

Lavaca-Navidad River Authority

Minutes of June 17, 2020

Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, June 17, 2020 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 also was available through video teleconference. Board members present were President Kubecka, Directors Parker, Aimone, Johs, Kucera, and Taylor, LNRA Staff: Brzozowski, Anders, Gregory, Hartl, Pearson, Crenshaw, and Sklar and Bill Dugat of Bickerstaff Heath Delgado Acosta LLP. Directors Adelman and Steffek, LNRA Staff Martin, Mike Reedy of Freese and Nichols, and Emily Schwartz (public) were also present via video conference.

President Kubecka called the meeting to order.

Public Comments

There were no public comments.

General Manager's Report

Brzozowski reported on the following:

- Tropical Storm and Hurricane Preparedness and Response Plan
- Recreation Summer Programs
- Interruptible Water
- Matagorda Bay Mitigation Trust
- Interregional Planning Group
- Flood Planning Group Formation
- Fraudulent Bank Activity FBI Investigation
- Horizon Environmental Services, Inc.
- Landowners request for easement

Consent Agenda

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

1. Consider approval of Board meeting minutes of May 20, 2020 and act as necessary.
2. Consider acceptance of May 2020 financial statements and act as necessary.
3. Consider approval of invoices for payment and act as necessary.
4. Consider approval of proposed budget amendment and act as necessary.

Director Parker moved to approve the Consent Agenda items 1-4 as presented. Director Taylor seconded the motion. Motion passed.

Regular Agenda

RSM US LLP Arrangement Letter for Annual Financial Audit

Gregory briefed the Board on the arrangement letter from RSM US LLP to perform LNRA’s annual independent audit for the period ending September 30, 2020. Fee for the services is not to exceed \$59,000, plus out of pocket expenses of approximately 12%-15% of fees.

Director Johs moved to approve the arrangement letter from RSM US LLP for the FY2020 annual independent audit as presented. Director Kucera seconded the motion. Motion passed.

Reserve Contingency Fund Reallocations

Brzowski briefed the Board on the proposed reserve contingency fund reallocations. Proposed reallocations will move funds from completed projects to planned or ongoing projects. The Board was presented a copy of the proposed reallocations.

Director Parker moved to approve the proposed reserve contingency fund reallocations as presented. Director Johs seconded the motion. Motion passed.

Reserve Contingency Fund Expenditures

Brzowski briefed the Board on the proposed reserve contingency fund expenditures for previously Board approved fund balance allocations as follows:

Vehicle and Equipment Replacement

Modern 15’ Raptor Shredder with front and rear chains	\$ 15,585.00
---	--------------

Community Education Center

Planned Contents and Exhibits	\$ 150,000.00
-------------------------------	---------------

- Reptile Enclosures with lighting
- Aquariums with custom cabinetry
- Display Drawer System
- Artwork and framing
- Organization/storage supplies
- Appliances
- Office Furniture
- Shelving and bookcase
- Tables/Chairs/Racks
- IE – sound system, security system, and miscellaneous electrical
- IT needs
- Exterior Signage

In accordance with LNRA BOARD POLICY 304 – PROCUREMENT, bids are solicited for the above proposed expenditures.

Director Taylor moved to approve the proposed reserve contingency fund expenditures as presented. Director Kucera seconded the motion. Motion passed.

Heavy Equipment Lease

Brzowski briefed the Board on the expiring lease agreement with Mustang Caterpillar for a Caterpillar 259D skid loader. Management proposes to replace the skid loader with a new Caterpillar 299D3XE with a three (3) lease term. The new proposed skid loader will accommodate a brush cutting hydro ax to be added to the equipment fleet this year. Monthly lease payment for the skid loader is \$2,102.49.

Director Taylor moved to approve skid loader lease with Mustang Caterpillar as presented. Director Kucera seconded the motion. Motion passed.

Proposal from Ganem & Kelly Surveying, Inc.

Brzowski briefed the Board on the proposal from Ganem & Kelly Surveying, Inc. for the 2020 Settlement Point Survey on the Palmetto Bend Dam. The estimated cost is \$34,000 with work to be billed on a time and material basis at the current rates. Funds are budgeted.

Brzowski also informed the Board that the 2019 survey had not been completed by Ganem & Kelly and accepting the 2020 proposal was contingent upon the completion of the 2019 survey.

Director Aimone moved to approve the proposal from Ganem & Kelly for the 2020 Settlement Point Survey, contingent upon completion of the 2019 survey, as presented. Director Johs seconded the motion. Motion passed.

LNRA Employee and Pre-65 Retiree Health Benefits 2019-2020

LNRA currently provides employee health benefits through TML Health Benefits Pool.

LNRA also provides pre-65 retirees health benefits through TML. LNRA covers retirees between the ages of 59-65. The plan is the same plan as the employee plan. The cost is 195% of the employee costs.

LNRA pays for 100% of employee and retiree premiums and 50% of dependent premiums for both employees and retirees.

The Board was presented a copy of the Health Benefit Proposal, which includes the current plan and the associated costs and the proposed 2020-2021 plan options and associated costs.

Director Parker moved to approve LNRA employee and pre-65 retiree health benefits for 2020-2021 as presented. Director Johs seconded the motion. Motion passed.

LNRA Board Policy 401 Banking & Investment/Resolution

The Board is required under the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE to adopt a Banking and Investment Policy and to review the Policy and investment strategy no less than annually.

Gregory briefed the Board on the LNRA Board Policy 401, Banking and Investment and related Resolution. No revisions were recommended.

The Board was presented a copy of Policy 401 and related Board Resolution for their review.

Director Parker moved to approve LNRA Board Policy 401 – Banking and Investment and related Resolution as presented. Director Johs seconded the motion. Motion passed.

LNRA Ordinance No. 1

Brzowski presented the Board with a revised copy of the LNRA Ordinance No. 1., which includes a revised Schedule of Recommended Fines/Penalties (Exhibit A).

Director Taylor moved to approve the revised LNRA Ordinance No. 1 as presented. Director Aimone seconded the motion. Motion passed.

Cybersecurity Training Compliance

Brzowski informed the Board that in compliance with Texas Government Code 2054.5191, LNRA employees and Board of Directors completed the required annual cybersecurity training. Completion of the training was reported to the Department of Information Resources on June 15, 2020 as required.

The Board was presented a copy of the compliance report as sent to the Department of Information Resources.

Director Taylor moved to accept the annual cybersecurity training compliance as reported to the Department of Information Resources. Director Aimone seconded the motion. Motion passed.

Professional Services List

Brzowski briefed the Board on the revised Professional Services List adding VanBlarcum Services, Corrosion Engineering, Cathodic Protection Services.

Director Johs moved to approve the revised Professional Services List as presented. Director Parker seconded the motion. Motion passed.

Disposal of Assets

Brzowski briefed the Board on a list of depreciated and no longer useable or serviceable assets for disposal. According to LNRA Board Policy – 306 Disposition of Personal Property, the Board must approve to dispose of LNRA property. The Board was presented a list of proposed disposal of assets.

Director Parker moved to approve the proposed disposal of assets as presented. Director seconded the motion. Motion passed.

Briefing on Lake Texana Yield Enhancement Project

The Board was presented a copy of the Lake Texana Yield Enhancement Project Status Report, May1-31, 2020, as prepared by Freese and Nichols.

The Board discussed the proposed Amendment to the Formosa/LNRA Purchase and Sell Agreement. A copy of the proposed Amendment will be made available for the Board's review.

Meeting adjourned at 9:14 a.m.

Ronald Kubecka
President

Terri Parker
Secretary-Treasurer