

## **Lavaca-Navidad River Authority**

### **Minutes of January 17, 2024 Board Meeting**

A meeting of the Lavaca-Navidad River Authority Board of Directors was held on Wednesday, January 17, 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, Directors Aimone, Kucera, Mitchell, Parker, and Taylor. Also present was LNRA Staff: Brzozowski, Gregory, Anders, Hartl, Martin, Pearson, Terry, and Crenshaw, Bill Dugat of Bickerstaff Heath Delgado Acosta LLP, and Jason Ward of Freese and Nichols. Jack Wu and Stephen Phillips of Formosa Plastics, and Jennifer Storz, Board of Directors Secretary-Treasurer, joined the meeting via video teleconference.

President Adelman called the meeting to order.

### **Public Comments**

There were no public comments.

### **General Manager's Report**

- General Manager's Quarterly Report as of December 31, 2023
- GLO Coastal Mitigation Plan – Dredging
- Update on Kaler Energy Corp oil and gas exploration
- Update on ExxonMobil Major Growth Ventures LLC
- Youth Hunt January 19-21, 2024
- LNRA Safety Award Lunch – February 7, 2024, Noon
- TWCA – March 6-8, Lost Pines, Bastrop

### **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 20, 2023 and act as necessary.
2. Consider acceptance of December 2023 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, 2023 and act as necessary.

Gregory briefed the Board on the activity of investments as reported in the Quarterly Investment Report as of December 31, 2023. Texpool earned an average rate of 5.37% while Prosperity Bank earned .30% for the quarter. The Board was presented with a copy of the quarterly report for their review.

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

**Regular Agenda**

**Board Policy 402.202, Reserve Funds**

Brzowski reminded the Board that in response to Sunset Commission’s management recommendations, LNRA Board Policy 402, Budget and Audit, was revised and approved by the Board to include 402.202, Reserve Funds.

In compliance with Sunset Review’s recommendation, a copy of Board Policy, 402.202, Reserve Funds and information regarding LNRA’s Reserve Funds indicating balance and purpose was presented to the Board for their review and discussion. During the annual budget process, the Board will consider approval of Reserve Funds categorization, balance, and purpose.

**Fiscal Year 2023 Fund Balance Allocations**

Brzowski briefed the Board on the 2023 proposed fund balance allocations. The Board was presented with a copy of the 2023 proposed fund balance allocations for their review.

Director Johs moved to approve the 2023 proposed fund balance allocations as presented. Director Parker seconded the motion. Motion passed.

**Proposed Reserve Contingency Expenditures**

Brzowski informed the Board of the proposed Reserve Contingency Fund expenditures as follows:

**General Fund**

Control Access Phase II (includes O&M and Pipeline areas)	\$ 31,681.68
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**Recreation**

Texana Park Comfort Stations Repairs (Board approved up to \$10,000.0, an additional \$5,000 is needed)	\$ 5,000.00
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In accordance with LNRA BOARD POLICY 304 – Procurement, bids are solicited for proposed expenditures as applicable.

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

**TCEQ Clean Rivers Program Contract**

Brzowski informed the Board that each biennium LNRA acts on the Clean Rivers Program (CRP) funding grant that is administered through the Texas Commission on Environmental Quality (TCEQ). Initiated in 1991, the Texas CRP is our state’s chosen method to effectively respond to water quality issues on a Basin level. The program involves Basin stakeholders in the assessment of water quality data and planning for and implementing improvements.

The current contract expired on August 31, 2023 and TCEQ requested additional time to produce a new (2) year LNRA Contract. In September, the Board approved Amendment No. 1 to the TCEQ CRP Contract extending the expiration date.

The Board was presented a copy of the new TCEQ Reimbursement contract signature page and cost budget with associated funding of \$236,468.00 effective September 1, 2023 and ending August 31, 2025.

The CRP grant partially funds LNRA's effort associated with water quality data collection and analysis initiative. The balance of funding is included in the General Fund budget under Environmental Services.

Director Taylor moved to approve the TCEQ Clean Rivers Program Contract effective September 1, 2023-August 31, 2025, as presented. Director Parker seconded the motion. Motion passed.

### **Ratification of LNRA's Executive Committee's Approval**

Brzowski informed the Board that on December 20, 2023, he contacted the LNRA Board of Directors Executive Committee and apprised them of an opportunity to purchase two (2) fleet vehicles through BuyBoard Purchasing Cooperative. LNRA recommends purchasing the vehicles as they may not be available for the January Board meeting.

Proposed fleet vehicles purchase:

- |   |                     |
|---|---------------------|
| 1) 2023 Ford F-250 4x4 Crew Cab               |                     |
| This is a replacement for the I&E group.      | \$ 67,286.00        |
| 2) 2023 Ford F-250 4x4 Extended Cab           |                     |
| This is a replacement for the Pipeline group. | \$ <u>51,192.50</u> |
| Total cost:                                   | \$ 118,478.50       |

The Executive Committee approved the capital improvement fund expenditure for fleet vehicles for a total cost of \$118,478.50.

Director Mitchell moved to ratify the LNRA's Executive Committee approval of capital improvement fund expenditure for fleet vehicles as presented. Director Aimone seconded the motion. Motion passed.

### **Capital Improvement Fund Expenditure**

Brzowski informed the Board that considering the number of small "digs" utility and pipeline employees have made over the past years, it is Management's recommendation to purchase a mini excavator to be on-site/on-hand for use with consideration being given to renting an excavator on a continuous basis.

Funding for the purchase was set aside in the capital improvement fund during the last budget process.

Bids were solicited and the recommended low bid was received from Mustang Cat for \$82,463.64.

Director Kucera moved to approve the capital improvement fund expenditure for heavy equipment purchase as presented. Director Mitchell seconded the motion. Motion passed.

### **Civil Corp LL Proposal for Professional Surveying Services**

Brzowski briefed the Board on the Civil Corp LLC proposal and Scope of Work for LNRA's annual horizontal and vertical deflection survey of the Dam and Spillway and associated concrete structures. The scope of work also includes an aerial survey of the sluff areas along the East Drain upstream off FM 3131. The proposal is not to exceed a total amount of \$38,802.11 and funds are in the general fund budget.

The Board was presented with a copy of the proposal and scope of work for their review.

Director Aimone moved to approve the Civil Corp LLC proposal not to exceed the amount of \$38,802.11 as presented. Director Mitchell seconded the motion. Motion passed.

### **Environmental Recreation Fund Expenditure**

Brzowski reminded the Board that in September 2023, LNRA advertised Request for Proposals for service providers who perform Environmental Analysis and Cultural Resource surveys in accordance with LNRA's General Stipulations. The Board approved the proposal from Colliers Engineering & Design contingent on LNRA's approval of the Surface Use Agreement for oil and gas production on LNRA property.

Brzowski informed the Board that the Surface Use Agreement has been approved and executed by LNRA and Kaler Energy Corp.

LNRA received funds in the amount of \$35,000 for the cost of the Environmental Analysis to be performed by Collier Engineering. The Board will consider approval of Environmental Recreation Fund expenditure of \$35,000 for the professional services related to the Environmental Analysis.

Director Parker moved to approve the Environmental Recreation Fund expenditure for professional services related to the oil and gas operation on LNRA's property. Director Johs seconded the motion. Motion passed.

### **LNRA Professional Services Providers List**

Brzowski informed the Board that according to LNRA Bylaws, Section 3.5, the General Manager shall report on the performance of professional services rendered during the year.

The Board was presented with a copy of the LNRA Professional Services Providers List for their review.

Director Aimone moved to approve the LNRA Professional Services Providers List as presented. Director Mitchell seconded the motion. Motion passed.

### **East Delivery System Pipeline Relocation Project**

Hartl reported as follows:

- Freese and Nichols Status Report for December 2023 is attached.
- Completed installation of carrier pipe and appurtenances of crossing at Gate 8.
- Continuing to construct 36" valve vault north of Gate 4.
- The cut and restore work at Gate 2 parking lot is nearing completion.
- Installed 54" butterfly valve at STA 30+52.

- Working on schedule and plan to hydro test the 36” and 57” pipelines.

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

**Lake Texana Yield Enhancement Project**

Brzozowski reported as follows:

- TCEQ has committed to release a second draft of the permit and notification to LNRA by February 1<sup>st</sup> (or close to February 1<sup>st</sup>).
- You will recall that LNRA and FNI have set a new work order for the next phase in the process.

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

The Board meeting adjourned at 8:44 a.m.

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Jerry L. Adelman  
President

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Jennifer Storz  
Secretary-Treasurer