



Special Called Board Meeting Agenda

Wednesday, Sept. 18, 2019
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 9:30 a.m.
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Action Items

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- *6. Approve the LCRA Transmission Services Corporation Series 2019A Bond
Issue and Twenty-Ninth Supplemental Resolution 13

***This agenda item requires the approval of at least 12 Board members.**

Executive Session

1. Litigation Report

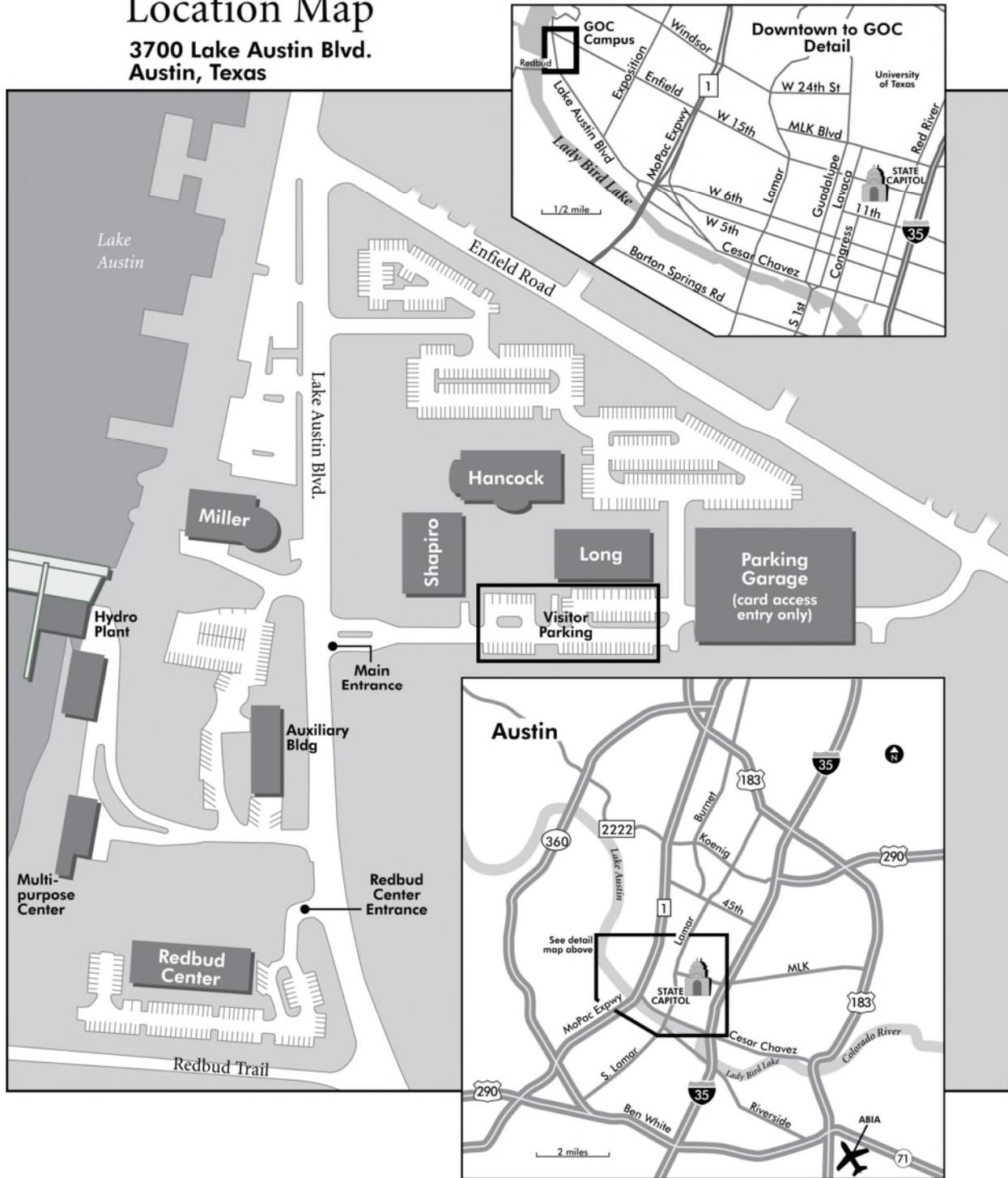
The Board also may go into executive session for advice from legal counsel on any item(s) listed above, pursuant to Chapter 551 of the Texas Government Code.

Legal Notice

Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at www.sos.state.tx.us/open.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board agenda. No responses or action may be taken by the Board during public comments.

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room. Please see the Protocols for Public Communication at Board and Committee Meetings as shown in Exhibit A for details.

Any member of the public wishing to comment on an item listed on this agenda will be called to make comments at the appropriate time.

Exhibit(s)

A – Protocols for Public Communication at Board and Committee Meetings

EXHIBIT A

PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

Approved by the LCRA Board of Directors on Dec. 11, 2018

- 1. Oral Presentations on Issues Under LCRA's Jurisdiction.** Any person wishing to make an oral presentation at a Board meeting on any matter under LCRA's jurisdiction must complete a registration form that indicates the agenda item or other topic on which they wish to comment, along with the speaker's name, address and other relevant information. Any person making an oral presentation to the Board may distribute related materials to the Board at the meeting.
- 2. Time Allocation.** The presiding officer may limit the length of time for each speaker. Speakers may not trade or donate time to other speakers without permission from the presiding officer, and repetitive testimony shall be minimized.
- 3. Rules of Decorum.** Speakers and members of the audience must avoid disruptive behavior that interferes with the orderly conduct of a public meeting. Placards, banners, and hand-held signs are not allowed in Board or committee meetings, and speakers and members of the audience must avoid personal affronts, profanity, booing, excessive noise, and other disruptive conduct. The presiding officer may direct that anyone who disrupts a meeting be removed from the room.
- 4. Recording.** Any person making an audio or video recording of all or any part of a Board meeting must do so in a manner that is not disruptive to the meeting. During a meeting, members of the public must remain in or behind the public seating area and are not permitted to record from any other area of the meeting room.
- 5. Committee Meetings.** The protocols outlined in 1-4 above also apply to members of the public wishing to address any LCRA Board committee whose membership comprises the entirety of the LCRA Board on matters within the scope of each of those committees.

FOR ACTION

2. Appointment of Directors to GenTex Power Corporation

Proposed Motion

Appoint or reappoint directors to the GenTex Power Corporation Board of Directors to serve as follows:

- One LCRA non-officer director to serve out the remainder of an unexpired term, which expires Dec. 31, 2019.
- Two LCRA non-officer directors to serve one-year terms beginning Jan. 1, 2020.
- Four customer directors to serve two-year terms expiring Dec. 31, 2020.

Board Consideration

Section 2.01 of the GenTex bylaws requires the LCRA Board of Directors to appoint directors to the GenTex Board.

Budget Status and Fiscal Impact

Approval of this item will have no budgetary or fiscal impact.

Summary

Pursuant to the GenTex bylaws, the GenTex Board is composed of nine directors, including five LCRA directors and four directors representing LCRA's wholesale electric customers as follows:

- The LCRA Board chair, vice chair and secretary (officers), who automatically serve on the GenTex Board during their terms as officers of the LCRA Board.
- Two LCRA non-officer directors, including one who must be from a county other than the 10 counties in LCRA's statutory district, who serve one-year terms.
- Two directors representing electric cooperative customers and two representing municipal customers, who serve two-year terms beginning on Jan. 1 of odd-numbered years.

The non-officer director from a county other than the 10 counties in LCRA's statutory district has been vacated with the departure of PJ Ellison from the LCRA Board. The non-officer and customer representative directors' terms have expired, although directors continue to serve until successors are appointed. The LCRA Board now needs to appoint or reappoint two LCRA non-officer directors and four directors representing LCRA's wholesale electric customers to serve on the GenTex Board. Each appointment is effective immediately.

Presenter(s)

Timothy Timmerman
LCRA Board Chair

Exhibit(s)

A – Recommendation of Directors to GenTex Power Corporation Board

EXHIBIT A

Recommendation of Directors to GenTex Power Corporation Board

Robert "Bobby" Lewis	LCRA non-officer director
Michael L. "Mike" Allen*	LCRA non-officer director from electric service area
Matt Bentke	Bluebonnet Electric Cooperative
Robert Lindsey III	Goldthwaite city manager
Julie C. Parsley	Pedernales Electric Cooperative
Michael Wolfe Sr.	Hempstead mayor

*Recommended to serve out the remainder of the unexpired term of former director Ellison and to serve a one-year term beginning Jan. 1, 2020

FOR ACTION (CONSENT)

3. Transmission Committee Charter

Proposed Motion

Approve the Transmission Committee charter attached as Exhibit A.

Board Consideration

Section 2.09 of the LCRA bylaws requires LCRA Board approval of Board standing committee charters.

Budget Status and Fiscal Impact

Approval of this item will have no budgetary or fiscal impact.

Summary

The LCRA bylaws define the Board committee structure, oversight roles and responsibilities, and membership. The bylaws require the Transmission Committee to maintain a committee charter that describes the committee's purpose, authority, meetings, duties and responsibilities. The Transmission Committee has adopted a written committee charter and recommends the Board approve the charter.

Exhibit(s)

A – Transmission Committee Charter

EXHIBIT A

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TRANSMISSION COMMITTEE CHARTER

COMMITTEE PURPOSE

In accordance with LCRA bylaws, Section 2.10 (Standing Committees), the Transmission Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to the Board's statutory duty of continuing review and supervision of the LCRA-affiliated electric transmission corporation. The committee has oversight of all aspects of the business of LCRA's affiliated electric transmission corporation and related services provided to the corporation by LCRA, including the acquisition, permitting, planning, construction, modification, operation and maintenance of transmission lines and related facilities.

COMMITTEE MEETINGS

The Transmission Committee will meet at least two times a year with authority to convene additional meetings as circumstances require. The committee will invite management representatives and others to attend meetings and provide pertinent information as necessary. LCRA staff will prepare meeting agendas and appropriate briefing materials and provide them to members before each meeting. Any LCRA director may place an item on the committee's agenda through a request to the Transmission Committee chair. The committee chair, with assistance from LCRA staff as needed, will prepare meeting minutes for all committee meetings and submit the minutes to the committee for approval.

COMMITTEE COMPOSITION

The Transmission Committee will have no more than six members, including at least one Board officer. The Board chair will appoint up to six committee members, naming one of them as the chair of the committee, all subject to the approval of the Board. Three committee members will constitute a quorum of the Transmission Committee.

COMMITTEE DUTIES AND RESPONSIBILITIES

In addition to the responsibilities identified below, the committee will undertake other duties the Board delegates to it and will report to the Board regarding the committee's activities.

A. Areas of oversight:

1. Updates on the business and future of the business, up to and including:
 - Capital planning.
 - Regulatory issues.
 - Cost recovery.
 - System and asset performance.
 - System and asset acquisitions.
 - Strategy discussions.
 - Industry trends.

EXHIBIT A

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2. All aspects of the business of LCRA's affiliated electric transmission corporation.
 3. Related services provided to the corporation by LCRA, including the acquisition, permitting, planning, construction, modification, operation and maintenance of transmission lines and related facilities.
- B. Responsibilities:
1. Assisting the Board in discharging its statutory duty of continuing to review and supervise the LCRA-affiliated electric transmission corporation.
 2. Monitor management's operation of LCRA's business to ensure programs and policies adopted by the Board are implemented.
 3. Evaluate, research and recommend programs and policies to the Board.
 4. Report to the Board on matters within its oversight.

FOR ACTION

4. Fiscal Year 2019 Financial Statements and Independent Auditor's Report

Proposed Motion

Approve the fiscal year 2019 audited financial statements and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.

Board Consideration

The TCEQ, under authority granted to it within Section 49.194 of the Texas Water Code, requires river authorities such as LCRA to file with the commission an annual audit report approved by the Board of Directors.

Budget Status and Fiscal Impact

Approval of this item will have no budgetary or fiscal impact.

Summary

The Board received the audited financial statements under separate cover.

Presenter(s)

Julie Rogers
Controller

FOR ACTION

5. 2019 Second Irrigation Season

Proposed Motion

Approve a temporary modification to the LCRA Agricultural Interruptible Water Service Contract Rules to extend the 2019 Second Irrigation Season from Oct. 15 to Oct. 31.

Budget Status and Fiscal Impact

The proposed amendments have no impact on the fiscal year 2019 budget.

Summary

The LCRA Board has adopted Agricultural Interruptible Water Service Contract Rules that are applicable to the supply of water in LCRA's Garwood, Gulf Coast and Lakeside divisions. Under the current rules, the second irrigation season ends Oct. 15. In 2019, the beginning of the rice irrigation season included significant and recurring rainfall resulting in delays in agricultural customers being able to plant their crops. As a result of these delays, the watering for the second season started later than normal for many of LCRA's customers, and LCRA has received requests to continue to make water available in the agricultural operations past Oct. 15. LCRA staff recommends the Board approve the requested extension by temporarily modifying Rule II.B.8 to read as follows:

Second Irrigation Season – for contracts for rice is the period from the first watering after the harvest of first crop rice until October ~~15-31~~; for all other agricultural purposes of use, the Second Irrigation Season is the period from August 16 to October ~~15~~31.

The rule change would be effective from the date of Board action through the end of October 2019, with the action having the effect of also modifying the 2019 second irrigation season in customers' individual contracts.

For both first and second season in 2019, the maximum amount of interruptible stored water from lakes Buchanan and Travis under the 2015 Water Management Plan has been available. However, planted acreage is below average and run-of-river water was available to meet all demands through the second week of August 2019 with no releases of interruptible stored water. As of Sept. 1, 2019, more than 90 percent of the second season interruptible stored water allocation remained unused and available.

As of Sept. 1, the projections for combined storage in lakes Buchanan and Travis for March 1, 2020, are for a median projection of about 1.89 million acre-feet and a minimum projection of about 1.55 million acre-feet. Under the 2015 Water Management Plan, with those projections there is a greater than 90 percent probability of full supply for the 2020 first irrigation season.

Each year, during the period from Oct. 15 to the start of the following year's first agricultural season, LCRA performs maintenance on its agricultural operations, including pump stations and canals. The maintenance typically must begin immediately after the end of the season to have the operations prepared to begin delivering water at

the beginning of the subsequent first agricultural season. LCRA staff has reviewed the upcoming maintenance tasks and determined that, with an extension to the second season ending Oct. 31, the tasks can be completed in time for the start of the 2020 first agricultural season.

Presenter(s)

John Hofmann
Executive Vice President, Water

Kelly Payne
Vice President, Water Operations

FOR ACTION

6. Approve the LCRA Transmission Services Corporation Series 2019A Bond Issue and Twenty-Ninth Supplemental Resolution

Proposed Motion

Staff recommends the Board of Directors adopt and approve a Twenty-Ninth Supplemental Resolution (the Twenty-Ninth Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2019A (the Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) funding capital projects, if necessary; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.

This item requires approval of at least 12 members of the Board.

The resolution also will:

1. Approve related documents, in substantially final form, including the escrow agreement, the paying agent/registrar agreement, the Preliminary Official Statement in substantially final form and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (the 2019A Installment Payment Agreement Supplement). If the Bonds are determined to also fund capital projects, the Twenty-Ninth Supplement authorizes “and Improvement” to be added to the name of the Bonds. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
 - a. Select all or a portion of LCRA TSC’s outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds;
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), the principal amounts and maturity schedules, interest rates, redemption provisions, and terms of any reserve funds);
 - d. Determine whether to fund certain capital projects with the Bonds in an amount not to exceed \$75 million; and
 - e. Approve the terms of the sale of the Bonds to an underwriting team lead by Barclays Capital Inc., and to execute a bond purchase agreement.

Board Consideration

Section 8503.013 of the Texas Special District Local Laws Code (LCRA Act) requires a resolution approved by at least 12 members of the Board for the issuance of any bonds by LCRA. Section 152.054 of the Texas Water Code requires the LCRA Board to approve any debt issued by LCRA TSC.

Budget Status and Fiscal Impact

The fiscal year 2020 LCRA TSC business plan anticipates the refunding of a portion of the short-term debt. Based on current market conditions and historically low interest rates, the refunding will be advantageous, increase flexibility on timing of future financings and provide low-cost and long-term funds. The fiscal year 2020 LCRA TSC business plan also anticipates the issuance of about \$289 million of short-term obligations to fund LCRA TSC's ongoing capital plan. The potential issuance of up to \$75 million of Bonds for capital projects will take advantage of long-term historically low interest rates and avoid issuance of related short-term debt.

Summary

With this action, the Board will approve the Bonds, issued for the purpose of current refunding of certain LCRA TSC commercial paper and revolving notes and finding capital projects, if necessary, in an amount not to exceed \$250 million, establishing a Debt Service Reserve Fund for the Bonds, and paying for the issuance costs related to the Bonds. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background. The Twenty-Ninth Supplement is a supplemental resolution to the Controlling Resolution establishing LCRA TSC's transmission revenue financing system adopted by the Board in 2001 and readopted in 2003. The Twenty-Ninth Supplement authorizes the Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the general manager, the chief financial officer and/or the treasurer authority to set the specific terms of such Bonds (including maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the resolution. The Twenty-Ninth Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Twenty-Ninth Supplement and the pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the Bonds together constitute the authorization of such Bonds.

The 2019A Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003. The supplemental agreement provides for the arms-length obligation of LCRA TSC to pay LCRA the debt service associated with the Bonds and further provides for LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Bonds.

The Bond Purchase Agreement is the contract among LCRA, LCRA TSC and the underwriters of the Bonds that establishes the terms of the sale and delivery of such Bonds from LCRA and LCRA TSC to such underwriters. This agreement provides for the conditions for closing on the Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA TSC's obligation to deliver and/or

the underwriters' obligation to accept the Bonds at closing. Barclays Capital Inc. will be the senior manager of the underwriting team for the Bonds.

The Paying Agent/Registrar Agreement is the contract among LCRA, LCRA TSC and The Bank of New York Mellon Trust Company NA, setting forth the rights, duties and obligations of the two parties under which such bank will act as the paying agent and registrar for the Bonds. The bank will provide paying agent and transfer agent services, maintain registration books and facilitate providing certain notices for the Bonds, among other services.

The Official Statement is the document that provides disclosure to prospective investors regarding the terms of the bonds, security, risk factors, and financing and operating information of LCRA TSC.

PricewaterhouseCoopers LLP will perform certain procedures relating to the financial information disclosed in documents related to the Bonds and provide appropriate letters to the Board regarding those procedures.

Use of Proceeds. Proceeds from the Bonds will be used to: refund certain LCRA TSC commercial paper notes and revolving notes; fund capital projects, if necessary; establish a Debt Service Reserve Fund for the Bonds; and pay for issuance costs.

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by three separate credit facilities. Periodically, staff recommends refunding short-term, variable-rate debt with long-term, fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, staff periodically recommends refunding existing long-term debt with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA TSC customers.

Staff currently expects the Bonds to be sold and delivered by Oct. 17, 2019, subject to the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis

Chief Financial Officer

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