

Lavaca-Navidad River Authority

Minutes of January 19, 2022 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, January 19, 2022, 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 Parker, Directors Kucera, Mitchell, Steffek, Storz, and Taylor. Also present was LNRA Staff: Brzozowski, Gregory, Martin, Terry, Sklar, and Crenshaw and Bill Dugat of Bickerstaff Heath Delgado Acosta LLP. Mike Rivet of Formosa Plastics and Scott Hartl attended via video teleconference.

President Adelman called the meeting to order.

Public Comments

There were no public comments.

General Manager's Report

- General Managers Quarterly Report as of December 31, 2021
- Youth Deer Hunt – January 21-23
- East Delivery System Capacity
- Dam Safety – Material lay down
- Matagorda Solar
- Inteplast Water Supply Contract
- Employee Information Manual – Safety Program 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 December 15, 2021 and act as necessary.
2. Consider acceptance of December 2021 financial statements and act as necessary.
3. Consider approval of invoices for payment and act as necessary.
4. Consider approval of proposed budget amendment(s) and act as necessary.
5. Consider approval of quarterly Investment Report as of December 31, 2021 and act as necessary.

Gregory briefed the Board on the activity of investments as reported in the Quarterly Investment Report as of December 31, 2021. Texpool earned an average rate of .37% while Prosperity Bank earned .20% for the quarter. The Board was presented a copy of the quarterly report for their review.

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

Regular Agenda

Fiscal Year 2021 Fund Balance Allocations

Brzozowski briefed the Board on the 2021 proposed fund balance allocations. The Board was presented a copy of the 2021 proposed fund balance allocations for their review.

Director Steffek moved to approve the 2021 proposed fund balance allocations as presented. Director Parker seconded the motion. Motion passed.

Reserve Contingency Fund Reallocations

Brzozowski briefed the Board on the proposed reserve contingency fund reallocations. The Board was presented a copy of the proposed reserve contingency fund reallocations for their review.

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

Reserve Contingency Fund Expenditures

Brzozowski informed the Board of the following proposed reserve contingency fund expenditures:

General Fund

A/C Replacement Reserve Fund

Replace a/c unit in the O&M office \$ 8,417.00

Recreation

Main Event Center Reserve Fund

Trucking and equipment rental to move donated reclaimed asphalt to cover the existing MEC gravel pad. LNRA will provide labor.

Estimated cost of trucking \$ 22,000.00

Estimated cost of equipment rental \$ 8,000.00

Replace MEC parking lot lights with LED fixtures \$ 8,500.00

MEC office furniture \$ 8,200.00

Replacement of MEC commons area TVs with all-weather units, including sound bars and arena wireless audio controls. \$16,000.00

Community Education Center Reserve Fund

Monthly maintenance fee (\$295.00) for saltwater tank \$ 3,000.00

Audio/Video system installation at the CEC \$ 12,000.00

Hafernack Recreation Center Reserve Fund

Audio/Video system upgrade and installation at the HHRC \$ 20,000.00

Campsite Reserve Fund

Ten (10) 8' Galvanized frame picnic table with 2'x10' treated pine \$ 6,000.00

Fifteen (15) BBQ grills

Twenty (20) Flip grate fire rings

Total for grills and fire rings with freight \$ 9,700.00

Texana Storage Building Renovation Reserve Fund

Renovate Texana storage building \$ 39,398.00

Vehicle & Equipment Replacement Reserve Fund

One (1) Kubota ZD1200 72" mower \$ 16,984.20

Three (3) John Deere Gators \$ 27,596.43

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

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

Agreement between LNRA and Oracle America, Inc. (NetSuite)

Brzowski informed the Board that the agreement between LNRA and Oracle NetSuite for accounting services is expiring on January 31, 2022. The current agreement is a five-year subscription beginning in 2017 and paid annually.

A proposed five-year renewal agreement has been received providing the same services, billed annually for \$40,774.61. This represents an approximate increase of \$5,000 annually. The Board was presented a copy of the proposed agreement for their review.

Director Johs moved to approve the proposed five-year renewal agreement as presented. Director Steffek seconded the motion. Motion passed.

Ratification of Executive Committee's Approval

Brzowski briefed the Board on the necessary replacement of the West Delivery System three impellers on intake pump No. 3 and the three impellers on No. 5. Total estimated cost to cast, machine, and balance the six (6) impellers is \$94,320.00.

The LNRA Executive Committee approved the expenditure earlier in the month to allow for a more timely delivery time.

Director Taylor moved to ratify the Executive Committee's approval of WDS expenditures for repair of pumping equipment as presented. Director Kucera seconded the motion. Motion passed.

Master Professional Services Agreement with the Freese and Nichols

Brzozowski informed the Board that it was necessary to update LNRA's Master Professional Service Agreement with Freese and Nichols with new standard language and rates.

The Board was presented a copy of the proposed Master Professional Services Agreement for their review.

Director Johs moved to approve the proposed Master Professional Services Agreement with Freese and Nichols as presented. Director Storz seconded the motion. Motion passed.

Freese and Nichols Work Order #38

Brzozowski informed the Board that it was necessary to amend Freese and Nichols Work Order #38 for the evaluation of the dam safety anomaly.

In May 2021, the Board approved Freese and Nichols Work Order #38 for the evaluation of the dam safety anomaly that appeared in December 2020 in the amount not to exceed \$299,147.

Given the nature of the work to be undertaken, the location, and all the "what ifs", LNRA chose a company to assign the test well drilling and test well production whose cost exceeds the funding made available under WO 38 by \$29,900. Adjusted total for WO 38 is \$329,047. Funds are available in the Reserve Fund.

Director Taylor moved to approve the proposed amended FNI WO38 with funding from the Reserve Fund. Director Kucera seconded the motion. Motion passed.

WDS MRPII Proposed Expenditure

This item was tabled.

Interlocal Agreement by and between LNRA and City of Corpus Christi

Brzozowski informed the Board as follows:

Senate Bill 3 of the 87th Legislature mandates water utilities to develop Emergency Action Plans (EAP) to ensure the continuous delivery of critical water supplies during weather emergencies and power outages.

To meet the objectives of the City of Corpus Christi's EAP, the City has determined it prudent and necessary to incorporate auxiliary power generation to supply power to LNRA's West Pump Station to ensure continual water deliveries, made available by the contracts by and between the City and LNRA, under extreme conditions.

The Board was presented the proposed Interlocal Cooperation Agreement by and between LNRA and the City which defines the responsibilities of both parties to develop auxiliary power generation for LNRA's West Intake Pump Station to comply with Senate Bill 3 requirements.

Director Parker moved to approve the proposed Interlocal Agreement by and between LNRA and the City of Corpus Christi as presented. Director Steffek seconded the motion. Motion passed.

Inlet Channel Side Scan Survey on Lake Texana

Brzozowski informed the Board that the inlet channel of the spillway needs repairs to the soil cement. LNRA staff has evaluated the condition based on the use of LNRA's side scan sonar and have determined there are

multiple areas that need further definition. LNRA Management has worked with Pro Rov Services LLC to develop a scope of work. The Board was presented a copy of the proposed agreement with an estimated cost of \$16,000. Funds are available in General Fund, Professional Services.

Director Steffek moved to approve the proposed expenditure for Inlet Channel Side Scan Survey on Lake Texana with Pro Rov Services not to exceed \$20,000. Director Mitchell seconded the motion. Motion passed.

Legal Services Related to Real Estate

Brzowski informed the Board that he and Dugat met with Ronnie Collins of Duckett, Bouligny & Collins (DB&C) on December 15, 2021 to discuss legal services related to real estate transactions in conjunction with the Lake Texana Yield Enhancement Project.

DB&C, founded in 1946, is in El Campo, Texas and offers knowledge and experience providing legal services to individuals and local governments. The firm's legal team has extensive experience with real estate transactions and expertise in managing appraisals, including mineral estates. The firm does not have any known conflicts of interest.

Director Mitchell moved to approve Duckett, Bouligny & Collins to provide legal services related to real estate transactions. Director Kucera seconded the motion. Motion passed.

Briefing on Lake Texana Yield Enhancement Project

The Board was presented a copy of Freese and Nichols Status Report as of December 1-31, 2021.

Brzowski reported as follows:

Brzowski communicated with Kim Nygren and Brooke McGregor at TCEQ in reference to the status of LNRA's water rights application. It was stated that TCEQ was wrapping up technical review and working to get the draft to LNRA by summer 2022.

The Board will consider approval of obtaining an appraisal of minerals on the proposed land purchase as discussed in the December meeting after obtaining RFQs for a qualified appraiser.

The Board meeting adjourned at 9:03 a.m.

Jerry Adelman
President

Terri Parker
Secretary-Treasurer