



Board Agenda

Wednesday, May 18, 2022
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 9:15 a.m.

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Items From the General Manager

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Consent Items

- 4. Resolution and Amendment No. Six to the Lower Colorado River Authority 401(k) Plan; and Resolution and Amendment No. Three to the Lower Colorado River Authority 415(m) Benefit Plan 9
- *5. Sale of Land in Travis County (Parcel TS-08) 16
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- 8. Board Commitment of Water for LCRA Generation Resources..... 25
- 9. Firm Water Contract for Municipal Use – City of Pflugerville 27
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- 11. Contracts and Contract Changes 41

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

Executive Session

- 1. Oil and Gas Mineral Interest in Fayette County
- 2. Competitive Electric Matters
- 3. Litigation Update

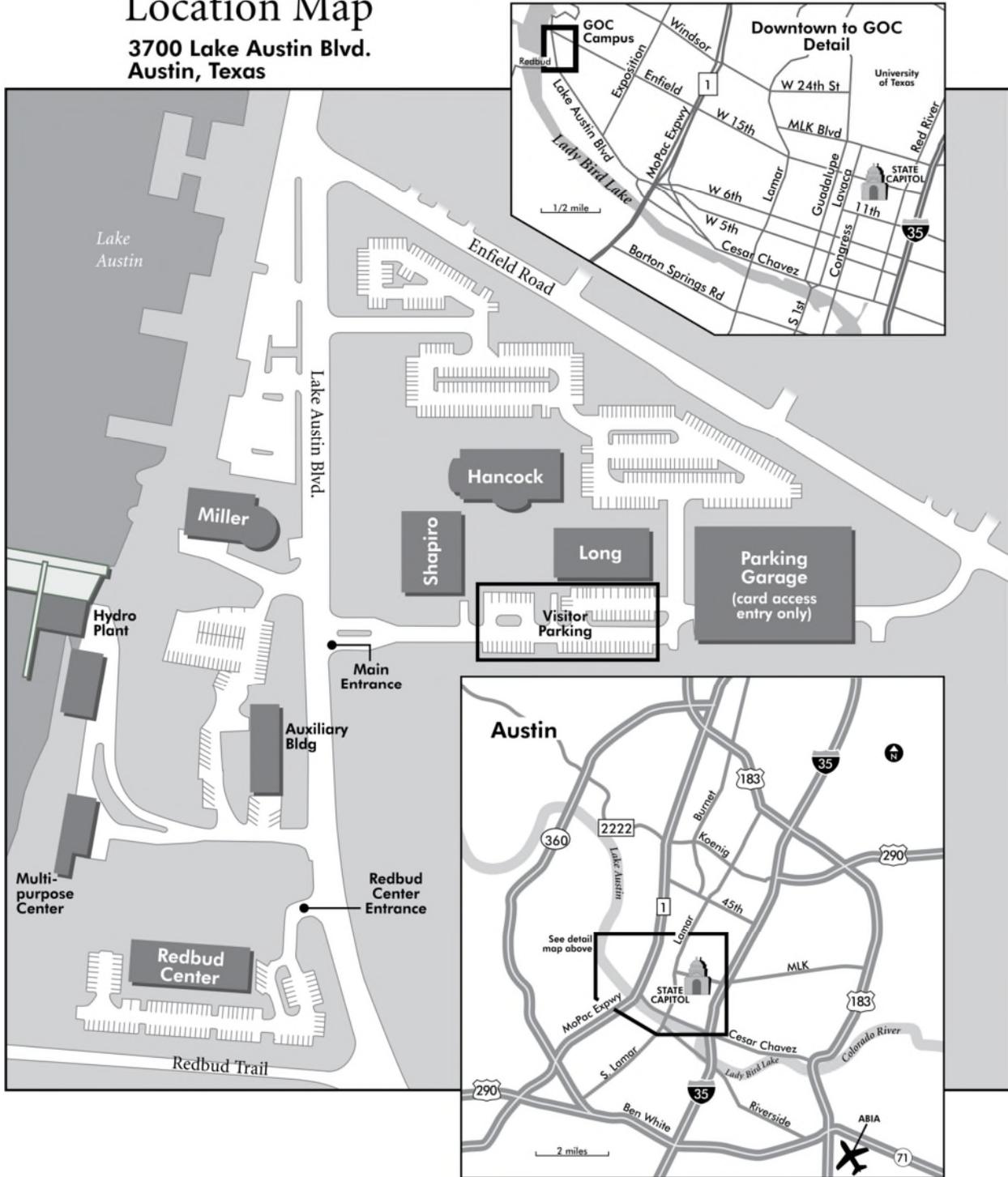
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

Legal Notice

Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at the following link: <https://www.sos.texas.gov/open/index.shtml>

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 of Directors 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. Resolutions

Proposed Motion

Approve the LCRA Board of Directors resolutions as presented to the Board.

Board Consideration

The Board will be asked to approve honorary and retiree resolutions as they occur.

Summary

LCRA recognizes longtime employees who have retired from the organization with a retiree resolution. Other individuals may be recognized from time to time with an honorary resolution.

Presenter(s)

Phil Wilson
General Manager

Timothy Timmerman
LCRA Board Chair

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Resolution of the Board of Directors Of the Lower Colorado River Authority

Honoring Christine Rothe

Whereas, Christine Rothe retired from the Lower Colorado River Authority on Oct. 2, 2021, as deputy general counsel after more than 28 years of service to LCRA; and

Whereas, Christine began her career with LCRA as a project employee from April 1993 through May 1994 before she was hired as an associate general counsel for LCRA in June 1994. Her legal prowess and high moral character earned the trust of employees across the organization and the utmost respect of her colleagues. Christine always conducts herself with integrity, helping get to common-sense solutions within the law while making sure the risks associated with decisions aren't overlooked in the process. Christine provided a presence of stability, calmness and reason to staff, giving every issue her undivided attention – she was never too busy to help someone; and

Whereas, Christine approaches problems with a methodical and practical manner, and always with a sense of humor. She possesses the wonderful ability to laugh at herself – she never took herself too seriously but always took LCRA's work very seriously. Christine became a stalwart known for her dedication to the attorney's oath and her guiding principle of doing what is best to protect the organization and uphold its purpose. She took great pride and care in making sure LCRA and the public service associated with it were at the heart of all she did – even to the point of postponing her own retirement so she could help LCRA work to expand rural broadband in Texas with Senate Bill 632 authorizing LCRA to provide fiber capacity or facilities for the purpose of facilitating broadband service connectivity; and

Whereas, Christine's leadership guided and impacted countless people, with LCRA and its Legal department benefitting immensely from her wisdom. She openly shared her treasure trove of institutional knowledge with others, and she took time to mentor other attorneys on how to interpret and apply the law to LCRA to achieve LCRA's goals. She was instrumental in strengthening LCRA's standing – from resolving litigation to settling complicated negotiations with landowners. One of Christine's colleagues emphasized that the same attributes that make her an excellent deputy general counsel – fierce loyalty, honesty and enthusiasm – also make her a great friend; and

Whereas, in addition to the dedication Christine demonstrated for LCRA's mission, its stakeholders and its future, she also cares deeply about people – LCRA employees, friends and family. She values the people in her life, as well as their opinions. Christine would call her co-workers to see how they were doing, organize get-togethers and even send cookies to someone's house for their children. At one point, she spent many a lunchtime with a pair of colleagues visiting paint stores to narrow down color choices for the exterior of her house. True to her thoughtful and thorough nature, she finally decided on a color after about two years;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Legal, express their appreciation to Christine Rothe for her extraordinary service to LCRA and the people of Texas, and they wish her well in all of her future endeavors.

Approved this 18th day of May 2022.

Timothy Timmerman, Board Chair

Phil Wilson, General Manager

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FOR DISCUSSION

3. Financial Report

Summary

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

Presenter(s)

Jim Travis
Chief Financial Officer

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Lower Colorado River Authority
Financial Highlights
April 2022

Lower Colorado River Authority
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Key term:

Net margin – Total operating revenues, including interest income, less direct and assigned expenses.

Lower Colorado River Authority

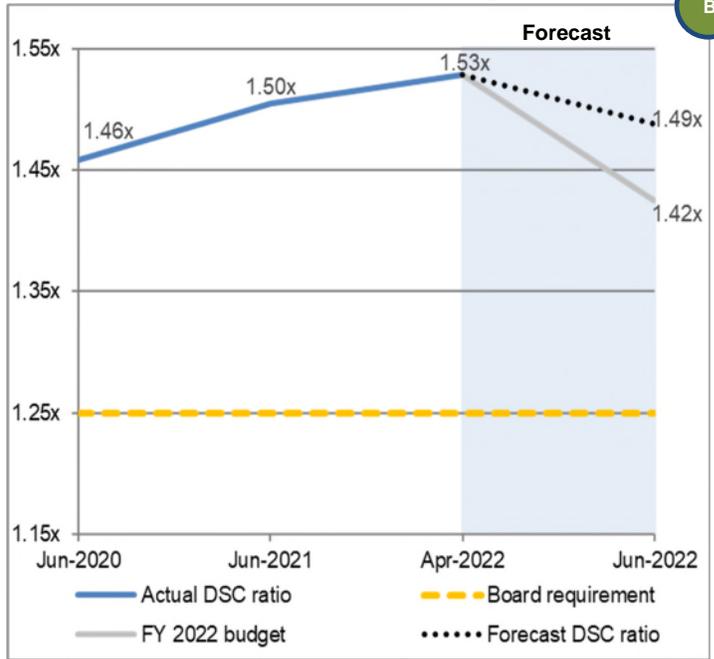
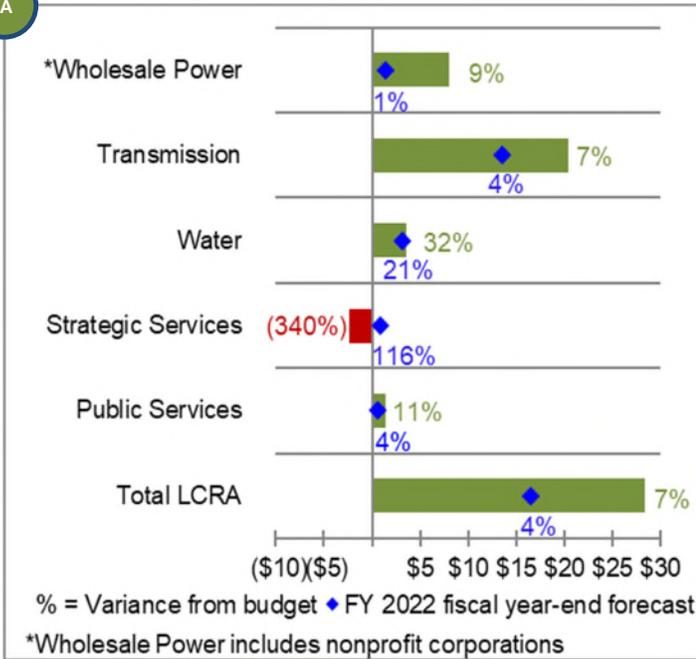
April 30, 2022

(Dollars in Millions)

Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances

Debt Service Coverage



Key takeaways:

- Higher-than-budgeted load and miscellaneous revenues and lower-than-budgeted nonfuel expenses primarily drove Wholesale Power's year-to-date performance. Higher-than-budgeted load and miscellaneous revenues, partially offset by higher-than-budgeted nonfuel expenses, primarily drove Wholesale Power's year-end forecast.
- Lower-than-budgeted expenses and higher-than-budgeted cost-of-service and other revenues primarily drove Transmission's year-to-date performance and year-end forecast.
- Lower-than-budgeted river management expenses primarily drove Water's year-to-date performance and year-end forecast.
- Strategic Services' year-to-date performance primarily is due to the timing of telecommunications revenues. Higher-than-budgeted telecommunications revenues primarily are driving the year-end forecast.
- Lower-than-budgeted parks and natural resources expenses primarily drove Public Services' year-to-date performance and year-end forecast.
- The debt service coverage ratio is forecast to be higher than budgeted primarily due to a higher-than-budgeted LCRA net margin and lower-than-budgeted debt service.

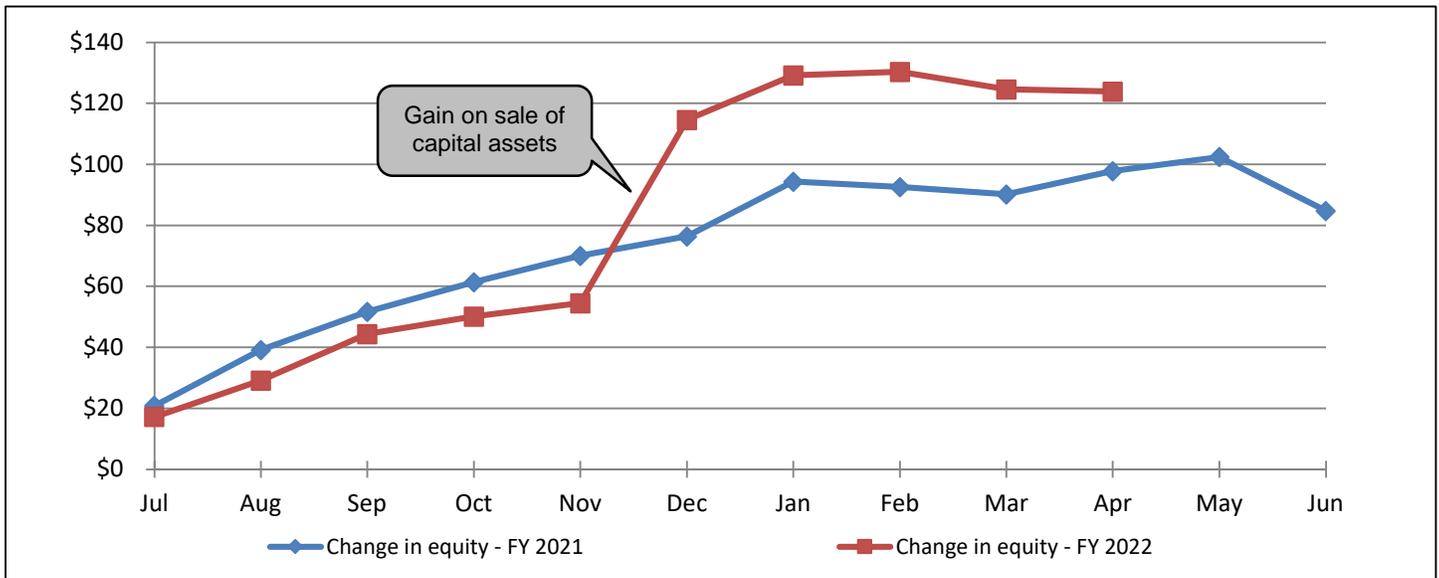
Lower Colorado River Authority

April 30, 2022
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	LCRA will attempt to maintain a long-term average 30% equity ratio. At no time will the equity ratio fall below 20% without specific Board approval in the business plan.	✓
Debt Service Reserves	LCRA will covenant debt service reserves in the amount of six months of average annual debt service requirements on outstanding debt. Debt service reserves may be collected through nonfuel rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.	✓
Operating Reserves	LCRA will target three months of average operating and maintenance expense for the purposes of operating liquidity and maintaining reserves for liquidity of two to three months. Compliance will be evaluated at the end of each fiscal year. These reserves will be collected through nonfuel rates. If at any time the operating reserves are projected to fall below the minimum two months established by this policy, the Board will promptly implement a plan, to be recommended by staff, to increase rates, reduce costs or otherwise cause there to be sufficient revenues to replenish the operating reserves to such target levels within 12 months.	✓

Income Statement Trends Cumulative Fiscal Year to Date



Key takeaway:

- Year-to-date net income increased due to a gain on the sale of capital assets, offset by a decrease in the deferral of depreciation and other debt-related expenses. These expenses are recognized as the cost of these assets is included in rates.

Lower Colorado River Authority

April 30, 2022

(Dollars in Millions)

Condensed Balance Sheets

	<u>April 30, 2022</u>	<u>April 30, 2021</u>
Assets		
Cash and cash equivalents	\$ 512.5	\$ 478.6
Current assets	<u>420.1</u>	<u>477.1</u>
Total current assets	<u>932.6</u>	<u>955.7</u>
Capital assets	5,453.7	5,243.8
Long-term assets	<u>955.9</u>	<u>890.0</u>
Total long-term assets	<u>6,409.6</u>	<u>6,133.8</u>
Total Assets	<u>\$ 7,342.2</u>	<u>\$ 7,089.5</u>
Liabilities		
Bonds, notes and loans payable	\$ 530.5	\$ 486.8
Current liabilities	<u>286.5</u>	<u>235.7</u>
Total current liabilities	<u>817.0</u>	<u>722.5</u>
Bonds, notes and loans payable	4,041.0	3,959.1
Pension liability	168.2	207.6
Long-term liabilities	<u>453.7</u>	<u>448.4</u>
Total long-term liabilities	<u>4,662.9</u>	<u>4,615.1</u>
Equity		
Total equity	<u>1,862.3</u>	<u>1,751.9</u>
Total Liabilities and Equity	<u>\$ 7,342.2</u>	<u>\$ 7,089.5</u>

Key takeaway:

- Assets and liabilities increased compared with April 2021 primarily due to an increase in capital assets related to the capital plan.

Lower Colorado River Authority

April 30, 2022

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

Fiscal Year to Date

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Electric	\$ 972.4	\$ 988.9
Water and irrigation	25.6	26.6
Other	31.6	47.5
Total Operating Revenues	<u>1,029.6</u>	<u>1,063.0</u>
Operating Expenses		
Fuel	350.1	268.5
Purchased power	95.8	109.3
Operations	126.6	260.2
Maintenance	36.5	42.6
Depreciation, depletion and amortization	173.9	160.2
Total Operating Expenses	<u>782.9</u>	<u>840.8</u>
Operating Income	<u>246.7</u>	<u>222.2</u>
Nonoperating Revenues (Expenses)		
Interest on debt	(120.6)	(115.1)
Other expenses	(2.2)	(9.3)
Total Nonoperating Revenues (Expenses)	<u>(122.8)</u>	<u>(124.4)</u>
Change in Equity	123.9	97.8
Equity - Beginning of Period	<u>1,738.4</u>	<u>1,654.1</u>
Equity - End of Period	<u>\$ 1,862.3</u>	<u>\$ 1,751.9</u>

FOR ACTION (CONSENT)

4. Resolution and Amendment No. Six to the Lower Colorado River Authority 401(k) Plan; and Resolution and Amendment No. Three to the Lower Colorado River Authority 415(m) Benefit Plan

Proposed Motion

Approve and authorize the Board of Directors chair or his designee to execute Amendment No. Six to the Lower Colorado River Authority 401(k) Plan (401(k) Plan).

Approve and authorize the Board chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority 415(m) Benefit Plan (415(m) Plan).

Board Consideration

The 401(k) Plan and the 415(m) Plan require Board approval of any changes to their design or benefits, such as the proposed amendments.

Budget Status and Fiscal Impact

The 401(k) Plan and the 415(m) Plan amendments are within the approved budget allocated for benefit costs in the fiscal year 2023 business plan.

Summary

The 401(k) Plan is a qualified plan, which means the Internal Revenue Service has approved the plan as meeting certain requirements enabling employees to defer taxation of their benefit until it is received. The 401(k) Plan enables LCRA employees, as defined in the 401(k) Plan, to contribute to their retirement benefits. LCRA makes contributions on behalf of employees participating in the 401(k) Plan.

The proposed 401(k) Plan Amendment No. Six (a) allows a participant to request partial distributions of their benefit following termination of employment, rather than a single cash lump sum, as long as the value of their account equals \$10,000 or more; (b) provides that a participant's account shall become fully vested and nonforfeitable upon the death of the participant while employed; and (c) makes such other changes as are deemed appropriate. The proposed Amendment No. Six to the 401(k) Plan will be effective on June 1, 2022.

The 415(m) Plan provides an additional deferred compensation option to employees under certain conditions and limitations allowed under the Internal Revenue Code.

Proposed Amendment No. Three to the 415(m) Plan provides participants with a one-time opportunity, within the time period specified in the 415(m) Plan, to change the method of payment of 415(m) Plan benefits. The proposed Amendment No. Three to the 415(m) Plan will be effective on June 1, 2022.

Exhibit(s)

A – Amendment No. Six to Lower Colorado River Authority 401(k) Plan

B – Amendment No. Three to Lower Colorado River Authority LCRA 415(m) Plan

EXHIBIT A

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. SIX

TO

LOWER COLORADO RIVER AUTHORITY

401(k) PLAN

WHEREAS, the Lower Colorado River Authority (the “Authority”) maintains the Lower Colorado River Authority 401(k) Plan (the “Plan”) for the exclusive benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1984, and subsequently amended and restated effective April 1, 2001, June 1, 2010, and January 1, 2014, and as subsequently amended thereafter;

WHEREAS, the Board of Directors of the Authority (the “Board of Directors”) is authorized to amend the Plan to the extent deemed advisable;

WHEREAS, the Authority desires to amend the Plan to accelerate vesting upon retirement and upon death or disability while employed, as well as to permit partial distributions of plan benefits;

NOW, THEREFORE, the Plan is hereby amended effective June 1, 2022, as follows:

- (1) Article VII, Section 7.1, is hereby amended in its entirety, to read as follows:

“Section 7.1 Retirement, Disability, Death, Termination or Age 59½. Upon the Retirement, Disability, death or termination of Employment of a Participant, the full value of his vested Accounts, determined as of the Valuation Date immediately following said event, shall be paid to such Participant or, in the event of death, to his Beneficiary, in accordance with Section 7.6 hereof. Upon a Participant’s attainment of age 59½, such Participant may, prior to termination of his Employment, request the payment of all or any portion of the value of his vested Accounts, determined as of the Valuation Date immediately following said request, in accordance with Section 7.5 hereof.”

(2) Article VII, Section 7.3, is hereby amended in its entirety, to read as follows:

“Section 7.3 Termination of Employment. Upon termination of Employment for any reason, the Participant shall continue to participate in the Plan until complete distribution of his vested Accounts, except that his Accounts will not thereafter be credited with any portion of 401(k) Contributions, Matching Contributions, Supplemental Contributions, Student Loan Contributions, or Roth Deferral Contributions. All payments shall be made as soon as practicable after the Valuation Date next following the date of termination; provided, however, that if the amount of the distribution, as determined under Section 7.5 hereof, is in excess of Five Thousand Dollars (\$5,000.00), determined at the time of commencement of any distribution hereunder, any such distribution shall be delayed until the Participant's required beginning date, as defined in Section 7.9(b)(ii) hereof, unless the Participant shall consent to an earlier distribution, and, provided further, in the event of a mandatory distribution the amount of which is greater than One Thousand Dollars (\$1,000.00) but does not exceed Five Thousand Dollars (\$5,000.00), if a Participant does not elect to have such distribution paid as a direct rollover directly to an ‘eligible retirement plan,’ as defined in Section 7.8 hereof, specified by the Participant or to receive the distribution directly, then such distribution shall be paid as a direct rollover to an individual retirement plan designated by the Board of Trustees. Finally, in the event of the Participant's death, or his total and permanent disability, as defined in Section 72(m)(7) of the Code, if the amount of the distribution, as determined under Section 7.5 hereof, is in excess of Five Thousand Dollars (\$5,000.00), then notwithstanding any provision herein to the contrary, distribution shall be delayed only until the fifth (5th) anniversary of the Participant's date of death or his termination of Employment following such total and permanent disability unless the Participant or, in the event of the Participant's death, his Beneficiary shall consent to an earlier distribution.”

(3) Article VII, Section 7.4, is hereby amended in its entirety, to read as follows:

“Section 7.4 Vesting and Forfeitures. A Participant whose Period of Service commences prior to May 1, 2012 shall be fully vested in his Accounts and his interest therein shall be nonforfeitable at all times. A Participant whose Period of Service commences on or after May 1, 2012 shall be fully vested in his 401(k) Account and Roth Deferral Account, and his interest therein shall be nonforfeitable at all times. Notwithstanding the foregoing or any other provision herein to the contrary, upon the death of a Participant that occurs during his Employment, all of such Participant’s Accounts shall become immediately fully vested and nonforfeitable. A Participant whose Period of Service commences on or after May 1, 2012 shall be vested in his Matching Account and his Student Loan Contribution Account, if any, in accordance with the schedule set forth below:

<u>Period of Service</u>	<u>Vested Percentage</u>
Fewer than 3 years	0%
3 years or more	100%

If the Employment of a Participant whose vested percentage in his Matching Account and Student Loan Contribution Account is 0% shall terminate for any reason other than death), the value of his Matching Account and Student Loan Contribution Account shall be forfeited as of the last day of the Plan Year in which such termination of Employment occurs and he shall no longer be credited with any years in his Period of Service. A new Period of Service shall commence upon his date of reemployment, if applicable, and his vested percentage shall be determined by reference only to such new Period of Service. The amounts forfeited from his Matching Account and Student Loan Contribution Account shall be used by the Employer to reduce future Matching Contributions or Student Loan Contributions, as applicable. Notwithstanding the foregoing, the survivors of any Participant who dies on or after January 1, 2007, while performing Qualified Military Service, are entitled to any additional benefits (other than contributions relating to the period of Qualified Military Service, but including vesting service credit for such period and any ancillary life insurance or other survivor benefits) that would have been provided under the Plan had the Participant resumed employment on the day preceding the Participant's death and then terminated employment on account of death. If the Employment of a Participant whose vested percentage is 100% shall terminate for any reason, he shall continue to be credited with all years in his Period of Service. Upon his reemployment, and thereafter, the vested percentage of such Participant shall remain 100%.”

(4) Article VII, Section 7.6, is here amended in its entirety to read as follows:

“Section 7.6 Method of Payment. As soon as practicable after a Participant or Beneficiary is entitled to receive benefits hereunder, as provided in Section 7.1 hereof, after all required accounting adjustments and subject to Section 7.8 hereof, the Trustee shall, in accordance with the direction of the Participant or Beneficiary, make payment of the Participant’s vested Accounts in one of the following ways, or in any combination thereof, as such Participant or Beneficiary shall elect:

- (a) cash lump sum; or
- (b) with respect to vested Accounts, the value of which at the time of any partial distribution shall exceed Ten Thousand Dollars (\$10,000.00), any number of partial cash distributions, at such times as requested by the Participant or Beneficiary.

Notwithstanding the foregoing provisions of this Section 7.6, the terms ‘cash lump sum’ and ‘partial cash distributions’ as used herein shall not include the distribution of an insurance contract providing for:

- (c) a life annuity to a Participant;
- (d) a joint and survivor annuity to a Participant and his Beneficiary; or
- (e) any other form of payment having the effect of (c) or (d) above.”

IN WITNESS WHEREOF, on this _____ day of _____, 2022, this Amendment No. Six to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: _____
Timothy T. Timmerman
Chair, LCRA Board of Directors

ATTEST:

Leigh Sebastian
Assistant Secretary, LCRA Board of Directors

EXHIBIT B

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. THREE

TO

LOWER COLORADO RIVER AUTHORITY

415(m) BENEFIT PLAN

WHEREAS, the Lower Colorado River Authority (the “Authority”) has previously adopted the Lower Colorado River Authority 415(m) Benefit Plan (the “Plan”) for the exclusive benefit of eligible employees and their beneficiaries, effective July 1, 1999, as subsequently amended;

WHEREAS, the Authority desires to amend the Plan to provide Participants with a one-time opportunity, within the time period specified in the Plan, to change the method of payment of Plan benefits; and

WHEREAS, the Board of Directors is authorized to amend the Plan at any time and to any lawful extent deemed advisable;

NOW, THEREFORE, the Board of Directors hereby amends the Plan as follows, with such amendment to be effective June 1, 2022:

Article IV, Section 4.1, of the Plan is hereby amended in its entirety, to read as follows:

“4.1 Payment of the benefit to which a Participant or Beneficiary is entitled under this Plan shall be made in one of the following optional forms: (a) in a single lump sum in cash in the amount determined pursuant to Article III hereof; (b) in a cash lump sum equal to (i) twenty-five percent (25%) or (ii) seventy-five percent (75%) of the amount determined pursuant to Article III hereof, with the remainder paid in any actuarially equivalent optional form of distribution then available under the Retirement Plan; or (c) in

any actuarially equivalent optional form of distribution then available under the Retirement Plan; except as stated below, such method of payment to be irrevocably elected by the Participant upon notification of initial eligibility to participate in the Plan, in the manner prescribed by the Board of Trustees and in accordance with Article II hereof. For this purpose, actuarial equivalence shall be determined by using the actuarial assumptions stated in Section 5.07(b) of the Retirement Plan. Payment shall commence at the time irrevocably elected by the Participant upon notification of initial eligibility to participate in the Plan, in the manner prescribed by the Board of Trustees and in accordance with Article II hereof, which time may be no earlier than the date on which such Participant is entitled to a distribution from the Retirement Plan.

Notwithstanding the foregoing or any other provision herein to the contrary, a Participant who either made or did not make an initial election of the method of payment of such Participant's benefit hereunder pursuant to Article II hereof, shall have a one-time election to change the method of payment elected or, if no election was made, the default method of payment. For any such election to be effective, it must be made prior to the first day of the six (6)-month period preceding such Participant's termination of employment with the Authority, in the manner prescribed by the Board of Trustees and in accordance with the methods of payment provided in this Section 4.1.

If a Participant does not otherwise have a valid election in effect with respect to the benefit payable hereunder, then such benefit shall be paid in the form set forth in Section 4.1(a) above as soon as practicable after such Participant becomes entitled to receive a distribution from the Retirement Plan.”

IN WITNESS WHEREOF, on this _____ day of _____, 2022, this Amendment No. Three to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: _____
Timothy T. Timmerman
Chair, LCRA Board of Directors

ATTEST:

Leigh Sebastian
Assistant Secretary, LCRA Board of Directors

FOR ACTION (CONSENT)

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

5. Sale of Land in Travis County (Parcel TS-08)

Proposed Motion

Declare an approximately 0.268-acre tract of land, being a portion of LCRA Parcel TS-08 in Travis County, nonessential, and authorize the general manager or his designee to sell the property to the adjoining landowner.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or of beneficial use to the business of LCRA before conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2022 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$23,466 will be credited to the LCRA Strategic Reserve Fund.

Summary

Timothy and Jennifer Schroeder, the adjacent landowners, have agreed to purchase the 0.268-acre encroachment tract, which will permanently resolve the encroachment. The 0.268-acre tract is priced at \$23,466. Staff determined the price based on the Travis County Appraisal District's assessed values of Schroeder's adjacent lot and other nearby waterfront lots.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the sale of the property.

The property will be sold subject to the following reservations and restrictions:

- 1) LCRA will reserve all presently held oil, gas and other mineral rights of every kind or character in, on and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
- 2) LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of the Bee Creek arm of Lake Travis for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
- 3) LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

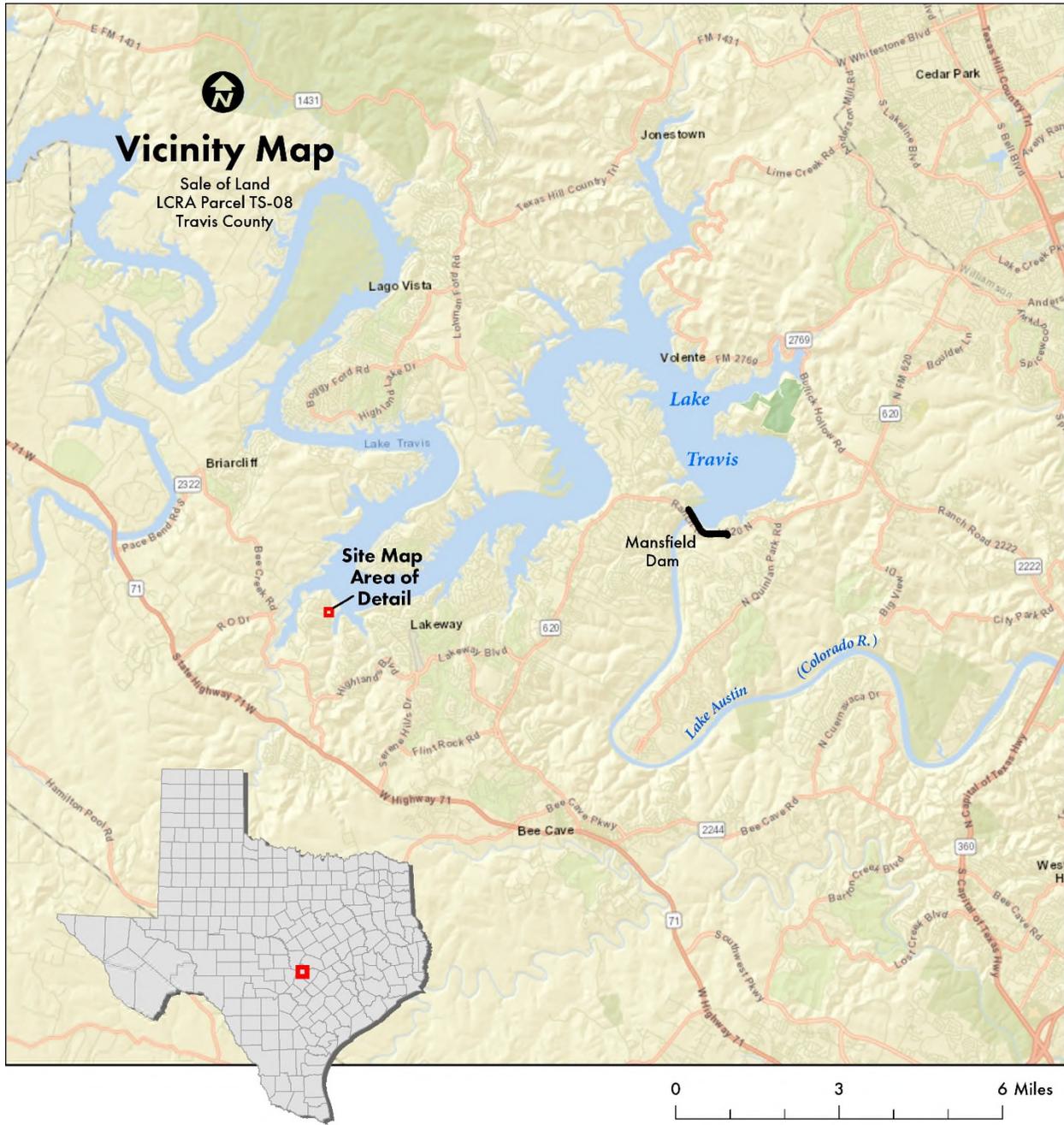


EXHIBIT B



FOR ACTION (CONSENT)

6. Directors' Fees, Expenses

Proposed Motion

Approve directors' fees and expense reports.

Board Consideration

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require Board approval for directors' fees and expenses.

Budget Status and Fiscal Impact

Directors' fees and expenses are provided for in the budget in the business plan.

Summary

LCRA Board Policy 105 establishes guidelines for the payment of fees and reimbursement of the expenses that directors incur as they carry out their responsibilities as LCRA Board members.

FOR ACTION (CONSENT)

7. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the April 19, 2022, meeting.

Board Consideration

Section 2.04 of the LCRA 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 April 19, 2022, meeting

EXHIBIT A

Minutes Digest
April 19, 2022

- 22-22 Authorization for the general manager or his designee to convey to George and Kimberly Magoon a permanent access easement, being an approximately 0.140-acre tract, across a portion of LCRA Parcel TN-03 in Travis County.
- 22-23 Approval of the minutes of the March 23, 2022, meeting.
- 22-24 Authorization for the general manager or his designee to negotiate and execute Contract No. 6010 (Nicholson Construction Company).
- 22-25 Authorization for the general manager or his designee to negotiate and execute a lease agreement with Sun Communities Inc. for the development and operation of Canyon of the Eagles Nature Park.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Ellinger, Texas
April 19, 2022

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the Lower Colorado River Authority (LCRA) convened in a regular meeting at 11:16 a.m. Tuesday, April 19, 2022, at the Ellinger Chamber of Commerce Community Center, 104 W. Colorado Sky St., Ellinger, Fayette County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Matthew L. "Matt" Arthur
Melissa K. Blanding
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Laura D. Figueroa
Carol Freeman

Chair Timmerman convened the meeting at 11:16 a.m.

There were no public comments during the meeting [Agenda Item 1].

The Board next took action on the consent agenda. Upon motion by Director Gill, seconded by Director Lewis, the Board unanimously approved consent items 2 and 3 by a vote of 13 to 0 as follows:

22-22 Authorization for the general manager or his designee to convey to George and Kimberly Magoon a permanent access easement, being an approximately 0.140-acre tract, across a portion of LCRA Parcel TN-03 in Travis County, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

22-23 Approval of the minutes of the March 23, 2022, meeting [Consent Item 3].

22-24 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit B], that the Board authorize the general manager or his designee to negotiate and execute

Contract No. 6010 (Nicholson Construction Company). Upon motion by Director Crane, seconded by Director Arthur, the recommendation was unanimously approved by a vote of 13 to 0.

22-25 Chief Administrative Officer John Miri, Vice President of Community Resources Margo Richards, and Senior Director of Parks and Business Development Kenny Reed discussed a proposed lease agreement with Sun Communities Inc. for Canyon of the Eagles Nature Park, including lease structure and terms, and responded to questions from the Board. After discussion, Director Yeary moved, seconded by Director Martine, that the Board authorize the general manager or his designee to negotiate and execute a lease agreement with Sun Communities Inc. for the development and operation of Canyon of the Eagles Nature Park as discussed and recommended by staff. The Board unanimously approved the motion by a vote of 13 to 0.

Chair Timmerman declared the meeting to be in executive session at 11:39 a.m., pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Executive session ended, and Chair Timmerman declared the meeting to be in public session at 12:21 p.m.

Chair Timmerman recessed the meeting for a lunch break, and he reconvened the meeting at 1:01 p.m.

The Board next began the work session on the draft fiscal year 2023 business and capital plans.

[Prior to this meeting, staff provided the Board copies of the business and capital plans for LCRA and each of its affiliated nonprofit corporations: LCRA Transmission Services Corporation; LCRA Wholesale Energy Services Corporation, doing business as LCRA WSC Energy; WSC Energy II; and GenTex Power Corporation.]

General Manager Phil Wilson gave opening remarks and outlined the format of the work session. He noted that while developing the business plan, LCRA staff worked with the Rates and Resources Council, a group of LCRA's wholesale electric customers, to discuss wholesale power rates. He expressed appreciation to LCRA's customers. Wilson highlighted LCRA's mission, vision and strategic goals contained in the business plan.

Chief Financial Officer Jim Travis provided a general overview of the business and capital plans. Travis said the business plan remains financially strong and meets the requirements of LCRA Board Policy 301 – Finance, including requirements for debt service coverage and reserves.

Senior Vice President of Finance Stephen Kellicker provided a detailed review of the LCRA business plan, including the proposed budget for operations; key drivers of

LCRA's costs; rate development assumptions; and nonconfidential portions of the business plan and budgets for LCRA's business units and services.

Kellicker provided a detailed overview of the nonconfidential portions of the LCRA capital plan, highlighting the proposed budget for FY 2023 capital spending, including recommended new projects and projects the Board approved previously. He gave an overview of some of the key projects in the plan.

Kellicker provided a detailed review of the LCRA TSC business and capital plans.

Staff responded to various questions from the Board throughout the discussion on the business and capital plans.

Chair Timmerman declared the meeting to be in executive session at 2:19 p.m., pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Executive session ended, and Chair Timmerman declared the meeting to be in public session at 2:59 p.m.

Phil Wilson noted the FY 2023 business and capital plans will appear on the May 18, 2022, Board meeting agenda for consideration and approval, and staff will be available to respond to any questions from Board members in the meantime.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 3:02 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: May 18, 2022

FOR ACTION

8. Board Commitment of Water for LCRA Generation Resources

Proposed Motion

Replace LCRA's 2014 "Resolution Reserving Water for LCRA Generation Resources" with a new resolution that commits water for LCRA generation resources consistent with Exhibit A.

Board Consideration

LCRA's water rights for lakes Buchanan and Travis require Board of Directors approval for LCRA to supply, or commit to supply, water for its own use.

Budget Status and Fiscal Impact

The proposed action is expected to have a neutral impact on LCRA water revenues as the water supply that is made available as a result of the reduction in the commitment for LCRA generation resources subsequently is committed to meet requests for firm water from other customers.

Summary

In 2014, the Board adopted a resolution committing 40,000 acre-feet per year of firm water for LCRA generation resources, a reduction from a prior resolution adopted in 1987. The water is available for industrial use (power generation and related incidental purposes) at power generation facilities owned or operated by LCRA now and in the future within the lower Colorado River basin, including but not limited to Thomas C. Ferguson Power Plant, Lost Pines Power Park, Fayette Power Project, and LCRA's hydroelectric generation facilities (to the extent water is released solely for such purposes).

Staff recently has evaluated ongoing water supply needs at the various generation facilities LCRA owns or operates and determined that a reduction in the commitment of water for generation resources is warranted to better align with current operations and long-term planning. Staff recommends the commitment be reduced from 40,000 acre-feet per year to 23,000 acre-feet per year to be effective July 1, 2022 (the beginning of fiscal year 2023). Under the replacement commitment, water would continue to be available at any existing or future generation facility owned or operated by LCRA within the lower Colorado River basin.

The Board commitment would remain subject to the terms, rates and conditions approved by the Board for the sale of firm water for industrial purposes as such terms, rates and conditions shall from time to time be adjusted.

Presenter(s)

Phil Wilson
General Manager

Exhibit(s)

A – Board Resolution Committing Water for LCRA Generation Resources

EXHIBIT A

RESOLUTION COMMITTING WATER FOR LCRA GENERATION RESOURCES

WHEREAS, the Lower Colorado River Authority (LCRA) is the owner of Certificate of Adjudication Nos. 14-5478 (as amended) and 14-5482 (as amended), which are the water rights for lakes Buchanan and Travis, respectively; and

WHEREAS, these water rights require the LCRA Board of Directors to adopt a resolution defining any commitment of water to be used by LCRA itself under these water rights; and

WHEREAS, LCRA is authorized to and does divert and use water under its lakes Buchanan and Travis water rights and other sources of firm water supply provided from LCRA's system for use by its power generation facilities;

NOW, THEREFORE, BE IT RESOLVED that the Board, in its regular meeting this the 18th day of May 2022, commits and reserves a total of 23,000 acre-feet of raw water annually from the combined firm yield of lakes Buchanan and Travis and other firm water sources available from LCRA's system to be available for industrial use (power generation and related incidental purposes) at power generation facilities owned or operated by LCRA now and in the future within the lower Colorado River basin, including but not limited to Thomas C. Ferguson Power Plant, Lost Pines Power Park, Fayette Power Project, and LCRA's hydroelectric generation facilities (to the extent water is released solely for such purposes); and

FURTHER RESOLVED that such commitment shall be in accordance with the applicable terms and conditions of LCRA's current standard-form raw water contract as such terms, rates and conditions shall from time to time be adjusted; and

FURTHER RESOLVED that this resolution replaces a prior resolution approved April 16, 2014, committing water for LCRA generation resources; and

FURTHER RESOLVED that the general manager or his designee(s) is authorized to do all things necessary and proper to carry out the terms and purpose of this resolution.

FOR ACTION

9. Firm Water Contract for Municipal Use – City of Pflugerville

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a standard firm raw water contract with the City of Pflugerville for municipal use of LCRA's firm water supply of up to 24,000 acre-feet per year for a term of 40 years. This contract will include the addition of 12,000 acre-feet to the current contract amount of 12,000 acre-feet.

Board Consideration

Consistent with the LCRA water contract rules, all contract requests for 500 acre-feet per year or more require Board of Directors consideration.

Budget Status and Fiscal Impact

The new contract with the City of Pflugerville lead to increased revenues compared with the existing contract resulting from reservation and water use fees on the additional 12,000 acre-feet. At a minimum, the replacement contract will result in an additional \$930,000 per year in reservation fees.

Summary

City of Pflugerville: The City of Pflugerville currently has a 12,000 acre-foot per year municipal raw water contract with LCRA. Pflugerville diverts this water from the Colorado River downstream of Longhorn Dam and then pumps it through a pipeline to Lake Pflugerville before treating the water for distribution to its service area. In 2020, Pflugerville developed a Water Master Plan that identified the need for additional supply from the Colorado River. Pflugerville has submitted an application to LCRA requesting to increase its contracted supply from 12,000 acre-feet per year to 24,000 acre-feet per year.

Pflugerville has instituted several water conservation efforts to help ensure water is used efficiently and to reduce unnecessary water use. These programs include mandatory watering schedules, an irrigation inspection program and promotion of LCRA's WaterSmart Rebates program, which helps eligible people and institutions implement water-saving equipment and practices.

Subsequent to executing a new contract, Pflugerville will file an application with the Texas Commission on Environmental Quality to increase the authorized amount under its permit that allows for the diversion of water supplied by LCRA from the Colorado River, with such water conveyed to Lake Pflugerville for subsequent storage and diversion. Under the proposed contract, LCRA would have the rights to effluent or return flows that Pflugerville does not directly reuse.

Pursuant to a separate agenda item, the LCRA Board commitment for generation resources will be reduced by 17,000 acre-feet per year effective July 1, 2022, with that supply returning to the available firm water inventory. Not including the addition of 17,000 acre-feet, LCRA currently has about 44,560 acre-feet per year of firm water inventory available from lakes Buchanan and Travis or other sources, including

run-of-river rights. LCRA has determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the amount requested.

Recommendation: Staff recommends the Board approve the City of Pflugerville's contract request for 24,000 acre-feet per year of firm water supply to be effective July 1, 2022. This replacement contract will result in an increase of 12,000 acre-feet of LCRA total firm water commitments.

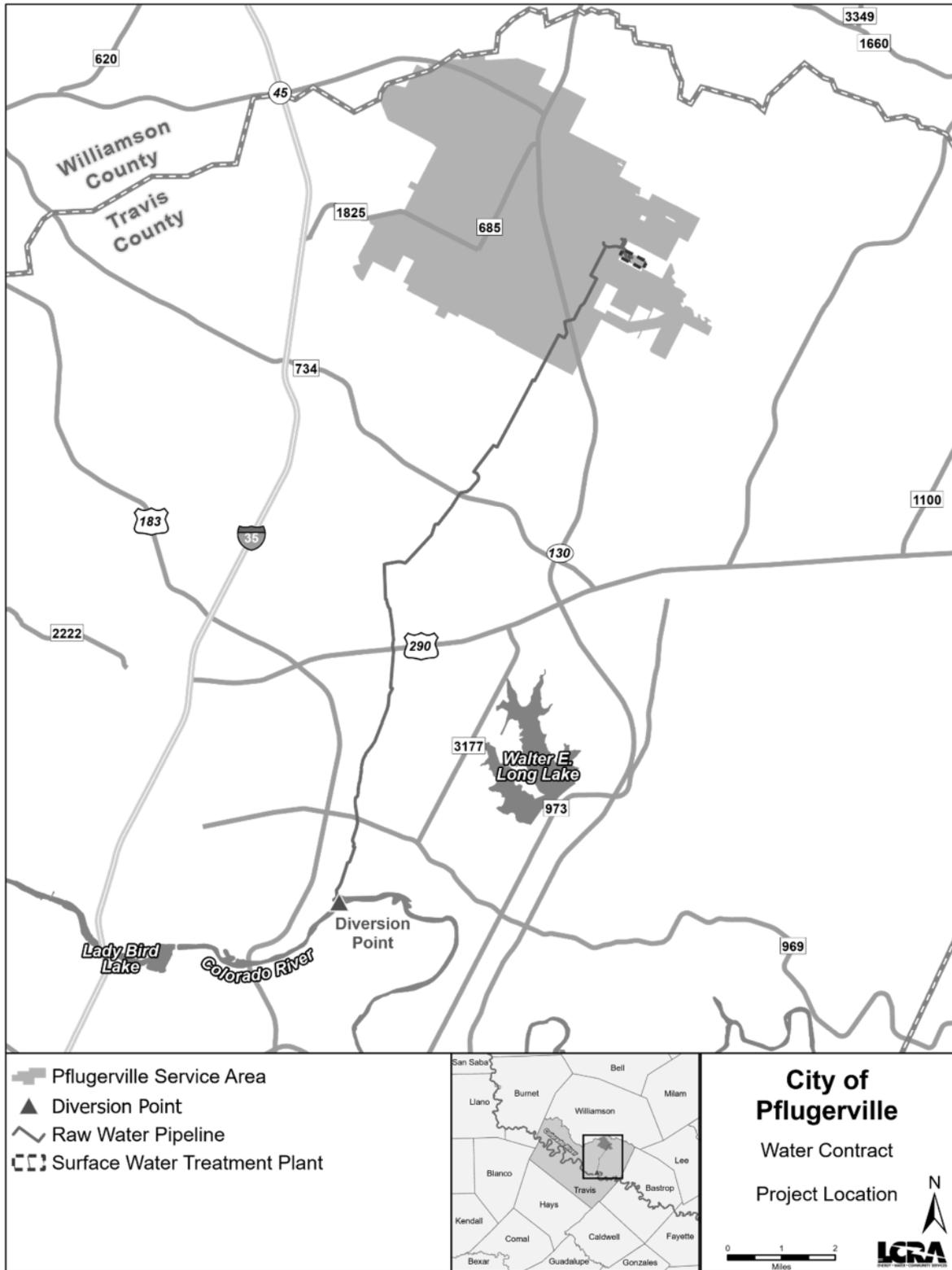
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

10. Fiscal Year 2023 Business and Capital Plans

Proposed Motion

Adopt resolutions (exhibits A, B, C, D and E) approving the fiscal year 2023 business and capital plans for LCRA and each of its affiliated nonprofit corporations.

Board Consideration

LCRA Board Policy 301 – Finance requires approval of a business plan before the start of each fiscal year. Texas Water Code Chapter 152 requires the Board of Directors to approve each of the affiliated corporations' budgets and capital plans.

Budget Status and Fiscal Impact

The proposed business and capital plans and the budgets included therein provide targets for revenue, operating and maintenance expenses, and capital spending for FY 2023.

Summary

Staff provided to the Board under separate cover the FY 2023 business and capital plan documents. The work session on April 19 included a discussion on the compensation plan, pension plan and assumptions for FY 2023. The presentation also included discussion of the Black Rock Park Improvements, where staff is recommending that \$4.28 million of the \$5.6 million lifetime budget be funded from the Public Recreation and Conservation Land Acquisition Fund.

The business and capital plans are LCRA's comprehensive operations and capital plans and budgets. Approval of the FY 2023 business and capital plans provides authorization for all expenditures and plans of LCRA, including LCRA's affiliated nonprofit corporations: LCRA Transmission Services Corporation; GenTex Power Corporation; LCRA Wholesale Energy Services Corporation, known as LCRA WSC Energy; and WSC Energy II.

Each entity's Board must approve its respective business plan and capital plan. The LCRA TSC Board is expected to take action on its FY 2023 business and capital plans today at the LCRA TSC Board meeting. The GenTex Board is expected to take action on its FY 2023 business and capital plans today at the GenTex Board meeting. The LCRA WSC Energy Board and WSC Energy II Board are expected to take action on their FY 2023 business plans at their respective Board meetings today.

Presenter(s)

Jim Travis
Chief Financial Officer

Exhibit(s)

- A – LCRA Board Resolution: Lower Colorado River Authority Fiscal Year 2023 Business and Capital Plans
- B – LCRA Board Resolution: LCRA Transmission Services Corporation Fiscal Year 2023 Business and Capital Plans
- C – LCRA Board Resolution: GenTex Power Corporation Fiscal Year 2023 Business and Capital Plans
- D – LCRA Board Resolution: LCRA Wholesale Energy Services Corporation Fiscal Year 2023 Business Plan
- E – LCRA Board Resolution: WSC Energy II Fiscal Year 2023 Business Plan
- F – LCRA, Affiliated Corporations and Nonprofit Corporations Financial Summary
- G – LCRA Transmission Services Corporation Financial Summary
- H – LCRA Capital Plan Summary of Fiscal Year 2023 Recommended Projects
- I – LCRA Capital Plan Summary of Fiscal Year 2023 Spending Budget

EXHIBIT A

LCRA BOARD RESOLUTION LOWER COLORADO RIVER AUTHORITY FISCAL YEAR 2023 BUSINESS AND CAPITAL PLANS

BE IT RESOLVED that the LCRA Board of Directors hereby adopts and approves the Lower Colorado River Authority Fiscal Year 2023 Business and Capital Plans, including the operations budget, capital spending and initiation of recommended capital projects, funding levels for wages and benefits, and the comprehensive operations plan, as presented by management and staff. The general manager is instructed to proceed with implementation of the FY 2023 business and capital plans within the budget amounts shown therein consistent with Board policies and bylaws. The FY 2023 operating expense and capital amounts are \$437.9 million and \$669.3 million, respectively.

Within these budget amounts, the general manager and chief executive officer has the authority to reallocate funds between the various programs and projects in order to make the best use of budgeted funds. 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 general manager 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 Board Policy 301 – Finance. Furthermore, the general manager and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA’s goals within the budgeted amounts approved by the Board.

Adoption of the Lower Colorado River Authority Fiscal Year 2023 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans, including the expenditure of \$4.28 million from the Public Recreation and Conservation Land Acquisition Fund, and approves budgets for each of LCRA’s product lines as required by LCRA Board policies 102 – Authority and Responsibilities and 301 – Finance. Individual purchases and contracts to implement the plans fall under various state laws and LCRA Board policies and may require additional approval.

EXHIBIT B

**LCRA BOARD RESOLUTION
LCRA TRANSMISSION SERVICES CORPORATION
FISCAL YEAR 2023 BUSINESS AND CAPITAL PLANS**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Transmission Services Corporation Fiscal Year 2023 Business and Capital Plans.

LCRA Transmission Services Corporation has budgeted FY 2023 operating expense and capital amounts at \$143.1 million and \$488.7 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 the LCRA Transmission Services Corporation Board of Directors will approve capital projects and other major expenditures not included in the business and capital plans in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of 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 2023 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital 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.

EXHIBIT C

**LCRA BOARD RESOLUTION
GENTEX POWER CORPORATION
FISCAL YEAR 2023 BUSINESS AND CAPITAL PLANS**

WHEREAS, the LCRA Board of Directors must approve the budget of GenTex Power Corporation;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the GenTex Power Corporation Fiscal Year 2023 Business and Capital Plans, as submitted to the Board by the GenTex Power Corporation Board of Directors.

The GenTex Power Corporation FY 2023 operating expense and capital budget is presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the GenTex Power Corporation Board of Directors may approve capital projects and other major expenditures not included in the business and capital plans in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of GenTex Power Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the GenTex Power Corporation Fiscal Year 2023 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans and approves the budget for GenTex, 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.

EXHIBIT D

**LCRA BOARD RESOLUTION
LCRA WHOLESALE ENERGY SERVICES CORPORATION
FISCAL YEAR 2023 BUSINESS PLAN**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Wholesale Energy Services Corporation Fiscal Year 2023 Business Plan.

The LCRA Wholesale Energy Services Corporation FY 2023 operating expense and capital budgets are presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the LCRA Wholesale Energy Services Corporation Board of Directors will approve capital projects and other major expenditures not included in the business plan in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA Wholesale Energy Services Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the LCRA Wholesale Energy Services Corporation Fiscal Year 2023 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for LCRA Wholesale Energy Services Corporation, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

EXHIBIT E

**LCRA BOARD RESOLUTION
WSC ENERGY II
FISCAL YEAR 2023 BUSINESS PLAN**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the WSC Energy II Fiscal Year 2023 Business Plan.

The WSC Energy II FY 2023 Business Plan is presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the WSC Energy II Board of Directors will approve capital projects and other major expenditures not included in the business plan in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of WSC Energy II's goals within the budgeted amounts approved by the Board.

Adoption of the WSC Energy II Fiscal Year 2023 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for WSC Energy II, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

EXHIBIT F

LCRA, Affiliated Corporations and Nonprofit Corporations Financial Summary

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Total Net Revenue¹	\$ 1,039.3	1,139.3	1,161.9	1,295.4	1,373.4	1,418.9
Expenses						
Total Net Expense¹	572.9	658.8	678.7	704.6	743.4	770.9
Net Operating Margin	466.4	480.5	483.2	590.8	630.0	648.0
Less: GenTex Funds ²	(3.2)	(8.7)	(0.1)	(0.8)	(2.1)	(1.0)
Net Margin for Debt Service, Adjusted	463.2	471.8	483.1	590.0	627.9	647.0
Debt Service	\$ 325.3	326.0	345.6	395.9	412.8	431.5
Debt Service Coverage, Adjusted	1.42x	1.45x	1.40x	1.49x	1.52x	1.50x
Net Margin After Debt Service³	\$ 141.2	154.5	137.6	194.9	217.2	216.4
Less:						
Operating Reserves	23.4	36.4	27.1	22.4	20.6	16.8
Revenue-Funded Capital	107.0	135.3	108.6	162.6	183.2	182.7
Noncash Revenue	2.6	2.6	2.6	2.6	2.6	1.9
Restricted for (Use of) Reserves	2.5	(22.6)	(3.4)	4.5	8.0	8.8
Restricted for Capital/Debt Retirement	3.2	0.3	0.2	0.2	0.2	3.7
Grants	2.6	2.6	2.6	2.6	2.6	2.6
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ Total net revenues and total net expenses are net of intracompany transfers. Total revenues include interest income. Operations and maintenance expense excludes the LCRA TSC capital charge, which is a capital expense for LCRA consolidated.

² Includes adjustments related to GenTex capital funding and reserve funding.

³ Net margin after debt service includes funds dedicated to GenTex.

EXHIBIT G

LCRA Transmission Services Corporation Financial Summary

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$ 538.8	565.1	587.5	697.4	740.4	768.5
Operations and Maintenance	136.7	143.1	150.4	148.1	153.9	157.7
Net Operating Margin	402.2	422.0	437.2	549.3	586.6	610.8
Plus: Interest Income	1.1	0.8	1.3	2.0	2.8	2.7
Less: Assigned Enterprise Expense	60.8	64.4	70.5	77.8	80.1	82.3
Public Service Fund	16.2	17.0	17.6	20.9	22.2	23.1
Resource Development Fund	10.8	11.3	11.8	13.9	14.8	15.4
Net Margin Available for Debt Service	315.6	330.2	338.6	438.6	472.2	492.8
Debt Service	\$ 231.6	242.7	257.1	306.8	323.3	340.3
Debt Service Coverage	1.36x	1.36x	1.32x	1.43x	1.46x	1.45x
Net Margin After Debt Service	\$ 83.9	87.4	81.4	131.8	148.9	152.6
Less:						
Operating Reserves	12.1	14.7	13.5	12.2	10.6	9.8
Assigned Enterprise Capital	14.4	11.6	12.0	14.8	9.8	10.0
Assigned Transmission Minor Capital	9.2	11.3	11.9	11.9	9.9	9.9
Revenue-Funded Capital	60.0	82.3	59.6	110.6	137.9	140.8
Transfer to LCRA	1.1	0.0	0.0	0.0	0.0	0.0
Plus:						
Amortization of Enterprise/Minor Capital ¹	12.8	13.5	15.6	17.8	19.4	18.0
Asset Sale	0.0	19.0	0.0	0.0	0.0	0.0
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ In FY 2012, LCRA TSC began funding minor capital and its share of enterprise capital with current year revenues. It will include an amortization of the amount in each year to recover in rates.

EXHIBIT H

LCRA Capital Plan Summary of Fiscal Year 2023 Recommended Projects

Approval of this capital plan authorizes the initiation of recommended projects at their stated lifetime budgets totaling \$145.5 million.

FY 2023 LCRA Capital Plan

(Dollars in millions)

Recommended Projects		Lifetime Budgets
Wholesale Power ¹	\$	86.2
Water		1.7
Public Services		8.6
Strategic Services		0.6
Enterprise Support		48.4
Total Lifetime Recommended Projects	\$	<u>145.5</u>

¹ Includes Austin Energy's and San Marcos' shares.

EXHIBIT I

LCRA Capital Plan Summary of Fiscal Year 2023 Spending Budget

In addition, approval of this capital plan authorizes LCRA to spend the following in fiscal year 2023:

Fiscal Year 2023 LCRA Capital Plan

(Dollars in millions)

FY 2023 Spending Summary	FY 2023
Recommended Projects ¹	\$89.0
Approved Projects ¹	306.4
<u>Future Projects²</u>	<u>273.9</u>
Total FY 2023 Spending ³	\$669.3

¹Includes Austin Energy's and San Marcos' shares.

²Includes future transmission projects that staff will bring individually to the Board for approval after scope and cost estimates have been further refined.

³LCRA total FY 2023 capital spending includes \$42.9 million for Wholesale Power, \$488.7 million for Transmission, \$80.5 million for Water, \$4.5 million for Public Services, \$0.5 million for Strategic Services and \$52.2 million for Enterprise Support.

FOR ACTION

11. Contracts and Contract Changes

Proposed Motion

Authorize the general manager or his designee to negotiate and execute or amend the following contracts as shown in the attached the exhibit(s).

Board Consideration

LCRA Board Policy 308 – Purchasing Contracts establishes requirements for contracts for the purchase of goods and services. LCRA awards has two types of contracts, master and one-time.

- **Master contract:** Establishes the terms and conditions under which LCRA may purchase goods and/or services during a fixed period of time to fulfill its business plan. These purchases are budgeted in the capital and operations and maintenance budgets. Master contracts are not commitments to expend funds. Rather, purchase orders placed against these master contracts are commitments to spend.
- **One-time contract:** A contract for the purchase of a definite quantity of goods or services under a single scope of work either during a fixed period of time or for an indefinite period of time until the goods have been delivered or services have been completed. These contracts normally include commitments to expend funds.

Budget Status and Fiscal Impact

Board of Directors approval of contracts and contract changes does not create a commitment to spend funds; rather, all orders and commitments will be for budgeted items contained in separately authorized operations and capital budgets or pre-spending authorizations.

Summary

Supplier (Contract Number)	Contract Type	Approval Amount	Contract Description
New Contracts			
Arcosa Industries de Mexico (6007)	Master	\$5 million	Fabricated transmission steel structures
Pinnacle Steel Inc. (6008)	Master	\$12 million	Fabricated transmission steel structures
Triple-S Steel Holdings, Inc (6025)	Master	\$10 million	Raw steel and other metals used to build and maintain LCRA and LCRA Transmission Services Corporation assets
Service Steel Warehouse Co LP (6026)	Master	\$20 million	Raw steel and other metals used to build and maintain LCRA and LCRA TSC assets
Contract Changes			
Massman Construction Co. (5777)	One-time	\$61.592 million	Construction management at risk services for the Wirtz Dam Floodgates – Phase 2 project

Presenter(s)

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

New Contracts

New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

Contract No. 6007
Supplier: Arcosa Industries de Mexico
Contract Amount: Not to exceed \$5 million

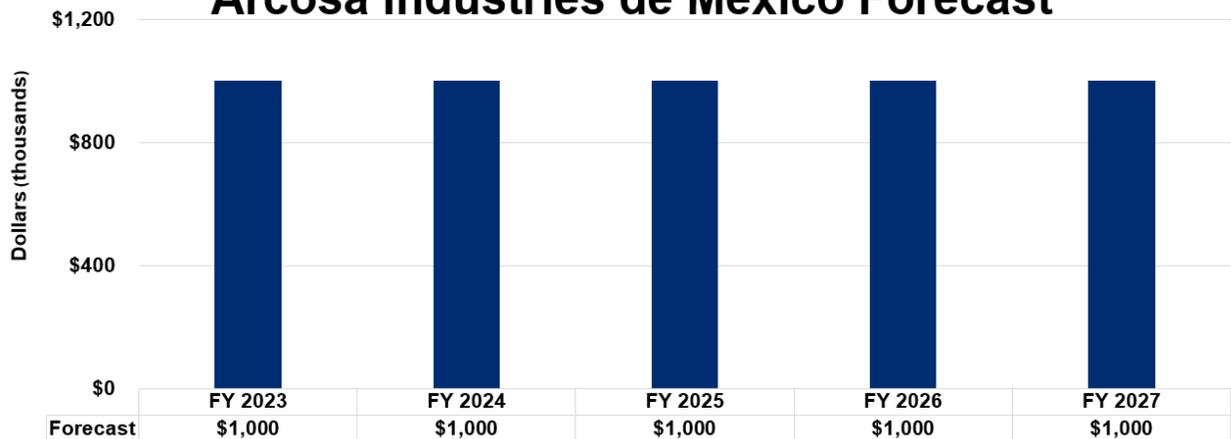
Contract No. 6008
Supplier: Pinnacle Steel Inc.
Contract Amount: Not to exceed \$12 million

Contract Lengths:	One-year contracts with four additional, optional one-year terms
Description:	These master contracts are for fabricated steel structures used by LCRA Transmission Services Corporation projects

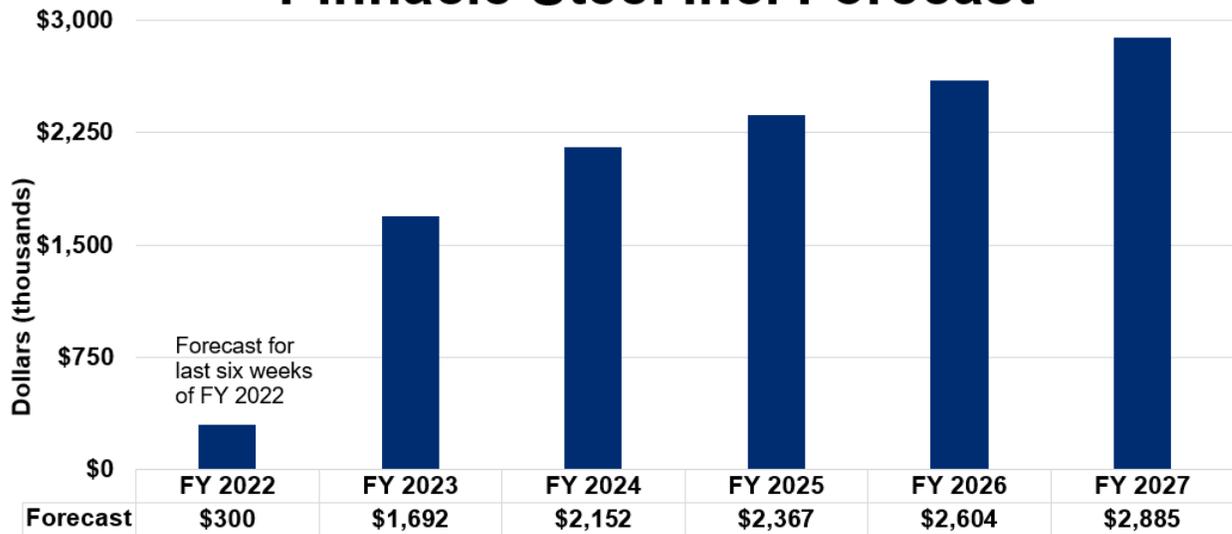
Background:

- LCRA TSC uses steel structures in substations and transmission lines to support energized electrical equipment such as conductor and switches.
- This contract supplements the volume of steel structures required for LCRA TSC projects.
- The contract pricing uses a steel commodity index for the material portion of the steel structure costs.
- This category's historical orders totaled more than \$9.2 million for the last contract period.

Arcosa Industries de Mexico Forecast



Pinnacle Steel Inc. Forecast



Actions:

- Staff recommends awarding these contracts based on a fully competitive process.
- Staff evaluated five proposals.
- Staff evaluated suppliers primarily based on their quality system, the end-product rejection rate by customers, warranty claims rate and price.
- Arcosa Industries de Mexico and Pinnacle Steel Inc. are incumbent suppliers for this category.
- Based upon the evaluation and subsequent negotiations, staff recommends Arcosa Industries de Mexico and Pinnacle Steel Inc. as suppliers for this category.

Contract No. 6025
Supplier: Triple-S Steel Holdings, Inc
Contract Amount: Not to exceed \$10 million

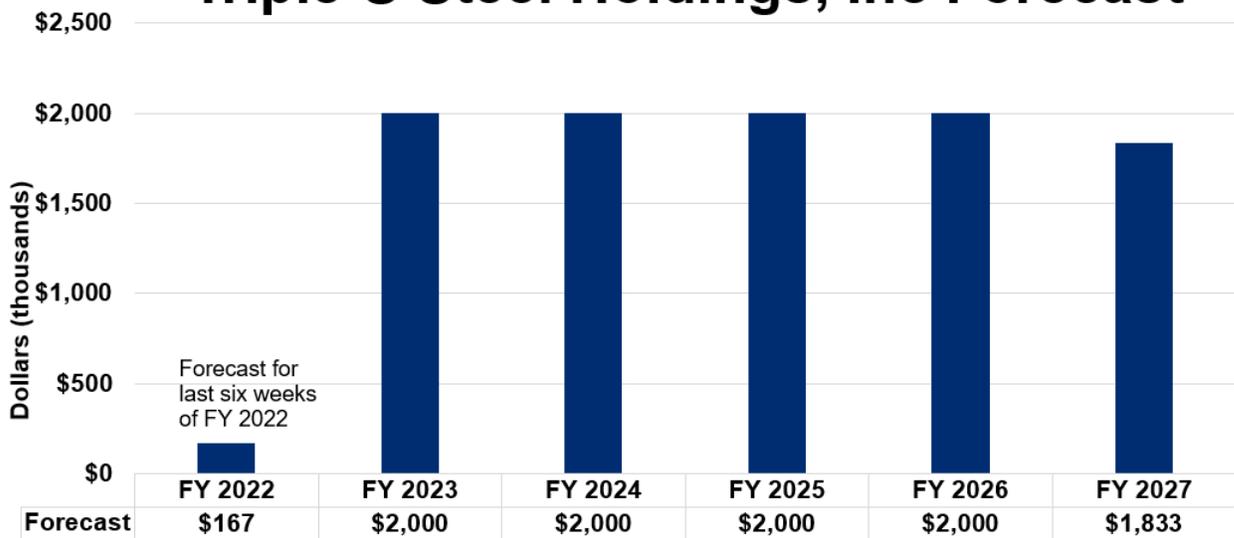
Contract No. 6026
Supplier: Service Steel Warehouse Co LP
Contract Amount: Not to exceed \$20 million

Contract Lengths:	One-year contracts with four additional, optional one-year terms
Description:	These master contracts are for raw steel and other metals used to fabricate and maintain LCRA and LCRA TSC assets

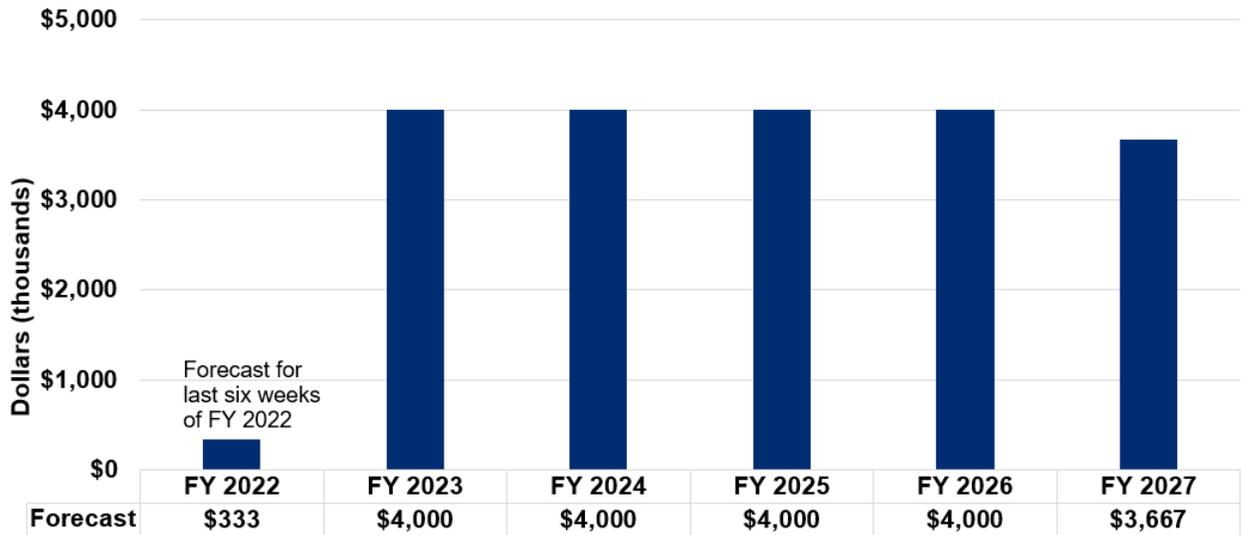
Background:

- The LCRA TSC steel shop uses raw steel and other metals to fabricate transmission line and substation structures used by LCRA TSC, such as equipment stands, cable troughs, and lattice and A-frame structures.
- The Smithville Rail Fleet Maintenance Facility uses raw steel and other metals to repair and fabricate a variety of assets at LCRA’s Generation and Water facilities.
- The contract pricing uses a steel commodity index for the material portion of the substation steel structure costs.
- This category’s historical orders totaled more than \$6.6 million during the last contract period.

Triple-S Steel Holdings, Inc Forecast



Service Steel Warehouse Co LP Forecast



Actions:

- Staff recommends awarding these contracts based on a fully competitive process.
- Staff evaluated two proposals.
- Staff evaluated suppliers primarily based on their cost, exceptions to LCRA standard terms and conditions, and standard lead times and ability to expedite as needed.
- Triple-S Steel Holdings, Inc and Service Steel Warehouse Co LP are incumbent suppliers for this category.
- Based upon the evaluation and subsequent negotiations, staff recommends Triple-S Steel Holdings, Inc and Service Steel Warehouse CO LP as suppliers for this category.

EXHIBIT B

Contract Administration

Contract changes that require Board approval under Board Policy 308 are noted in Exhibit B.

- A *Change Order* is a change to the statement of work, specifications or schedule of the contract.
- An *Amendment* is a change to a contract that affects other terms and conditions of the contract.
- An *Increase in Estimate* is a request to spend more funds than previously were estimated to be spent through a given contract. The contract is not changed; only the internal estimate of the amount to be spent with the supplier.

Contract No.	5777
Supplier:	Massman Construction Co.
Contract Amount:	Not to exceed \$61.592 million
Description:	This one-time contract is for construction management at risk services for the Wirtz Dam Floodgates – Phase 2 project.

Background:

- This contract supports the Wirtz Dam Floodgates – Phase 2 project included in the fiscal year 2023 LCRA business and capital plans.
- LCRA determined a construction management at risk method provided the best value and efficiencies for completion of the project. Under the construction management at risk project delivery method, the construction manager provides initial scoping, budgeting and constructability services during the preconstruction phase and provides construction services during the construction phase.
- LCRA entered into a construction manager at risk contract with Massman Construction Co. in May 2021.
- In FY 2021, LCRA executive staff approved a pre-spending budget for external design services and preconstruction services, which includes developing the project's scope, lifetime budget and schedule, as well as providing constructability review and input. The pre-spending budget did not meet criteria that would require Board approval.
- Purchase orders totaling \$592,000 have been issued in support of preconstruction services.
- Staff requests Board approval to add \$61 million to the total contract value for construction phase services.

Contract History:

Preconstruction Services (Administrative Approval)	\$592,000
Requested Increase in Estimate (May 2022 – Board Approval)	\$61,000,000
Total	\$61,592,000

Massman Construction Co. Contract History and Forecast

