

A regular meeting of the Groves City Council was held on November 24, 2025, at 5:00 p.m. in the Groves City Council Chamber with Mayor Chris Borne, Councilmember Mark McAdams, Councilmember Brandon Holmes, and Councilmember Charles Chelette in attendance. Mayor Pro Tem Rae Shauna Gay was not present. Mayor Borne called the meeting to order and welcomed the attendees. A representative from VFW 4820 then led the prayer and pledge of allegiance.

Mayor Borne then asked for reports, and Fire Chief Lance Billeaud provided the Council with an update on the Fire Department's Commercial Fire Safety Inspection Program at local businesses. Chief Billeaud stated that they are not trying to shut anyone down but want to make sure they are operating safely for the benefit of the public, employees, and the business.

A representative of VFW 4820 then reported on Pearl Harbor, which occurred on December 7, 1941. That day produced many U.S. casualties with 2,500 dead and wounded. There were 18 ships sunk and more than 350 aircraft destroyed. The lessons learned from the attack on Pearl Harbor had kept our nation safe and secure, but on September 11, 2001, we were reminded that we must never let our guard down. There were no other reports.

Mayor Borne then called for citizen comments, and Pete Konidis of 7121 Hayman Street stated that he is on the agenda for a replat for his property to build a house for his daughter.

DELIBERATE AND ACT TO APPROVE THE MINUTES OF THE NOVEMBER 10, 2025, CITY COUNCIL MEETING: Councilmember Holmes made a motion to deliberate and act to approve the minutes of the November 10, 2025, City Council Meeting, and Councilmember McAdams seconded. There were no questions, and the motion passed unanimously.

RECEIVE THE MINUTES OF THE NOVEMBER 17, 2025, PLANNING AND ZONING MEETING: Mayor Borne stated that the Council has all received the minutes from the November 17, 2025, Planning and Zoning Meeting.

DELIBERATE AND ACT ON AN ENERGY AND CONSTRUCTION SERVICES CONTRACT FOR WATER METERS WITH SCHNEIDER ELECTRIC BUILDING, INC., AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE ALL NECESSARY DOCUMENTS: Councilmember McAdams made a motion to deliberate and act on an Energy and Construction Services Contract for Water

Meters with Schneider Electric Building, Inc., and authorizing the City Manager to negotiate and execute all necessary documents. Councilmember Chelette seconded. City Manager Kevin Carruth then introduced Craig Mesenbrink and Ryan Wunder from Schneider Electric and stated that they are here to present the final version of the project review. Mr. Mesenbrink noted that they are here to discuss the automated water metering project. Mr. Mesenbrink then discussed the turnkey project, including turnkey design and construction, an agnostic approach to solutions, a firm fixed-price, guaranteed revenue and savings, and a single point of accountability. Mr. Wunder then discussed the current state of the water meters and the proposed solution using ultrasonic water meters. The ultrasonic meters have no moving parts and offer many benefits, including the ability to measure low-flow conditions. City Manager Kevin Carruth informed the Council that the City has been using ultrasonic meters at both the Water Plant and the Wastewater Plant for at least 20 years, so this is not something new to the City. Mr. Wunder then discussed the benefits of these meters, including high accuracy of 1/66 of a gallon, leak detection, and a 20-year warranty. Customers would also have daily access to their data, which will help tremendously with real-time leak detection and prevent them from having to wait until they get their bills at the end of the month to know something is wrong. Mr. Wunder then went over the City Water Balance, which helps us determine how much of the City's water production is non-revenue. In this case, there is a significant amount of non-revenue water: The City produces 879 million gallons/year and sells 379 million gallons/year. The leak detection will help the City directly address part of the 479 million gallons (per year) of real losses. Mr. Wunder then showed the Council a Water Meter Comparison of the available meter options. The recommended meter is a Kamstrup ultrasonic water meter with AMI reading, an industry-leading flow range, Acoustic Leak Detection Technology, and a 20-year warranty. Mayor Borne asked Mr. Wunder to explain what data storage and endpoints are, since there has been a significant increase in the number of days for the Kamstrup water meter compared to the other brands. Mr. Wunder stated that they have highlighted this for a good reason: if a meter cannot be read remotely or in person, this Kamstrup meter can retain data for over a year. Mayor Borne stated that the endpoint, the meter itself, will hold data for up to 460 days before uploading to a cloud via remote radar, and Mr. Wunder noted that this is correct. Mr. Carruth then informed the Council that our current Neptune meters only store data for 30 days.

Councilmember Chelette asked about the warranty and the difference between the full and prorated amounts. Mr. Wunder stated that after the first 10 years, the warranty is prorated at 10 percent per year. Councilmember Holmes asked whether there is any degradation in the accuracy of the ultrasonic meters, and Mr. Wunder

stated that, with these types of meters, the warranty not only covers the meters themselves but also their accuracy. Mr. Wunder also noted that every water meter will have acoustic leak detection that listens for flow and looks back towards the City's pipes, allowing the City to locate all that non-revenue water and fix it. Mr. Wunder then stated that, in the water balance we looked at before, the difference between water produced and water sold will never be 100%; there is always water loss due to line breaks, fire hydrant use, line flushing, etc. There is, however, a significant opportunity for the City to capture some of that non-revenue water and improve those numbers. Mayor Borne asked what would be considered a conservative percentage of water lost based on water sold. Mr. Wunder stated it's about 33% but here the City is over 50%. This scope of work also includes the lead/copper survey per TCEQ requirements.

Mr. Mesenbrink then stated that, towards the end, one of the things discussed with staff was potentially providing residents with the option of a separate cutoff on their side so they would not have to go into the City's meter box. It was also discussed establishing a fixed price for that and holding it separately, because we have no idea at this moment whether this will be desired by 50 residents or 5,000. This will also be cheaper to do while Schneider is installing the new meters. Mayor Borne asked: since it would be a customer option for the shut-off valve, the customer would be responsible for paying for it and for any leaks around that valve. Mr. Mesenbrink stated that this is correct. Mayor Borne then asked what the warranty would be for that shut-off valve, and Mr. Mesenbrink stated it would be the standard 1-year. City Manager Kevin Carruth then stated that it has been discussed without knowing the potential cost, and that one way to incentivize customers to take advantage of this is for the City to cover some of that cost. Mayor Borne stated that he would have no problem with the City helping cover some of the cost if it's beneficial to both parties. The next slide showed a graph of approximate savings, including:

- Annual Water Revenue Generation: \$389,000+
- Annual Leak Detection Savings: \$134,000+
- Annual O&M Efficiency Savings: \$142,000+
- Total Annual Revenue & Savings: \$667,000

- Revenue & Savings over 20 years: *\$20M+
*assuming standard 4.5% escalation

- Project Investments \$5,695,507

Mayor Borne then stated that when this project was first discussed, the overall goal was to provide a more accurate, user-friendly solution to what has become a headache for the City. The goal was to put together a plan to help them understand where the water is going, track it themselves, and help our utilities department understand where the problems exist and how quickly we can get to them. Mayor Borne also stated that we have to figure out a way to stop these things to make us more efficient on our end, and also to protect the customer. Mayor Borne then stated that he believes the project we received is in line with what we asked you to do.

Mayor Borne then asked Finance Director Lamar Ozley what he sees on our end regarding system monitoring and who he sees receiving these alerts. Mr. Ozley stated that there are different ways to do it, but he envisions a reporting system that uses green, yellow, and red to show levels of concern. The yellow might flag the Water Plant, and the red level might generate an alert and a callout, but we are not sure at the moment. Mayor Borne then asked whether alerting is something they would have to sign up for, or whether we would have access to send text messages or emails to customers, even if they have not signed up for the app. Mr. Mesenbrink stated that the City could send communications to them even if they have not signed up for the app. Councilmember Holmes asked whether switching to ultrasonic meters would still require a full-time staff member to read them, and Mr. Carruth stated that there will always be a need for a customer service technician. Councilmember Holmes asked whether there is a fee for storing water meter information in the cloud, and Mr. Wunder stated that it would be an annual fee. Mr. Wunder then specified that the radio reading equipment is typically located at the water tower, about 130 feet, and that it is a good radio location. Councilmember McAdams asked how many are required for a City of our size, and Mr. Wunder stated that they are targeting three. Councilmember Holmes asked about cybersecurity and the data that goes to the cloud, and whether Schneider is responsible for that. Mr. Mesenbrink stated that it will be under warranty for a year. After that, the software license will be transferred to the City, which will then be responsible for cybersecurity. Councilmember Holmes then asked about the battery life of the ultrasonic meters and whether they are serviceable. Mr. Wunder stated they are not serviceable, but that is part of the warranty. Mr. Wunder then reviewed the preliminary construction schedule pending project approval. City Manager Kevin Carruth stated that staff have been working with Schneider for the past year, and this isn't something that was just slapped together; it's been a long-term project. Mr. Carruth stated that he believes this is the best thing for our customers and also the City.

Mayor Borne then stated that we are in year two of our five-year staggered rate plan increases, which were implemented not only to fund future water and sewer projects but also to help the City with rising water costs. Mayor Borne then asked City Manager Kevin Carruth whether this fits within the plan to raise funds through the rate increases, and Mr. Carruth stated that it does. The five-year rate study anticipated issuing debt for the meter replacement project, and the increases we have had should cover the expense. Mayor Borne asked whether there were any red flags with this contract, and Mr. Monk stated that there were none and that he feels it is a good contract. Mayor Borne feels this is an excellent project for our City and would like to gauge the rest of the Council's views. Councilmember McAdams asked how this would put us in place for repairs and upgrades to the Wastewater Plant, and Mr. Carruth stated that you have to look at this in two phases: the water meters as phase 1 and the Wastewater Plant as phase 2. Mayor Borne then said that, if he remembers correctly, when we set up the rate increases, we did so to fund approximately 17 million worth of repairs, some of which were finishing the Wastewater facility, pipe bursting, painting of the water towers, and potentially this meter project. Councilmember Holmes thanked the staff for the work on this project, and it sounds like this type of meter would be beneficial to the citizens. Councilmember Chelette stated that before his retirement, he worked with many different types of instrumentation, including ultrasonic, and he believes it is the future. There were no further questions, and the motion passed unanimously.

HEAR AND DELIBERATE ON THE PRESENTATION OF A LONG-TERM PLANNING AND PRELIMINARY PLAN OF FINANCE FOR CAPITAL IMPROVEMENT PROJECTS: City Manager Kevin Carruth stated that our new financial advisor, RBC Capital Markets, is here to go over a long-term preliminary plan for the capital improvement projects we have been discussing. Dusty Traylor of RBC Capital Markets then gave a presentation regarding Capital Improvement Projects. Mr. Traylor reviewed the City of Groves' financial background. The City of Groves has three primary revenue sources: the tax base, sales tax, and operations of the water and sewer utility system. The City's tax base has been growing nicely, with the previous five years showing approximately 10.6% growth. The City's sales tax is up 3.4% from the prior year. Mr. Traylor then discussed fund balances. The fund balance is approximately \$4.2 million as of September 30, 2025, up from \$3.4 million the previous year. Under normal circumstances, it is recommended to maintain 90 days of fund balances; given the location of this City and the possibility of hurricanes, it is recommended to maintain 180 days of fund balances. Mayor Borne asked Mr. Traylor, with the \$4,200,000 million in the fund balance, how many days of reserves he thinks would equal, and Mr. Traylor

stated that he believes it would be 90 days. Mayor Borne then asked Finance Director Lamar Ozley how much in reserves the City had 10 years ago, and Mr. Ozley stated that the City had no reserves at that time. Mr. Traylor then said that the Utilities Reserve Fund is approximately \$1,000,000, up from \$ 690,000 in September 2024. The funding for 90 days for this reserve would be roughly \$2,100,000. Adding a \$1,500,000 disaster reserve would bring the target fund balance to \$3,500,000.

The next fund balance discussed was the other fund balances, which the City maintains a variety of minor funds that carry balances. The Solid Waste budget reflects operating expenditures of \$1,650,000 (excluding capital outlay). The current fund balance is approximately \$1,000,000 or about 60% of anticipated costs. There is also a Fixed Asset Replacement Fund, which provides funding for regularly scheduled capital outlays for items such as emergency vehicles, road equipment, and other rolling stock. The level of this fund would be determined by an analysis of the City's current rolling stock, incorporating estimates of useful life. In summary, on Fund Balances, it appears the City is underfunded relative to the goal of 180 days plus hurricane replacements. That would bring the total recommended fund balance for those items to about \$12,000,000, while the City is currently at about \$7,000,000.

Mr. Traylor then went over the City's debt, noting that three debt issues are currently outstanding. The first is a Series 2013 Certificate of Obligation with a balance of about \$1,480,000. The second is a Series 2016 General Obligation Refunding Bonds with a balance of \$675,000. The third is a Series 2020 Certificates of Obligation with a balance of \$7,304,000, bringing the City's current outstanding balance to about \$10,400,000. City Manager Kevin Carruth asked Mr. Traylor: Given this profile, how does the City of Groves compare to most similarly situated communities of this size? Mr. Traylor stated that this puts the City of Groves in a low-debt position, less debt than other cities of similar size and geography. Mr. Traylor then noted that the annual payments on the existing debt are going to be cut in half very rapidly, which gives you the capacity to be able to address potential new projects without having as much rate shock associated with them. Mr. Traylor then went over capital improvement needs. With regard to the Enterprise Funds, there are three items on the intermediate-term horizon. These include funding for replacement of water meters at approximately \$5.0MM-\$7.00MM, funding for improvements to the wastewater treatment plant at approximately \$10.0MM-\$12.0MM, and improvements to the sewer collection system at roughly \$3.0MM. The timing of these needs mean that a single transaction should be bundled to cover all of them. There are also plans for repairs and painting of four elevated water towers at approximately \$1.0MM each, starting in FYE 2026 and completing one per year until accomplished. The additional

considerations have already been covered with the presentation from Schneider, and the fact that the City has already incorporated a 5-year rate plan will help that process. The meter replacements would generate additional revenue for the City. Mr. Traylor then went on to the Preliminary Plan of Finance, which consists of three primary funding vehicles to help accomplish these funding goals: voted General Obligation bonds, non-voted tax and enterprise fund-secured Certificates of Obligation, and Revenue Bonds. Given that the projects under consideration are mixed-use, the idea would be to lean toward Certificates of Obligation. City Manager Kevin Carruth then stated that we could stretch that to match the payoff of our existing debts. Mayor Borne then asked Mr. Traylor to discuss interest rate timing and its potential impact on project costs. Mr. Traylor stated that interest rates are currently very close to historic norms and that if the City were to issue a 20-year Certificate of Obligation, he would expect the interest rates to be within plus or minus 4.5%. Mayor Borne stated that he asks because our interest rates on our current debt are around 2.6% and 2.01%, and we can't sit around and wait for that to happen again. Mr. Traylor then stated that if we wait for that to happen, then we would be waiting forever. Councilmember Holmes asked if the City received grant money, could that be used to pay the debt service, and Mr. Traylor stated that you can't use it to pay debt service, but you could use grant money and debt money combined to complete the project. Mr. Carruth then stated that we would want to be sure to write the bond covenants broadly so that we could expand the scope, so if we had an opportunity like that, we could do extra work.

Mr. Traylor then stated that from this spot forward, we need to put our heads together to determine the scope of projects we want to finance with a certificate of obligation and the dollar amount we would like to assign. The next step in issuing certificates of obligation for the City would be to have the Council approve a Notice of Intent to Issue. That notice of intent would include a maximum dollar amount that you would borrow and would also list the general descriptions of the projects that you expect to finance with those certificates of obligation dollars. Once the Council approves that, it will need to be posted on the City website and published in the local newspaper. Once it is published in the paper, that first day of publication starts a 45-day clock, and you cannot issue your certificates of obligations sooner than those 45 days. At the end of those 45 days, we would return to the Council with the final transaction for the City to finalize and approve. Once the City Council approves the sale of the certificates of obligation, which is separate from approving the notice of intent, the transaction must be approved by the Texas Attorney General's Office, which usually takes 20-30 days. Once the Attorney General approves the transaction, the money will be deposited.

Mayor Borne then asked how detailed the scope of work needs to be, and Mr. Traylor stated that you wanted to provide very generic descriptions, which will give you flexibility as you spend the money. There was no further discussion.

DELIBERATE AND ACT ON APPROVAL OF A REPLAT OF 7121 HAYMAN STREET, LEGAL DESCRIPTION TRACTS 17-A & 17-B, .6705 ACRE OF LAND REPLAT OF ALL OF LT 17 AND PART OF LT 18, BLK 3, ATLANTIC HEIGHTS NO. 2 AND PART OF LOTS 10-12, BLK 3, ATLANTIC HEIGHTS: Councilmember Chelette made a motion to deliberate and act on approval of a replat of 7121 Hayman Street, legal description TRACTS 17-A & 17-B, .6705 ACRE OF LAND REPLAT OF ALL LT 17 AND PART OF LT 18, BLK 3, ATLANTIC HEIGHTS NO.2 AND PART OF LOTS 10-12, BLK 3, ATLANTIC HEIGHTS. Councilmember Holmes seconded the motion. Mayor Borne stated that the Planning and Zoning Commission unanimously approved sending this back to the Council. Mayor Borne then said that Mr. Konidis plans to divide the land to build a house for his daughter. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON APPROVAL OF A REPLAT OF 2927 RUBY DRIVE, LEGAL DESCRIPTION TRACT 2-A & 2-B, .8669 (CALLED .8667) ACRE OF LAND REPLAT OF PART OF LT2, BLK5, RANGE "E": Councilmember McAdams made a motion to deliberate and act on approval of a replat of 2927 Ruby Drive, legal description TRACT 2-A & 2-B, .8669 (CALLED .8667) ACRE OF LAND AND REPLAT OF PART OF LT2, BLK 5, RANGE "E". Councilmember Chelette seconded. Mayor Borne stated that the Planning and Zoning Commission also approved this replat for submission to the Council. The motion passed unanimously.

DELIBERATE AND ACT ON THE MAYOR'S APPOINTMENT OF COUNCILMEMBER CHELETTE AS EX OFFICIO OF THE PLANNING AND ZONING COMMISSION: Councilmember McAdams made a motion to deliberate and act on the Mayor's appointment of Councilmember Chelette as Ex Officio of the Planning and Zoning Commission, and Councilmember Holmes seconded. Mayor Borne stated that Councilmember Chelette was on the Planning and Zoning Commission before he became a Councilmember, and he believes Councilmember Chelette can do some good by continuing to interact with that group. There were no questions, and the motion passed unanimously.

DELIBERATE AND ACT ON ORDINANCE 2025-22 AUTHORIZING THE SETTLEMENT OF TEXAS GAS SERVICE COMPANY'S STATEMENT OF INTENT TO INCREASE RATES WITHIN THE CENTRAL-GULF SERVICE AREA:

Councilmember McAdams made a motion to deliberate and act on Ordinance 2025-22 authorizing the settlement of Texas Gas Service Company's statement of intent to increase rates within the Central-Gulf service area. Councilmember Chelette seconded. City Manager Kevin Carruth stated that this is the annual dance we do with Texas Gas. The City of Groves has joined with other cities to hire an attorney to represent us as a group, and the request is always reduced compared to what was submitted to the State. Texas Gas pays for our costs, so there is no expense to the City for fighting this. This particular filing by Texas Gas reduces the requested revenue increases from \$41.1MM to \$15MM and has the lowest residential impact in our service area. The return on equity was reduced from 10.4% to 9.8%. Our law firm recommends adopting the proposed settlement. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON THE NOVEMBER 24, 2025, INVOICE LIST:
Councilmember Chelette made a motion to deliberate and act on the November 24, 2025, invoice list, and Councilmember Holmes seconded.

INVOICES: City Manager Kevin Carruth presented invoices for payment totaling \$306,101.55 as follows:

1.	A&A Radiators	Radiator at Water Plant.	\$7,114.10
2.	Allco, Inc.	Wastewater Treatment Plants improvements ARPA	\$113,352.10
3.	City of Port Arthur	Sludge disposal for October 2025.	\$5,200.00
4.	CivicPlus	Social Media Archiving and Online Supplementation.	\$6,835.50
5.	Enterprise	Lease for City vehicles.	\$12,249.76
6.	Epic Engineering	Water/Waste Water SCADA and controls upgrade third payment.	\$103,425.72
7.	Republic Services	Dumpster services for October 2025.	\$10,255.29

8. Southern Tire Mart, LLC	Replacement of old tires on fleet.	\$5,798.48
9. Southern Tire Mart, LLC	Replacement of tires on front end loader.	\$6,186.60
10. T.R.E.S.	High service pump motor #5 with electrical work.	\$28,980.00
11. Tyler Technologies, Inc.	Printer and 2D imager.	\$6,704.00

Mayor Borne called for questions from Councilmembers, and Councilmember Holmes asked about social media archiving. City Manager Kevin Carruth stated that we are required to archive all of our social media postings because the Texas Open Records Act requires it, and the online supplementation is for our Ordinances. Mayor Borne then asked about the purchasing of tires and whether they are for the non-enterprise fleet vehicles, and Public Works Director Troy Foxworth stated that it is correct. Mayor Borne asked how many vehicles we replaced tires on, and Mr. Foxworth stated they were for the dump trucks and garbage trucks. Mayor Borne then wondered whether the front-end loader tires were just for the front-end loader, and Mr. Foxworth stated that they were. Councilmember Holmes asked about the 2D printer, and City Marshal Christopher Robin noted that it includes a ticket writer and the printer needs to be used. There were no further questions, and the motion passed unanimously.

CITY COUNCIL WILL HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF CHAPTER 551 OF THE TEXAS GOVERNMENT CODE, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN:

A. SECTION 551.01 (1) (A) – CONSULTATION WITH ATTORNEY WHEN THE GOVERNMENTAL BODY SEEKS THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION.

The Council went into Executive Session at 6:59 p.m.

The Council reconvened into Open Session at 7:37 p.m.

Mayor Borne asked for Council comments, and Councilmember McAdams wished everyone a Happy Thanksgiving. Councilmember Holmes thanked the staff for all of

the legwork on the infrastructure items. Mayor Borne also thanked staff for working with Schneider and the City Council for the votes and for taking steps in the right direction to start repairing some of the infrastructure we so desperately need. Mayor Borne also thanked City Manager Kevin Carruth and City Clerk Clarissa Thibodeaux for their hard work.

There being no further business, the meeting was adjourned at 7:39 p.m.



Mayor Borne

ATTEST:



City Clerk

