

Lavaca-Navidad River Authority

Minutes of May 17, 2017 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, May 17, 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, Johs, Martin, Muegge, Sachtleben, Steffek, and Taylor, and LNRA Staff: Brzozowski, Anders, Gregory, Martin, 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:

- LNRA Return to Operations Plan
- LNRA Emergency Action Plan for Employees, Active Shooter Event
- Texas Sunset Advisory Commission Review Process
- Amendment No. 4 to Formosa Plastics Water Supply Agreement
- Meeting with Texas Parks and Wildlife regarding Community Education Complex
- Texas State Rifle Association Meeting 5/2/17

Consent Agenda

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

1. Approval of April 19, 2017 Board meeting minutes.
2. Approval of April 20, 2017 LNRA Scholarship Committee meeting minutes.
3. Approval of April 20, 2017 LNRA CDPP Review Committee meeting minutes.
4. Acceptance of April 2017 financial statements.
5. Approval of invoices for payment.

Director Adelman moved to approve the Consent Agenda items 1-5 as presented. Director Taylor 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 (formerly Padgett, Stratemann) to perform LNRA's annual independent audit for the period ending September 30, 2017. Fee for the services is \$57,500.

Director Martin moved to approve the arrangement letter from RSM US LLP for the FY2017 annual independent audit as presented. Director Steffek seconded the motion. Motion passed.

RSM US LLP Arrangement Letter for Management Audit

Brzozowski briefed the Board on the draft arrangement letter from RSM US LLP to perform LNRA's independent management audit as required by the Texas Commission on Environmental Quality (TCEQ). Fees for the services is \$45,000 plus out-of-pocket expenses.

Director Johs moved to approve the draft arrangement letter from RSM US LLP to perform LNRA's independent management audit as presented. Director Taylor seconded the motion. Motion passed.

Memorandum of Understanding between LNRA and American Electric Power

Brzozowski briefed the Board on the Memorandum of Understanding between American Electric Power (AEP) and LNRA to define the expectations and responsibilities of the use of the Brackenridge Recreation Complex Main Event Center as a staging area to support the restoration, repair and/or reconstruction of AEP's transmission/distribution system. The MOU is similar to the one between Jackson Electric Cooperative, Inc. and LNRA. A copy was sent to AEP for their review and signature.

The Board was presented a copy of the MOU for their review.

Director Adelman moved to approve the MOU between AEP and LNRA as presented. Director Johs seconded the motion. Motion passed.

Reserve Contingency Expenditures

In November, the Board approved allocation of funds for improvement projects and capital purchases. The following reserve contingency recreation improvement expenditures were presented to the Board for approval:

- 12-Light .50 Caliber Paintball Markers
- Metal Folding Chairs and Tables for the Marina Building

Director Johs moved to approve the reserve contingency expenditures for recreation improvements as presented. Director Martin seconded the motion. Motion passed.

Expenditure for Heavy Equipment Lease

LNRA is currently leasing a Caterpillar 259D compact track loader (skid loader) through Mustang Caterpillar. The lease agreement expires in May 2017. Management proposes to replace the skid loader

with a new Caterpillar 259D with a three (3) year lease term from Mustang Caterpillar. Monthly lease payment for the skid loader is \$1,312.20. Funds are budgeted for this expenditure.

Director Taylor moved to approve the expenditure for heavy equipment lease as presented. Director Steffek seconded the motion. Motion passed.

Revisions to the LNRA Employee Information Manual

Brzowski briefed the Board on the revisions to the Employee Information Manual H. ELECTRONIC COMMUNICATION SYSTEMS to include CELL PHONE POLICY.

Director Adelman moved to approve the revisions to the LNRA Employee Information Manual as presented. Director Johs seconded the motion. Motion passed.

Update on Lake Texana Yield Enhancement Project Phase I

Brzowski informed the Board that a Board Workshop is scheduled for Tuesday, May 23rd to discuss the project.

Work Order for the Community Education Complex Project

President Kubecka tabled this item.

Expenditure for Aid to Construction for Jackson Electric Cooperative, Inc.

Brzowski briefed the Board that in connection with the Simons Boat Ramp Grant project and to support future developments, LNRA approached Jackson Electric Cooperative Inc. (JEC) to route electric service to the Simons Boat Ramp area. JEC will provide service, but is requesting aid to construction in the amount of \$24,420.00. In addition, LNRA would provide JEC with a special use permit, allowing JEC to place poles and overhead and buried electrical service on LNRA property from LNRA's boundary gate to a point near the boat ramp.

Management recommends utilizing the Capital Improvement Fund for funding.

Director Taylor moved to approve the Capital Improvement Fund expenditure for aid to construction for Jackson Electric Cooperative, Inc. service improvements as presented. Director Adelman seconded the motion. Motion passed.

Election of Board of Director Officers

President Kubecka informed the Board that the current Board of Director Officer's terms would expire May 31, 2017. He requested nominations for officers.

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

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

Director Muegge moved to nominate Director Kubecka as President. Director Taylor seconded the motion.

There were no further nominations. All nominees were elected by acclamation.

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 8:30 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer