

MINUTES OF A REGULAR MEETING
OF
TRINITY BAY CONSERVATION DISTRICT
Wednesday, May 14, 2025
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, May 14, 2025, with the following Directors present:

Victor Caraway	President
Les Hankamer	Secretary
Rick Nicely	Director
Annette Rayburn	Director
Justin Woody	Director

Also present were Jerry Shadden, Crystal Threadgill, David Hoyt and Amos Roy, District Employees; Kate Leverett of Germer PLLC, Susan LeBlanc from Representative Terri Leo-Wilson's office, Gloria Way of the Seabreeze Beacon, Wade Thibodeaux of the Hometown Press, Celeste Denora of the Vindicator, and Josh Kahla - Chambers County Constable, Precinct 5, James Gilley Jr. of the U.S. Capital Advisors LLC and Danny Pringle.

Agenda Item 1:

President Caraway called the Meeting to order at 9:00 a.m.

Agenda Item 2:

The meeting was opened with a prayer by General Manager Shadden, who then led us in the Pledge of Allegiance to the American and Texas flags.

Agenda Item 3:

PUBLIC COMMENT

None.

Agenda Item 4:

APPROVE MINTUES

Secretary Hankamer made a Motion to approve the Minutes of a Regular Meeting held April 9, 2025. The motion was seconded by Director Nicely and it passed by unanimous vote.

Agenda Item 5:

FINANCIAL REPORTS

Director Nicely, made a Motion to approve the Financial Reports for April 30, 2025. The motion was seconded by Director Rayburn and it passed by unanimous vote.

Agenda Item 6:

TAX REPORTS

Secretary Hankamer, made a Motion to approve the Tax Reports for April 30, 2025. The motion was seconded by Director Rayburn and Director Nicely and it passed by unanimous vote.

Agenda Item 7:

ACCOUNTS PAYABLE

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

Agenda Item 8:

SWEARING IN OF JUSTIN WOODY TO SERVE AS BOARD MEMBER FOR DISTRICT 4

Kate Leverett administered Justin Woody his Oath of office and he then assumed his seat on the Board of Directors for District 4 to begin his 4-year term.

Agenda Item 9:

APPROVING MELINDA PRINCE AS RECORDS MANAGEMENT OFFICER

General Manager Shadden – We are required by law to have someone as a record keeper and the Board has to approve it. Melinda has been doing it and this has to be done every year.

Director Rayburn, made a Motion to approve appointing Melinda Prince as Records Management Officer. The motion was seconded by Director Nicely and Secretary Hankamer and it passed by unanimous vote.

Agenda Item 14:
SELLING BONDS

General Manager Shadden – Maybe this is the time to have Mr. Gilley explain how all of the Bonds work and the options that we have, 10, 15 and 20 years, we have already bid the 20" water line and according to Kate, the application has to be within 60 days to be able to reimburse ourselves, correct?

Kate Leverett – Correct.

General Manager Shadden – Okay. So, they will put the application together.

Kate Leverett – Well it is just the date that, it is not the application it is when you approve the reimbursement Resolution.

General Manager Shadden – It is on the Agenda to do that.

Kate Leverett – And that is just stating that you can reimburse yourselves from the bonds.

Secretary Hankamer – So we are going to skip ahead and do that.

Kate Leverett – Yes, that will be item 14.

General Manager Shadden – This is just rolling the costs; we have to put a years' worth of money in the bank in a CD that way we have the money in the bank to pay it for a year. That is just rolling that into the bond sale.

President Caraway – When we started this, I did not realize we could roll that in, but it is a good idea because we are gaining on having some cash in the bank. We still have some projects and it will be good to have that \$325,000.00 to keep working on in water and sewer. To me that is a good thing to roll that into the bond. As long as.. I do not want to see our bond exceed \$3,000,000.00.

Kate Leverett – Mr. Gilley is going to go over the \$3,000,000.00 but it might need to be a little bit more just to include cost of issuance, etc. and he has a lot of difference scenario's and so Mr. Gilley has a presentation.

Jim Gilley – Good morning. It is a pleasure to be here. AS was discussed, we are currently working on submitting an application to TCEQ for approval of the bond application for TCEQ to approve the District's issuance of the bonds. Part of the TCEQ application is it is required to specify a maximum principal amount. You are asking for approval of a certain amount, if they approve that amount, you can not go over that amount without coming back to TCEQ. Part of the conundrum that we discussed with the District's staff is that there are a lot of unknowns from the time we submit the application until the time it is approved and the time we are actually able to go to market and sale the bonds. There is a lot of volatility in the market right now. The costs can go up. So, what I discussed with the District's staff was, if the project cost is \$3,000,000.00, there are other costs that are involved in the bond issuance, one of the biggest costs is going to be the requirement that the District's debt service reserve funds as part of the existing bond covenants on the outstanding debt. So, the Districts issued debt in the past as part of the investors purchase response; the District promised that it would maintain certain covenants such as a rate covenant, to set your rate to maintain certain coverage of your annual payment and that you would maintain a debt service reserve fund equal to the maximum annual vested. What that means is you must set aside the maximum annual payment on your outstanding debt which is just under \$1,000,000.00 on your existing debt. That is kind of a trust fund to the bond holders. If the District should ever have a shortfall in their revenue's, those funds are there to make up for that shortfall.

Short presentation of the different scenarios – 10 – 15 – 20 years

President Caraway – Kate, do we need to decide today if we are going to do the 10, 15 or 20 or can we decide that later?

Kate Leverett – You can decide that later. The main thing is you have to decide the maximum amount of debt that you want to issue because the reimbursement resolution also has to have that number in it.

General Manager Shadden – So our bond debt right now is \$970,000.00 year and in 2026 round 12 will be paid off and that will drop off \$750,000.00 off of our bond debt. This year we would have to put up about \$1,100,000.00 to pay the bond debt and then it will drop down to \$780,000.00 with a 10-year term, it would drop down to \$500,000.00 with a 20-year term.

President Caraway – The thing I am going to look at, I do not know about everyone else, if we finance it, which I think is a good idea to finance the expenses and the reserve fund, if we do it for 10 years we are looking at \$488,000.00 if we do it for 15 we are looking at \$341,000.00 and 20 we are looking at \$280,000.00 a year. I just need to go back and crunch the numbers and see how much financing it for a longer term would actually cost the District in money. I am one of those guys that likes to get things paid off quick and move on. The fee increases that we put in the last 2 years will more than cover that

\$488,000.00 so no matter what we do here, we are not going to have to go up on fees to cover it. And I am with you, I am a 10-year person.

Director Nicely – I think Mr. Gilley pointed out, we have enough revenue to cover that, existing and current.

James Gilley – That is correct. A 10-year term is over 300%. That is based off last year and assuming everything continues.

President Caraway – Right.

James Gilley – Regarding the term, I certainly prefer the shorter borrow term but, one thing you might consider is it matching on the useful life of the asset to the term, you don't want to finance a new laptop for 5 years, right? So, if it is only going to last 8 or 10 years that makes sense, if it is going to last longer, that is just one consideration, I prefer going shorter in my personal life.

President Caraway – I know you do not know, but right now if you were to sale these bonds, about what would the rate be?

James Gilley – On a 10 year I could certainly ask (*inaudible*) for about 4.5%, as I said there is lots of volatility and hopefully things calm down.

President Caraway – Sure, I understand.

Director Nicely – And we are looking at approximately a year before they go to the market?

James Gilly – Well, this is a little optimistic, this is assuming that there is a bond sale towards the end of this year. The TCEQ we are hoping to submit an expedited application for review which is the shortest, it is not 6 months I think it is 45 day, but they haven't always been held to that.

Kate Leverett – That is why it is really important, I know you want to only borrow the \$3,000,000.00, it is really important to put an additional amount in there. Once we submit the TCEQ bond application like Mr. Gilley said, it is up to a maximum amount and if we exceed that, we have to start this process all over again. They have to issue an Order allowing us to go to the Market to sale the Bonds. The TCEQ has to review and even with an expedited process, like Polymer down the street did recently, it still took TCEQ 4 months to even approve our Bond application.

President Caraway – So if we up it and put a \$400,000.00-\$500,000.00 cushion in there, would be obligated to sale part of those.

Kate Leverett – No, that is just the maximum amount that the TCEQ is authorizing you to sale. But like Mr. Gilley said, things could happen between now and then and you just don't want to be stuck with that \$3,000,000.00 and then you realize you should have gone more and we have to restart the process and it could take another 6 months.

President Caraway – Okay. I do not have a problem putting the cushion in there but in the end, I do not want to finance more than \$3,000,000.00.

Kate Leverett – You also have to remember in the \$3,000,000.00, you have costs, the cost of issuance, and the Attorney General has a fee because you have to submit your bond transcript to the Attorney General for review, you have to pay a financial advisor, you pay on counsel and engineers and all of that is lumped into the principal amount of the debt. So, if just your hard costs are \$3,000,000.00, that will not cover everything.

President Caraway – So what amount should we say?

Director Nicely – What is typical 10%, 15%, 20%, what are we looking at?

President Caraway – What do we want to do or need to do?

James Gilley – I would say adding the debt services on top of the primary cost of \$3,000,000.00 would be the smart thing.

Secretary Hankamer – Your saying \$325,000.000 that is on here.

James Gilley – That depends on the borrowing terms, etc.

President Caraway – So, if we were to do it for \$3,500,000.00 we would be in good shape?

James Gilley – Yes sir, I believe that would do it.

President Caraway – Okay. I do not have a problem with that.

Secretary Hankamer - Debt service for \$3,000,000.00 on a 10 year finance is \$489,000 at 3.5.

President Caraway – Right.

James Gilley – Like I said, there is a lot of unknown. The first step is the TCEQ application. Once it is approved, then we start processing bonds and at any time the Board can come back and say no, we want to go below this amount, you can change your mind, you just cannot go over that amount.

President Caraway - Item 14 we want to change that to \$3,500,000.00 borrowing cap? And then when we actually do it, we can make the decision as to how much.

Kate Leverett – Correct. The TCEQ will issue an order saying you can go out and sale up to \$3,500,000.00 but you can sell less if you want to.

Director Nicely, made a Motion to approve adding an additional \$500,000.00 to meet the required bond debt service reserve fund which will be equal to the maximum annual debt service, assuming a \$3,500,000.000 borrowing cap. The motion was seconded by Secretary Hankamer and it passed by unanimous vote.

Agenda Item 10:

AWARDING 20" WATER LINE PROJECT TO EASTEX UTILITIES

General Manager Shadden – We bid this a couple of months ago and we tabled this at the last meeting to make sure we had the bond stuff straight. Eastex Utility was the low bidder, but also, here is the award letter from LJA Engineering that their recommendation is to hire Eastex, they have used them before. It could be that the materials may have gone up a little in two months.

Secretary Hankamer – With the tariff issues, yes, I guarantee you they have.

General Manager Shadden – If it is not exactly the same amount that they bid, we can do a change order at the end to make it up, whether it is a little more. In case the prices have changed. We are the ones that asked them to wait a month or so to get started, so it is really our responsibility to make up the difference.

Secretary Hankamer – When do they think they can start?

General Manager Shadden – I really do not know the start date.

Secretary Hankamer – Are they talking within 30 days?

General Manager Shadden – I would think so. They have to order materials anyway.

Secretary Hankamer – That is what I am getting at. With the tariff issues, it is going to be higher.

General Manager Shadden – I am sure as soon as we approve this, they will order the materials.

Secretary Hankamer – I wouldn't wait a long time on the approval of the changes, we need to get it done as early as possible.

President Caraway – I know we have the money to do this, but we are going to approve this, they are going to do it and then we will get our money back in approximately a year?

General Manager Shadden – Yes.

Secretary Hankamer, made a Motion to approve awarding 20-inch water line project to Eastex Utilities low bidder at a cost of \$559,370.00. The motion was seconded by Director Nicely and it passed by unanimous vote.

Agenda Item 11:

COMMERCIAL CIVIL/DRAINAGE REVIEW PROCESS (CD-REV) WITH TBCD

General Manager Shadden – The County and Trinity Bay are working together to put flow processes in. If you come in and want to do a development, this is basically a flow chart telling you that you need to attend a DRC meeting, you need to submit your paperwork, it tells you exactly, step by step what needs to be done. We have approved one for residential before and this one is for commercial.

Director Nicely, made a motion to approve adopting the Commercial Civil/Drainage Review Process (CD-REV) with TBCD. The motion was seconded by Director Rayburn and it passed by unanimous vote.

Agenda Item 12:

REPAIR ENGINE IN CATERPILLAR LONE STICK TRACKHOE

General Manager Shadden – This machine dropped a valve and messed everything up so they pulled the engine out and the block actually needs to be changed. So, if we are going this far, they can repair it and just put a long block in , but with this we are buying a 5,000 hour warranty so they will go in and clean all the radiator, coolers, replace sensors, redo all the air cleaner groups, compressor, def system, so not only do they repair the engine, they repair everything around it so we get back to a pretty much a rebuilt trackhoe and it again gives us a 3 year/5,000 hour warranty.

Secretary Hankamer, made a Motion to approve the engine in the Caterpillar Lone Stick Trackhoe at a cost of \$47,720.68. The motion was seconded by Director Rayburn and it passed by unanimous vote.

Agenda Item 13:

CHANGE CONROLS AND START UP CONTROLLERS FOR THE WEST TONKA WATER PLANT

General Manager Shadden – This is the Tonka Plant on the west side. WE have replaced all of the computer system if you recall here not too long ago because the computer system was out of date. This is the SCADA system that runs the whole plant. It tells this valve to open this valve to open that valve and actually operated the entire plant. This is also out of date. It was on our list of things that we need to fix on the Plant, so we got a price for Tonka to come down. They will build a new SCADA system at their facility, program it and come put it in at a cost of \$57,400.00. This is a sole source from Tonka to operate the plant. That means we have all new computer system in it and all of the SCADA is new.

President Caraway – This is also on the list for Winnie as well.

General Manager Shadden – Yes. It is the same thing. I think we have done the computer in Winnie, but we have not done this yet.

Secretary Hankamer – Turn around on this is 30-34 weeks?

Director Nicely – how long do they support it after they put it in?

General Manager Shadden – I would imagine we would have like a year warranty on it. SCADA controls out of Beaumont comes down and works on this kind of stuff for us. It has just gotten to the point that we cannot get parts for it anymore.

President Caraway – How old are the old ones?

General Manager Shadden – Since 2001, I think.

Director Nicely, made a Motion to approve purchasing materials, fabrication, programming, and freight for \$57,400.00 and have Kurita America Service Technician change controls and start-up new controller at a costs of \$8,700.00 for the West Tonka Water Plant. The motion was seconded by Director Rayburn and it passed by unanimous vote.

Agenda Item 15/16:

BOND SALE

All covered in Item 14.

Kate Leverett – Item 15 and 16 are just approving the reimbursement resolution. These costs will be reimbursed when you all issue that debt, you will put that money back in. If it goes over the \$559,3470.00 it is not the end of the world, these are the projects that are identified in the TCEQ application that were going to funded by the sale of the debt.

Secretary Hankamer made a approve a reimbursement of cost for the 20" water line project at \$559,370.00 and the cost of the water meter change out project at a cost of \$830,630.00 from the 2025 \$3,500,000.00 bond sale. The motion was seconded by Director Rayburn and it passed by unanimous vote.

Agenda Item 17:

PURCHASE 55-TON EQUIPMENT TRAILER

General Manager Shadden – We purchased Eager Beaver trailer about 10 years ago. We used it extensively when we built all of the bridges and structures down in the marsh. All of the gussets and everything are rusted up underneath it and I have been told that it is unsafe and so I can not let them drag a trailer around that is unsafe. We looked at a Trail King which is top of the line and it was \$120,000.00 and felt like it had bells and whistles that we did not need. This is the same tonnage trailer that Amos and the mechanic went and looked at it over in Baytown and felt like this would meet our needs. This is being bought through Sourcewell so we do not have to bid it.

Secretary Hankamer, made a Motion to approve replacing the 55-ton equipment trailer for age and condition with a Pitts LB55-22DC with a hydraulic detachable gooseneck at a cost of \$74,150.00 through Sourcewell Purchasing. The motion was seconded by Director Nicely and it passed by unanimous vote.

Agenda Item 18:

EXTEND 8" WATER LINE AND 3" SEWER LINE ALONG I10 TO FM 1410 TO SERVE ASIAN INDUSTRIAL COMPLEX

General Manager Shadden – I have met with these people twice. Once at the County and again on this side with the County. They purchased all this land (map on TV screen) on the South side of I10 or they have an option on it. Sounds like they are going to move forward so we had a zoom meeting for it the other day and what they want to do it is from where this red dot is (on TV screen) they want to start and put a few warehouses in and then it will grow from there. I just need the Boards approval from me to put together a package for them of what it will cost to run water and sewer down there. Right now we are at Vortech, we have an 8" and a 3" there and we would extend it down 1410 to give them construction water to get their business up and running. Anything after that, we would bring back and tie it into the

20" that we are running across the freeway right now and either a 12 or whatever their master plan shows that way we can supply them whatever they need. At this time, I just need Board permission to move forward to try to make some kind of deal with them. The worst part of these are, we have to cross Ogden and Rush and these are all big ditches that will have to be bored and the bores look like they are going to cost right a \$500,000.00. I am having Diane put a package together right now.

President Caraway – If we do this, the only dead area that we will have on I10 is between 1410 and Stucky's?

General Manager Shadden – Yes.

Director Nicely – Do we need to put in a lift station?

General Manager Shadden – Yes, there will have to be a lift station put in also.

President Caraway – They are going to pay for all the materials, we are just going to do the labor?

General Manager Shadden – Correct. For someone out of town it is easier for us to get the permits and things like that.

President Caraway – If this thing actually goes, there will be development between Vortech and this development. So, we will have more service than just this development.

General Manager Shadden – Yes. Actually, you and I looked over at the LNVA canal about possibly in the future building another water plant.

Yes ma'am.

Susan LeBlanc, Representative Terri Leo-Wilson's office – You do know that there is legislation in place that would stop all of this.

General Manager Shadden – Yes. I am just asking the Board to give me permission to put the package together, and then we would have to put a contract together to get signed. But yes we know there is legislation for this. All I can do is be prepared.

Secretary Hankamer, made a Motion to approve extending an 8" water line and a 3" sewer line along IH-10 to FM 1410 to serve the Asian Industrial Complex. The owner will pay for all the materials, bores and permits and TBCD will install the lines. The motion was seconded by Director Nicely and it passed by unanimous vote.

II. DRAINAGE REPORT:

Amos Roy reported on Drainage.

CROOKED BAYOU CLEANING AND BRIDGE CONSTRUCTION:

We were able to complete the construction of the Crooked Bayou Bridge on April 28, 2025.

WHITES BAYOU BRIDGE REPAIR:

We began the repair on the bridge's head wall and wing wall April 21, 2025. This consisted of removing what was left of the old walls and constructing new ones.

ELM BAYOU WATERSHED NORTH OF FAIRVIEW:

The CAT Fecon unit is working this section of the water shed. Note: We have run into an issue with getting a part for this machine. It has taken several weeks for this part to come in.

SPINDLETOP NORTH OF IH10:

We started cutting vegetation on this section of Spindletop on April 14, 2025, using a Cat long reach machine.

EAST BAY BAYOU TRIBUTARY:

The operator has finished this section of watershed on 5-1-25.

ONION BAYOU PIPE CROSSING REPLACEMENT:

We replaced a collapsed pipe crossing at the area circled on Onion Bayou. We used the Komatsu long reach, and Cat 329 on this job. The original pipe was a corrugated metal pipe 60" in diameter and 40' long. We installed two 60" by 40' long plastic pipes.

DOUBLE BAYUOU TRIBUTARY:

We started on this watershed 4-29-25 with the Komatsu Fecon machine. This machine is cutting both sides of the tributary.

SPRAY CREW:

Ground crews are spraying around town and have sprayed approximately 40 miles of watershed. They also continue to mow ditch right of ways when weather is not permissible for herbicide applications.

III. UTILITY REPORT:

David Hoyt reported on Water and Sewer.

Since our last meeting, we installed 2 gravity taps and 389' of discharge line, located multiple grinders for the County, installed 6 new meters, installed a fire hydrant by Gator Junction and we still have a little work to do there, that fire hydrant is about 9" deep and we are having to order some risers to get that thing back up, replaced 2 gravity ____ cleanouts, had 7 calls for grinder maintenance and repaired a 6" water leak, a 2" water leak and a 1 1/2" water leak, repaired a leak on 2 force mains and had 2 stoppages on a gravity line. Also, on the subdivision with installed 7 new meters, changed out 150 meters on the meter change out project and pulled up 88 meters on vacant lots, 5 years or older. We are down to 156 meters in stock here for our people to replace and there are only 5/8" meters on the project that we are being reimbursed for so the 1" I have been trying to change as we go. I am having good luck getting the 1" meters, the 1 1/2" meters I have had ordered for months. I can get 2" I just can not get 1 1/2". WE are working on those on house.

President Caraway – What is the cost difference?

David Hoyt – Between a 1 and a 2?

President Caraway – Between a 1 1/2 and a 2?

David Hoyt – They are running about \$1,200.00 each. So probably \$150.00.

President Caraway – If you had to, you could put a 2" in instead of a 1 1/2?

David Hoyt – The price goes up in meter size, monthly fees.

President Caraway – But our costs is \$150.00 extra if we have to go that route.

David Hoyt – He assures me he has some coming in.

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.

None.

Actions on items discussed in Executive Session:

VI. BOARD MEMBER REPORTS:

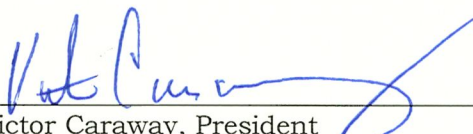
Rick Nicely – David and Amos it is hot out there, make sure our guys stay hydrated.

VII. ADJOURN.

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

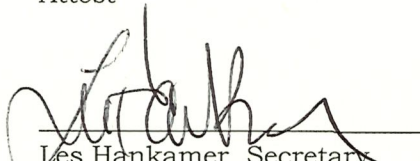
Meeting Adjourned at **10:05 a.m.**

READ AND APPROVED:



Victor Caraway, President

Attest



Les Hankamer, Secretary

Date: 6-18-25