feels great. A very small portion of the contingency. But he's open to whatever. Director Ruonavar says to make a motion to pay, Director Bridges agrees as does Director Bell, who agrees to an extent, but still an ask for District and not get the subs help with some of the monies, could have double-checked where pipes marked, rainy days and additional cost for fiber optics - it should be a way they could help compensate for some – Mr. Polley said they bid a scope of work and provide change orders for anything outside of the scope – it's not District or their fault. Is it something under the contract to get paid for? Mr. Polley says "yes", unless it's for something specifically done wrong. Haven't followed procedures of the project. The Contractor shouldn't be penalized per Director Ruonavar – we pay it one way or another. Doesn't want the District to be known as being difficult to deal with it. Director Ashy doesn't want us to roll over either. He's good with the RR thing, but they could have bored wrong place. We really don't know if they were doing what they should have or not. Director Bell – repair 8" line, etc. \$23K. Should have called someone out. Mr. Kelly's biggest issue is procedurally. We were aware of a broken water line. Had a field rep out there. Assumption was that there was no additional charge coming. Plans called for open cut, and they chose trenchless, but charging open cut prices. No discussion for additional cost and should have been discussed. No field change, maybe some emails, but no field order. Director Lyons is asking about contingencies. Bid a job you try to cover your rear and then your covered. He's green, so not sure. \$53K on a \$3M contract is fairly minor. This is the first Change Order. Not like we had with Sorter's Road. Mr. Kelly has no objection either way. Doesn't have a strong reason to discount their labor. They bid on the new stuff and weren't the lowest bidder and are just finishing Sorter's Road, Phase 2. There is a procedure in the

contract for the change order process and they clearly haven't followed it. Could slap their hands by knocking 5% to teach them a lesson.

Upon motion by Director Ruonavar, seconded by Director Lyons after full discussion with all Directors present voting aye, it was decided to approve the Change Order #1 to Blazey Construction for \$53,792.94 less 5% and the Pay Application #9 in the amount of \$12,968.92. Motion carried.

d. Update on Impact Fee Capital Improvement Projects

- i. Water Well Road GST & Booster Station, including approving construction contract

The Water Well Road GST and Booster Pump Improvements are to be completed within 360 calendar days at a cost of \$3,404,440.00.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to approve the construction contract for the Water Well Road GST and Booster Pump to the R & B Group, Inc. at \$3,404,440.00. Motion carried.

- ii. Bobby/Deuster Lane Waterline Improvements, including awarding contract

There were 8 bids received to extend the water lines. Faith Utilities was the lowest bid. The Committee met and gave it a 4 ½ out of 5 votes and is recommending the contract be awarded for \$504,536.00. Director Ashy asked how the Committee is doing with the current processes. Mr. Kelly says well, and it is being simplified for the future.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to award the contract for the Bobby/Deuster Lane Waterline Improvements to Faith Utilities at a cost of \$504,536.00. Motion carried.



iii. US-59 16" Waterline Crossing – including awarding contract

US-59 Waterline Crossing from the Water Plant here at Wate Well Road under 59. There were nine bidders. Two similar in pricing. The Committee is recommending Bull G. They did the Valley Ranch extension. The amount is \$1,033,213.00.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to award the contract for the US-59 Waterline Crossing to Bull G at a cost of \$1,033,213.00. Motion carried.

Director Ashy says this seems cheap to bore under US-59 as compared to others.

Director Ashy asked Mr. Kelly about the filters for Well #8. Mr. Kelly said they are working on the analysis this month, depending on comments, should be this month or next.

e. One-Year Warranty

8. **General Counsel's Report**

- a. Approve Water Line Easement with New Caney Independent School District
- b. Approve Water Line Easement with Bravo Charlie Properties
- c. Approve Temporary Construction Easement with Bravo Charlie Properties

These three items are a package. Two water line easements and a temporary easement. The Bobcat easement has not been presented to the Grantors yet – Mr. Kelly has spoken with them but needs a motion to accept.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, it was decided to approve the two water line easements and the temporary easement as above. Motion carried.

d. Annual review of Consultant Contracts

This item just checks the box for the auditors as a note in the minutes. The contracts are all in the Binders provided to the Directors in the past. Nothing has changed, but the rate schedules that we have approved recently. Only Landscaping Company and Alarm Company are no longer used. Consultants are different than Vendors. Mr. Polley, Mr. Kelly, and Ms. Lane are Consultants.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the Annual Review of Consultant Contracts has been done. Motion carried.

e. Arbitrage Compliance Specialist's Interim Rebate Report for Porter SUD Water System Revenue Refunding Bonds, Series 2012

They keep us from earning too much interest on investments. No issues, but possible for future in current environment. The 2019 Bond is at 3.2%, and the interest rate is currently 5% range. 2019 might have to send a rebate payment to the IRS which is a good thing because we are making money. They monitor every series of bonds we have. We are fine for now.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Arbitrage Compliance Specialist's Interim Rebate Report for Porter SUD Water System Revenue Refunding Bonds, Series 2012 is approved. Motion carried.

f. Filing of financial and tax-related information with Texas Comptroller for the Special Purpose District Public Information Database

It is an annual requirement to file financial information with the Special Purpose District's database.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to file the financial and tax-



related information with Texas Comptroller for the Special Purpose District Public Information Database. Motion carried.

g. Supplemental Agenda

Started at 8:18 pm

1. Election Agenda

- A. Update on May 4, 2024 Directors Election matters and take any and all necessary actions on same.
- B. Adopt Order Calling May 4, 2024 Directors Election.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to Adopt Order Calling May 4, 2024 Directors Election. Motion carried.

- C. Approve Election Services Agreement and Joint Elections Agreement with Montgomery County; and
- D. Authorize payment to Montgomery County for joint election costs.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was decided to approve Election Services Agreement and Joint Elections Agreement with Montgomery County and to Authorize payment to Montgomery County for joint elections costs. 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

Mr. Smith asked if there were any questions. Director Ruonavar asked if the motor was back for Well #9 and Mr. Smith indicated that it was not. Director Ashy asked about the Systems Total Report from RVS, that we used to get it. Mr. Smith said we will get it every month since we are back with RVS. 3% water loss is phenomenal, but we pumped 64 million gallons of water. That means the 3% is 2 million gallons of water and that is a lot. How do we know what is used for fire and flushing? The fire department meters, and we get monthly updates. On dead end flushing it is an estimate. Director Lyons asked about fire hydrants and Mr. Smith said they are metered. Director Ruonavar asks on Page 5, the bottom picture, the new meter vault shows two. Mr. Smith said the old vault will be removed and will go away. The meter vault that was purchased several years ago is still being stored. It is for an 8" meter and these are 3" meters. The "BOV" in the picture means Blow Off Valve. The orange marked trees are now gone. The monthly fleet report shows a number of repairs done. Director Ruonavar is noticing that oil changes are standard after so many miles. On Page 14 of 14, can we add on there AWBD Fort Worth for this summer asked Director Ruonavar. The registration opens Wednesday. Mr. Smith will send out an email and just respond if you want to go. Director Ruonavar wants to attend the Chamber luncheon.

b. Woodridge MUD letter re. Impact Fees for the Preserve at Woodridge

Mr. Smith has a breakdown that is current and correct. The letter is asking for relief. Director Pillow wanted to know if their payments are current, and Mr. Smith said yes. Director Pillow does not mind not charging the difference. How do we handle waiving the \$59K? We would only consider after they became current. Director Ashy does not care as long as they do not get behind. Director Ruonavar says next time we won't be as nice. Director Ruonavar asked Mr. Smith to let them know.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, agreed to waive the additional \$59,000 in Impact Fees. Motion carried.

c. Update about Green Energy Panels at Andrew WTP (Well #7)



Green Energy Panels seem like a good idea and can save money when we get VFD's installed. Then we will circle back and talk to them again. Director Bell asked about VFD's and the only one is Well #5 (instead of soft start). Is it feasible to get VFD's at the other plants? Ferne we will have on the Well and Booster Pumps. Phase II at Well 5, then we will put VFD's and when rehab on Well #7 we will do it then. Director Pillow says to go to the Green Energy website and look at it and how it works. There is a bank of capacitors to store energy to start the wells. All energy draw is from the start. Then run at a smaller amount. VFD's make clean energy and not dirty energy. You need less energy with VFD's. AC is dirty energy and DC is clean energy. May be starting with DC. Director Bell may want to be involved. He will look at the website. It's different technology.

#### 10. Executive Session

None needed.

#### 11. Director Comments

Financials page 15, Director Ruonavar asked on 12/27/23, why are they ACH's to Bleyl. Mr. Smith indicated that it is due to not getting checks from the Post Office. There is too much check fraud now. They have to check daily to make sure there is no fraud. Director Ruonavar doesn't want ACH to go out before the Director's see them. Director Pillow said it's a new process, just saw them. We had to sign off on all. We are signing the transfer instead of the checks. Independent recommended it due to check fraud. ACH's are free. Director Ruonavar wishes the entire Board to be notified before processes like that change. We should have been notified before the process started. No one was notified and the entire Board should have been. It is a day-to-day activity that Mr. Smith runs. Director Ruonavar says that when it comes to financials, we need to be made aware before being implemented. Director Bell is saying we changed for Consultants and Mr. Smith said we are doing for anyone that we can. Director Bell says we should be notified. Director Pillow agrees. It is still the same process; we just initial instead of signing a check. It is a different method. Director Bell says in the future, notify the Board. Mr. Smith says he will do better.

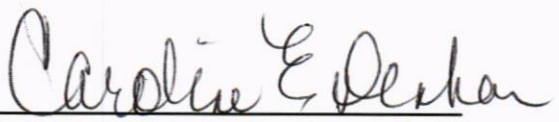
12. Next Regular Board Meeting – Monday, February 26, 2024 at 7:00 p.m.

13. Adjournment

There being no further business to come before the Board, upon motion by Director Ashy, seconded by Director Bell after full discussion and all Directors present voting aye, the meeting was adjourned at 8:46 p.m.

**PASSED** and **APPROVED** this the 21st day of February 2024.

  
\_\_\_\_\_  
President, Board of Directors

  
\_\_\_\_\_  
Secretary, Board of Directors

