

# LCRA Transmission Services Corporation

## Board Agenda

Wednesday, May 20, 2020

Earliest start time: 1 p.m.

**MEMBERS OF THE PUBLIC WILL NOT BE PERMITTED TO ATTEND IN PERSON.  
THE MEETING WILL BE LIVESTREAMED AT**

<https://www.lcra.org/about/leadership/Pages/stream.aspx>

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### Executive Session

The Board may go into executive session for advice from legal counsel on any item listed above and discuss the value, purchase and sale regarding any real estate-item 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](http://www.sos.state.tx.us/open).

## OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

In connection with the implementation of retail competition in the electric utility industry in the state of Texas, LCRA was required by the Texas Legislature in its amendments to the Public Utility Regulatory Act (enacted in 1999 under state legislation known as Senate Bill 7, and referred to as SB 7) to unbundle its electric generation assets from its electric transmission and distribution assets. LCRA conveyed, effective Jan. 1, 2002, all of its existing electric transmission and transformation assets (collectively, the Transferred Transmission Assets) to the LCRA Transmission Services Corporation (LCRA TSC) pursuant to the terms of an Electric Transmission Facilities Contract (the Initial Contractual Commitment), dated Oct. 1, 2001.

LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and the right to collect revenues for, electric transmission and transformation services. LCRA TSC is an electric transmission service provider (a TSP) under the state's open-access electric transmission regulatory scheme within the approximately 85 percent area of the state covered by the Electric Reliability Council of Texas (ERCOT). In such capacity, LCRA TSC is entitled to receive compensation from all electric distribution service providers using the electric transmission system within ERCOT. As a TSP in the ERCOT region of the state, the rates that LCRA TSC will charge for transmission services are regulated by the Public Utility Commission of Texas (PUC) and determined pursuant to transmission cost of service rate proceedings filed with and approved by the PUC.

Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services agreement between LCRA TSC and LCRA. This includes procuring goods and services on behalf of LCRA TSC and is reflected in the LCRA Board agenda contracts.

Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's business plan and of the sale or disposition of any significant assets of LCRA TSC. The Board of Directors of LCRA TSC (LCRA TSC Board) is appointed by and serves at the will of the LCRA Board. The current membership of LCRA TSC Board is made up entirely of the existing LCRA Board.

The LCRA TSC Board Policy on Authority and Responsibilities directs that the business plan of the affiliated corporation include for approval a schedule of capital projects proposed for the fiscal year. The policy also states that only deviations from the approved plan will be brought before the LCRA TSC Board. As such, the LCRA TSC Board agenda will not include consent items to approve specific capital projects, unless the project scope or budget changes significantly from what was originally approved.

## **FOR DISCUSSION**

# **1. Comments From the Public**

### **Summary**

Consistent with Gov. Abbott's March 16, 2020, temporary suspension of various provisions of the Open Meetings Act, the public will not be able to attend the meeting in person but may view the open session portions of the meeting via livestream at: <https://www.lcra.org/about/leadership/Pages/stream.aspx> and make comments to the Board of Directors via telephone.

The Board will take all public comments at the beginning of the meeting, including those related to specific Board agenda items. Members of the public who would like to address the Board on topics under the jurisdiction of this Board or related to an item on the Board agenda may call either of the numbers below prior to the earliest start time listed on Page 1.

Phone numbers: 877-820-7831 (toll free) or  
720-279-0026

Passcode: 885538

**FOR DISCUSSION**

## **2. Financial Highlights**

**Summary**

Staff will present financial highlights for LCRA Transmission Services Corporation covering the month and fiscal year to date.

**Presenter(s)**

Jim Travis

Treasurer and Chief Financial Officer

**FOR ACTION (CONSENT)**

### **3. Minutes of Prior Meetings**

**Proposed Motion**

Approve the minutes of the Jan. 22, 2020, and Feb. 19, 2020, meetings.

**Board Consideration**

Section 4.06 of the LCRA Transmission Services Corporation bylaws requires the secretary to keep minutes of all meetings of the Board of Directors.

**Budget Status and Fiscal Impact**

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

**Summary**

Staff presents the minutes of each meeting to the Board for approval.

**Exhibit(s)**

- A – Minutes of Jan. 22, 2020, meeting
- B – Minutes of Feb. 19, 2020, meeting

## **EXHIBIT A**

Minutes Digest  
Jan. 22, 2020

- 20-01 Declaration of an approximately 2.15-acre tract of land, being a portion of LCRA Transmission Services Corporation's Spanish Oak Substation site in Williamson County, nonessential, and authorization for the president and chief executive officer or his designee to convey the tract to Pedernales Electric Cooperative, together with an access easement.
- 20-02 Approval of the minutes of the Dec. 10, 2019, meeting.
- 20-03 Adoption of a resolution authorizing the use of the power of eminent domain in Pecos County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements and temporary workspaces for the Bakersfield to Solstice Transmission Line Addition project to provide for the reliable transmission of electric energy on the Bakersfield to Solstice (T683) transmission line.
- 20-04 Adoption of a resolution authorizing the use of the power of eminent domain in Lampasas County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of an electric substation site for the Kempner Circuit Breaker Addition project.
- 20-05 Approval of an amendment to the Fiscal Year 2020 LCRA Transmission Services Corporation Capital Plan to increase authorization for capital spending in FY 2020 from \$341.9 million to \$443.2 million.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
LCRA TRANSMISSION SERVICES CORPORATION  
Austin, Texas  
Jan. 22, 2020

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 9:06 a.m. Wednesday, Jan. 22, 2020, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Stephen F. Cooper, Vice Chair  
Michael L. "Mike" Allen  
Lori A. Berger  
Joseph M. "Joe" Crane  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
Thomas Michael Martine  
George W. Russell  
Margaret D. "Meg" Voelter  
Martha Leigh M. Whitten

Absent: Laura D. Figueroa  
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 9:06 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

There were no public comments, neither on general topics under LCRA TSC's jurisdiction (Agenda Item 1) nor on any specific agenda items, during this meeting.

Following an introduction by President and Chief Executive Officer Phil Wilson, Vice President and Chief Operating Officer Kristen Senechal gave the Board an update. She provided background information on LCRA's radio system. She discussed excess capacity LCRA provides in its telecommunications system, and then gave an update on system improvements made that will help Cibolo, Guadalupe County and Seguin first responders with their emergency communication systems.

Controller Julie Rogers presented the financial report for December 2019 [Agenda Item 2].

The Board next took action on the consent agenda.

Upon motion by Director Gill, seconded by Director Whitten, the Board unanimously approved consent items 3 and 4 included on the Jan. 22, 2020, consent agenda by a vote of 13 to 0 as follows:

20-01 Declaration of an approximately 2.15-acre tract of land, being a portion of LCRA Transmission Services Corporation's Spanish Oak Substation site in Williamson County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA TSC), and authorization for the president and chief executive officer or his designee to convey the tract to Pedernales Electric Cooperative, together with an access easement, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

20-02 Approval of the minutes of the Dec. 10, 2019, meeting [Consent Item 4].

20-03 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 5 – Acquisition of Interests in Real Property – Use of Eminent Domain in Pecos County [attached hereto as Exhibit B]. Director Russell moved, seconded by Director Berger, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements and temporary workspaces for the Bakersfield to Solstice Transmission Line Addition project to provide for the reliable transmission of electric energy on the Bakersfield to Solstice (T683) transmission line; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 13 to 0.

20-04 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 6 – Acquisition of Interests in Real Property – Use of Eminent Domain in Lampasas County [attached hereto as Exhibit C]. Director Johnson moved, seconded by Director Gill, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of an electric substation site for the Kempner Circuit Breaker Addition project; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 13 to 0.

20-05 Vice President and Chief Operating Officer Kristen Senechal presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit D], that the Board approve an amendment to the Fiscal Year 2020 LCRA Transmission Services Corporation Capital Plan to increase authorization for capital spending in FY 2020 from \$341.9 million to \$443.2 million. Upon motion by Director Lewis, seconded by Director Berger, the recommendation was unanimously approved by a vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at 9:23 a.m.

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Thomas E. Oney  
Secretary  
LCRA Transmission Services Corporation

Approved: May 20, 2020

## **EXHIBIT B**

Minutes Digest  
Feb. 19, 2020

- 20-06 Approval of amendments to LCRA Transmission Services Corporation Board Policy T301 – Finance.
- 20-07 Approval of the adoption of the Thirtieth Supplemental Resolution 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 2020 (the Bonds) in an amount not to exceed \$400 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) current refunding of certain outstanding long-term Transmission Contract Debt; (iii) funding debt service reserve funds for the Bonds; and (iv) paying for issuance costs.
- 20-08 Adoption of a resolution authorizing the use of the power of eminent domain in Hays and Caldwell counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of amendments to existing easements for the Easement Enhancement Fiscal Year 2019 System Upgrade project.

MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF  
LCRA TRANSMISSION SERVICES CORPORATION  
Austin, Texas  
Feb. 19, 2020

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a special meeting at 10:05 a.m. Wednesday, Feb. 19, 2020, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Stephen F. Cooper, Vice Chair  
Michael L. "Mike" Allen  
Lori A. Berger  
Joseph M. "Joe" Crane  
Laura D. Figueroa  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
Thomas Michael Martine  
George W. Russell  
Margaret D. "Meg" Voelter  
Martha Leigh M. Whitten

Absent: Nancy Eckert Yeary

Chair Timmerman convened the meeting at 10:05 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

There were no public comments, neither on general topics under LCRA TSC's jurisdiction (Agenda Item 1) nor on any specific agenda items, during this meeting.

20-06 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board approve amendments to LCRA Transmission Services Corporation Board Policy T301 – Finance. Upon motion by Director Crane, seconded by Director Gill, the recommendation was unanimously approved by a vote of 14 to 0.

20-07 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit B], that the Board approve the adoption of the Thirtieth Supplemental Resolution 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 2020 (the Bonds) in an amount not to exceed \$400 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) current refunding of certain outstanding long-term Transmission Contract Debt; (iii) funding debt service reserve funds for the Bonds; and (iv) paying for issuance costs.

This motion also will:

1. Approve related documents, in substantially final form, including the escrow agreement, paying agent/registrars agreement, the Preliminary Official Statement and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the chief executive officer or the chief financial officer 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); and
  - d. Approve the terms of the sale of the Bonds to an underwriting team lead by Citibank, and to execute a bond purchase agreement.

Upon motion by Director Allen, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 14 to 0.

20-08 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation described in Agenda Item 4 – Acquisition of Interests in Real Property – Use of Eminent Domain in Hays and Caldwell counties [attached hereto as Exhibit C]. Director Berger moved, seconded by Director Martine, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of amendments to existing easements for the Easement Enhancement Fiscal Year 2019 System Upgrade project for the continued reliable transmission of electric energy on the San Marcos to Robert Brown Jr. (T220), Robert Brown Jr. to Clear Fork (T519) and Clear Fork to Lockhart (T601) transmission lines; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 14 to 0.

There being no further business to come before the Board, the meeting was adjourned at 10:13 a.m.

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Thomas E. Oney  
Secretary  
LCRA Transmission Services Corporation

Approved: May 20, 2020

## **FOR ACTION**

# **4. New Capital Improvement Project Approval – Transmission Connector Shunt West – Fiscal Year 2020 System Upgrade**

### **Proposed Motion**

Approve and ratify the Capital Improvement Project Authorization Request for the Transmission Connector Shunt West – Fiscal Year 2020 System Upgrade project.

### **Board Consideration**

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million that is not included in the annual capital plan or any previously approved project expected to exceed its lifetime budget by 10% and \$300,000.

### **Budget Status and Fiscal Impact**

- The project was not included in LCRA TSC's fiscal year 2020 capital plan.
- Staff seeks approval for a total lifetime budget of \$2.418 million, of which staff expects to spend \$363,000 this fiscal year.
- The proposed lifetime budget for the project does not include contingency.
- Staff expects this additional spending will not impact the existing FY 2020 capital budget. Staff will continue to monitor the FY 2020 forecast and will request a fiscal year budget increase if needed.
- The chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

### **Summary**

Staff recommends the Transmission Connector Shunt West – FY 2020 System Upgrade project located in Comal, Hays and Kendall counties as an addendum to the FY 2020 capital plan. The project will meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Connector shunts provide necessary physical support at key locations on transmission circuits. These connector shunts will enable aging equipment to be operated and maintained in a reliable fashion while maintaining circuit ratings and system availability. The project will add connector shunts on transmission circuits in the western region of LCRA TSC's service territory. Three related upgrade projects to add connector shunts on transmission circuits in the eastern, northern and southern regions were approved recently within the authority delegated to the CEO for capital projects with a lifetime budget not exceeding \$1.5 million.

This project will improve the reliability of transmission facilities by installing transmission connector shunts on the following transmission circuits:

- 345-kilovolt Bergheim to Kendall.
- 138-kV Kendall to Welfare.

- 138-kV Boerne to Welfare.
- 138-kV Boerne to Esperanza.
- 138-kV Esperanza to Fair Oaks Ranch break-off structure.
- 138-kV Fair Oaks to Fair Oaks Ranch break-off structure.
- 138-kV Bergheim to Fair Oaks.
- 345-kV Bergheim to Hays Energy.
- 138-kV Antler to-Bergheim.
- 138-kV Antler to Highway 46.
- 138-kV Highway 46 to River Oaks.
- 138-kV Henne to River Oaks.

The project completion date is no later than December 2020. The project funds will pay for project management, regulatory activities, engineering, materials, real estate activities and necessary land rights. LCRA TSC representatives will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

**Project Recap**

Total Project Estimated Cost		<u>\$ 2,418,000</u>
Previous Project Lifetime Budget:		\$ 0
Additional Lifetime Budget Approval Sought:		<u>\$ 2,418,000</u>
FY 2020	\$ 363,000	
FY 2021	\$ 2,055,000	
Total:		<u>\$ 2,418,000</u>

**Project Direction**

Project Manager: Jessica McLarty  
 Project Sponsor: Dylan Preas  
 Project Number: 1023811

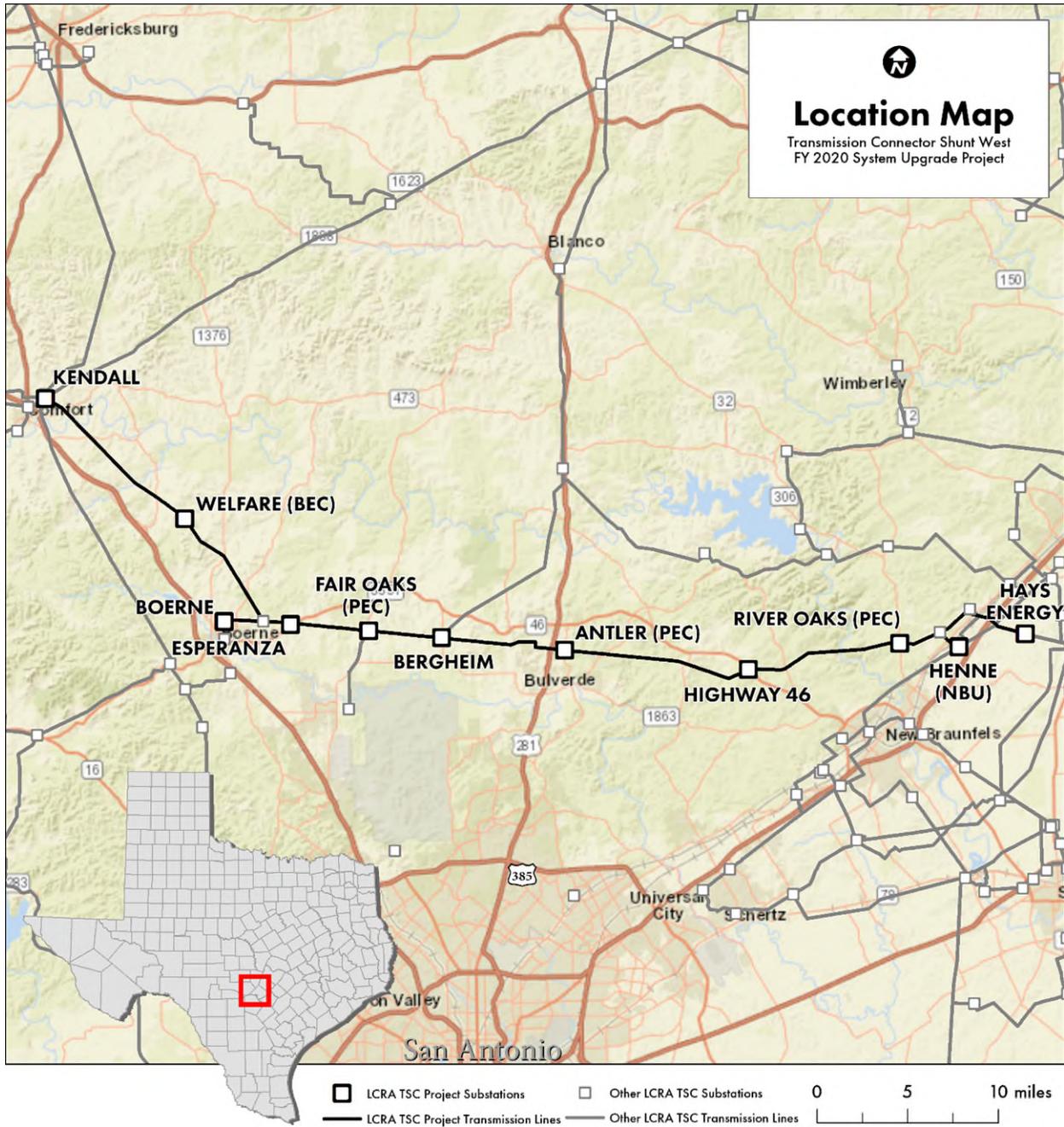
**Presenter(s)**

Kristian M. Koellner  
 Vice President, Transmission Asset Optimization

**Exhibit(s)**

A – Location Map – Transmission Connector Shunt West – Fiscal Year 2020 System Upgrade

**EXHIBIT A**



## **FOR ACTION**

# **5. New Capital Improvement Project Approval – Fayette Power Project Yard No. 2 to Lytton Springs Transmission Line Upgrade**

### **Proposed Motion**

Approve and ratify the Capital Improvement Project Authorization Request for the Fayette Power Project Yard No. 2 to Lytton Springs Transmission Line Upgrade project.

### **Board Consideration**

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million that is not included in the annual capital plan or any previously approved project expected to exceed its lifetime budget by 10% and \$300,000.

### **Budget Status and Fiscal Impact**

- The project was not included in LCRA TSC's fiscal year 2020 capital plan.
- Staff seeks approval for a total lifetime budget of \$3.854 million, which staff expects to spend this fiscal year.
- Staff expects this additional spending will not impact the existing FY 2020 capital budget. Staff will continue to monitor the FY 2020 forecast and will request a fiscal year budget increase if needed.
- The chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

### **Summary**

Staff recommends the FPP Yard No. 2 to Lytton Springs Transmission Line Upgrade project in Bastrop, Caldwell and Fayette counties as an addendum to the FY 2020 capital plan. The project will meet legal requirements in the Public Utility Regulatory Act and PUC rules.

This project will improve the reliability of transmission facilities by repairing damaged transmission line equipment to reenergize the circuit before the peak summer demand. Immediate steps were taken to complete these necessary activities due to the nature of the damage and the critical facilities involved. The project completion date is no later than June 2020. The project funds will pay for project management, regulatory activities, engineering and materials. LCRA TSC representatives will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

**Project Recap**

Total Project Estimated Cost \$ 3,854,000

Previous Project Lifetime Budget: \$ 0

Additional Lifetime Budget Approval Sought: \$ 3,854,000

FY 2020 \$ 3,854,000

Total: \$ 3,854,000

**Project Direction**

Project Manager: Jack Sandel

Project Sponsor: Milad Javadi

Project Number: 1024058

**Presenter(s)**

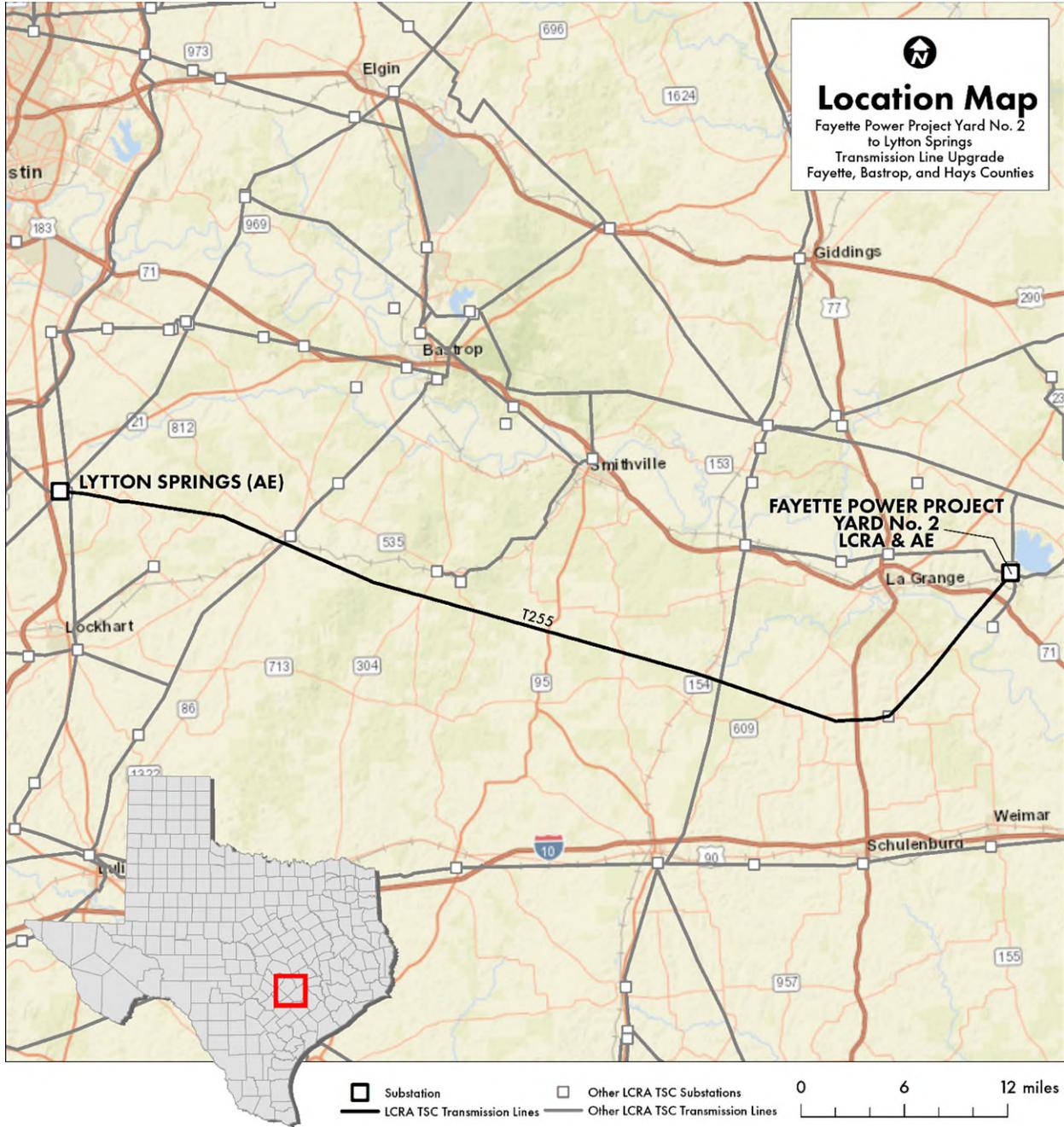
Kristian M. Koellner

Vice President, Transmission Asset Optimization

**Exhibit(s)**

A – Location Map – FPP Yard No. 2 to Lytton Springs Transmission Line Upgrade

**EXHIBIT A**



**FOR ACTION**

## **6. Capital Improvement Projects Approval Proposed Motion**

Approve the Capital Improvement Project Authorization Request for the projects and associated lifetime budgets as described in Exhibit A.

### **Board Consideration**

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million or any previously approved project expected to exceed its lifetime budget by 10% and \$300,000.

### **Budget Status and Fiscal Impact**

- All projects recommended for Board approval are within the total annual budget anticipated to be approved for the fiscal year 2021 capital plan.
- Staff will monitor the FY 2021 forecast and will request a fiscal year budget increase if needed. The treasurer and chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

### **Summary**

Staff recommends approval of the capital projects described in Table 1 and Exhibit A. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Project funds will pay for activities, including but not limited to project management, engineering, materials acquisition, construction and acquisition of necessary land rights. LCRA TSC representatives will also perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

**Table 1**

*Dollars in millions*

<b>Project Name</b>	<b>Previous Fiscal Years</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Lifetime</b>
Service Reliability Projects							
Fayetteville Substation Upgrade	0.0	1.362	18.090	0.0	0.0	0.0	19.452
System Operations Control Center Outage Coordination Tool System Upgrade	0.0	1.598	0.292	0.0	0.0	0.0	1.890
General Additions							
Transmission Services Corporation – FY 2021 General Additions	0.0	4.000	0.0	0.0	0.0	0.0	4.000
<b>Requested Total</b>	<b>0.0</b>	<b>6.960</b>	<b>18.382</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.342</b>

### **Presenter(s)**

Kristian M. Koellner  
Vice President, Transmission Asset Optimization

### **Exhibit(s)**

A – Project Details

## **EXHIBIT A**

### **Project Approvals Sought**

**Project Name:** Fayetteville Substation Upgrade

**Project Number:** 1022798

**Lifetime Budget:** \$19.452 million

**Description:** The project will improve the reliability of substation equipment by replacing the 672-megavolt ampere 345/138- kilovolt autotransformer with one new 345/138-kV autotransformer and two 138-kilovolt 30-MVAR shunt reactors at Fayetteville Substation in Fayette County. The recommended project completion date is May 15, 2022.

**Project Name:** System Operations Control Center Outage Coordination Tool System Upgrade

**Project Number:** 1024007

**Lifetime Budget:** \$1.89 million

**Description:** The project will improve reliability by replacing several different custom outage coordination tools with an integrated industry software solution that will provide a consistent interface to support the System Operations Control Center's ability to coordinate system outages and improve safety by supporting electronic switching. The recommended project completion date is June 30, 2022.

**Project Name:** Transmission Services Corporation – FY 2021 General Additions

**Project Number:** 1005987

**Lifetime Budget:** \$4.0 million

**Description:** The project will fund required but unplanned system improvements to accommodate load increases, equipment needs, substation reliability enhancements, customer requests or changing system conditions as needed through June 30, 2021.

## **FOR ACTION**

# **7. Acquisition of Interests in Real Property – Use of Eminent Domain in Burleson County**

### **Proposed Motion**

I move that the Board of LCRA Transmission Services Corporation adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the property described in Exhibit 1 to the resolution for the acquisition of an electric substation site for the Cooks Point Substation and Transmission Line Addition project to provide for the reliable transmission of electric energy on the Cooks Point (T680) transmission line; and that the first record vote applies to all units of property to be condemned.

### **Board Consideration**

LCRA Transmission Services Corporation Board Policy T401 – Land Resources and Section 2206.053 of the Texas Government Code require Board authorization prior to the initiation of eminent domain proceedings.

Section 2206.053 of the Texas Government Code provides that if two or more Board members object to adopting a single resolution for all units of property, a separate record vote must be taken for each unit of property. If two or more units of real property are owned by the same person, those units may be treated as one unit of property.

### **Budget Status and Fiscal Impact**

The acquisition cost was included in the Board-approved budget for the Cooks Point Substation and Transmission Line Addition project.

### **Summary**

LCRA TSC proposes to acquire a substation site in fee simple in Burleson County to construct the Cooks Point Substation. CBRE Valuation and Advisory Services performed an independent appraisal of the interests in real property to be acquired to determine just compensation to the landowners.

Staff has made a bona fide offer to acquire the necessary interests in real property voluntarily from the landowners listed on Exhibit C, as required by Section 21.0113 of the Texas Property Code. Staff will continue to negotiate for the purchase of the interests in real property. Staff seeks Board authorization to proceed with condemnation if an agreement cannot be reached with the landowners.

Staff has provided to the Board a description of the specific property to be acquired and will attach the description to the resolution.

LCRA TSC representatives performed environmental and cultural due diligence studies and did not identify any concerns. Staff requests the Board adopt the resolution in Exhibit D authorizing the initiation of condemnation proceedings on the first record vote for all units of property.

### **Presenter(s)**

John Miri  
Chief Administrative Officer

**Exhibit(s)**

A – Vicinity Map

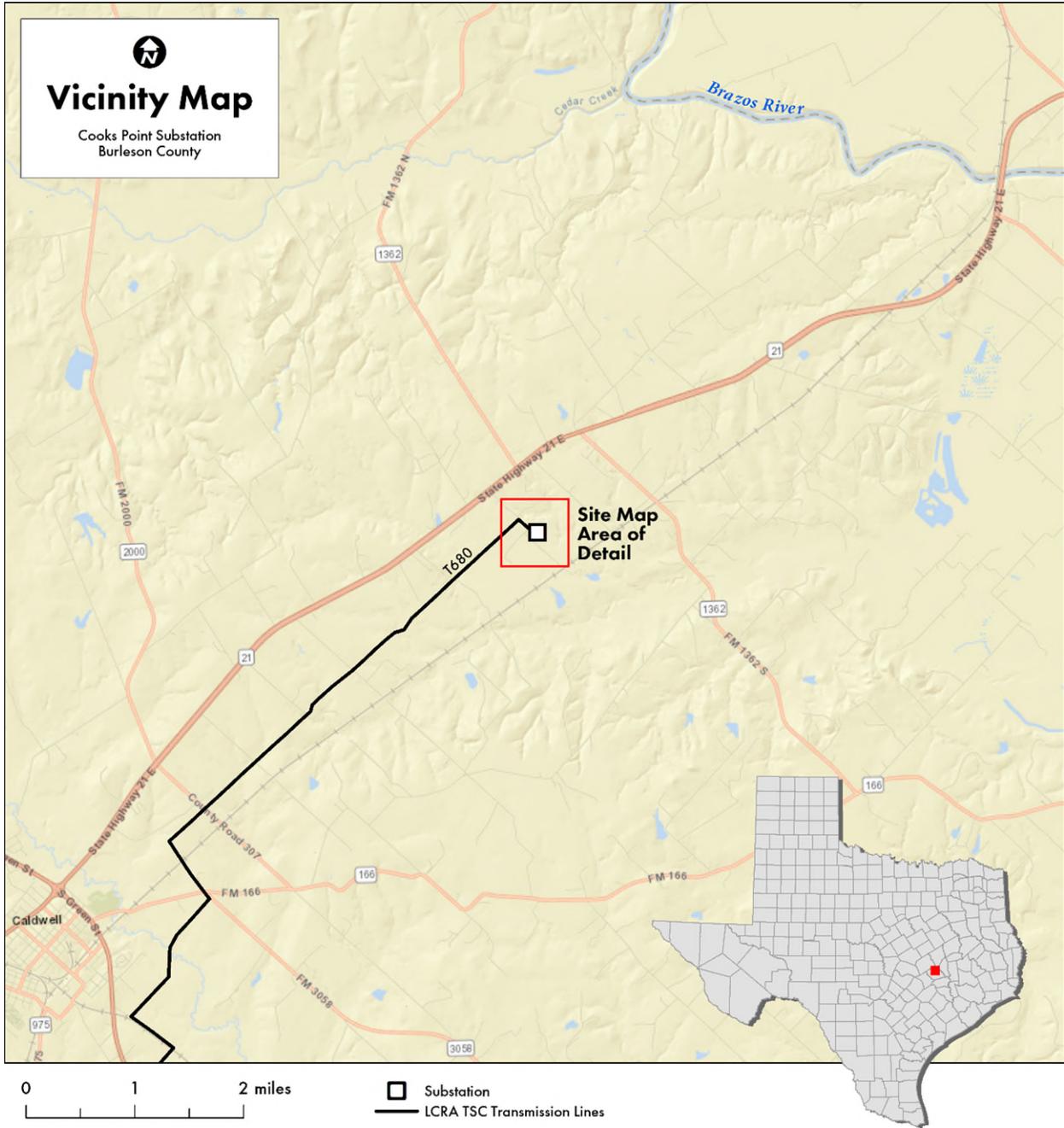
B – Site Map

C – Landowner List

D – Resolution

1 – Description of the Specific Property

**EXHIBIT A**



**EXHIBIT B**



**EXHIBIT C**

<b>Landowners</b>	<b>Acreage</b>	<b>Land Rights</b>	<b>County</b>	<b>Approximate Value</b>
Annis Jeanette Verwold, J.T. Verwold and Gene A. Verwold	10.12 acres	Fee	Burleson	\$188,205

**EXHIBIT D**

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**PROPOSED MOTION**

**I MOVE THAT THE BOARD OF LCRA TRANSMISSION SERVICES CORPORATION ADOPT THE ATTACHED RESOLUTION; THAT THE BOARD AUTHORIZE BY RECORD VOTE THE USE OF THE POWER OF EMINENT DOMAIN TO ACQUIRE RIGHTS IN THE PROPERTY DESCRIBED IN EXHIBIT 1 TO THE RESOLUTION FOR THE ACQUISITION OF AN ELECTRIC SUBSTATION SITE FOR THE COOKS POINT SUBSTATION AND TRANSMISSION LINE ADDITION PROJECT TO PROVIDE FOR THE RELIABLE TRANSMISSION OF ELECTRIC ENERGY ON THE COOKS POINT (T680) TRANSMISSION LINE; AND THAT THE FIRST RECORD VOTE APPLIES TO ALL UNITS OF PROPERTY TO BE CONDEMNED.**

**RESOLUTION  
AUTHORIZING ACQUISITION OF INTERESTS IN REAL PROPERTY  
BY CONDEMNATION IN BURLESON COUNTY FOR  
THE FEE SIMPLE PURCHASE FOR A SUBSTATION.**

**WHEREAS**, LCRA Transmission Services Corporation has determined the need to acquire the interests in real property necessary for the public purposes of construction, operation and maintenance of an electric substation site in Burleson County; and

**WHEREAS**, an independent, professional appraisal of the subject property has been submitted to LCRA Transmission Services Corporation, and an amount will be established to be just compensation for the interests in real property to be acquired;

**NOW, THEREFORE, BE IT RESOLVED** that the president and chief executive officer or his designee is authorized to purchase the interests in real property from the landowner(s) listed in the attached Exhibit C for the construction of the Cooks Point Substation and Transmission Line Addition project, with the description of the location of and interest in the property LCRA Transmission Services Corporation seeks to acquire being more particularly described in maps provided to the Board and attached to this resolution as Exhibit 1; that the public convenience and necessity requires the acquisition of said interests in real property; that the public necessity requires the condemnation of the interests in real property in order to acquire them for such purposes; that LCRA Transmission Services Corporation does not intend to acquire rights to groundwater or surface water in the land; that LCRA Transmission Services Corporation will make a bona fide offer to acquire the interests in real property from the landowner(s) voluntarily as required by Sec. 21.0113 of the Texas Property Code; and that at such time as LCRA Transmission Services Corporation has determined that the landowner(s) and LCRA Transmission Services Corporation will be unable to reach an agreement on the fair market value of the subject interests in real property and that it

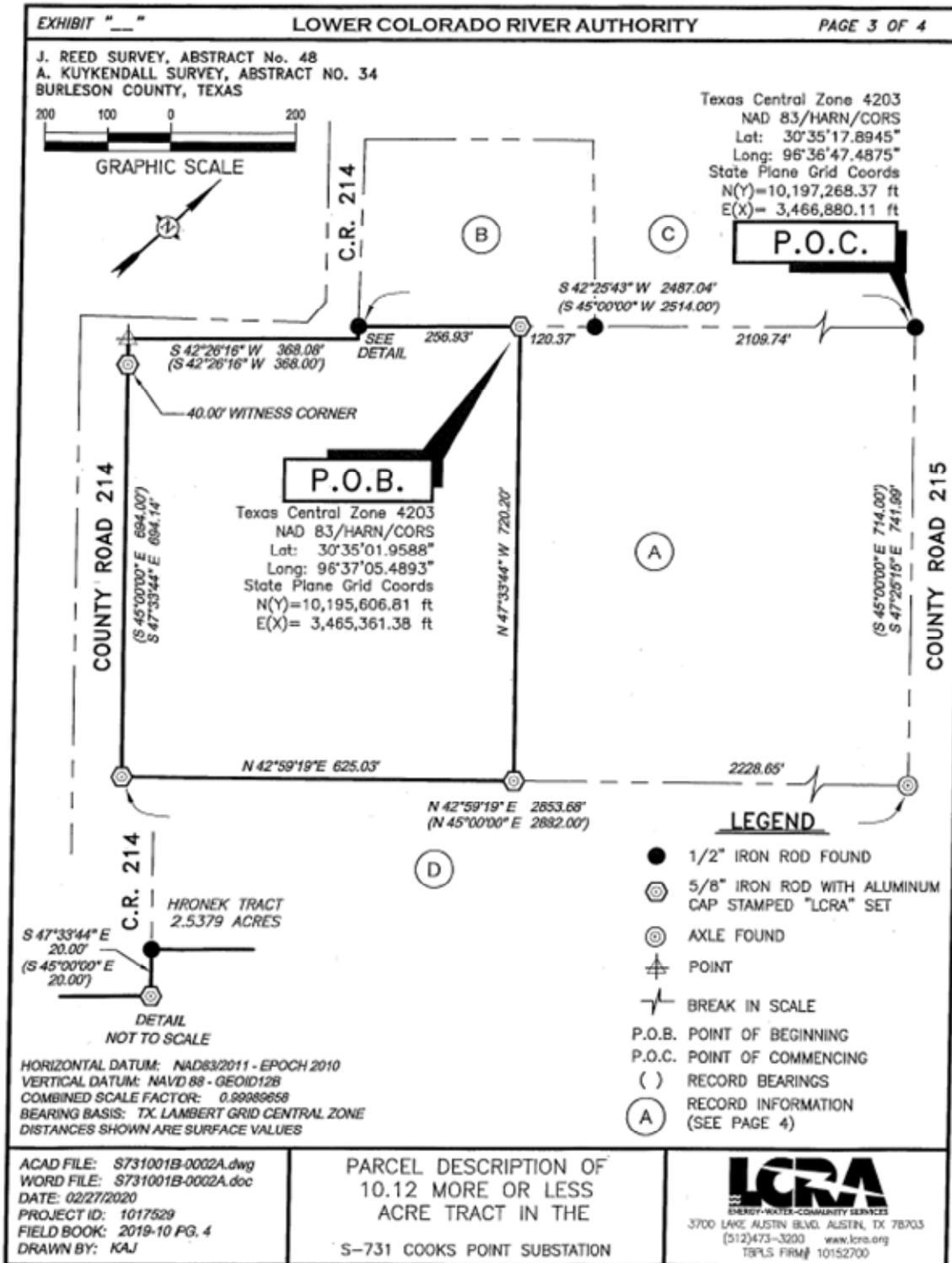
**EXHIBIT D**

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should appear that further negotiations for settlement with the landowner(s) would be futile, then the president and chief executive officer or his designee is authorized and directed to initiate condemnation proceedings against the owner(s) of the property, and against all other owners, lien holders, and other holders of an interest in the property, in order to acquire the necessary interests in real property, and that this resolution take effect immediately from and after its passage;

**BE IT FURTHER RESOLVED** that the president and chief executive officer or his designee is hereby authorized to do all things necessary and proper to carry out the intent and purpose of this resolution, including determination and negotiation of the interests in real property that are proper and convenient for the operation of the electric substation.

**EXHIBIT 1**  
Page 1 of 1



## **FOR ACTION**

# **8. Authorize the Fiscal Year 2020 Extraordinary LCRA Optional Purchase Price Payment From LCRA Transmission Services Corporation to LCRA**

### **Proposed Motion**

Authorize the payment of an Extraordinary LCRA Optional Purchase Price Payment to LCRA of \$6.7 million for fiscal year 2020, contingent on the determination by the LCRA Board of Directors of such payment being due and payable pursuant to the Electric Transmission Facilities Contract (the Contractual Commitment) between LCRA and LCRA Transmission Services Corporation dated as of Oct. 1, 2001.

### **Board Consideration**

LCRA TSC Board of Directors approval is required for any ELOPPP made to LCRA.

### **Budget Status and Fiscal Impact**

The transfer of the \$6.7 million to LCRA was contemplated in the FY 2020 business plan. The initiation of this transfer is being made after ensuring LCRA TSC will meet all financial commitments, including annual expenses for operations and maintenance, debt service and any other payments required under its financial policies.

### **Summary**

As part of the formation of LCRA TSC and the transfer of LCRA's transmission assets to LCRA TSC, LCRA and LCRA TSC executed the Contractual Commitment to govern that transfer and to obligate LCRA TSC to pay a purchase price for those assets. As required by the Contractual Commitment, LCRA TSC has made, each year since its inception, purchase price payments equal to the LCRA debt service obligation associated with the assets transferred to LCRA TSC. Under Section 4.02 of the Contractual Commitment, the LCRA Board has sole discretion to determine each fiscal year if an annual ELOPPP will be made to LCRA. The amount of any ELOPPP is capped at 25 percent of the amount of LCRA TSC's Contractual Commitment purchase price payments and guarantee reimbursement payments, and is only payable if all other financial commitments of LCRA TSC have been met, including debt, debt service, operations and maintenance, and coverage ratios and reserve funds required by LCRA TSC's financial policies.

Staff determined LCRA TSC has to date met, and is expected to meet, all financial obligations required by any agreement or the financial policies of LCRA TSC for FY 2020.

### **Presenter(s)**

Jim Travis  
Treasurer and Chief Financial Officer

**FOR ACTION**

## **9. LCRA Transmission Services Corporation Fiscal Year 2021 Business and Capital Plans**

### **Proposed Motion**

Adopt a resolution (Exhibit A) approving the LCRA Transmission Services Corporation Fiscal Year 2021 Business and Capital Plans.

### **Board Consideration**

LCRA TSC Board Policy T301 – Finance requires approval of a business plan by the LCRA TSC and LCRA boards before the start of each fiscal year.

### **Budget Status and Fiscal Impact**

The proposed business plan and the budgets included therein provide targets for revenue, operating and maintenance expenses, and capital spending for FY 2021.

### **Summary**

The Board received a draft of the LCRA TSC FY 2021 business and capital plans under separate cover. The business and capital plans are the LCRA TSC comprehensive operations plans and budget. Approval of the LCRA TSC FY 2021 business and capital plans provides authorization for all expenditures and plans of LCRA TSC.

### **Presenter(s)**

Jim Travis  
Treasurer and Chief Financial Officer

### **Exhibit(s)**

A – LCRA Transmission Services Corporation Board Resolution: LCRA Transmission Services Corporation Fiscal Year 2021 Business and Capital Plans

**EXHIBIT A**

**LCRA TRANSMISSION SERVICES CORPORATION BOARD RESOLUTION  
LCRA TRANSMISSION SERVICES CORPORATION  
FISCAL YEAR 2021 BUSINESS AND CAPITAL PLANS**

BE IT RESOLVED that the LCRA Transmission Services Corporation Board of Directors hereby adopts and approves the LCRA Transmission Services Corporation Fiscal Year 2021 Business and Capital Plans.

LCRA Transmission Services Corporation has budgeted FY 2021 operating and capital amounts at \$131.2 million and \$497.7 million, respectively. Staff will bring future projects individually to the Board for approval after scope and cost estimates have been further refined.

The Board recognizes that through its normal agenda process it will approve capital projects and other major expenditures not included in the business and capital plans, and the president and chief executive officer is instructed to inform the Board when a capital project or other major expenditure is proposed on the agenda that significantly changes or varies from the approved budget in accordance with LCRA Transmission Services Corporation's financial policy. Furthermore, the president and chief executive officer shall provide the Board with monthly financial reports and quarterly business and capital plan updates describing the progress toward the accomplishment of LCRA Transmission Services Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the LCRA Transmission Services Corporation Fiscal Year 2021 Business and Capital Plans provides authorization for all expenditures and plans in the business plans and approves the budget for LCRA Transmission Services Corporation, as required by state law. Individual purchases and contracts to implement the business and capital plans fall under various state laws and Board policies and may require additional approval.

## **FOR ACTION**

# **10. Approve the LCRA Transmission Contract Revenue Notes Series E Note Purchase Agreement and Authorize Related Agreements**

### **Proposed Motion**

Request and approve the adoption by LCRA of the Thirty-first Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and U.S. Bank, N.A., (Series E NP Agreement) for the LCRA Transmission Contract Revenue Notes, Series E and Taxable Series E (Series E Notes), and authorize the president and chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to U.S. Bank in an amount up to \$100 million for the Series E Notes.

### **Board Consideration**

A supplemental resolution to the existing Controlling Resolution requires Board approval. The Series E NP Agreement complies with the covenants of the LCRA Controlling Resolution, the Thirty-first Supplement to the Controlling Resolution that authorized up to \$100 million for the Series E Notes, and with LCRA TSC Board Policy T301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions.

### **Budget Status and Fiscal Impact**

Staff anticipates the new \$100 million credit facility will replace a portion of the \$150 million Series D facility with RBC expiring in June 2020. This will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. This credit facility provides financing flexibility and competitive costs under current market conditions. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

### **Summary**

Staff recommends the Board request, consent and approve the adoption of the Thirty-first Supplemental Resolution authorizing the president and CEO or his designee to negotiate and execute amendments to the Series E NP Agreement and other related documents.

LCRA, as the conduit issuer for LCRA TSC, through amendments to the debt programs and bank credit facilities, currently has authorized LCRA TSC to enter into a \$150 million tax-exempt commercial paper program with JPMorgan and State Street Bank, the \$150 million Series C Notes with Bank of America, and a \$150 million

tax-exempt flexible drawdown notes Series D Notes with RBC Capital Markets, LLC. Series D expires in June 2020 and will not be extended.

Staff now seeks to execute and replace the expiring \$150 million tax-exempt flexible drawdown notes Series D with a new \$100 million Series E Notes program with U.S. Bank for three years and an additional \$50 million Series F Notes program with Bank of America for one year. The Series F program will have a one-year maturity in anticipation of improved market conditions and potential consolidation with the existing Series C with Bank of America maturing in 2021.

The note purchases by U.S. Bank allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are higher than existing commercial paper credit facilities due to current market conditions.

The Series E Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

Supplements to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secure the Series E Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

**Presenter(s)**

Jim Travis

Treasurer and Chief Financial Officer

## **FOR ACTION**

# **11. Approve the LCRA Transmission Contract Revenue Notes Series F Note Purchase Agreement and Authorize Related Agreements**

### **Proposed Motion**

Request and approve the adoption by LCRA of the Thirty-second Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Bank of America, N.A., (Series F FNP Agreement) for the LCRA Transmission Contract Revenue Notes, Series F and Taxable Series F (Series F NP Agreement), and authorize the president and chief executive officer or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$50 million for the Series F Notes.

### **Board Consideration**

A supplemental resolution to the existing Controlling Resolution requires Board approval. The Series F NP Agreement complies with the covenants of the LCRA Controlling Resolution, the Thirty-second Supplement to the Controlling Resolution that authorized up to \$50 million for the Series F Notes, and with LCRA TSC Board Policy T301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions.

### **Budget Status and Fiscal Impact**

Staff anticipates the new \$50 million credit facility will replace a portion of the \$150 million Series D facility with RBC expiring in June 2020. This will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. This credit facility provides financing flexibility, more diversity in bank exposure and competitive costs under current market conditions. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

### **Summary**

Staff recommends the Board request, consent and approve the adoption of the Thirty-second Supplemental Resolution authorizing the president and CEO or his designee to negotiate and execute the Series F NP Agreement and other related documents.

LCRA, as the conduit issuer for LCRA TSC, through amendments to the debt programs and bank credit facilities, currently has authorized LCRA TSC to enter into a \$150 million tax-exempt commercial paper program with JPMorgan and State Street Bank, the \$150 million Series C Notes with Bank of America, and a \$150 million tax-

exempt flexible drawdown notes Series D Notes with RBC Capital Markets, LLC. Series D expires in June 2020 and will not be extended.

Staff now seeks to execute and replace the expiring \$150 million tax-exempt flexible drawdown notes Series D with a new \$100 million Series E Notes program with U.S. Bank for three years and an additional \$50 million Series F Notes program with Bank of America. The Series F program will have a one-year maturity in anticipation of improved market conditions and potential consolidation with existing Series C with Bank of America maturing in 2021.

The note purchases by Bank of America allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are higher than existing commercial paper credit facilities due to current market conditions.

The Series F Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

Supplements to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secure the Series F Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

**Presenter(s)**

Jim Travis

Treasurer and Chief Financial Officer