

PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
NOVEMBER 18, 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, November 18, 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, except Director Lyons 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), and Chris Wright (Operations Manager).

- b. **Invocation**

Invocation led by Director Bell.

c. Pledges of Allegiance

Pledges of Allegiance led by Mr. Wright.

2. Public Comment

None.

Director Pillow had a call from a customer about a late payment and Mrs. Phillips waived the charges. The customer paid her bill at 1:00 am on the day of cutoff. Director Pillow spoke with Mr. Wright and Mr. Polley and we will not charge late charges until 7:00 am on the day of cutoff. Director Pillow asked Mr. Wright to give Mrs. Phillips that direction.

3. Review and Approve Minutes

- a. Minutes from the Regular Board Meeting on October 28, 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 October 28, 2024 were approved. Motion carried.

4. Old Business

- a. Starnik data

Mrs. Pafford said we were able to get about 50% of the data downloaded and we were unable to get more. She called them and they said they would get back with her. They did not, however she received an invoice. She told them it would not be paid until we were able to get the balance of the information. They were supposed to call today and did not do so. She is hopeful that they will respond soon.

- b. Administrative Building

There is nothing new to report. It will take another month or two. The ball is in Mr. Polley's Court right now.

5. New Business

a. *Infrastructure Fees*

Director Bell asked for this to be put in here. He says they are a vital part of the Fees of the District, and we need to have enough capacity to continue now and in the future. However, he has looked at and emailed Mr. Wright and sent examples about what these fees are running and for the most part if his water bill is \$50 for example, his Infrastructure fee is about \$40 - \$45. He is in the mindset that the infrastructure fee should be the equivalent of the water portion he is using. If he were to get his car worked on for an oil change and gave a \$75 bill to change the oil and \$45 of it were fees for the oil change, he believes it is not consistent and not in line with the norms of the fees. Last month we collected \$300K in Infrastructure fees and water fees. You can see where he is going. On page 2 of the Financials, the Profit and Loss Page, Water Sales of \$366,331.51 and Infrastructure Fees of \$261,850.54 which is \$3.50/thousand gallons and \$2.10 for water. He believes the water rates should be a bit higher and the Infrastructure Fee a bit lower. He is proposing not to do anything tonight, but when we get a new General Manager, assign him to get a new rate structure. He believes that it would be more palatable to pay more for the water than the Infrastructure Fees. These fees are part and parcel of paying for the bonds that have been issued but he believes when you are responsible for making sure everything is fair and being a good steward. He wants to make a motion to assign the new General Manager to go in and see if we can have a project to still meet District needs but bring the fee down to 5% to 10% reduction. If we go up on water fees you will have a more accurate usage on the bills, if the fees are at a certain rate. Director Bell believes that it will be fairer, and 10% or 15% of the bill would be the Infrastructure Fee. Reduce or use a different method. Director Denham asked about the Entergy bills as a utility vs. PSUD as a utility. Their fees are very high. Director Bell said the first 3,000 gallons is \$2.10/thousand. He is Just asking

for the Board to get the new General Manager to investigate it as one of the first thing assigned. Director Bell wants to do it so that if we get called out, we did our due diligence and/or study and we could still meet the needs of the District. Mr. Wright wants to put it in a different perspective. The consumption rates are structured with usage. When we first had the inception of the Infrastructure Fee, we wanted to make sure that it was fair across the playing field. Director Bell is not saying it would change, but if he sees what he is buying at x/pound and the fees are outside of that, it is adding more. He is looking at how it would look psychologically. Mr. Wright says it is feeding two different funds. The Infrastructure Fee is to feed projects and the water is for maintenance and water. Are we or are we not overcharging in fees? Director Ruonavar explains about how the Infrastructure Fee was the GRP Fund. The Infrastructure Fee is different than the Impact Fee. Director Bell says we can pay for it, but at a different rate than we are at now. Director Pillow says they are two different fees and are totally different. Impact Fees are used for specific projects. Then we have Infrastructure Fees are for everyone that has lived here for 20 or more years. Is there a legal way to tweak the fees that are coming for the Impact Fees and Infrastructure Fees (to replace an entire street of a whole neighborhood)? Mr. Polley said they are distinct funds. Impact Fees are just for growth and the Infrastructure Fee is for replacing current assets. Ford Road was a portion of Impact and Infrastructure Fees. 40% Impact and 60% Infrastructure Fees. The money is accounted for separately and collected separately. Director Ashy says raise water rates and lower the Infrastructure Fee so it looks like it. But the intent is to be transparent. Rates to O & M and overhead. Director Bell says it does not work out that way. Customers do not understand why the fees are more than the water. Director Pillow said we had several town hall meetings. Director Bell says our job is in the best interest of the District and Customers. If no one showed up, we still need to use our common sense and fairness on how to do this. Director Pillow said we sent letters as well as doing the town hall meetings. Well 10 has been in the plans for approximately 6 years. Ford Road, Sorters Road, and the EST at Copeland were planned for growth. How are we supposed to pay for it? We are doing it around Infrastructure Fees to pay for it. For four months we are \$130K behind. We can redo

Budget. We are here to supply water at an affordable rate. Do we have a Creed or Mission Statement? If not, we need one. Director Bell wants a motion to table this discussion until next month and look at it again and address it. He believes there is enough interest. Director Ashy says to raise one and lower the other. He has one voice and so he is saying he believes it should be restructured and the fees are too high. Director Bridges asks if we raise one and lower one, can we use the water money for the Infrastructure Fund? Mr. Polley said "yes." The reason we split it up was for transparency. Not to get jumbled up in day-to-day operations. Director Ashy says we could get rid of the Infrastructure Fee totally and double the Water Fee and be done with it. Director Bell just wants another set of eyes to investigate it. He believes the study was where we were at as far as our fees were. He still believes the rate structure is not fair.

6. Financial Report

a. Financials review

On the Financial Statements of September 30, 2024, Director Ruonavar asked that under Section 15391 – Miscellaneous Revenue, for a damaged water line, a portion goes under M & R. For charges that did not have to do with M & R parts. Mrs. Pafford will find out and advise the Board. Are we ever going to get the financials caught up to the prior month? We are getting caught up, we are just a bit behind. Mrs. Pafford believes they are better and are more accurate due to invoices and payments after the fact. She just got invoices last week for October. Item 16161 on page 3, asked Director Bell, were there new uniforms? Mrs. Pafford said it is the annual uniform purchase. Boots too at \$150 and steel toed mud boots. They have a rolling rack and hangers for any old employee uniforms. They will be used as backups. Director Bell asked about Section 16505 – Small Tools. Was the \$25.07 another 4" trash pump and 16400.2 Water Rate Study - \$10,522.50 where is this Study asked Director Bell, who has it? He wants two prior copies. He should have them. He wants another copy. He is sorry he does not have them. New Tap Service on page 4, Section 17001 – Materials for

New Taps? This is where we pay the contractor for the larger commercial taps. They pay us an additional 20% - we should see an offset elsewhere. If it is from a Contractor, it is just the Contractors invoice and we bill the Developer + 20%. Director Ruonavar asks if we have someone that can do the work? Director Wright said not if it is 3" or larger. We have to have set with cranes. Director Bell asks if this \$29K is a fee we pay to the Contractor or can be parts for inhouse taps. On page 5, Net Income of \$193K+, but in June/July it was double or triple that. Why? Director Ruonavar says you have to look at the actual budget. We made up for some loss from the previous year. In the summer there are more water sales because Customers water grass and we make more money. In September we were still in the middle of a drought. We lifted water restrictions towards the end of August. We went into water restrictions when we lost Well 7 at the end of July. We went to Stage 1 – Voluntary. We have had more pumpage in the last two months since we have been off restrictions. Page 6, RVS, is our new software. For the statements for billing. Alsay – no rental motor anymore. Our pump is going back down hole. Ferguson, on page 7 for \$16K. AMI Collector is for the base on tower for info collecting to install unit and unit itself. Only expected to be one more charge on this AMI system for Copeland. Director Bell wants to know if Bleyl is out of these. It is proprietary and only Ferguson can do it. Director Pillow says you need to look at that. We have already approved these items and are just now paying for them. Director Bell is asking if we can have updates monthly, if a project was approved, so we can get some feedback to refresh our memory. He is only seeing xx running routinely. Nothing personal. Maybe we should spend some time explaining. Director Pillow gave an example and is asking what more would you like? The AMI system was done in late June/July and was most likely on one of Mr. Smith's report and we did not get the bill until September.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Financial Statements for the period ending September 30, 2024 were approved. Motion carried.

c. Audit Update

None.

7. Engineering Report by Bleyl Engineering

a. Development Projects

i. Adams Street Townhomes Feasibility Study Revision

Mr. Kelly said this Feasibility Study passed probably in the February meeting. The main update is that it was originally a 48-unit apartment complex and they have come back and negotiated for thirty duplexes. Now after going back and forth, the Developer has said they are willing to be the Customer and have a Master Meter. They would be responsible for the water bill. On page 3, there were previously done updates with cost-sharing. The cost to this Development for previous updates is over \$20K. The Impact Fees are down to \$72K. Page 5 goes through proposed improvements. 750' of 8" line with the Developer paying for the line and to use his Contractor. Onsite improvements would be their responsibility. Mr. Polley asked if we would need a Developer Agreement and Mr. Kelly said yes.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was decided to approve the Adams Street Duplexes Feasibility Study. Motion carried.

ii. Porter Estates Mobil Home Park Feasibility Study

Tabled.

b. Infrastructure Fee Projects

i. Copeland Filters

He only has the Memorandum that he passed out earlier. We can dig into tonight or go over another time. We can review another time.

- ii. Lazy Lane Waterline Improvements including awarding Construction Contract

Our Contract Committee met and approved and scored bidders. Bull G is being recommended with a bid of \$438,746.00. They were within \$3K of the lowest bid and have a good reputation.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, it was decided to award the Contract for the Lazy Lane Waterline Improvements to Bull G in the amount of \$438,746.00. Motion carried.

- iii. Well 7 Rehabilitation including Pay Application #4 for \$79,021.00 to Alsay Inc.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was decided to approve the Pay Application #4 in the amount of \$79,021.00 for Alsay Inc. Motion carried.

- iv. Andrews Generator

No action item. Looking for options to replace.

c. Capital Bond Projects

- i. Ferne Water Plant including update on well.

No pay estimate, but update. The contractor did zone testing on the Well. They put the pump down and pumped from each zone. They were testing equipment and it got stuck on a clay layer. They will abandon, plug, and move 30' to the south.

Mr. Kelly will be coming back in a month or two for reallocation of 2019 Funds.

d. Impact Fee Projects

- i. Copeland 1.0 MM Gallon EST including discussion on revised logo

Mr. Kelly needs direction. The revised logo and Pay Application #2 for \$266,656.05 are in the books. It was decided to do a big Porter SUD in block letters with no logo.

Upon motion by Director Ruonavar, seconded by Director Denham after full discussion with all Directors present voting aye, it was decided to approve the Pay Application #2 in the amount of \$266,656.05 to Caldwell Tanks. Motion carried.

- ii. US 59 Waterline Crossing, including Pay Application #5 to Bull G Construction for \$134,874.90

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, it was decided to approve Pay Application #5 to Bull G Construction for \$134,874.90. Motion carried.

e. One-Year Warranty

- i. New Caney ISD Waterline Improvements Final Acceptance

The Form for signature to accept the Waterline.

Upon motion by Director Ruonavar, seconded by Director Ashy, after full discussion with all Directors present voting aye, it was decided to approve the New Caney ISD Waterline Improvements Final Acceptance. Motion carried.

Director Bell had a question about Auburn Trails. Bull G did, correct? Yes, and they are 95% complete stated Mr. Kelly. 100' of line by Momentum. They will take their excavators on Auburn Trails and block off the roadway giving very little room to cross by. Can Mr. Kelly let them know to put cones down so people

coming off US 59 can go the other way? Mr. Kelly not sure if Bull G or the Developer is handling that. He will get with Bull G. Director Bell saw them dragging a 6" line (fused HDPE line). Bull G is not using traffic control. Mr. Kelly will get with them.

8. General Counsel's Report

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

No update at this time.

- b. Momentum Business Park waterline easements

Ninety percent of the line is in. Still believe they have to do consent for encroachment next month. Stopped work due to an overlaying Entergy issue and have to get their clearance. Not sure how long that will take.

- c. Development Agreement with Territory at Porter Apartments

We approved the Feasibility Study last month. Mr. Polley emailed this Agreement on Friday and is handing out tonight. He received some comments today from Mr. Kelly. It is to build the waterline that is part of the line we agreed to build for 99 Business Park. They will pay for this piece and the other Developers to pay for their piece.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Development Agreement with Territory at Porter Apartments is approved. Motion carried.

- d. Attorney annual hourly rate adjustments

No action, just notice. We have a month to review and it will be put back on the Agenda for next month for approval.

9. General Manager's Report

a. Operations Updates

i. Wells and facilities

Mr. Wright asks if there are any questions. Director Ruonavar wants to know about Well 8 rehab before Christmas. ¼ of the well pump was put in today. Looks like it will be well ahead of Christmas expectation to bring back online. Well motor will be tested tomorrow and scheduled to install at the end of the week or first of next week for Well 8. They are coordinating with Bleyl to get ready for the pumping of the Pilot. Director Ruonavar likes the new format of the General Manager's Report.

ii. Water production and demand

No questions asked.

iii. Fleet Vehicles and Equipment

Director Ruonavar asked if we took Trucks 103 and 104 out of Inventory this month. Mr. Wright said the last will be this month. She asks which three are the rental trucks. Mr. Wright said 112, 113 and 114.

b. Christmas bonuses for District Employees

We currently have four employees with less than one year's employment and fifteen greater than a year for a total of nineteen employees. Mr. Wright is requesting \$300 for less than one year and \$600 for more than one year. The old amounts have been given since 2014 and based on prices going up, he is requesting more. Director Ashy is not in favor of giving more and certainly not doubling the amount. It is more like an annual bonus, said Director Ruonavar. Director Bridges cannot see it doubling either. Director Denham sees the need, but it is a lot of money. Director Bell thinks we should leave as it has been. Director Ruonavar said to leave as it is. Director Pillow said we have been doing

the same rate for ten years, but is there a number we would be happy with? Director Ruonavar does not agree. We are already paying for insurance. Director Ashy is okay with raising it by \$50.00. Director Bell is trying to understand. Asking Mr. Wright if it is due to inflation, then there should be some room for adjustment. Mr. Wright indicated that he just wanted to try. Director Bell said maybe with inflation a slight increase of 5 – 10%. We gave gift cards of \$50 for Thanksgiving, which is a policy, and they get \$50 gift card for a ham at Christmas. This is just a Christmas bonus. Director Denham would go with \$200 and \$350. Director Ashy too. Director Bell only 5%. Director Bridges up it \$50.00. Director Ruonavar is okay with that.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, it was approved to give the Employees with less than one year a \$200 Christmas Bonus and the Employees with over one year \$350. Motion carried.

c. District Office Holiday closure

Mr. Wright is requesting since we are closing for Christmas Eve and Christmas Day, can we also close the office on Monday, December 23, 2024? Not as a paid day off, but just an office closure. The Employees can take unpaid leave or use a vacation day and be back to work on Thursday, December 26, 2024 so they can visit or go to family. It is not a disconnect or due date. Director Ashy says no. Director Bell says it is an option. Mrs. Pafford and Mr. Wright say it is mostly for the Billing Office. Director Bell is for it, Directors Ruonavar and Denham are not. Director Bridges is for it, as he believes they will not get anything done if they show up. Director Pillow says let them have it. It was a stalemate, so no.

d. Personnel related matters and possible executive session on same

10. **Executive Session**

Mr. Kelly left the meeting at 8:48 pm

Executive Session starts at 8:48 pm

Executive Session ends at 9:19 pm

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, it was approved to do what was discussed in Executive Session. Motion carried.

11. Director Comments

None.

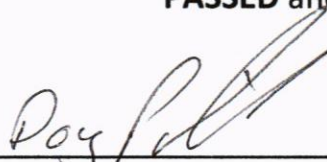
12. Confirm or Propose Next Regular (and Special if needed) Board Meeting

It was decided to have a Regular Board meeting on Monday, December 30, 2024 at 7:00 pm

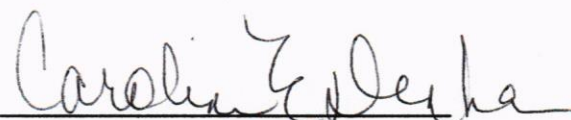
13. Adjournment

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 9:20 p.m.

PASSED and APPROVED this on the 20th day of January 2025.



President, Board of Directors



Secretary, Board of Directors

