

MINUTES OF A REGULAR MEETING/PUBLIC HEARING  
OF  
TRINITY BAY CONSERVATION DISTRICT  
Wednesday, February 15, 2023  
9:00 O'clock A.M.

THE STATE OF TEXAS  
COUNTY OF CHAMBERS

The Board of Directors of Trinity Bay Conservation District met at the offices of the District in Stowell, Texas on Wednesday, February 15, 2023, with the following Directors present:

Greg Turner	Vice-President
Richard Nicely	Director
Victor Caraway	Director

Also present were Jerry Shadden, David Hoyt, Danny Pringle, Crystal Threadgill and Melinda Prince, District Employees; Kate Leverett of Germer, District Counsel; Also present were John Mulryan of the Chambers County Sherriff Department, Gloria Roemer of the Seabreeze Beacon and Wade Thibodeaux of The Hometown Press and Pat O'Neill of Wathen DeShong & Junker, LLP.

**I. PUBLIC HEARING**

**Agenda Item 1:**

Vice-President Turner called the Hearing to order at 9:00 a.m.

**Agenda Item 2:**

The meeting opened with a prayer by General Manager Jerry Shadden and Vice-President Turner led the Pledge of Allegiance to the American and Texas flags.

**Agenda Item 3:**

Public Hearing on Tax Abatement Plan:

Presented by District Counsel, Kate Leverett – All you guys are doing is Chapter 312 of the Texas Tax Code, you have to reauthorize your Tax Abatement Policy every two years. You all do have one and so whenever you do reauthorize it, it does require a Public Hearing. Your Abatement Policy is very oiler plated, it actually follows Chambers County, we prepared it a very long time ago for you all in conjunction with Chambers County. So, the Public Hearing is just required under 312. At this time, you are not authorizing a new tax abatement agreement with anyone, you are just reauthorizing your policy, so that if another business came in and requested tax abatement, your policy would be good. Because you do have to reauthorize it every two years.

Director Nicely – So there has been no changes to this in the last two years?

District Counsel Leverett – No. That is just how the law reads, they make you reauthorize it every two years, so all our clients have to do this. It is a two-year reoccurring basis. But no changes have been made and at time we have no applicants for a new tax abatement agreement. I believe you all have one tax abatement agreement in effect, but that is it.

Vice-President Turner – Do we have any public comment on the Tax Abatement?

General Manager Shadden – I believe it is public comment on anything.

**Agenda Item 4:**

Public Comment:

Gloria Roemer (Seabreeze Beacon) – Thank you, Gregg and the Board for allowing me to speak for a couple of minutes. I am a little confused. I am asking the Board to reinstate the presence of our accounting person to be present every Board meeting, and for her to give the accounting every month for more detailed accounting, and I will tell you why. Last meeting on item # 9, it was the cost of the electric meter readers for \$264,000.00 and you were told that this \$264,000.00 was going to be taken out of the Revenue Fund #15001792 to item #77-80110-00-02, it is on your agenda, might need to look at it. The thing is, is that #77-80110-00-02 is not an account, it is a budget item. When you look at your Budget, you know for 2022-2023 that's just you all have budget \$450,000.00 for this type of things that you all might buy, equipment wise and this is going to be your operating. It is misleading, the way that the numbers are presented. It looks like fuzzy math. This is one of the reasons why this institution was questioned several years ago by 3 former Board members about the fuzzy math. And Mr. Turner you were on the Board and Mr. Nicely and Victor were not, so you remember all the conversations you know with Jeffrey and me and Dorothy about the numbers were not adding up and it wasn't

clear. And the fact that now, we don't even have the accountant presenting the true numbers makes it look like something is amidst. I am not accusing you all of anything, I am just stating that what is being presented isn't being presented as if it actually is. I listened to the video, you all have it on YouTube, I have listened to it about 3 or 4 times, about how this item was presented and it was said "Well there is kind of like a little savings account", there is no savings account, there is no contingency fund. If you look under Budget it is 0, there is no Savings Account. This number here 15001792 the Revenue Fund is a cash account, it's the checking account. That is the fund where all revenues go into, that is where you write your checks for payroll equipment and everything comes out of that fund. It is not a savings account. All that money is budgeted through the end of the fiscal year. When we have slides up there that says the Budget the Fund balance is \$6,000,792.00 that does not mean we have \$6,000,972.00 in the bank, that means that there is budgeted \$6,000,600.00 whatever to last through the fiscal year. Again, this is how this entity started getting into trouble several years ago. And as you know, I do not have to tell you, I know all of you are aware, Trinity Bay is still under investigation by the Feds. Fuzzy math, so I am asking you to actually protect yourself to have the accountant here every month to give a clear accounting of the true finances. Not to say somebody has been taking out of "kind of like a savings account" when there is no such thing. There is absolutely no such thing. So please, like I said, for transparency and to protect yourself, have the accountant here to present the numbers and if there is any questions, that she can be asked about it. Because this is how this group, you remember Gregg, started getting into trouble about 4 or 5 years ago, because nobody can really quite understand this fuzzy math, because it was presented in a way that wasn't the reality of it. Thank you.

Vice-President Turner – Point well taken Gloria.

Gloria Roemer (Seabreeze Beacon) – Thank you.

**Agenda Item 5:**

Adjourn Public Hearing:

Hearing adjourned at 9:03 A.M. by Vice-President Tuner.

**REGULAR MEETING**

**Agenda Item 6:**

RESOLUTION 23-01 TAX ABATEMENT:

District Counsel Leverett –This is just the official action you are going to take to reauthorize the Tax Abatement Policy. So, we had the Public Hearing and now you just adopt this Resolution and it is just stating that you're Taxing Policy will be good for the next two years, so you do not have to reauthorize it someone applies.

Director Caraway, made a Motion to Approve Resolution 23-01, completing reauthorizing District's Tax Abatement Policy in Compliance with the Property Redevelopment and Tax Abatement. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 7:**

MINUTES – JANUARY 11, 2023:

Director Nicely, made a Motion to Approve the Minutes of Regular Meeting held January 11, 2023. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 8:**

FINANCIAL REPORTS:

Director Nicely, made a Motion to Approve the Financial Reports for January 31, 2023. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 9:**

TAX REPORTS

Director Caraway, made a Motion to approve the Tax Reports for January 31, 2023. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 10:**

ACCOUNTS PAYABLE:

Director Nicely, made a Motion to approve Accounts Payable. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 11:**

ANNUAL FINANCIAL AUDIT Y/E 09-30-22:

Presented by Pat O'Neill of Wathen DeShong & Junker, LLP:

I put the bound Audit report and a letter in front of each of you there and I also have what I call a cliff note version of the pages that I feel like we want to cover with the Board and then if there are any questions about the full report, I will be glad to go into that as well.

The first page I have here is the Independent Auditors Report, it is a new style of the report this year it is actually three pages long, I just have the first page here but the 2<sup>nd</sup> and third page talks a little bit more about what an audit is than it used to to try to educate the public on what an audit entails. But this one, they have moved the Opinion to the front of the report since that is what we are providing is our opinion on financial statements. It says we have audited the accompanying financial statements of the District as of September 30, 2022. The next paragraph, in our opinion the financial statements present fairly for the financial position of the District. That is what we call a clean audit report. That is what you are looking for is that it presents fairly.

Page 2 is the Statement of Net Position. There are two methods of accounting that are presented in this report. There is the fund accounting method, which is how the drainage district operates on a month to month basis and then there is the full accrual which is how the water and sewer operates, but we also convert the drainage to full accrual for this financial statement, I know that is confusing, I am not the one that made that decision, it is just our accounting standards saying they want it presented two different ways so this is the full accrual method, drainage is in the inside column and water and sewer is the middle column and the combined district as a whole is in the right hand column. Total cash and cash equivalents combined at 4.5 Million as of September 30 we also have restricted cash, that is the deposits that your customers have put in that you owe back to them should they ever leave. And then also your Bond requirements, requires you to keep some cash in reserves to meet your bond codes, so that is what the 1,982,000 in additional restricted cash is. Under full accrual basis the Drainage fund in addition to Water and Sewer lists their fixed assets on this balance sheet whereas at the fund level they do not list them, so we have all our assets listed there. Then we have our liabilities, which include, your long-term liabilities. The Drainage district has some capital leases on some equipment purchases that are listed as long-term liabilities. Your equity is down at the bottom on the last line. Drainage has equity on the accrual basis of \$12.2 million, Water and Sewer \$23.5 million and combined for the District is just under \$36 million in fund balance or equity on for total net position on accrual basis.

Page 3 is the Statement of Activities, that is your income statement on a full accrual basis. This one is a little peculiar too, it starts with the expenses over on the left-hand side. The governmental activities is your drainage, so they come across and then your revenue is listed at the bottom down there. Property taxes is the biggest one, penalties and interest related to those taxes as well. Under the full accrual basis, the Drainage district had a loss of \$35,502 at the end of the year for the 12-month period. Water and Sewer had a positive of \$1.2 million. So, the District overall had a \$1.194 net income. You add that to your beginning net position of \$34.5 to get to the \$35.7 that is on the balance sheet. That is the balance in between the two statements is the equity between the two.

Page 4 is the Fund Accounting for the drainage fund, how they keep the books on a modified accrual basis. This is where any purchase of equipment is expended and treated as an expense whereas on full accrual it goes to the balance sheet as an asset and it gets depreciated over its useful life, so that is the main difference between the methods of accounting. But we do have capital expenditures like I said, down there in expenses of almost \$211,000. Under the Fund accounting method, the General Fund had a positive of \$191,000 which increased the fund balance for the year. It started at \$3.2 million add \$191,000 and you get to \$3.4 million fund balance. Which is primarily, we will see that a couple of pages over.

Page 5 is the Reconciliation. Take that \$190,000 income and the fund accounting method and then we reconcile it to the loss of \$35,000 that we saw on the full accrual basis. The primary items like I said were Capital outlays get added back, because they are not expenses on an accrual basis, but then you do have depreciation on those assets that have been bought in prior years as we are writing them off of the useful life. It is not a cash expense, but it is a \$620,000 expense under full accrual basis. That is the biggest swing from a positive to the negative that you have. We also have a change in the pension obligations, those are on full accrual basis. You recognize those pension obligations which are long-term liabilities that Actuary calculates, they actually went positive \$216,000 this year, we will see in the back, the investments had a good year that are set aside for the retirement plan. So that helped the income by \$216,000.

Page 6 is the Balance Sheet under the fund accounting method for the drainage. This just has your cash, property tax and receivable it does not have your long-term fixed assets, it does not have your pension obligations or those kinds of items. It is just what can we operate the drainage district on for the next 12-month period? What are our liquid assets or our permanent assets?

Total assets for the general fund is \$3.9 million, liabilities \$238,000, uncollected property taxes \$274,000 and your fund balance is \$3.444 is there getting what balanced out to the income statement for the fund accounting method of accounting. Then we have a reconciliation table starting at \$3.4 million in fund balance on the next page, page 7 and converted that to the equity under the full accounting that we saw previously was the \$12.2 million. But we start at the 3.44 and we add in debt book value of the capital assets of \$9.3 million, we subtract out the capital lease payable and the compensated absences long-term calculation for liabilities and then the net pension obligation, those are the fixed assets, the capital assets are the main reconciling items between the two methods of accounting.

Page 8 is the General Fund 5-year history that is required in the back of the schedule by TCEQ. Just to kind of give you an overview of what has happened over the last 5 years. The last 3 years have been positive increases to your fund balance, that is the bottom line there of \$190,000 this year, last year it was \$380,000, the year before \$215,000 positive.

Page 9 is the same type of form for the Water and Wastewater Fund. \$1,230,000 is the current year income and that does include developer contributions of lines to the developer, I think that was Cypress Point 2 where they put infrastructure in and then they turn it over to the District and you all maintain it from that point forward. It is non-cash income, but it is income and it goes on as equipment a fixed asset that gets depreciated over a 20- or 30-year period as those lines get used. But you did have \$827,000 of that \$1.2 million was developer contribution, last year you had \$550,000 that you had taken in and the year before that was \$259,000 so over the last 3 years you have had about a million and a half of new development. When you talk about property taxes being inflated, you have some new development going on there and the lines coming in. You can see 4 out of the last 5 years, positive that income for the water and wastewater fund, this year being second best compared to 2019 was a good year as well.

Page 10 is related to the pension. These numbers come from Actuary for the pension. You all send money to a pension plan and it shows up as an expense and it goes over to a pension, so you have assets over there, not that they are on your books, but they are there to help fund the retirement. Middle of the page, in the left-hand column, invested income or those investments this year is as of December 2021, it is a little bit behind, because the consultant has to take those numbers and come up with the obligation for the pension. So, to get this report, there is a lagging period behind here but for 2021 the invested income was \$2.4 million. What that did, is it took your pension liability at the end of 2020, your liability was a million and half shortfall for the pension, but because of that investment income your were actually overfunded \$284,000 in the brackets down there at the bottom on the left-hand column. Brackets are good on this scale, that means you are overfunded a little bit by \$287,000, which is pretty close to break even on an estimated liability of \$13,000,000. I suspect that number is going to flip around the other way when they get to the 2022 investment activity. This is just the way the market was for 2022. I imagine you are going to be back to having a liability, just this year you didn't. It hit a little bit over for (*inaudible*) investment income related to that period and that does help with the accrual income on the presentation of the funds, they get a little bit of a reduction in the pension expense because of the performance of the plan assets.

There is another letter in there that is the required communication to the Board, it is getting thicker each year. This year we have that letter but we are supposed to attach behind it the letter that we get management and accounting to sign at the end of the audit saying that we were presented everything needed for the audit that we requested. They now want the Board to see a copy of that letter that is being signed by Management. Not sure that anyone really cares about it, but we are required by our standards to attach that. We also attach the audit adjustments to that letter just for your information. I have gone over those journal entries in detail with Melinda, we have talked about that and just kind of talked about this is what the account should balance to and try to get those to be made out of the district as close to being audited adjustments just the fewer wrong adjustments the better off you are when you get to the middle of the year. It was Melinda's first time for this and I appreciate her help, and Crystal and everyone else that helped us. It is a joint effort. These are your financials we just issue an opinion it. But it is a joint effort.

If there are any questions, I am available?

Director Nicely – I am going to be looking into this, but anywhere in any of this in your discussions and looking at all of the paperwork, yada, yada, yada...did you see any fuzzy math? Yes or no?

Pat O'Neill (WDJ, LLP)- I didn't see any fuzzy math, but there were some accounts that needed to be adjusted, but that is to be expected when you get a new person to an accounting position. I am familiar with the District and y'all are a little bit complicated with the way you pay your bills and then forward them to the other funds and stuff. But it is a process, but we are getting more comfortable. We have done it now 3 or 4 times and each year you get a little bit more comfortable with it, the inner workings of it. We were provided with everything that we asked for to support the numbers. We do not look at 100% of the transactions, but we take samples and we look for variances and we balance out the balance sheet to the bank recs. The banks are

being reconciled and we tie down the receivables to the detailed reports. Everything we asked for, we were provided. We are not looking for fraud, that is not what our responsibility is, but we didn't come across any improprieties that we felt like but if there were, they would be in that letter and we would have discussed with you ahead of this public meeting.

Director Nicely – Understood. And I read the packet that I got on the computer just a couple of days ago, and I did not see anything that you had put in there. Very good. Thank you.

Vice-President Turner – Thank you, sir.

Pat O'Neill (WDJ, LLP) – Thank you.

General Manger Shadden – Thanks.

Director Nicely, made a Motion to approve The Annual Financial Audit for the year ending September 30, 2022, presented by Wathen DeShong and Junker. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 12:**

**RATE STUDY:**

General Manager Shadden – Yes sir. In 2021, Phillip Givens came in with Superior Management and did a detailed report of where the District was at and what he thought the District needed to do to make sure that we had everything like we were supposed to in billing property and equity and so on and so forth. So, I have talked to Phillip since I have been here, I have never met him before, and so what I am asking the Board to do is, I would like to have him update that report from 2021. You know the Board had raised rates like \$5.00 and I think the previous Board did it like \$12.00 and I think there were a bunch of other things in this report that needed to be done about how to adjust for different meter sizes and different customers and the way we do things and I would just like for him to update this to see and make sure that everything we are doing billing wise and everything else is being done properly.

Vice President Turner – And this \$7,000.00 is his charge?

General Manager Shadden – Yes sir. I think he charged \$14,000.00 for the whole study, and just to go back and we would have to give him all our billing information and stuff and he would look over it again and put us back together a package to say for instance, you're not billing properly for you larger customers or your sewer rates are too low and your water rates are not where they need to be, or your giving away too much water. Just different customer classes and everything else and have him update this study to make sure that we are doing all the things we need to do by law.

Director Caraway – It will reflect our current budget as well?

General Manager Shadden – It will reflect our current budget as well and take into consideration where we are at, just kind of like the audit was.

Director Caraway – The old study was done with this budget from 2 years ago. It will also take in to account the new housing, and stuff like that and those additional meters, I am sure.

Director Nicely – If there is any question about us billing these people right, I want that corrected if there is an issue, especially with all these new homes coming in. Jerry did a presentation and shows us all the different areas we are going to have expansions, new neighborhoods and commercial businesses on IH10 and so I would like to make sure that is all done correctly and legally.

Director Caraway, made a Motion to approve updating the Rate Study by Superior Management from 2021 for \$7,000.00. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 13:**

**ARIAL SPRAY:**

General Manager Shadden – Yes sir. When I first came here in 2011, I believe we sprayed with a helicopter and we did a little bit of spraying last year as kind of a test project to see what it would look like and the kind of chemicals we would need to use. So, in this year's budget, I budgeted \$100,000 to do aerial spraying. I am asking the Board to let us put in the paper to advertise to go out for proposals from the different entities who would like to bid on the to spray. By law since it is over \$100,000 we have to run it in the paper for 2 weeks. So, we are going to run it for 2 weeks and then they will submit a packet and we will take the most advantageous bid to Trinity Bay.

Vice-President Turner – And in your proposal, you are demanding a copy of their insurance?

General Manager Shadden – Yes sir. I put a copy of the contract in there and it is 30 pages long. Kate reviewed it to make sure it is up to date since the one from 2011.

Vice-President Turner – It's not an added expense most aerial applicators have liability insurance.

General Manager Shadden – Yes sir they do. And so we do require all kind of different things. We set the acreage, the rate and everything that we need to get done. The best job we have had so far has been by helicopter.

Vice-President Turner – They will be responsible just for the application and we will be responsible for the recipe?

General Manager Shadden – Yes. We will be responsible

Vice-President Turner – You've got a very knowledgeable man on board right now that he knows the chemicals.

General Manager Shadden – Yes sir, and this is why we did some test piloting earlier in last years budget to see what kind of kill rate we've got. We want to kill the trees, but we don't want to kill the grass and so yes.

Director Nicely – I understand that it worked great!

General Manager Shadden – And we do have in our pesticide license, which we updated here not too long ago, we have non-restricted. We did not spray 2,4-D or anything like that cause it is a restricted chemical. Everything we spray is round-up, rodeo, triclopyr so and so forth. So, we just updated our, actually they said we didn't need to but since we sent it in and asked them to, they looked over everything and made sure we are in good shape. So, this is asking you to be able to advertise for it.

Director Caraway, made a Motion to approve advertising for Aerial Spray Services. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 14:**  
SEEDING DITCHES:

General Manager Shadden – What we have is, we have gone in some areas and we have cleaned the ditch and it is real sandy soil; the latest incident was we went and cleaned all the trees off cleaned the ditch up and got it all done and then the landowner went back and put his drop pipes back in, which is the pipes they put in to drain his land and stuff like that, and after the rain, everything washed away because it was sandy soil. So, we also did a little test program here where we could use some of the aerial spray money to seed these ditches where they need to be, so the grass can grow back to stop the eroding. I have only done this a couple of times, I think our reservoir in Anahuac kept eroding, so a plane came in and we fixed a mixture of the type of grass and seeding that we wanted and they flew it in there and also the sandy soil on down in Smith Point where all those banks were eroding away, so we seeded it. So, what we want to do here is when we have a situation, with the Boards approval we will put some seeding on it to keep the banks from washing away. It is not going to be everywhere; it is going to be in particular low places.

Vice-President Turner – As needed.

General Manager Shadden – As needed where we are cleaning and grubbing. Which grubbing means, grinding the trees off of.

Director Caraway – And the money will come from that \$100,000?

General Manager Shadden – Yes that and we have \$50,000 in there for chemicals also. So we will use the money out of there. We did that last one and I think it was like \$3000, is what we spent. We went in and spread I believe it was like a mile and half with the airplane and seeded the ditch to try to stop the erosion. And then landowner went back and set his pipes again.

Director Nicely, made a Motion to approve seeding ditches that have been identified as needing erosion control after cleaning and grubbing. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 15:**

**RESENDING TEMPORARY SUSPENSION OF WATER AND SEWER LINE EXTENSIONS:**

General Manager Shadden – I brought this to the Board right after I came back and Les' opinion was waiting for the positions on the Board to be full, so the whole Board would be here, and they are not all here today. What this is, is mainly sometimes someone needs 1000 feet to get to their house or for water or sewer service and these are things that are in the daily operations of things that somebody wants service or whatever, that we just extend their water and sewer down to their house. If we are going to put 10,000 feet of pipe in, we are going to come into the Board and show that we need to lay a line here and the plan and everything else. This is mainly for Diane for when she is selling water and sewer for us to be able to extend a line 1,000 feet and give a person water and sewer service. Anything bigger than that we can bring back to the Board. If you remember, we put in an RV park on 73 not too long ago, and we put in 2 – 3,000 feet of water and sewer and I brought it to the Board to show you and I like you to see what we are doing also. This is mainly for the day to day stuff when someone calls and wants service and it is simple like this just to be able to go ahead and do it.

Director Caraway – I don't have a problem with doing it, but I would like to see maybe a dollar amount or some kind of limitation on it. It's not that I think that the management at this time is going to abuse it, but if the management changes, we have an open policy just to allow management to add water and sewer lines as they see fit. And obviously we do not want to do that, I don't think.

General Manager Shadden – You can say anything over 1,000 feet has to come to the board or over \$5,000.00 need to come before the Board, however you would like to do it.

Director Caraway – Exactly. Again, I don't think you are going to misuse it, but at some point, you and I are not going to be here and someone else may abuse it. So, when we write these things, we need to think about the future and how to handle that long term.

General Manager Shadden – No problem.

Director Nicely – Is there anyway to recoup some of the costs?

General Manager Shadden – They do, they pay for it.

Vice-President Turner – We need to have some type of stipulation as to what size on the sewer lines. You know we have gotten into this problem before we put in a....

General Manager Shadden – I understand what you are saying. To go back to your reference, Gregg is referencing over on Bayshore and Main Street, 20 years ago they went in and put a 2 ½" line and we have had so much growth down there that the 2 ½" line will not handle it. But I ran into this situation when we ran out to Nutty Jerry's, so your thinking was my thinking so I wanted to lay a 6" line for the future but also whenever I extend a line for a certain period, let's say I have to extend the line a mile, then I have to out those plans together, I have to send it to TCEQ for their approval to extend our system that much and what happens is they come back and say, well look you only have these few customers out there now and you want to put in a 6" line and you are not going to have enough velocity in it and the solids are going to sit in in and it is going to stop up, so they are going to question me trying to put in that large of a line in for future growth. So, it is a balancing act that the engineer has to tweak the number to see what size that we can actually put in. We just had the same thing on 563 whenever I came from Jack In the Box and all that up and started and it went back down towards and did a couple of RV Park back there and at the time they would not let me put in more than a 4" line.

Vice-President Turner – But they are never around when we need to upgrade these lines to a bigger size is what I am saying.

General Manager Shadden – I understand.

Vice-President Turner – You have to charge the customer to put in a 1000 fill sewer line and 2 ½ of work today. And tomorrow you have to upgrade to a 6", the same governing entities that are governing what size we can and can not put in, they are never around to help us upgrade to a larger size.

General Manager Shadden – Yes sir. I am just explaining how the process works.

Vice-President Turner – I know. But you and I are both understanding what I am talking about, is when we put a system in it is good for today.

Director Caraway – But it does not last.

Vice-President Turner – a 1949 Chevrolet was good in 1949 but it is not that quick today. I just wish there was some kind of happy medium we could come to.

General Manager Shadden – Normally it is planned for 20 years in advance. And I am sure that one on Bayshore has been in more than 20 years but the rule of thumb is you are looking for 20 years. In fact, we are having the same thing with the people with water that put the subdivisions in now, I am requiring them to upsize the line at their cost because they are the ones that need the line and they are the one needing to pay the costs to do it and they are like “well I don’t want to have to pay to do this”, and I said “well, we are going to require you to pay our engineer to do a study of what you need and make sure we cover our self”. Because you are exactly right, we go and let them build 200 houses in there and then the thing is not large enough to work, so we try to do it ahead of time, but yet I have a meeting with a developer next week and like I say, they are going to raise nine kids of hell. The ones I am talking about is 61 and 65 going across right behind 4 Corners and they are wanting to put in a large subdivision right there. They are bringing the water back to 562 or 3, whatever it is, but anyway the sewer comes out to the front on the highway. Well we have ran the line all the way up from Hankamer to the 4 Corners but we also have a line that goes from there to Anahuac, so I want the engineer to look at the whole thing, which is the best way to take his sewer.

Vice-President Turner – The little line going into Anahuac was basically just put in there to service us on the water treatment plants. Its only like a 2 or 2 ½ inch.

General Manager Shadden – Yes. So he is going to have to upsize one way or the other whether it is to go back to 4 Corners and upsize that way or if we decide to go to Anahuac is the best thing to do, but I have to have our engineer look at it and he is going to have to pay for the study and he is going to come in here and raise hell next week. But I have already to him that he has to.

Vice-President Turner – I understand.

General Manager Shadden – So, I understand what you say but everything is planned for 20 years usually in the water and sewer industry.

Director Caraway - I think we should probably table this just for a month and try to get it back on the agenda as soon as you can. I do not have a problem approving something, but we need some limits.

General Manager Shadden – I will get Diane to put something together for us.

Director Caraway - So, do we need a Motion to table?

Kate Leverett, District Counsel – Yes, let’s make a Motion to Table #15.

Director Caraway, made a Motion to **TABLE** resending the temporary suspension of water and sewer line extensions. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 16:**

**RENEWING CONTRACT WITH ENTRE:**

General Manager Shadden – These are all our computers and systems and everything that we have. We had an agreement with Entre, they do all our backup and guarantee everything to the cloud. We also have a private network with a VPN to where we can work from home in a hurricane situation. They do all our backup and maintain all our computers. When I came back not to long ago, we did an inventory of all the computers that we have, and we were paying \$3,352.49 a month to maintain everything and to make sure that all our system is up and working. If for some reason, our computers go down, we just call them up and it is free for them to come out and fix them or they can remotely fix them. So, last year it was \$3,352.49 and this year it is \$2,931.00 so they have actually dropped the price. So, like I said we did an audit and got rid of the stuff that we did not need. This is to maintain, also they upgrade our computers as needed and we do not pay for it, that way we are always up to date.

Vice-President Turner – Are these computers rented from them, or do we own our computers?

General Manager Shadden – In this proposal they are rented from them and in 3 or 4 years they need an upgrade, we do not have to pay for it.

Vice-President Turner – I got you.

General Manager Shadden – So it is just like we talked about, for example the ice-machine, they were put in when we built the building, so we are looking at going to leasing them rather than owning them because there is always something wrong with them and they are breaking, so I just assume lease them and it is there problem not mine. And this is the way this is set up, we have where we are backed up to the cloud and we are backed up to a Dito system that never loses and so and so forth. Anytime anyone has any problems with the computers or anything,



we just call them up, they guy either comes out or he takes your computer over right there and fixes whatever needs to be done.

Director Nicely – Does this include the handheld computers the meter readers are going to be using?

General Manger Shadden – No, that is through AVR, and they are not really using a computer, they are using a telephone. They all have smartphones with AVR's app on it where they sign onto that and that is how they read meters.

Director Nicely – Oh okay. Thank you.

General Manager Shadden – In the old days you had a big box like this that would download it and you had a great big cellular phone back in the day and now days is so, you know, I pay \$10,000 for a telephone system and now a days, \$500.00 and you can buy a telephone system for the whole place. It is just technology has come so far. But they all have smartphones, we pay for a smartphone and they use the app and everything is in their phone. They bring it in and it is downloaded here at the office. We also have all the equipment for the automated read also to drive in the truck and pick it up. We have been with this company every since I have been with Trinity Bay, 12 years.

Director Nicely, made a Motion to approve RENEWING A Managed Services Agreement (HAAS) to secure, manage, maintain and backup network infrastructure and digital data with Entre. The motion was seconded by Director Caraway and it passed by unanimous vote.

**Agenda Item 17:**

AMEND AMOUNT TO REPAIR LINK-BELT 108 DRAGLINE:

General Manager Shadden – Yes sir. This has been going on quite a while. We brought it to Houston to Inman to the crane company to have it repaired. They got into it and they split it ad did everything that they needed to do. It still needs some track work and I am showing you these pictures now. Your idler in the front has an inch or so of slack, but I told them that we do not want to repair that at this time. So, what they did is they took the main frame and took it completely apart all the way down to the bearings and seals and everything else. Anytime that they ask to add something to it, they either send me a picture for me to approve it or I go to Houston and look at it. These are the bold that actually hold the counterweight on, and you can see the threads are gone, so \$200 or \$300 here and \$300 or \$200 there. On this picture right here, everything in there is new bearings. New clutches, new cylinder, new brakes, everything in there has totally been rebuilt. I asked for \$80,000 we are up to about \$100,000 or so. I sent all of you a detailed list of all the parts ad the labor that has been done to it and a final amount. I think I brought them the boom this week and we had some extra boom out at the wetlands so I think he has a good enough boom to put the thing back together and he asked me about the wire rope yesterday and it was like \$700 for new rope but did I want to buy it or let him buy it? So, I let him buy it because if I would have messed up on the length or something, I would have had to eat it. So, I let him buy the rope. He should have it put together I would say in the next couple of weeks and test it and everything else to bring it back to us so we can put this thing to work. It has been a long drawn out process, but I feel like everything that he did, we pretty much asked him to do.

Vice-President Turner – You saying you are going to take another section of boom.

General Manager Shadden – Yes. Well we had two more sections. We have about 110 feet with a 10' jib whenever we were building the bridges so I had...

Vice-President Turner – That is a load for that little machine.

General Manager Shadden – Yes. So anyway, I told him to take the extra counter-weight off and set it up with 60' of boom with a tag line and everything else for dragline for the bucket. So that is what it is being prepared for now. So he is going to put 60' of boom in there, put the end on it and load test it to make sure all the brakes and everything work so we can get it back out on Spindeltop and get to digging.

Vice-President Turner –Danny going to run it?

Danny Pringle – Nipp is coming back, I think.

General Manger Shadden – I talked to Nipp and he said he would like to come back as a temp and do it. He is the gentleman that operated it before.

Danny Pringle – I will tell you this. Back in the 90's we had a machine that I was running and the boom broke. It doesn't take but a half a second and it is on the ground and I working on the side of a big ethylene pipe, it could have been bad. The tail had rusted on the inside and when it did break, it was just a little thin line that was holding it. Those booms, so if you are to have

people working under putting it back with a bucket, there will not be people working under it, it is not fund for the operator when it breaks there it breaks and falls right beside the catwalk, and it is (snaps) that quick.

General Manager Shadden – We are getting it repaired and will get it back here and back to work.

Director Caraway – Is there an amount that we are being asked to amend this to?

General Manager Shadden – Last he told me, you went with me the first time when he told me \$80,000, this time he told me it was about \$118,000. And like I say, I replaced those bolts, replaced the throttle cable, it was frozen, and the wire ropes. I think we are going to be around \$118,000 - \$120,000 range, I am not going to guarantee that that is going to be the exact number but it is pretty close.

Director Nicely- So we are looking at another \$38 to \$40,000?

General Manager Shadden – Yes. I believe we moved \$80,000 out of the reserve account in there. And I had a bunch of money in there for heavy equipment repairs, so if we would have to adjust it we would do that at the end of the year. I think there is enough money in there to take care of it right now.

Director Caraway – We are this deep into it now we have to finish it.

General Manager Shadden – Yes sir.

Director Nicely – Yes, we are too far along.

Director Caraway, made a Motion to approve Amending the amount to \$140,000.00 total to repair Ink-Belt 108 Dragline. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 18:**

RESOLUTION 23-02, METER TESTING FROM \$25.00 TO \$150.00:

General Manager Shadden – Yes sir. Let's say you have a water problem at your house, you say your meter is not reading correctly and you want us to test your meter. Because we send it out to a company to have the meter tested, we do not have any way to test it ourselves, and it costs \$150.00 is what it actually costs us to have it tested. The \$25.00 has been around for a long time. So, we double checked with Kate to see if there was any type of regulations or anything. So, we are asking for just the amount it actually costs to test.

Director Nicely – So we are not making any money?

General Manager Shadden – We are not making any money, this is what it actually costs us to take it out and send it to.....

Vice-President Turner – That \$25.00 has been in there since I have been on this Board, and that is a long time. You can't buy a 12 pack of cokes for \$25.00 anymore.

Director Caraway, made a Motion to approve Resolution 23-02, Increasing meter testing from \$25.00 to \$150.00 reflecting actual testing cost. The motion was seconded by Director Nicely and it passed by unanimous vote.

**Agenda Item 19:**

PROJECT UPDATES:

Presented by General Manager Shadden:

Hazard Mitigation Draft has been completed and submitted to (TDEM) Texas Department of Emergency Management for review. Once the State of Texas finishes their review, it will go on to FEMA. So, we have submitted it to TDEM and I have a phone conference with the tomorrow afternoon about that and several other things. But it is in their hands and on its way to getting approved.

We won another appeal with FEMA and I believe this was on 15353, which was another one of the Bridges that we did, and they deleted and said we should not get paid for several different things on there. So, we filed an appeal through FEMA and FEMA agreed that the stuff that we asked for was consistent with what it would take to do that type of job, so we won our appeal on it and we are getting \$4,920 back. They didn't pay us for mats, shackles and different things like that. We have brought several appeals, so this is the second one that we have won. The other one was about \$10,000 and this one is right at \$5,000 so about \$15,000 back. I also have a meeting with them, they asked for a meeting over Easer 2, the one we built out in the middle of nowhere a 100' bridge and the Fitzgerald I. So that is 2 more Pw's that they are asking

questions about that we appealed. All of that stuff seems to be moving and so far we have been doing pretty good.

Director Caraway – Is this money the money that has been sitting in the that drainage construction fund.

General Manager Shadden – Yes, That is what that money was put in there for at the time it was thought that if we were to lose or we ever had to pay them back, that is what that money was sitting there for.

Director Caraway – So there is \$95,000 in that fund, \$5,000 of that would come out and go back in the....

General Manager Shadden – Yes sir. I am not completely up to date on everything that is still out there, or can or can't be but...

Director Caraway – I was just wondering how much of that \$90,000 that we expect to...

General Manager Shadden – I am hoping to get at least half of it. We are getting it all lined out. The hardest thing to prove is administrative costs. Even though you send them payroll reports and all this, they consider it D.A.C. and it is hard to prove all that. Especially when someone works on it an hour or two a day or something like that, it is hard to prove all that stuff. They have changed the law some now to where they just pay you a percentage of it D.A.C. to where you do not have to. They say you do not have to prove it but you dang sure better keep the documents to prove it. But they pay you a percentage of it. So that is the update on those two projects.

Judge Silvia sent a letter to TXDot supporting I-10 and Spindletop improvements.

## **II. DRAINAGE REPORT:**

Danny Pringle presented the drainage report on various areas of the District:

### **OYSTER BAYOU:**

#### **LONG REACH 60' (North of Fairview):**

This machine is working on the East side of Oyster Bayou in a southern direction. The machine is cutting and dipping the trees and debris that could not be reached by the short reach Fecon. This machine typically covers an average of 600 feet per day depending on the type of vegetation.

NOTE: Had a hydraulic line failure, but we recently got it back going.

#### **D-6 Dozer**

This machine is correcting the shelf and installing new field drains.

#### **LONG REACH 50' (South of Farview)::**

This machine is on the West side of Oyster Bayou, South of Fairview. This machine is cutting and dipping. When cutting the remaining vegetation that the short reach Fecon could not reach it will cover approximately 600 feet per day.

NOTE: We did pull the machine and took it to the Onion Bayou Salt Check to remove vegetation clogging up the gates. Also, the cutter head had started leaking hydraulic fluid, so we sent it off for repairs. It is due back 2-13-22.

### **TRIBUTARY TO SPINDLETOP (VII SA)**

#### **VIBRATORY HAMMER MACHINE:**

This machine is dipping the ditch to remove the shatter cane that has built up. This machine can average 800 feet per day.

NOTE:

This machine had the water pump fail on 2-6-22. The technician is to be back out on 2-13-22 to replace the water pump.

### **OGDEN DITCH**

#### **KOMATSU GRINDER:**

This machine is currently on the West side of Ogden ditch South of I-10 cutting and dipping vegetation. This machine averages about 400 feet per day.

**NEWEST FECON:**

This machine is currently on the West side of Ogden ditch South of I-10 cutting vegetation. This machine averages about 400' a day at this location.

ELM BAYOU

**KOMATSU MOWER:**

This machine is mowing and dipping this section of ditch starting West of Canal Road and heading in a Northern direction. This machine averages about 450' per day depending on the vegetation.

**D-3 DOZER:**

Operator is using this machine to knock down the spoils from the ditch.

**NEW SKID STEER:**

Used it to mow and grind vegetation on Anahuac Ditch.

**CAT 308:**

Used this machine to remove debris from crossings after the rain events we have had.

**MACHINES AT YARD FOR REPAIRS:**

Fecon 30' (Older Fecon) – Go the parts in just recently, it still has some minor bugs that need to be worked out.

Slashbuster – Still waiting on the cylinder to get back from the hydraulic shop.

**SPRAY CREWS:**

The crews help with day to day tasks like installing pipe ext.

The tractors will continue to mow whenever the weather permits.

**III. UTILITIES REPORT:**

David Hoyt reported on Water and Wastewater.

1. Updated on the new Hankamer WWTP.
  - Walkways and railing have been completed on the aeration chamber digesters and clarifiers.
  - Air diffusers have been installed in the aeration chambers and digesters.
  - The contractor has begun installing the blower header piping.
2. We have received documentation from the TCEQ that shows all alleged violations found during the November 18 2022 Oak Island WWTP inspection have been corrected and no further action is required.
3. We have started the meter replacement project in Winnie and Stowell. Last week we received 350 more meters; we now have 950 of the 1,200 meters that we ordered. We anticipate this project to take a few months to be completed.

**IV. EXECUTIVE SESSION**

GOVERNMENT CODE 551, SUBCHAPTER D  
SECTION 551.071 - CONSULTATION WITH DISTRICT'S ATTORNEY REGARDING POSSIBLE LITIGATION

SECTION 551.072 - DELIBERATION ABOUT REAL PROPERTY

SECTION 551.074 - MATTERS OF PERSONNEL

SECTION 551.075 - CONFERENCE WITH EMPLOYEE

SECTION 551.076 - TO DELIBERATE THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive session of the Board should be held or is required in relation to any agenda item included in this Notice, then such closed or executive meeting or session, as authorized by the Texas Open Meetings Act, will be held by the Board at the date, hour, and place given in this Notice concerning any and all subjects for any and all purposes permitted by §551.071-551.084 of the Texas Government Code and the Texas Open Meetings Act, including, but not limited to,

§551.071—for the purpose of a private consultation with the Board’s attorney on any or all subjects or matters authorized by law.

**V. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION.**

No action taken.

**VI. Comments by Members of the Board**

**VII. ADJOURN.**

Director Caraway made a Motion to Adjourn. The motion was seconded by Director Nicely and it passed by unanimous vote.

Meeting Adjourned at 10:23 a.m.

READ AND APPROVED:

  
\_\_\_\_\_  
Scott Kahla, President

Attest

  
\_\_\_\_\_  
Les Hankamer, Secretary

Date: 3-23-23