

Lavaca-Navidad River Authority

Minutes of December 21, 2016 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, December 21, 2016 at 7:30 a.m. in the Board Meeting Room of the Lavaca Navidad River Authority Office Complex, 4631 FM 3131, located approximately seven (7) miles east of Edna, Jackson County, Texas off FM 3131. Board members present were President Kubecka, Directors Adelman, Parker, Johs, Martin, Muegge, Sachtleben, Steffek, and Taylor and LNRA Staff: Brzozowski, Anders, Martin, Janak, Pearson, Crenshaw and Fleeman. Also present was Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, Jack Wu of Formosa Plastics and Millie Diaz of the Jackson County Herald Tribune.

President Kubecka called the meeting to order.

Public Comments

There were no public comments.

General Manager's Report

Brzozowski reported on the following:

- Board Workshop – January 12, 2017
- Board Meeting – January 18, 2017 – Photographs for Board and Managers

Consent Agenda

President Kubecka called for questions or comments to the Consent Agenda items as follows:

1. Approval of November 22, 2016 Board meeting minutes.
2. Acceptance of November 2016 financial statements.
3. Approval of invoices for payment.

Director Adelman moved to approve the Consent Agenda items 1-3 as presented. Director Steffek seconded the motion. Motion passed.

Third Delivery Point to Formosa Plastics Corporation

Brzozowski briefed the Board on the bids received for the installation of the valve and meter station for third delivery point to Formosa Plastics Corporation prepared by engineering consultant Freese and Nichols and reviewed by LNRA staff.

Bids received are as follows:

Bidder	Base Bid	Add/Deduct	Total Bid
Black Castle General Contractor	\$727,100.00	\$0.00	\$727,100.00
CFG Industries	\$781,500.00	\$0.00	\$781,500.00
Hassell Construction	\$894,000.00	\$0.00	\$894,000.00

Based on experience with the bidders, the General Manager recommended to the Board, accepting the bid from Black Castle General Contractor for \$727,100.00. East Delivery System budgeted funds will be utilized for this project.

Director Parker moved to approve the bid from Black Castle General Contractor for valve and meter station for third delivery point to Formosa. Director Muegge seconded the motion. Motion passed.

2017 East Delivery System budget amendment

Brzowski updated the Board on the 2017 East Delivery System budget amendment for construction of Formosa third delivery point. As previously discussed, the intent to fund the project is to use budgeted funds with all payments for construction being collected from Formosa Plastics in their monthly invoice from LNRA.

Director Taylor moved to approve the 2017 East Delivery System budget amendment. Director Muegge seconded the motion. Motion passed.

Reallocations of Fiscal Year 2016 Fund Balance

Brzowski briefed the Board on several entry transfers that were identified in our audit process that needed to be included in the Fiscal Year 2016 expenses, which reduced the fund balance previously reported and approved by the Board. The Board was presented a summary outlining previously approved allocations and proposed reallocations.

Director Martin moved to approve the 2016 fund balance reallocations as presented. Director Parker seconded the motion. Motion passed.

Road Easement and Right of Way Agreement

Brzowski briefed the Board on the proposed Road Easement and Right of Way Agreement which would allow for entry and exit on an existing easement to the land owner's property that is adjacent to LNRA's property. The land owner is currently developing the property for a housing subdivision.

The Board was presented with the proposed changes to the Agreement, which outlines specific language on the requiring the current land owners to notify LNRA of any transfer of ownership of any portion of the property to another party.

Director Muegge moved to approve the Road Easement and Right of Way Agreement as presented. Director Steffek seconded the motion. Motion passed.

Reserve Fund Expenditure for Stall Rentals

Brzowski briefed the Board on necessary horse stall rental for the upcoming Ultimate Texas Barrel Classic Event to be held at the Main Event Center in December. The expenditure is estimated to be \$30,000.00 for the rental and to be expended from the Recreation Activities Reserve Fund. The reserve fund will be reimbursed upon payment from the Ultimate Texas Barrel producer.

Director Adelman moved to approve reserve fund expenditure to accommodate the Ultimate Texas Barrel Classic Event as presented. Director Muegge seconded the motion. Motion passed.

Briefing on Bureau of Land Management Leasing Activities

Brzowski informed the Board on the Bureau of Land Management leasing activities on LNRA property and protection of surface water rights and water quality. The Board was presented a copy for their review.

Briefing on meeting with Texas Commission on Water Quality (TCEQ)

Brzowski briefed the Board on the pre-application meeting with Texas Commission on Environmental Quality (TCEQ) regarding Palmetto Bend State 2 Permit Amendment. The Board was presented a copy of the meeting minutes for their review.

The Board meeting adjourned at 8:27 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer