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**MINUTES OF VIDEOCONFERENCE MEETING NO. 2331  
COMMISSIONERS OF JEFFERSON COUNTY  
JEFFERSON COUNTY DRAINAGE DISTRICT NO. 7**

Place: 4749 Twin City Highway, Suite  
Port Arthur, Texas

Date: September 1, 2020

Present: Commissioners  
Richard Beaumont  
Lester Champagne  
Billy Joe Butler  
Albert Moses, Jr.  
Phil Kelley, Manager

Absent: James Gamble, Sr.

Visitors: Tomeka Channel, DD7  
Brady Girouard, DD7  
Allen Sims, LJA Engineering  
Garrett Boudoin, LJA Engineering

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. 2330

The Minutes of Meeting No. 2330 was approved as read.

Public Hearing on Proposed Tax Rate for FY 20/21

Mr. Phil Kelley stated the law requires the District to hold a public hearing on its proposed tax rate for its fiscal year 20/21 prior to adopting a tax rate and a Notice of Public Hearing on the Proposed Tax Rate has been published in accordance with law. The District's current tax rate is 0.311805 per \$100 valuation, and the District is proposing a 0.294990 per \$100 valuation for the tax year 2020 which reflects a 0.00% -

\$0.00 increase in taxes. Mr. Kelley asked if there was anyone from the general public that would like to speak to the proposed tax rate. Mr. Mike Cabaniss of Groves addressed the Board and asked if he could be heard because he could not hear again. Mr. Kelley stated the District has redone its mic system and has new equipment ordered, but because of Hurricane Laura the equipment has not come in yet. He further stated the meeting is now in the public hearing on the proposed tax rate for the next fiscal year and told Mr. Cabaniss he was welcome to speak. Mr. Cabaniss said he barely heard the numbers and asked if the taxes were going up because the last he heard there was going to be no increase? Mr. Kelley stated the District put an ad in the newspaper as it is required to do by law which shows the current year to be .311805 cents per \$100 appraised value and the proposed rate for next year is .294990 cents per \$100 appraised value which reflects a 0.00% increase as well as a \$0.00 tax increase. Mr. Cabaniss stated okay that is what was said at the last meeting that there would be no increase, but there would be a million dollar shortfall, but Mr. Kelley was okay with that and asked if that was correct? Mr. Kelley stated it was correct, but it is more in the neighborhood of a \$1.2 million shortfall. Mr. Cabaniss stated that was fine and that is all he needed to know. Mr. Kelley then asked if anyone else would like to speak to the proposed tax rate. No one responded, so the public hearing closed.

Consider Adopting Tax Rate and Exemptions for FY 20/21

Commissioner Moses moved that the tax rate for the 2020 tax collection be set as follows:

Tax Rate

M & O Fund	0.294990/per \$100 valuation
Total	0.294990/per \$100 valuation

Commissioner Butler seconded the motion. The motion carried.

Commissioner Moses further moved that the 2020 tax exemptions be set as follows:

Exemptions

Residential Homestead

Optional	20% or \$5,000
Over 65 & Disabled	\$40,000
Disabled Veterans	\$12,000 (maximum)

Primary Charitable Organizations	Totally – As Approved by Texas State Comptroller
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Commissioner Butler seconded the motion. The motion carried.

Preliminary Budget Discussion

Mr. Phil Kelley stated with Hurricane Laura facing the District last week, he did not get much work done on the Budget, but he did get the Special Projects worksheet and Capital Outlay Worksheet completed and included the two (2) worksheets in the meeting packet. Mr. Kelley is still working on salary and wages, but he is working with a 2% across the board cost of living adjustment. There will also be some new hires included in the budget and as Mr. Kelley has previously mentioned to the Board he feels a new engineering department needs to be created for the District due to what all is involved with the Sabine Pass to Galveston Bay Project. Mr. Kelley went over the

Special Projects Worksheet and stated he has included the code numbers for the projects on the left side column. On the Rodair Gully Improvements line, an amount to cover the pay off to the contractor has been included and some monies for the recommended improvements based on the findings from the study. The Star Lake Remediation is ongoing as well as Hurricane Flood Protection Repair. Alligator Bayou Upgrade has a budget of \$6,000,000 which includes the amount owed on the project and an allowance for change orders. Maintenance work is needed at the Detention Pond on the pump station. \$1,500,000 has been budgeted for the new SCADA system that will hopefully be ready for proposals next year. Money has been included for a new office building. The A-3-A System bids have not been opened, but money has been included for this line based on the estimate for the project. One of the main line items is the Diesel Engine Replacement Program. Mr. Kelley had budgeted money to go out for bids for four (4) more new diesel engines this year, and bids will be opened for those at the next meeting. Mr. Kelley increased this line item to also include money to go out for bids for four (4) additional new engines in the coming year. The projects listed at the bottom in red are new projects. Mr. Kelley created a project line for each of the grants the District received; namely, the Groves Detention, the Halbouty Detention, and the A-3-A Detention. The Groves Detention and A-3-A Detention have more money budgeted than the Halbouty Detention, and the reason for that is the District will need to acquire property for those and the District already owns the property for the Halbouty Detention. The discharge pipe supports need to be rehabilitated at Pump Station No. 3. The roof needs to be replaced at Pump Station No. 5 for insurance purposes, and a line has

been included for Hurricane Laura preparations and post storm expenses. These expenses have been incurred but Mr. Kelley does not have the amount that has been expended at this time.

The Capital Outlay Worksheet has two (2) lines in red for tractors and mowing equipment and for autos, trucks and trailers. Ronnie Hollier needs additional funds to replace some trucks and may have to purchase vehicles for potential new staff and several pieces of equipment. The bottom line has been increased from what was budgeted last year.

Mr. Kelley stated basically the two worksheets submitted show some of the most expensive items in the budget. The miscellaneous services bottom line will need to be increased due to increase in cost for the District's insurance, and the salary and wages bottom line will likely be increased as well. Mr. Kelley asked the Commissioners if anyone had any questions, and Commissioner Moses asked if there is enough money budgeted for new computer and communication equipment for the new engineering department. Mr. Kelley stated the line in the Capital Outlay Worksheet for computer equipment should cover what is needed. Mr. Kelley is debating on hiring either two (2) or three (3) EITs, which is Engineers In Training working toward getting their certifications, and stated this is where he will begin. If he hires a Professional Engineer, he will amend the budget.

#### Sabine Pass to Galveston Bay Project Summary

Mr. Brady Girouard stated since the last meeting, the District's staff is engaged in all contracts, being Contracts 1, 2, 3, 3A, 3B and 4, in coordination with all architectural

and engineering firms ("AE firms") and different local entities. Last week there was not much communication due to the District staff preparing for Hurricane Laura. The following are the updates Mr. Girouard has:

Contract 1 is the only contract under construction. The contractor demobilized in anticipation of the storm. They are still at a stage of analyzing their soil bore data to figure out the soil mixing. The contractor is expected to be back onsite at the beginning of next week.

Contract 2 is the levee breach area and seems to have the biggest development. The District did not like the original alignment design that was being presented and gave an alternative in the Value Engineering Study. The District feels it is on the verge of being successful to get the alignment moved inland. There has been a lot of coordination and conversations with the Corps of Engineers Galveston District on this matter.

Mr. Kelley stated while this subject is being discussed and not to be a part of the Mr. Girouard's report on the project summary, he would like to take this opportunity to talk about the visit the District had with Corps of Engineers' representatives and personnel. Hurricane Laura brought the District a lot of attention from the Corps of Engineers from Headquarters in Washington, D.C. all the way down to Galveston. Through the course of the event and leading up to the event with the threat of the storm surge potentially overtopping the levee system, the Corps of Engineers was highly concerned. Colonel Vail of the Galveston District rode out the storm with Orange County at their Emergency Operations Center, and Thursday he came by the District's office and went to the District's Control Center with Phil Kelley. A previously scheduled meeting with the newly assigned Southwest Division Commanding General had been cancelled, and then on Friday, Mr. Kelley received a call that the Southwest Division

One Star General was on his way together with Two Star General Graham from Headquarters along with Colonel Vail and several others from the Galveston District. Mr. Kelley threw together a meeting location. The meeting went very well, and he was able to meet with Two Star General Graham and General Beck from the Dallas Division. Mr. Kelley passed around pictures and explained the District's whole operation and the levee system. Afterward, the discussion turned to the Sabine Pass to Galveston Bay Project and the speed the Corps is taking the project, which has the District's staff going in circles because the Corps has let out contracts for design build and the engineers that are working on the project is requesting all kinds of information. Brady Girouard handles a lot of that with the help he has, but the District staff still has their everyday functions to perform to maintain the system. Case in point is last week where District staff missed several calls because of preparing for Hurricane Laura. The General commented he was glad he came to hear it firsthand from Mr. Kelley, to see how the system is set up and the issues the District is having. The District is hopeful that the Corps will slow down. The orders come from Headquarters on down to Galveston and they keep pushing to meet deadlines. Mr. Kelley said he asked are we just building this project to meet a schedule or are we building a project that is suitable to the local sponsor who has to maintain and operate the system in perpetuity? Mr. Kelley said everyone was shaking their head. The District does not especially like the idea that the Corp has contracted to design build especially on Contract 2 on the turning basin because it is more complex than the rest of the straight forward raise of the levee with the shipping industry with Valero and the protection the District has to provide to the

wall. The Colonel told Mr. Kelley if the District had any problems with design build to just say so and they would do design bid build, which is when the project is designed up front and everyone is in agreement and then it is bid out for competitive bids. Design build is where they design the build as they go and then something comes up that is not working out and they have to change the design, the District has lost input and it costs more money. The District has drafted a letter to Colonel Vail that will be sent this afternoon after the meeting requesting that the Corps does design bid build on Contract 2. At the same time, the District will have to purchase some easement or property from Valero to make this new alignment happen. Valero seems to be in agreement with it because it moves the wall further away from their shipping business, and a meeting is scheduled at 3:00 p.m. this afternoon with the District's team, the Valero plant manager, one of Valero's engineers and one of Valero's corporate representatives from San Antonio to present and explain the alternate alignment. If Valero agrees, it will be important that the property acquisition moves quickly especially if the Corps decides to change it per the District's request.

#### Manager's Miscellaneous Reports

Photos were submitted for review by the Board of ditches around the District after Hurricane Laura. Commissioner Champagne commented on the pictures and said there was a tremendous amount of debris in the ditches and had the District received a lot of rain, it would have been a major problem. Mr. Phil Kelley gave a brief report on Hurricane Laura and stated that District personnel did everything that was supposed to be done, secured the levee system and got everything ready, and due to the fact that



the prediction was if our area got the dirty side of the storm there was potential for 15 to 20 feet storm surge, all District personnel left and went to high ground. Mr. Kelley stated he is grateful to Commissioner Brent Weaver and Alex Rupp who is the Airport Manager for the agreement to let District personnel stay at the old Jerry Ware Terminal and they were great to work with and were very hospitable. As time went on through the night, 120 mph winds were expected, and it was approximately 1:30 a.m. when the storm moved a little bit to the east. Mr. Kelley stated it really baffles him that that little bit of a shift could make such a difference. He went outside around 2:00 a.m. to the back side of the terminal, and there are lights on in Beauxart Gardens and looking out toward the tarmac, it did not look like 120 mph winds to him. He went back in and was talking to the Fire Chief who said they have a wind speed transmitter out on the runway which has recorded gust of 60 mph and sustained winds of 49 mph. Mr. Kelley then called Greg Bostwick who stated he was also baffled, but it had shifted just enough to do that. Mr. Kelley felt a whole lot better and then at 5:00 a.m., he sent the Pump Station Supervisor and some of his Foreman back to the Control Room to see if the District still had any of their communication still up. At the same time, he asked them to go out and start looking around especially in the south Groves area which is the District's Crane Bayou System to see how much water was there. Greg Bostwick told Mr. Kelley some of his systems were still up and was showing two (2) inches of rain in Sabine Pass and locally one of his weather stations had one inch; however, he was unsure if the readings were accurate because of the wind. District personnel reported back that the elevation at Crane Bayou was -4 which would be about a third to half of

the system with water so the generators and the three (3) Detroit engines were started. Mr. Kelley began to release the rest of the employees (operators and trash duty) to get to their pump stations and the remainder returned to the main yard. It was a good drill for the District because of preparing for the worst and received the best we could expect. Mr. Kelley stated he could not say enough about the District employees, and he is proud of them. They were all here and everything went well. The photos do show quite a bit of debris throughout the District and employees worked overtime through the weekend to finish up cleaning and clearing. There are some down trees on District rights-of-way that will need to come down and some fences may need to be replaced. Mr. Kelley hopes this is the only storm the District will have to deal with this hurricane season. Chairman Beaumont said he was one happy person and just amazed when he watched the television at 2:00 a.m. that morning and saw a report of 72 max mph winds at Port Arthur. Commissioner Champagne stated he was a little disappointed in the National Weather Service. They stood and reported from Port Arthur and never once mentioned there was a levee there. Mr. Kelley said that came up with the Colonel and he thinks the Corps of Engineers overall were a little miffed because of the statement made on the national news that this could be an unsurvivable storm surge. Mr. Kelley said that should not have ever come out like that. The National Weather Service applies all the science it has, but you can never fully predict what a storm will do. They can only rely on the best science out there, and Mr. Kelley feels that Greg Bostwick does an outstanding job for the District and he is always confident that he will give the best information he has with his opinion attached.

Checks & Purchase Orders  
Maintenance Fund

Ck. No. 16968 – Dan Delich Consulting  
\$1,500.00 – Legislative Consulting Fees

Ck. No. 16969 – Dannenbaum Engineering Corp.  
\$20,163.71 – Sabine Pass to Galveston Bay (2) and Engineering Fees

Ck. No. 16970 - Duck's Dragline Service, Inc.  
\$8,720.00 – Rental LS250X4 Trackhoe 8/18-8/28/20, Rental LS250X3  
Trackhoe 8/19-8/28/20 and Cutter Head 8/19-8/28/20

Ck. No. 16971 - Filmr, LLC  
\$588.00 – Social Media Posts

Ck. No. 16972 – Funchess, Mills, White & Co., P.C.  
\$5,100.00 – Accounting Services

Ck. No. 16973 - GP Evans Contractors  
\$14,642.85 – Mowing Levee

Ck. No. 16974 – James Gamble Sr.  
\$270.00 – Health Insurance Payment

Ck. No. 16975 – Mazzanti & Associates LLC  
\$2,500.00 – Legislative Consulting Fees

Ck. No. 16976 – Mutual of Omaha Companies  
\$1,135.22 – Policy 887129-88H, Medicare Supplement for Richard  
Beaumont

Ck. No. 16977 – National Networks  
\$3,223.74 – Computer Services for July 2020

Ck. No. 16978 – Nerbert Frelow  
\$960.00 – Dump Truck Rental 8/18 & 8/20/20

Ck. No. 16979 – Ray Russo  
\$3,066.67 – Legislative Consulting Fees

Ck. No. 16980 – Rodriguez Brick & Concrete  
\$2,000.00 – Repair Brick Column, 2420 Oak North, Port Neches, TX

Ck. No. 16981 – Swat Construction

\$84,499.00 – Labor & Equipment, Levee Closure, Gate 11 Repair and Labor & Equipment Replaced 8 Crossings Rodair Gully Ditch

Ck. No. 16982 - Texan Engineering & Consulting, LLC

\$15,678.24 – HMGP Projects, Review Permits, Shamrock/Lateral 3, A3A Crossings

Ck. No. 16983 – Tower Medical Center of Nederland

\$2,573.00 – Checking Employees Temperatures

Ck. No. 16984 – Function 4 LLC

\$188.00 – Rental of Konmin Copier

Ck. No. 16985 – Ronnie Hollier

\$171.46 – Reimbursement for Food Purchase During Storm Laura

Ck. No. 5006 – Dannenbaum Engineering Corp.

\$22,164.02 – Sabine Pass to Galveston Bay Project

Commissioner Champagne moved that the checks from the Maintenance Fund be approved for payment. Commissioner Butler seconded the motion. The motion carried.

Chairman Beaumont asked for any public comments and/or questions. Mike Cabaniss from Groves stated he wanted to address the Board and said he was going to be as respectful as he can. He stated one year ago everyone was given a 2% cost of living raise from the Manager all the way down to the bottom. Mr. Kelley replied not the Manager. Mr. Cabaniss said okay, not the manager, and proceeded to say three (3) months later, and he is sure a few Board members know because unfortunately there are no secrets at DD7 because it is such a small community, the Manager brought 13 salary employees in his office and gave them a fifteen percent (15%) unbudgeted raise. Mr. Cabaniss said it is what it is, it was a secretive meeting, but unfortunately, the

foreman came back and told their workers that one or two or whatever Commissioners recommended to give those employees a fifteen percent (15%) raise he guesses because they were doing such an exceptional job or whatever. Mr. Cabaniss said what turned out to be a secretive meeting ended up being probably the biggest morale breaker that he had seen in the twenty-seven (27) years since he had been at DD7. He said the Board is going to do what it is going to do, but what he is asking is he wished the Board would highly consider doing something for the 50+ hourly guys that were basically kicked to the curb because they are not needed or less valued or whatever, it was a discriminative move and unfortunately it happened, but the Board has the power to make a change. Mr. Cabaniss said he is not sure which Commissioner knew and he could care less, and he knows that Phil would not make a move like that on his own. Mr. Cabaniss stated he has all the financial figures through the Freedom of Information on how much that fifteen percent (15%) increase costs. Mr. Cabaniss stated the information stays with him, he does share things about DD7 but there are some things that he will not share. Mr. Cabaniss said that is all he has to say. Mrs. Tomeka Channel asked if Mr. Cabaniss was still there because his phone cut out. Mr. Cabaniss said he was still there, but he was finished talking. Mr. Phil Kelley said to speak to Mr. Cabaniss' opinion to begin with the meeting he had with his staff was not a secret, he had done some research to find out what those like positions make at different entities, and he felt like irregardless of what a Commissioner or two or three would have mentioned to him, he, as the General Manager at DD7, has the sole authority to hire and fire and has the sole authority to set wages and salaries. Mr. Kelley said the Board

does not have any business to tell him what to do with that respect. There was no secret about it. When those guys left this meeting, Mr. Kelley guesses they went out and told the world, and that is their business. Mr. Kelley stated this was done by him, there was no secret about it, he just felt like others in the same position they deserved that increase. Mr. Kelley stated with respect to the hourly personnel here at DD7, he has gone out of his way over the years to make sure that our craftsman, because DD7 has some good craftsman here, make a fair wage based on what is being paid in industry because he feels like a lot of DD7 guys could leave and take another job in a refinery and make more money. Mr. Kelley stated he has always kept pace with industry and the top DD7 hourly wage is probably within \$3.00 to \$5.00 per hour what people are making in the area plants. Mr. Kelley further stated based on Mr. Cabaniss' knowledge or perception of how all of this could have gone down, that is Mr. Cabaniss' opinion and he is welcome to it, but he is telling the facts as they are. Commissioner Champagne stated he would like to address this from his standpoint. Mr. Kelley asked Mr. Cabaniss if he could hear okay, and he responded yes. Commissioner Champagne stated he was in much agreement and in favor of the raise for the Supervisors and Foreman, and there were two (2) things that drove him in that direction. Those foremen have to meet personally with the people in the District. If there is a complaint, when the DD7 truck pulls up, if the workers have people who are angry or upset, they go to that Foreman or Supervisor and vent off to him. They have to take that out in the public. Commissioner Champagne said from that standpoint, he thinks the Foreman and Supervisors deserve to be paid more and they have the responsibility for that crew, that

they do a good job because it is reflective not only on him, but the District. Commissioner Champagne stated the Foremen and Supervisors take on a greater burden of responsibility so to speak. The other thing Commissioner Champagne thinks is that he feels it adds incentive to the workers. He said Mr. Cabaniss has worked in a refinery before and he has too and it gives some incentive if a person wants to take a leadership role, they are going to be compensated for that also. Commissioners Champagne stated he is not trying to slight any of the workers and he feels that everybody in this District does his equal share and that is why as a Commissioner, he tries to always err in the direction of the workers when it comes to compensation. Commissioner Champagne thinks if you look at any other entity, any county worker, any city worker, the Drainage District here pays more than all of those other groups, so he feels we do try to treat the workers fair. Commissioner Champagne comes from a union background and he believes in paying people what the District can. Commissioner Champagne further stated this is not a corporation that is making money to pay more salary. The District is getting it from taxpayers to pay more salary, and Commissioner Champagne feels at this point the hourly workers are compensated in such a manor that they receive more money than any other county worker. Commissioner Champagne stated that is his personal opinion on it and it was not done to slight any of the workers, he agreed that the people who are in charge that are out there facing the public that they get compensated for it. Mr. Kelley stated to reiterate that the law allows for the Board to contract him as the General Manager and that the Manager has the sole authority to hire and fire and the authority to set salaries. Mr. Kelley stated he can

tell you that supervision makes no overtime money. These guys are on call 24/7. They do whatever he needs them to do, they are out there whenever he needs them to be, and they are compensated by time off. Foreman, when they are on call duty and manning the Control Center, they are paid eight (8) hours pay for the weekends. For rainstorms beyond that eight (8) hours, they do not get paid for it. They get compensated with time off. A top paid hourly man who makes a lot of overtime in a year based on rain or storm events, very likely could make as much or more than a Foreman. Mr. Kelley does not just start handing out raises willy nilly here, he can assure you of that and he does what he thinks is fair for all the employees here. Mr. Cabaniss then said a few years back when there was a three percent (3%), and then said we are not even going to talk about this anymore Phil, I can see you are getting discouraged, and Mr. Kelley stated I am not discouraged Mr. Cabaniss, whatever questions you have, I will be glad to answer and I think I know where you are going with this. Mr. Kelley stated the reason he did that for those couple of years with the Foreman where they got a bigger percentage than the hourly people or the salary people was because when you give a raise across the board every year, then the positions start to spread out based on what your salary is. What was happening was the Foreman were getting held back and were getting closer to the top hourly employee whereas they did not have to work a lot of overtime to make what a Foreman was making. What Mr. Kelley did was to increase the Foreman's percentage for what he thinks was two (2) years to make the gaps between hourly, foreman and supervision equal. That is why that was done. Those are the facts. Mr. Cabaniss then said he

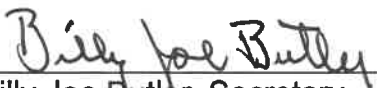


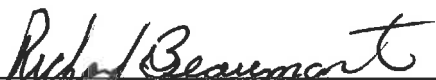
totally understands, he worked there for twenty-seven (27) years and he knows how the game is played. Mr. Kelley said it is really not a game to him, I am fair with my people and I do what I think is right, it certainly is not a game. Mr. Cabaniss then said according to the Water Code, Mr. Kelley has all the authority to hire and fire, set pay and the Commissioners set his pay and he understands how the charter works, he was a union hand too, he was on the workers negotiating committee and he also understands percentage raises are probably the worst thing you can do because you do start spreading the low guys to the high guys and their raise is a lot more and Mr. Kelley's raise would be three (3) times more than a guy that would be making a low amount pay, it's a cost of living, there is no reason to discuss this anymore. Mr. Cabaniss said he just wanted to express his opinion and hopes they consider something for the workers, the 50 workers because it takes the whole team to fight these storms not just the guys out there that is having to deal with the public because believe me every employee out there has to deal with the public at one time or another on their job when they are out there and they are very professional by the way, all of the hourly guys. Mr. Cabaniss said he did not want to hold up time anymore, he just wanted to say what he wanted to say, there were a bunch of people out there that wanted him to say something, he said it, and the Commissioners represent each of their towns and they are also representing all of the employees of DD7 too, and then yes, it is taxpayers money Mr. Champagne, it is not a for profit corporation, he does understand that. There is no need to discuss this anymore and he knows there is more business to tend to besides listening to what he has to say but he had to say it

and thank you again. Mr. Kelley said thank you. Commissioner Champagne said he would like to say he respects Mr. Cabaniss' view on this and he is open to listening to what he has to say. Chairman Beaumont stated as a Board member, the Board has the Manager and they respect his opinion and have all of the confidence in the world that he is a fair person when it comes to salaries and does not think anything else needs to be said. Commissioner Moses said he just thanks Mr. Cabaniss for voicing his concern, and Mr. Kelley said yes, anytime.

Mr. Kelley asked if there is anyone else from the public that would like to speak. There was none.

At 2:50 p.m., Commissioner Moses moved that the meeting be adjourned. Commissioner Butler seconded the motion. The motion carried.

  
Billy Joe Butler, Secretary

  
Richard Beaumont, Chairman