

**DUE TO TECHNICAL DIFFICULTIES THIS MEETING WAS NOT
RECORDED NOR WAS IT STREAMED LIVE**

**MINUTES OF VIDEOCONFERENCE MEETING NO. 2401
COMMISSIONERS OF
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7**

Place: 3400 Hwy 73
Port Arthur, Texas

Date: August 15, 2023

Present: Commissioners
Richard Beaumont
Matthew Vincent
Albert Moses, Jr.
James Gamble, Sr.
Lester Champagne (Via Teleconference)

Phil Kelley, General Manager
Glenn Steele, Attorney for the District

Visitors: Allen Sims, DD7
Toby Davis, DD7
Barron Cook, DD7
Kirby Johnson, DD7
Brian McZeal, DD7
Dean Depew, DD7
Brady Girouard, DD7
Garrett Boudoin, DD7

The meeting was called to order at 2:00 p.m. by Chairman Beaumont after ascertaining that the Notice of Meeting had been posted in accordance with the law. Commissioner Moses gave the invocation.

Minutes of Meeting No. 2400

The Minutes of Meeting No. 2400 was approved as read.

Consider Proposed Tax Rate for Purposes of Publishing Notice of Public Hearing on Tax Rate

Mr. Phil Kelley stated that the board will need to approve a proposed tax rate to post notice of a public hearing on the tax rate in the local paper. The District's overall

appraisals have increased to approximately \$1.2 billion from the current year. The District has not increased its tax rate in two years. The District is facing a substantial increase in expenses over the next few years due to the same conditions discussed last year as well as new considerations. The original estimated cost of the Sabine Pass to Galveston Bay Project was \$863 million, that has now increased to \$1.6 billion. As the project cost increases so does the District's 35% cost share. To date the state has funded the District's portion of the project. The District will continue to subsidize the capital funds account to pay for anticipated future costs associated with the Sabine Pass to Galveston Bay Project should the state become incapable or unwilling to do so. General maintenance and operation expenses, including electricity, diesel, and gasoline have increased approximately \$500,000. An insurance audit was performed by the District's insurance carrier, TWCA Risk Management. This resulted in a \$300,000 increase in the District's annual premium. Due to supply chain issues over the past two years, the District has not been able to acquire the equipment needed. Three dump trucks and a backhoe are expected to become available this year. These items will add approximately \$300,000 to the budget. The proposed cost of living adjustment (COLA) for the upcoming fiscal year will reflect a 3% increase across the board for salary and hourly employees. This COLA is less than the national average inflation rate of 4.7% but near the inflation rate of 3.1% published by the US Bureau of Labor for the greater Houston area. The District's workforce increased by five employees who were assigned to the maintenance and operations departments. Mr. Allen Sims stated that the Jefferson County Tax Assessor's has a new standard to calculate the tax increase increments. If the tax rate is not increased over a period of two years, the District is allowed to use the current increase

as well as the two past year increments without holding a rollback election. The Jefferson County Tax Assessor has provided the District with a maximum proposed tax rate of 0.320573 which would result in a \$111.89 increase on the average homeowner and will result in an increase to the District's revenue of \$11,647,583. Mr. Sims presented six proposed tax rate scenarios for the Board's consideration. A 0% tax rate increase would result in a reduction of \$66,436 in revenue for the District.

Commissioner Champagne asked if the average is based on all the houses in the county. Mr. Sims advised that the average is only figured on the homesteaded properties within the District's boundaries which accounts for approximately 30% of the District's revenue. It does not include industrial, business, or rental properties. Commissioner Champagne stated that he believes that the District is a good steward of the taxpayers' money and does a good job at budgeting, an increase is necessary to keep up with the rising costs of materials needed for ongoing and upcoming projects. Commissioner Champagne stated that he is in favor of either the 0.309208 or 0.320573 increase per \$100.

Commissioner James Gamble, Sr. stated that he is concerned about the District's 35% cost share for the Sabine Pass to Galveston Bay Project. He further stated that he is concerned the District may become over extended due to the increased cost share for the project. He believes with the state of the economy increasing the tax rate would be detrimental to many residents and he is against any tax rate increase.

Mr. Kelley stated that since the 2002 Comprehensive Study and Drainage Plan was completed, the District has been proactive in improving this system. Another study needs to be prepared due to increased population, construction, and development

projects. After Hurricanes Harvey and Imelda, the District was awarded hazard mitigation grants to improve the system. These grant projects are needed to help the system drain more efficiently. Due to the past flooding events the District would be derelict to not improve the system to protect the residents of the District. To date the state has appropriated \$225 million toward the District's original \$302 million cost share for the Sabine Pass to Galveston Bay Project. With the increase in the cost of the project, the state has appropriated more money to pay the District's 35% cost share in the upcoming years; however, Mr. Kelley stated that as a precaution, he will continue to subsidize the balance in the capital funds account. Should the state discontinue funding the District's 35% cost share, the District will have the funds from the capital funds account to pay toward the 35% cost share. If the state continues to fund the District's cost share throughout the project, the District would possibly be able to lower taxes in the future and utilize the capital funds account to fund improvements to the system. Mr. Kelley stated that if the District does not have the entire amount needed for its 35% cost share, the District would pay as the project progressed with interest.

Commissioner Vincent stated that some if not all this increase will be offset by a new proposed law that would increase the homestead exemption from \$40,000 to \$100,000 which would lower school tax rates.

Commissioner Moses moved to approve 0.320573 as the proposed rate per \$100 value for purposes of publishing the Notice of Public Hearing on Tax Rate. Commissioner Vincent seconded the motion. Commissioner Gamble voted nay. The motion carried.

Consider Release of Retainage to Cummins Sales and Service for Diesel Engines installed at Pump Station 19

Mr. Kelley presented two invoices from Cummins Sales and Service for payment for the retainage for diesel engines installed at Pump Station 19. The first invoice is for the larger QSK engines in the amount of \$28,660.00 and the second for the smaller engines in the amount of \$5,380.00 for a total of Thirty-Four Thousand Forty and 00/100 (\$34,040.00) Dollars. Commissioner Vincent moved to approve the Final Release of Retainage to Cummins Sales and Service for the diesel engines installed at Pump Station 19 in the amount of Thirty-Four Thousand Forty and 00/100 (\$34,040.00) Dollars. Commissioner Gamble seconded the motion. The motion carried.

Consider Interest Payment from Debt Service Fund

Mr. Kelley stated the District received an invoice from Wells Fargo for an interest payment in the amount of Two Hundred Thirty-Nine Thousand Six Hundred Eighteen Dollars and 75/100 (\$239,618.75) Dollars from the Debt Service Fund for the District's Maintenance Note debt. This is the September 2023 interest payment. Mr. Kelley stated that this maintenance note was used to pay for the new Alligator Annex Pump Station. The remaining \$500,000 is being used for the improvements to Blocks Bayou project. Commissioner Vincent moved to approve the interest payment via wire transfer in the amount of Two Hundred Thirty-Nine Thousand Six Hundred Eighteen and 75/100 (\$239,618.75) Dollars. Commissioner Moses seconded the motion. The motion carried.

Sabine Pass to Galveston Bay Project Summary

Mr. Brady Girouard stated that design, work-in-kind, and project meetings are ongoing for all contracts. Contract 3A is set to be awarded later this month. This contract will provide fronting protection for three pump stations. Mr. Kelley stated that the

Galveston Division presented a presentation and a white paper to headquarters in Washington, D.C. General Spellmon, who holds the highest military role at headquarters, is scheduled to visit the District on September 6, 2023, to tour the HTRW sites.

Mr. Sims stated that General Spellmon is instructing counsel to review the policy and possibly update their policy. The Galveston District is asking headquarters to change the requirement from tier one residential standards to industrial standards. General Spellman has instructed Wes Coleman and the council to revise the HTRW policy for current times and suitable standards.

Mr. Kelley stated that this system could likely be the one to set the standard for other HTRW sites throughout the United States. If the Corps does not find a way to build some of these projects, it will affect several states with HTRW issues.

Manager Reports

Mr. Phil Kelley presented the financial statements prepared by FMW, P.C. for the period ending July 31, 2023, and gave a collateral securities report as of July 31, 2023.

Permits

Chevron Phillips Chemical proposed 12" underground pipeline crossings at Rodair Gully and North Port Acres Ditch "B". Mr. Garrett Boudoin recommended approval of the permit with a permit fee of \$770.00 and no bond required. Commissioner Vincent moved to approve Mr. Boudoin's recommendation. Commissioner Gamble seconded the motion. The motion carried.

Executive Session – Consider and Take Action, if any, on Items Discussed in Executive Session

No executive session was held.

Checks & Purchase Orders
Maintenance Fund

Ck. No. 22756 – 4 Horn Industrial
\$1583.02 – Equipment Rental – Pump Station 2

Ck. No. 22757 – Advanced Staffing
\$15,748.80 – Summer Help Labor, – 7/24/23 – 8/6/23

Ck. No. 22758 – Allied Electrical Systems
\$545.00 – Districtwide Fire Extinguisher Maintenance

Ck. No. 22759 – Arceneaux Wilson & Cole, LLC
\$49,440.00 – A-3-A Detention HMGP Project

Ck. No. 22760 – Cummins Sales and Service
\$34,040.00 – Diesel Engine Replacement Program

Ck. No. 22761 – FMW, P.C.
\$2,300.00 – Accounting Services for July 2023

Ck. No. 22762 – Function 4 LLC
\$692.36 – Konmin Copier Lease Payment

Ck. No. 22763 – Herc Rentals Corporation
\$3,158.81 – Dump Truck Rental – 7/11 – 8/8/23

Ck. No. 22764 – Johnny's Towing & Recovery
\$300.00 – Transport Truck Rental – Backhoe to Mechanic Shop

Ck. No. 22765 – LJA Engineering, Inc.
\$11,832.01 – Stormwater Management Plan, Data Collection Plan and Rodair Gully Detention HMGP Project

Ck. No. 22766 – LJA Surveying, Inc.
\$22,330.00 – Lateral B-4-A / B-r-A Ext. Improvements

Ck. No. 22767 – Medcom
\$1,375.00 – 2023 Annual ACA Employer Reporting 50%

Ck. No. 22768 – Nerbert Frelow
\$3,840.00 – Dump Truck Rental – Rodair Gully & Main C Improvements

Ck. No. 22769 – Richard Beaumont
\$139.00 – Health Insurance Payment

Ck. No. 22770 – Tower Medical Center of Nederland
\$100.00 – Pre-Employment Physicals

Ck. No. 22771 – TWCA Risk Management Fund
\$9,462.00 – General Liability Insurance & Auto Liability & Physical Damage Insurance
Amendment

Ck. No. 22772 – W-Industries of Texas, LLC
\$8,209.38 – Upgrade Data Operations Systems (SCADA)

Ck. No. 22773 – Waukesha-Pearce Industries, Inc.
\$8,690.00 – Komatsu Dozer Rental 7/14-7/24/23 & Bomag Soil Compactor Rental 7/19-
8/16/23

Ck. No. 22806 – Dannenbaum Engineering Corp.
\$7,979.95 – Sabine Pass to Galveston Bay Project

Ck. No. 22807 – Duck’s Dragline Service, Inc.
\$5,760.00 – LS250X4 Trackhoe – Rodair Gully Lat. 6 & Main C Ext.

Ck. No. 22808 – Glenn H. Steele, Jr. PLLC
\$5,200.00 – Attorney Fees

Ck. No. 22809 – Golden Triangle Roofing Specialist, LLC
\$2,450.00 – Roof Repair Pump Station 15

Ck. No. 22810 – Sprint Waste Services, LP
\$2,117.75 – Roll Boxes, Holding Tanks and Portable Toilet Rental for Various Pump
Stations

Ck. No. 22811 – Lyle Machinery
\$294.00 – Rental 12” MX4 Bucket for Rodair Gully Lat. 6 Project

Ck. No. 22812 – 4 Horn Industrial
\$5,274.04 – 25KW Generator Rental – Backup for Administration Building

General Land Office (GLO) Fund


Ck. No. 5046 – LJA Environmental Services
\$18,655.89 – Sabine Pass to Galveston Bay Project

Commissioner Moses moved that the checks from the Maintenance and General
Land Office Funds be approved for payment. Commissioner Vincent seconded the
motion. The motion carried.

Chairman Beaumont asked if there was any other business to come before the Board. There was none.

At 2:49 p.m., Commissioner Champagne moved that the meeting be adjourned. Commissioner Moses seconded the motion. The motion carried.


Richard Beaumont, Chairman


Albert Moses, Jr., Secretary