



# Board Agenda

Tuesday, Dec. 11, 2018  
 LCRA Board Room  
 Austin

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

**Legal Notice**

Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. 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).

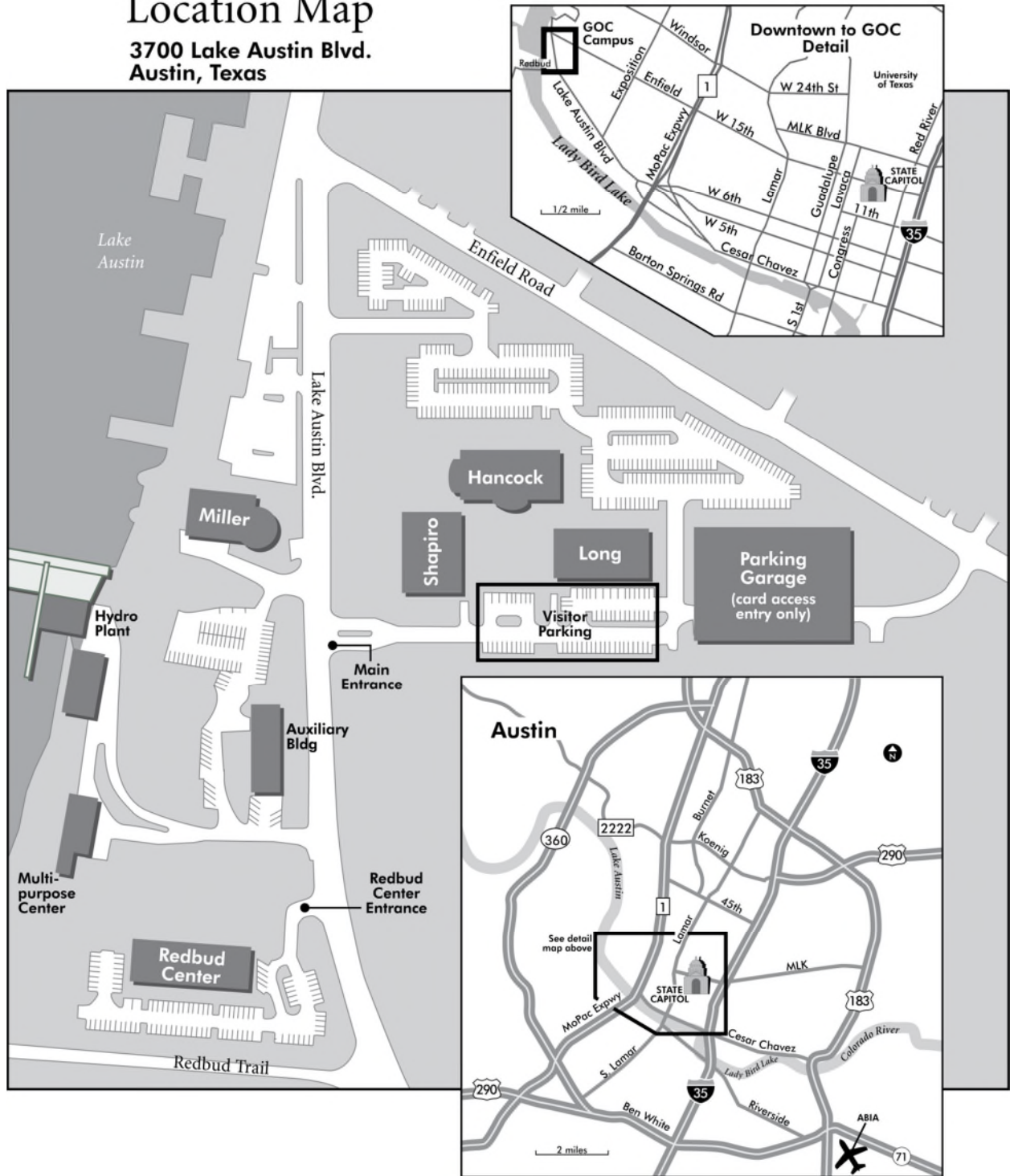
**Executive Session**

The Board may go into executive session for deliberation on the matters listed in the legal notice posted pursuant to Chapter 551 of the Texas Government Code.

The Board may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code. The Board may act in executive session on competitive electric matters pursuant to Section 551.086 of the Texas Government Code.

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



## **FOR ACTION**

# **1. Resolution**

### **Proposed Motion**

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

### **Board Consideration**

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

### **Summary**

LCRA recognizes long-time 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

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

## Honoring Mickey Bell

Whereas, Mickey Bell retired from the Lower Colorado River Authority on Nov. 16, 2018, as a senior power and gas trader after 34 years of service to LCRA; and

Whereas, he began his career at LCRA on Feb. 6, 1984, as an energy and gas trader for the Cummins Creek Lignite Mine project. His experience and passion for the industry soon was recognized by leadership. Mickey's career progressed to include positions in the Qualified Scheduling Entity and Commercial Asset Management departments, where his former co-workers say Mickey had a wealth of knowledge about natural gas trading and LCRA's fuels division. Mickey truly was dedicated to LCRA and its mission; and

Whereas, Mickey's expertise extends beyond energy trading. During his time at LCRA, Mickey made it a personal point to ensure LCRA maintained enough natural gas to manage demand across LCRA's generation fleet. He believed in doing what it took to help LCRA succeed; and

Whereas, his peers admire his diligence and strong sense of commitment to LCRA. Mickey's former colleagues said he was often the first one in the office each day, and he would stay until the work was done. Mickey made it a point to share everything he knew and took pride in helping others. He is described as a good friend who loved to laugh and would often encourage others to do so; and

Whereas, Mickey's former co-workers will miss his dry wit, depth of knowledge, adaptability and willingness to teach. They wish him all the best traveling, camping with his sons and volunteering with local nonprofits in Austin;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Wholesale Power, express their appreciation to Mickey Bell for his extraordinary service to LCRA, its mission and the people of Texas for more than three decades.

Approved this 11th day of December 2018.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager



## **FOR ACTION (CONSENT)**

# **2. Annual Appointment of Independent Auditor**

### **Proposed Motion**

Appoint PricewaterhouseCoopers LLP (PwC) as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2019 financial statements.

### **Board Consideration**

LCRA Board Policy 221 – Auditors states the LCRA Board of Directors will evaluate and appoint the independent auditors annually.

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

Audit fees are included in the appropriate fiscal year budgets. PwC kept their fees flat for the first three years of its five-year contract at an annual cost of \$305,000 plus travel expenses. FY 2019 fees will increase 3 percent to \$314,150 in accordance with its contract.

### **Summary**

The Audit and Risk Committee received a recommendation from the general auditor to reappoint PwC as LCRA's independent auditor to perform external audits of LCRA's FY 2019 financial statements. This recommendation comes after consulting with LCRA's financial and executive management on PwC's performance on the FY 2018 financial statement audits. The Audit and Risk Committee recommends the approval of PwC as the independent auditor to perform the external audits of LCRA's FY 2019 financial statements.

**FOR ACTION (CONSENT)**

### **3. LCRA Board Policy 303 – Banking and Investments**

**Proposed Motion**

Approve proposed changes to LCRA Board Policy 303 – Banking and Investments as shown in Exhibit A.

**Board Consideration**

Chapter 2256 of the Texas Government Code (Texas Public Funds Investment Act) requires a governing body of an investing entity to review and adopt its investment policy and investment strategies annually.

**Budget Status and Fiscal Impact**

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

**Summary**

Staff recommends approval of the policy as modified, which includes adding new staff authorized to purchase and sell securities (Appendix A).

**Exhibit(s)**

A – Proposed Amendments LCRA Board Policy 303 – Banking and Investments



## EXHIBIT A

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### LCRA BOARD POLICY

#### 303 – BANKING AND INVESTMENTS

~~Oct. 17, 2018~~ Dec. 11, 2018

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##### **303.10 PURPOSE**

This policy establishes procedures for authorizing employees to disburse, transfer and invest LCRA funds in accordance with the LCRA enabling act, LCRA bylaws and other legal requirements. It states objectives and guidelines for investing LCRA funds and defines the types of investments in which LCRA may invest. The policy applies to activity involving LCRA funds, excluding the LCRA Retirement Benefits Plan and the LCRA 401(k) and Deferred Compensation Plans, which are not LCRA funds.

##### **303.20 POLICY**

LCRA will maintain reasonable internal control and approval procedures for the disbursement, transfer and investment of funds consistent with legal requirements.

LCRA's investments will be made in accordance with applicable laws, the LCRA enabling legislation, the LCRA bylaws, Board policies and current LCRA bond resolutions. Selection of securities firms or financial institutions must be approved by the LCRA Board of Directors. All such firms must provide certification forms asserting they have read and are familiar with the LCRA investment policy and reasonable procedures and controls have been implemented to preclude unauthorized transactions. Effective cash management is recognized as a foundation of this policy. The chief financial officer is responsible for implementing and ensuring compliance with this policy.

##### **303.30 Banking Procedures**

**303.301 Signature Authority.** In establishing any bank account, signature authority on the account must be provided to the bank in writing with a specimen signature for each officer and employee authorized. Any check, draft or other instrument that authorizes the disbursement or transfer of funds from any account may be signed without countersignature unless countersignatures are required by the GM/CEO and chief financial officer. Designation of positions with authority to countersign will be made in writing and approved by the GM/CEO and chief financial officer.

A complete file of authorized signatures pursuant to the requirements of this policy and facsimile signature impressions for each active demand account will be maintained by the treasurer at all times.

**303.302 General Manager/Chief Executive Officer and Chief Financial Officer Designations for Disbursement and Transfer of Funds, and Check Signers.** The GM/CEO and chief financial officer will designate the individuals authorized to disburse and transfer funds and to sign checks. Written authorization may be in the form of certificates of incumbency, signature cards or other bank documentation enabling designated individuals to perform fund movement activities. Designations will include limitations as to dollar amounts authorized to the designees to ensure reasonable controls over financial transactions.

**303.303 Facsimile Signatures.** The use of facsimile signatures, in lieu of manual signatures, for bank transactions is authorized for the chief financial officer and the treasurer without countersignature, except as otherwise required. An authorized copy of the manual signature and the facsimile signature will be furnished to each bank from which checks will be drawn.

### **303.40 Investment Procedures**

**303.401 Investment Objectives.** The LCRA investment portfolio will be managed in compliance with Chapter 2256 of the Texas Government Code, as amended (the Public Funds Investment Act or TPFIA), primarily to be consistent with LCRA's responsibilities as a steward of the public trust and to take advantage of investment interest as a source of income for all funds.

LCRA will emphasize the following objectives, listed in order of importance:

Standard of care – LCRA will ensure that all LCRA personnel involved in the investment process act responsibly as custodians of the public trust in the preservation of LCRA capital. LCRA investments will be made with the exercise of judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of principal as well as the probable income to be derived.

Suitability – LCRA will ensure the suitability of the investment to LCRA's financial requirements.

Safety – LCRA will give priority to ensuring the preservation and safety of principal.

Liquidity – LCRA will maintain sufficient liquidity to provide adequate and timely availability of funds necessary to pay obligations as they become due.

Marketability – LCRA will consider its ability to liquidate an investment prior to maturity.

Diversification – LCRA will diversify its investments on the basis of maturity, type of instruments, financial institutions and securities firms.

Return on investment – LCRA will optimize return on investments within the constraints of safety and liquidity.

Maturity – LCRA will invest its funds in maturities sufficiently diverse and, in consideration of maximum maturity limits, to achieve safety of principal and adequate liquidity.

**303.402 Individuals Authorized to Invest Funds.** The GM/CEO and chief financial officer will submit to the Board a list designating the individuals authorized to purchase and sell securities. The Board will approve the list of designated persons and their respective dollar limits. The approved list will be attached as Appendix A. Each investment transaction must be reviewed for compliance with this policy by a person other than the individual executing the trade. The investment transaction will be in accordance with specified dollar limits determined by the GM/CEO and chief financial officer.

**303.403 Authorized Instruments and Securities Firms.** LCRA will purchase, from securities firms or financial institutions approved by the Board and listed in Appendix B, only those investment instruments authorized under this policy and listed in Appendix C, such list being from the TPFIA as periodically amended, with LCRA maximum maturities.

**303.404 Designated Investment Officers.** Responsibility for LCRA's investments and investing activity, as provided for in this policy, will be the responsibility of the designated investment officers: the chief financial officer and the treasurer of LCRA.

**303.405 Officer Training.** All designated investment officers, as well as all personnel responsible for executing investment transactions, must attend an investment training session not less than once each state fiscal biennium (the state fiscal year runs Sept. 1-Aug. 31), from an independent source approved by the Board and receive not less than 10 training hours as required in the TPFIA. LCRA employees must take training provided by the University of North Texas Center for Public Management, the Government Treasurers' Organization of Texas, the Government Finance Officers Association of Texas, Texas Municipal League or Texas State University.

**303.406 Disclosure of Personal Business Relationships.** All designated investment officers, as well as all personnel responsible for executing investment transactions, who have a personal business relationship, as defined in the TPFIA, or are related within the second degree by affinity (marriage) or by consanguinity (descended from the same ancestor), as defined in Texas Government Code Chapter 573, with any representative offering to engage in an investment transaction with LCRA, will file a statement disclosing that personal business interest or relationship with the Texas Ethics Commission and the Board.

**303.407 Safekeeping of Investments.** LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer

or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a “delivery-versus-payment” basis. Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

**303.408 Collateralization.** To the extent not insured by federal agencies that secure deposits, LCRA funds must be secured by collateral securities as stated in the Texas Public Funds Collateral Act, as amended. The total market value of the collateral securities will be an amount at least equal to the amount of the deposits of public funds, increased by the amount of any accrued interest and reduced to the extent that the deposits are insured by an agency or instrumentality of the United States government. Notwithstanding the foregoing, securities described in Section 2256.009(b), Texas Government Code, may not be used to secure deposits of LCRA funds.

A collateral depository agreement will be executed by any bank anticipated to hold LCRA funds in excess of federal deposit insurance and by any collateral safekeeping bank. Safekeeping receipts will be furnished by the safekeeping bank indicating the pledge of the securities to LCRA.

**303.409 Depository Restrictions and Security of Funds.** Other than for paying agent purposes, LCRA will use as depositories for its funds and investments only federal- or state-chartered banks or trust companies with their main office or branch located in the state of Texas in which deposits up to the maximum allowable limit are insured by federal agencies. Such depositories will be approved by the Board.

**303.410 Periodic Reporting.** Investment reports will be made as required by the TPFIA and will be provided to the Board as follows:

<u>General Context of Report</u>	<u>Schedule</u>
Investment portfolio summary	Quarterly
Portfolio composition and performance (investment yield versus benchmarks)	Quarterly
External financial audit (investment holdings, compliance)	Annually

All designated investment officers must sign the quarterly reports.

A report on changes to the TPFIA that affect LCRA will be made to the Board within 180 days after the last day of the regular session of the Texas Legislature.

**303.411 Investment Strategies.** In addition to the above LCRA corporate investment objectives and guidelines, the following detailed investment strategies are provided to address various LCRA funds on issues, including the following:

Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater

than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Fund; however, should they be necessary, the short-term nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

Construction Funds – The Construction Funds will include investments suitable to meet construction payment requirements for which the related funds were acquired. Investment maturities will be structured to meet construction payment requirements and will comply with federal tax regulations on spending terms. These short-term investments are benchmarked by the same process as the Revenue Funds investments.

Debt Service Reserve Funds – The Debt Service Reserve Funds will include investments suitable to provide reserves to meet any shortfalls in funds available to make required debt service payments. As Debt Service Reserve Funds are not to be used except in the case of insufficient revenues, average maturities in these funds can range from six months to 10 years. However, in no instance should an investment maturity exceed the latest established debt service requirement/payment date. Debt Service Reserve Fund investments will be structured to achieve the most competitive yields attainable given appropriate diversification and safety requirements, and will be compared against appropriately competitive and reasonable benchmarks, considering limitations on yield provided by federal tax law.

**303.412 Monitoring Market Prices.** Monitoring will be done monthly and more often as economic conditions warrant by using appropriate reports, indices or benchmarks for the type of investment. Information sources may include financial/investment publications and electronic media, software for tracking investments, depository banks, investment banks, financial advisors, and representatives/advisors of investment pools or money market funds. Monitoring of credit ratings will be done on a regular, ongoing basis and as often as economic conditions, market news or credit rating agency news releases warrant review of any specific security, type of security or security issuer. If a credit rating for a security or security issuer falls below the minimum allowable rating set by the TPFIA, LCRA will take all prudent measures that are consistent with its investment policy and TPFIA Section 2256.021 to liquidate the security.

**303.413 Required Policy Compliance Audits.** A compliance audit of management controls and adherence to this policy as it relates to LCRA's investments and investing activity will be performed on an annual basis in conjunction with the organization's financial audit. The compliance audit also will cover LCRA's depository or custodian with respect to investment securities and records for pledged collateral, as required in Chapter 2257 of the Texas Government Code, as amended (the Public Funds Collateral Act).

**303.414 Periodic Review and Approval of Policy.** This investment policy and its investment strategies will be reviewed and approved by the Board on at least an annual

basis, as required by the TPFIA. The Board will record in writing its approval of existing policy and any changes to the LCRA investments policy and investment strategies.

### **303.50      AUTHORITY**

LCRA enabling legislation, Chapter 8503, Special District Local Laws Code  
Public Funds Investment Act, Chapter 2256, Texas Government Code  
Public Funds Collateral Act, Chapter 2257, Texas Government Code

**EFFECTIVE:** December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; April 18, 2018; Oct. 17, 2018 and Dec. 11, 2018.

## APPENDIX A

### Authorization to Purchase and Sell Securities Individuals in Authorized Positions

#### Staff Authorized to Purchase and Sell Securities: Amended ~~Oct. 17, 2018~~ Dec. 11, 2018

Chief Financial Officer (Unlimited)	James D. Travis
Treasurer (\$100 million per day)	David J. Smith
Treasury Analyst (\$75 million per day)	Keri J. Whipple
<u>Treasury Analyst (\$75 million per day)</u>	<u>Drew Ritchey</u>

**APPENDIX B  
APPROVED BROKER/DEALERS**

<b><u>Name of Firm</u></b>	<b><u>Headquarters</u></b>	<b><u>LCRA Trading Office</u></b>
Stifel Nicolaus & Company, Inc.	St. Louis	Houston
RBC Capital Markets	Minneapolis	Dallas
Merrill Lynch, Pierce, Fenner & Smith Inc.	Charlotte, N.C.	Chicago
Raymond James & Associates	Memphis	Austin
Wells Fargo Securities, LLC	San Francisco	Dallas
Cantor Fitzgerald & Co.	New York	Dallas
U.S. Bank N.A.	Minneapolis	Minneapolis
Jefferies LLC	New York	Los Angeles
FTN Financial	Memphis	Houston



**APPENDIX C**  
**APPROVED INVESTMENTS OF PUBLIC FUNDS**  
**AS OF ~~Oct. 17, 2018~~ Dec. 11, 2018**  
**(SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)**

**DESCRIPTION**

1. Obligations of, or guaranteed by, Governmental Entities (Section 2256.009 of the Texas Public Funds Investment Act) Maturity Limit: 30 years
2. Certificates of Deposit and Share Certificates (Section 2256.010 of the Texas Public Funds Investment Act) Maturity Limit: three years
3. Repurchase and/or Reverse Repurchase Agreements (Section 2256.011 of the Texas Public Funds Investment Act) Maturity Limit: one year
4. Securities Lending Program (Section 2256.0115 of the Texas Public Funds Investment Act) Maturity Limit: one year
5. Banker's Acceptances – Rating/Definition (Section 2256.012 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
6. Commercial Paper – Rating/Definition (Section 2256.013 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
7. Money Market Mutual Funds – Permissions/Restrictions (Section 2256.014 (a) of the Texas Public Funds Investment Act) Maturity Limit: 90 days
8. Guaranteed Investment Contracts (GICs) (Section 2256.015 of the Texas Public Funds Investment Act) Maturity Limit: three years
9. Investment Pools (Section 2256.016 of the Texas Public Funds Investment Act) Maturity Limit: 90 days

**FOR ACTION (CONSENT)**

## **4. Sale of Land in Williamson County**

### **Proposed Motion**

Declare a 0.53-acre tract of land in Williamson County nonessential and authorize the general manager or his designee to convey the tract to Williamson County.

### **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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or beneficial 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 2019 business plan contains the administrative costs associated with the conveyance of this land. The property will be conveyed to Williamson County for \$8,000. Proceeds from the sale of land will be credited to the LCRA Strategic Reserve fund.

### **Summary**

In 2004, LCRA acquired a 0.53-acre tract of land for the Brushy Creek Regional Wastewater System interceptor project. LCRA sold the Brushy Creek wastewater system to the cities of Austin, Round Rock and Cedar Park in 2009 but did not convey the 0.53-acre tract.

Williamson County recently approached LCRA about purchasing this land for a proposed hike and bike trail along Brushy Creek. Williamson County has agreed to pay LCRA the assessed tax value of \$8,000 for the property. LCRA staff has reviewed the proposed sale of the property and has determined it would have no adverse impact on LCRA. The sale will be conditioned upon Williamson County conveying a wastewater line easement to the current owner of the wastewater line that crosses the tract.

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.

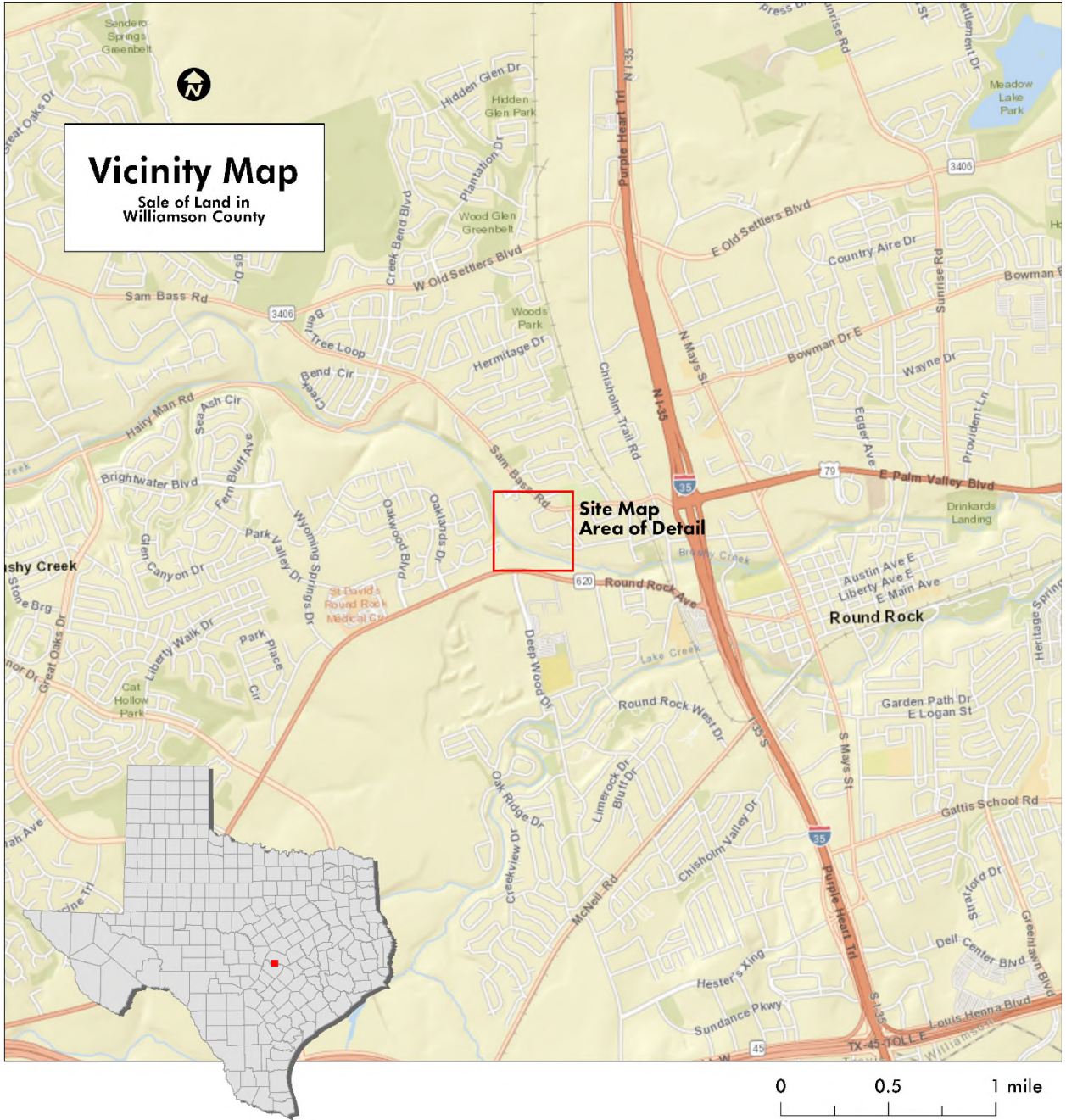
LCRA representatives will complete environmental and cultural resource due diligence assessments in accordance with LRCA Board Policy 401 before the sale of the property.

### **Exhibit(s)**

A – Vicinity Map

B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

## **5. Sale of Land in Burnet County (Parcel JE-03)**

### **Proposed Motion**

Declare an approximately 0.069-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet 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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. 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 2019 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$75,000 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

### **Summary**

The adjacent landowner, Jason Gayle, has agreed to purchase a 0.069-acre fill encroachment, which will permanently resolve the encroachment. The total sale tract of 0.069 of an acre is priced at \$75,000. Staff determined this price based on the Burnet County Appraisal District's assessed values of Jason Gayle's adjacent lots 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.

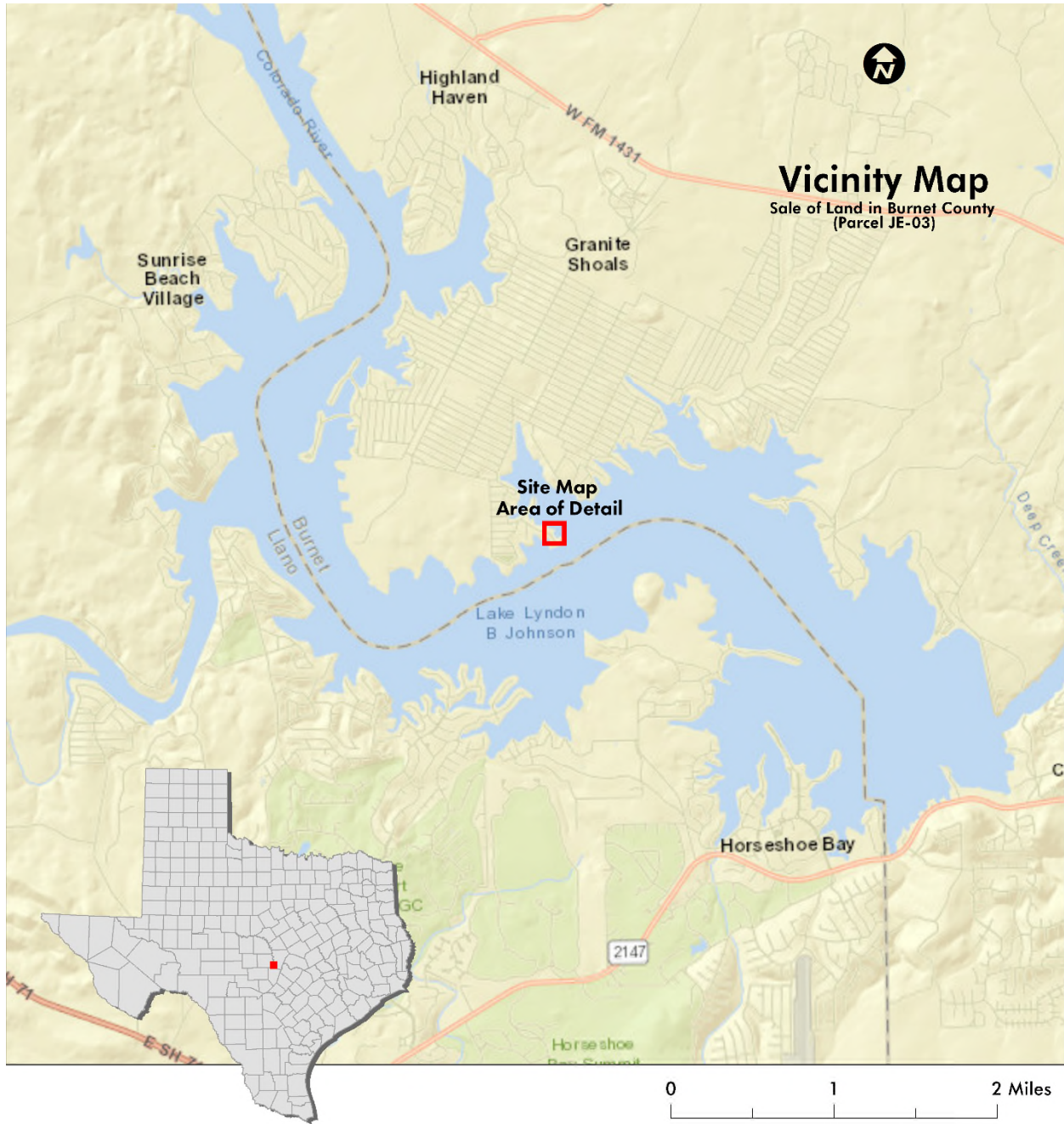
The property will be sold subject to the following reservations and restrictions:

- 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 Lake LBJ 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. Sale of Land in Llano County (Parcel BW-09)**

### **Proposed Motion**

Declare an approximately 0.158-acre tract of land, being a portion of LCRA parcel BW-09 in Llano County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowners.

### **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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or beneficial 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 2019 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$23,882 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

### **Summary**

The adjacent landowners, Michael and Norma Jean Dohrse, agreed to purchase a 0.158-acre fill encroachment, which will permanently resolve the encroachment. The total sale tract of 0.158 of an acre is priced at \$23,882. Staff determined this price based on the Llano County Appraisal District's assessed values of Michael and Norma Jean Dohrse's adjacent lots 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:

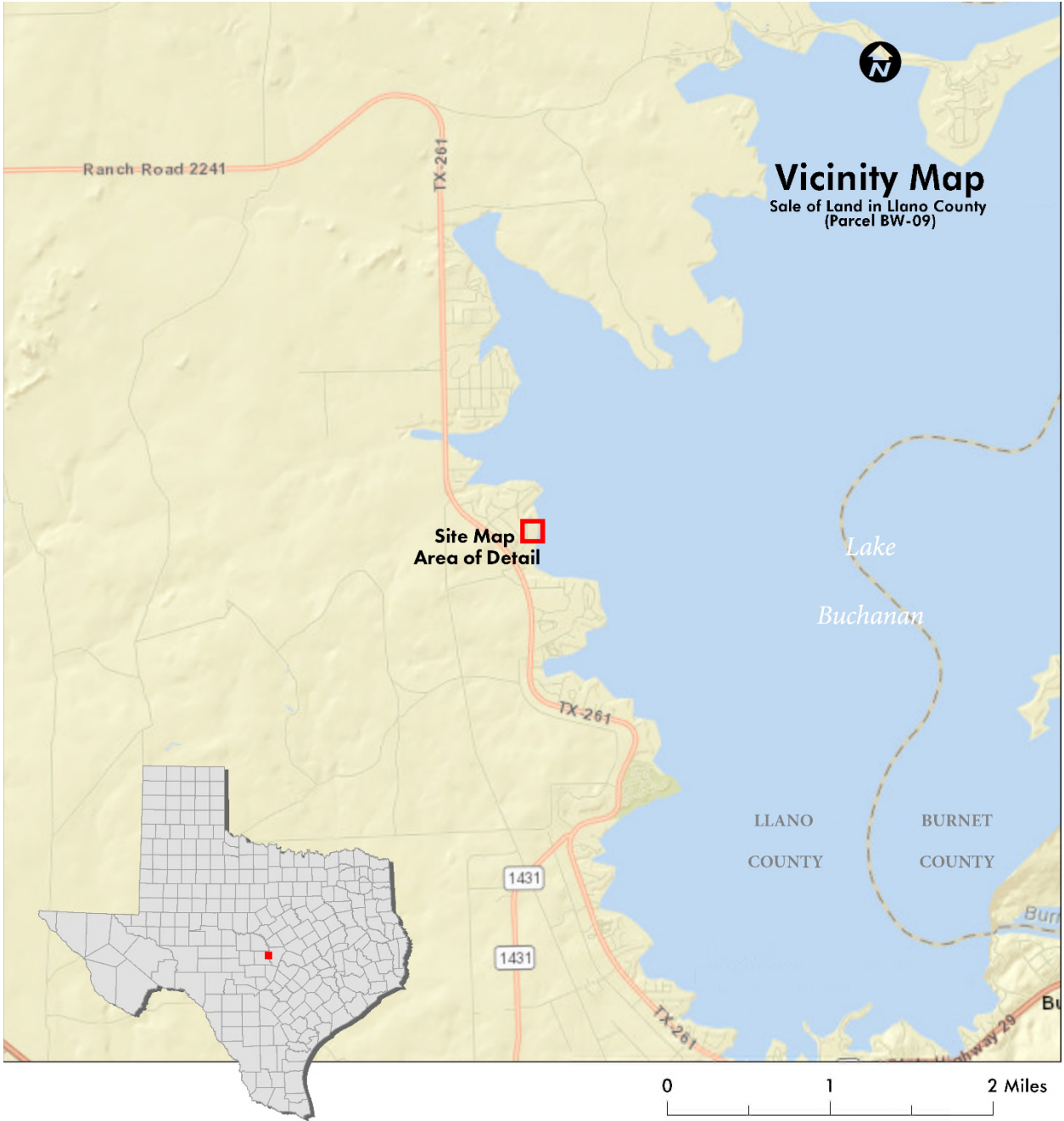
- 1) LCRA will reserve all presently held oil, gas and other mineral rights of every kind or character in, on and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
- 2) LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of Lake Buchanan 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)**

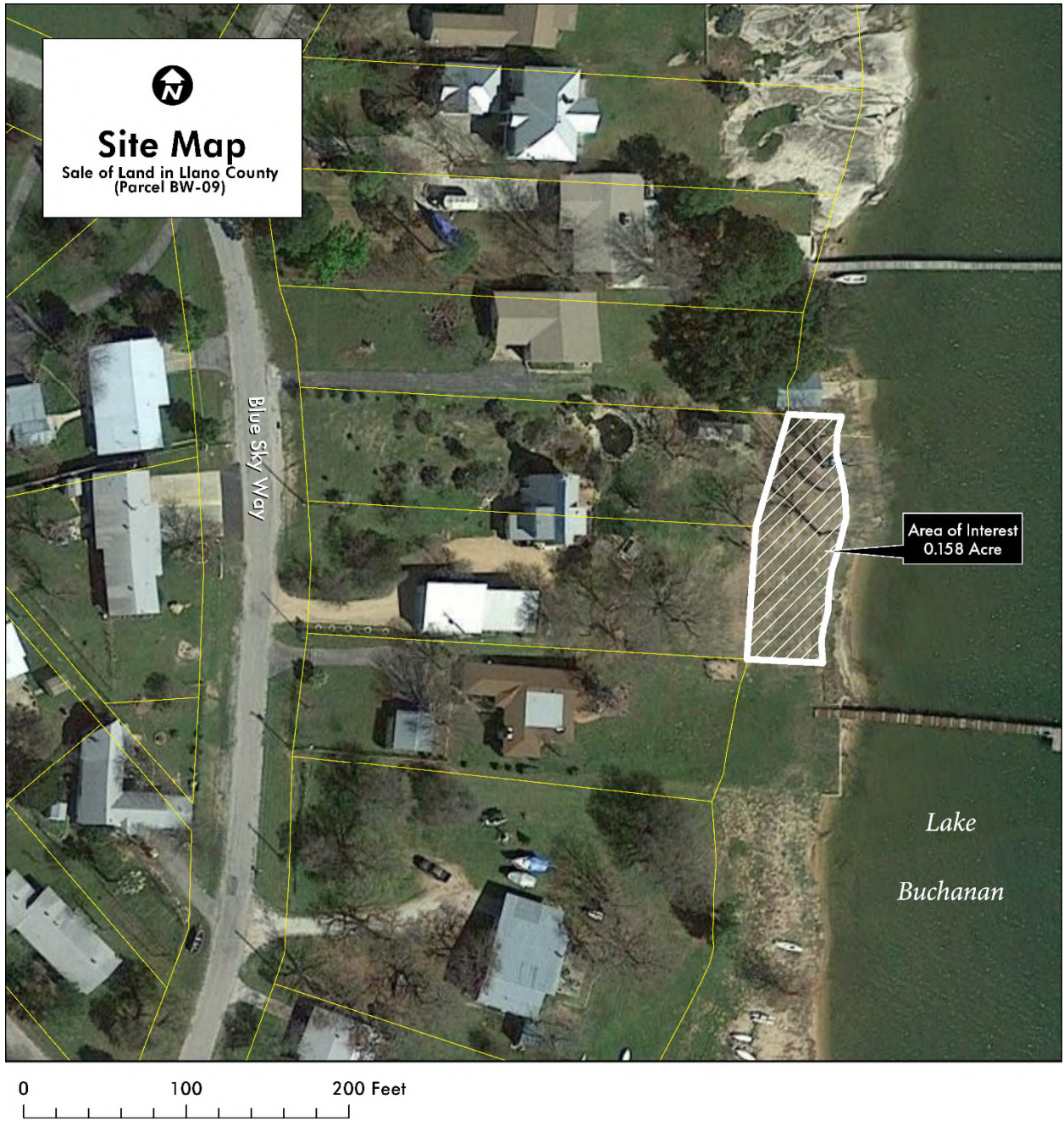
- A – Vicinity Map
- B – Site Map



**EXHIBIT A**



**EXHIBIT B**



## **FOR ACTION (CONSENT)**

# **7. Directors' Attendance at Seminars, Conferences**

### **Proposed Motion**

Approve directors' attendance at seminars or conferences for calendar year 2019.

### **Board Consideration**

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require approval for directors' attendance at seminars and conferences.

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

The budget in the business plan provides for travel to seminars and conferences by members of the Board of Directors.

### **Summary**

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

Section 2.08 of the LCRA bylaws provides that per diem and expenses shall be paid to members of the Board who attend association meetings, conventions and conferences directly related to LCRA business, provided such attendance is authorized by prior resolution of the Board.

Executive Assistant to the General Manager and Board of Directors Katie Lawhon will assist in making necessary travel arrangements for seminars or conferences.

### **Exhibit(s)**

A – 2019 Annual Conferences and Travel for Board Approval

## **EXHIBIT A**

### **2019 ANNUAL CONFERENCES AND TRAVEL FOR BOARD APPROVAL**

Feb. 13-15	Texas Public Power Association Marketing and Customer Services Conference, Westin Riverwalk, San Antonio, Texas
Feb. 21-22	Changing Face of Water Law Course, Hyatt Regency Hill Country Resort, San Antonio, Texas
Feb. 27-March 1	Texas Land Conservation Conference, Hilton Austin Airport, Austin, Texas
March 6-8	Texas Water Conservation Association Annual Convention, Hyatt Regency Lost Pines Resort, Cedar Creek, Texas
March 7-13	National Rural Electric Cooperatives Association Annual Meeting, Orange County Convention Center, Orlando, FL
June 19-21	Texas Water Conservation Association Midyear Conference, Moody Gardens Hotel & Convention Center, Galveston, Texas
July 29-31	Texas Public Power Association Annual Meeting, Westin Riverwalk, San Antonio, Texas
Aug. 4-7	Texas Electric Cooperatives Annual Meeting, Fairmont, Austin, Texas
Sept. 21-24	National Association of Corporate Directors – Global Board Leaders’ Summit, Marriott Marquis, Washington, D.C.
Oct. 16-18	Texas Water Conservation Association Fall Conference, Wyndham Riverwalk Hotel, San Antonio, Texas
Oct. 22-23	Texas Water Law Annual Conference, Austin, Texas
Oct. 24	Texas Conference for Women, Austin Convention Center, Austin, Texas
TBD	Texas Rural Water Association Annual Conference, location TBD
TBD	Texas Water Law Annual Conference, location TBD
TBD	National Association of Corporate Directors Texas Tricities, Austin-Houston-San Antonio Chapter Meetings

**FOR ACTION (CONSENT)**

## **8. 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)**

## **9. Minutes of Prior Meetings**

**Proposed Motion**

Approve the minutes of the Oct. 16, 2018, and Oct. 17, 2018, meetings.

**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 Oct. 16, 2018, meeting
- B – Minutes of Oct. 17, 2018, meeting

## EXHIBIT A

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Oct. 16, 2018

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 meeting at 11:30 a.m. Tuesday, Oct. 16, 2018, in the Board Conference Room of the Hancock Building, at the principal office of LCRA, 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  
Thomas Michael Martine, Vice Chair  
Stephen F. "Steve" Cooper, Secretary  
Lori A. Berger  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
Laura D. Figueroa  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 11:30 a.m. and introduced Pedernales Electric Cooperative Board Member and Secretary-Treasurer Emily Pataki. Pataki also serves as a Texas Sunset Advisory Commission public member.

Pataki addressed the Board on issues concerning customer relationships, the Sunset Commission review process, and LCRA and its operations.

There being no further business to come before the Board, the meeting was adjourned at approximately 12:20 p.m.

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Stephen F. Cooper  
Secretary  
LCRA Board of Directors  
Approved: Dec. 11, 2018

## **EXHIBIT B**

Minutes Digest  
Oct. 17, 2018

- 18-48 Approval of a resolution honoring Karen Bondy, LCRA retiree.
- 18-49 Approval of the fiscal year 2018 audited financial statements and authorization of the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.
- 18-50 Approval of changes to LCRA Board Policy 303 – Banking and Investments.
- 18-51 Reapproval, with no changes, of LCRA Board Policy 603 – Energy Transactions.
- 18-52 Approval and authorization for the chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority 401(k) Plan.
- 18-53 Declaration of an approximately 0.0129-acre tract of land, being a portion of LCRA Parcel JW-06 in Llano County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 18-54 Declaration of an approximately 0.12-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 18-55 Authorization for the general manager or his designee to grant an approximately 0.069-acre subsurface pipeline easement to Gray Oak Pipeline LLC for a pipeline that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.
- 18-56 Approval of directors' fees and expense reimbursements.
- 18-57 Approval of the minutes of the Aug. 21, Aug. 22, and Sept. 19, 2018, meetings.
- 18-58 Adoption of the Twenty-Seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the amendment and the extension of the Amended and Restated Note Purchase Agreement among LCRA, LCRA Transmission Services Corporation and Bank of America N.A. for the LCRA Transmission Contract Revenue Notes, Series



C and Taxable Series C. Authorization for the general manager 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 \$150 million for the Series C Notes.

- 18-59 Adoption of the Amended and Restated Twenty-Fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize an increase in the capacity of the LCRA Transmission Contract Revenue Notes, Tax-Exempt Series D and other amendments. Authorization for the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of such notes to RBC Capital Markets LLC in an amount up to \$150 million, including but not limited to, a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and the RBC Capital Markets LLC, a new noteholder agreement between LCRA, LCRA TSC and the RBC Municipal Products LLC, and an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC.
- 18-60 Approval of the Resolution amending and extending the note purchase agreement with U.S. Bank, N.A. related to LCRA Commercial Paper Notes, Series C and Taxable Series C, and authorization for the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Authorization for the general manager or his designee to negotiate and execute related documents.
- 18-61 Approval of the Resolution amending and extending the note purchase agreement with Bank of America N.A. related to LCRA Commercial Paper Notes, Series E and Taxable Series E, and authorization for the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Authorization for the general manager or his designee to negotiate and execute related documents.
- 18-62 Based on existing water supply conditions, with combined storage in lakes Buchanan and Travis greater than 1.5 million acre-feet and less than a 20 percent chance of combined storage falling below 1.4 million acre-feet within the next four months, approval to lift the drought response stage 1 under the LCRA Drought Contingency Plan for Firm Water Customers.
- 18-63 Authorization for the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 0.92 of a net mineral acre in Colorado County.

- 18-64 Authorization for the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 5.965 net mineral acres in Fayette County.
- 18-65 Approval of revisions to LCRA Board Policy 401 – Land Resources.
- 18-66 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contract No. 5006 (Applied High Voltage LLC); Contract No. 4961 (Ulteig Engineers Inc.); Contract Numbers 4988, 4989, 4991, 4992, 4994, 4997 and 4998 (BuzzClan LLC, CGBot LLC, SoftHQ Inc., V-Soft Consulting Group Inc., Kanda Software Inc., Genesis Technology Solutions Inc. and Capgemini America Inc.); Contract Numbers 4981, 4987 and 4990 (Schneider Engineering Ltd., McCurley Enterprises Inc. and Techserv Consulting and Training); Contract Numbers 4974, 4975, 4985 and 4986 (Baker Tilly Virchow Krause LLP, Weaver and Tidwell LLP, Ernst & Young LLP and Pricewaterhouse Coopers LLP); Contract No. 4983 (PCMG Inc.); Contract No. 4984 (SHI Government Solutions Inc.); Contract No. 5001 (Walker and Associates Inc.); Contract Numbers 4995 and 4996 (Falcon Steel America LLC and Valmont Industries Inc.); Contract Numbers 5023, 5022, 5024, 5025, 5026 and 5027 (AECOM Technical Services, Wood Environment & Infrastructure Solutions Inc., TRC Environmental Corp., Anchor QEA LLC, POWER Engineers Inc. and CAMS eSparc LLC); Contract Numbers 5013, 5012, 5014, 5010, 5011, 4993, 4999 and 5009 (Burns & McDonnell Engineering Company Inc., AECOM Technical Services, POWER Engineers Inc., AmaTerra Environmental Inc., Prewitt and Associates Inc., Blanton & Associates Inc., SWCA Environmental Consultants and Terracon Consultants Inc.); Contract No. 5019 (Hyundai Power Transformers USA Inc.); and Contract No. 3537 (Grid Solutions (US) LLC (formerly GE Energy Management Services).

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Oct. 17, 2018

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 9:33 a.m. Wednesday, Oct. 17, 2018, in the Board Room of the Hancock Building, at the principal office of LCRA, 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  
Thomas Michael Martine, Vice Chair  
Stephen F. "Steve" Cooper, Secretary  
Lori A. Berger  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
Laura D. Figueroa  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 9:33 a.m.

General Manager Phil Wilson gave an update on the recent heavy rainfall and historic flooding experienced in the Highland Lakes watershed. He discussed flood operations and LCRA's response efforts. Wilson concluded his update by asking Director Ellison to provide an update on her attendance at the recent National Association of Corporate Directors Global Board Leaders' Summit.

18-48 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit A] honoring Karen Bondy. Upon motion by Director Spears, seconded by Director Berger, the recommendation was unanimously approved.

Controller Julie Rogers presented the financial report for September 2018 [Agenda Item 2].

18-49 Controller Julie Rogers presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit B], that the Board approve the fiscal year 2018 audited financial statements and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 15 to 0.

The Board next took action on the consent agenda. Upon motion by Director Spears, seconded by Director Ellison, the Board unanimously approved consent items 4, 5, 6, 7, 8, 9, 10 and 11 included on the Oct. 17, 2018, consent agenda by a vote of 15 to 0 as follows:

18-50 Approval of changes to LCRA Board Policy 303 – Banking and Investments, as recommended by staff in Consent Item 4 [attached hereto as Exhibit C].

18-51 Reapproval, with no changes, of LCRA Board Policy 603 – Energy Transactions, as recommended by staff in Consent Item 5 [attached hereto as Exhibit D].

18-52 Approval and authorization for the chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority 401(k) Plan, as recommended by staff in Consent Item 6 [attached hereto as Exhibit E].

18-53 Declaration of an approximately 0.0129-acre tract of land, being a portion of LCRA Parcel JW-06 in Llano County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA) and authorization for the general manager or his designee to sell the property to the adjoining landowner, as recommended by staff in Consent Item 7 [attached hereto as Exhibit F].

18-54 Declaration of an approximately 0.12-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA) and authorization for the general manager or his designee to sell the property to the adjoining landowner, as recommended by staff in Consent Item 8 [attached hereto as Exhibit G].

18-55 Authorization for the general manager or his designee to grant an approximately 0.069-acre subsurface pipeline easement to Gray Oak Pipeline LLC for a pipeline that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County, as recommended by staff in Consent Item 9 [attached hereto as Exhibit H].

18-56 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 10 [attached hereto as Exhibit I].

18-57 Approval of the minutes of the Aug. 21, Aug. 22, and Sept. 19, 2018, meetings [Consent Item 11].

18-58 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit J], that the Board adopt the Twenty-Seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the amendment and the extension of the Amended and Restated Note Purchase Agreement among LCRA, LCRA Transmission Services Corporation and Bank of America N.A. for the LCRA Transmission Contract Revenue Notes, Series C and Taxable Series C. Further, authorize the general manager 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 \$150 million for the Series C Notes. Upon motion by Director Johnson, seconded by Director Berger, the recommendation was unanimously approved by a vote of 15 to 0.

18-59 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit K], that the Board adopt the Amended and Restated Twenty-Fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize an increase in the capacity of the LCRA Transmission Contract Revenue Notes, Tax-Exempt Series D and other amendments. Further, authorize the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of such notes to RBC Capital Markets LLC in an amount up to \$150 million, including but not limited to, a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and the RBC Capital Markets LLC, a new noteholder agreement between LCRA, LCRA TSC and the RBC Municipal Products LLC, and an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC. Upon motion by Director Whitten, seconded by Vice Chair Martine, the recommendation was unanimously approved by a vote of 15 to 0.

18-60 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit L], that the Board approve the Resolution amending and extending the note purchase agreement with U.S. Bank, N.A. related to LCRA Commercial Paper Notes, Series C and Taxable Series C, and authorize the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Further, authorize the general manager or his designee to negotiate and execute related documents. Upon motion by Director Berger, seconded by Director Gill, the recommendation was unanimously approved by a vote of 15 to 0.

18-61 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 15 [attached hereto as Exhibit M], that the Board approve the Resolution amending and extending the note purchase agreement with Bank of America N.A. related to LCRA Commercial Paper Notes, Series E and Taxable Series E, and authorize the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Further, authorize the general manager or

his designee to negotiate and execute related documents. Upon motion by Director Gill, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 15 to 0.

18-62 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 16 [attached hereto as Exhibit N], and requested that the Board approve a revised motion. Director Cooper moved, seconded by Director Spears, that the Board, based on existing water supply conditions, with combined storage in lakes Buchanan and Travis greater than 1.5 million acre-feet and less than a 20 percent chance of combined storage falling below 1.4 million acre-feet within the next four months, lift the drought response stage 1 under the LCRA Drought Contingency Plan for Firm Water Customers. Staff discussed this item with the Water Operations Committee on Oct. 16. The Board unanimously approved the motion by a vote of 15 to 0.

18-63 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 17 [attached hereto as Exhibit O], that the Board authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 0.92 of a net mineral acre in Colorado County. Upon motion by Director Berger, seconded by Director Spears, the recommendation was unanimously approved by a vote of 15 to 0.

18-64 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 18 [attached hereto as Exhibit P], that the Board authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 5.965 net mineral acres in Fayette County. Upon motion by Director Berger, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 15 to 0.

18-65 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 19 [attached hereto as Exhibit Q], that the Board approve revisions to LCRA Board Policy 401 – Land Resources. Upon motion by Director Spears, seconded by Director Cooper, the recommendation was unanimously approved by a vote of 15 to 0.

18-66 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 20 [attached hereto as Exhibit R], that the Board authorize the general manager or his designee to negotiate and execute the following contracts: Contract No. 5006 (Applied High Voltage LLC); Contract No. 4961 (Ulteig Engineers Inc.); Contract Numbers 4988, 4989, 4991, 4992, 4994, 4997 and 4998 (BuzzClan LLC, CGBot LLC, SoftHQ Inc., V-Soft Consulting Group Inc., Kanda Software Inc., Genesis Technology Solutions Inc. and Capgemini America Inc.); Contract Numbers 4981, 4987 and 4990 (Schneider Engineering Ltd., McCurley Enterprises Inc. and Techserv Consulting and Training); Contract Numbers 4974, 4975, 4985 and 4986 (Baker Tilly Virchow Krause LLP, Weaver and Tidwell LLP, Ernst & Young LLP and Pricewaterhouse Coopers LLP); Contract No. 4983 (PCMG

Inc.); Contract No. 4984 (SHI Government Solutions Inc.); Contract No. 5001 (Walker and Associates Inc.); Contract Numbers 4995 and 4996 (Falcon Steel America LLC and Valmont Industries Inc.); Contract Numbers 5023, 5022, 5024, 5025, 5026 and 5027 (AECOM Technical Services, Wood Environment & Infrastructure Solutions Inc., TRC Environmental Corp., Anchor QEA LLC, POWER Engineers Inc. and CAMS eSparc LLC); Contract Numbers 5013, 5012, 5014, 5010, 5011, 4993, 4999 and 5009 (Burns & McDonnell Engineering Company Inc., AECOM Technical Services, POWER Engineers Inc., AmaTerra Environmental Inc., Prewitt and Associates Inc., Blanton & Associates Inc., SWCA Environmental Consultants and Terracon Consultants Inc.); Contract No. 5019 (Hyundai Power Transformers USA Inc.); and Contract No. 3537 (Grid Solutions (US) LLC (formerly GE Energy Management Services). Upon motion by Director Kelley, seconded by Director Lewis, the recommendation was unanimously approved by a vote of 15 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:42 a.m., pursuant to sections 551.071, 551.072 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 11:16 a.m., with all directors present.

There being no further business to come before the Board, the meeting was adjourned at 11:16 a.m.

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Stephen F. Cooper  
Secretary  
LCRA Board of Directors  
Approved: Dec. 11, 2018

# 10. Revision of Protocols for Public Communication at Board and Committee Meetings

## Proposed Motion

Approve revised Protocols for Public Communication at Board and Committee Meetings attached as Exhibit A.

## Board Consideration

LCRA's protocols for public communication at Board meetings was adopted by the Board in accordance with LCRA Board Policy 103 – Public Information and Communication to the Board, and Executive Session. The protocols may not be revised without Board approval.

## Budget Status and Fiscal Impact

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

## Summary

Staff recommends revising the Board's procedures for public communications at Board and committee meetings in response to recommendations in the Sunset Advisory Commission staff's recently published final report on LCRA. The current protocol, adopted by the Board pursuant to Board Policy 103, limits public testimony at Board meetings to topics included in the legal notice for the meeting and limits a speaker's ability to distribute written materials to the Board.

The proposed changes relax the restriction on topics the public can address and allow a member of the public to discuss any topic within LCRA's jurisdiction. The proposed changes also allow the distribution of written materials to Board members. Other changes include deleting the ability of the chair to limit the number of speakers, the addition of protocols for members of the public wishing to tape the meeting, and making the protocols for the Water Operations Committee, the Energy Operations Committee, and the Planning and Public Policy Committee meetings identical to those for Board meetings.

## Presenter(s)

Tom Oney  
General Counsel

## Exhibit(s)

A – Revised Protocols for Public Communication at Board and Committee Meetings



## EXHIBIT A

### **PROTOCOLS FOR PUBLIC COMMUNICATION ~~TO THE BOARD~~ AT BOARD AND COMMITTEE MEETINGS**

**1. Oral Presentations on ~~Board Agenda Items~~Issues under LCRA's Jurisdiction.** ~~Any persons~~ wishing to make an oral presentations ~~to the~~ a Board meeting on any matter under LCRA's jurisdiction must on an agenda item must notify the General Manager on or before the day of the meeting. Those persons may be required to 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 persons making an oral presentation to the Board may ~~not~~ distribute related materials to the Board at the meeting, ~~or use visual or audio aids such as overhead projectors, large charts, or video presentations without prior notification of the General Manager and approval by the presiding officer.~~

**2. ~~Oral Presentations on Unscheduled Items.~~** ~~Persons wishing to appear before the Board to discuss issues not scheduled on the Board's agenda must notify the General Manager. The General Manager, after consulting with the Board Chair, will notify the person whether the Board will schedule that item at a future Board meeting.~~

**3. ~~Time Allocation.~~** The ~~Board Chair or other~~ presiding officer may limit the ~~number of speakers and 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.

**4. ~~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.~~** ~~Persons wishing to provide oral comments at a public meeting of a Board committee may do so only with the permission of the committee chair or by vote of the committee.~~ 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**

# **11. LCRA Board Policy 106 – Ethics**

### **Proposed Motion**

Approve amendments to LCRA Board Policy 106 – Ethics as attached in Exhibit A.

### **Board Consideration**

Board of Directors approval is required for any changes to LCRA Board policies.

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

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

### **Summary**

LCRA Board Policy 106 – Ethics guides the Board in standards of ethical conduct and conflicts of interest. Section 106.202 describes what constitutes a conflict of interest and how Board members must respond when specific conflicts exist. The Sunset Advisory Commission recently published a staff report recommending LCRA revise its Board policy to further emphasize its adherence to state law regarding nepotism conflicts.

The Sunset Commission staff report also recommended a change to LCRA Board policy to require any LCRA Board member who also is a member of the Board of Directors of the Colorado River Land Trust to abstain from voting on any matter that affects the relationship between LCRA and the land trust.

Proposed changes to Section 106.202 to address these recommendations are redlined in Exhibit A.

### **Presenter(s)**

Tom Oney  
General Counsel

### **Exhibit(s)**

A – Proposed Amendments to LCRA Board Policy 106 – Ethics

## EXHIBIT A

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### LCRA BOARD POLICY

#### 106 – ETHICS

~~Sept. 21, 2016~~ Dec. 11, 2018

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#### 106.10 PURPOSE

The purpose of this policy is to provide guidance to the LCRA Board of Directors regarding standards of ethical conduct and conflicts of interest.

#### 106.20 POLICY

**106.201 Ethical Standards of Conduct.** LCRA directors must conduct themselves so as to bring continuing respect to LCRA and avoid any questionable conduct that could bring discredit to LCRA. In accordance with state law, no director should:

- A. Accept or solicit any gift, favor or service that might reasonably tend to influence him or her in the discharge of his or her official duties, or that he or she knows or should know is being offered to him or her with the intent to influence his or her official conduct;
- B. Accept or solicit employment or engage in any business or professional activity that he or she might reasonably expect would require or induce him or her to disclose confidential information acquired by reason of his or her official position;
- C. Accept or solicit other employment or compensation that could reasonably be expected to impair his or her independence of judgment in the performance of his or her official duties;
- D. Make personal investments that could reasonably be expected to create substantial conflicts between his or her private interest and the public interest;
- E. Intentionally or knowingly solicit, accept or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another; or
- F. Misapply or misuse LCRA property, services or personnel for personal benefit.

**106.202 Conflicts of Interest.** Directors will avoid conflicts of interest and conduct themselves so as to avoid even the appearance of conflicts of interest in the discharge of their official duties.

1. Before any vote or decision on a business entity or real property in which a director has a substantial interest, a director will publicly disclose the interest during a meeting of the Board, file a completed affidavit (available from the general counsel) with the secretary of the Board, and abstain from further participation in the matter if:

- A. The action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
- B. It is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property that is distinguishable from its effect on the public.

The Board must take a separate vote on any budget item specifically dedicated to a contract in which a director has a substantial interest.

2. Any director who is also serving as a member of the Board of Directors of the Colorado River Land Trust shall abstain from any vote taken on a matter affecting the relationship between LCRA and the land trust.

3. With regard to hiring, no director will appoint, confirm the appointment, or vote for the appointment of any individual if that individual:

- A. Is related to that director or any other director within the third degree of consanguinity or second degree of affinity (defined as a spouse, parent, child, sibling, aunt, uncle, niece, nephew, grandparent, grandchild, great-grandparent, great-grandchild, brother-in-law, sister-in-law, mother-in-law, father-in-law, son-in-law, or daughter-in-law); and
- B. That individual will be compensated from LCRA funds.

4. Directors also must file a conflicts disclosure statement whenever a director becomes aware that a vendor or contractor of LCRA, or a potential vendor or contractor, has an employment or business relationship with a director or a family member of the director (defined as the director's spouse, parent, child, father-in-law, mother-in-law, sons-in-law, and daughters-in-law). The disclosure statement also must be filed in the following circumstances:

- A. When a director or a family member of a director receives taxable income from an LCRA vendor or contractor or a potential vendor or contractor, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date a contract is signed or first considered by LCRA;
- B. When a vendor has given to a director or a family member of a director one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date a contract is signed or first considered by LCRA; or

C. When a director has a family relationship with an LCRA vendor.

A director must sign the disclosure statement (available from the general counsel) before a notary, under oath, acknowledging that it applies to the director's family members, then file it with the LCRA records custodian by the seventh business day after the director becomes aware of facts requiring the form to be filed.

**106.203 Annual Financial and Disclosure Statements.** The GM/CEO and each member of the Board of Directors will file an annual financial statement with the Texas Ethics Commission in accordance with Texas Government Code, Chapter 572. In addition, the GM/CEO and each Board member will submit to the general counsel a disclosure statement by June 30 of each year. The annual disclosure statement will be in a form prescribed by the general counsel that incorporates business and financial information included in the Texas Ethics Commission annual financial statement and provides a reaffirmation of adherence to this policy.

**106.204 Vendors and Contractors.** Vendors and contractors of LCRA, their subcontractors, and their employees are expected to behave in a lawful and ethical manner in their business dealings with LCRA.

**106.205 GM/CEO Authority.** The GM/CEO is authorized to develop and enforce a written policy of ethical conduct – which may be more restrictive than this policy or state law – applicable to employees.

**106.206 Constitutional Limits on Donations.** LCRA will not give away public funds, property or services in violation of Article III, Section 52, of the Texas Constitution.

**106.30 AUTHORITY**

Texas Local Government Code, Chapters 171 and 176  
Texas Government Code, Chapters 572 and 573  
Texas Penal Code, Chapters 36 and 39  
Texas Water Code, Section 49.199  
LCRA bylaws, Section 2.01  
30 Tex. Admin. Code, Chapter 292

**EFFECTIVE:** August 1987. Amended Oct. 18, 1990; March 19, 1992; Sept. 22, 1994; Sept. 20, 2000; and May 21, 2008. Reaffirmed April 20, 2011. Amended Sept. 21, 2016; and Dec.11, 2018.

**FOR ACTION**

## **12. Revisions to Board Policy 404 – Grants and Economic Development**

### **Proposed Motion**

Approve revisions to Board Policy 404 – Grants and Economic Development consistent with the changes tracked in Exhibit A.

### **Board Consideration**

Approval by the Board of Directors is required to make the recommended changes to the Board policy. The Community Development Partnership Program Review Committee in September 2018 approved these policy revisions for consideration by the full Board.

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

The proposed action would have no budgetary or fiscal impact on the fiscal year 2019 business plan.

### **Summary**

At the March 2018 CDDP Review Committee meeting, the committee discussed the many top-scoring projects LCRA could not fund because the requested grant amounts were \$25,001 or more. Current Board policy limits grant funding for projects of \$25,001 or more to 25 percent of the available funds in each grant cycle. After an analysis by staff, the committee determined the best way to fund more of the grants in the \$25,001 or more category is to:

- Increase the percentage of available money that may be awarded for grants of \$25,001 or more from 25 to 30 percent of available funds in each cycle, and
- Increase the Public Service Fund allocation from \$1 million per fiscal year to \$1.1 million (an additional \$50,000 per grant cycle) beginning in FY 2020.

The Land and Community Resources Committee at its August 2018 meeting discussed these revisions to Board Policy 404. The CDDP Review Committee in September 2018 approved the revisions and recommends the full Board approve the revisions. Staff will propose the total funding amount of \$1.1 million for the CDDP program in the FY 2020 business plan.

### **Presenter(s)**

Clint Harp  
Vice President, Transmission Strategic Services

### **Exhibit(s)**

A – Proposed Amendments Board Policy 404 – Grants and Economic Development

## EXHIBIT A

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### LCRA BOARD POLICY

#### 404 – GRANTS AND ECONOMIC DEVELOPMENT

~~Sept. 21, 2016~~ Dec. 11, 2018

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##### **404.10 PURPOSE**

This policy establishes guidelines under which assistance, including grants or loans of money, services or property, may be extended by LCRA for economic development purposes consistent with Chapter 152 of the Texas Water Code (Chapter 152).

##### **404.20 POLICY**

It is the policy of LCRA to sponsor and participate in appropriate economic development programs that are intended to strengthen the economic base and further the economic development of LCRA's statutory district and electric and water service areas. The goal of any such program will be to:

- Encourage economic diversification;
- Contribute to the health and development of a community to improve the attractiveness of the community to public and private enterprises; or
- Improve the quality or quantity of services essential for the development of viable communities and economic growth, including services related to education, transportation, public safety, recreation, health care, training, community planning or employment.

In no event will LCRA make receiving electric service from LCRA a condition for participation in or receiving a benefit from an economic development program. Furthermore, LCRA will not use an economic development program to promote fuel switching or the substitution of electric power for another fuel or energy source or provide an economic incentive or other incentive to use electric power to preferentially market the use of electric power over another fuel or energy source.

##### **404.30 APPLICABILITY AND LIMITS OF THIS SECTION**

This policy applies to those LCRA economic development activities that are authorized solely under Chapter 152, including routine economic development programs, extraordinary economic development programs and the Community Development

Partnership Program, as further defined and explained in separate sections below. The economic development policy is not intended to address or limit in any way any LCRA activity for which LCRA has authority independent of Chapter 152, such as developing parks and recreation facilities within LCRA's statutory district and providing water and electric services, regardless of the fact that such activities may produce incidental economic benefits.

#### **404.40 ROUTINE PROGRAMS**

Routine economic development programs are those programs and activities that involve any of the following:

- Providing used equipment of minimal value or materials and services that do not unreasonably impact LCRA's normal business operations;
- Sponsoring economic development efforts through grants of \$20,000 or less;
- Participating in nonprofit regional economic development coalitions and organizations intended to promote viable communities and economic growth within LCRA's statutory district and service areas;
- Recruiting new business and expansion efforts;
- Promoting tourism; and
- Providing scholarships to students through the LCRA Scholarship Program.

Examples of routine economic development programs include donations of used computers to schools; grants to nonprofit organizations for scholarships; use of LCRA equipment for installation of holiday lights, flagpoles and other fixtures at public facilities; Steps Forward Day and similar community activities; and membership and participation in strategic coalitions and other nonprofit organizations that contribute to the economic development of the region. Routine economic development programs are intended and expected to carry out the purposes of strengthening the economic base and furthering the economic development of the LCRA service area.

The participant in or recipient of the program will be required to be located within LCRA's statutory district or electric or water service area.

Funding for a routine economic development program must be consistent with the LCRA business plan and be within the budget of the line of business undertaking the activity.

#### **404.50 EXTRAORDINARY PROGRAMS**

Grants or loans of money, services or property by LCRA for economic development purposes that are not routine economic development programs are considered to be



extraordinary economic development programs. No extraordinary economic development program will be undertaken by LCRA without the specific approval of the LCRA Board of Directors.

#### **404.60 COMMUNITY DEVELOPMENT PARTNERSHIP PROGRAM**

Under the authority granted in Chapter 152, and at the discretion of the Board, LCRA will operate the Community Development Partnership Program (CDPP) to provide community development grants to governmental and nonprofit entities for capital projects in LCRA's water service and wholesale power service areas.

All communities of the LCRA service area, whether in the wholesale power service area or water service area, are eligible for grants under this program. Grants will be made on behalf of LCRA and its wholesale power customer serving the grant recipient's area.

**404.601 CDPP Review Committee.** The LCRA Board will create an 11-member review committee to review, score and award all CDPP grants and services valued at more than \$1,000, except for grants awarded pursuant to the GM/CEO's discretionary authority as described below. The 11-member CDPP Review Committee will be made up of the GM/CEO, who will serve continuously; three LCRA Board members appointed by the LCRA Board chair for one calendar year term; six electric customer representatives for two-year rotating terms; and one water customer for a two-year term. All committee members will continue to serve until their successors are selected. Any member unable to attend a committee meeting may appoint a proxy representing the member's interest group on the committee.

**404.602 Grant application process.** The CDPP Review Committee will develop and implement the grant application, review and selection process. The LCRAGM/CEO will have the discretion to award grants or services up to \$2,500 in value without the LCRA Board or CDPP Review Committee approval, not to exceed a total of \$50,000 per program year. This policy is intended to allow LCRA to respond more quickly to smaller requests and to free the CDPP Review Committee to focus on larger grant requests.

**404.603 Funding.** No administrative or operating expenses will be taken out of the funds the Board allocates for the grant program. All operating funds and resources will come from the Governmental and Regional Affairs budget.

Seventy-five percent of the grant money available must be awarded for grants of \$25,000 or less. ~~Twenty-five~~ Thirty percent of the grant money available may be awarded for grants of \$25,001 to \$50,000 each. A 20 percent cash and/or in-kind match will be required for grants of more than \$5,000. In any event, a participant may only receive one grant in any 24-month period.

Grant funds awarded by the CDPP Review Committee will only be used for capital improvement projects and not for planning grants, hiring of consultants, training or workshops with the exception of public firefighting organizations, including volunteer fire departments. Capital improvements are defined as, but not limited to, all projects related

to physical improvement, additions and betterments to the community. LCRA and the CDPP Review Committee may use rules adopted by the Texas Commission on Fire Protection as general guidelines in determining eligibility for and types of assistance to public firefighting organizations.

LCRA may provide technical assistance for parks pursuant to Chapter 152 independent of the CDPP Review Committee.

**404.604 Project Monitoring.** LCRA staff will ensure completion of each grantee's project.

#### **404.70        AUTHORITY**

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code  
Texas Water Code, Chapter 152

**EFFECTIVE:** Sept. 21, 2016 (moved from Board Policy 403 – Community Services).

[Amended Dec. 11, 2018](#)

## **FOR ACTION**

### **13. Land Lease on Lake Travis in Burnet County**

#### **Proposed Motion**

Authorize the general manager or his designee to negotiate and execute a 20-year lease of a 168.18 acre tract of land in Burnet County with Texas Camp Balcones L.P.

#### **Board Consideration**

LCRA Board Policy 401 – Land Resources requires Board approval for a lease of LCRA property for a term greater than 15 years.

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

The administrative costs associated with the execution of this lease are contained within the fiscal year 2019 business plan. Proceeds from this lease will be credited to the Public Recreation and Conservation Land Acquisition Fund in accordance with LCRA Board Policy 301.

#### **Summary**

The lease area is used as a youth camp and consists of land totaling 168.18 acres from the larger parent tracts, TN-37 and TN-38, which are located in the Hickory Creek area of Lake Travis. A previous lease with Texas Camp Balcones L.P. that expired on May 31, 2018, and covered 144.08 acres for 15-year term at a final annual rent of \$12,500.

The terms of the new lease will be as follows:

- A 20-year lease effective June 1, 2018, to Texas Camp Balcones L.P. at a staff determined annual rental value of \$24,000 per year.
  - Escalator clause allowing LCRA to increase the annual rent by up to 125 percent of the then-current rate every five years.
  - Provision allowing termination by either party with one-year notice to the other party.
- Staff will conduct an environmental due diligence assessment of the property prior to the execution of the lease in accordance with LCRA Board Policy 401.

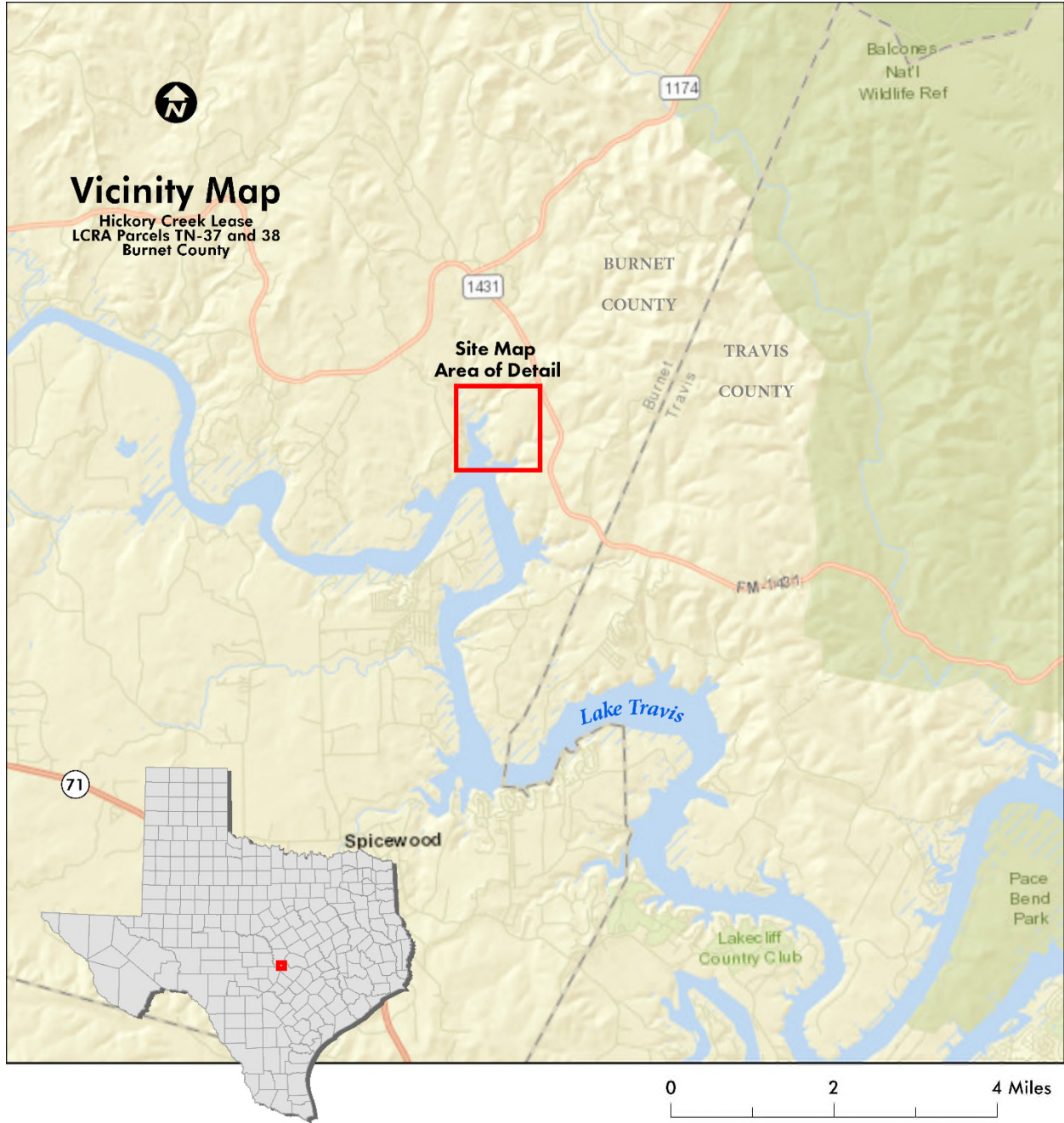
#### **Presenter(s)**

Steven T. Brown  
Director, Real Estate Services

#### **Exhibit(s)**

A – Vicinity Map  
B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION**

## **14. Capital Improvement Project – Lane City Dam Rehabilitation and Hurricane Harvey Recovery Project**

### **Proposed Motion**

Approve the Capital Improvement Project Authorization for the Lane City Dam Rehabilitation and Hurricane Harvey Recovery project and authorize use of Resource Development Funds for the project and additional Arbuckle Reservoir spending.

### **Board Consideration**

LCRA Board Policy 301 – Finance requires Board of Directors approval of 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 percent and \$300,000.

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

- The initial project to rehabilitate the Lane City dam was included in the fiscal year 2019 capital plan as part of the Arbuckle Reservoir project approved by the Board. This project had a smaller scope, but due to damage incurred during Hurricane Harvey, the scope of the project has expanded and is more complex.
- Because of this additional work and complexity, a separate project will be established with a budget separate from the Arbuckle Reservoir project. Staff seeks approval for the Lane City Dam Rehabilitation and Hurricane Harvey Recovery (LCD Rehabilitation) project for a total lifetime budget of \$13.76 million, including \$1 million staff expects to spend in the current fiscal year.
- Staff anticipates seeking Board authorization for an increase in the LCRA FY 2019 capital budget. Staff will continue to monitor the FY 2019 forecast and request a fiscal budget increase as appropriate.
- The project cost will be funded through the Resource Development Fund along with potential insurance claims and Federal Emergency Management Agency reimbursements.
- The Board-approved budget for the Arbuckle Reservoir project remains unchanged at \$250 million. Spending on this project is expected to exceed this approved lifetime budget, but staff expects the spending to remain within the 10 percent Board Policy 301 – Finance threshold limits. The exceedance will be funded through the Resource Development Fund.

### **Summary**

The Lane City Dam is a small diversion dam located in Wharton County and is part of LCRA's Gulf Coast Irrigation Division Plant No. 2. The dam was constructed in 1984 to provide a pumping pool for the pump station vertical and horizontal pumps during periods of low river flows. Over the last 34 years, the dam has sustained damage during multiple flood events, including Hurricane Harvey in August 2017.

The purpose of the LCD Rehabilitation project is to repair damages to the existing dam and adjacent embankments. Work includes extension and repair of the downstream stilling basin, installation of sheetpile walls on the downstream edge of the stilling basin, installation of sheetpile fins to improve hydraulic flow conditions, repair of downstream sheetpile and bank erosion, repair of scour hole at the downstream edge, and repair or replacement of bank protection mats. Staff expects the project to take about two years to complete. Portions of this work are eligible for reimbursements from LCRA insurance and FEMA.

LCRA originally included the Lane City Dam repair work as part of the Arbuckle Reservoir project and construction contract and was estimated to be \$7.2 million of the reservoir's total approved budget of \$250 million. Because of Hurricane Harvey, additional repair work now is required as part of the dam project and the estimated total repair scope has increased by \$6.6 million to \$13.8 million. The hurricane damages are eligible for disaster recovery funds from FEMA and LCRA's insurer, and in order to qualify for these funds, the work must be contracted under FEMA procurement rules. As such, staff is recommending removing the scope of the Lane City Dam project from the Arbuckle Reservoir project and establishing a new project that includes both the original scope of repairs plus the Hurricane Harvey repairs. This would allow LCRA to qualify for FEMA funding and consolidate the work under a single contractor.

The original Arbuckle Reservoir project lifetime budget of \$250 million included work for the Lane City Dam. Staff currently is forecasting the total costs for the Arbuckle Reservoir project to be \$255 million after moving the original \$7.2 million scope of the dam rehabilitation to this new project. This increase is due primarily to Hurricane Harvey-related delays and greater-than-expected construction costs in the upgrading of the existing river pump station. The cost increase of the Arbuckle Reservoir project does not require Board action as it is within the 10 percent and \$300,000 LCRA Board Policy 301 – Finance threshold. The difference between the new budget estimate and available funds from Texas Water Development Board (TWDB) bond proceeds, associated investment income and a TWDB grant is about \$10.8 million.

The additional scope on the LCD Rehabilitation project and additional spending on the Arbuckle Reservoir will be funded from the Resource Development Fund in an amount totaling \$17.5 million. A portion of the LCD Rehabilitation spending is expected to be recovered from insurance claims and FEMA reimbursements. Any such reimbursement will be credited back to the Resource Development Fund.

**Project Recap**

Total Project Estimated Cost:	<u>\$13,760,000</u>
Lifetime Budget Approval Sought:	<u>\$13,760,000</u>
FY 2019	\$ 1,000,000
FY 2020	\$ 7,760,000
FY 2021	\$ 5,000,000
Total:	\$13,760,000

**Project Direction**

Project Manager: Antonio Quiroz  
Project Sponsor: Ed Pensock  
Project Number: 1013543

**Presenter(s)**

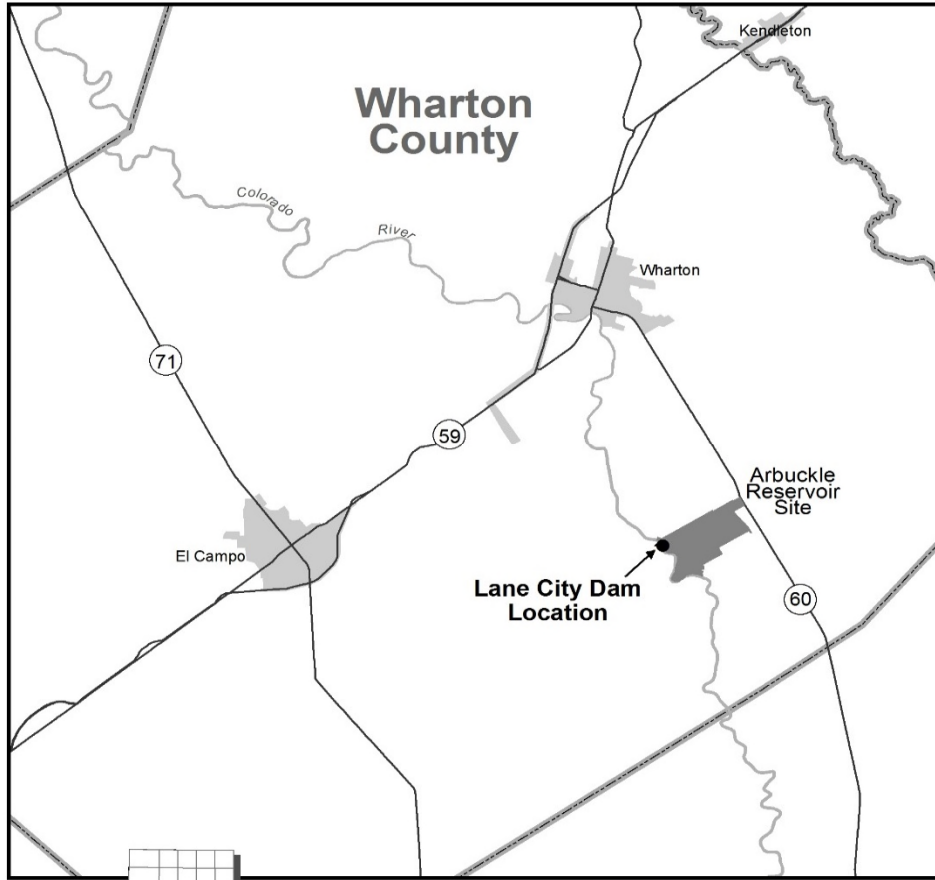
John B. Hofmann  
Executive Vice President, Water

**Exhibit(s)**

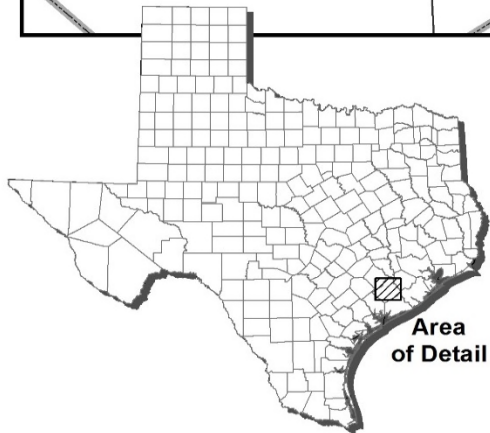
A – General Location Map



**EXHIBIT A**



**General Location Map  
Lane City Dam  
Wharton County, Texas**



## **FOR ACTION**

# **15. Proposed Amendment to Water Management Plan for Lakes Buchanan and Travis**

### **Proposed Motion**

Approve the attached resolution authorizing the general manager or his designee to prepare and submit to the Texas Commission on Environmental Quality for review and approval an application to amend the Water Management Plan consistent with this agenda item.

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

The proposed action would have no budgetary or fiscal impact on the fiscal year 2019 business plan.

### **Summary**

Under LCRA's water rights for lakes Buchanan and Travis, LCRA was required to develop a WMP and amend the plan as needed. The WMP is an operational plan designed to ensure LCRA can meet firm customer demands without shortage through a repeat of the Drought of Record. The WMP sets forth conditions under which LCRA can provide interruptible stored water for irrigated agriculture while protecting firm customers' demands. The WMP also addresses the environmental flow needs of the lower Colorado River and Matagorda Bay.

The WMP has been revised periodically based on new information, including changed conditions and new scientific studies. TCEQ in November 2015 approved the current WMP.

The TCEQ order approving the 2015 WMP required that LCRA begin the process for revising the WMP no later than Jan. 1, 2018. In January 2018, LCRA staff met with TCEQ to discuss the overall framework for the WMP revision. The framework of the revision includes:

- (1) Maintain combined storage in lakes Buchanan and Travis above 600,000 acre-feet through a repeat of historic hydrology;
- (2) Include additional hydrology through calendar year 2016;
- (3) Update firm and interruptible demands to reflect future conditions through year 2025; and
- (4) Retain a three-tier regime for interruptible agricultural curtailment that considers storage and inflow conditions, plus the use of a look-ahead test.

Beginning in May 2018, LCRA staff held a series of meetings with various interested groups as staff developed the proposed revision to the WMP. Through this process, LCRA staff presented and made refinements to customer demands, approaches for curtailing interruptible stored water, and approaches for providing water to help meet environmental flow needs in the lower Colorado River and Matagorda Bay.

LCRA staff recommends the Board adopt the attached proposed resolution, which authorizes the general manager or his designee to file an application with TCEQ to amend the 2015 WMP to incorporate the changes summarized in the exhibits to the proposed resolution, allowing staff to make non-substantive changes to the staff

proposal presented in this agenda item and to make other clerical changes and appropriate updates. This application will be the basis of a new WMP for TCEQ to then adopt and LCRA to implement.

**Presenter(s)**

John B. Hofmann  
Executive Vice President, Water

Monica Masters  
Vice President, Water Resources

**Exhibit(s)**

- A – LCRA Board Resolution Regarding Revisions to LCRA’s Water Management Plan for Lakes Buchanan and Travis
- B – Summary of Proposed Changes for 2018 WMP Application
- C – Proposed Approach for Interruptible Agricultural Curtailment
- D – Proposed Approach Regarding Environmental Flows

## **EXHIBIT A**

### **LCRA BOARD RESOLUTION REGARDING REVISIONS TO LCRA'S WATER MANAGEMENT PLAN FOR LAKES BUCHANAN AND TRAVIS**

WHEREAS, the Lower Colorado River Authority operates its water rights for lakes Buchanan and Travis pursuant to a Water Management Plan; and

WHEREAS, the Water Management Plan is periodically updated; and

WHEREAS, the order approving the current Water Management Plan required that LCRA begin the process for developing a revision to the Water Management Plan by Jan. 1, 2018; and

WHEREAS, as part of the process for developing a proposed revision, LCRA staff has engaged in a process with various interested parties; and

WHEREAS, LCRA staff recommends changes to the Water Management Plan as summarized in Exhibits B, C and D.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the following:

1. The general manager or his designee is authorized to prepare and file an application to amend the Water Management Plan for lakes Buchanan and Travis consistent with the staff proposal summarized in Exhibits B, C and D. Such application may include non-substantive changes to the staff proposal and other clerical changes and appropriate updates; and
2. Following the approval of the proposed revision to the Water Management Plan by the Texas Commission on Environmental Quality, LCRA staff shall implement the approved plan and thereafter convene periodically with interested parties to provide information and a forum for discussion regarding the implementation of the Water Management Plan. Topics for discussion may include the amounts of demand experienced in the basin, the hydrologic conditions and the sources of supply used to meet demands. Discussion also may include identification of possible changes for the subsequent revision to the Water Management Plan. As part of the process for the subsequent revision to the Water Management Plan, staff will work with basin interests to explore ways to incent future advanced water conservation strategies that are costly to implement by allowing a portion of verified water savings from such strategies to be accrued to the direct benefit of the implementing entity as well as the entire basin.

**EXHIBIT B**

**SUMMARY OF PROPOSED CHANGES FOR 2018 WMP APPLICATION**

<b>Issue</b>	<b>2015 WMP</b>	<b>2018 LCRA Proposal</b>
<b>Hydrology</b>	Includes hydrology from 1940 through 2013.	Adds hydrology through 2016; include revisions in other periods with slight changes from TCEQ data.
<b>Other LCRA water rights</b>	Includes assumptions on use of LCRA's downstream water rights.	Adds assumptions on use of LCRA's amended Garwood water right and Arbuckle Reservoir.
<b>Minimum combined storage in lakes Buchanan and Travis for WMP models</b>	Maintains storage above 600,000 acre-feet in period of record through 2013.	Maintains storage above 600,000 acre-feet in period of record through 2016.
<b>Demand scenario</b>	Reflects approximate midpoint between 2010 and 2020 Region K projected demands.	Bases demands on highest expected use for the 2020 to 2025 time frame. Applies weather variability to all demand types.
<b>Approach for curtailing interruptible agricultural supply under different drought scenarios</b>	Includes framework with three curtailment conditions: Extraordinary Drought, Less Severe Drought and Normal. Also includes look-ahead test if storage may fall below specified levels.	Continues framework with three curtailment conditions and look-ahead test. Includes additional test for entering Extraordinary Drought based on shorter-term intense drought conditions similar to those experienced in 2011. See Exhibit C.

<b>Issue</b>	<b>2015 WMP</b>	<b>2018 LCRA Proposal</b>
<b>Application of limits on interruptible stored water for agriculture</b>	Applies interruptible stored water amounts from curtailment curves as strict volumetric limits on the amounts of water available for diversion at the Gulf Coast, Lakeside and Pierce Ranch irrigation operations, with separate allocations for first and second seasons.	Reduces maximum amounts of interruptible stored water available for diversion, and modifies curtailed amounts of interruptible stored water. Modifies combined storage trigger level for entering Less Severe Drought in first and second seasons from 1.6 million to 1.5 million acre-feet and modifies trigger level for a partial curtailment of second season under Normal conditions from 1.55 million to 1.4 million acre-feet. See Exhibit C.
<b>Limit on releases of interruptible stored water</b>	Not included.	Adds a maximum limit on releases of interruptible stored water. See Exhibit C.
<b>Anytime (or mid-crop) cutoff for interruptible agricultural supply</b>	Sets combined storage level for anytime cutoff during a crop season at 900,000 acre-feet in Normal conditions and 950,000 acre-feet in Less Severe Drought conditions.	Modifies combined storage level for anytime cutoff during a crop season increased to 1 million acre-feet (for both Normal and Less Severe Drought conditions). See Exhibit C.
<b>Decision dates for determining interruptible agricultural supply and environmental criteria</b>	Sets evaluation dates: March 1 for first season and environmental flows from March through June; July 1 for second season and environmental flows from July through the following February.	Adds a Nov. 1 evaluation date for environmental flows for November through the following February. See Exhibit D.

<b>Issue</b>	<b>2015 WMP</b>	<b>2018 LCRA Proposal</b>
<b>Dedicated releases for environmental flows</b>	Includes annual and multiyear caps on dedicated releases for environmental flow needs. Maintains firm commitment of 33,440 acre-feet per year.	Incorporates updated annual and multiyear caps for dedicated releases for environmental flow needs. No changes to firm commitment. See Exhibit D.
<b>Releases for bay inflow needs</b>	Sets five levels of bay inflow criteria. Ties various limits on releases specifically for bay and estuary inflows to storage levels, water supply condition or availability of interruptible stored water for agriculture.	Continues five levels of bay inflow criteria. Updates limitations on releases of water specifically for bay inflow needs. See Exhibit D.
<b>Releases for instream flows</b>	Sets three levels of instream flow criteria: Subsistence, Base-Dry and Base-Average	Modifies combined storage trigger for switching from Base-Dry to Subsistence criteria. Modifies obligation at Wharton gauge when combined storage is less than 900,000 acre-feet. See Exhibit D.
<b>Use of Arbuckle Reservoir to help meet environmental flow needs</b>	Not included.	Makes water stored in Arbuckle Reservoir available as a source for meeting LCRA's obligations for bay inflows.
<b>Criteria for Drought Worse than Drought of Record declaration</b>	Intensity criteria based on 1950s Drought of Record.	Updates intensity component of the intensity test and the duration component of the duration test to reflect the recent new Drought of Record.
<b>Combined firm yield of lakes Buchanan and Travis</b>	434,154 acre-feet per year based on 1950s drought as Drought of Record.	418,800 acre-feet per year based on recent drought as a new Drought of Record.

**EXHIBIT C**

**PROPOSED WMP REVISION: INTERRUPTIBLE AGRICULTURAL CURTAILMENT**

**Maximum Amounts of Interruptible Stored Water Available for Diversion at Gulf Coast, Lakeside and Pierce Ranch Operations**

*First Season Interruptible Stored Water Availability*

<b>Normal Conditions</b>		<b>Less Severe Drought Condition</b>	
Combined storage on March 1 (million acre-feet)	Interruptible supply (acre-feet)*	Combined storage on March 1 (million acre-feet)	Interruptible supply (acre-feet)*
Below 1.1	0	Below 1.1	0
1.1 to 1.3	107,100 to 178,000	1.1 to 1.499999	88,200 to 155,000
Above 1.3	178,000	1.5 or above	N/A
*Anytime cutoff if storage drops to or below 1 million acre-feet		*Anytime cutoff if storage drops to or below 1 million acre-feet	

*Second Season Interruptible Stored Water Availability*

<b>Normal Conditions</b>		<b>Less Severe Drought Condition</b>	
Combined storage on July 1 (million acre-feet)	Interruptible supply (acre-feet)*	Combined storage on July 1 (million acre-feet)	Interruptible supply (acre-feet)*
Below 1.1	0	Below 1.1	0
1.1 to 1.4	39,700 to 66,000	1.1 to 1.499999	39,700 to 55,000
Above 1.4	66,000	1.5 or above	N/A
*Anytime cutoff if storage drops to or below 1 million acre-feet		*Anytime cutoff if storage drops to or below 1 million acre-feet	

**Maximum Interruptible Stored Water Release From Lakes Buchanan and Travis**

The maximum release of interruptible stored water from lakes Buchanan and Travis for orders at the Gulf Coast, Lakeside and Pierce Ranch operations is 210,000 acre-feet in first season and 82,000 acre-feet in second season.

**Normal Conditions**

Normal water supply conditions apply unless the criteria for an alternate condition are met.



### **Less Severe Drought Condition**

Criteria for entering the Less Severe Drought condition:

1. Combined storage is below 1.5 million acre-feet on March 1 or July 1 AND cumulative three-month inflows total less than 50,000 acre-feet; OR
2. Combined storage is below 1.4 million acre-feet on March 1 or July 1 AND cumulative three-month inflows total less than the 33rd percentile for the three-month period; OR
3. Based on the prior evaluation date, the condition was Extraordinary Drought and the criteria for exiting Extraordinary Drought are met while the criteria for exiting Less Severe Drought are not met.

Criteria for exiting the Less Severe Drought conditions:

1. Combined storage was above 1.5 million acre-feet at any time since the prior evaluation date; OR
2. Combined storage was above 1.4 million acre-feet at any time since the prior evaluation date AND the cumulative three-month inflows on March 1 or July 1 equal or exceed the median for the three-month period.

However, if either criteria for *entering* Less Severe Drought are met, that condition remains in effect.

### **Extraordinary Drought Condition**

Under Extraordinary Drought, no interruptible stored water is supplied except to the Garwood Irrigation Division.

Criteria for entering the Extraordinary Drought condition:

1. Combined storage is below 1.3 million acre-feet on March 1 or July 1, AND at least 18 months have passed since the combined storage was 98 percent full or more, AND the intensity criteria indicates a drought of severity equal to or exceeding the 1950s drought; OR
2. On the July 1 evaluation date, combined storage is below 1.4 million acre-feet, AND combined storage decreased from March 1 to July 1 by at least 300,000 acre-feet.

Criteria for exiting the Extraordinary Drought condition:

Combined storage was above 1.3 million acre-feet at any time since the prior evaluation date.

However, if either criteria for *entering* Extraordinary Drought are met, that condition remains in effect.

If the criteria for exiting the Extraordinary Drought condition is met, the condition automatically switches to the Less Severe Drought condition unless the criteria for exiting Less Severe Drought also are met.

### **Look-Ahead Test for Interruptible Agricultural Cutoff**

If the LCRA Board determines that combined storage would drop below 600,000 acre-feet in the next 12 months or below 900,000 acre-feet in the upcoming irrigation season (first or second), no interruptible stored water will be supplied in the upcoming irrigation season except to the Garwood Irrigation Division.

### **General Rules Regarding the Supply of First and Second Irrigation Season Water**

1. If interruptible stored water is not supplied for first season, interruptible stored water also is cut off for second season.
2. If interruptible stored water is cut off for the remainder of a season and combined storage is less than 1.3 million acre-feet, all run-of-river water that originates above Mansfield Dam also is cut off; if combined storage is 1.3 million acre-feet or higher, any run-of-river water that originates upstream is passed through, limited to the amount needed to finish the season.
3. If the interruptible stored water supply amount allocated for diversion for first season is reached in a year in which there is interruptible stored water available for second season, all or a portion of the second season allocation can be used to finish first season. If the maximum release of interruptible stored water from lakes Buchanan and Travis for first season is reached in a year in which there is interruptible stored water available for second season, a portion of the second season maximum release can be used to finish first season.

## **EXHIBIT D**

### **PROPOSED WMP REVISION: ENVIRONMENTAL FLOWS**

#### **Arbuckle Reservoir**

Water stored in Arbuckle Reservoir can be used as a substitute for releases from lakes Buchanan and Travis to satisfy an environmental flow obligation under the Water Management Plan.

#### **Evaluation Date**

Add a Nov. 1 evaluation date for determining environmental flow criteria in effect from November to February.

#### **Instream Flow Criteria**

Modify the triggers for Base-Dry and Subsistence to the following:

<b>Combined Storage (million acre-feet)</b>	<b>Instream Flow Level</b>
Above 1.96	Base-Average
1.80 to 1.959	Base-Dry
Below 1.80	Subsistence

Modify the obligation for Wharton when combined storage is below 900,000 acre-feet: after storable inflows are fully used to meet Subsistence criteria, releases of stored water from lakes Buchanan and Travis will be made to maintain the greater of 50 percent of Subsistence or a flow of 107 cubic feet per second at the Wharton gauge.

#### **Instream Flow Compliance**

LCRA will meet its obligation for instream flows under this WMP by scheduling releases relying on best available data sources, such as: measurements of rainfall and water levels in streams and reservoirs; flow ratings for streams, canals, hydroelectric turbines, spillways, floodgates, and pumps; elevation/area/capacity ratings for reservoirs; model results for predicted storm runoff and ungauged gains or losses of flow along the Colorado River; simulated routing and attenuation of flows along channels and through reservoirs; effluent discharge as reported by wastewater treatment plant operators; and, scheduled and actual pumping as reported by major diverters.

### Bay Inflow Criteria

For the added Nov. 1 evaluation date, use alternate triggers for OP-3 and OP-4 as shown below, and remaining triggers consistent with other evaluation dates:

<b>Combined Storage</b> (million acre-feet)	<b>Freshwater Inflow</b> <b>Criteria</b>
1.95 and above for March 1 and July 1; 1.85 and above for Nov. 1	OP-4
1.5 to 1.949 for March 1 and July 1; 1.5 to 1.849 for Nov. 1	OP-3
1.3 to 1.499	OP-2
1.0 to 1.299	OP-1
Less than 1.0	Threshold only

### Bay Maximum Monthly Release

The maximum release of storable inflows to help meet freshwater inflow criteria is limited based on combined storage at the end of the month for which the bay obligation is determined as follows:

<b>Combined</b> <b>Storage</b> (million acre-feet)	<b>Maximum Bay</b> <b>Release</b> (acre-feet)
1.5 and above	82,000
1.3 to 1.499	56,000
Less than 1.3	25,000

### **Bay Condition Limited to Threshold**

1. If combined storage falls below 1.0 million acre-feet at any time during a month, Threshold is the only freshwater inflow criteria in effect for that month.
2. If combined storage on the evaluation date is less than 1.3 million acre-feet and interruptible stored water for the Gulf Coast, Lakeside and Pierce Ranch irrigation operations is cut off for the season, Threshold is the only freshwater inflow criteria in effect until the next evaluation date. (For the November to February period, the determination of whether interruptible stored water is cut off is based on the preceding irrigation season.)

### **Bay Release Percentage Rule**

Releases for bay criteria that exceed 15,000 acre-feet in a month are limited to the following percentages of storable inflows that remain after the release of water for instream flows and the release of 15,000 acre-feet for bay criteria.

<b>Combined Storage</b> (million acre-feet)	<b>Bay Release Percentage</b>
Less than 1.5	50 percent
1.5 or greater	60 percent

### **Annual and Multiyear Caps**

Update based on final model output.

### **Bay Relief Provision**

For rainfall on the bay that exceeds the median monthly rainfall by a specified amount or significant inflows in the first days of the following month that result in bay salinity in the optimal levels over a specified duration, LCRA's obligation to provide additional water to help meet a bay operational criteria would be deferred or waived.

## **FOR ACTION**

# **16. Operations of Arbuckle Reservoir**

### **Proposed Motion**

Approve the attached resolution regarding the operations of Arbuckle Reservoir.

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

Approval of these actions will have no budgetary or fiscal impact on the fiscal year 2019 business plan.

### **Summary**

Arbuckle Reservoir is authorized under LCRA's Certificate of Adjudication No. 14-5476, as amended. LCRA expects to begin operating the reservoir in 2019. Under a separate agenda item, LCRA staff has proposed revisions to the Water Management Plan, which governs the operations of lakes Buchanan and Travis under water rights 14-5478 and 14-5482, as amended. In conjunction with the operation of lakes Buchanan and Travis under the proposed revisions to the WMP, staff recommends specific certain operations for Arbuckle Reservoir. Together, these operations will provide for more efficient use of LCRA's water rights to meet the needs of its firm customers, while also providing supplies to interruptible agricultural customers and helping meet environmental flow needs in the Colorado River and Matagorda Bay.

### **Presenter(s)**

John B. Hofmann  
Executive Vice President, Water

Monica Masters  
Vice President, Water Resources

### **Exhibit(s)**

A – Board Resolution Regarding Operations of Arbuckle Reservoir in Conjunction With Operations Under Proposed Revisions to LCRA's Water Management Plan for Lakes Buchanan and Travis

## **EXHIBIT A**

### **LCRA BOARD RESOLUTION REGARDING OPERATIONS OF ARBUCKLE RESERVOIR IN CONJUNCTION WITH OPERATIONS UNDER PROPOSED REVISIONS TO LCRA'S WATER MANAGEMENT PLAN FOR LAKES BUCHANAN AND TRAVIS**

WHEREAS, upon completion of construction, Arbuckle Reservoir will add operational flexibility to how LCRA meets demands for water in the lower Colorado River basin; and

WHEREAS, in addition to the use of its downstream water rights, LCRA supplies water to interruptible customers in the lower basin and for environmental flow needs pursuant to the Water Management Plan for lakes Buchanan and Travis; and

WHEREAS, the LCRA Board has authorized the general manager to prepare and submit to the Texas Commission on Environmental Quality an application to amend the Water Management Plan consistent with revisions recommended by LCRA staff; and

WHEREAS, in conjunction with the operations under the amended Water Management Plan, staff recommends certain operating protocols for Arbuckle Reservoir;

NOW, THEREFORE, BE IT RESOLVED that the LCRA Board of Directors hereby directs that, if the LCRA application for amendment of the Water Management Plan is approved by the Texas Commission on Environmental Quality in substantially the form submitted, then from and after such approval, Arbuckle Reservoir shall be operated consistent with the following protocols, to the extent practicable:

1. Use LCRA's downstream water rights, including water stored in Arbuckle Reservoir, to meet firm and interruptible demands, and to help meet environmental flow obligations in lieu of releasing stored water from lakes Buchanan and Travis under the Water Management Plan.
2. Unless and until the monthly Threshold inflows to Matagorda Bay have been met, and when water otherwise could be pumped into Arbuckle Reservoir, limit diversions into Arbuckle Reservoir to allow at least 250 cubic feet per second to remain in the river beyond the diversion point.
3. For seasons in which interruptible agricultural supply is partially curtailed under the Water Management Plan for lakes Buchanan and Travis, commit to supply to interruptible agricultural use from LCRA's downstream water rights an amount equal to 25 percent of the volume of water in storage in Arbuckle Reservoir on the evaluation date, with such amount reflecting a minimum availability from the downstream water rights.

4. When Arbuckle Reservoir has at least 20,000 acre-feet in storage at the end of a month, if the monthly Threshold value will not be met after making environmental releases based on an obligation under the Water Management Plan, if any, provide up to 50 percent of the water in storage in Arbuckle Reservoir in excess of 20,000 acre-feet to help meet the monthly Threshold value.