

Lavaca-Navidad River Authority

Minutes of May 16, 2018 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, May 16, 2018 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, Bubela, Johs, Martin, Steffek, and Taylor, and LNRA Staff: Brzozowski, Anders, Gregory, Janak, Martin, Pearson, Fleeman, and Crenshaw. Also present was Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, Mike Rivet of Formosa Plastics Corporation, Mike Reedy and Jason Ward of Freese and Nichols Inc., and Michael Brooks 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:

- Implementation of Phone Tree – Communication with downstream land owners
- Amendment No. 2 TWDB Regional Water Planning Contract for additional funding
- West Delivery System Variable Frequency Drive (VFD) Project Update
- Tropical Storm and Hurricane Preparedness and Response Plan
- Review of LNRA By-laws
- Drought Contingency Condition Two (2) Declaration
- Letter to TCEQ about truck traffic on FM 3131

Consent Agenda

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

1. Approval of April 18, 2018 Board meeting minutes.
2. Approval of April 16, 2018 Scholarship Committee meeting minutes.
3. Acceptance of April 2018 financial statements.
4. Approve invoice summary.
5. Approve proposed budget amendment.

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

Regular Agenda

Ratification of Executive Committee Approval

On May 3, 2018, the LNRA Executive Committee was contacted by the General Manager to seek approval for expenditure of reserve contingency funds for the repair of a John Deere tractor used at the Main Event Center. Estimated cost to replace the tractor motor including labor is \$11,000. In addition to the motor replacement, funds are needed for inspection of all major systems/components on the tractor to assure proper function, and to repair as needed.

Executive Committee members, Kubecka, Adelman, and Parker agreed to reserve contingency fund expenditure up to \$16,000 which includes motor replacement and repairs as necessary.

Director Taylor moved to ratify the Executive Committee's approval of reserve contingency fund expenditure up to \$16,000 for tractor motor replacement and repairs as necessary. Director Adelman seconded the motion. Motion passed.

Bid for Simons Boat Ramp Improvements Grant Project (Metal Building)

Bids were solicited for the purchase and installation of a pre-engineered metal building in conjunction with the Simons Boat Ramp Improvement Grant Project. One (1) bid was received from Hlavinka Construction Company for \$99,800.00.

With the grant budget for this item being \$52,000, the General Manager recommends rejecting the bid received and rebid this item with the expectation of receiving competitive bids.

Director Johs moved to reject the bid received from Hlavinka Construction Company and rebid as recommended by the General Manager. Director Parker seconded the motion. Motion passed.

Bid for Simons Boat Ramp Improvements Grant Project (Boat Ramp)

Bids were solicited for the expansion of the existing boat ramp, demolition of two (2) existing wooden piers and construction of one (1) new fixed pier and one (1) new floating boat dock, and installation of a bulkhead in conjunction with the Simons Boat Ramp Improvement Grant Project. No bids were received.

The General Manager recommends rebidding the project for June Board approval.

LNRA IT Processes Review and Expenditure

Brzozowski briefed the Board on the review and assessment of the function of LNRA's IT organization performed by LNRA's Information Technology consultant, RSM US LLP.

The Board was presented a copy of the proposed Statement of Work which includes RSM staff to conduct a policy development process and assist, in an advisory role, in the human resource development/hiring process. The cost for this phase will not exceed \$25,000 plus out-of-pocket expenses.

Director Taylor moved to approve expenditure for Statement of Work for LNRA IT policy development and advisory services from RSM US LLP, not to exceed \$25,000. Director Martin seconded the motion. Motion passed.

Proposed Reserve Contingency Fund Expenditure

Brzozowski recommended to the Board replacement of fifteen (15) iPads that were purchased in 2012. The Board previously approved Fund Balance allocation for this expenditure. Estimated cost for the new fifteen (15) 10.5" iPad Pros is \$11,000. Funds are available in Reserve Contingency Fund/Communication Upgrade.

Director Martin moved to approve reserve contingency fund expenditure for communication equipment replacement for \$11,000 as presented. Director Steffek seconded the motion. Motion passed.

RSM US LLP Arrangement Letter for Annual Financial Audit

Brzozowski briefed the Board on the arrangement letter from RSM US LLP to perform LNRA's annual independent audit for the period ending September 30, 2018. Fee for the services is not to exceed \$60,000, 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 FY2018 annual independent audit as presented. Director Johs seconded the motion. Motion passed.

Briefing on Work Order No. 28 and Lake Texana Yield Enhancement Project

Reedy discussed and presented the Board with a draft Implementation Work Plan. The Work Plan outlines the engineering effort that will (may) be needed to support:

- Phase 1 - TCEQ Water Rights Permitting and Project Funding
- Phase 2 – USACE 404 Permitting/USCG Authorization
- Phase 3 – Project Development Activities
- Phase 4 – Final Engineering Design
- Phase 5 – Construction Phase

Also included in the presentation by Reedy was a Preliminary Implementation Budget and Phase I Planning Level Construction Cost Estimate. Both documents were previously presented to the Board for their review.

Reedy also discussed the Freese and Nichols Draft Scope of Work (Work Order 28) for the proposed Lavaca River Reach Assessment and Evaluation. Work Order 28 includes the following:

- I. LTYEP Firm Yield Re-Evaluation
- II. Stakeholder Outreach Communication and Education
- III. Diversion Location Site Selection Determination
- IV. Diversion Pipeline Preliminary Route Evaluation
- V. Raw Water Quality Assessment
- VI. Agency Coordination
- VII. TCEQ Water Rights Permit Application Package

The total Work Order Amount is \$968,000.

The Board was presented a copy of this information for their review. The Board discussed, and it was the consensus to schedule a Board workshop for further discussion and review of the information presented.

Election of Board of Director Officers

President Kubecka informed the Board that the current Board of Director Officer's terms would expire May 31, 2018. He requested nominations for officers.

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

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

Director Steffek moved to nominate Director Kubecka as President. Director Taylor 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 9:10 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer