

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
SEPTEMBER 30, 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, September 30, 2024, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code.

1. **Call Meeting to Order** the Vice 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, except Director Pillow who was absent, 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 Commissioner Matt Gray, Montgomery County Precinct 4.

b. Invocation

Invocation led by Director Bell.

c. Pledges of Allegiance

Pledges of Allegiance led by Director Lyons.

2. Public Comment

None.

Commissioner Matt Gray gave some comments about the status of Precinct 4. He appreciates all of the hard work from PSUD, and the Ford Road work. He is sorry about Mr. Smith leaving the District and thanking Mr. Wright for his endeavors. There is lots of development in Precinct 4. He had a meeting with Senator Creighton when he was first here at the District. The District is busy. Roads and drainage are doing good. Manuals and criteria are being rewritten. He has a meeting tomorrow with State Representatives about legislation, vendors, puppy mills, multi-family housing and such. Our challenge is being unincorporated. There are more roads and drainage coming up. There will be a bond up for vote in May for Sorters Phase II and other mobility projects. No TXDOT curbs on 1314 or 1485. There will be a couple of lights installed in high traffic areas in January 2025. There is \$20 Million in grant funding received. We applied for over \$80 Million for mobility projects (11 miles of 59 corridors). Ford Road, Sorters Phase II, Old Houston Road, as well as a grant from Congressman Latrell for engineering for Willis Waukegan and Crocket Martin. They are opening ditches and widening them. Doing road rehab, partnering with School Districts, and pass-through funds on books for years. He received \$14 Million for 2090 for Tramm, etc. and Valley Ranch on and off ramps and the 242 project. We are the biggest Precinct in the County. He has a great team and has seen lots of progress. Recently went to a tax workshop. He voted down Appraisal District and tax increase. He is rewriting Development Standards. He has a meeting with Cecil Bell. Hugo says positive things about PSUD.

Commissioner Gray left at 7:22 pm.

3. Review and Approve Minutes

- a. Minutes from the Regular Board Meeting on August 26, 2024

Upon motion by Director Bridges, seconded by Director Ashy after full discussion with all Directors present voting aye, the Minutes of the Regular Board Meeting of August 26, 2024 were approved. Motion carried.

4. Old Business

None.

5. New Business

None.

6. Financial Report

- a. Financial Statements for the period ending July 31, 2024

On page 3 of 11, Director Denham asked about the heat stress prevention items. Mrs. Pafford will pull the invoice and check it – it is mostly likely due to dates. Most likely on the June Statement. Director Ruonavar asks that on page 6, the Ferne final electric bill – for the old account. We had to open a new account since they moved the pole. Had to put in a temporary service that will probably be closed and then a 3-phase service will have to be another service.

Upon motion by Director Bridges, seconded by Director Bell after full discussion with all Directors present voting aye, the Financial Statements for the period ending July 31, 2024 were approved. Motion carried.

7. Engineering Report by Bleyl Engineering

a. Development Projects

- i. Hendricks 50-acre Tract, including authorizing engineering of offsite waterline and easement acquisition.

Mr. Kelly is asking for engineering and easement acquisition. We do not have a Developer Agreement yet, but he wants to get ahead of it. See Attachment A1. We can approve the engineering now and the Developer Agreement next month.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to do the engineering and easement acquisition for Hendricks 50-acre Tract. Motion carried.

- ii. 99 Business Center, including authorizing engineering of offsite waterline and easement acquisition

The District is to pay for a couple of the hydrants for the cross streets. Another Developer should cover the hydrants on their portion.

Director Bell asked about the easements. If TXDOT ROW, we would have to move if they widen at that time. If we acquire easements (14 properties), then if in easements, then District is protected and TXDOT has to pay to relocate. Mr. Polley would have to get approval from lienholders and get with property owners. The District to pay for the engineering and acquisition of easements. If the Developer pays, then they put up deposit and we bill Mr. Polley's fees. In the Developer Agreement we would get monies back. The timing varies. All costs are the Developers.

Upon motion by Director Bridges, seconded by Director Ashy after full discussion with all Directors present voting aye, the engineering for the 99 Business Center for the waterline and easement acquisition is 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 \$27,537.88 and possible set off for liquidated damages.

This has been delayed for several months. The contract had provisions for damages. On page 6 of 11 has been in a while now and revised a bit. The contract completion date has changed. There is a potential setoff amount of \$24,300. But we have to show actual damages. They will debate due to repairs of Well #7 and Well #5. It caused the District additional headaches. We want to maintain a relationship with Alsay. We are paying rental fees of \$13,500 for Well #7. ½ of September and none for October and if we still have in mid-November they would come back and restart charges. Our plan is to get done with Entergy in late October. Hopefully, done by Christmas. Mr. Kelly thinks it is a good settlement. The contractor does not want to admit liquidated damages and may cause issues later. Director Ashy likes it.

Upon motion by Director Bridges, seconded by Director Ashy after full discussion with all Directors present voting aye, it was approved to pay Alsay the Pay Application #4 and Final in the amount of \$27,537.88. Motion carried.

Mr. Kelly has an email for the set off, but nothing in writing tonight.

- ii. Lazy Lane, including authorizing advertising and bidding of improvements.

We will move forward to bidding in November.

Upon motion by Director Bell, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to authorize advertising and bidding of improvements for Lazy Lane. Motion carried.

c. Capital Bond Projects

- i. Sorters Road, including approval of Pay Application #15 from SER in the amount of \$68,147.86.

This is the original SER Construction Contract Payment #15, and they are just now closing it out. The punch list has been outstanding for a long time. There is one credit and release for retainage for a total of \$68,147.86. Everything is under warranty for a year. Some things were addressed sooner rather than later. Mr. Kelly is requesting conditional approval as the short punch list has now grown.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, it was approved to pay the \$68,147.86 to SER Construction conditional to the punch list being completed. Motion carried.

- ii. Ferne Water Plant Improvements

Just a placeholder, no motion items.

- iii. Ford Road Waterline Relocation, including Change Order #2 to deduct \$126,224.77 and add 12 days, Pay Application #12 & Final to Blazey Construction in the amount of \$203,189.31, \$8,400 Amendment for Additional Engineering, and set off for liquidated damages.

Mr. Kelly recommends. Questions about totals and discussion on page 9 of 11 for the liquidated damages. There are set offs for the Engineer and the District.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved for the \$22,900 set off and approval of Change Order #2 to deduct \$126,224.77 and the Pay Application #12 and final to Blazey Construction in the amount of \$203,189.31 and the \$8,400 Amendment for the Engineering Fees. Motion carried.

d. Impact Fee Projects

- i. Bobby & Deuster Waterline Extensions, including approving Pay Application #5 & Final to Faith Utilities in the amount of \$48,224.60

Upon motion by Director Bell, seconded by Director Bridges after full discussion with all Directors present voting aye, it was approved to Pay Application #5 & Final to Faith Utilities in the amount of \$48,224.60. Motion carried.

- ii. US 59 Waterline Crossing, including approving Change Order #2 to add \$17,254 and Pay Application #4 to Bull G Construction for \$142,513.20

Mr. Kelly passed out a copy of the revised information. The changed items are marked in yellow. Change Order #2 is in the amount of \$17,254.00 and adjusts the contract price up to \$1,291,550.00 (Pay Application #4) to Bull G in the amount of \$142,513.20. Mr. Kelly recommends. The waterline stopped at the Valero at the hotel. It goes down to the Mexican Market. It is adding additional footage to the line for US 59. Additional fire hydrants and service leads on Ford Road. Two areas in front of Momentum and have easements. The pay estimate is for the waterline on West Ford Road. Tied into Auburn Fields. The east side of 59 is complete. Still has some on the West side that needs to be done. Change Order #1 was for West Ford Road. Now 250' to west of the Ford Road project to eliminate 6" line that causes a bottleneck. Director Ashy wants to know how close to the original budget. It added about \$260K for extra work. It is an impact fee project. There have been some delays. Due to authorization and once started it was wet. We had delays for easements, contractor has been patient. They have mobilized and demobilized.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, it was approved to pay the Change Order #2 to add \$17,254.00 and Pay Application #4 to Bull G Construction for \$142,513.20. Motion carried.

e. One-Year Warranty

Placeholder.

8. **General Counsel's Report**

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

This is an update. There is no action this month. The revised draft was sent last month. We want to simplify the contract and eliminate fees (cheaper). We can make the contract simpler to a take or pay. They take portion and still pay what committed to and we will get rid of all the ancillary fees from years ago. The bill is virtually the same. It takes too much to pay double coverage. They have had it for 3 weeks and have not heard back yet. They need more water for more development. He will follow up with them. They are really having to do some analysis. Director Ashy likes the course of action.

b. Momentum Business Park waterline easements

No action. Still wanting to amend easements. Some conflicting infrastructure. Permitted exceptions.

c. Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds

Investment Policy. Statutes review annually to show Auditor. Only change is the list of authorized brokers. Mrs. Pafford maintains no changes. Can change anytime. Just document that we performed statutory review.

Upon motion by Director Ashy, seconded by Director Lyons after full discussion with all Directors present voting aye, the Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Funds is approved. Motion carried.

d. Development Agreement with 99 Business Center

Grand Parkway/1314 that Mr. Kelly mentioned earlier. Mr. Polley asked Mr. Kelly how urgent? The engineering is approved. Two Developers to pay Agreement. We could table. Draft was sent out and Mr. Kelly came back with the other Developer that may want to share a cost of the line. Mr. Polley to incorporate the same terms. Main Developers share may go down. This item is tabled.

e. Mills Branch waterline easement

f. Taco Bell at Painted Boulevard Waterline and water meter easements

Items E and F are under one motion.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the waterline easements for Mills Branch and Taco Bell at Painted Boulevard are approved. Motion carried.

Mr. Kelly left the meeting at 8:18 pm

Executive Session started at 8:19 pm

Executive Session ended at 8:37 pm

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was approved to give a raise to the unnamed employee for due diligence and hard work in an undisclosed amount. Motion carried.

9. General Manager's Report

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

Building: Settled contract documents. Now re-pricing is due to one major change to follow wage rate scales. The architect said no, and Federal law says yes. So, change their labor costs. Hopefully not dramatic but may have to start again. If significant change then it will have to be rebid. Hopefully, it will be close. Director Bell asks if not bid properly and we had to rebid, does this disqualify the General Contractor? Director Ruonavar asks why the Architect is in charge of this? They messed up. According to Director Ruonavar they are rude (the partner), they never return calls. Normally the designer is in charge of the bid. There was some sort of disconnect. They asked Mr. Polley about a construction contract, directions, bid package, etc. They did not use it. They used AIA forms, but nothing for governmental entities. It is for private construction. He made assumptions and they were not right. Director Bell thinks he needs to come back in front of the Board and explain what happened and if not, he needs to reimburse us. Director Ashy says we see how re-bidding project plays out. Very disturbing. Mr. Polley feels our frustration.

All positions filled except the General Manager.

Director Ruonavar wants to go to the Chamber meeting. Carter Johnson is speaking.

Fire hydrants are in bad shape again. They need clearing to see where they are. Dead ends are flushed if it is a 2" line and have enough draw, no need. Larger lines have blow offs and are flushed monthly. (2" pipe sticking up from ground with cap on).

New trucks end of October or early November. Director Bell says missing hurricane page that Mr. Smith used to put in. Director Ruonavar says they take a lot of ink. Director Ashy does not miss. Mr. Wright does not have time to do it.

Director Ruonavar likes the maintenance report. The water loss report also looks good.

We have some trucks that are 10 years plus. Brakes go out and tires dry rot. Three trucks we need to replace. Two coming in and two years left on the leased

one. Did we set a precedent on how far an employee can live and use a truck? They are on call every other weekend and take home because they had no choice. Maybe look at miles being restricted out of the district. Since Mr. Wright has been here, he wants them to respond 30 minutes to an hour at most. The one Director Ruonavar is concerned about has been here before Mr. Wright. He promised he would move, and he would move, and he has not. The other one does not take a truck home. Director Ruonavar wants it on the Agenda next month to discuss. We have lots of flats.

b. Starnik data

No action.

c. Personnel related matters, including status of hiring General Manager and possible executive session on same.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was approved to give the part-time employee a raise as discussed. Motion carried.

Director Ruonavar asked Mr. Wright about the plaque for Well #5 that was approved several months ago. Mr. Wright did not know and would look into it.

10. **Executive Session**

Held earlier in the meeting.

11. **Director Comments**

Director Ashy says Comcast is blowing our waterlines up. We are keeping up with water loss and costs associated with this and are billing back to the contractors as we go along (individually). Mr. Wright has been discussing getting District reacquainted with 811. Some of the engineering of lines located are not where they are located. Mismarking of lines. 811 is a subscription. \$1.15 per ticket that comes in. They hit lines and do not know they have to notify us. Mr. Polley said it

is an industry-wide problem with communication companies if the lines are not where we thought they were. We are updating this with Mr. Kelly. Waterline underneath Mr. Ashy's road. Mr. Bell said marked his gas line for his neighbor's gas line. If we mess up county road, we put in road base and then they have to put in asphalt. Upgrading information as we can.

Director Lyons comments they may have the right line marked, but the contractor does not pay attention.

Director Ruonavar is making suggestions to the Board to attend some Seminars and Conferences. Some of them are actually webinars. You would learn a lot. Sharing is Caring is coming up. Seargent David Miller has put out a flyer and she can get a copy for anyone that wants one. It is on October 26, 2024. The Saturday before Halloween. You can donate food items. Or can put a box up here for donations.

Mrs. Pafford said she called the Cyberscan Company and got the pricing lowered an additional \$2,500 - \$3K.

Vote early, said Director Lyons.

12. **Next Regular Board Meeting – Monday, October 28, 2024 at 7:00 p.m.**

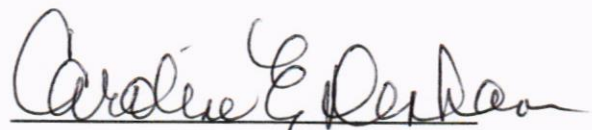
13. **Adjournment**

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 9:05 p.m.

PASSED and APPROVED this the 28th day of October 2024.



Vice President, Board of Directors



Secretary, Board of Directors

