

Lavaca-Navidad River Authority

Minutes of January 18, 2023 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, January 18, 2023, 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, and Directors Kucera, Mitchell, Steffek, Storz, and Taylor. Also present was LNRA Staff: Brzozowski, Gregory, Hartl, Martin, Pearson, Terry, Sklar, and Crenshaw, Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, and Jason Ward of Freese and Nichols. Mike Reedy of Freese and Nichols attended the meeting via video/audio teleconferencing.

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, 2022
- Youth Deer Hunt – January 21
- Lake Texana Park Culvert Replacement Update
- LNRA Code of Conduct
- LNRA Law Enforcement Manual Revisions
- Sunset Advisory Commission
- LNRA Annual Financial Report as of September 30, 2022
- Water Infrastructure Coalition
- AEP Transmission Line
- Mike Rivet, General Manager, Formosa

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 21, 2022 and act as necessary.
2. Consider acceptance of December 2022 financial statements and act as necessary.
3. Consider approval of invoices for payment and act as necessary.
4. Consider approval of Quarterly Investment Report as of December 31, 2022 and act as necessary.

Gregory briefed the Board on the activity of investments as reported in the Quarterly Investment Report as of December 31, 2022. Texpool earned an average rate of 3.51% while Prosperity Bank earned .20% for the quarter. The Board was presented a copy of the quarterly report for their review.

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

Regular Agenda

Fiscal Year 2022 Fund Balance Allocations

Brzozowski briefed the Board on the 2022 proposed fund balance allocations. The Board was presented a copy of the 2022 proposed fund balance allocations for their review.

Director Steffek moved to approve the 2022 proposed fund balance allocations as presented. Director Storz 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 Parker 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:

Recreation

Campsite Supplies – Picnic Tables Fifteen (15) 8’long picnic tables with galvanized frames and treated lumber.	\$ 8,985.00
One (1) 2023 Kubota RTV, Model D902, V Series Vendor: Scherer Kubota through purchasing cooperative, Buy Board	\$ 16,240.08
One (1) 2023 Kubota Tractor with front end loader Vendor: Scherer Kubota through purchasing cooperative, Buy Board	\$ 63,464.28
Office Furniture for HHRC offices Replacement of office furniture at HHRC Through purchasing cooperative, National Cooperative Purchasing Alliance	\$ 22,500.00
Two (2) John Deere TX Model 56A4M Gators with canopy and windshields Vendor: Shoppa’s Farm Supply through Houston Galveston Area Council	\$ 22,250.34 (\$11,125.17 each)
Fifty (50) sheets of Poly Panels 4’x10’ 1/4’ HDPE White Plastic Poly with freight costs	\$ 9,700.00
MEC Fencing to enclose and secure east equipment area Installation of fencing, two gates and demolition of existing 80’ section	\$ 15,169.79
Replacement and Repair of MEC Sound System	\$ 2,000.00

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

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

Amendment to FNI Work Order for EDS Waterline Relocation Project

Brzozowski briefed the Board on the proposed amendment to Freese and Nichols (FNI) Work Order for the East Delivery System Waterline Relocation Project. The proposed amendment includes adding special services, construction management, and increasing final design fee. The Board was presented a copy of the proposed amendment for their review.

Compensation is as follows:

FNI Basic Services	\$ 87,000
FNI Special Services	\$ 590,300
Total amendment amount	\$ 678,000

Brzozowski noted that the engagement of FNI for construction oversight and management was part of the original discussion and budget for the project. The cost for the special services has been narrowed from over \$800,000 to the current amount of \$ 678,000.

Director Mitchell moved to approve the proposed amendment to Freese and Nichols Work Order for EDS Waterline Relocation Project as presented. Director Steffek seconded the motion. Motion passed.

Amendment to FNI Work Order for EDS Intake Pump Station Expansion

Brzozowski briefed the Board on the proposed amendment to Freese and Nichols (FNI) Work Order for the East Delivery System Intake Pump Station Expansion.

The amendment is to provide the design and construction management of three elements to support the replacement of an existing pump at the East Delivery System pump station.

1. Expand the electrical room to create space for a 500 HP VFD.
2. Reinforce the pump station floor to support a heavier pump.
3. Coordinate replacement of an undersized transformer.

Electrical Room	\$ 56,179.00
Reinforcing the pump room floor	\$ 25,970.00
To coordinate the replacement of the transformer	<u>\$ 9,825.00</u>
Total cost to provide these services	\$ 91,974.00

Brzozowski discussed alternative measures (300 HP vs. 500 HP) for the Expansion Project which will require further research. Depending on the outcome of the decision, the project may be less than the estimated \$ 91,974.

Director Johs moved to approve the proposed amendment to Freese and Nichols (FNI) Work Order for the East Delivery System Intake Pump Station Expansion not to exceed \$91,974. Director Parker seconded the motion. Motion passed.

LNRA Building B Improvements

Brzowski informed the Board that Building B (Pipeline) needs improvements including a new roof and exterior painting. Bids were received for the improvements as follows:

1. New galvalume standing seam roof and seamless gutters	\$ 34,000.00
2. Labor to paint the exterior of the building	\$ 3,000.00
3. Paint material	\$ 3,500.00
4. Soffit and post material	<u>\$ 1,500.00</u>
Total Cost	\$ 42,000.00

Funds are available in the Pipeline Operating Budget.

Director Taylor moved to approve expenditures from the Pipeline Operating Budget for improvements to Building B (Pipeline) as presented. Director Steffek seconded the motion. Motion passed.

Expenditure for Ground Bed Rectifier

Brzowski informed the Board that LNRA's 54" pipeline has an impressed current ground bed located on Formosa property. This rectifier and ground bed were installed in 1992. The rectifier and pipeline potentials are monitored bimonthly. Readings are indicative of ground bed depletion. It is proposed to replace the rectifier and ground bed to avoid complete failure. Cost is estimated to be \$40,000. Funds are available in the East Delivery Operating Budget.

Director Mitchell moved to approve expenditure from the East Delivery Operating Budget for replacement of the ground bed rectifier as presented. Director Storz seconded the motion. Motion passed.

Interlocal Agreement between LNRA and Jackson County

Brzowski informed the Board that ATT was due to be on site within the next two weeks to determine fiber link distance and path, and associated costs. Information will be provided to the Board when available.

Flood Mitigation Planning Study of Cox Creek

Brzowski informed the Board that Jackson County asked for LNRA's assistance and partnership in a flood study of Cox Creek. The watershed drains Lolita and the southwest side of La Ward. LNRA has partnered with the County on a similar study of Devers Creek, which runs through Ganado. Cox Creek meanders through the proposed off-channel reservoir site on its way to the bay.

Due to a timing issue between Texas Water Development Board submittal (January 10) and LNRA Board meeting (January 18), the General Manager sent a letter offering LNRA's financial assistance in meeting the matching funds, initially up to \$15,000.

Given LNRA's previous level of participation on similar issues, the General Manager recommends that LNRA contribute a total of \$30,000 towards the study of the Cox Creek Watershed.

Director Kucera moved to approve LNRA's support of the flood mitigation planning study involving Cox Creek with matching funds of \$30,000. Director Mitchell seconded the motion. Motion passed.

Briefing on East Delivery System Pipeline Relocation Project

The Board was presented a copy of the Freese and Nichols Status Report, December 2022.

Brzozowski updated the Board as follows:

- Bid solicitation has begun and LNRA plans to recommend award in February.
- The issues with Formosa Plastics have been resolved.
- LNRA is working with Formosa, Alcoa, and TxDOT on easement acquisition.
- Once the construction cost is known through the bidding process, LNRA will manage any potential funding issues with TxDOT.

Lake Texana Yield Enhancement Project

The Board was presented a copy of the Freese and Nichols Status Report, December 2022.

Brzozowski updated the Board as follows:

- LNRA has had multiple meetings with TCEQ discussing the arrangement of LNRA's modeling.
- A final discussion is set for January 25th.
- Assuming LNRA is successful and productive, it is LNRA's impression that the Commission staff will issue a draft permit soon after the January decision meeting.
- Given LNRA's permit will likely be contested, funding needs through a contested case needs to be discussed.

The Board meeting adjourned at 9:10 a.m.

Jerry Adelman
President

Terri Parker
Secretary-Treasurer