

Lavaca-Navidad River Authority

Minutes of May 15, 2024 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, May 15, 2024 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 and was also available through video teleconference. Board members present were President Adelman, Vice President Johs, Secretary Treasurer Storz, Directors Aimone, Kucera, Mitchell, Steffek, and Taylor. Also present was LNRA Staff: Brzozowski, Gregory, Anders, Hartl, Martin, Stuhrenberg, Terry, Sklar, and Crenshaw. Also present was Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, Jason Ward, Cody Cockcroft, and Josh Watson of Freese and Nichols, and Jack Wu and Amy Blanchett of Formosa Plastics. Stephen Phillips of Formosa Plastics joined the meeting via video teleconference.

President Adelman called the meeting to order.

Public Comments

There were no public comments.

General Manager's Report

- Designation of Board President by Governor Abbott
- LNRA Building A Painting Project Update
- TWCA Summer Conference – Arlington – June 12-14, 2024
- BLS Construction Change Order for WDS Pump Station Storage Building Project
- City of Corpus Christi Quarterly Meeting
- Sunset Commission Request for Response due August 1st
- Kaler Energy Update
- CDPP Meeting Update

Consent Agenda

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

1. Consider approval of Board meeting minutes of April 17, 2024 and act as necessary.
2. Consider acceptance of April 2024 financial statements and act as necessary.
3. Consider approval of invoices for payment and act as necessary.
4. Consider approval of proposed reserve contingency expenditures and act as necessary.
5. Consider approval of disposal of assets and act as necessary.

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

Regular Agenda

RSM US LLP Engagement Letter for Annual Financial Audit

Brzozowski briefed the Board on the engagement letter from RSM US LLP to perform LNRA's annual independent audit for the period ending September 30, 2024. Fee for the services is not to exceed \$78,000, plus out of pocket expenses of approximately 12%-15% of fees.

Director Johs moved to approve the engagement letter from RSM US LLP for the FY2024 annual independent audit and associated funding as presented. Director Mitchell seconded the motion. Motion passed.

Ratification of LNRA Executive Committee's Approval

Brzozowski informed the Board that the contractor, McKee Utility Contractors, for the EDS Waterline Relocation Project, halted construction activities abruptly demanding LNRA approve multiple change orders that were pending review and recommendation for approval by LNRA's project engineer, Freese and Nichols.

In addition to the monetary change, time was also part of the change request. (delays resulting from discovery and design changes associated with the tie-in points on either end of the 36" pipeline were the focus of the time claim) LNRA and FNI agreed with the negotiated increase in cost and project schedule.

Given the "cost" (time and money) of waiting sixteen (16) days for approval by the full Board, the General Manager contacted the LNRA Executive Committee for approval. The Committee approved the change orders as presented.

The Board was presented with a copy of the Change Orders and Schedule for their review.

Director Mitchell moved to ratify the LNRA's Executive Committee approval of change orders from McKee Utility Contractors, LLC for the East Delivery System Waterline Relocation Project as presented. Director Storz seconded the motion. Motion carried.

Dam Safety Project

Brzozowski informed the Board that LNRA and Freese and Nichols have finalized the understanding of the scope of work and costs associated with the Cutoff Wall Design Project. FNI has provided documentation for review, and LNRA is in general agreement with the approach, providing for the design of a cut-off wall along the maximum section of the dam, extending East-Northeast an unspecified distance.

The Board was presented with a final scope of work and cost estimate for professional services.

Brzozowski also informed the Board that LNRA has engaged with LNRA Bond Counsel and Financial Advisor, researching the potential funding mechanism for the remediation project.

LNRA plans to discuss with the water customers the planned remediation project as more definitive details, such as project costs, are available.

Cockcroft presented information to the Board including an exhibit indicating possible alignments and advantages and disadvantages of each. The Board was also presented with a copy of the services to be provided by FNI including project and quality management services and associated costs.

Director Steffek moved to approve Freese and Nichols work order for professional engineering services for the Cutoff Wall Project for \$1,938,830 as presented. Director Mitchell seconded the motion. Motion carried.

Pipeline Easement – Thunderdome Pipeline LLC

Brzozowski briefed the Board on the easement request by Thunderdome Pipeline crossing LNRA property parallel to Simons Road. LNRA engaged legal counsel to draft the easement document. The Board was presented with a copy of the draft easement document. The easement will be issued as perpetual non-exclusive 30' permanent width. Thunderdome has requested to be allowed to construct above ground valve station with pigging capability.

The Board discussed the easement details and price for easement and valve yard.

Director Mitchell moved to approve the easement document with a price of \$100 per foot for the easement and \$200 per foot of the valve yard that is to be contained withing the 30' easement. Director Taylor seconded the motion. Motion carried.

East Delivery System Pipeline Relocation Project

A copy of the Freese and Nichols Status Report as of April 2024 was presented to the Board.

Brzozowski briefed the Board as follows:

- The contractor, in coordination with LNRA and our water customers have successfully tied in the new 36" pipeline. The existing pipe is now inactive and can be abandoned and removed or abandoned in place.
- The contractor and all involved will now be focused on tying in the 57" pipeline.
- While the project schedule has been extended with latest change orders, it is the contractor's intent to complete the entirety of the project early Summer.
- We have been informed TxDOT's contractor will begin the widening project in the coming week.

The Board was presented with photographs of the project in progress.

Lake Texana Yield Enhancement Project

A copy of the Freese and Nichols Status Report as of April 2024 was presented to the Board.

Brzozowski briefed the Board as follows:

- We are in a holding pattern regarding identifying beneficial contestants to our permit until Texas Commission on Environmental Quality (TCEQ) holds a public meeting in Jackson County.

- We have reviewed the issues recently announced concerning GBRA off channel Mid-Basin project, comparing our project and application to what was submitted and permitted by GBRA.
- We are to regroup in late May to decide on any steps we can take that might help our cause/situation.
- Some “informative talking points” were presented to the Board for discussion.

Election of Board of Director Officers

President Adelman informed the Board that the current Board of Director’s Vice President and Secretary Treasurer terms would expire May 31, 2024. He requested nominations for the two officers.

Director Steffek moved to nominate Director Storz as Secretary-Treasurer. Director Mitchell seconded the motion. Motion passed

Director Storz moved to nominate Director Johs as Vice President. Director Steffek seconded the motion. Motion passed.

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 9:12 a.m.

Jerry L. Adelman
President

Jennifer Storz
Secretary-Treasurer