PORTER SPECIAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS REGULAR MEETING
June 1, 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, June 1, 2026, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code.

1. **<u>Call Meeting to Order</u>** 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. **<u>Roll Call of the Board of Directors/Declaration of a Quorum</u>**

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). Also attending were Bobby & Barbara Evans and Boyd Creamer (Homeowners).

   b. **<u>Invocation</u>**

Invocation led by Director Bell.

c. **Pledges of Allegiance**

Pledges of Allegiance led by Director Lyons.

2. Public Comment

Mr. Evans spoke to the Board. He has lived on Porter Lane for forty years. His mother lives on Alexander. These are both in the Golden Trails area. He believes the tap fee to connect to Porter SUD is not fair. It is $4,200. Mr. Tramm says with the price of the tap, impact fee would be needed as it is between Louis Lane and Porter Lane. It would require a fire hydrant too. His mother is on a well and is having trouble. Mr. Wright indicated that there is no line in that direction, but we can look into it. Impact fees and Tap fees have increased said Director Pillow and the Impact fees cover the new lines going in. Mr. Evans feels that the neighborhood has been bypassed. Mr. Kelly said that there are projects to extend lines in the area, but there is no demand where Mr. Evans lives and no projects are scheduled. Mr. Evans says the lots in Golden Trails are larger. Director Pillow said we will take the matter into consideration and look into it. Also, we can carry out payment of the Impact fees for six months to a year. Staff will review the situation and speak with Mr. Evans about what can be done for this situation.

Mr. Creamer is back about the water backflow device by the side of his driveway. Mr. Tramm has seen it. There are pictures in our book under Tab 9, the last four pages. Mr. Tramm believes there is cause to believe it would be of significant chance of being hit. There are extenuating circumstances in this instance. There back yard is fenced in, but the gate is typically open but closed at night.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the approval for the variance of the location of the backflow prevention device was given. Motion carried.

Mr. Tramm will provide something in writing so they have it and we will call if we need to see the device.

All visitors left the meeting.

3. Review and Approve Minutes

a. Minutes from the Regular Board Meeting on April 27, 2026

The Minutes were not available to approve.

4. Old Business

None.

5. New Business

a. Valley Ranch MUD Capacity Request

The team discussed this situation. This will max out their capacity under the current water supply agreement.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the capacity request was approved. Motion carried.

Questions about boundaries were brought up for us to discuss in the future.

6. Financial Report

a. Financials review – For month ending March 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 March 2026, were approved. Motion carried.

b. Budget approval for Fiscal Year End ("FYE") 2027

The Budget Committee kept everything on the conservative side. It is a living document and can be changed at any time. The Committee approved the Budget version that is being presented to the Board for approval.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Budget for the Fiscal Year End ("FYE") 2027 was approved. Motion carried.

c. Approval of proposed Schedule of Rates, Fees, and Charges

The PayStar (at 103%) fees are rolled into the fee. It is not itemized for customers. Mr. Tramm charted out that taking less big steps with less frequent increases in rates results in less revenue in the long run compared to smaller annual and likely mostly inflation-adjusted increases. The average customer rate is $32.30 and $34.39 for 8K gallons, which is the average usage.

Mr. Kyle Holdridge stepped into the meeting at 7:17 pm.

Items in red on the draft new rate schedule are the changes and include both wholesale and retail rates but not infrastructure fees.

Director Bell understood that we were going to get a water rate study. Our Staff worked with Waterworth. It was a full financial model of the District. It is an annual inflation derived agreement. Director Bell asked if the Board received a copy and Mr. Tramm said no, but he can get us a copy, and we can discuss next month. Director Bell suggests that we tighten our Budget before we increase rates. Director Ashy says we are also capturing PayStar fees that we have been accepting. Director Bell cannot accept 3% but may could accept 2 – 2 ½ percent. If we do increase less than the inflation rate, we are losing ground. Director Ruonavar asked Director Bell about our light bill fuel or trash billing going up. He said his is not going up. It may be what he conserves. With prices going up, look where we can conserve before going up. We pay PayStar between $100K and $125K. It looks like the proposal base rate is $14.40 and $.95 is the PayStar out of $2.09. It is a big cost to the District. We have an option not to use PayStar or maybe use something similar. It saves time for Staff taking payments. We would most likely have to hire another Staff member if we did not have PayStar or something similar. If we did ½ how long would it take to get back in the green? We would never be in the green. It is a management system as part of the District. It is $1.14 if you take out PayStar. We are trying to make the math, math. The Budget Committee reviewed over 10 years said Director Pillow. It has been 4 to 4 ½ years since the last increase. We should do a 15% to 20% to cover what ground we have lost. This would not go into effect until October. The timing is after summer and less of an immediate increase. Director Bell wants to meet with Mr. Tramm to walk him through this issue. If he were in someone else's shoes and he was on the cut-off list, it would be hard to take the 3%. Mr. Tramm believes it would help him to understand with a one-on-one meeting. It represents approximately 2% revenue increase on overall rates for customers.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye (except for Director Bell who opposed) the proposed Schedule of Rates, Fees, and Charges was approved. Motion carried.

d. Approval of Bad Debt / Write-offs

There is a list with ten accounts ranging from $2.19 to $250+. Director Ruonavar believes this is the least amount we have written off.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Board approved the Bad Debts / Write-offs that were presented. Motion carried.

e. Ratify engagement of Auditor for preparation of Audit Report for FYE May 31, 2026

Mr. Tramm has already taken care of returning this to the Auditor, but we need approval of the Board.

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the ratification of the engagement of Auditor for the preparation of Audit Report for FYE May 31, 2026 was approved. Motion carried.

Mr. Holdridge left the meeting at 7:32 (after being assured the Creamer's received their variance).

7. Engineering Report

a. Development Projects

i. Postel Feasibility Consideration and Approval

Mr. Kelly gave highlights of the project. It is a 40-acre site, with 3 phases of development. There are site plans in the Board book. The first thing to be constructed (was originally Phase 2), is the 272,000-foot warehouse facility. The plans for the office building keep changing. We are able to serve this area due to improvements. There is a table on the bottom of Page 3. It was originally 1 x 6" connection but now may do separate meters. There is not a lot of planning for Phase 3 as of yet. We would also have fire flow on all buildings. The estimated Impact fee on Page 4 is $24,000 for a 6" meter. They would design, complete, and pay for the and then give to the District. They will also pay Bleyl's and Polley Garza's time. Director Bell asked if we would have someone from Bleyl on the site overseeing the project. We had one in the past and that was a cost overrun. Mr. Kelly says if the Developer goes over, they will have to pay. This is not a District project; therefore, no overrun costs go to us. They will have to work out how it is funded. We currently have a deposit that once used has to be replenished.

Upon motion by Director Ruonavar, seconded by Director Bell after full discussion with all Directors present voting aye, the Postel Feasibility was approved. Motion carried.

b. Infrastructure Fee Projects

i. Pay Application No. 3 for Copeland Aerator Repairs and Disinfection to WETS in the amount of $55,700.46

Director Ashy asks if it looks good and if we can put water in the system. Mr. Kelly says it should be finished today and pumping water next week to reflush and test everything.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, the Board approved Pay Application No. 3 for Copeland Aerator repairs and disinfection to WETS in the amount of $55,700.46. Motion carried.

ii. Old Sorters WL including Pay Application No. 2 to Faith Utilities in the amount of $202,806.00

Mr. Kelly recommends payment.

Upon motion by Director Denham, seconded by Director Ruonavar after full discussion with all Directors present voting aye, Pay Application No. 2 to Faith Utilities in the amount of $202,806.00 was approved. Motion carried.

c. Capital Bond Projects

i. Ferne Water Plant including Pay Application No. 17 to R & B Group, Inc. in the amount of $100,533.75

Mr. Kelly recommends payment.

Upon motion by Director Bell, seconded by Director Bridges after full discussion with all Directors present voting aye, Pay Application No. 17 to R & B Group, Inc. in the amount of $100,533.75 was approved. Motion carried.

We got the new pump and rebuilt motor and there was a draw down. The well screens are plugged, and they are doing muratic acid treatment. It is uncommon that the process has taken this long, but they are optimistic they will have a solution and answer within 10 days.

d. Impact Fee Projects

i. Copeland EST including Pay Application No. 19 to Caldwell Tanks for $129,886.43

It is in the Board packet as a "draft." We did not receive a Field Order. There is an option to conditionally approve or table.

Upon motion by Director Ruonavar, seconded by Director Ashy after full discussion with all Directors present voting aye, it was decided to conditionally approve Pay Application No. 19 to Caldwell Tanks in the amount of $129,886.43. Motion carried.

ii. Water Well Road GST and Booster Pumps Pay Application No. 13 for $149,776.00 and Change Order No. 3 for a deduction of $87,540.00

They are also requesting a reduction in Retainage from 5% to 1%. There is a Change Order for contingency items not used. Mr. Kelly believes the remaining Retainage would cover anything left. There were originally 360 days, and some days were added due to wetness. 75 and 99 days to substantial completion in August. Punch List within ten days that have been drug out for 7 – 9 months. Director Pillow says leave the Retainage at 5% so they will get on the stick and get it done. Mr. Kelly agrees we should deny the reduction of retainage. The payment would have been $129,000+ (the calculation will have to be corrected).

Upon motion by Director Ruonavar, seconded by Director Bridges after full discussion with all Directors present voting aye, the Payment Request was approved with the percentage at 5% and the math corrected and deny Change Order No. 3 to reduce retainage. Motion carried.

We can pursue damages next month. There is about $31,000 in overages with $19,000 - $25,000 in damages and actual damages, etc.

e. One-Year Warranty

Nothing at this time.

Mr. Kelly reminded the Directors attending the AWBD Conference about the Bleyl Reception from 5pm – 7pm at the Gaylord.

8. **General Counsel's Report**

   a. Water Facilities Lease and Service Agreement with Porter Municipal Utility District (PMUD) and Porter Road Investments, LLC

It is red lined to the last one we did regarding Auburn Trails development. The only differences are the oversight in their end. The Contract structure is defined area. Reimbursement with Auburn Trails. PMUD refunding Development and then they will release to PMUD who will release to SUD until the Developer is reimbursed. It does not change our scenario. We could have been more involved. Mr. Kelly said there is a field representative present. He was aware of the defined area. He was not aware of following up in the paperwork. It does not change anything. Director Ruonavar asked if we are back dating this Agreement to May 17, 2022. Suspects trying to reimburse Developer and saw that they did not do their part. We are agreeing to the Lease Agreement until later. This enables PMUD to reimburse the Developer. The last revision date to our Rules and Regulations. Mr. Tramm discussed this with Mr. Wright as this was before his time and his position has not changed about ownership. Director Bell asks about the defined area. He believes it is part of his taxes. It goes on as an extra tax and never comes off. Mr. Polley said the defined area can adopt a separate new tax rate to create it and tax only that area for those facilities. Insulates the rest of the District from the financial impact of that area. The tax goes on as long as the bonds exist. Bonds usually exist 20 – 30 years.

Upon motion by Director Ashy, seconded by Director Bridges after full discussion with all Directors present voting aye, the Board approves the Water Facilities and

Services Agreement with Porter Municipal Utility District and Porter Road Investments, LLC. Motion carried.

We took a break at 8:00 pm
We were back at 8:08 pm

We covered Section 8(e) West Hammond Retail Development Agreement. Ms. Valverde is working with Mr. Kelly on the Agreement and Improvements. There are 2.7 acres.

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the West Hammond Retail Development Agreement was approved, pending Mr. Tramm's approval of same. Motion carried.

Mr. Kelly leaves at 8:10 pm

We went into Executive Session at 8:10 pm
We return from Executive Session at 8:13 pm

b. 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

Nothing at this time.

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

This item was discussed in Executive Session pursuant to Section 551.071, Texas Government Code.

c. Supplemental Agenda (see attached)

The Election was cancelled. The Verification and Qualification of Directors, as well as Oaths of Office were completed.

i. Election of Officers

Director Denham suggests keeping everyone in the same offices. Director Bell agrees.

d. Approve District Registration Form

Upon motion by Director Ashy, seconded by Director Ruonavar after full discussion with all Directors present voting aye, the District Registration Form from the TCEQ was approved. Motion carried.

e. West Hammond Retail Development Agreement

Taken care of earlier.

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. He has additional items: 1) there is a link on the water bill to the Consumer Confidence Report, there is nothing new to report, just a requirement. Director Ruonavar believes the rotation of vehicles is going great. Mr. Tramm appreciates the notice. 2) Is the Board interested in looking at an additional property at Briar Tree? There was a general consensus to look into it. We are not trying to do anything immediately as we have the benefit of time. We could use the property for future expansion of our facilities. We need to own 150' of circle around a well, which is a requirement that came about after the current well was drilled on the current Briar Tree Water Plant site. We want to start a conversation with the Realtor and/or Owner to look into it. Mr. Tramm will bring back any information to the Board. No motion needed at this time.

Hurricane season has begun. The Staff follows the National Weather Service releases for information and will take care of business as necessary.

The Board previously approved the Wholesale Agreement with MUD 186, with the General Manager's approval. It was satisfactory, is final, and active. There is some early information on timelines. If plans follow expectations, over 650 home sites will be built in the next few years. $1.6M of Impact fees, not including water sales at current rates.

b. Administration Building Proposal

Survey has been provided on the Administration Building, and they are laying out potential footprints and hope there will be more to report next month. We are progressing in little steps, but things are going forward.

c. Consider Cross-Connection Control Program variance request

i. 24661 Gilbert Dr. 4-A

There was an earlier decision not to grant a variance at this location.

ii. 22106 Sandalwood St.

There was an earlier decision to grant a variance at this location.

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

The next Regular Meeting will be on Monday, June 29, 2026, at 7:00 pm.

11. **Executive Session**

This was done earlier.

12. **Director Comments**

Director Ruonavar said there is a Hurricane Preparedness Forum on June 2, 2026 at the EMCID Building at 6:00 pm. They have two generators to hand out.

Director Ashy asked about Homeowners that were here. Impact Fees do not have discounts. There are still a lot of personal wells out there. There is no line off of Alexander. The homeowners in that area feel we have bypassed their neighborhood. There is no benefit to us at this time. As they start to build more, it is possible in the future.

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 8:28 p.m.

PASSED and **APPROVED** this the 29th day of June 2026.

President, Board of Directors

Secretary, Board of Directors