

Lavaca-Navidad River Authority

Minutes of January 18, 2017 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, January 18, 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 and Joel Perez and Kane Wells of Padgett, Stratemann & Co., L.L.P./RSM.

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 Report as of December 31, 2016
- Amendment No. 4 to the Formosa Water Supply Contract
- Meeting with Naismith/Hanson in reference to Simons Boat Ramp Improvements Grant
- Mary Rhodes Phase II Update
- Priority Bills – TWCA
- Texas Extreme/Ultimate Texas Barrel Classic – Main Event Center

Consent Agenda

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

1. Approval of December 21, 2016 Board meeting minutes.
2. Approval of January 12, 2017 Board workshop minutes.
3. Acceptance of December 2016 financial statements.
4. Approval of invoices for payment.
5. Approval of Investment Report as of December 31, 2016

Gregory briefed the Board on the activity of investments as reported on the Quarterly Investment Report as of December 31, 2016. TexPool investments earned an average rate of .41% 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 1-5 as presented. Director Taylor seconded the motion. Motion passed.

Fiscal Year 2016 Audit

Perez addressed the Board and briefed them on the merger between Padgett, Stratemann, & Co., L.L.P. and RSM US LLP (RSM) as of August 16, 2016. Together the two firms will be the fifth largest audit, tax and consulting firm in Texas. Perez indicated that Padgett clients will continue to work with the same partners and team members and will receive the same level of exceptional service that they have come to expect. He expressed his appreciation for LNRA’s participation in the audit process and commended Director of Accounting Lindsey Fleeman and her team for their expertise.

Perez and Wells of Padgett, Stratemann & Co., L.L.P.(RSM) briefed the Board on the Lavaca-Navidad River Authority Annual Financial Report and Letter on Conduct of Audit for the year ended September 30, 2016 at the Board Workshop on January 12, 2017. The Board was presented a copy of the draft Financial Report and Letter on Conduct of Audit for their review.

Director Johs moved to approve the Lavaca-Navidad River Authority Annual Financial Report for the year ended September 30, 2016 as performed by Padgett, Stratemann & Co., L.L.P. Director Steffek seconded the motion. Motion passed.

Brzozowski thanked the Padgett firm for their professionalism in performing LNRA’s 2016 audit. Brzozowski also informed the Board that LNRA had sought Request for Qualifications for audit services in 2012. LNRA Board Policy 402 – Budget and Audit, states that each five years, or sooner if necessary, LNRA will seek Request for Qualifications for audit services; therefore according to policy, LNRA will seek RFQs in 2017.

Accounting and Financial Software Application

The Board was presented information at the Board workshop on January 12, 2017, regarding the proposed accounting and financial software application. Support for LNRA’s current software, *Intuit Fundware*, will cease in December, 2017.

After researching several products looking at costs, capabilities, and compatibility to LNRA’s work flow, LNRA staff is recommending *NetSuite* to provide the accounting and financial software application.

NetSuite is a cloud-based application with an annual service fee of approximately \$29,027. LNRA proposes to engage *Bridgepoint Consulting* for the implementation of *NetSuite* at an estimated cost of \$126,000.

Budgeted funds will be used for the annual service fee. A proposed current budget amendment is as follows:

Contracts	Accounting Software	20,000.00	10,000.00	30,000.00
Recreation /				
Environmental	Filter Strip & Buffer Zone	10,000.00	(10,000.00)	0.00
	Total	30,000.00	0.00	30,000.00

Reserve Contingency funds are available for the implementation cost. The Board was presented a copy of the proposed Engagement Letter and Pricing Summary for their review.

Director Taylor moved to approve the proposed accounting and financial software application and implementation and associated funding as presented. Director Parker seconded the motion. Motion passed.

Capital Improvement Fund Accrual Summary

Brzowski briefed the Board on the proposed reallocation of funds in the Long-Term Capital Expenditure Accrual Plan to accommodate 2017 planned expenditures. The Board was presented a copy of the Accrual Plan for their review.

Director Parker moved to approve the Long-Term Capital Expenditure Plan as presented. Director Martin seconded the motion. Motion passed.

Briefing on Lavaca Water Rights Amendment Process

Brzowski informed the Board that a meeting with Texas Parks and Wildlife, LNRA, Freese and Nichols, and Bickerstaff is scheduled in Austin on Thursday, January 19th to discuss the proposed permit application. Information regarding the proposed water rights amendment process will be presented each Board meeting with updates as available.

The Board meeting adjourned at 8:24 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer