



# Board Agenda

Wednesday, May 22, 2019  
LCRA General Office Complex  
Board Room – Hancock Building  
3700 Lake Austin Blvd.  
Austin, TX 78703  
Earliest start time: 9 a.m.  
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**\*This agenda item requires the approval of at least 12 Board members.**

## Executive Session

- 1. LCRA Letter of Credit to ERCOT
- 2. Fiscal Year 2020 LCRA Wholesale Energy Rates
- 3. Resource Planning and Resource Options and Agreements
- 4. Litigation Report
- 5. Legal Advice on Economic Development Programs
- 6. Legislative Update

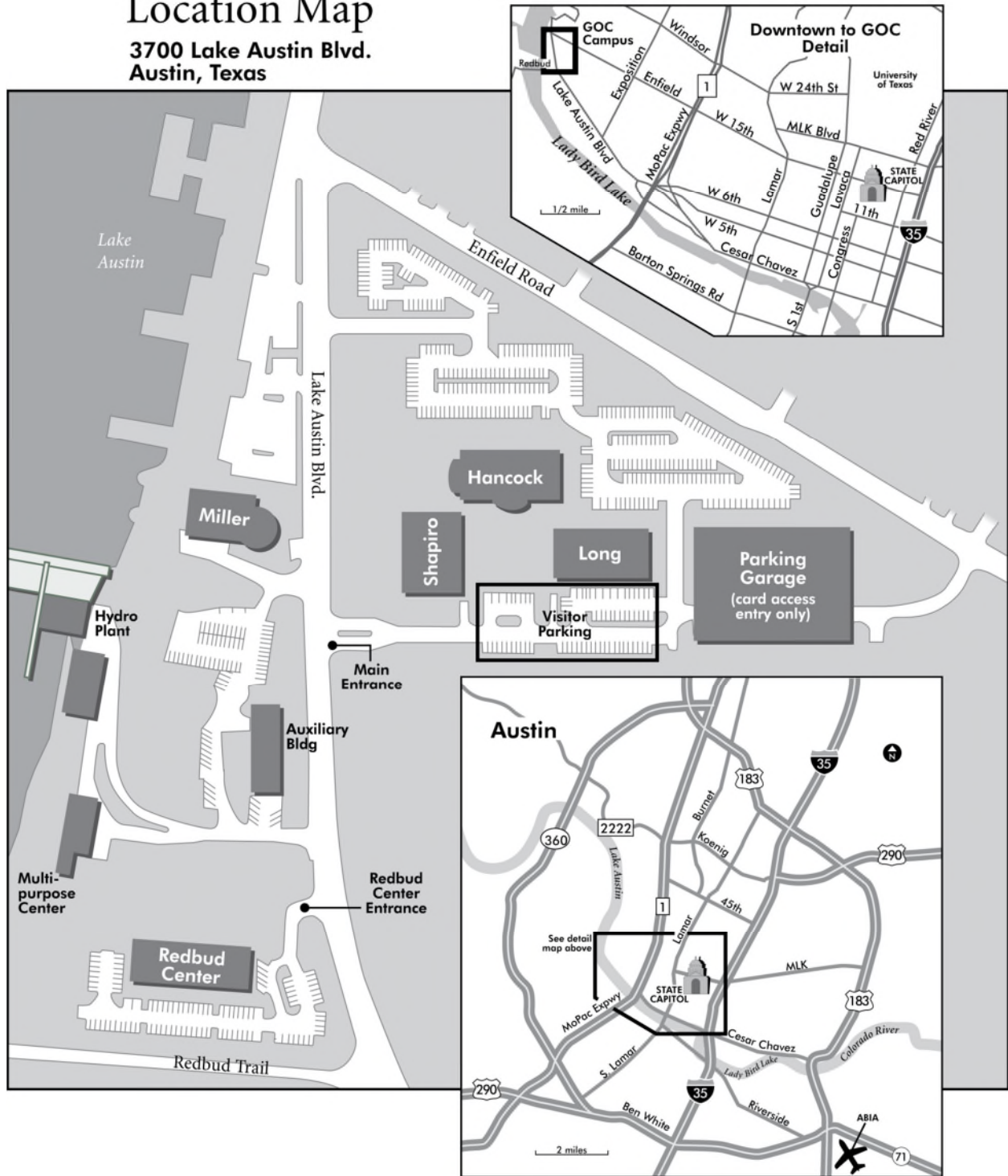
The Board also may go into executive session for discussion of competitive electric matters in Item 11 above, and for advice from legal counsel on any item(s) listed above, pursuant to Chapter 551 of the Texas Government Code.

## Legal Notice

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

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



## **FOR DISCUSSION**

# **1. Comments From the Public**

### **Summary**

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

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

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

### **Exhibit(s)**

A – Protocols for Public Communication at Board and Committee Meetings

## EXHIBIT A

### PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

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

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

## **FOR ACTION**

# **2. Election of LCRA Board Officers**

### **Proposed Motion**

Elect an LCRA Board vice chair and secretary for terms to begin on July 1, 2019, and expire on June 30, 2021.

### **Board Consideration**

The Board vice chair and secretary are elected by the Board for two-year terms in accordance with the LCRA bylaws.

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

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

### **Summary**

The Board will elect a Board vice chair and secretary for terms beginning July 1, 2019, and expiring on June 30, 2021. The chair appointed a nominating committee on May 3 to evaluate candidates for these positions and to recommend a vice chair and secretary for consideration by the Board.

### **Presenter(s)**

Timothy Timmerman  
LCRA Board Chair

## **FOR ACTION**

### **3. Appointment of LCRA Board Committees and Committee Chairs**

#### **Proposed Motion**

Approve the appointment of LCRA Board committee members and committee chairs as shown in Exhibit A.

#### **Board Consideration**

The LCRA bylaws require the Board Chair to appoint the chairs of all standing committees other than the Planning and Public Policy and the Executive committees as well as the members of the Audit and Risk, Finance, Land and Community Resources, and Transmission committees, all subject to the approval of the Board.

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

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

#### **Summary**

Chair Timmerman has appointed committee members and committee chairs as shown in Exhibit A. Board approval of these appointments is required by the LCRA bylaws. The appointments will be effective July 1, 2019. Each committee will elect its own vice chair. The committee chairs and vice chairs will serve two-year terms ending June 30, 2021.

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

Timothy Timmerman  
LCRA Board Chair

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

A - LCRA Board Committees and Committee Chairs

**EXHIBIT A**

**LCRA BOARD COMMITTEES AND COMMITTEE CHAIRS**

**PLANNING AND PUBLIC POLICY**

chair

**ENERGY OPERATIONS**

chair

**WATER OPERATIONS**

chair

**AUDIT AND RISK**

chair

open

open

open

open

**FINANCE**

chair

open

open

open

open

**LAND AND COMMUNITY RESOURCES**

chair

open

open

open

open

**TRANSMISSION**

chair

open

open

open

open

**FOR ACTION**

## **4. Resolutions**

**Proposed Motion**

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

**Board Consideration**

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

**Summary**

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

**Presenter(s)**

Phil Wilson  
General Manager



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

## Honoring David Smith

Whereas, David Smith retired from the Lower Colorado River Authority on Jan. 19, 2019, as director of Transmission Contract Construction Management after more than 38 years of service to LCRA; and

Whereas, David began his career at LCRA on June 1, 1980, as a helper in the Steel Fabrication Construction Department. He worked his way up through many diverse and important roles at LCRA, including Construction Steel apprentice, Construction Steel fabricator, Construction Steel engineering technician, senior engineering technician in Water Resource Development, project manager for Water Design and Construction, manager of Construction Services and senior manager of Transmission Contract Construction Management; and

Whereas, David has contributed huge efforts to serving LCRA and Texans. He worked with teams building water and wastewater plants, many miles of water and wastewater pipelines, pump stations, storage tanks, dams, roads, bridges, irrigation canals, miles and miles of transmission lines and many substations, as well as teams assisting in lake cleanup efforts following flooding and maintaining power generation facilities. He managed more than 150 projects at LCRA and played a key role in Transmission executing on its large capital program over several years; and

Whereas, David's former colleagues know him as a strong team player and collaborator and one to never shy away from challenges, providing an excellent example for those with whom he worked. He is known to have said, "Just let me get it done," and he didn't disappoint. David also is recognized as a man of strong integrity who truly valued his employees and looked out for their safety and well being; and

Whereas, David's retirement also marked the end of his time as a stalwart of LCRA recreational softball teams. David and his wife, Pam, look forward to playing more golf, traveling the country in their RV, spending time with their four children and their spouses and hanging out with their granddaughter, Lucy. They also will work on projects on their property in Delhi, help their church with projects and spend many days fishing on the Texas coast with friends and family;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Transmission, express their appreciation to David Smith for his extraordinary service to LCRA and the people of Texas for nearly four decades.

Approved this 22nd day of May 2019.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

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

## Honoring Pamela Jo “PJ” Ellison

Whereas, Pamela Jo “PJ” Ellison served on the Lower Colorado River Authority Board of Directors from May 29, 2013, to April 26, 2019, having been appointed by then-Governor Rick Perry as an LCRA electric service area representative from Washington County; and

Whereas, PJ is dedicated to serving her beloved state and deeply believes in the importance of LCRA’s mission to enhance the quality of life of the Texans it serves. She sought consensus and encouraged collaboration in her pursuit of win-win outcomes. PJ has a passion for being fair, honest and empathetic with all sides. During her service on the Water Operations Committee, PJ was adamant about finding solutions to benefit the whole basin. As vice chair of the Audit and Risk Committee, she brought a leadership approach that looked for innovative improvements. The Finance and Administration Committee (the Finance Committee’s predecessor) benefitted from PJ’s guidance as vice chair and her desire to understand all facets of every issue. PJ is a thoughtful listener and inquisitor who genuinely cares about people and how things work; and

Whereas, PJ’s pride in LCRA’s commitment to serving customers guided her leadership as vice chair of the Energy Operations Committee. She took it upon herself to visit with LCRA’s electric customers to better understand their interests and goals. Through her service on the boards of LCRA WSC Energy, WSC Energy II and GenTex Power Corporation, PJ supported efforts to increase cost-effective power sales to benefit LCRA’s wholesale electric customers. She also served as a member of the Planning and Public Policy Committee, asking far-reaching questions about LCRA’s future direction; and

Whereas, PJ has a deeply rooted desire to improve the lives of others. The smiles she shared at Community Development Partnership Program grant presentations showed how much joy she took in seeing the impact the program has on local communities. PJ believed personal connections can create extraordinary results, and she led by example. While serving on the Board, she spent time on the road with workers across LCRA and visited teams at LCRA’s offices to express her appreciation, inspire them and reinforce the importance of their work in carrying out LCRA’s mission; and

Whereas, during her roughly six years of serving on the LCRA Board, PJ helped oversee nearly \$1.8 billion in capital spending for projects to help improve the lives of Texans. During her tenure, LCRA undertook projects such as the new Thomas C. Ferguson Power Plant, dam rehabilitation projects and the Arbuckle Reservoir. In addition, her service on the LCRA Transmission Services Corporation Board of Directors helped put in place essential transmission projects to make electric service in Texas more reliable and support the growing number of customers throughout the state;

Now, Therefore, Be It Resolved that LCRA, with special emphasis from the LCRA Board of Directors, is grateful to Pamela Jo “PJ” Ellison for her leadership and commitment to service on the LCRA Board that has helped LCRA fulfill its mission to enhance the quality of life of the Texans it serves. The directors will miss her compassion, quick wit, thoughtful perspective and updates on Willie Nelson concerts, and they wish her well in all of her future endeavors.

Approved this 22nd day of May 2019.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

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

## Honoring Franklin Scott Spears Jr.

Whereas, Franklin Scott Spears Jr. served on the Lower Colorado River Authority Board of Directors from Oct. 25, 2007, to April 26, 2019, having been appointed in 2007 and reappointed in 2013 by then-Governor Rick Perry as Travis County's representative from LCRA's service area; and

Whereas, through his membership on the Planning and Public Policy Committee, he contributed important insight as the longest-serving director among his fellow Board members. Scott also helped navigate both drought and floods during his admirable nine-year tenure as chair of the Water Operations Committee. His service on the Water Vision and Lower Basin Reservoir ad hoc committees also helped bring about Arbuckle Reservoir. With a basinwide perspective, Scott worked to ensure LCRA received the right strategic direction and the resources to carry it out. As former Board secretary and as a Board member, he helped oversee projects that will benefit Texans for decades, drawing on his passion for his role as a steward of God's natural resources in the basin. Many directors said Scott was a great chaplain for the Board. He created a positive atmosphere before meetings by leading prayers and devotions that tied into the day's business, as well as the pledges of allegiance to the U.S. and Texas flags, which Scott said with ringing conviction; and

Whereas, Scott's service on the Finance Committee contributed to LCRA's ability to provide vital services at competitive rates. As a member of the Energy Operations Committee and the Generation Advisory Board, he took pride in LCRA's continued work with electric customers to help meet their goals. Through his service on the LCRA WSC Energy, WSC Energy II and GenTex Power Corporation boards, Scott supported efforts to increase cost-effective power sales to benefit LCRA's wholesale electric customers; and

Whereas, Scott's experience as an attorney added a dynamic layer to his contributions as a member of the Executive Committee and his leadership as chair of its preceding Strategic Initiatives Ad Hoc Committee. Scott is inquisitive and persistent but always maintains his caring disposition. Even when facing difficult decisions, he was known for not letting briefings begin until he had asked how everyone was doing and what was going on in their lives. This compassion also drew him to serve on the Community Development Partnership Program Review Committee, where his work helped strengthen communities with much-needed grants; and

Whereas, during his more than 11 years serving on the LCRA Board, Scott helped oversee nearly \$5 billion in capital spending, including investments in the new Thomas C. Ferguson Power Plant, dam rehabilitation projects and Arbuckle Reservoir. His service on the LCRA Transmission Services Corporation Board of Directors helped put in place essential transmission projects to make electric service in Texas more reliable and support the growing number of customers throughout the state;

Now, Therefore, Be It Resolved that LCRA, with special emphasis from the LCRA Board of Directors, is grateful to Franklin Scott Spears Jr. for his leadership and commitment to service on the LCRA Board that has helped LCRA fulfill its mission to enhance the quality of life of the Texans it serves. The directors will miss his spiritual messages, wisdom and ability to find the good in everyone, and they wish him well in all of his future endeavors.

Approved this 22nd day of May 2019.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

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**FOR DISCUSSION**

## **5. Financial Report**

**Board Consideration**

Staff presents this report monthly to the Board of Directors for discussion.

**Summary**

The financial report for LCRA covers the month and fiscal year to date.

**Presenter(s)**

Julie Rogers  
Controller

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# **Lower Colorado River Authority**

## **Financial Highlights**

**April 2019**

# Lower Colorado River Authority

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**Key terms:**

**4CP** – Four-month coincident peak is the average of the peak Electric Reliability Council of Texas electrical demands (measured in kilowatts) during the months of June, July, August and September of the previous calendar year.

**FYE** – Fiscal year-end.

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

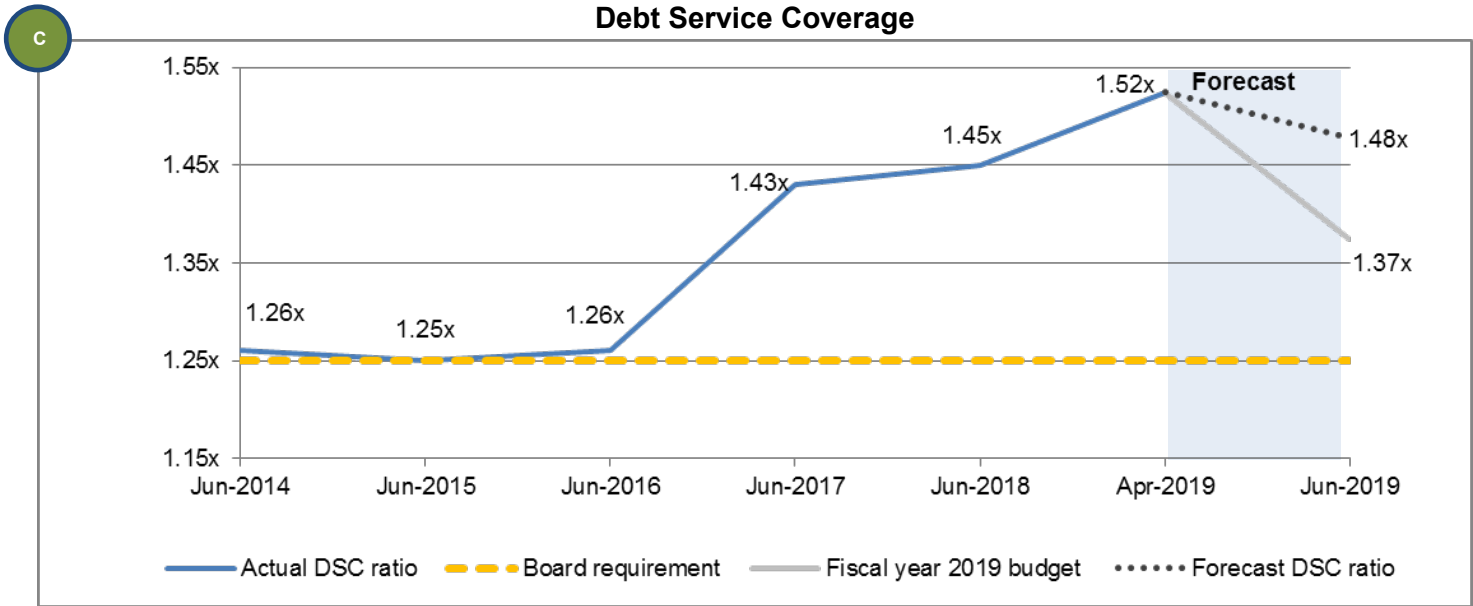
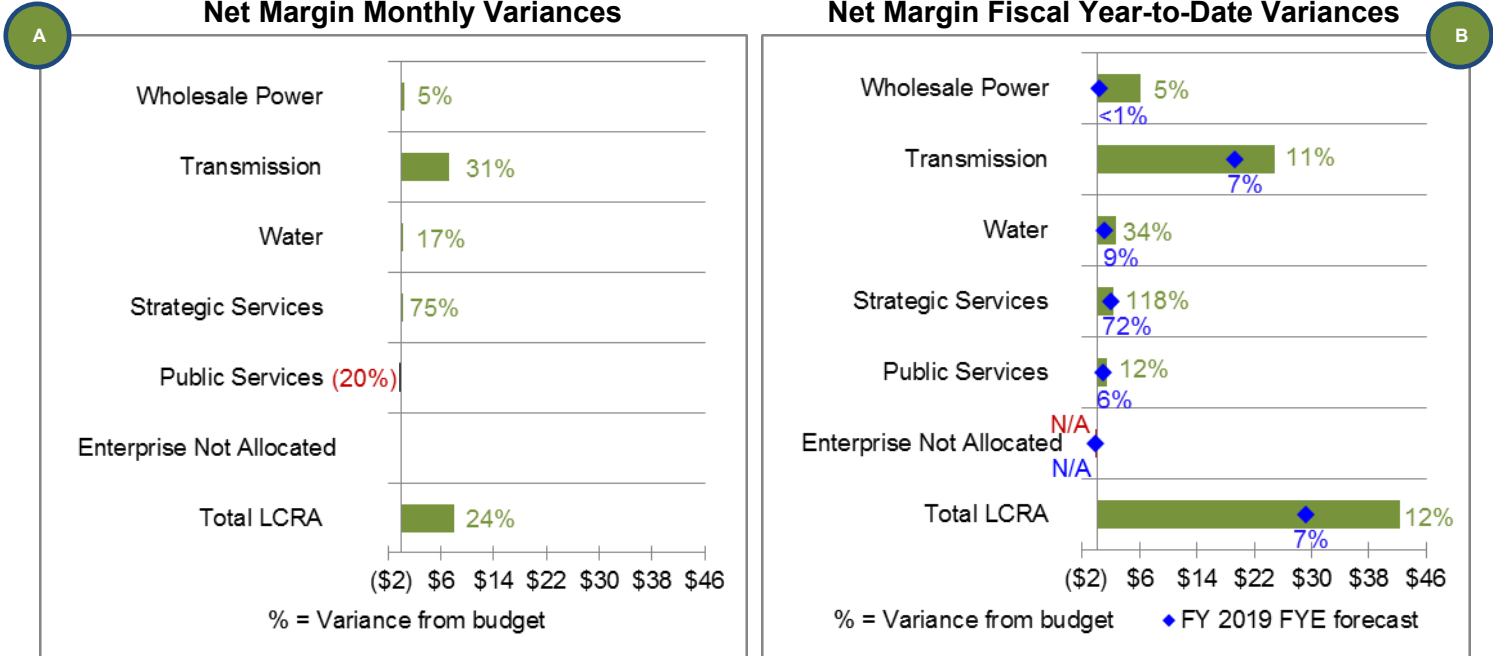


# Lower Colorado River Authority

April 30, 2019

(Dollars in Millions)

## Budget-to-Actual Highlights



### Key takeaways:

- The timing of expenses drove Wholesale Power's monthly performance. Higher-than-budgeted interest income and slightly higher load, as well as the timing of expenses, drove the year-to-date performance. Higher-than-budgeted nonfuel expenses offset by higher interest income and load are driving the year-end forecast.

## Lower Colorado River Authority

April 30, 2019

*(Dollars in Millions)*

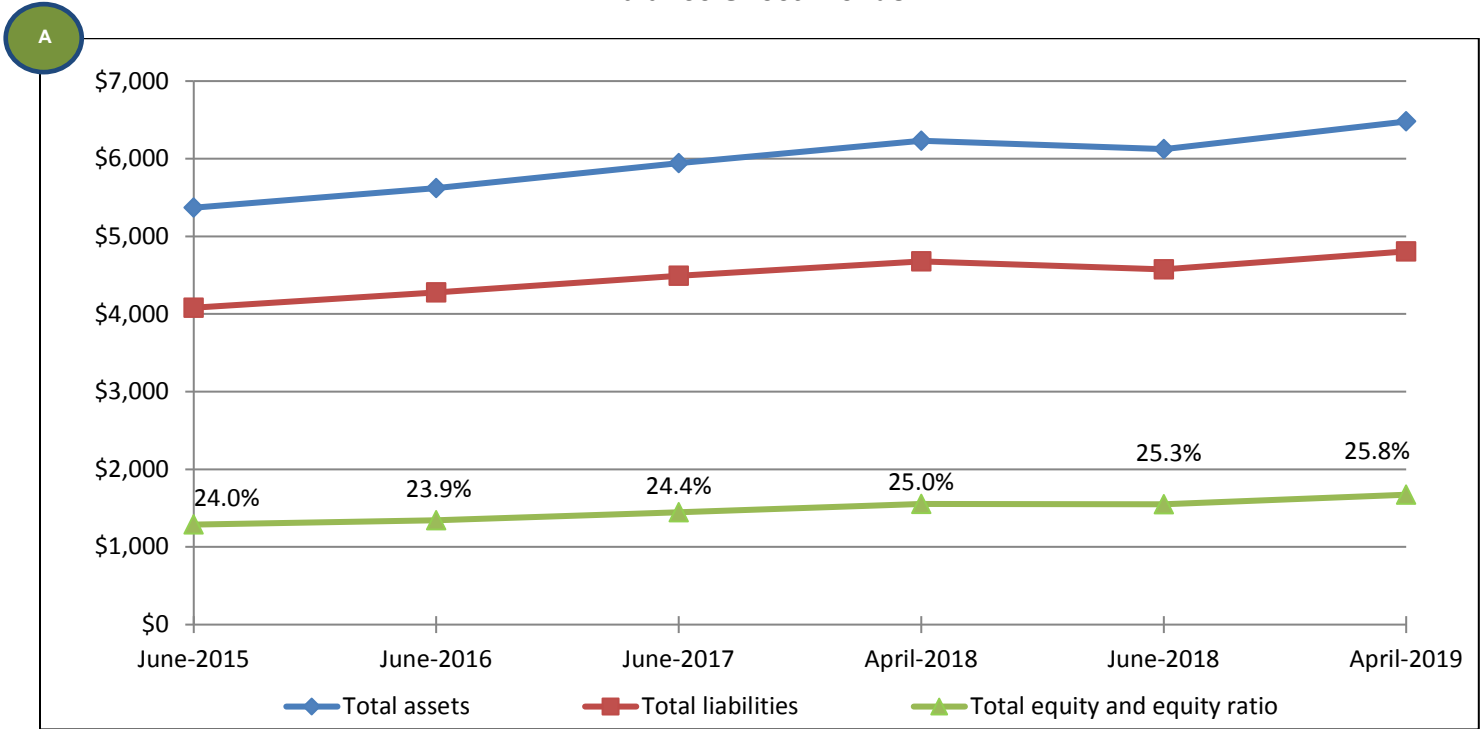
### Key takeaways (continued):

- Higher cost of service revenues and the timing of expenses drove Transmission's monthly performance. A combination of timing and lower expenses, as well as higher cost of service, interest income and miscellaneous revenues, drove the year-to-date performance. Lower-than-budgeted expenses, higher-than-budgeted Transmission revenues due to a higher-than-planned interim capital addition rate filing and an increased 4CP, higher interest income and miscellaneous revenues are driving the higher-than-budgeted debt service coverage projection.
- The timing of expenses primarily drove Water's monthly performance. A combination of lower expenses and timing drove year-to-date performance. Lower-than-budgeted expenses and higher-than-budgeted river management revenues are driving the year-end forecast.
- Increased customer service work in Transmission and Telecommunications are primarily driving the monthly, year-to-date and year-end forecast performances.
- The timing of expenses primarily drove Public Services' monthly performance. A combination of lower expenses and timing drove year-to-date performance. Lower-than-budgeted expenses are driving the year-end forecast.
- Donations for flood-relief efforts drove the year-to-date variance and year-end forecast for Enterprise Not Allocated.
- The positive year-end forecast and slightly lower-than-budgeted debt service in Transmission are primarily driving the higher-than-budgeted debt service coverage projections.

# Lower Colorado River Authority Financial Statement Trends

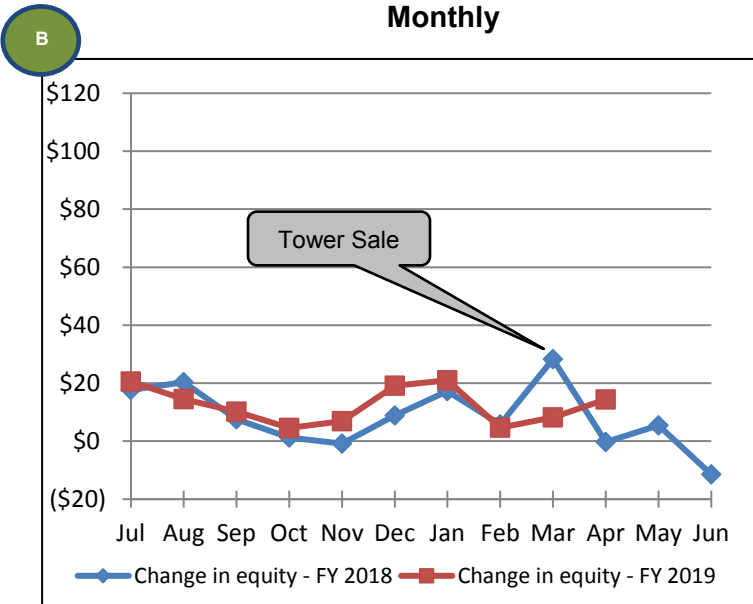
April 30, 2019  
(Dollars in Millions)

## Balance Sheet Trends

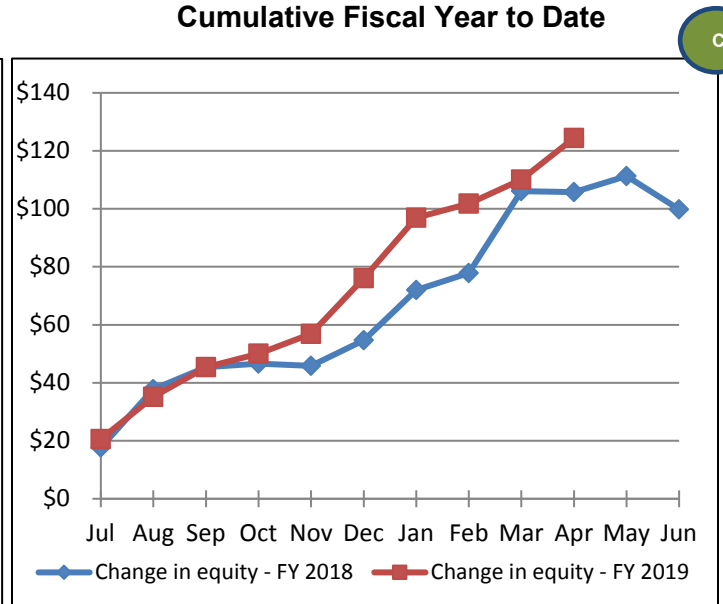


## Income Statement Trends

### Monthly



### Cumulative Fiscal Year to Date



### Key takeaways:

- Assets and liabilities are trending slightly higher compared to April 2018 due to construction activities related to the capital plan.
- Both monthly and year-to-date net income are trending higher in fiscal year 2019 as a result of additional collections needed for debt service. There was also an increase in Transmission revenues.

# Lower Colorado River Authority

April 30, 2019

(Dollars in Millions)

## Condensed Balance Sheets

	April 30, 2019	April 30, 2018
<i>Assets</i>		
Total current assets	\$ 687.4	\$ 628.0
Total long-term assets	5,792.4	5,602.3
<b>Total Assets</b>	<b>\$ 6,479.8</b>	<b>\$ 6,230.3</b>
<i>Liabilities</i>		
Total current liabilities	\$ 530.5	\$ 768.4
Total long-term liabilities	4,276.4	3,907.4
Total liabilities	4,806.9	4,675.8
<i>Equity</i>		
Total equity	1,672.9	1,554.5
<b>Total Liabilities and Equity</b>	<b>\$ 6,479.8</b>	<b>\$ 6,230.3</b>

## Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2019	2018
<b>Operating Revenues</b>		
Electric	\$ 859.2	\$ 802.0
Water and irrigation	21.1	18.9
Other	36.9	21.4
<b>Total Operating Revenues</b>	<b>917.2</b>	<b>842.3</b>
<b>Operating Expenses</b>		
Fuel	247.1	242.1
Purchased power	132.0	55.9
Operations	128.0	157.9
Maintenance	38.3	31.9
Depreciation, depletion and amortization	144.0	148.7
<b>Total Operating Expenses</b>	<b>689.4</b>	<b>636.5</b>
<b>Operating Income</b>	<b>227.8</b>	<b>205.8</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest on debt	(138.2)	(133.9)
Other income	34.8	33.9
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(103.4)</b>	<b>(100.0)</b>
<b>Change in Equity</b>	<b>124.4</b>	<b>105.8</b>
<b>Equity - Beginning of Period</b>	<b>1,548.5</b>	<b>1,448.7</b>
<b>Equity - End of Period</b>	<b>\$ 1,672.9</b>	<b>\$ 1,554.5</b>

**FOR ACTION (CONSENT)**

## **6. Grant Storm Water Drainage Easement in Matagorda County**

### **Proposed Motion**

Authorize the general manager or his designee to grant an approximately 0.1928-acre storm water drainage easement to CenterPoint Energy across an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.

### **Board Consideration**

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of three-fourths of the LCRA Board's statutory membership (12 members) prior to the conveyance of 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 bid process. LCRA Board Policy 401 – Land Resources requires three-fourths of the LCRA Board's statutory membership (12 members) to declare the land no longer necessary or of beneficial use to the business of LCRA prior to conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require the Board to approve the terms of all land sales.

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

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2019 business plan. The proceeds of \$5,000 from the sale of the easement will be used to fund capital water projects.

### **Summary**

CenterPoint plans to construct a new substation on property adjacent to the canal. The substation construction requires a stormwater management plan. CenterPoint is requesting to purchase an easement from LCRA to allow the use of culverts running perpendicularly under an LCRA-owned canal in Matagorda County for stormwater drainage. The canal is part of the Gulf Coast Irrigation District canal system.

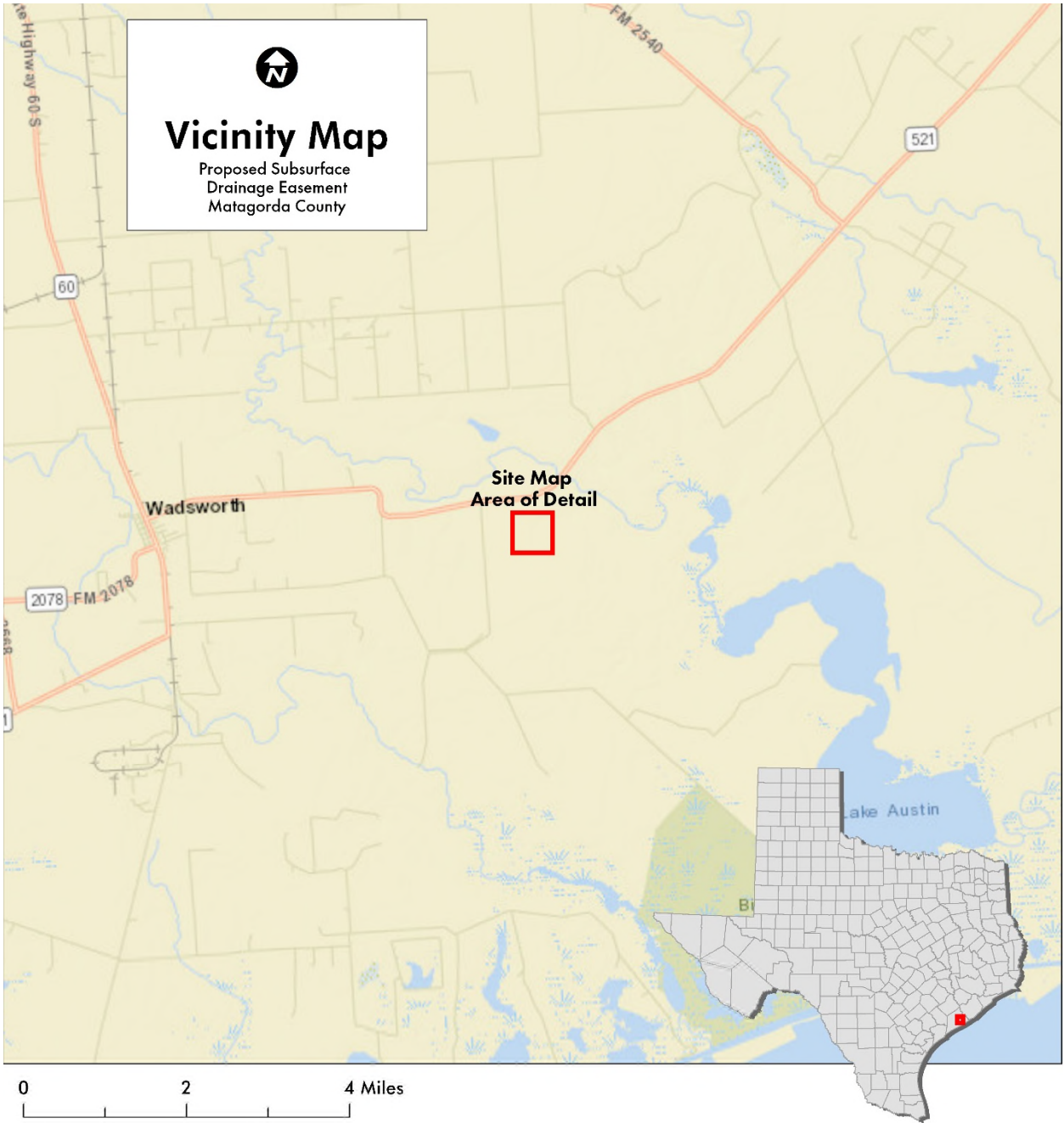
CenterPoint has agreed to pay \$5,000 for the easement. LCRA staff reviewed available market data and determined this price is at or above the market value of the easement being conveyed.

The easement will include provisions necessary to protect the canal. LCRA staff reviewed CenterPoint's drainage operation plan and found no adverse operational impacts from the sale of the easement. Future repair or replacement of the existing culverts by CenterPoint will require prior approval by LCRA Irrigation Operations. LCRA will complete and document environmental and cultural due diligence assessments in accordance with LCRA Board Policy 401.403.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



## **7. Grant Electric Crossing and Access Easement in Matagorda County**

### **Proposed Motion**

Authorize the general manager or his designee to grant an approximately 0.19-acre permanent easement and 0.126-acre temporary construction easement to EC&R Development LLC for an underground electric collection line and an access road that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.

### **Board Consideration**

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of three-fourths of the LCRA Board's statutory membership (12 members) prior to the conveyance of 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 bid process. LCRA Board Policy 401 – Land Resources requires three-fourths of the LCRA Board's statutory membership (12 members) to declare the land no longer necessary or of beneficial use to the business of LCRA prior to conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require the Board to approve the terms of all land sales.

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

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2019 business plan. The proceeds of \$5,000 from the sale of the easement will be used to fund capital water projects.

### **Summary**

EC&R Development LLC plans to construct a wind farm that will include multiple underground electric collection lines transmitting electricity to various substations. EC&R Development is requesting an easement across an LCRA-owned canal in Matagorda County that would allow construction of a road over the canal to access the wind turbines and installation of an underground electric collection line from the wind turbines to a nearby substation. The canal is part of the Gulf Coast Irrigation District canal system. The permanent easement requested by EC&R Development will be 60 feet wide and the temporary construction easement will be 40 feet wide. The underground electric collection line will be located at a minimum of 6 feet below the lowest point of the canal.

CenterPoint has agreed to pay \$5,000 for the easement. LCRA staff reviewed available market data and determined this price is at or above the market value of the easement being conveyed.

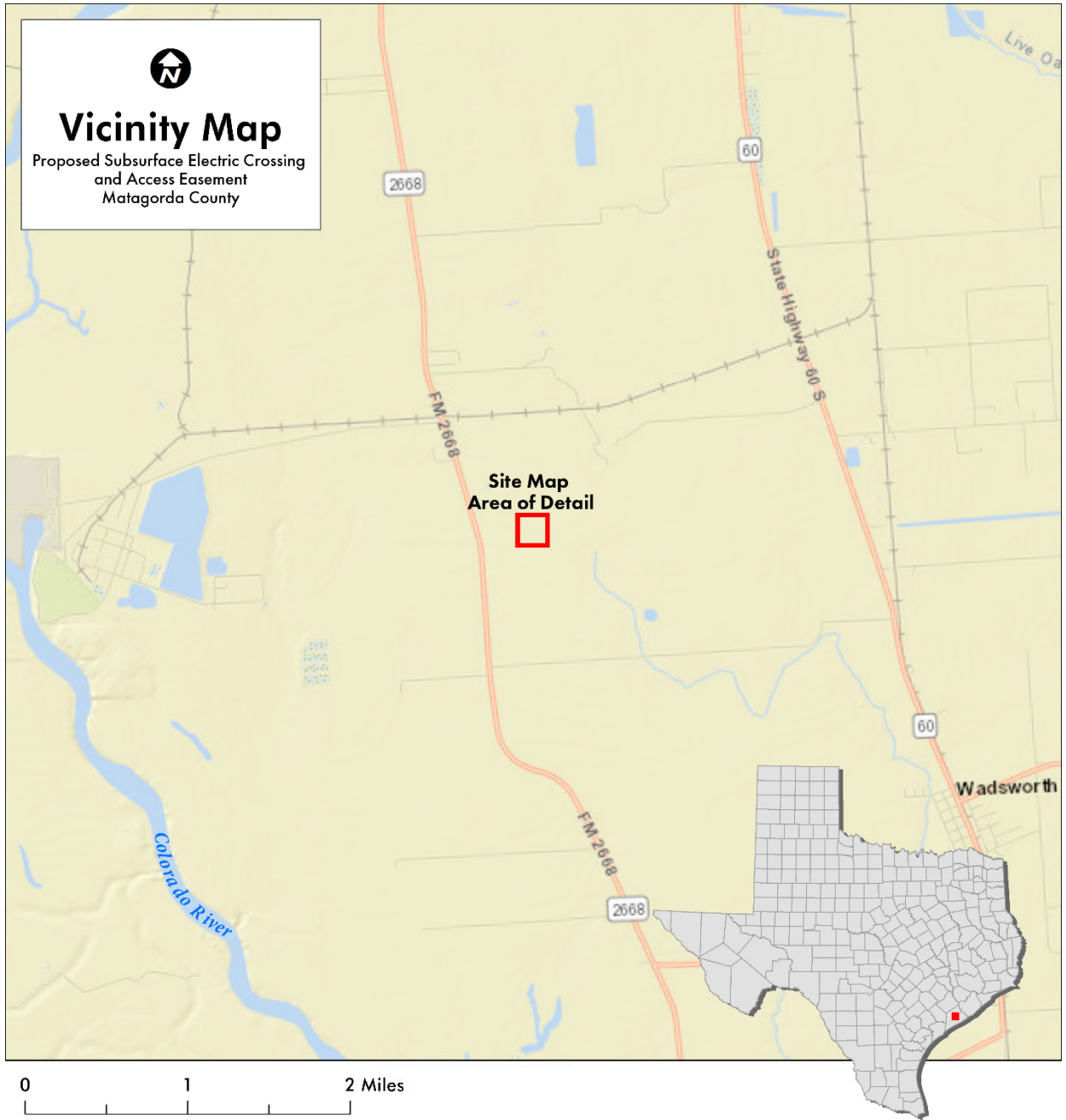


The easement will include provisions necessary to protect the canal. LCRA staff reviewed the construction and operation plans for the underground collection line and access road and found no adverse operational impacts from the sale of the easement. LCRA will complete and document environmental and cultural due diligence assessments in accordance with LCRA Board Policy 401.403.

**Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

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

## **8. Grant Utility Easement in Bastrop County (Parcel CR-08C)**

### **Proposed Motion**

Authorize the general manager or his designee to convey to Aqua Water Supply Corporation a 20-foot wide, 0.03-acre permanent easement and an adjacent 20-foot wide, 0.03-acre temporary workspace easement across a portion of LCRA Parcel CR-08C in Bastrop County to install an underground water line.

### **Board Consideration**

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property. LCRA Board Policy 401 – Land Resources establishes guidelines, disposition, use and management of all LCRA land rights.

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

The fiscal year 2019 business plan contains the administrative costs associated with the conveyance of this easement.

### **Summary**

LCRA originally acquired Parcel CR-08C (Leach Tract) in 1999 and a large portion of the Leach Tract was subsequently sold as part of the adjacent Hyatt Regency Lost Pines development and water system divestiture. The remaining 3.17-acre tract is currently used as an access road.

Aqua Water requested the permanent and temporary workspace easements across LCRA land to provide water service to a new subdivision off Pope Bend Road. Aqua Water plans to install the water line at a minimum of 30 inches underground.

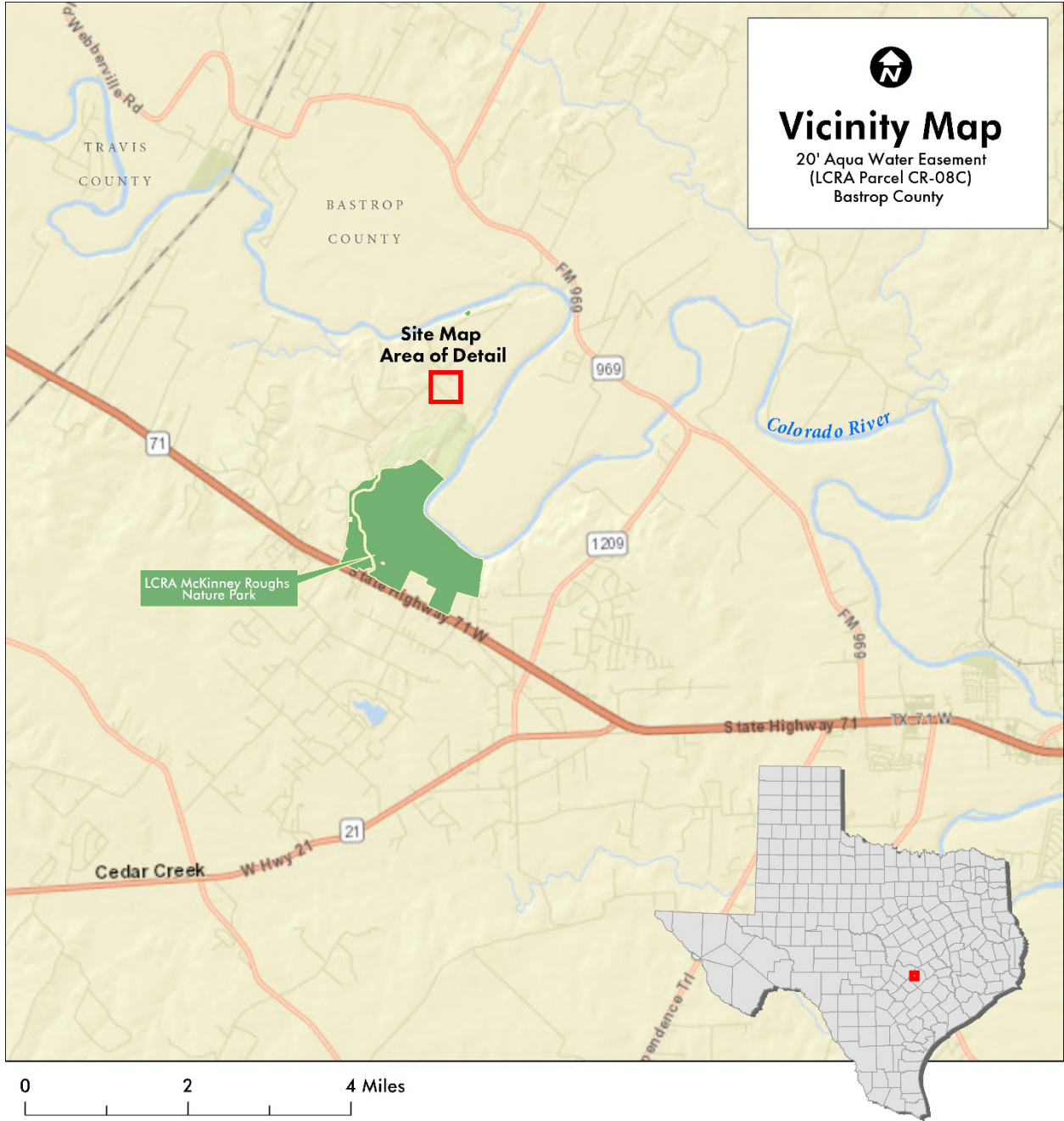
The approximate 0.03-acre easement and 0.03-acre temporary workspace easement will be granted to Aqua Water in exchange for upgrading an existing water tap from  $\frac{3}{4}$ " to 1 inch for the maintenance yard at McKinney Roughs. The value of the upgraded water tap is estimated to be approximately \$6,000. LCRA staff has reviewed available market data and determined this amount is at or above fair market value of the easement being conveyed. This exchange will benefit LCRA Parks operations and avoid the expenditure of funds.

The appropriate departments within LCRA reviewed the conveyance of this easement and determined the easement would have no adverse impact on LCRA operations. LCRA staff will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the easement.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

## **9. 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)**

## **10. Minutes of Prior Meetings**

### **Proposed Motion**

Approve the minutes of the Jan. 23, 2019, Feb. 20, 2019, and April 16, 2019, 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 Jan. 23, 2019, meeting
- B – Minutes of Feb. 20, 2019, meeting
- C – Minutes of April 16, 2019, meeting



## **EXHIBIT A**

### Minutes Digest

Jan. 23, 2019

- 19-01 Approval of a resolution honoring Stanley Klekar, LCRA retiree.
- 19-02 Approval of a resolution honoring Stuart Nelson, LCRA retiree.
- 19-03 Approval of changing the date of the April 2019 LCRA Board of Directors meeting to Tuesday, April 16.
- 19-04 Approval of directors' fees and expense reimbursements.
- 19-05 Approval of the minutes of the Dec. 11, 2018, meeting.
- 19-06 Approval of an amendment to the Fiscal Year 2019 LCRA Transmission Services Corporation Capital Plan to increase authorization for capital spending in FY 2019 from \$295.6 million to \$436.5 million.
- 19-07 Approval of an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch.
- 19-08 Approval of updated interruptible agricultural water contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.
- 19-09 Authorization for the general manager or his designee to negotiate and execute Contract No. 5081 (Schweitzer Engineering Laboratories Inc.).

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Jan. 23, 2019

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 9:35 a.m. Wednesday, Jan. 23, 2019, 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. Cooper, Secretary  
Lori A. Berger  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
Laura D. Figueroa  
Charles B. "Bart" Johnson  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
George W. Russell  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Absent: Raymond A. "Ray" Gill Jr.  
Franklin Scott Spears Jr.

Chair Timmerman convened the meeting at 9:35 a.m.

The Board next heard public comments on general topics under LCRA's jurisdiction (Agenda Item 1).

James Strubar, a Lake Travis resident, addressed the Board concerning the impact of the historic flooding in Oct. 2018 on Lake Travis area residents and LCRA's flood operations in accordance with the U.S. Army Corps of Engineers guidelines.

Al Braden, an Austin resident, addressed the Board regarding closing the Fayette Power Project; working to conserve groundwater resources for rural areas; and the need for more opportunities for public engagement with LCRA.

Ben Hoffpauir and Debbie Hoffpauir from Hoffpauir Farms, rice farmers in Matagorda County, addressed the Board and expressed appreciation to the Board for its efforts to balance the needs of firm and interruptible water customers.

General Manager Phil Wilson gave the Board an update on safety, including LCRA's safety program and initiatives during 2018 and an overview of LCRA's continuing safety focus in 2019. He introduced new Executive Vice President of Strategic Initiatives and Transformation Khalil Shalabi. He gave an update on the lowering of lakes LBJ and Marbles Falls, and noted the LCRA 101 educational event held in mid-February for new county judges in LCRA's service area. He gave an update on LCRA Parks, including an LCRA Parks Pass for unlimited day use admission, park amenities and activities for spring and summer at LCRA parks. Wilson concluded his update by sharing stories of employees exemplifying the Colorado Commitment: I will make every LCRA endeavor outstanding.

19-01 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit A] honoring LCRA retiree Stanley Klekar. Upon motion by Director Berger, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 13 to 0.

19-02 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit B] honoring LCRA retiree Stuart Nelson. Upon motion by Director Cooper, seconded by Director Berger, the recommendation was unanimously approved by a vote of 13 to 0.

Controller Julie Rogers presented the financial report for December 2018 [Agenda Item 3].

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Director Whitten, the Board unanimously approved consent items 4, 5 and 6 included on the Jan. 23, 2019, consent agenda by a vote of 13 to 0 as follows:

19-03 Approval of changing the date of the April 2019 LCRA Board of Directors meeting to Tuesday, April 16, as recommended in Consent Item 4 [attached hereto as Exhibit C].

19-04 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 5 [attached hereto as Exhibit D].

19-05 Approval of the minutes of the Dec. 11, 2018, meeting [Consent Item 6].

19-06 Executive Vice President of Transmission Kristen Senechal presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit E], that the Board approve an amendment to the fiscal year 2019 LCRA Transmission Services Corporation capital plan to increase authorization for capital spending in FY 2019 from \$295.6 million to \$436.5 million. Upon motion by Director Crane, seconded by Director Johnson, the recommendation was unanimously approved by a vote of 13 to 0.

19-07 Vice President of Water Operations Kelly Payne presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit F], that the Board approve an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch. Upon motion by Director Cooper, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 13 to 0.

19-08 Vice President of Water Operations Kelly Payne presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit G], that the Board approve the updated interruptible agricultural water contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions. Jeffrey Hershey from Hershey Farms addressed the Board regarding this item. He expressed appreciation for support of the rice industry and asked the Board to be mindful of the impact of rates on water conservation. Upon motion by Vice Chair Martine, seconded by Director Berger, the recommendation was unanimously approved by a vote of 13 to 0.

[The Water Operations Committee discussed Agenda Items 8 and 9 with staff and heard public comments on the items at its Jan. 22 meeting.]

19-09 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board authorize the general manager or his designee to negotiate and execute Contract No. 5081 (Schweitzer Engineering Laboratories Inc.). Upon motion by Director Ellison, seconded by Director Cooper, the recommendation was unanimously approved by a vote of 13 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:27 a.m., pursuant to sections 551.071 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 11:24 a.m., with all directors present except directors Gill and Spears.

There being no further business to come before the Board, the meeting was adjourned at 11:24 a.m.

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Stephen F. Cooper  
Secretary  
LCRA Board of Directors

Approved: May 22, 2019

## **EXHIBIT B**

### Minutes Digest

Feb. 20, 2019

- 19-10 Approval of proposed amendments to the LCRA bylaws, creating a new standing committee to provide oversight of all electric transmission matters.
- 19-11 Consent to the conveyance of transmission and transformation facilities and real property to be sold by LCRA Transmission Services Corporation and authorization for the general manager or his designee to take such action as is necessary to release the lien on such assets.
- 19-12 Authorization for the general manager or his designee to negotiate and execute a grant agreement with the Colorado River Land Trust, a 501(c)(3) nonprofit organization, setting out the terms of a grant program in support of CRLT, and authorization of the grant of \$150,000 to CRLT for fiscal year 2019.
- 19-13 Adoption and approval of a Twenty-Eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2019 (the Bonds) in an amount not to exceed \$500 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project), Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) current refunding of certain outstanding long-term transmission contract debt; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.
- 19-14 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contact No. 5099 (Pike Electric LLC) and Contract No. 5101 (Saber Power Services LLC).
- 19-15 Approval of the LCRA Drought Contingency Plan for Firm Water Customers, and authorization for the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Wharton, Texas  
Feb. 20, 2019

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 10:29 a.m. Wednesday, Feb. 20, 2019, in the Main Hall of the Wharton Civic Center, 1924 N. Fulton St., Wharton, Wharton 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. Cooper, Secretary  
Lori A. Berger  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
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

Absent: Laura D. Figueroa

Chair Timmerman convened the meeting at 10:29 a.m.

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

19-10 General Manager Phil Wilson presented for consideration a staff recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board approve proposed amendments to the LCRA bylaws, creating a new standing committee to provide oversight of all electric transmission matters. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 14 to 0.

19-11 General Manager Phil Wilson presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit B], that the Board consent to the conveyance of transmission and transformation facilities and real property to be sold by LCRA Transmission Services Corporation and authorize the general manager or his designee to take such action as is necessary to release the lien

on such assets. Upon motion by Director Cooper, seconded by Director Berger, the recommendation was unanimously approved by a vote of 14 to 0.

19-12 Chief Administrative Officer John Miri and Vice President of Community Resources Margo Richards presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit C], that the Board authorize the general manager or his designee to negotiate and execute a grant agreement with the Colorado River Land Trust, a 501(c)(3) nonprofit organization, setting out the terms of a grant program in support of CRLT, and authorize the grant of \$150,000 to CRLT for fiscal year 2019. Upon motion by Director Spears, seconded by Director Berger, the recommendation was unanimously approved by a vote of 12 to 0. Chair Timmerman and Vice Chair Martine, who serve as Board officers of the CRLT Board of Directors, abstained from voting on this item in order to avoid the appearance of a conflict of interest.

19-13 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit D], that the Board adopt and approve a Twenty-Eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2019 (the Bonds) in an amount not to exceed \$500 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project), Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) current refunding of certain outstanding long-term transmission contract debt; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs. The resolution also:

1. Approves related documents, in substantially final form, including the escrow agreement, the paying agent/registrars agreement, the Preliminary Official Statement in substantially final form and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds. Bond counsel has prepared or reviewed all documents.
2. Delegates authority to the general manager, chief financial officer and/or treasurer to:
  - a. Select all or a portion of LCRA TSC's outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
  - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds;
  - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), the principal amounts and maturity schedules, interest rates, redemption provisions, and terms of any reserve funds); and
  - d. Approve the terms of the sale of the Bonds to an underwriting team led by Citigroup, and to execute a bond purchase agreement.

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

19-14 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit E], that the Board authorize the general manager or his designee to negotiate and execute the following contracts: Contact No. 5099 (Pike Electric LLC) and Contract No. 5101 (Saber Power Services LLC). Upon motion by Director Lewis, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 14 to 0.

19-15 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit F], that the Board approve the LCRA Drought Contingency Plan for Firm Water Customers, and authorize the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality. Upon motion by Director Russell, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 14 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:46 a.m., pursuant to sections 551.071 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 except Director Figueroa.

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: May 22, 2019



## **EXHIBITC**

Minutes Digest  
April 16, 2019

- 19-16        Adoption of a resolution making determinations regarding the payment from LCRA Transmission Services Corporation of an Extraordinary LCRA Optional Purchase Price Payment for fiscal year 2019 and, when such payment is made, reserve those funds in the LCRA Strategic Reserve.
  
- 19-17        Adoption of a resolution authorizing the exercise of enforcement power pursuant to Chapter 7, Texas Water Code.

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
San Saba, Texas  
April 16, 2019

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 9:19 a.m. Tuesday, April 16, 2019, at the San Saba Civic Center, 1190 S. Thomas Stewart Drive, San Saba, San Saba 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. 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  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Absent: Thomas L. "Tom" Kelley

Chair Timmerman convened the meeting at 9:19 a.m.

Special guests, Michael L. "Mike" Allen and Margaret D. "Meg" Voelter were present in the audience. Gov. Abbott recently appointed Allen and Voelter to replace directors Ellison and Spears, respectively, on the LCRA Board. Allen and Voelter must be confirmed by the Senate and then take their oaths of office before serving on the Board.

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

19-16 Chair Timmerman introduced the next item, a staff recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board adopt a resolution making determinations regarding the payment from LCRA Transmission Services Corporation of an Extraordinary LCRA Optional Purchase Price Payment for fiscal year 2019 and, when such payment is made, reserve those funds in the LCRA Strategic Reserve. Upon motion by Director Johnson, seconded by Director Berger, the recommendation was unanimously approved by a vote of 14 to 0.

Executive Vice President of Water John Hofmann introduced Agenda Item 3 – Exercise of Enforcement Power Pursuant to Chapter 7, Texas Water Code.

Chair Timmerman next declared the meeting to be in executive session at 9:22 a.m., pursuant to sections 551.071 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 9:57 a.m.

19-17 Upon motion by Director Berger, seconded by Director Spears, the Board unanimously adopted a resolution authorizing the exercise of enforcement power pursuant to Chapter 7, Texas Water Code, as recommended by staff in Agenda Item 3 [attached hereto as Exhibit B], by a vote of 14 to 0.

The Board next took up a review of the proposed fiscal year 2020 business and capital plans.

[Staff sent copies of the business and capital plans for LCRA and its affiliated nonprofit corporations, LCRA Transmission Services Corporation (LCRA TSC), LCRA Wholesale Energy Services Corporation (LCRA WSC Energy), WSC Energy II and GenTex Power Corporation (GenTex), to the Board before this meeting.]

There were no comments from any representatives of LCRA's wholesale electric customers on the proposed business plan during this meeting.

General Manager Phil Wilson gave opening remarks and outlined the format of the meeting. He gave an update on the LCRA Steps Forward Day, noting that LCRA successfully completed the fifth annual Steps Forward Day on April 5 with no injuries. Wilson thanked LCRA's customers. He noted LCRA staff worked with representatives of the majority of our wholesale power customers – the Rates and Resources Council – while developing the proposed business plan in order to understand and respond to their needs. Wilson gave an overview of LCRA's FY 2020 vision and objectives, and specific objectives for LCRA's business units.

Chair Financial Officer Jim Travis referenced LCRA Board Policy 301 – Finance, which governs the business plan. Travis said the proposed FY 2020 business plan meets the requirements of Board Policy 301, including debt service coverage and reserve requirements. Travis gave a general overview of the business and capital plans, highlighting key drivers of the budget.

Senior Vice President of Finance Stephen Kellicker described the business plan development process. Kellicker gave the Board a detailed review of the LCRA business plan, including the proposed budget for operations, key drivers of LCRA's budget, and nonconfidential portions of the business plan and budgets for LCRA's business units and services.

Vice President of Asset Management John Heller described how the capital plan is put together. Heller gave a detailed overview of the nonconfidential portions of the LCRA capital plan (including LCRA TSC capital projects), highlighting the proposed lifetime budget for recommended projects; FY 2020 budget, which includes recommended new projects and projects the Board approved previously; and some of the key projects included in the plan.

Kellicker and Heller gave an overview of the LCRA TSC business and capital plans.

Chair Timmerman declared the meeting to be in executive session at 11:22 a.m., pursuant to sections 551.071 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 1:14 p.m.

The Board had a detailed discussion of the business and capital plans, and staff responded to various questions from the Board throughout the discussion.

[The FY 2020 business and capital plans for LCRA and its affiliated nonprofit corporations will be on the agendas for consideration at the May Board meetings.]

There being no further business to come before the Board, the meeting was adjourned at 1:14 p.m.

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Stephen F. Cooper  
Secretary  
LCRA Board of Directors

Approved: May 22, 2019

## **FOR ACTION**

# **11. Fiscal Year 2020 Business and Capital Plans**

### **Proposed Motion**

Adopt resolutions (exhibits A, B, C, D and E) approving the fiscal year 2020 business and capital plans for LCRA and each of its affiliated nonprofit corporations.

### **Board Consideration**

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

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

The proposed business and capital plans and the budgets included therein provide targets for revenue, operating and maintenance expenses, and capital spending for FY 2020.

### **Summary**

LCRA presented the FY 2020 business and capital plans to the full LCRA Board in a work session on April 16. The presentation included a discussion on the compensation plan, pension plan and assumptions for FY 2020. The presentation also included discussion of the Matagorda Bay Nature Park improvements, where staff is recommending that \$3.6 million of the \$6.915 million lifetime budget be funded from the Public Recreation and Conservation Land Acquisition Fund.

Staff provided to the Board under separate cover the FY 2020 business and capital plan documents, incorporating key policy elements from the April work session.

The business and capital plans are LCRA's comprehensive operations and capital plans and budgets. Approval of the FY 2020 business and capital plans provides authorization for all expenditures and plans of LCRA, including LCRA's affiliated nonprofit corporations: LCRA Transmission Services Corporation; GenTex Power Corporation; LCRA Wholesale Energy Services Corporation, known as LCRA WSC Energy; and WSC Energy II.

Each entity's Board must approve its respective business plan and capital plan. The LCRA TSC Board is expected to take action on its FY 2020 business and capital plans today at the LCRA TSC Board meeting. The GenTex Board is expected to take action on its FY 2020 business and capital plans today at the GenTex Board meeting. The LCRA WSC Energy Board and WSC Energy II Board are expected to take action on their FY 2020 business plans at their respective Board meetings today.

### **Presenter(s)**

Jim Travis  
Chief Financial Officer

**Exhibit(s)**

- A – LCRA Board Resolution: Lower Colorado River Authority FY 2020 Business and Capital Plans
- B – LCRA Board Resolution: LCRA Transmission Services Corporation FY 2020 Business and Capital Plans
- C – LCRA Board Resolution: GenTex Power Corporation FY 2020 Business and Capital Plans
- D – LCRA Board Resolution: LCRA Wholesale Energy Services Corporation FY 2020 Business Plan
- E – LCRA Board Resolution: WSC Energy II FY 2020 Business Plan
- F – LCRA, Affiliated Corporations and Nonprofit Corporations Financial Summary
- G – LCRA Transmission Services Corporation Financial Summary
- H – LCRA Capital Plan Summary of FY 2020 Recommended Projects
- I – LCRA Capital Plan Summary of FY 2020 Spending Budget

## **EXHIBIT A**

### **LCRA BOARD RESOLUTION LOWER COLORADO RIVER AUTHORITY FISCAL YEAR 2020 BUSINESS AND CAPITAL PLANS**

BE IT RESOLVED that the LCRA Board of Directors hereby adopts and approves the Lower Colorado River Authority Fiscal Year 2020 Business and Capital Plans, including the operations budget, capital spending and initiation of recommended capital projects, funding levels for wages and benefits, and the comprehensive operations plan, as presented by management and staff. The general manager is instructed to proceed with implementation of the FY 2020 business and capital plans within the budget amounts shown therein consistent with Board policies and bylaws. The FY 2020 operating expense and capital amounts are \$366.5 million and \$435.3 million, respectively.

Within these budget amounts, the general manager and chief executive officer has the authority to reallocate funds between the various programs and projects in order to make the best use of budgeted funds. The Board recognizes that through its normal agenda process it will approve capital projects and other major expenditures not included in the business and capital plans, and the general manager and chief executive officer is instructed to inform the Board when a capital project or other major expenditure is proposed on the agenda that significantly changes or varies from the approved budget, in accordance with LCRA Board Policy 301 – Finance. Furthermore, the general manager and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA's goals within the budgeted amounts approved by the Board.

Adoption of the Lower Colorado River Authority FY 2020 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans, including the expenditure of \$3.6 million from the Public Recreation and Conservation Land Acquisition Fund, and approves budgets for each of LCRA's product lines as required by LCRA Board policies 102 – Authority and Responsibilities and 301 – Finance. Individual purchases and contracts to implement the plans fall under various state laws and LCRA Board policies and may require additional approval.

## **EXHIBIT B**

### **LCRA BOARD RESOLUTION LCRA TRANSMISSION SERVICES CORPORATION FISCAL YEAR 2020 BUSINESS AND CAPITAL PLANS**

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Transmission Services Corporation Fiscal Year 2020 Business and Capital Plans.

LCRA Transmission Services Corporation has budgeted FY 2020 operating and capital amounts at \$117.9 million and \$341.9 million, respectively.

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

Adoption of the LCRA Transmission Services Corporation FY 2020 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans and approves the budget for LCRA Transmission Services Corporation, as required by state law. Individual purchases and contracts to implement the business and capital plans fall under various state laws and Board policies and may require additional approval.



## **EXHIBIT C**

### **LCRA BOARD RESOLUTION GENTEX POWER CORPORATION FISCAL YEAR 2020 BUSINESS AND CAPITAL PLANS**

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the GenTex Power Corporation Fiscal Year 2020 Business and Capital Plans, as submitted to the Board by the GenTex Power Corporation Board of Directors.

The GenTex Power Corporation FY 2020 operating and capital budget is presented to the Board under separate cover as a confidential competitive electric matter.

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

Adoption of the GenTex Power Corporation FY 2020 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans and approves the budget for GenTex, as required by state law. Individual purchases and contracts to implement the business and capital plans fall under various state laws and Board policies and may require additional approval.

**EXHIBIT D**

**LCRA BOARD RESOLUTION  
LCRA WHOLESALE ENERGY SERVICES CORPORATION  
FISCAL YEAR 2020 BUSINESS PLAN**

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Wholesale Energy Services Corporation Fiscal Year 2020 Business Plan.

The LCRA Wholesale Energy Services Corporation FY 2020 operating and capital budget is presented to the Board under separate cover as a confidential competitive electric matter.

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

Adoption of the LCRA Wholesale Energy Services Corporation FY 2020 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for LCRA Wholesale Energy Services Corporation, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

**EXHIBIT E**

**LCRA BOARD RESOLUTION  
WSC ENERGY II  
FISCAL YEAR 2020 BUSINESS PLAN**

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the WSC Energy II Fiscal Year 2020 Business Plan.

The WSC Energy II FY 2020 Business Plan is presented to the Board under separate cover as a confidential competitive electric matter.

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

Adoption of the WSC Energy II FY 2020 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for WSC Energy II, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

## EXHIBIT F

### LCRA and Nonprofit Corporations Financial Summary

	Budgeted		Proposed		Forecast	
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
(Dollars in millions)						
<b>Revenues</b>						
<b>Total Net Revenue<sup>1</sup></b>	\$ 948.8	1,025.0	1,035.3	1,070.3	1,205.8	1,211.9
<b>Expenses</b>						
<b>Total Net Expense<sup>1</sup></b>	522.7	573.6	583.1	596.3	626.9	632.4
<b>Net Operating Margin</b>	426.1	451.4	452.1	474.0	578.9	579.5
Less: GenTex 1 Funds <sup>2</sup>	(2.3)	(7.2)	(1.2)	(0.1)	(2.3)	(0.4)
<b>Net Margin for Debt Service, Adjusted</b>	423.9	444.3	450.9	473.8	576.6	579.1
<b>Debt Service</b>	\$ 308.5	319.2	308.2	326.8	375.0	378.5
<b>Debt Service Coverage, Adjusted</b>	1.37x	1.39x	1.46x	1.45x	1.54x	1.53x
<b>Net Margin After Debt Service<sup>3</sup></b>	\$ 117.7	132.2	143.9	147.1	203.9	201.0
Less:						
Operating Reserves	13.8	10.0	12.6	13.4	18.6	10.0
Revenue-Funded Capital	82.6	101.7	120.7	121.7	168.1	171.6
Noncash Revenue	2.6	2.6	2.6	2.6	2.6	2.6
Restricted for Reserves	12.7	12.6	5.0	5.9	12.0	12.2
Restricted for Capital/Debt Retirement	5.0	3.8	1.4	1.9	1.0	2.9
Grants	1.0	1.6	1.6	1.6	1.6	1.6
<b>Net Cash Flow</b>	\$ 0.0	0.0	0.0	0.0	0.0	0.0

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

<sup>2</sup> Includes adjustments related to GenTex 1 capital funding and reserve funding.

<sup>3</sup> Net margin after debt service includes funds dedicated to GenTex 1.

## EXHIBIT G

### LCRA Transmission Services Corporation Financial Summary

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$ 425.8	457.5	487.7	518.1	629.3	642.0
Operations and Maintenance	110.9	117.9	124.4	129.2	128.0	131.6
<b>Net Operating Margin</b>	<b>314.9</b>	<b>339.5</b>	<b>363.3</b>	<b>388.9</b>	<b>501.3</b>	<b>510.4</b>
Plus: Interest Income	3.8	5.6	6.6	6.8	6.9	5.6
Less: Assigned Enterprise Expense	48.1	51.1	49.7	54.6	61.3	64.0
Public Service Fund	12.8	13.7	14.6	15.5	18.9	19.3
Resource Development Fund	8.5	9.1	9.8	10.4	12.6	12.8
<b>Net Margin Available for Debt Service</b>	<b>249.3</b>	<b>271.2</b>	<b>295.7</b>	<b>315.2</b>	<b>415.4</b>	<b>420.0</b>
<b>Debt Service</b>	<b>\$ 180.4</b>	<b>199.1</b>	<b>211.5</b>	<b>229.9</b>	<b>277.7</b>	<b>279.2</b>
<b>Debt Service Coverage</b>	<b>1.38x</b>	<b>1.36x</b>	<b>1.40x</b>	<b>1.37x</b>	<b>1.50x</b>	<b>1.50x</b>
<b>Net Margin After Debt Service</b>	<b>\$ 68.9</b>	<b>72.1</b>	<b>84.2</b>	<b>85.3</b>	<b>137.7</b>	<b>140.7</b>
Less:						
Operating Reserves	4.6	5.7	3.9	6.2	7.2	6.0
Assigned Enterprise Capital	8.4	12.2	16.3	13.9	11.4	11.2
Revenue-Funded Capital	54.0	52.4	69.4	71.1	125.6	130.7
Transfer to LCRA <sup>1</sup>	7.3	6.7	1.1	1.1	1.1	1.1
Plus:						
Amortization of Enterprise/Minor Capital <sup>2</sup>	5.4	4.9	6.5	7.1	7.6	8.4
<b>Net Cash Flow</b>	<b>\$ 0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<sup>1</sup> An initial transfer from LCRA TSC to LCRA was authorized by the LCRA and LCRA TSC boards of directors in April 2014. Under the initial contractual commitment, the LCRA and LCRA TSC boards must make an annual determination to authorize each year's transfer. Such annual transfers are payable only if all other financial commitments have been met as required by LCRA TSC's financial policies.

<sup>2</sup> In FY 2012 through FY 2018, LCRA TSC funded minor capital and its share of enterprise capital with current year revenues and included an amortization of the amount in each year to recover in rates. Starting in FY 2019, minor capital is included in LCRA TSC's capital plan.

## **EXHIBIT H**

### **Fiscal Year 2020 LCRA Capital Plan Summary of Recommended Projects**

Approval of this capital plan authorizes the initiation of recommended projects at their stated lifetime budgets totaling \$279.4 million.

#### **FY 2020 LCRA Capital Plan**

(Dollars in millions)

<b>Recommended Projects</b>	<b>Lifetime Budgets</b>	
Wholesale Power <sup>1</sup>	\$	20.9
Transmission		221.3
Water		2.6
Public Services		7.9
Strategic Services		1.9
Enterprise Support		24.9
<b>Total Lifetime Recommended Projects</b>	<b>\$</b>	<b>279.4</b>

<sup>1</sup> Includes Austin Energy's and San Marcos' shares.

**EXHIBIT I**

**Fiscal Year 2020 LCRA Capital Plan Summary of Fiscal Year Spending Budget**

In addition, approval of this capital plan authorizes LCRA to spend the following in fiscal year 2020:

<b>Fiscal Year 2020 LCRA Capital Plan</b>	
(Dollars in millions)	
<b>FY 2020 Spending Summary</b>	<b>FY 2020</b>
Recommended Projects <sup>1</sup>	\$ 86.6
Approved Projects <sup>1</sup>	348.7
Total FY 2020 Spending <sup>2</sup>	\$435.3

<sup>1</sup> Includes Austin Energy's and San Marcos' shares.

<sup>2</sup> LCRA total FY 2020 capital spending includes \$30.7 million for Wholesale Power, \$341.9 million for Transmission, \$36.5 million for Water, \$4 million for Public Services, \$1.9 million for Strategic Services and \$20.3 million for Enterprise Support.

**FOR ACTION**

## **12. Expenditure from Infrastructure Reserve Fund**

**Proposed Motion**

Approve the expenditure of up to \$5 million from the Infrastructure Reserve Fund for engineering and construction activities associated with the Arbuckle Reservoir.

**Board Consideration**

LCRA Board Policy 301 – Finance requires Board approval of all expenditures from the Infrastructure Reserve Fund.

**Budget Status and Fiscal Impact**

Approval of this item will not affect LCRA's FY 2019 or FY 2020 business plans.

**Summary**

The Arbuckle Reservoir project was initially authorized by the Board with a lifetime budget of \$250 million. In December 2018, staff communicated to the Board an updated forecast completion cost of \$255 million or a 2% increase, and the Board authorized funding the difference from the Resource Development Fund. The increase was primarily attributable to Hurricane Harvey-related delays and greater-than-expected construction costs in upgrading of the existing river pump station.

Operational testing is progressing and staff has identified additional work, currently estimated at about \$5 million, required to ensure the reservoir meets operational objectives. This additional work will increase the estimated cost at completion to \$260 million, or 4% over the initial budget. This increased spending on the Arbuckle Reservoir project does not require Board action, as it is within the 10% and \$300,000 LCRA Board Policy 301 – Finance threshold.

**Presenter(s)**

John Hofmann  
Executive Vice President, Water



## **FOR ACTION**

# **13. LCRA 2019 Raw Water Conservation Plan**

### **Proposed Motion**

Approve the LCRA Raw Water Conservation Plan and authorize the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality.

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

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

### **Summary**

Texas, through the Texas Commission on Environmental Quality, requires certain water rights holders to adopt and periodically update water conservation plans for various types of water uses. As a water rights holder for municipal, industrial and non-irrigation water rights of more than 1,000 acre-feet, LCRA is required to submit a plan every five years. The next plan update is due in May 2019.

The plan includes separate water conservation strategies for municipal wholesale water customers, LCRA irrigation divisions, LCRA power plants, and other nonagricultural and agricultural irrigation, recreation and industrial uses. Staff is not proposing substantive changes to the strategies from the 2014 plan. TCEQ regulations require the plan to include specific five- and 10-year goals for water savings. The proposed plan includes increases to the water savings goals compared to the goals in the 2014 plan as a result of continued implementation of the water conservation strategies. As with the current plan, LCRA's general manager would be authorized to implement the plan.

Staff submitted the proposed plan to the Board under separate cover. LCRA posted the proposed plan online at [lcra.org](http://lcra.org) for 30 calendar days and notified customers through email. The plan was discussed at the Firm Water Customer meeting on Jan. 15, 2019.

### **Presenter(s)**

Monica Masters  
Vice President, Water Resources

**FOR ACTION**

## **14. Contracts and Contract Changes**

### **Proposed Motion**

Authorize the general manager or his designee to negotiate and execute the following contracts as shown in the attached exhibits.

### **Board Consideration**

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

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

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

All contracts and contract changes recommended for Board approval are for budgeted items contained in the operations and capital budgets.

### **Summary (dollars in thousands)**

<b>Supplier (Contract Number)</b>	<b>Spending</b>	<b>Savings</b>	<b>Supplying</b>
Southern Field Environmental Elements (5155)	\$2,500	\$153	Inspection and maintenance services for the electrostatic precipitator and fly ash collection systems
American Efficiency Services LLC (5146), Evergreen Environmental Services LLC doing business as Evergreen North American Industrial Services (5147), HydroChem LLC doing business as HydroChemPSC (5148)	\$5,600	\$83	High-pressure hydro and chemical cleaning services
Siemens Power Transmission and Distribution Inc. (5157), ABB Inc. (5158)	\$45,000	\$11,424	High-voltage circuit breakers

<b>Supplier (Contract Number)</b>	<b>Spending</b>	<b>Savings</b>	<b>Supplying</b>
Trench Limited Inc. (5151), ABB Inc. (5152), KBS Electrical Distribution Inc. (5153)	\$62,400	\$16,634	Instrument transformers
Planet Forward Energy Solutions LLC (5133)	\$13,000	\$920	Project management support services
Action Battery Wholesalers doing business as BAE Batteries (5128), Mesa Technical Associates Inc. (5129), Nolan Power Group LLC (5140)	\$9,000	\$120	Batteries, racks, chargers and testing
Nokia of America Corporation (5098)	\$20,000	\$300	Nokia multiprotocol label switching equipment and synchronous optical networking equipment
Dailey Wells Communications Inc. (5122)	\$20,500	\$0	Telecommunications infrastructure sites, portable telecommunications radios, and ancillary services
W.W. Grainger Inc. (5141)	\$12,000	\$3,000	Maintenance, repair, and operations products
Pickett and Associates Inc. (5086), Burns and McDonnell Engineering Inc. (5088), McCord Engineering Inc. (5090)	\$7,000	\$500	As-built drawing services
Stephen G. Wright	\$120	\$0	Geotechnical consulting
<b>TOTAL</b>	<b>\$197,120</b>	<b>\$33,134</b>	

**Presenter(s)**

Michael McGann  
Vice President, Supply Chain

**Exhibit(s)**

A – New Contracts  
B – Contract Administration

## EXHIBIT A

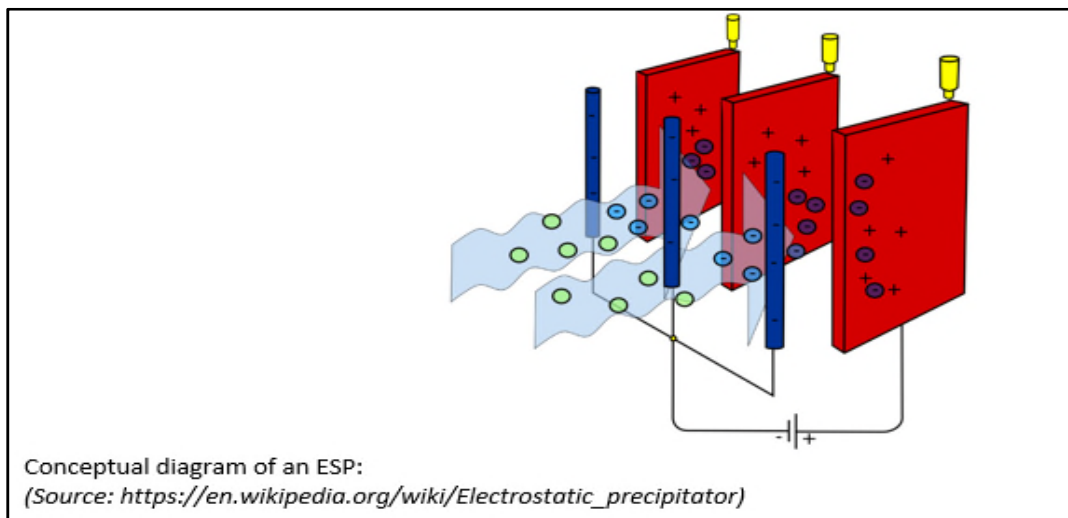
### **New Contracts**

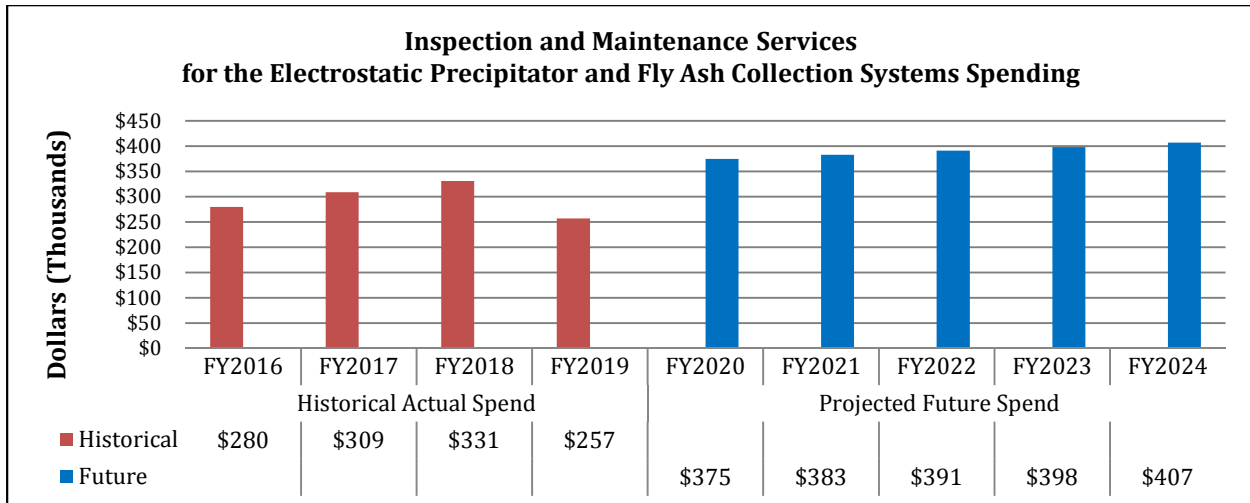
New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

**Contract No.** 5155  
**Supplier:** Southern Field Environmental Elements  
**Contract Amount:** Not to exceed \$2.5 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** This master contract is for the provision of inspection and maintenance services for the electrostatic precipitator and fly ash collection systems used by the Fayette Power Project.

#### **Background:**

- LCRA is currently in a long-term contract with Precipitator Services Group Inc. for these services.
- LCRA is sourcing these services before the current contract expires. Funds available under the current contract were depleted sooner than expected due to the supplier performing additional work.
- This item will be funded by the O&M budget.
- In a coal-fired power plant, using the force of an induced electrostatic charge, an electrostatic precipitator is used to remove ash, dust and smoke (particulate matter) from flue gas so it does not pass into the atmosphere. Electrostatic precipitators have been used on coal-fired boilers for more than 50 years.





**Actions:**

- LCRA invited six suppliers to participate. LCRA received four proposals and evaluated all four.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$2.5 million.
- LCRA calculated savings by comparing the market median price with the proposed pricing.
- Based on the evaluation and negotiation, LCRA recommends Southern Field Environmental Elements as the supplier for this contract.

**Contract No.**

**5146, 5147 and 5148**

**Supplier:**

**American Efficiency Services LLC, Evergreen Environmental Services LLC doing business as Evergreen North American Industrial Services, and HydroChem LLC doing business as HydroChemPSC**

**Contract Amount:** Not to exceed \$5.6 million

**Contract Length:** One year with four one-year options to extend

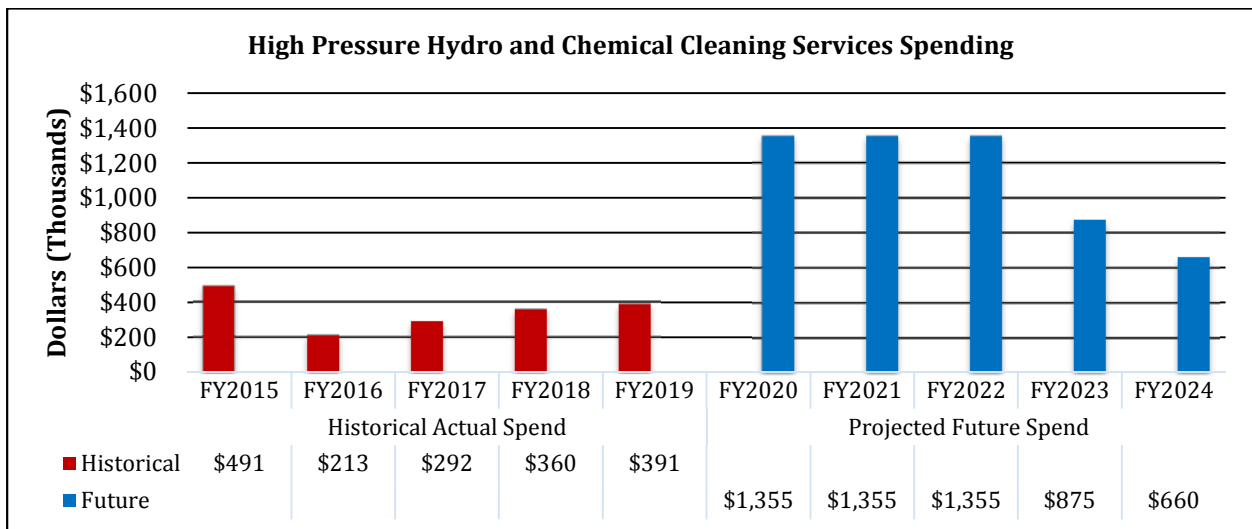
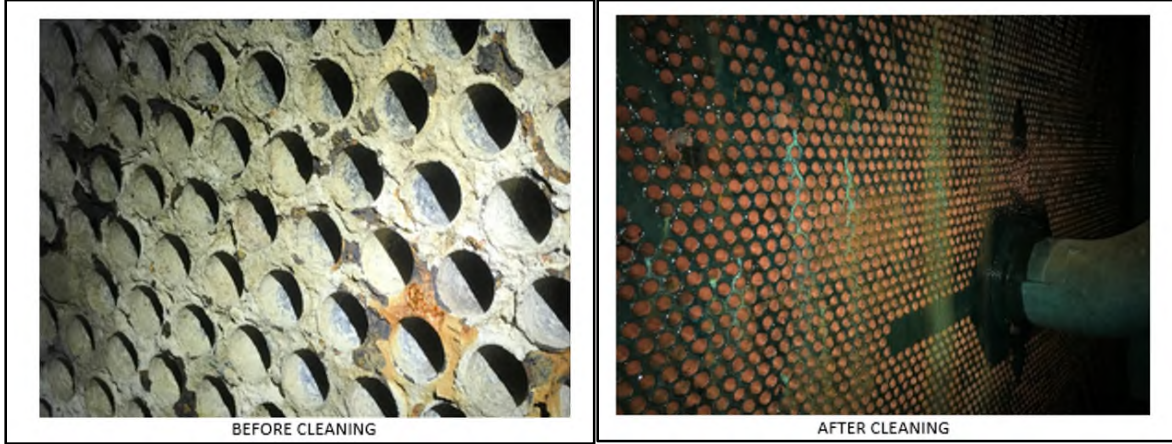
**Description:** These master contracts are for the provision of high-pressure hydro and chemical cleaning services to be used by LCRA’s generation facilities.

**Background:**

- LCRA currently has a long-term contract with Clean Harbors Environmental Services Inc. for these services.
- These contracts will be used for O&M activities. These services are needed for planned and unplanned outages.
- This item will be funded by the O&M budget.
- These contracts are for condenser and boiler cleaning services that predominately occur during a planned outage but may be required in an emergency forced outage.

The services provide the removal of calcium carbonate scale and other debris from the boilers and condensers through a high-pressure hydro and chemical cleaning.

- There are about 21,000 tubes each on FPP units 1 and 2 and 18,000 tubes on FPP Unit 3.



**Actions:**

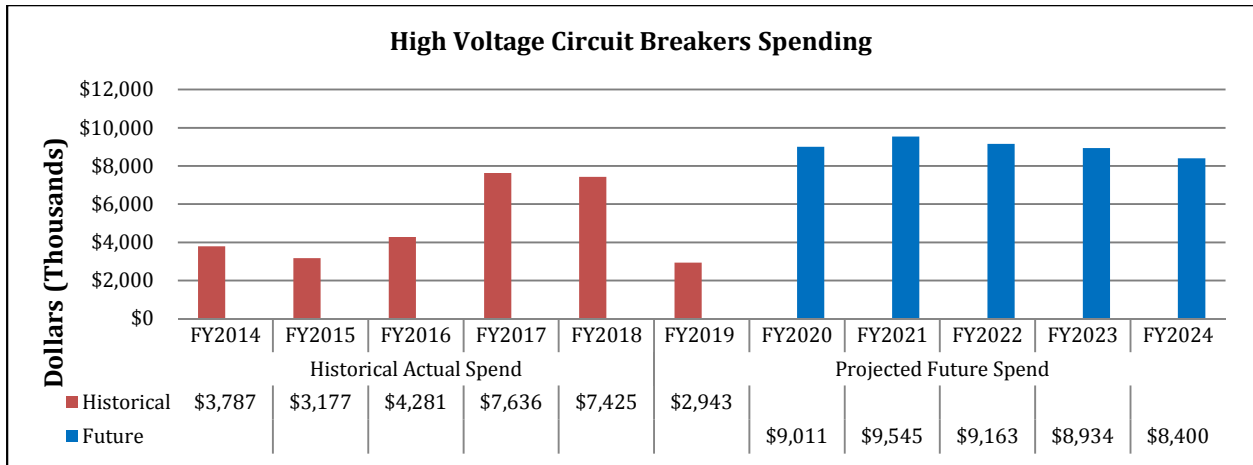
- LCRA invited 17 suppliers to participate. LCRA received five proposals and evaluated all five.
- Ability to perform and contingency plan for equipment failures were the highest weighted criteria for the evaluation.
- The contract award amount is not to exceed \$5.6 million. This amount represents a shared sum from which the proposed contracts may draw.
- LCRA calculated savings by comparing last price paid compared with the proposed price.
- Based on the evaluation and negotiation, LCRA recommends American Efficiency Services LLC, Evergreen Environmental Services LLC doing business as Evergreen North American Industrial Services, and HydroChem LLC doing business as HydroChemPSC for this category.

**Contract No.** 5157 and 5158  
**Supplier:** Siemens Power Transmission and Distribution Inc. and ABB Inc.  
**Contract Amount:** Not to exceed \$45 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These master contracts are for the provision of high-voltage circuit breakers to be used by LCRA Transmission Services Corporation in substations.

**Background:**

- LCRA has long-term contracts with ABB Inc. and Siemens Power Transmission & Distribution Inc.
- This item will be funded by the capital budget.
- LCRA is sourcing these contracts before the current contracts expire. Funds were depleted sooner than expected due to increased purchases.
- A circuit breaker is an automatically operated electrical switch designed to protect an electrical circuit from damage caused by excess current from an overload or short circuit. Its basic function is to interrupt current flow after a fault is detected. Unlike a fuse, which operates once and then must be replaced, a circuit breaker can be reset (either manually or automatically) to resume normal operation. Electrical power transmission networks are protected and controlled by high-voltage breakers.





**Actions:**

- LCRA invited six suppliers to participate. LCRA received four proposals and evaluated all four.
- Price was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$45 million. This amount represents a shared sum from which the proposed contracts may draw.
- Savings were calculated by comparing last price paid compared with the proposed price.
- Based on the evaluation and negotiation, LCRA recommends Siemens Power Transmission and Distribution Inc. and ABB Inc. for this category.

**Contract No.** 5151, 5152 and 5153

**Supplier:** Trench Limited Inc., ABB Inc. and KBS Electrical Distribution Inc.

**Contract Amount:** Not to exceed \$62.4 million

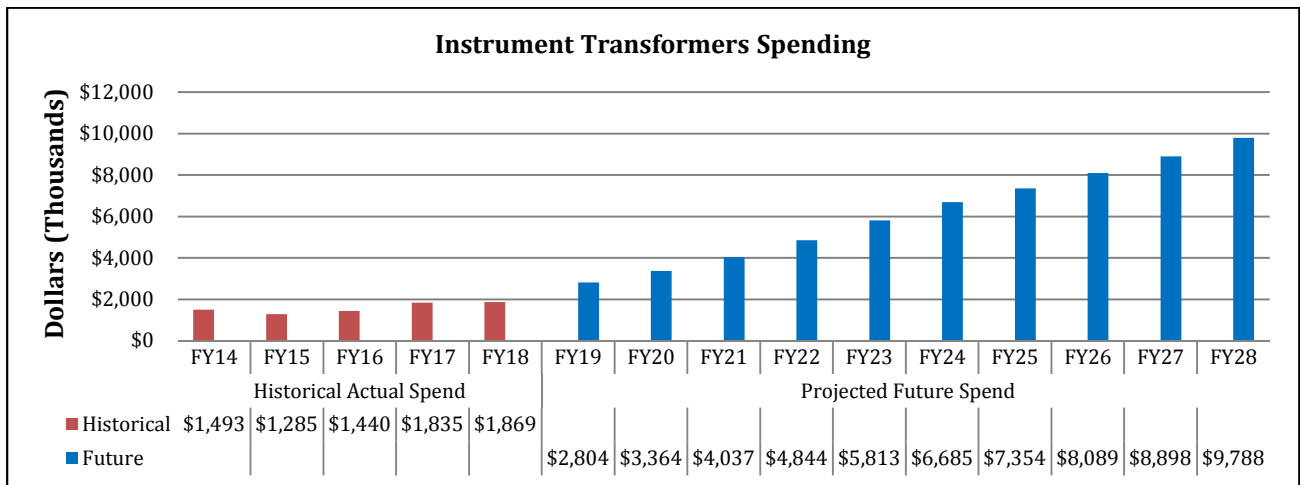
**Contract Length:** One year with nine one-year options to extend

**Description:** These master contracts are for the provision of instrument transformers to be used by LCRA Transmission Services Corporation in substations.

**Background:**

- LCRA has long-term contracts with ABB Inc. and Siemens Power Transmission & Distribution Inc.
- This item will be funded by the capital budget.
- LCRA is sourcing these contracts before the current contract expires. Funds were depleted sooner than expected due to increased purchases.
- Instrument transformers scale the large values of voltage or current to small, standardized values that are easy to handle for measuring instruments and protective relays. The instrument transformers isolate measurement or protection circuits from the high voltage of the primary system. The main applications for instrument transformers are metering, protection control and load surveys.





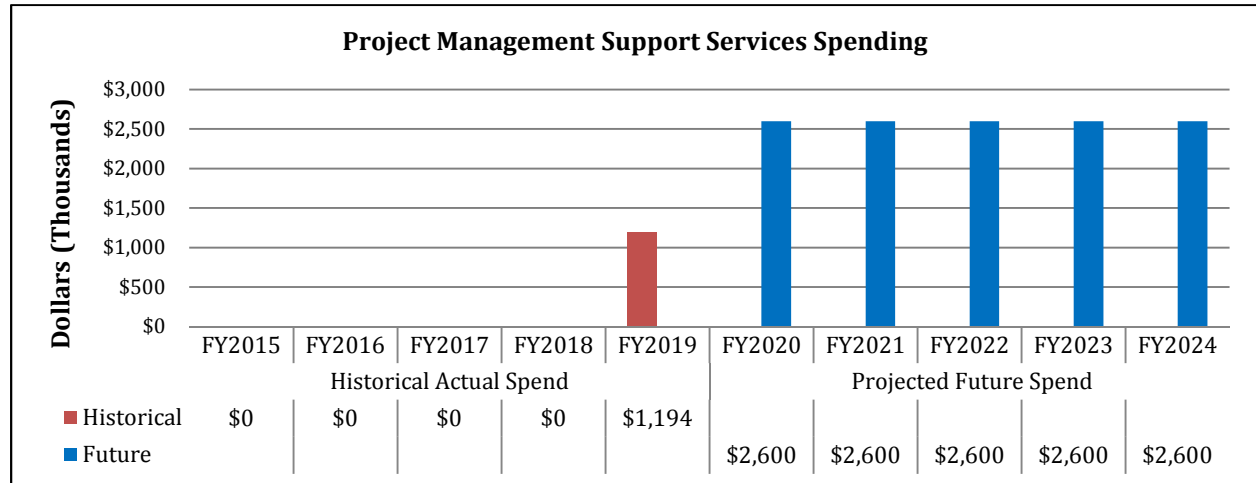
**Actions:**

- LCRA invited nine suppliers to participate. LCRA received seven proposals and evaluated all seven.
- Price was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$62.4 million. This amount represents a shared sum from which the proposed contracts may draw.
- For ABB Inc. and Trench Limited, LCRA calculated savings using last price paid compared with the proposed price. For KBS, LCRA calculated savings by comparing the market median price with the proposed price.
- Based on the evaluation and negotiation, LCRA recommends Trench Limited Inc., KBS Electrical Distribution Inc. and ABB Inc. for this category.

**Contract No.** 5133  
**Supplier:** Planet Forward Energy Solutions LLC  
**Contract Amount:** Not to exceed \$13 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** This master contract is for the provision of project management support services for the Project Management Office.

**Background:**

- LCRA currently has a contract with Planet Forward Energy Solutions LLC to provide project management support services for the Project Management Office. This contract was established in April 2018.
- LCRA expects to have spent all of the current contract funding of about \$2 million by the end of the current purchase order period of July 31, 2019.



**Actions:**

- LCRA invited 384 suppliers to participate. LCRA received eight proposals and evaluated all eight.
- Ability to perform and provide services, company experience, qualifications and expertise of personnel, and cost were the highest, equally weighted criteria for the evaluation.
- The contract award amount is not to exceed \$13 million.
- LCRA calculated savings by comparing the market median price compared with the proposed price.
- Based on the evaluation and negotiation, LCRA recommends Planet Forward Energy Solutions LLC as the supplier for this contract.

**Contract No.** 5128, 5129, 5140

**Supplier:** Action Battery Wholesalers doing business as BAE Batteries, Mesa Technical Associates Inc., Nolan Power Group LLC.

**Contract Amount:** Not to exceed \$9 million

**Contract Length:** One year with four one-year options to extend

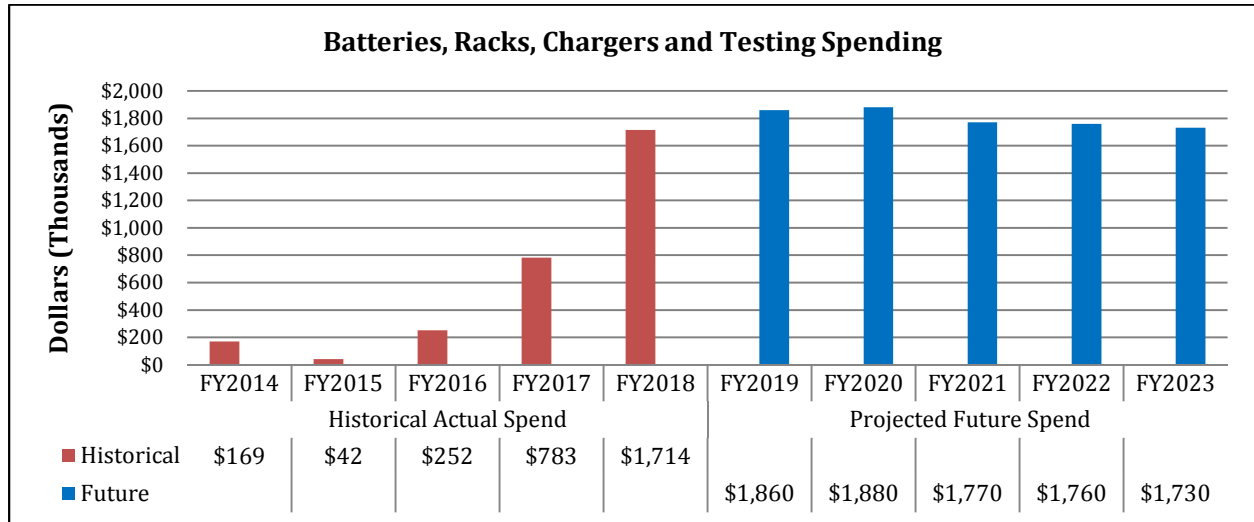
**Description:** These master contracts are for the provision of batteries, racks, chargers and testing used by Transmission, Hydro, Telecommunications and Generation.

**Background:**

- Batteries in substations are essential as an auxiliary power source. When there is no power from the main station, batteries are used to supply power to the meter and

other equipment. The batteries provide energy for power circuit breakers to trip off faults.

- These contracts will also allow for Telecommunications upgrades such as the fiscal year 2019 project to increase the reliability of LCRA TSC's transport network by replacing obsolete battery charger systems at eight locations in Washington, Gillespie, Kendall and Travis counties.



**Actions:**

- LCRA invited 10 suppliers to participate. LCRA received six proposals and evaluated all six.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$9 million. This amount represents a shared sum from which the proposed contracts may draw.
- LCRA calculated savings by comparing the market median price with the proposed price.
- Based on evaluation and negotiation, LCRA recommends Action Battery Wholesalers doing business as BAE Batteries, Mesa Technical Associates Inc. and Nolan Power Group LLC as the suppliers for this category.

**Contract No. 5098**

**Supplier: Nokia of America Corporation**

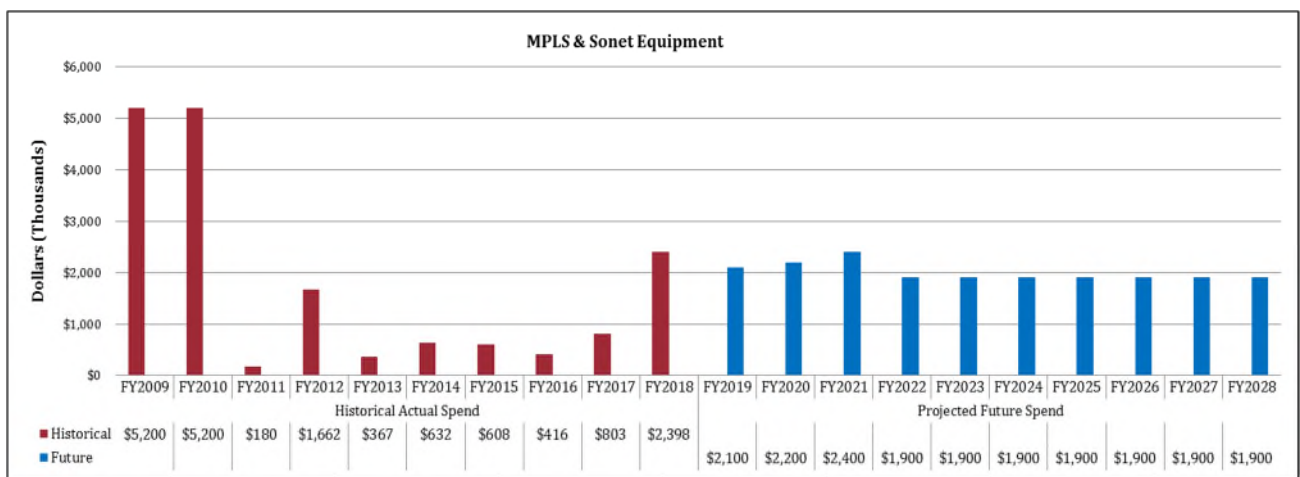
**Contract Amount:** Not to exceed \$20 million

**Contract Length:** One year with nine one-year options to extend

**Description:** This master contract is for the provision of multi-protocol label switching equipment, synchronous optical networking equipment, maintenance, support, technical training, software and software upgrades used by LCRA Telecommunications.

**Background:**

- LCRA has a telecommunication network that is comprised of a MPLS system and a SONET. Contract No. 3623 with Nokia of America Corporation was executed on July 17, 2013, to provide equipment, maintenance, support, technical training, software and software upgrades for this system.
- An MPLS system is a type of data-carrying technique for high-performance telecommunications networks. MPLS directs data from one network node (communication endpoint) to the next based on short path labels rather than long network addresses.
- The SONET system works in combination with the MPLS system by transferring multiple digital bit streams synchronously over optical fiber using lasers or highly coherent light from light-emitting diodes.



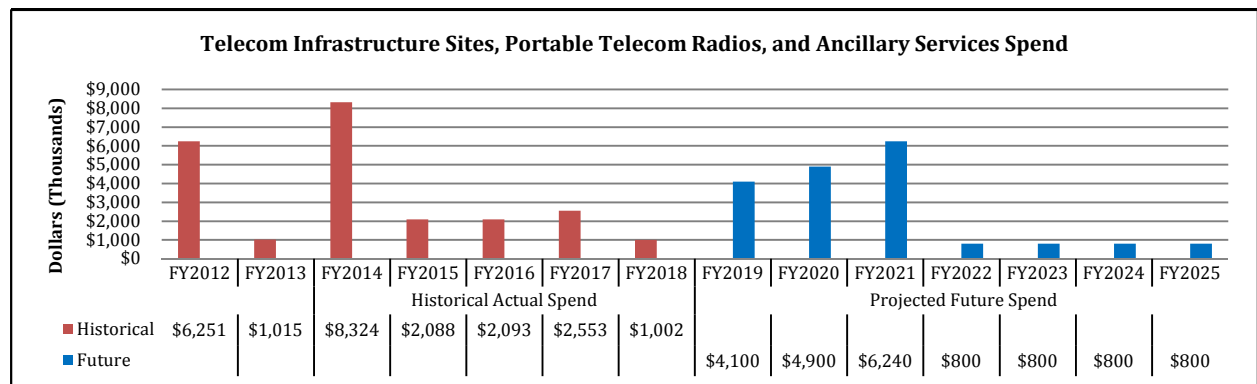
**Actions:**

- LCRA invited two suppliers to participate. LCRA received two proposals and evaluated both.
- The highest-weighted criterion for this category was ability, which LCRA evaluated based on the supplier’s ability to provide all Nokia parts and services.
- The contract award amount is not to exceed \$20 million.
- LCRA calculated savings by comparing the market median price with the proposed price.
- Based on evaluation and negotiation, LCRA recommends Nokia of America Corporation as the supplier for this contract.

**Contract No.** 5122  
**Supplier:** Dailey Wells Communications Inc.  
**Contract Amount:** Not to exceed \$20.5 million  
**Contract Length:** One year with six one-year options to extend  
**Description:** This master contract is for the provision of telecommunications infrastructure sites, portable telecommunications radios, and equipment and ancillary services used by Telecommunications.

**Background:**

- Dailey Wells Communications Inc. is the sole-source provider for Harris Corporation authorized technology and services. The cost of the radios for third parties is recovered through customer revenue.
- Harris Corporation recently notified LCRA that it intends to terminate the OpenSky radio product line. Harris' proposal is to add a 900-megahertz P25 overlay at existing OpenSky sites, program existing OpenSky radios to operate on the P25 layer, then decommission OpenSky hardware once migration is complete.
- The 900-MHz hardware proposed by Harris is the same model (MASTR V) as LCRA's 700-MHz P25 system hardware.
- P25 is the new federal standard that defines a form of interoperable digital two-way wireless communications products. The new P25 standard will work on LCRA's current (MASTR V) as LCRA's 700-MHz P25 system hardware.
- Current market solutions do not allow LCRA to use any of the existing technology LCRA currently has in place, resulting in a departure from the competitive process. A switch in technology would require all customers to purchase new radios and would require LCRA to purchase a new core switch. The current core switch can be used for both OpenSky and P25 solutions.
- The 8- to 10-year old OpenSky site hardware will be phased out. Operating on a fully P25 platform will have operational advantages: technicians will no longer need to maintain two types of radio sites or subscriber unit hardware and radio system core routing and troubleshooting will be simplified. The type and quantity of spare parts needed will be reduced and, ultimately, the system will be more reliable.



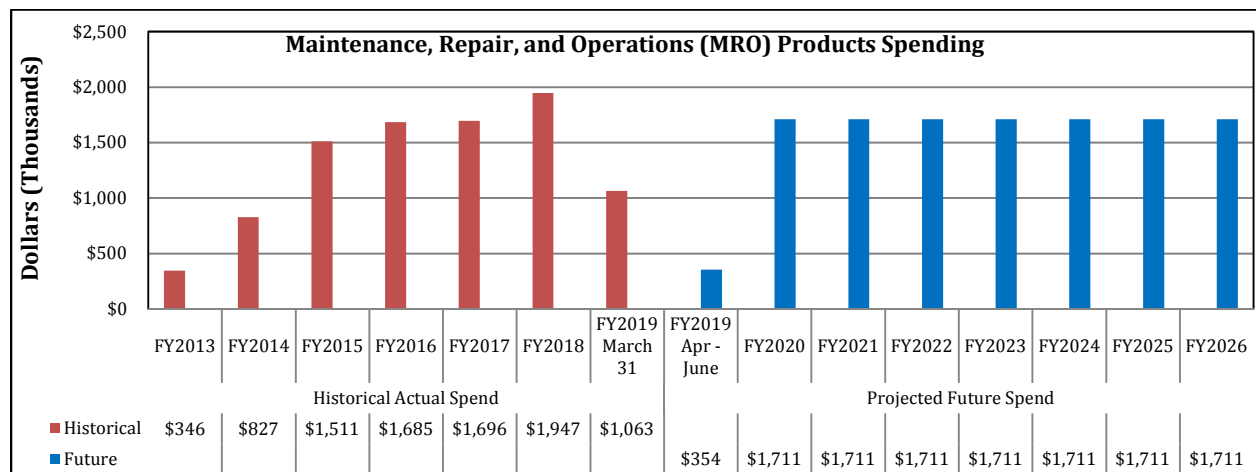
**Actions:**

- LCRA invited one supplier, Daily Wells Communications Inc., to participate.
- In 2013, LCRA directly solicited suppliers and posted the opportunity on LCRA’s website. LCRA received four proposals and evaluated all four.
- The contract award amount is not to exceed \$20.5 million.
- Based on evaluation and negotiation, LCRA recommends Daily Wells Communications Inc. as the supplier for this contract.

**Contract No.** 5141  
**Supplier:** W.W. Grainger Inc.  
**Contract Amount:** Not to exceed \$12 million  
**Contract Length:** One year with six one-year options to extend  
**Description:** This master contract is for the provision of maintenance, repair, and operations products.

**Background:**

- This contract is for maintenance, repair and operations consumables. This includes the subcategories of safety products, industrial supplies, fasteners and mill supplies for various LCRA locations.
- MRO is a broad category that can include items such as tape, sandpaper, glue, paint, protective wear, lighting, tools, security and cleaning products.
- W.W. Grainger Inc. will also be providing industrial vending machines and vendor managed inventory services at certain locations (mostly power plants).



**Actions:**

- LCRA invited 10 suppliers to participate. LCRA received three proposals and evaluated all three.
- Ability to provide industrial vending, services, and cost were the highest, equally weighted criteria for the evaluation.
- The contract award amount is not to exceed \$12 million.

- LCRA calculated savings by comparing the market median price to the proposed price.
- Based on evaluation and negotiation, LCRA recommends W.W. Grainger Inc. as the supplier for this category.

**Contract No.** 5086, 5088, 5090

**Supplier:** Pickett and Associates Inc., Burns and McDonnell Engineering Inc., McCord Engineering Inc.

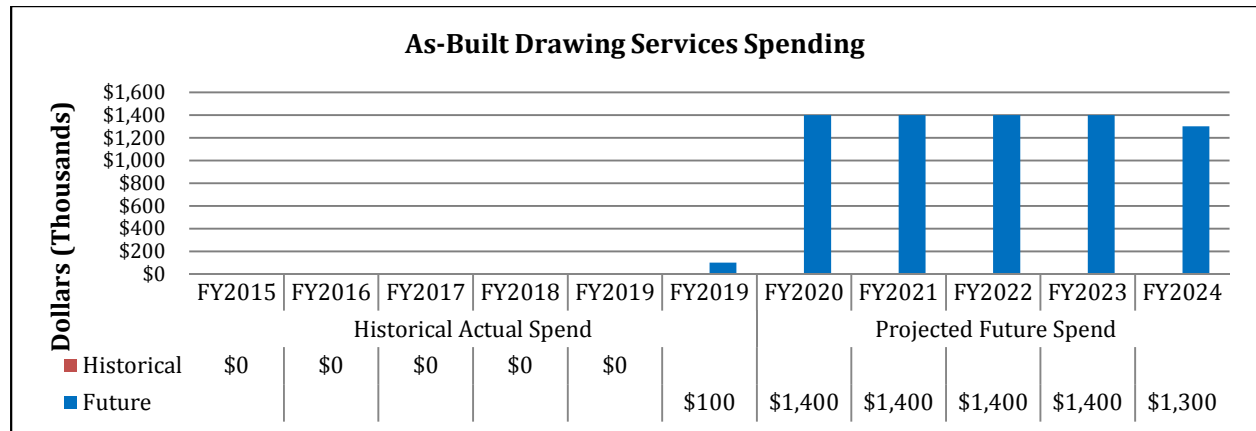
**Contract Amount:** Not to exceed \$7 million

**Contract Length:** One year with four one-year options to extend

**Description:** These master contracts are for the provision of as-built drawing services to be used by LCRA Transmission Services Corporation.

**Background:**

- LCRA’s Transmission Engineering group has a backlog of as-built drawing work for previously completed projects.
- LCRA has decided to outsource this work to complete it sooner than we would be able to complete it internally.
- The historical five-year spending is \$0. This work was not previously outsourced.



**Actions:**

- LCRA invited five suppliers to participate. LCRA received 11 proposals and evaluated nine proposals.
- Firm experience was the highest-weighted criterion for the evaluation.
- Based on forecast need and negotiations, LCRA expects to save about \$500,000 over the life of these contracts, compared with the median of responses received.
- The contract award amount is not to exceed \$7 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and subsequent negotiations, LCRA recommends Pickett and Associates Inc., Burns and McDonnell Engineering Inc., and McCord Engineering Inc. as suppliers for this category.

**EXHIBIT B**

**Contract Administration**

LCRA Board Policy 308 – Purchasing Contracts requires Board approval for contract changes when the accumulated changes are in excess of \$100,000 for consulting services and contracts valued at more than \$2 million for goods, services (excluding consulting services), construction or software. Each month, any changes that reach these limits are noted in an exhibit.

- A *change order* is a change to the statement of work, specifications or schedule of the contract.
- An *amendment* is a change to a contract that affects other terms and conditions of the contract.
- An *increase in estimate* is a request to spend more funds than were previously estimated to be spent through a given contract. The contract is not changed; only the internal estimate of the amount to be spent with the supplier.
- A *task order* is an order for services awarded under an indefinite delivery/indefinite quantity contract. These contracts were originally awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

**PURCHASE ORDER NO. 75127**

**Supplier:** Stephen G. Wright  
**Contract Amount:** Not to exceed amount of \$120,000  
**Contract Length:** This contract expires upon completion of work  
**Description:** This purchase order is for the provision of geotechnical consulting service for the Arbuckle Reservoir project. This increase in estimate will fund additional consulting services not included in the original scope, including review of reservoir design.

**Contract History:**

Original Purchase Order (05/2013)	\$39,000
Change Order No. 1 (03/2014) (Board Approval 3/2014)	\$27,000
Change Order No. 2 (6/2015)	\$15,000
Change Order No. 3 (8/2018)	\$18,853
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<b>Change Order No. 4 (5/2019)</b>	<b>\$20,147</b>
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Total	<u>\$20,147</u>