

## **Lavaca-Navidad River Authority**

### **Minutes of April 19, 2017 Board Meeting**

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, April 19, 2017 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, Gregory, Martin, Janak, Pearson, Crenshaw and Fleeman. Also present was Bill Dugat of Bickerstaff Heath Delgado Acosta LLP.

President Kubecka called the meeting to order.

### **Public Comments**

There were no public comments.

### **General Manager's Report**

Brzozowski reported on the following:

- General Manager's Quarterly Report as of March 31, 2017
- Personal Financial Statements due May 1, 2017
- Board Committee Assignments
- Meetings - Community Education Center Grant
  - Hanson (Naismith) – April 6, 2017
  - Texas Parks and Wildlife – May 4, 2017
- Update on Implementation Process of Accounting and Financial Application with Bridgepoint Consulting
- VFD Project – Siemens (Five Star Electric) Contract
- Formosa 3<sup>rd</sup> Delivery Point Update
- Spillway Project Update
- Discuss future plans for GIS
- Emergency Action Plan
- Return to Operations Plan
- Technology Plan

### **Consent Agenda**

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

1. Approval of March 22, 2017 Board meeting minutes.
2. Acceptance of March 2017 financial statements.
3. Approval of invoices for payment.
4. Approval of Investment Report as of March 31, 2017.

Gregory briefed the Board on the activity of investments as reported on the Quarterly Investment Report as of March 31, 2017. TexPool investments earned an average rate of .57% for the quarter. The Board was presented a copy of the quarterly report for their review.

Director Adelman moved to approve the Consent Agenda items 1-4 as presented. Director Parker seconded the motion. Motion passed.

**Revisions to LNRA Board Policies 201, 202, 204, 205, 208**

Brzowski briefed the Board on the proposed revisions to LNRA Board Policies 201, 202, 204, 205 and 208. The Board was presented a copy of the proposed revised Board Policies at the March meeting for their review.

Director Taylor moved to approve the revisions to LNRA Board Policies 201, 202, 204, 205 and 208 as presented. Johs seconded the motion. Motion passed.

**Proposed Budget Amendments**

Brzowski briefed the Board on the proposed FY17 General Fund and Recreation budget amendments as follows:

| <b>Budget Category</b>     | <b>Budget Subcategory</b>           | <b>Current Budget</b> | <b>Proposed Amendment</b> | <b>Amended Budget</b> |
|----------------------------|-------------------------------------|-----------------------|---------------------------|-----------------------|
| <b><u>General Fund</u></b> |                                     |                       |                           |                       |
| Insurance                  | <i>Public Officials Bond</i>        | 352.65                | 1,800.00                  | 2,152.65              |
| Professional Services      | <i>Consulting Services</i>          | 10,000.00             | (1,800.00)                | 8,200.00              |
|                            |                                     | <u>10,352.65</u>      | <u>0.00</u>               | <u>10,352.65</u>      |
| <b><u>Recreation</u></b>   |                                     |                       |                           |                       |
| Dues & Subscriptions       | <i>Periodicals</i>                  | 280.00                | 400.00                    | 680.00                |
| Public Relations           | <i>Advertising / Public Notices</i> | 22,000.00             | (400.00)                  | 21,600.00             |
|                            |                                     | <u>22,280.00</u>      | <u>0.00</u>               | <u>22,280.00</u>      |

Director Johs moved to approve the proposed General Fund and Recreation FY17 budget amendments as presented. Director Steffek seconded the motion. Motion passed.

**LNRA Management Audit**

In accordance with the Texas Administrative Code § 292.13 (6)(A) which requires river authorities to provide for an independent management audit to be conducted every five years and submitted to the Executive Director of the TCEQ, LNRA sought qualifications to perform the LNRA Management Audit. The previous Management Audit was performed by Padgett, Stratemann & Co., LLP in 2012.

Qualifications were received from the following firms:

- Bumgardner, Morrison & Co., LLP  
Victoria, TX
- RSM US LLP (formerly Padgett Stratemann & Co)  
San Antonio, TX
- Baker Tilly  
Austin, TX
- Raftelis Financial Consultants, Inc.  
Austin, TX
- Matrix Consulting Group  
Mountain View, CA

Brzozowski informed the Board that LNRA Management evaluated qualifications and based on the firm's experience, references, and credentials of the proposed team members, the General Manager recommends approving RSM US LLP to perform the Management Audit.

Director Parker moved to approve RSM US LLP, as recommended by the General Manager, to perform the LNRA Management Audit. Director Martin seconded the motion. Motion passed.

### **LNRA Annual Financial Audit**

In accordance with LNRA Board Policy 402 – Budget and Audit, LNRA shall have prepared a financial and compliance audit by an independent certified public accountant or a firm of independent certified public accountants. The policy also states: Each five years, or sooner if necessary, LNRA will seek Request for Qualification for audit services. LNRA requested qualifications in 2012 and engaged Padgett Stratemann to perform the Annual Financial Audit.

In March 2017, LNRA sought qualifications for performance of the Annual Financial Audit and received qualifications from the following firms:

- Bumgardner, Morrison, & Co., LLP  
Victoria, Texas
- RSM US LP (formerly Padgett Stratemann)  
San Antonio, Texas

LNRA Management evaluated qualifications and based on the firm's experience, references, and credentials of the proposed team members, the General Manager recommends approving RSM US LLP (formerly Padgett Stratemann) to perform the Annual Financial Audit.

Director Martin moved to approve RSM US LLP, as recommended by the General Manager, to perform the LNRA Financial Audit. Director Muegge seconded the motion. Motion passed.

**Reserve Contingency Expenditure**

Brzowski informed the Board the HVAC unit in Brackenridge Park Campground, Comfort Station #3 needed to be replaced. Bids were solicited for a replacement HVAC unit, 2 ½ ton condenser, heat strip, air handler and thermostat. Efficiency Air, Inc. was the low bidder in the amount of \$3,497.00. Funds are available in the Reserve Contingency Fund. The General Manager recommended to approve the bid from Efficiency Air utilizing reserve contingency funds.

Director Adelman moved to approve the reserve contingency expenditure to replace the HVAC unit as presented. Director Taylor seconded the motion. Motion passed.

Director Muegge abstained from discussion and voting.

**Expenditure for Heavy Equipment Lease**

Brzowski informed the Board that the current lease of two (2) John Deere Cab Tractors from Shoppa's Farm Supply was expiring in June 2017. Management proposes to replace these tractors with two (2) John Deere 612M Cab Tractors with a three (3) year lease term from Shoppa's. Monthly lease payment for each tractor is \$1,190.57.

Director Muegge moved to approve leasing two (2) John Deere Cab Tractors with a three (3) year lease term from Shoppas's with a monthly lease payment of \$1,190.57 for each tractor as presented. Director Parker seconded the motion. Motion passed.

**Amendment No. 4 to the Formosa Water Supply Contract**

Brzowski briefed the Board on the meeting with Formosa management regarding Amendment No. 4 to the Formosa Water Supply Contract. He presented the Board with a redlined Amendment No. 4 for their review.

**Lake Texana Yield Enhancement Project Phase I, Lavaca Waer Right Amendment Process**

The Board scheduled a workshop for Tuesday, May 9, 2017 at 6:00 p.m. to discuss the enhancement project and the water right amendment process. They were presented a copy of the Lake Texana Yield Enhancement Project Draft Work Elements as prepared by Freese and Nichols for their review.

The Board meeting adjourned at 9:09 a.m.

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Ronald Kubecka  
President

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Terri Parker  
Secretary-Treasurer