

Lavaca-Navidad River Authority

Minutes of June 21, 2023 Board Meeting

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, June 21, 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 Storz, and Directors Aimone, Kucera, Parker, Steffek, Storz, and Taylor. Also present was LNRA Staff: Brzozowski, Gregory, Anders, Hartl, Martin, Pearson, Terry, Sklar, and Crenshaw, and Bill Dugat of Bickerstaff Heath Delgado Acosta LLP and Jason Ward of Freese and Nichols.

President Adelman called the meeting to order.

Public Comments

There were no public comments.

General Manager's Report

- Lake Texana Park Culvert Replacement Update
- Lift Station Pumps Procurement
- Budget and Strategic Plan Workshop - August 8th
- Update on agreement between LNRA and Jackson County for fiber link connection
- West Delivery System Materials/Equipment Storage Building
- Independence Day Celebration – July 1, 2023
- Mercer Family Limited Partnership Land
- Agreement with Jackson County for Camp Mauritz

Consent Agenda

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

1. Consider approval of Board meeting minutes of May 17, 2023 and act as necessary.
2. Consider acceptance of May 2023 financial statements and act as necessary.
3. Consider approval of invoices for payment and act as necessary.
4. Consider approval of proposed budget amendments and act as necessary.

Director Johs requested a correction to the Board minutes as follows:

Election of Board of Director Officers

Director Steffek moved to nominate Director ~~Johs~~ Storz as Secretary-Treasurer.

Director Taylor moved to approve the Consent Agenda items with correction noted on the Board minutes as presented. Director Steffek seconded the motion. Motion passed.

Regular Agenda

Reserve Contingency Fund Proposed Expenditures

Brzowski informed the Board of the following proposed reserve contingency fund expenditures.

Water Data Analytics Phase II	\$ 70,000.00
Solution to develop a single data integrated solution to input, store and retrieve data from LNRA's water related operations. Phase II will include LNRA's Water Delivery Section.	

LNRA's portion of AT&T fiber link in agreement with Jackson County	\$ 93,132.35
Total cost:	\$186,264.71

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 Parker seconded the motion. Motion passed.

Annual Cybersecurity Training Compliance

Brzowski informed 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 1, 2023.

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

Director Johs moved to approve the compliance report as sent to the Department of Information Resources. Director Mitchell seconded the motion. Motion passed.

LNRA Employee and pre-65 Retiree Health Benefits 2023-2024

Brzowski and Martin briefed the Board on the health benefits proposal for 2023-2024. LNRA currently provides employee health benefits through TML Health. LNRA also provides pre-65 retirees health benefits through TML. LNRA covers retirees between the ages of 59-65. The retiree benefits and plan are the same as employees.

LNRA pays for 100% of employee and retiree premiums and 50% of dependent premiums for 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 option and associated costs.

The General Manager recommends accepting the proposed option for health benefits for employees and pre-65 retirees.

Director Mitchell moved to approve the proposed option for LNRA Health benefits as presented and recommended by the General Manager. Director Kucera seconded the motion. Motion passed.

LNRA Employee Retirement Benefits

Brzozowski briefed the Board on LNRA's employee retirement benefits. LNRA's retirement plan is with the Texas County & District Retirement System (TCDRS). The Board was presented a copy of the funding projections for Plan Year 2024 and program benefit information.

Brzozowski also briefed the Board on the LNRA's employer contribution rate to TCDRS. TCDRS require that participating employers review and confirm their benefit plans on an annual basis.

The calculated employer contribution rate for 2024 is 10.48%. LNRA Management recommends continuing contributing at the optional higher elected rate of 15% for 2024.

Director Johs moved to approve the LNRA employee retirement benefits and employer contribution rate of 15% as recommended by the General Manager. Director Steffek seconded the motion. Motion passed.

LNRA Board Policy – 305 Information Technologies

Brzozowski informed the Board that the LNRA Board Policy 305 – Information Technologies, outlines the policies in the Information Technologies Policy and Procedures Manual. To document LNRA's data backup and recovery procedures protocols, and standards, 1000- LNRA Data Backup and Recovery Policy has been added to the Board Policy 305.

LNRA's IT Strategic Plan and LNRA's IT Policy and Procedures Manual have been revised to include the 1000- LNRA Data Backup and Recovery Policy.

The Board was presented copies of the Board Policy, Strategic Plan and the Data Backup and Recovery Policy for their review.

Director Steffek moved to approve revisions to LNRA Board Policy - 305 Information Technologies as presented. Director Storz seconded the motion. Motion passed.

Capital Improvement Fund Expenditure

Brzozowski briefed the Board on proposed capital improvement fund expenditure. The Board was presented with a copy of the Palacios Marine & Industrial (PMI) proposal to furnish labor, equipment, and supervision to blast and paint a new stop log. The cost of one stop log is \$16,250.00.

LNRA's stop log #9 and #10 will be blasted and painted for a total cost of \$32,500. Funds are available in the capital improvement fund for stop log refurbishment project.

Director Parker moved to approve the proposed capital improvement fund expenditure for stop log replacement and refurbishment as presented. Director Taylor seconded the motion. Motion passed.

Briefing from LNRA Legal Counsel

Dugat briefed the Board on the 2023 Legislation affecting LNRA. The Board was presented a copy of a memo from Dugat summarizing the House and Senate Bills from the 2023 legislative session.

Briefing on LNRA Capital Improvement Fund

Brzozowski briefed the Board on LNRA's Capital Improvement Fund which has been instrumental in leveling the General Fund Budget and allowing for planned improvements and capital purchases. Due to increased costs of goods and services and LNRA's aging infrastructure, the current accrual rate will not yield the funds needed for anticipated expenses.

The Board was presented a copy of the LNRA Capital Improvement Fund worksheet for their review.

Amendment to Land Purchase and Sale Agreement

Brzozowski briefed the Board on the proposed Amendment to the Land Purchase and Sale Agreement between LNRA and Formosa Plastics. The Amendment will extend the Inspection Period until July 15, 2028.

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

Director Mitchell moved to approve the Amendment to the Land Purchase and Sale Agreement between LNRA and Formosa Plastics. Director Steffek seconded the motion. Motion passed.

Agreement for Construction Lay-Down Yard

Brzozowski informed the Board that LNRA is working out the details of using seven (7) acres of property owned by Formosa Plastics to allow LNRA's contractor to use as a staging area for the East Delivery System pipeline project.

The Board was presented a copy of the proposed Lease Agreement between LNRA and Formosa Plastics for their review.

Director Storz moved to authorize the General Manager to execute an agreement with Formosa Plastics for a "construction lay-down yard" to be located on property owned by the Company as presented. Director Taylor seconded the motion. Motion passed.

Amendment to FNI Professional Dam Safety Services

Brzozowski briefed the Board on the Freese and Nichols Task Authorization 2022-2023 General Professional Dam Safety Services in the amount of \$100,000, previously approved by the Board. The Task Authorization is in force through September 30, 2023. This amount has been depleted due to additional work and refinement of the dam safety instrumentation report and work associated with the sand boil and the inlet channel "depression".

To complete the Quarter II Dam Safety Instrumentation Memo and efforts associated with the sand boil and inlet channel "depression" by Freese and Nichols, the General Manager recommends amending the General Professional Dam Safety Services Task Authorization to include an additional \$33,000.

Director Parker moved to approve Amendment to FNI General Professional Dam Safety Services 2022-2023 Task Authorization to include an additional \$33,000. Director Johs seconded the motion. Motion passed.

East Delivery System Waterline Relocation Project Update

The Board was presented with a copy of the Freese and Nichols Status Report for the month of May.

Brzozowski reported as follows:

As of June 13th, we are still waiting on an easement with Formosa for the 57” and 36” pipelines.

Over \$700 million in liens needed to be cured and recorded which has taken more time than expected.

We anticipate closing before the Board meeting.

Given the delay, McKee Utility Contractors has requested additional days be added to their contract time.

Lake Texana Yield Enhancement Project

The Board was presented with a copy of the May 2023 Freese and Nichols Status Report.

Brzozowski had no new information to report.

The Board meeting adjourned at 8:46 a.m.

Jerry Adelman
President

Jennifer Storz
Secretary-Treasurer