

Lavaca-Navidad River Authority

Minutes of May 15, 2019 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, May 15, 2019 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, Sachtleben, Steffek, and Taylor, and LNRA Staff: Brzozowski, Anders, Gregory, Janak, Pearson, Hartl, and Crenshaw. Also present was Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, James Davis, LNRA Chief Information Officer of RSM US LLP, Mike Rivet of Formosa Plastics Corporation, Robert O'Connor, Superintendent of Edna Independent School District, and Mike Reedy of Freese and Nichols.

President Kubecka called the meeting to order.

Public Comments

Robert O'Connor, Superintendent of Edna Independent School District, commended LNRA for involvement and support of the schools and community. He presented LNRA with a plaque from Texas Association of School Boards for "Standing Up and supporting public schools in our community".

General Manager's Report

Brzozowski reported on the following:

- Presentation by Edna Independent School District
- Briefing on site visit to LCRA facility
- ROW Gate Structure Modifications Bids Due May 15th
- Simons Boat Ramp Grant Project Update
- Community Education Center Grant Project – Pre-bid May 9th, Bids due May 30th
- Community Development Partnership Program Review Committee Meeting – Applications due July 26, 2019
- Texas Water Conservation Conference – Moody Gardens June 19-21

Consent Agenda

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

1. Approval of Board meeting minutes of April 17, 2019.
2. Approval of LNRA Scholarship Committee meeting minutes of April 18, 2019.
3. Acceptance of April 2019 financial statements.
4. Approval of invoices for payment.
5. Approval of proposed budget amendments.

Director Adelman moved to approve the Consent Agenda items 1-5 as presented. Director Taylor seconded the motion. Motion passed.

Regular Agenda

Reserve Contingency Fund Reallocations and Expenditures

Brzowski briefed the Board on the Reserve Contingency Fund proposed reallocations and expenditures. The Board was presented a copy of the proposed reallocations. Proposed expenditures are as follows:

Recreation

Main Event Center Columns Sandblasting and Painting	\$ 7,500.00
Brackenridge Park Playground Improvements	\$ 1,500.00

In accordance with LNRA Board Policy 304 – Procurement, bids were solicited for the above proposed expenditures.

Director Parker moved to approve the Reserve Contingency Fund proposed reallocations and expenditures as presented. Director Martin seconded the motion. Motion passed.

Capital Improvement Fund Proposed Expenditure

Brzowski briefed the Board on the Capital Improvement Fund proposed expenditure for the spillway stoplog rehabilitation pilot program. Plans are to refurbish a single (1) stoplog. With understanding the effort and the expense after completing the pilot program, plans will be made for the remaining thirteen (13) stoplogs. It is anticipated that the larger project (13 stoplogs) will be scheduled for fiscal year 2020-2022.

A proposal was received from Palacios Marine Industrial. The Board was presented a copy of the proposed Capital Improvement Fund Worksheet indicating an allocated amount of \$24,000 for the stoplog rehabilitation pilot program.

Director Johs moved to approve the Capital Improvement Fund proposed expenditure as presented. Director Steffek seconded the motion. Motion passed.

Professional Services List and Milliman Proposal

Gregory briefed the Board on the revised Professional Services List to reflect current Accounting consultants with the addition of Milliman, an actuarial consulting service.

Historically, LNRA has engaged Clarity in Numbers, LLC to perform a valuation of LNRA's Other Post-Employment Benefits Plan (OPEB). Clarity in Numbers no longer provides this service.

Management recommends engaging Milliman to perform a valuation of LNRA's OPEB to include computing LNRA's total OPEB liability and expense for the current fiscal year and projected future benefit payments in accordance with GASB 75.

The Board received a copy of Milliman's qualification statement and proposal for their review. Funds are available in the budget.

Director Taylor moved to approve the revised Professional Services List and proposal from Milliman for GASB 75 Analysis. Director Adelman seconded the motion. Motion passed.

RSM US LLP Arrangement Letter for Annual Financial Audit

Brzowski briefed the Board on the arrangement letter from RSM US LLP to perform LNRA's annual independent audit for the period ending September 30, 2019. Fee for the services is not to exceed \$57,000, plus out of pocket expenses of approximately 12%-15% of fees.

Director Parker moved to approve the arrangement letter from RSM US LLP for the FY2019 annual independent audit as presented. Director Johns seconded the motion. Motion passed.

East and West Delivery System Proposed Capital Expenditures

Brzowski briefed the Board on the proposed capital expenditure from East and West Delivery System for the purchase of mowers. Management recommends purchasing two (2) new mowers for the East and West Systems from Buy Board, purchasing cooperative, as follows:

Two (2) Kubota ZD 1200 Series, Diesel Engine, 3-cylinder Model D1105 \$ 13,719.22 each

Funds are available in the East and West Delivery System capital budget.

Director Martin moved to approve the proposed capital expenditure from East and West Delivery System for mowers as presented. Director Adelman seconded the motion. Motion passed.

LNRA Bank Depository Bids

Gregory informed the Board that Bank Depository Proposals were solicited for a period from July 1, 2019 - June 30, 2023. Prosperity Bank is LNRA's current bank depository.

Bids were received from Prosperity Bank and RBank. A summary indicating services provided by each bank and corresponding fees and/or interest earned were presented to the Board for their review.

Director Taylor moved to approve the Bank Depository Proposal from Prosperity Bank as presented. Director Parker seconded the motion. Motion passed.

Hay Meadow Bids

Brzowski informed the Board that bids were solicited for one (1) hay meadow (68 acres) and received as follows:

Bidder	Hay Meadow 11 Minimum Bid \$ 15.00 per acre
Lindsey Lee	\$ 15.00 per acre \$ 1,020.00 total bid

Jimmy Joines	\$ 20.58 per acre \$ 1,399.44 total bid
*Will Joines	\$ 22.05 per acre \$ 1,499.40 total bid
Glenn Filip	\$ 19.55 per acre \$ 1,329.40 total bid

Management recommends accepting the bid from Will Joines for \$22.05 per acre (\$1,499.50 total bid).

Director Johs moved to approve the bid from Will Joines for \$22.05 per acre as recommended. Director Steffek seconded the motion. Motion passed.

Revisions to Ordinance No. 1

This item was tabled.

LNRA Board Policy 204 – Vehicle and Motorized Equipment Operator Standards and Procedures

Brzowski briefed the Board on the proposed revisions to LNRA Policy 204 – Vehicle and Motorized Equipment Operator Standards and Procedures as follows:

204.204 DRIVING RECORD VIOLATIONS

Any serious traffic violation – i.e. reckless driving, endangering lives of others, racing, open container, public intoxication. 5 Points

Director Parker moved to approve the proposed revisions to LNRA Policy 204 – Vehicle and Motorized Equipment Operator Standards and Procedures as presented. Director Johs seconded the motion. Motion passed.

Jackson Electric Cooperative Aid to Construction

Brzowski informed the Board of LNRA's arrangement with Jackson Electric Cooperative (JEC) to purchase and install reclosers at the East and West pump stations. This additional equipment will effectively lower the arc flash potential rating at both facilities to a manageable level.

The Board was presented a copy of the Letter of Agreement between LNRA and JEC, outlining the conditions of the project, and the associated invoice from JEC. The invoice amount shown represents 60% of the costs of the recloser units which is LNRA's aid-to-construction portion.

Funds are available in the East and West budgets.

Director Martin moved to approve the aid to construction arrangement with Jackson Electric Cooperative, Inc. and associated invoice as presented. Director Steffek seconded the motion. Motion passed.

Lake Texana Yield Enhancement Project Briefing

Brzozowski informed the Board that access agreements with the landowners were to be completed in the next few weeks.

Election of Board of Director Officers

President Kubecka informed the Board that the current Board of Director Officer's terms would expire May 31, 2019. He requested nominations for officers.

Director Johs moved to nominate Director Parker for Secretary-Treasurer. Director Martin seconded the motion.

Director Taylor moved to nominate Director Adelman as Vice President. Director Parker seconded the motion.

Director Martin moved to nominate Director Kubecka as President. Director Steffek seconded the motion.

There were no further nominations. Motions passed, and all nominees were elected.

Briefing on LNRA Board Committee Assignments

The Board was asked to review the proposed individual assignments, committee structure, and function of each committee.

The Board meeting adjourned at 9:11 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer