

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
April 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, April 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, both with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Chris Lane (Bond Consultant) with SAMCO Capital Markets, Inc., and Chris Wright (Operations Manager).

b. Invocation

Invocation led by Director Denham.

c. Pledges of Allegiance

Pledges of Allegiance led by Director Bridges.

2. Public Comment

None. Mr. Larry Beckler of 24325 Sorters Road wanted to listen in on our meeting to see what it is all about.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on March 25, 2024

b. Minutes from the Special Board Meeting on April 22, 2024

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Minutes of the Regular Board Meeting of March 25, 2024 and the Special Board Meeting on April 22, 2024 were approved. Motion carried.

4. Old Business

None.

5. New Business

None.

6. Financial Report

a. Financial Statements for the period ending March 31, 2024

Tabled.

7. Engineering Report by Bleyl Engineering

a. Development Projects

i. The Highlands

Tabled.

ii. The Vibe at Porter, including approving feasibility study

It is a manufactured subdivision near Auburn Trails. 114-122 pad sites. By District rules they would need a 10" master meter. We will come back to sizing later in the report, said Mr. Kelly. There would be a credit to alternative capacity ratio of \$243,504 in impact fees. We have sufficient capacity and lots of improvements to expand. We have a 12" line on Briar Thicket with no access. There is a lot owned by the HOA to prevent crossing. Auburn Trails has an 11" line. There is a stub out of an 8" line that may be extended. The only improvement required is contingent on the existing line. It is a simple deal. A 10" meter would be overkill, but the Development needs to submit their plans. Unless we cannot locate the existing water line. Director Bell asked if we have any similar subdivisions in the District that say pre-manufactured homes. We have developments that have mobile homes but are not sure what he is proposing. Director Bell asks if we have a fee that would coincide with the type of project they have. We treat any type of multi-family (like an apartment complex, duplex, etc. the same as single-family connections). Theoretically if an 8" line then could we charge them the fee to extend the line. Mr. Kelly says 6"-8" meter is probably all that is needed. Per the rules an 8" meter can serve up to 90 connections. They are technically over, but they should be okay instead of a 10" meter. If we hold firmly to the rules, then it would be a 10" or more line. Director Bell asks if over 90, then they should upsize to a 10". The easiest would require an easement to Briar Thicket, but that probably will not happen. According to Director Ruonavar there are four HOA's.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, except for Director Bell voting nay, the feasibility study for The Vibe at Porter was approved. Motion carried.

Mr. Kelly asked if we could do an 8" instead of a 10", just for his information. No motion needed.

- iii. Angels On The Way, including approving feasibility study

Tabled.

b. Infrastructure Fee Projects

- i. Well #5 Rehabilitation, including approving Pay Application #2 from Alsay Incorporated in the amount of \$62,649.20

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Pay Application #2 from Alsay Incorporated in the amount of \$62,649.20 is approved. Motion carried.

Director Ashy asks how things are going. Mr. Kelly indicated that things were going well. They are a bit behind schedule, but the pump and motor should be in this week. Director Ruonavar told Mr. Wright that Well #5 was looking better.

- ii. W. Ford Road Waterline Relocation, including procurement

Pickle Ball is the first new connection and is not being charged a pro-rata portion. The 124-spot trailer park is supposed to be constructed and they will have to pay their portion. We will have to pay and then the trailer park will reimburse us once they start construction.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the W. Ford Road Waterline Relocation, including procurement, is approved. Motion carried.

c. Capital Bond Projects

- i. Sorters Road Waterline Relocation, including approving amendment

This is amendment #2 increasing \$13,500 and extending days due to County changes.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Sorters Road Waterline Relocation, including approving amendment is approved. Motion carried.

- ii. Ford Road Waterline Relocation, including approving amendment and Pay Application #11 from Blazey Construction in the amount of \$17,896.62

The contractor is asking for extra days due to close out. From December 10 to March 7, plus \$14,500 for field inspection. This is on 494 to the County Line.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Ford Road Waterline Relocation, including approving amendment and Pay Application #11 from Blazey Construction in the amount of \$17,896.62 is approved. Motion carried.

d. Impact Fee Capital Improvement Projects

- i. Copeland EST, including approving Change Order #1 from Caldwell for \$397,800 and 100 days

The bid was for \$750K, head range levels are based on the competitor's tank configuration. They said we could upsize for a much lower price than the bid price. They are offering a one-million-gallon tank. It would be good to have one long term. Mr. Kelly recommends doing it. As for the extra 100 days, there are no issues. The extra cost would be around \$400,000.00.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Copeland EST, including approving Change Order #1 from Caldwell for \$397,800 and 100 days was approved. Motion carried.

- ii. US-59 16" Waterline Crossing, including approving Change Order #1 and Pay Application #1 from Bull G Construction in the amount of \$241,083.00

Change Order #1 is for \$241,083, plus 51 days to contract. It would be from the backside to Water Well Road Water Plant across to US-59. They added 400' of 16" at the water plant. It is a bit cheaper for Bull G to do \$108,620, plus about \$192,000 on W Ford Road. Director Pillow asks how close? Mr. Kelly indicates they have to bore under US-59 from the tower to US-59. They have to do bore first and then the extension. Director Bell is asking for clarification of the amount. Originally the water line was located in the ROW, then under the pavement. Now it is costing an additional \$200,000? It was shown in the backslope of the ditch. It is actually underneath the pavement on the 494 side, then it turns out and then back, and has to be relocated. How did we miss that? Didn't we survey and locate the lines? Occasionally we will do a survey and pick up valves, etc., but not on this project because the County showed plans, and nothing verified until after it was bid and constructed. What are we doing in the future to avoid these mishaps? Mr. Kelly says lessons learned. The amendment 1, was in the original contract to relocate; 2, we took out of the contract and did some additional work. We relied on the County basically. Mr. Kelly says in the end this is not costing the District any additional value due to Bull G and Blazey. The most expensive part is the installation of the 8" water line. Is it District's job to go out and check? Mr. Kelly, in hindsight, yes, we should have checked. The County showed improvements of PSUD and others. How much of it is Plant work, asked Director Pillow. \$108,620 and W Ford Road is the rest. Directors Ashy and Bell say Mr. Kelly should have known and should not have happened. We can go through a lot of expense to do hydrostatic testing to find lines and valves. We need to find these water lines. Mr. Kelly has made a lot of progress with this, but with small diameter lines, sometimes valves and sometimes not. This is a 2" line and is a

work in progress. Mr. Wright will tell Mr. Smith to find this beforehand. We are being more proactive.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the US-59 16" Water Line Crossing, including approving Pay Application #1 from Bull G Construction in the amount of \$241,083, plus 51 days is approved. Motion carried.

On Bull G Pay Application #1 from the back fence to US-59, we owe \$171,405.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, the US-59 16" Water Line Crossing, including Change Order #1 from Bull G Construction in the amount of \$171,405 is approved. Motion carried.

e. One-Year Warranty

8. General Counsel's Report

a. Contract for Purchase and Sale and Escrow Instructions for SWTP Property

The contract is in the Board Book. Are there any questions asked Mr. Polley? It is about to be a signed contract.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Contract for Purchase and Sale and Escrow Instructions for SWTP Property is approved. Motion carried.

b. Resolution Declaring Surplus Property

We will take this one first, then go back up to a.

We authorized the sale of the old SWTP property but have gone back and forth regarding the terms. We have to declare it Surplus Property before it can be sold.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Resolution Declaring the old SWTP property as Surplus is approved. Motion carried.

c. Waterline Easement with Black Diamond Stores LLC

Mr. Kelly says it is located at Riverwalk and FM 1314. It is a convenience Store on the West Side of Riverwalk.

d. Waterline Easement with Momentum Business Park (0.2688 acres)

e. Waterline Easement with Momentum Business Park (0.1934 acres)

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the above three items (c, d, and e) are approved. Motion carried.

f. Order Designating District Offices and Meeting Places Inside and Outside the District

We currently have Mr. Polley's office, Mr. Kelly's office and this, the District's office as meeting places. As of June 1st, Mr. Polley's office is moving, so we need to designate that office as we have documents being held there, etc. We will not be billed for the cost of this notice as it is something they have to do for all of their clients.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Order Designating District Offices and Meeting Places Inside and Outside the District is approved. Motion carried.

g. Update on \$10,000,000 Waterworks System Revenue Bonds, Series 2024, including Bond Order, General Certificate, Paying Agent/Registrar Agreement, and all other documents

It is Ms. Lane's turn now. There was originally a list of 7 bidders that signed up. Robert W. Baird & Co., Inc. bought bonds the last time and was the lowest bidder this time. We are A3 rated and have bond insurance. We did very well. We have litigations and modifications to Moody's due to our credit report. They asked lots of questions about the Entergy issue. Documents are behind the payment schedule (Draft). There are surplus funds. There is a 3% discount on the bond issuance cost, and we did not use it all. It is a bid tactic. We will have \$137,000 left from that. There is probably some left over from the cost of issuance. Go to page 5 to see what new bonds, principal, interest, etc. was and is. The auditor came in and did review and responded with bonds test and we have complied. Now updating the preliminary official statement with new information. The anticipated closing date is May 29, and we need a new bank account set up for this. We will need to tell Wendy as we can't comingle funds. Mr. Polley says more documents is the bond order. The District's contract, authorizing the revenue bonds. Some provisions are in 4.6 that we will have a reserve fund to act in event we can't pay from one year to next. We can fund one time transfer or make it over 5 years 1/60th of Delta and transfer as a transfer or can do a big transfer if we get a large tap fee. Section 5.4 is that we won't jeopardize tax exempt status for the ones buying the bonds. Don't spend on what you are not supposed to – Arbitrage Compliance. Section 5.7 is the Rate Covenant – charging rates to cover the debt. Section 7.1 is what the Underwriter cares about – Selling to R. W. Baird at terms, etc. File annual report with SEC, audit, and additional information about the health of the District. Any material events within 10 days of them happening. Most common is rating change by rating agency. Just randomly check and have to let them know. Director Bell asks about Section 7.1, Paragraph that states that President and VP of District are instructed to submit to initial bond and transcripts to the Attorney General. Mr. Polley's office has to submit the Transcript of Proceedings and the AG has to sign off as part of the Public Information. The next step in the process Mr. Polley's office handles. He can send a link for them to have. Texas is unique in this. It makes our bonds even more secure as another review process. They just care if you comply with the law. The Public Finance Division oversees transcripts of all securities issued in the state. Mr. Polley is talking about the General Certificate that we are certifying to certain things (about 23 paragraphs) like Board changes, other bonds outstanding, etc. BOK Financial – keeps track of who owns bonds. They distribute funds twice

a year. No Litigation Certificate because of the Entergy issue we have this disclosure due to the condemnation action of Andrews WP #7, that exists and some possibility that they will take the water well. Mr. Polley does not believe it will happen, but it is a theoretical possibility. We have to tell the AG's office that any litigation pending or threatened either in State or Federal Court affecting the payment of the bonds. It does not affect our net revenue that will pay these bonds

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Bid is awarded to R. W. Baird, the Bond Order is Adopted, the General Certificate, Paying Agent/Registrar Agreement, and all other documents are approved and Mr. Polley's firm and others are authorized to prepare and complete all documents necessary to close this transaction and the Officers of the Board of Directors are authorized to sign. Motion carried. This was completed at 7:57 pm

This deal had more questions than Mr. Polley anticipated. Ms. Lane did a lot of work to make sure it happened and came off with five strong bids. It was a perfect storm day due to a new computer system! Thanks Ms. Lane!

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? Director Bell was asking about hand tools and each vehicle to have their own and then maybe putting serial numbers or IDs on a spreadsheet, so we know where everything is. Mr. Wright says we have an inventory, but not where everything is. Director Bell asks about what is going on with the trash pumps. Mr. Wright said if it is just silty and sandy, there is no problem, but when there is gravel and asphalt, they cannot be rebuilt due to the cost of replacing the impellers costs more than a new pump costs. Director Bell asked if there is a new employee hired? Mr. Wright said yes, meter tech. He has been on staff for a bit over a week and is still in training and doing well. Director Bell asks how we located him. Mr. Wright said he came in on his own.

Ms. Lane left the meeting at 8:02 pm.

b. Drought Contingency Plan

It is already approved, but we had to change a little bit of verbiage under Section B – TCEQ wants language in for future. So, we have to approve again, since the changes were made, plus we have new Directors.

c. Water Conservation Plan

The Water Conservation Plan needs approval. It is a part of the Drought Contingency Plan.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the revised version of the Drought Contingency Plan and the Water Conservation Plan are approved. Motion carried.

10. **Executive Session**

None needed.

11. **Director Comments**

None.

12. **Next Regular Board Meeting – Monday, May 27, 2024 at 7:00 p.m.**

This is the Memorial Day Holiday. We can do the Monday the 20th (week before) or any other day of the week. Mr. Polley has jury duty that day and may be late. There was a general consensus to have the meeting on Monday, May 20, 2024 at 7:00 pm.

We should have a meeting about the new Administration Building next week.

Mr. Beckler asked about the Infrastructure Fee. The Board and Consultants gave a brief description of it and said that it will most likely continue forever. He was puzzled about the difference in fees for a 2" and a ¾" meter. Director Pillow said the fee goes due to meter size. ¾" is likely for a sprinkler system as it is not much volume. It depends on how much is used. Mr. Beckler indicated that he has a 2" meter for a 20 spot RV Park that is at 75% capacity. He indicated that he pays \$50 for the ¾" meter and \$50 for a 2" and doesn't understand. Director Pillow says that the Infrastructure Fee pays for any upgrades to the system. Debt service is going from \$980,000 to \$1,500,000. The rate per gallon is the same, but volume can change it. It depends on how much you run the sprinkler. He only waters three times per week. Smart water can tell you how much you need to use to water your grass. They will send you a program and maybe a device to show you how much to use. You use more gallons through a 2", but his bill has doubled. When he started, he set up automatic payment. Normally pays \$50 - \$75, now it is \$100. When he first started, he would pay a certain amount to cover his bill and had a big credit, now he doesn't. He just decided to come and see what our meetings are about. His park is on Sorters Road across the street from the Church. It is the Lazy L on Ceal. Director Ashy says the infrastructure fee used to be called the GRP Fund. We changed the name due to the State changing the rules. All new Developers have to pay a fee (Impact Fee), that is much more.

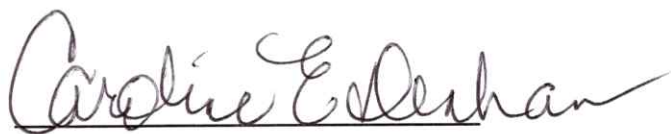
13. Adjournment

There being no further business to come before the Board, upon motion by Director Ashy, seconded by Director Ruonavar after full discussion and all Directors present voting aye, the meeting was adjourned at 8:15 p.m.

PASSED and APPROVED this the 20th day of May, 2024.



President, Board of Directors



Secretary, Board of Directors

