PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
July 27, 2026

The Board of Directors (the Board of Directors) of Porter Special Utility District (the District) met in regular session at 7:00 p.m., on Monday, July 27 2026, 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, 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). Also attending were Mr. Greg Partain, with Lone Star Groundwater Conservation District, and Ms. Anna Phillips (Attorney) with McFadden Trachtenberg PLLC.

   b. **Invocation**

Invocation led by Director Bell.

c. **Pledges of Allegiance**

Pledges of Allegiance led by Director Lyons.

2. Public Comment

Mr. Partain, the new Precinct 4 Director of the Lone Star Groundwater Conservation District, is just visiting. He has no comments this evening.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on June 29, 2026

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Minutes from the Regular Board Meeting of June 29, 2026 were approved. Motion carried.

4. Old Business

None.

5. New Business

None.

6. Financial Report

a. Financials review – For month ending June 30, 2026

Director Ruonavar's questions were answered prior to the meeting.

Upon motion by Director Bridges, seconded by Director Lyons after full discussion with all Directors present voting aye, the Financial Statements for the period ending June 30, 2026, were approved. Motion carried.

b. Audit Update

Mrs. Pafford stated that everything is going very well. She has no complaints. This item is basically a placeholder for now.

7. Engineering Report

a. Development Projects

i. Canterbury Water Line improvements including Pay Application No. 1 to Century Concrete for $119,680.95

Mr. Kelly recommends payment. The project is substantially complete.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, Pay Application No. 1 to Century Concrete in the amount of $119,680.95 is approved. Motion carried.

ii. Old Houston Road Subdivision Feasibility Study

This project is within the boundaries of the District. They are planning five two-acre residential lots. There is a Report with a Development Application and Agreement attached for your reference. There will be 1,350' of water line extension with lines sizes from 8" to 2". It will be for fire protection and domestic service. The cost is $109,000.00 for design and construction. Trying to pair the engineering with other work in North Country. There is an Impact Fee Project at the north end of this project and with Alexander, Deuster and Jerry Lane making improvements. There was a short extension to tie in one customer. There is a possible opportunity to do another project alongside this one. Mr. Kelly recommends approving the Feasibility Study and scope along with another project.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, the Feasibility Study for Old Houston Road Subdivision was approved. Motion carried.

Mr. Polley will start working on the Development Agreement.

b. Infrastructure Fee Projects

i. Copeland Aerator Repairs and Disinfection Pay Application No. 4 to Water Equipment and Treatment Specialists for $38,059.74

Mr. Kelly said that it is almost operational. The repaired Aerator is there. An additional blower and valves at the well header have also been worked on. There is no odor in the treated water. There still needs to be some additional work on the electrical side. Mr. Kelly recommends paying Pay Application No. 4. We will continue to exercise and get samples to the lab and hopefully put it online if all goes well. Director Ruonavar wants a timeline. Mr. Kelly said the electrician should be there in the next week or so. Then samples to the lab (it is a specialty lab in Kansas, and it will take 4 – 6 weeks there). It will probably be three months before we have any results. Director Ashy wants to know if Mr. Kelly thinks it will work this time? Mr. Kelly said he will believe it when he sees it. He was very encouraged the other day when there was no detectible odor. It is in the Jasper aquifer. It is a deep well with lots of gas and has been struggling to produce acceptable water quality.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Copeland Aerator Repairs and Disinfection Pay Application No. 4 to Water Equipment and Treatment Specialists in the amount of $38,059.74 was approved. Motion carried.

ii. Old Sorters WL including Pay Application No. 4 to Faith Utilities in the amount of $51,466.50

Mr. Kelly recommends payment. This also includes 500' of Waterline on Alexander.

Upon motion by Director Bell, seconded by Director Bridges after full discussion with all Directors present voting aye, Pay Application No. 4 to Faith Utilities in the amount of $51,466.50 was approved. Motion carried.

iii. Award Timberlane Acres Waterline Improvements

Timberlane Acres (E. Martin, Vale and Meadow Lane) is a new project for the District. The Committee met to review the bids received. Two members chose P & Z and two others chose Bull G. The cost difference in the proposals is that Bull G quoted $675,000 and P&G quoted $746,000. Mr. Kelly recommends Bull G. It is an undersized waterline that is old and needs replacing. It will be an Infrastructure Fee based project. We will include increased liquidated damages in the contract. We have had delays with Bull G in the past. What about P & Z? If there are liquidated damages, we could hold their feet to the fire. There is a $68K difference. Four directors voted for Bull G and one for P & Z. It will be awarded to Bull G.

Upon motion by Director Ashy, seconded by Director Lyons after full discussion with all Directors present voting aye, except for one opposition (Director Ruonavar) the Timberlane Acres Waterline Improvement project is awarded to Bull G. Motion carried.

c. Capital Bond Projects

i. Ferne Water Plant including Pay Application No. 19 to R & B Group, Inc. in the amount of $80,500.00

Mr. Kelly recommends payment.

Upon motion by Director Bridges, seconded by Director Denham, after full discussion with all Directors present voting aye, Pay Application No. 19 to R & B Group, Inc. in the amount of $80,500.00 was approved. Motion carried.

d. Impact Fee Projects

i. Copeland EST

They are working through the punch list. Replacing concrete at the old wellhead #6. Retainage will be released next month.

ii. Water Well Road GST and Booster Pumps

We are waiting on a Final Pay Application.

iii. Consider options for Advisory Committee appointment

We need to consider options for an Advisory Committee appointment. The Advisory Committee reviews Impact Fees. In the past we used to need 40% of the Committee from the Real Estate Industry and 60% from PSUD Directors. Now it needs to be 50% - 50%. Therefore, we need to find one more Advisor from the Real Estate Industry. If anyone has any suggestions, Mr. Kelly can reach out to them. We need an additional member. They have to work in Real Estate Development (just associated) and must be local. You can forward any names to Mr. Tramm.

e. One-Year Warranty

Nothing at this time.

8. <u>General Counsel's Report</u>

a. Amended and Restated Water Facilities Development and Service Agreement for Maple Heights

We have an existing Agreement with Maple Heights. Their plans and needs have changed, and the Amended and Restated Agreement reflects their current needs. The net result is that they will be cutting us a $1.3 Million check for the generator at Ferne and Copeland improvements. There is a credit for the Copeland Water Line extension to Maple Heights. There is a draft Amended and Restated Agreement in the Board books. Director Bell asks if this gives us some sort of partnership. Mr. Polley said no, it is not any different that most of the others we have, except larger. This is rooted largely from the Feasibility Study. Who designs

and builds and who pays for it? Usually whoever needs it. Developers often fund projects and then get refunded if there are funds remaining. They are paying for the share of the capacity their project needs. What happens if we cannot supply water, asks Director Bell? What is the worst-case scenario if we cannot meet our part of the Agreement? Mr. Polley says it is a very remote possibility. Mr. Kelly says they have built out half, and we are already supplying them with water. There are no issues. They are a straight retail customer. We do not have a wholesale agreement with them. Director Bell asks if coming from GST in the area or from another valve/water line? Mr. Kelly said from the main part of the District and pumping downstream. It feeds to and maintains pressure. In the future the water for this area will come from the new elevated tower. Is the $1.3 Million a reimbursement? No, it is for impact fees that are due plus a share of the generator and Copeland improvements that are winding down. There is an offset for the water line they constructed. Director Ashy said if we get water from Copeland all will be good.

Upon motion by Director Bridges, seconded by Director Bell after full discussion with all Directors present voting aye, the Board approves the Restated Water Facilities Development and Service Agreement for Maple Heights. Motion carried.

b. Development Agreement for Postel Porter North

Ms. Valverde drafted the Agreement. She is working with Bleyl to finalize terms. She recommends approval and execution.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the Development Agreement for Postel Porter North is approved. Motion carried.

c. Update on pending or contemplated litigation, including possible closed session under Section 551.071, Texas Government Code, regarding:

i. Contract with Lancaster + Wyatt Architects for design of District Administration Building

ii. *Touchstone Strategies-MC2, LLC vs. Porter SUD*

Both to be discussed in Executive Session.

9. <u>General Manager's Report</u>

a. Operations Updates

i. Fleet vehicles & equipment and Daily Wells Report

ii. Well Production and Water Loss Report

iii. Personnel

Mr. Tramm asked if there were any questions on the written report. Just a note for the Vehicle Report, the top three vehicles have zero readings as those have been sold. They will be removed from future reports. Mr. Tramm had Mr. Wright stand up and presented him with a plaque for his five-year anniversary. The Board congratulated him on this accomplishment.

Director Ashy asked about the Water Production Report. It is above average, but not much as it normally would be. Mr. Tramm states the below average rainfall numbers are the cause so this shows that the District was correct in not basing our projected income on hot, dry summer days that do not always pan out. When we start seeing months like this, they talk about it internally and monitor. Director Bell asks about the weather pattern for Southeast Texas. Mr. Tramm says it has been wetter in our region. Drought conditions have been lifted by the Water Development Board. However, one slight turn in the weather and we could go through a month or more of no rain. You can get flooding rain at any time of the year. We appreciate a summer month with rain so that our infrastructure gets a bit of a break. Well # 5 was mostly shut down due to load carried by Andrew during this period.

b. Administration Building

There are updates in the Weekly Reports. We have met with the Architecture team to go over the past design and footprint that is available on Water Well Road. We looked at what items could be optimized and be more efficient. They are now putting ideas graphically. We may need to have an Administrative Building Committee meeting in the next couple of months.

c. Development in Summer Hills Subdivision

Nothing new at this time.

d. Briar Tree property update

To be discussed in Executive Session.

e. Proposal from Matrix for billing support services

The summary Director Bell created last month were sent to Mr. Tramm and Mrs. Pafford. He apologized to our Secretary, Director Denham, for not sending a copy to her. Mr. Tramm said the bottom of the third page is the cost comparison table. He touched base with five additional providers and only one provided pricing. Others thought we were too small due to only one mailing per month. SPM was the only one that responded. They are fairly similar to Matrix. They only had one reference with a lukewarm review. They indicated their service was okay with some problems but were not sure if the problems were on their end or on SPM. One of the companies they reached out to was actually acquired by Matrix. Mr. Tramm says on the last page that as we grow as a District, we are trying to push to have customers go to electronic billing as most of the cost is in the postage. Therefore, savings will grow as the District grows and mailing size increases. In five years, we can save about $53,00.00. We try to keep costs down for our customers and this is another way we can do that. The General Manager and Office Manager both recommend Matrix. Director Bell said that this report checked all the boxes of Mr. Bell's questions from last month. However, he did not hear of the District's Legal Counsel has reviewed the Agreement. Director Bell does not want to approve and then find out there is an issue. Ms. Valverde reported that she did a deep dive

into reviewing the contract. Like Matrix our credit card processing company is out of state too. There is not a contract that there is nothing in it that may cause an issue, said Mr. Polley. He is just being cautious. There are ways to get out of contracts if they are not working. It is a three-year term with one-year renewal after that. The base increase is indexed to the published CPI. Another mechanism is based on paper or postage and allowed to offset. CPI is the anniversary date of the contract each year. CPI is published monthly but would be calculated annually for this contract. We would have similar increases on our own expense. Director Ruonavar is now in favor, and she was not last month. We need to decide soon or we will be in a bind.

Upon motion by Director Ashy, seconded by Director Bell after full discussion with all Directors present voting aye, the Proposal from Matrix for billing support service is approved. Motion carried.

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

The next Regular Meeting will be on Monday, August 24, 2026, at 7:00 pm. This date change from the regular date is to allow several directors to attend a conference the next week.

11. Executive Session

We adjourned to Executive Session at 7:50 pm

Mr. Kelly and Mr. Partain left the meeting at 7:50 pm

Ms. Anna Phillips left the meeting at 8:17 pm

Executive Session ends at 9:03 pm

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the authorization for a one-year salary increase for a district employee, as discussed in Executive Session was made. Motion carried.

Upon motion by Director Bridges, seconded by Director Lyons after full discussion with all Directors present voting aye, it was decided to appoint Director Pillow and Director Ruonavar as the Litigation Committee members with the authority to settle the *Touchstone* lawsuit. Motion carried.

12. Director Comments

None.

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 24th day of August 2026.

Vice President, Board of Directors

Secretary, Board of Directors

PORTER SPECIAL UTILITY DISTRICT MONTGOMERY COUNTY TEXAS