

**PORTER SPECIAL UTILITY DISTRICT**  
**MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**  
**August 26, 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, August 26, 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) with Polley Garza PLLC, Mike Kelly (Engineer) with Bleyl Engineering, Wendy Pafford (Finance Manager), Chris Wright (Operations Manager), and three visitors Mr. Jon White, Mr. Marcus White and Mr. Marcus White of 99 Business Center.

**b. Invocation**

Invocation led by Director Bell.

**c. Pledges of Allegiance**

Pledges of Allegiance led by Director Pillow.

**2. Public Comment**

None.

**3. Review and Approve Minutes**

a. Minutes from the Regular Board Meeting on July 29, 2024

b. Minutes from the Special Board Meeting on August 5, 2024

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 July 29, 2024 and the Minutes for the Special Board Meeting of August 5, 2024 were both approved. Motion carried.

**4. Old Business**

None.

**5. New Business**

Is included under Engineering and Legal tonight.

**7. Engineering Report**

a. Development Projects



iii. 99 Business Center Feasibility

A five-acre commercial development at FM 1314 and the Grand Parkway. There are a few side streets with small diameter lines. It is generally located on the north side of Mackenzie Lane, south of Gould Chambers Road, and directly east of where Ferne Leaf Drive turns north. It will include three (3) 12,000 sf office/warehouse buildings with 10 office units at 1,200 sf per unit per building and two (2) 9,000 sf office/warehouse buildings with 6 office units at 1,500 sf per unit per building for a total of 30 office units and 54,000 sf. It will also include 14,490 sf storage space building with 23 storage spaces at 630 sf per space. Showing using less than COH for warehouse 2" meter. Impact Fee \$36K or \$19,200K. The District required any line extensions would be 8" based on demand of 2" meter. Waterline should be 4", but fire hydrants need 8". There is a 12" from 1314. Cost estimate Exhibit "G" - \$381,000 for extending to edge of District. Need easement across property. Proposed due to TXDOT ROW. Should not be a problem. A 38-acre tract easement would have 800' of ROW. Timing wise we do not have an easement on the 38-acre tract. It would then have to be done in TXDOT ROW. 3,500' of waterline. The City of Conroe requires fire hydrants at every 350'. At end of each waterline, then 4 in the revised estimate. Another exhibit shows 3 hydrants, and they are willing to do one at their site. \$229K and \$325K total project cost and District to pick up cost of 3 additional hydrants. Request of Developer. Mr. Marcus White does not feel they should pay for hydrants that do not serve their site. They serve cross streets. It does not make sense for them to pay for it. In 2008, they put in the apartments across Loop 494 from Pete's Burger. They had to put fire hydrants in the facility and the District paid for the ones outside of the facility. Director Pillow asked if anyone had any questions. Director Ashy says as long as we do not cost the District \$48K. There is one close to Ferne and one on the south side of Grand Parkway currently. It would help the fire department. Mr. Kelly is asking for approval of the Feasibility Study.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Feasibility Study for the 99 Business Center is approved. Motion carried.

The three Mr. Whites left the meeting at 7:18 pm.



## 6. Financial Report

### a. Financial Statements for the period ending June 30, 2024

Director Ruonavar said we had an employee and lost that employee in less than five days. Mr. Wright said yes, and we still have three positions open. The jobs are listed on the Marquee at the front of the building. Director Pillow asked if there were any questions. Director Ruonavar said the credit card statement closes on the 2<sup>nd</sup> of the month and Mrs. Pafford pulls them on the 3<sup>rd</sup> or 4<sup>th</sup> of the month. The Director wants to meet with Mrs. Pafford to view them. She asks if there are any answers on the electric demand charges. We got Sears lowered. Director Ruonavar can give Mrs. Pafford some information on elected officials to get some help. There is no rhyme or reason why they are coded differently. Ferne got new service. She cannot understand why each well is coded differently. Entergy does not even know why. Directors agreed that Director Ruonavar can give Mrs. Pafford some phone numbers and she can sit in on the calls as well. Did Director Bridges miss a meeting in June asked Director Ruonavar. Mrs. Pafford said no that she was having technical issues with Positive Pay, and he had been paid. It will show in next months financials. Lots of Vendors are having issues too. On page 11, 6/28/24 over halfway down, #9776 to US Postmaster check for \$10K. Mrs. Pafford said it is for mailing in the billing department, so she does not have to make out checks all the time. She keeps it funded so there are no issues in her absence. Director Bell asked about page 2 the fire line fee. We charge fees to people that have fire lines (fire suppression systems). Just for the connection. They pay a fee to have connection for fire fighting measures. Director Bell asks if 14303 about tap fees – budgeted for \$20 but may be more or less. We never know. It is always up and down. It is a pass-through account. Page 5, 16900 – Lone Star is quarterly. Page 7, SCADA for Epic Engineering in the middle on 6/7/24 – for 5 SCADA systems? No, it is for Well #5 complete installation. \$30K for hardware connections, programming, and wiring. Director Bell said he thinks it is a bit high for one well. Well #7 has been done and Well #9 is next. These are the prices. Some are more expensive. If VFD's at Well #9 and new Ferne, they will cost a bit more. All pipe into the main building server through the internet.

Upon motion by Director Ruonavar, seconded by Director Lyons after full discussion with all Directors present voting aye, the Financial Statement for the period ending June 30, 2024 is approved. Motion carried.

**7. Engineering Report by Bleyl Engineering**

a. Development Projects

i. Hendricks 50-acre Tract Feasibility

The copy in the Packet is not a good copy. Mr. Kelly handed out a new one. We have seen changes before. There are 120 equivalent single-family connections. Not sure of what they are using it for. Developing utilities and market as develop ready. PMUD has done their report at 233 connections. Changed TCEQ defined connections and impact fees. TBD later. Nee approval to do feasibility study.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to do a Feasibility Study on the Hendricks 50-acre Tract. Motion carried.

ii. Authorize Engineering for Mayer Road Waterline Upsizing

Feasibility a couple of months back. Mr. Polley has the Development Agreement. He needs conditional approval subject to the Development Agreement to start. It has the wrong name. It has Adams Street and should have Mayer. It can be approved with Mr. Polleys 8 (b) – 7 (ii) Accept Developer Agreement and authorize engineering.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the Engineering for the Mayer Road Waterline Upsizing and the Mayer Road Townhomes Development Agreement are both approved. Motion carried.

b. Infrastructure Fee Projects



- i. Well #5 Rehabilitation, including approving Pay Application No. 4 and Final from Alsay, Inc. in the amount of \$27,537.99 and possible set off for liquidated damages

Tabled.

- c. Capital Bond Projects

- i. Sorters Road

Just a placeholder.

- ii. Ferne Water Plant Improvements, including approving Pay Application # 2 from R & B Group in the amount of \$33,300.00

Tabled.

- iii. Ford Road Waterline Relocation, including Change Order #2 to deduct \$28,817.50, Pay Application #12 & Final to Blazey Construction in the amount of \$199,187.20, and possible Amendment for Additional Engineering and set off for liquidated damages.

Tabled.

- d. Impact Fee Capital Improvement Projects

- i. Copeland EST

Mr. Smith had been working on logos and color selection. Mr. White wanted the Board to look at the information provided. Color option #1 is okay, but not the PSUD logo. Working on logo with PSUD. White tank color is the best. Come back to the Board with additional submittal.

- ii. Bobby & Deuster Lane Waterline Extensions, including approving Pay Application #4 from Faith Utilities in the amount of \$7,020.00 and Change Order #1 to DEDUCT \$22,290.00 and add 66 days

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Pay Application #4 from Faith Utilities in the amount of \$7,020.00 is approved. Motion carried.

They will need to come back next month with the Change Order.

- iii. US-59 16" Waterline Crossing, including approving Pay Application # 3 from Bull G Construction in the amount of \$165,240.00

No action taken. Director Bell asked who bored under Autumn Fields? The lights were demolished. Mr. Wright said it could be a gas contractor. Whoever damaged it will have to fix it.

- e. One-Year Warranty

Placeholder. Maple Heights has several that are past due, and Sorters Road is still arguing completion date. Peppervine is in October.

## 8. General Counsel's Report

- a. Amended and Restated Wholesale Water Supply Agreement with Montgomery County MUD No. 24

Mr. Polley said a marked-up copy has been sent. They are working on a meeting schedule.

- b. Mayer Road Townhomes

Completed earlier in meeting.

c. Momentum Business Park waterline easements

They sent information near last month's meeting. They recorded it and then said to wait, but it was too late. Mr. Polley has had a call with them, and they have some issues with easements with driveways, monument, signs and culverts. They will come back with correction easements. No action, just an FYI. Director Pillow asks that they pay for all costs, not us.

d. Century CC Holdings Warehouse waterline easement

Mr. Polley is asking for approval. It is straight forward. Old Sorters Road, two commercial lots. Need easements now. The information is in our package.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Century CC Holdings Warehouse waterline easement is approved. Motion carried.

e. Hendricks Interests development agreement and waterline easements

Same project that Mr. Kelly spoke of earlier in the meeting. Loop 494 and US 59/69. Still working on the Development Agreement. It is a standard form of agreement that we have been doing like Peppervine. We have a model to follow, but no contract to read. It is an easement and Development Agreement.

Upon motion by Director Ashy, seconded by Director Lyons after full discussion with all Directors present voting aye, the Development Agreement and Waterline Easements are approved. Motion carried.

f. Annual Post Issuance Tax-Exempt Debt Compliance Checklist

Items F and G are related. Tax-exempt Debt. The IRS is particular. They want to see how we manage and invest and how we manage debt service funds. We have reserves. Arbitrage Compliance Specialists are watching closely. We have a policy that on an annual basis we have our Bookkeeper and Arbitrage Compliance Specialists review. We are doing what we are supposed to do. Therefore, we passed. Checklist 8f passed.



Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Annual Post Issuance Tax-Exempt Debt Compliance Checklist is approved. Motion carried.

- g. Arbitrage Compliance Specialists' arbitrage rebate and yield restriction reports, including final report on Series 2012 Bonds

It is a closeout report since we paid off last year. Excess would have to go to IRS, but we are okay. Not a bad thing if have to pay IRS, but we are okay.

Upon motion by Director Ruonavar, seconded by Director Lyons after full discussion with all Directors present voting aye, the Arbitrage Compliance Specialists' arbitrage rebate and yield restriction reports, including the final report on the Series 2012 Bonds were approved. Motion carried.

In your packet there is a Settlement packet for the sale in the amount of \$590K. We should close this week. This is the final of the GRP. Money is going to the Infrastructure fund.

The Administration Building Contract is in Mr. Polley's court now. He should report back to the Committee to schedule a meeting soon.

Mr. Kelly left the meeting at 7:47 pm.

## **9. General Manager's Report**

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

Well motor at 8 is being rebuilt. The motor went bad. We have been working on this well for 10 years. Anything else checked out before we go live? Once the motor is back, Bleyl will do a pilot researching whether the aerator is sized properly. They will then gauge if we need any other filtration. We cannot exercise now as lightening got it. Mr. Wright and Mrs. Pafford are working on the Copeland tree hitting neighbors building issue. Nothing new on Well #10. We have a very short driveway into Ferne. Other than the GM position, Meter Tech, and Distribution Operator there are no other positions open at this time. On Friday, a contractor hit a 16" line near Ace Hardware on FM 1314. There is lots of mileage on trucks 110 and 111 due to going back and forth to wells, etc. Any word on the new trucks?

Mr. Wright indicated that they are being built. It will be another couple of months. Director Ruonavar wants a Calendar of Events like we used to get. The report is easier to read.

b. Cyber Security / PennComp

Cyber 74, a third-party recommended by PennComp. Mandated by TCEQ. To review and see if there are any vulnerabilities. SCATA, emails, phone, data, etc. from Cyber-attacks. Per research they are attacking water companies and districts no matter the size. Could shut us down with the SCADA system. Fortunately, an attack cannot affect the chlorine or polymer feed. PennComp works with Mrs. Pafford, but this is a deeper dive than what they can do. Director Bell thought Mr. Smith said he would check to see what we needed for our Cyber protection on networks. They could get into payroll, customers information, Quick Books and RVS. Cyber 74 did PennComps recently and they highly recommend them. It is \$9K. Director Bell said we discussed this in June. How long does it take? Mrs. Pafford does not know. Is there another company so we can compare? Director Ruonavar believes it would be best to get another quote so we can compare. However, if we use an outside company, PennComp could charge us more than if we use Cyber 74. Director Ruonavar does not like that the timing is so vague. By TCEQ requirements it has to be done eventually. Director Ruonavar suggests that next time we get multiple bids, and the project better stay what the contract states.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, except for Director Bell, it was decided to use Cyber 74 to do a review of our SCATA, emails, phones, date, etc. to see if we have any vulnerabilities. Motion carried

c. Starnik data

Mrs. Pafford reached out to Starnik because we do not have any customer information from when we used them. They said sure they would get it to us and send us an invoice. They sent one for \$79,200 which is basically what we would have paid them if we had paid out the contract. Recreating the data would take months to do. You can back up RVS. Mrs. Pafford told Starnik that pricing would



not work for her. They suggested giving us a discount and sent another invoice for \$53,700. It would give us the access to the customers, meters, and history that we need. PennComp thinks they can come in and pull down in a reasonable time frame. They are holding us hostage. We are turning this over to Mr. Polley to look into.

- d. Personnel related matters, including status of hiring General Manager and possible Executive Session on same

10. **Executive Session**

We went into Executive Session at 8:26 pm

We came out of Executive Session at 9:06 pm

Upon motion by Director Ruonavar, seconded by Director Lyons after full discussion with all Directors present voting aye, the Board of Directors authorizes the compensation for the employee that was discussed in Executive Session. Motion carried.

Upon motion by Director Bell, seconded by Director Ashy after full discussion with all Directors present voting aye, the Board of Directors authorized Mrs. Amanda Phillips to engage a recruiter for the General Manager position. Motion carried.

11. **Director Comments**

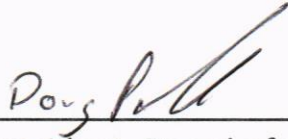
None.

12. **Next Regular Board Meeting – Monday, September 30, 2024 at 7:00 p.m.**

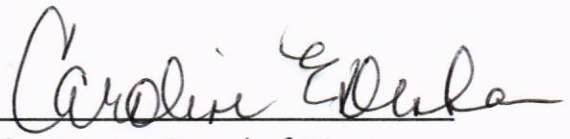
13. **Adjournment**

There being no further business to come before the Board, upon motion by Director Ashy, seconded by Director Lyons after full discussion and all Directors present voting aye, the meeting was adjourned at 9:11 p.m.

**PASSED** and **APPROVED** this the 30th day of September, 2024.



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President, Board of Directors



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Secretary, Board of Directors

