PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
September 29, 2025

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 29, 2025, 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 and Tabitha Valverde (Attorneys), both with Polley Garza PLLC (PG), Mike Kelly (Engineer) with Bleyl Engineering, Wendy Pafford (Finance Manager), Chris Wright (Operations Manager), and Richard Tramm (General Manager). We had two visitors, Mr. Glen Crawford, an Engineer, and Mr. James Robertson, of Coldspring, Texas.

   b. **Invocation**

Invocation led by Director Ruonavar.

c. Pledges of Allegiance

Pledges of Allegiance led by Mrs. Pafford.

2. Public Comment

Mr. James Robertson came to the meeting to speak about a Feasibility Study that he applied for last year. He is unable to secure an ETJ Permit and his business partner usually takes care of it and is out of town. They paid a deposit of $2,500, for three acres. Now their bills are over $20,000 and he does not understand why. They needed the Feasibility Study and believed the process had continued but do not understand why it has kept going. Mr. Tramm says this issue precedes him and he has spoken with him briefly. The project is not going forward as Mr. Robertson thought. He will get up to date and see what is going on. Mr. Robertson is just trying to see what needs to be done to take care of this matter. Mr. Tramm will take care of it and if Mr. Robertson and his partner are not satisfied, they can come back to the Board. Mr. Robertson left the meeting at 7:04 pm.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on August 25, 2025

Director Bell has a question on Page 5, Section 4, about the Andrew Water Plant Generator. He wanted clarification on "pricing" versus "quote." It was explained.

Upon motion by Director Bridges, seconded by Director Bell after full discussion with all Directors present voting aye, the Regular Board Minutes for August 25, 2025 were approved. Motion carried.

4. Old Business

a. Administrative Building

i. Consideration of proposal regarding planning and construction

Mr. Tramm passed out a document for us to review. The Proposal dated September 22, 2025 from the newer Architect firm. We have come to a place where Lancaster/Wyatt is not responding. He spoke with Mr. Slattery and Director Ruonavar last week. The Statement of Qualifications is in our Director Book. We have several options: 1) make no change to the current path (not good), 2) try to select the Slattery Tacket path (which is going backwards), or 3) interview several Architects and really take a step back. He needs directions from the Board. Director Ashy says if we have to take a step back and get a new Architect can we get some of the money we have already spent back? Mr. Polley said possibly, but he is not sure if it would be worth it. They knew we were a governmental entity. It is a business decision. Director Ruonavar likes option 2. We are currently at a dead end and have paid around $250,000. She would like us to pursue getting some of our money back, we had an agreement. Mr. Polley believes there is a legal course. Director Ashy and Mr. Polley both recommended Slattery. Director Lyons agrees.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, that if they are qualified and competent then we should make a very strict contract with Slattery Tackett to move forward with the Administration Building. Motion carried.

Director Bell wants to say that in addition to the above, we need to have Mr. Polley get with the original Architect to make a remedy to make us whole. The land acquisition was a separate deal. Mrs. Pafford will get the total amount together for Mr. Polley. Mr. Polley will talk to Mr. Trachtenberg to get his input on the issue. He will come back next month with a more specific item for the Agenda. He would like to know what was paid and when it was paid. Mr. Tramm says with moving forward with Slattery Tackett, not all is lost. Some of the information can be used. He is not sure we can use the prints but can use them as leverage.

5. New Business

a. Review and consider recommended changes to the District's Rules and Regulations regarding metering of multifamily and multiple use facilities

TCEQ's rules and regulations have changed, and our Rules and Regulations need to change too. A formatting issue will be cleaned up as well. Mr. Tramm asks if there are any specific questions? We will be requiring a master meter unless the District approves multiple meters. Director Ruonavar asks that on Page 30 (d), are we taking e and f completely out? Mr. Tramm said "yes." It is covered in b and c.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the changes to the District's Rules and Regulations regarding metering of multifamily and multiple use facilities were approved. Motion carried.

Mr. Tramm noted that other updates may be forthcoming in the future as needed.

6. <u>Financial Report</u>

a. Financials review – For month ending July 31, 2025

Director Ruonavar said that she had a question on Page 2, under Miscellaneous Revenue, but that Mrs. Pafford had attached an explanation further in the report. Director Pillow asked about Page 3, Retirement Benefits, are others signing up? Mrs. Pafford indicated that they were but also found out that the prior Management firm did not do what they were supposed to do, so we are trying to catch up. Mr. Tramm states that we have made a change and now have a local contact as a Consultant. A question was asked about Bird's Nest being an Operations log system. We are still using GPS. Is there a total on what we do for billing (i.e., postage, printing, etc.)? Mrs. Pafford says it depends on how many are in the District and how many late notices, etc. are sent. Billing and work order goes under that line item. Then the credit cards and e-checks are on a separate line item. Director Ruonavar knows it is a big ask, but she would like a total amount.

Upon motion by Director Bridges, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Financial Statements for the period ending July 31, 2025 were approved. Motion carried.

b. Consideration of Charging Fees for Customer Payments made through Paystar payment system

Mr. Tramm said to look at the back page under Section 6 of our Book. Whether initiated by Customer or paid here with a credit card, there is a $.30/transaction fee with a 2.35% volume. There is a flat fee of $.50/e-check transaction. We currently have 2,600 Customers that have signed up for the autopay feature. About 1,400 are inputting their data or coming to the office. If we want the fees to be paid by the Customer, we can get with Paystar, and they can set it up as a line item that can be acknowledged when a payment is made. The autopay Customers will have to go through and re-sign up do to a change. It will probably show as two separate transactions for each Customer. The only downside is that we will have some Customers that will choose to pay by a different route. The alternate forms of payment would be cash or check. Mrs. Pafford said if you send in a check, there is not a fee, but there is staff time involved. Director Ruonavar says we pay one of the lowest water bills in the State. We do not charge anything but a small amount. By doing the way we are doing, we get paid on time, etc. If we charge this fee, and we have a rate increase, and with the Infrastructure Fee, Customers most likely will complain. If a Senior Citizen or Veteran, they get a discount anyway. Director Bell realizes there are fees, but if they see fees for this and fees for that, it adds up just like your cell phone bill. Director Ashy wants to know when the Water Rate Study is coming up. Mr. Tramm says there is a meeting next month. Directors Pillow and Ashy believe we can add it to the new Rate Study with just one fee. Director Ruonavar says during the last rate increase we talked about this. We can raise it again, but the Customers will complain. If we go ahead with this fee, they will find another way to pay. Autopay Customers usually pay on time. On disconnect day we do get a rush of people due to not wanting to be disconnected. We have been discussing this issue for a while. Credit card payments cost $.88, e-checks cost $.50, and the District pays $7,130 to Paystar. On average, 3,100 Customers pay by credit and or debit card, and 800 by check. 2,600 Customers are signed up to pay through autopay. Director Ashy agrees that we need to do something to offset the fees, he just does not know how. Director Ruonavar asks to table the issue, but we will not have an answer until January or February of next year.

c. FY 2025 Audit Report

Only a brief update. They are completing their draft and Mrs. Pafford and Mr. Tramm are reviewing. We should get a final draft ahead of the next scheduled meeting for approval. This item was tabled.

7. <u>Engineering Report by Bleyl Engineering</u>

a. Development Projects

i. NCISD Middle School #5 Feasibility Study Approval

There is a copy in the Board Book. It is the new Middle School at 1314 North of 99 on the West side. It is for a 16" water line from the Copeland Plant and then from there to the Caldwell tract. It will be for 27 equivalent connections. It is for domestic and fire flow. Mr. Kelly recommends approval. Mr. Polley says we will need a Development Agreement with the Developer on behalf of the School District. They are trying to fast track this as it is needed by the end of January. We need to get easements conveyed by Caldwell. Caldwell is paying for it.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Board authorizes the Feasibility Study, acceptance of the water line easements and the Development Agreement (with Mr. Tramm's approval). Motion carried.

ii. Porter TX Warehouse Feasibility Study

The Warehouse is located on Baldwin Road. It will be a warehouse with some office space. There are two options: 1) there is an existing 2" line that is not sufficient. We would run off of the 16" line on Valley Ranch Parkway with an 8". We will need easements from Valley Ranch to Baldwin. The Developer owns adjacent tracts. $283,000, including Impact Fees for the first option. The second option is to come down to Andrew from the Andrew Water Plant down to Baldwin. It would be an Impact Fee project with some credit for contribution. That is $314,900 plus credit for Impact Fee. Mr. Kelly recommends the first option. We have been sitting on it for a while and have not heard back.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Board authorized the Feasibility Study for the Porter TX Warehouse on Baldwin Road. Motion carried.

b. Infrastructure Fee Projects

i. N. and S. Plantation Waterline Improvements including Pay Application No. 2 to Bull G Construction for $33,656.40

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, Pay Application No. 2 to Bull G Construction in the amount of $33,656.40 is approved. Motion carried.

ii. Andrew Water Plant Generator

This item was presented last month as a Change Order from R & B. It is the exact same generator for Andrew and Ferne. That price was $560,439.20, that included a couple of items we were not sure if we needed, as well as some demo items for the Sears Water Plant to clean it up. McCaffrey came back with $566,270.00. The biggest difference is that R & B could have installed in December and McCaffrey would have a 50-to-52-week lead time (which would be November 2026). Mr. Kelly still recommends moving R & B as a change order on the Ferne Contract. How soon will Ferne need a generator? Mr. Kelly says when the Plant comes online. We are not counting on needing it until the end of 2026. The Ferne Plant should be in operation in January or February 2026. The District would be in a better position with having it at Andrew and not continue paying for the rental. We would still end up with a generator at both Plants.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Board approved moving the generator from the Ferne Plant to the Andrew Plant with a change order and ordering another generator to install next year. Motion carried.

c. Capital Bond Projects

i. Ferne Water Plant Improvements including Pay Application No. 12 to R & B Group, Inc. for $220,050

The Pay Application in the Book is incorrect. Not on the Agenda is the reduction of the Retainage for the next invoice.

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 No. 12 to R & B Group, Inc. for $220,050. Motion was carried.

d. Impact Fee Projects

i. Copeland EST including approval of Pay Application No. 12 to Caldwell Tanks for $328,766.40

Mr. Kelly recommends approval.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, it was decided to approve Pay Application No. 12 to Caldwell Tanks Inc. for $328,766.40. Motion was carried.

ii. Water Well Road GST & Booster Pump Improvements including Pay Application No. 10 for $25,956.00

The work is substantially complete. Director Ruonavar is asking about the emergency plant. When will it be finished? Mr. Kelly says we will be finished when we finish. We may add an additional GST. It is a new well, new booster pumps, 500,000-gallon GST and 500,000 gallons EST.

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 No. 10 to R & B Group in the amount of $25,956. Motion carried.

e. One-Year Warranty

i. Bobby and Deuster Waterline Improvements Final Acceptance

No questions.

8. **General Counsel's Report**

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

The law requires an annual review. The legislature did not make any changes. The only change is the list of authorized brokers. Mr. Polley recommends approval.

Upon motion by Director Bridges, seconded by Director Ashy after full discussion with all Directors present voting aye, it was decided to approve the Order Regarding Annual Review of Rules, Policies, Code of Ethics and List of Authorized Brokers for the Investment of District Motion carried.

b. Agreement with Porter Municipal Utility District regarding cost sharing for Loop 494 and US 59 Waterline Improvements

Both PSUD & PMUD need to get easements and we can share. We can use our acquisition folks and share 50/50 and costs directly to waterline is PSUD's and sewer is PMUD's. Some conversations between Staff and Engineers. Director Bell asks, "can you briefly give us a synopsis as to when it comes to acquiring easements? Mr. Polley says we have Property Acquisition Services and they make initial contact with the Landowners. We use an Attorney that practices in condemnation for things, so they are documented appropriately. It is very technical. All of the contact goes through Property Acquisition Services with the landowner and/or their Attorney. Condemnation is only considered when necessary. TXDOT may widen 494 in the future. We need access. Hendricks will be reimbursing for our expense. Mr. Polley asks us to authorize to continue negotiation with PMUD.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, it was decided to approve the continued negotiation with Porter MUD regarding the cost sharing for the Loop 494 Waterline Improvements. Motion carried.

c. Assignment and Assumption Agreement between Crystal Springs Water Co., Inc. and Texas Water Utilities, L.P.

This is for information only. Crystal Springs has been sold to another company as Mr. Martin is retiring. They need to get PSUD's consent to assignment to Texas Water Utilities. Mr. Polley has worked with them and has had Mr. Tramm sign the Assignment and Assumption Agreement. We agreed and understand and will work with them. Either party can terminate with a 30-day notice.

d. Order declaring Surplus Property and Sale of Same relating to generator at Water Well No. 7 and District truck no. 109

Law requires if it is worth over $300.00

The Visitor left at 8:06 pm

Upon motion by Director Bridges, seconded by Director Ashy after full discussion with all Directors present voting aye, the Order Declaring Surplus Property and Sale of Same relating to generator at Water Well No. 7 and District truck no. 109 was approved. Motion carried.

e. Consent to Encroachment Agreement with Entergy Texas, Inc., and Consent to Electric Line Easement

This is the Hendricks tract. TXDOT acquired. Entergy has to move power poles and put in our easement. Mr. Kelly, Mr. Wright, and Mr. Tramm are comfortable, not interfering with our water lines. The second piece is that Entergy requires 16' easement and our easement is 15'. Mr. Polley drafted up a one-page consent to attach to that electric line easement that Hendricks (if in our way they have to move if damage our facility will have to repair). We are sort of helping them as it is in our best interest. We need a working relationship for future scenarios.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Consent to Encroachment Agreement with Entergy Texas, Inc. and the Consent to Electric Line Easement is approved. Motion carried.

9. General Manager's Report

a. Operations Updates

i. Fleet vehicles & equipment and Daily Wells Report

The vehicle rotation was done. We are in the process of county road projects on Sorters and West Ford in communicating for project coordination. We are reclaiming old fire hydrants. The quarterly drug testing was done. We are working on the 401K plan and rate study plan. Several employees have enrolled in a Disaster Management Program (a series of five classes focused on health management). The main aim is that all entities speak the same language and can work together. The employees are Chris Wright, Cutter and Mo, all Senior Operators.

ii. Water Production and Water Loss Report

Director Ruonavar wants to commend you on establishing a relationship with Porter Fire Department and for cleaning up Andrew. Terry and Gabriel are keeping things nice and recovering the fire hydrants. We now need to find some property for future growth. She and Mr. Tramm have discussed the tree-laden area near

Well 5. The walk-through gate has been addressed. Small tools have been engraved. She believes more Directors need to attend conferences and seminars. They are very educational. The Director 201 seminar that she and Director Lyons attended was very informative.

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

Scheduled for October 27, 2025

We need to address the November and December meetings with the new posting requirements. Mr. Polley, Mr. Kelly, and Staff are proposing to schedule to combine as a singular meeting on December 8 or 15 and only have one meeting instead of two. We can always schedule a Special Meeting if needed. Director Lyons said 12/8 and Director Ruonavar said 12/15. It was decided to have it on December 15, 2025.

11. **Executive Session**

None needed.

12. Director **Comments**

a. Discussion of Director Role Future Priorities

Director Ashy asks about the Customer Service position. They started Thursday of last week. Director Bell asks if we did not accept credit cards, would that make a difference? Mr. Tramm believes it would be a large list of unhappy customers. Debit or Credit cards have the same fee. 3,100 Customers pay by credit or with debit card and they would be unhappy.

Director Ruonavar asked about (a) above. If you are here for food or a check, you are here for the wrong reason. If you are here for the people and District, you are here for the right reason. There are Webinars and Seminars that take only one hour. They have been approved by the Board since AWBD.

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 8:24 p.m.

PASSED and **APPROVED** this the 27th day of October, 2025.

President, Board of Directors

Secretary, Board of Directors

PORTER SPECIAL UTILITY DISTRICT
MONTGOMERY COUNTY
TEXAS