



Board Agenda

Wednesday, Oct. 23, 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. Competitive Electric Matters
2. Litigation Report

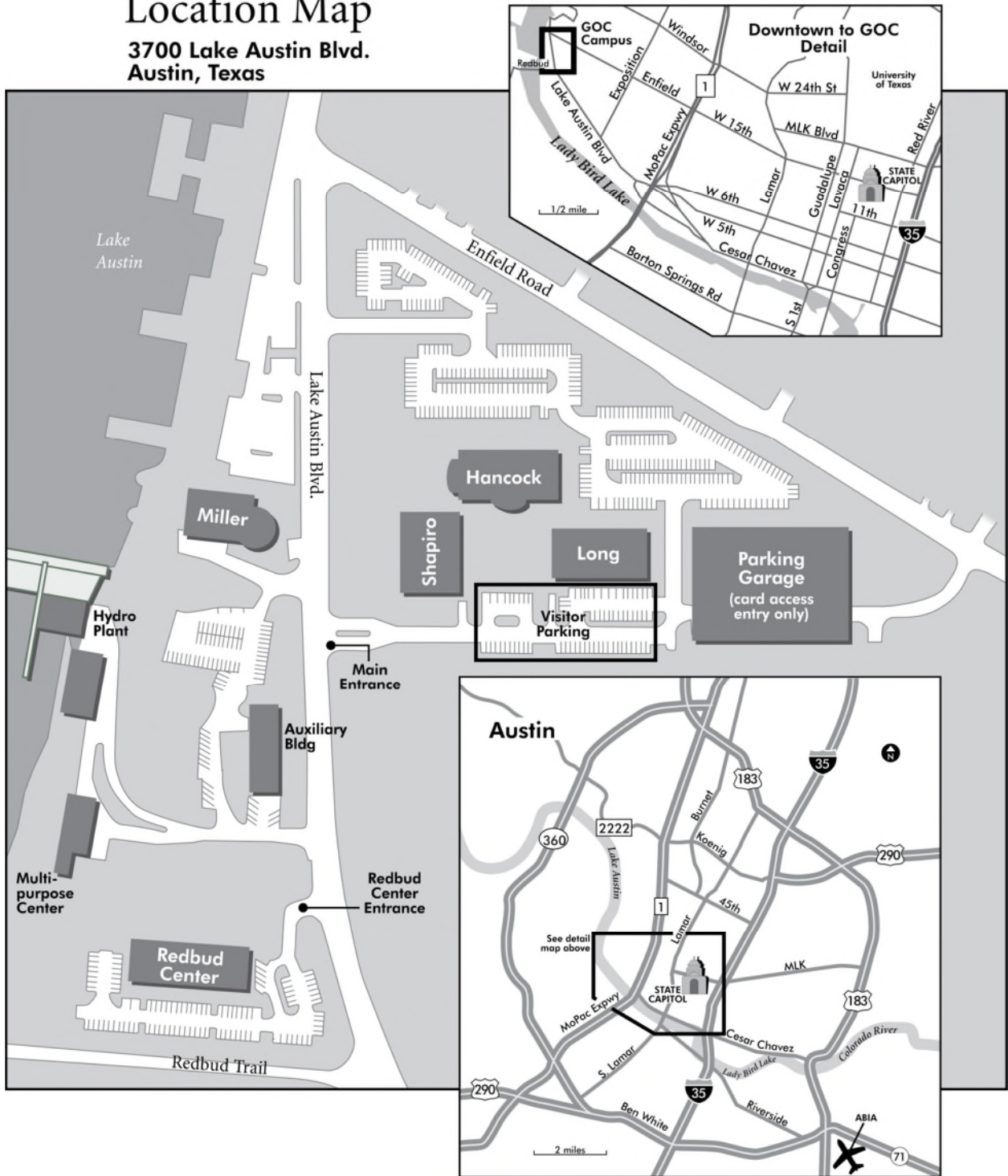
The Board also may go into executive session for advice from legal counsel on any item(s) listed above, pursuant to Chapter 551 of the Texas Government Code.

Legal Notice

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

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board agenda. The Board may not take action or provide responses 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 DISCUSSION

2. 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. This report will be handed out at the meeting.

Presenter(s)

Julie Rogers
Controller

FOR ACTION (CONSENT)

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

3. Quitclaim of Canals in Colorado County

Proposed Motion

Declare approximately 39 acres (6.5 miles) of irrigation canals, being a portion of LCRA's Lakeside Irrigation District in Colorado County, nonessential and authorize the general manager or his designee to quitclaim the property to the neighboring landowner.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or beneficial to the business of LCRA before conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2020 business plan contains the administrative costs associated with the quitclaim of this land. The transaction will be completed at no cost to the neighboring landowner, which is the U.S. government.

Summary

The adjacent landowner, the U.S. government, represented by the U.S. Fish and Wildlife Service (USFWS), requested that LCRA convey its ownership interest in about 39 acres (6.5 miles) of unused irrigation canals within the Attwater Prairie Chicken National Wildlife Refuge to USFWS. About 17 acres (3 miles) of the canals have already been filled. Upon conveyance, USFWS will fill in the remaining canals in order to restore habitat of the endangered Attwater's prairie chicken. LCRA Lakeside Irrigation District staff confirmed that closing the canals will not adversely affect existing irrigation customers. LCRA staff believes LCRA likely has an easement interest in the canals, but due to title uncertainty, LCRA will quitclaim any ownership interest it has within the boundaries of the wildlife refuge to the USFWS.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 before the quitclaim.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

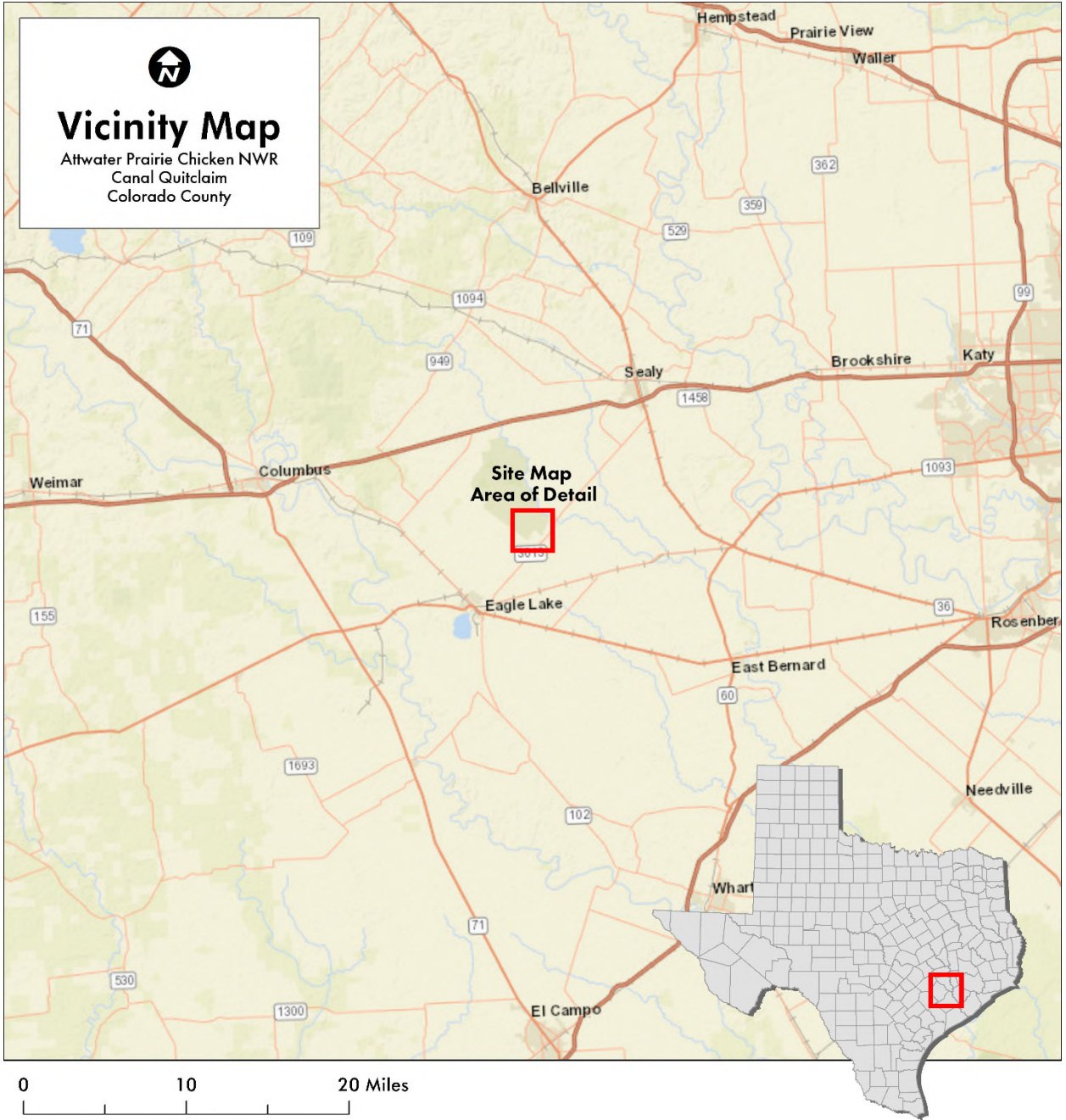
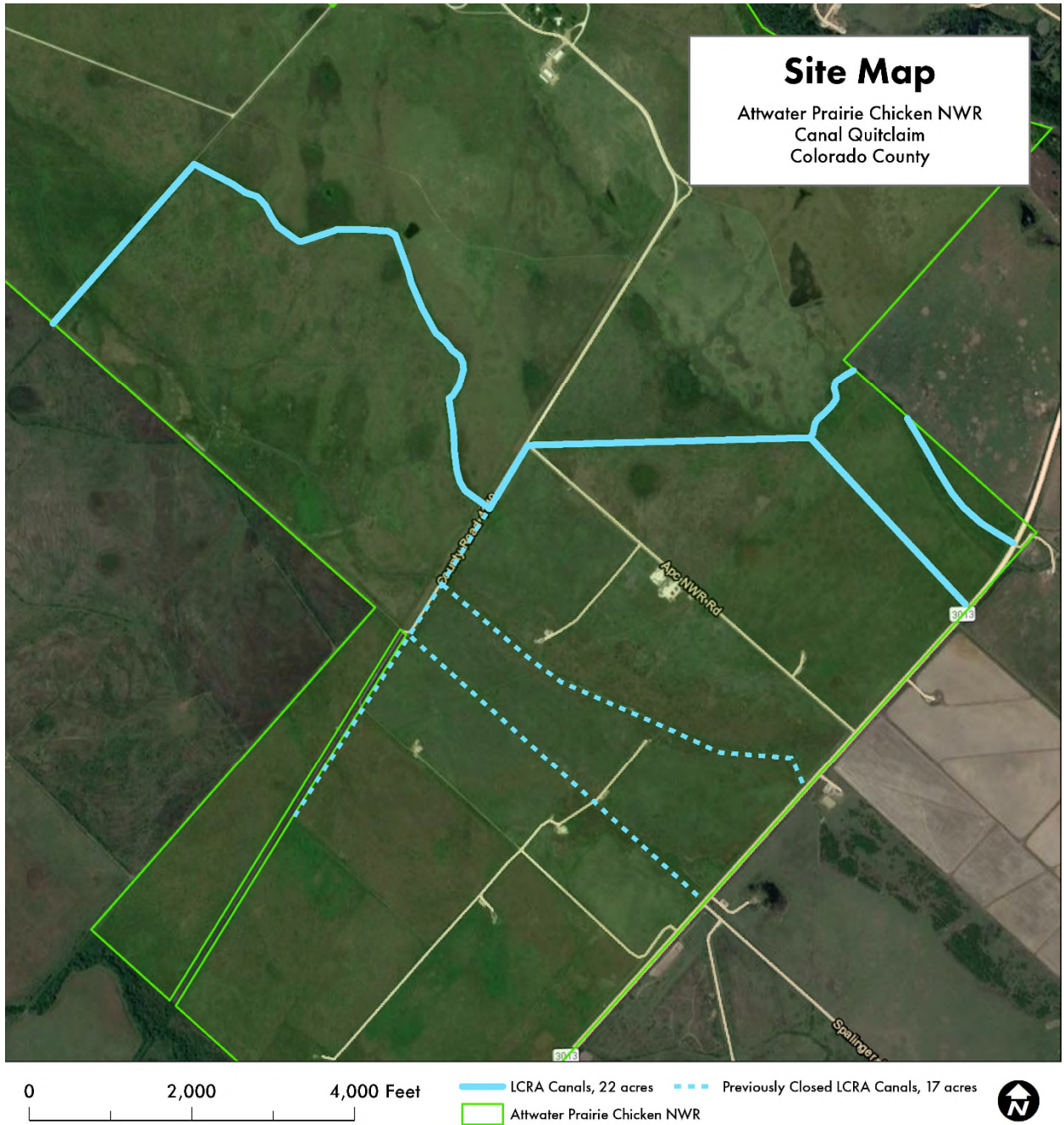


EXHIBIT B



4. Grant Subsurface Fiber Optic Easement in Matagorda County to American Electric Power

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.14-acre subsurface fiber optic easement to American Electric Power Texas Inc. that will cross under 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. 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 2020 business plan. The proceeds of \$5,000 from the sale of the easement will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

AEP Texas plans to construct a fiber optic line that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. AEP Texas requested a 50-foot-wide subsurface easement for the project and agreed to bore 6 feet below the lowest point of the canal.

AEP Texas 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 fiber optic line 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

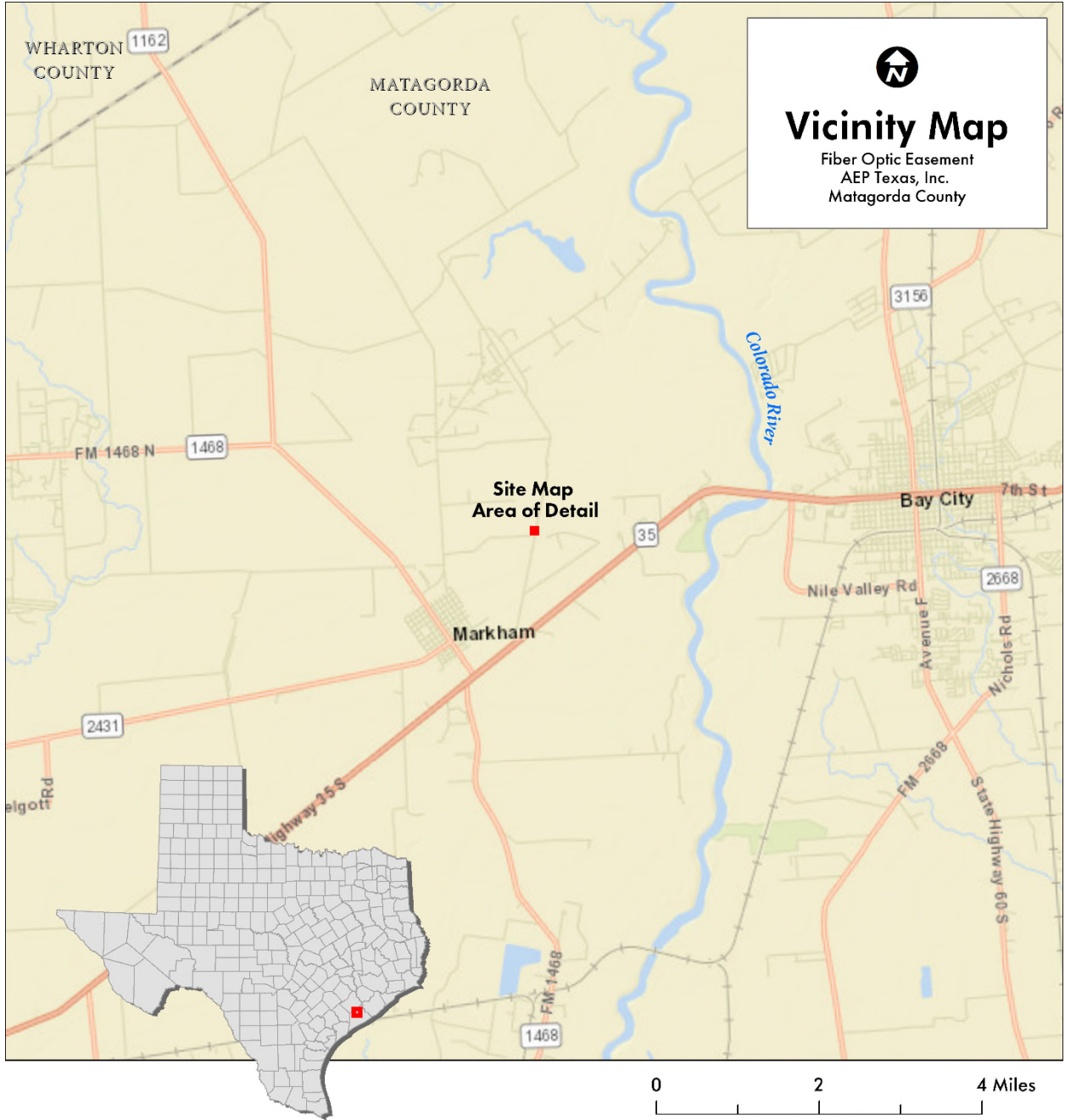


EXHIBIT B



5. Grant Subsurface Petrochemical Pipeline Easement in Matagorda County to Baymark Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to Baymark Pipeline LLC for a pipeline that will cross under 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 at least 12 members of the LCRA Board of Directors to convey any interest in real property. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2020 business plan. The proceeds of \$5,000 from the sale of the easement will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Baymark Pipeline plans to construct a new petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Baymark Pipeline requested a 20-foot-wide subsurface easement for the project and agreed to bore 6 feet below the lowest point of the canal.

Baymark Pipeline 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 pipeline 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)

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- B – Site Map

EXHIBIT A

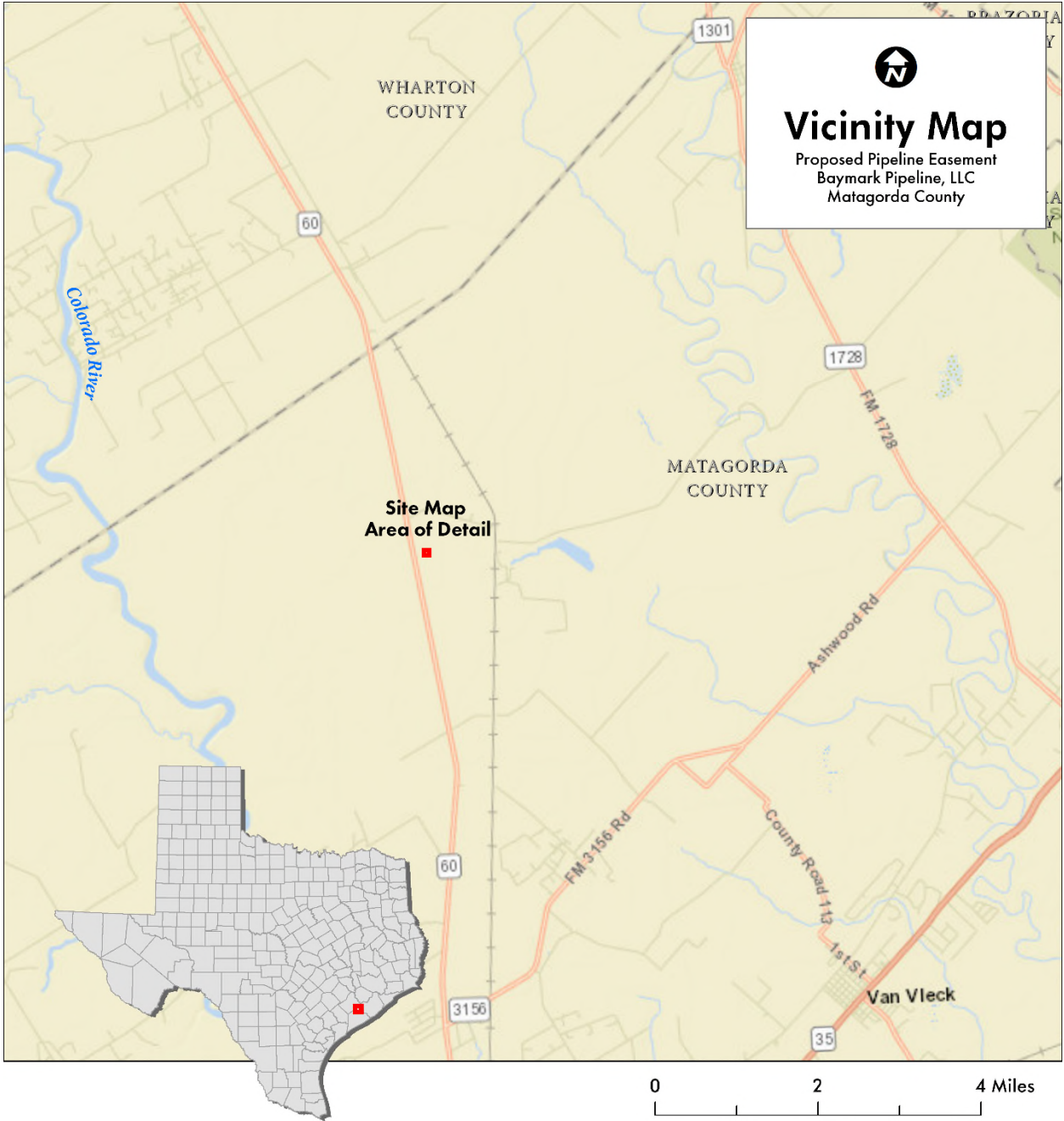
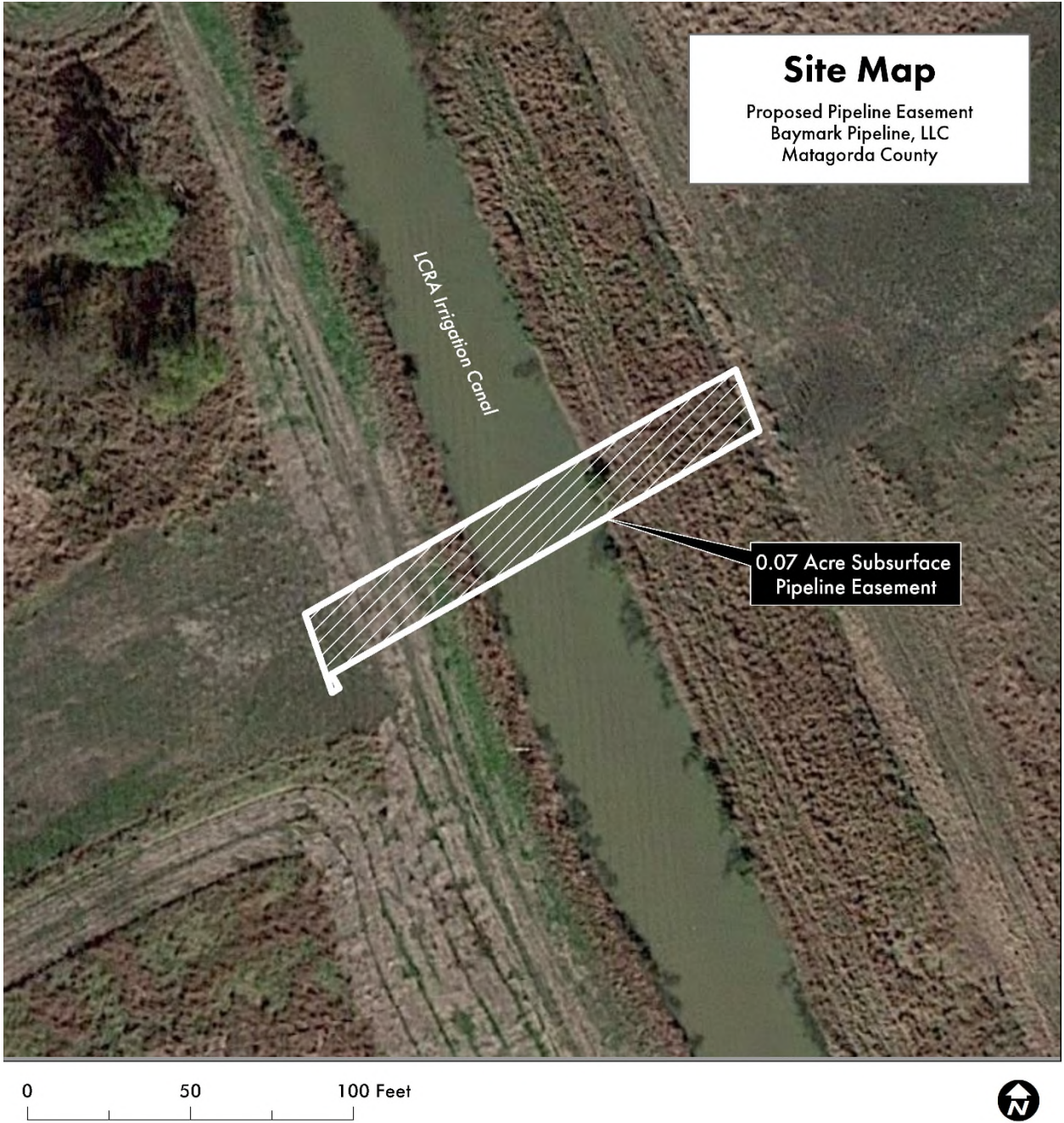


EXHIBIT B



6. Grant Subsurface Petrochemical Pipeline Easement in Matagorda County to South Texas NGL Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to South Texas NGL Pipeline LLC for a pipeline that will cross under 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 at least 12 members of the LCRA Board of Directors to convey any interest in real property. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2020 business plan. The proceeds of \$5,000 from the sale of the easement will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

South Texas NGL Pipeline plans to construct a new petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. South Texas NGL Pipeline requested a 20-foot-wide subsurface easement for the project and agreed to bore 6 feet below the lowest point of the canal.

South Texas NGL Pipeline 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 pipeline 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)

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- B – Site Map

EXHIBIT A

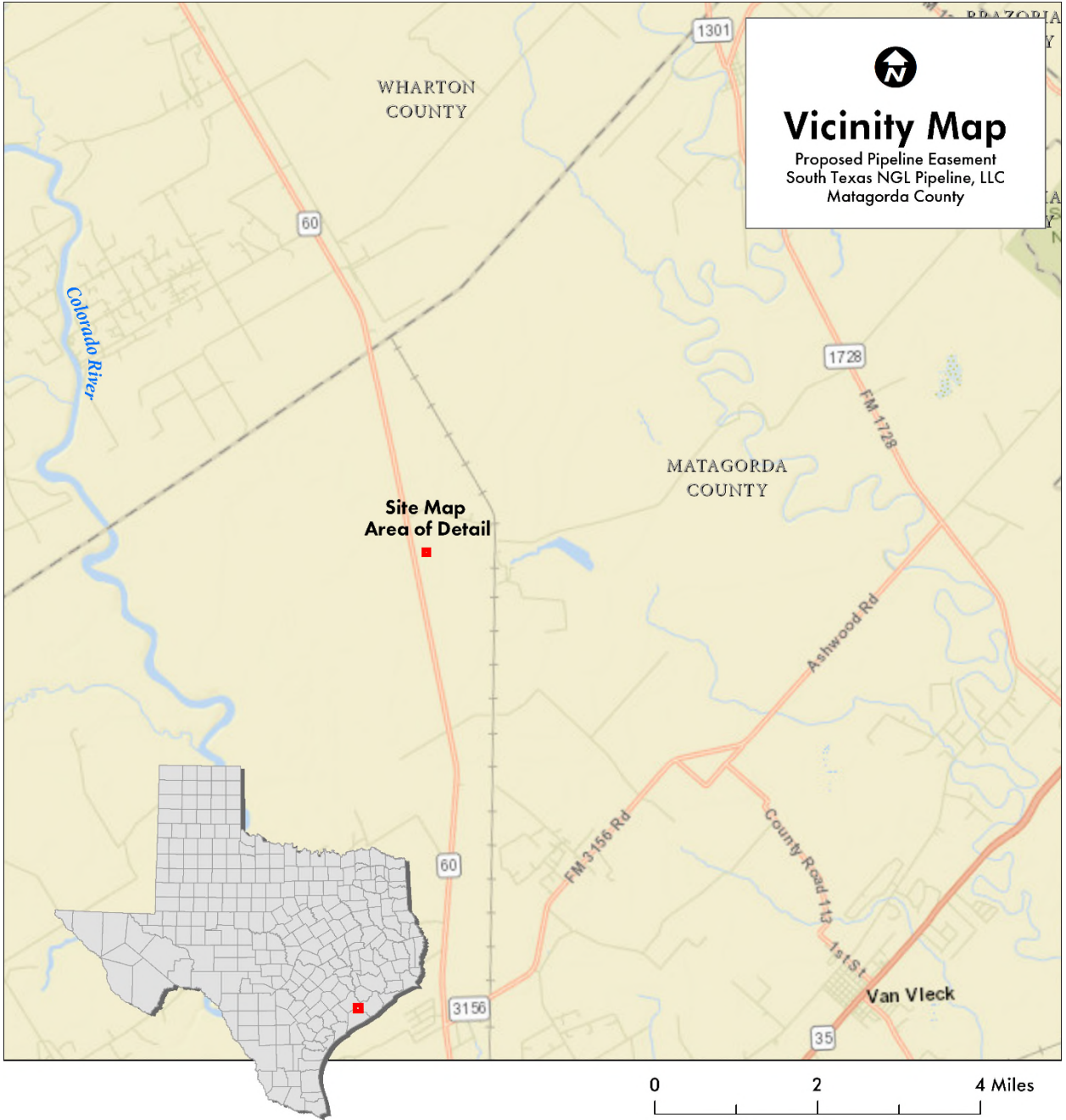
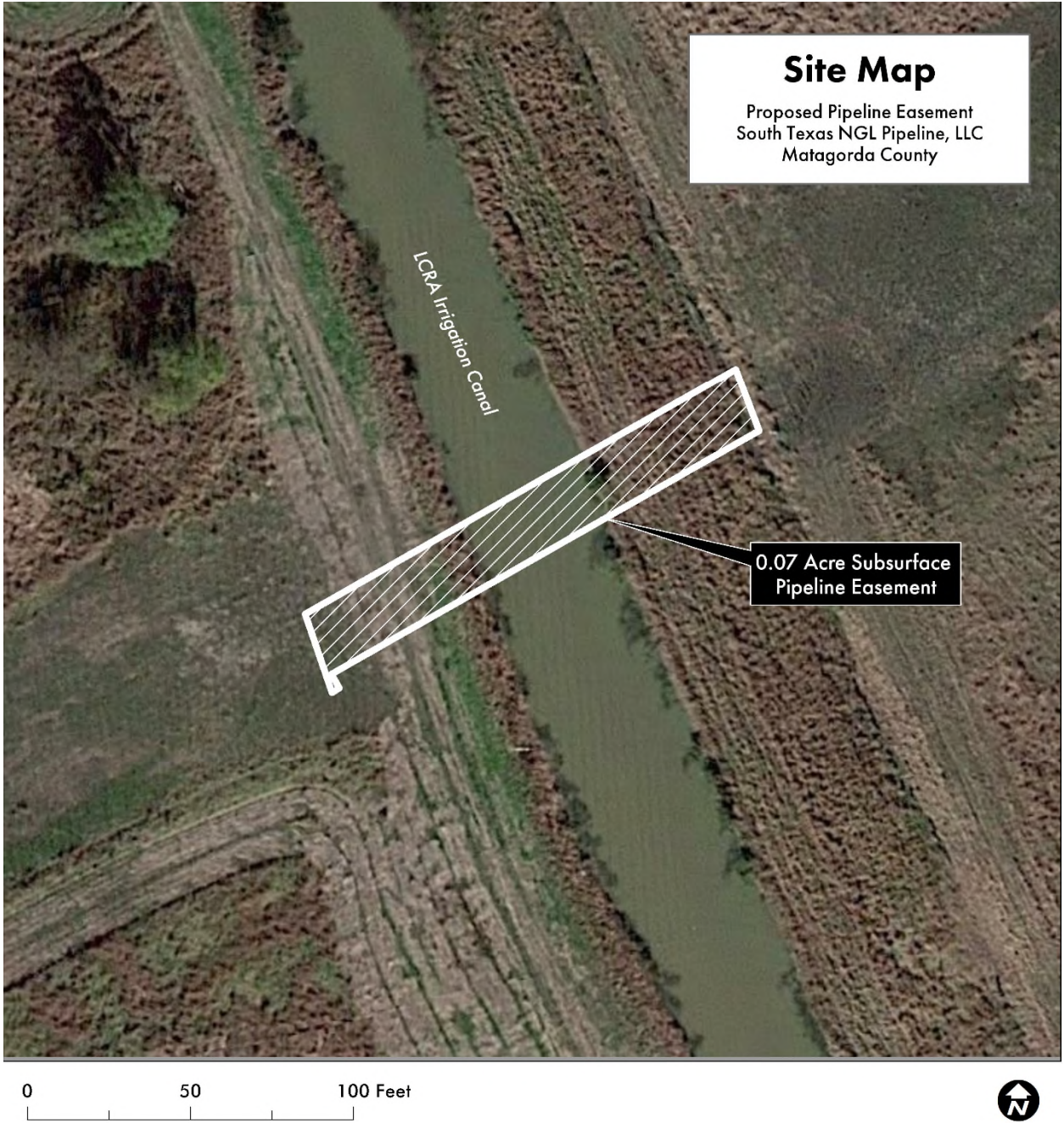


EXHIBIT B



7. Grant Subsurface Petrochemical Pipeline Easement No. 1 in Matagorda County to Epic Y-Grade Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.05-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.15-acre temporary construction easement to Epic Y-Grade Pipeline LP.

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. 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 2020 business plan. The proceeds of \$5,000 from the sale of the permanent and temporary construction easements will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Epic Y-Grade Pipeline plans to construct a petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Epic Y-Grade Pipeline requested a 20-foot-wide easement for the project and agreed to bore 6 feet below the lowest point of the canal. The temporary construction easement is 55 feet wide.

Epic Y-Grade Pipeline has agreed to pay \$5,000 for the permanent and temporary construction easements. 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 pipeline construction and operation plans 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

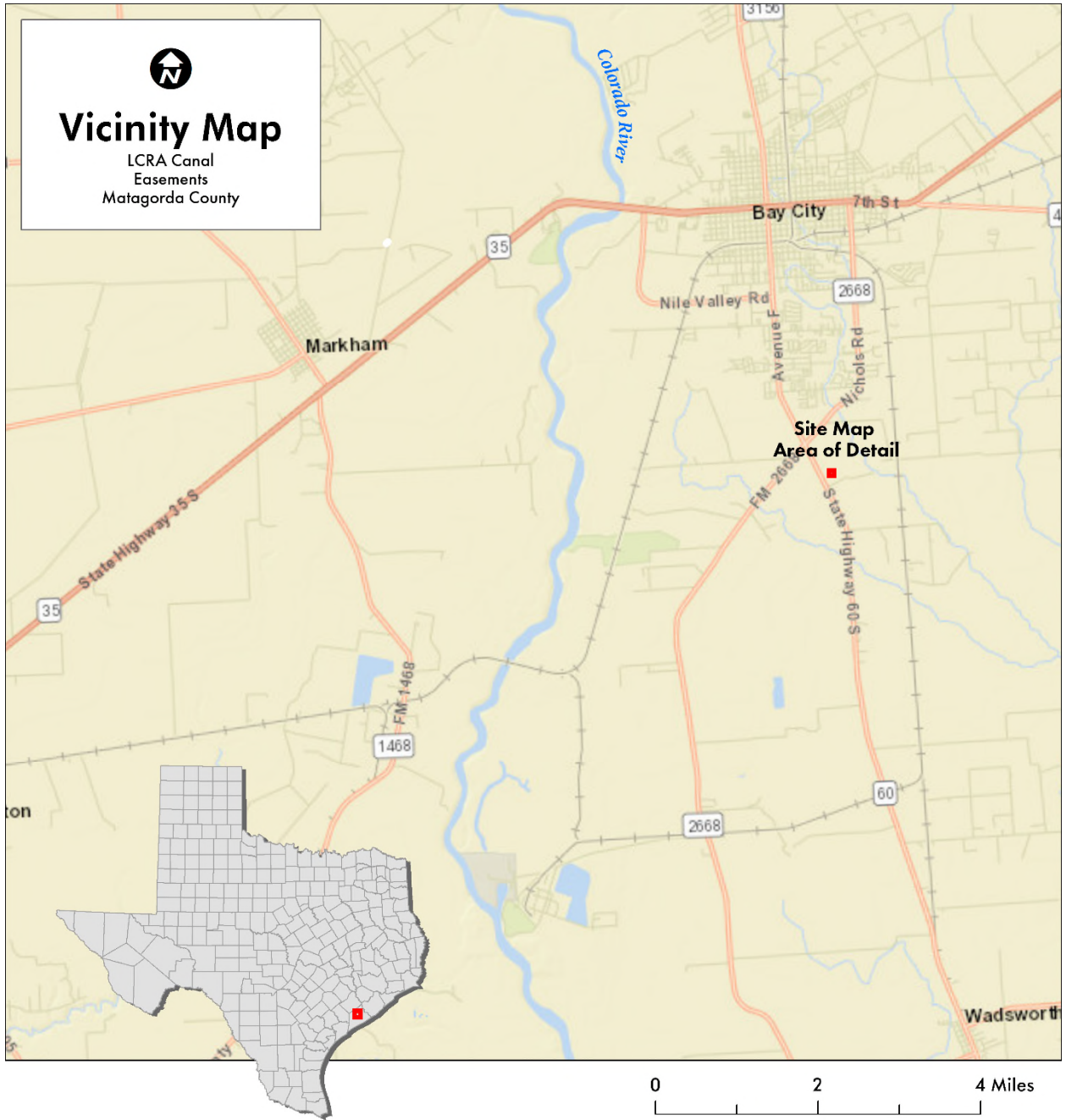


EXHIBIT B



8. Grant Subsurface Petrochemical Pipeline Easement No. 2 in Matagorda County to Epic Y-Grade Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.03-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.10-acre temporary construction easement to Epic Y-Grade Pipeline LP.

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. 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 2020 business plan. The proceeds of \$5,000 from the sale of the permanent and temporary construction easements will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Epic Y-Grade Pipeline plans to construct a petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Epic Y-Grade Pipeline requested a 20-foot-wide easement for the project and agreed to bore 6 feet below the lowest point of the canal. The temporary construction easement is 55 feet wide.

Epic Y-Grade Pipeline has agreed to pay \$5,000 for the permanent and temporary construction easements. 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 pipeline construction and operation plans 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

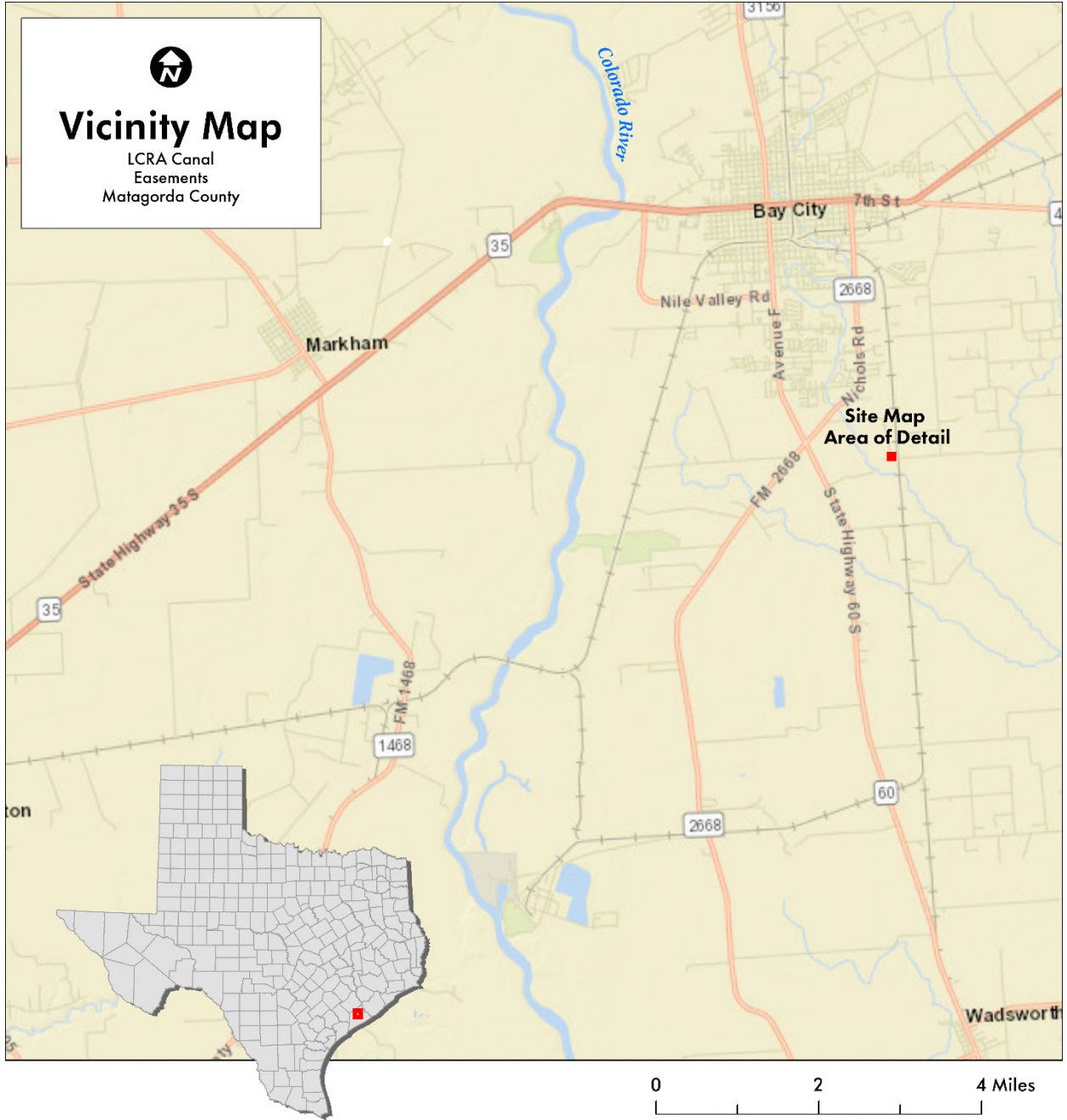


EXHIBIT B



9. Grant Subsurface Petrochemical Pipeline Easement No. 3 in Matagorda County to Epic Y-Grade Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.02-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.05-acre temporary construction easement to Epic Y-Grade Pipeline LP.

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. 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 2020 business plan. The proceeds of \$5,000 from the sale of the permanent and temporary construction easements will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Epic Y-Grade Pipeline plans to construct a petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Epic Y-Grade Pipeline requested a 20-foot-wide subsurface easement for the project and agreed to bore 6 feet below the lowest point of the canal. The temporary construction easement is 55 feet wide.

Epic Y-Grade Pipeline has agreed to pay \$5,000 for the permanent and temporary construction easements. 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 pipeline construction and operation plans 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

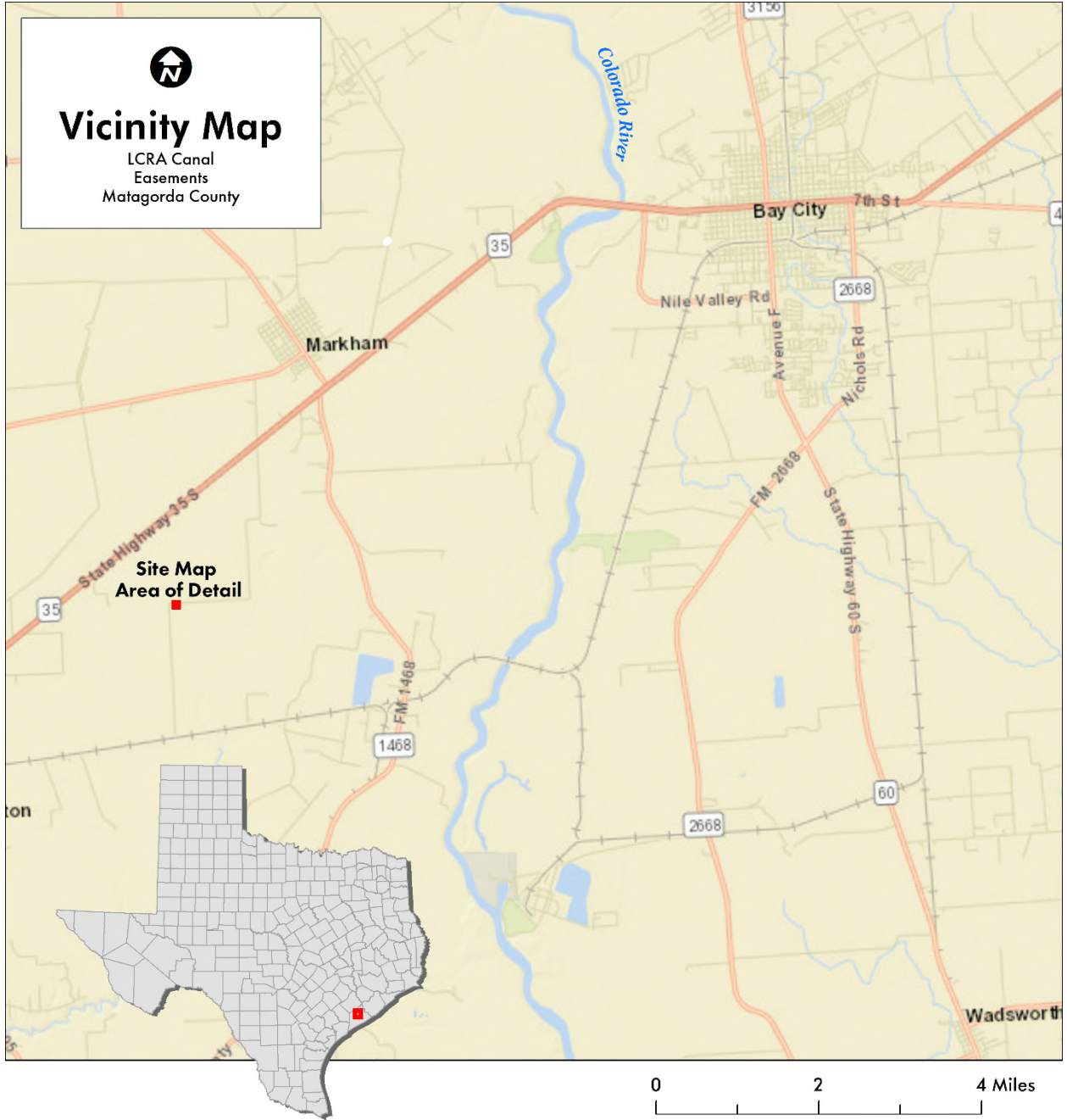


EXHIBIT B



10. Grant Subsurface Petrochemical Pipeline Easement No. 4 in Matagorda County to Epic Y-Grade Pipeline

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.09-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County together with a 0.26-acre temporary construction easement to Epic Y-Grade Pipeline LP.

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. 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 the easement are contained in the fiscal year 2020 business plan. The proceeds of \$5,000 from the sale of the permanent and temporary construction easements will be placed in the Water Strategic Reserve Fund for use in water-related capital projects..

Summary

Epic Y-Grade Pipeline plans to construct a petrochemical pipeline that will cross under an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Epic Y-Grade Pipeline requested a 20-foot-wide subsurface easement for the project and agreed to bore 6 feet below the lowest point of the canal. Epic Y-Grade Pipeline also requested a 55-foot wide temporary construction easement.

Epic Y-Grade Pipeline has agreed to pay \$5,000 for the permanent and temporary construction easements. 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 pipeline construction and operation plans 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

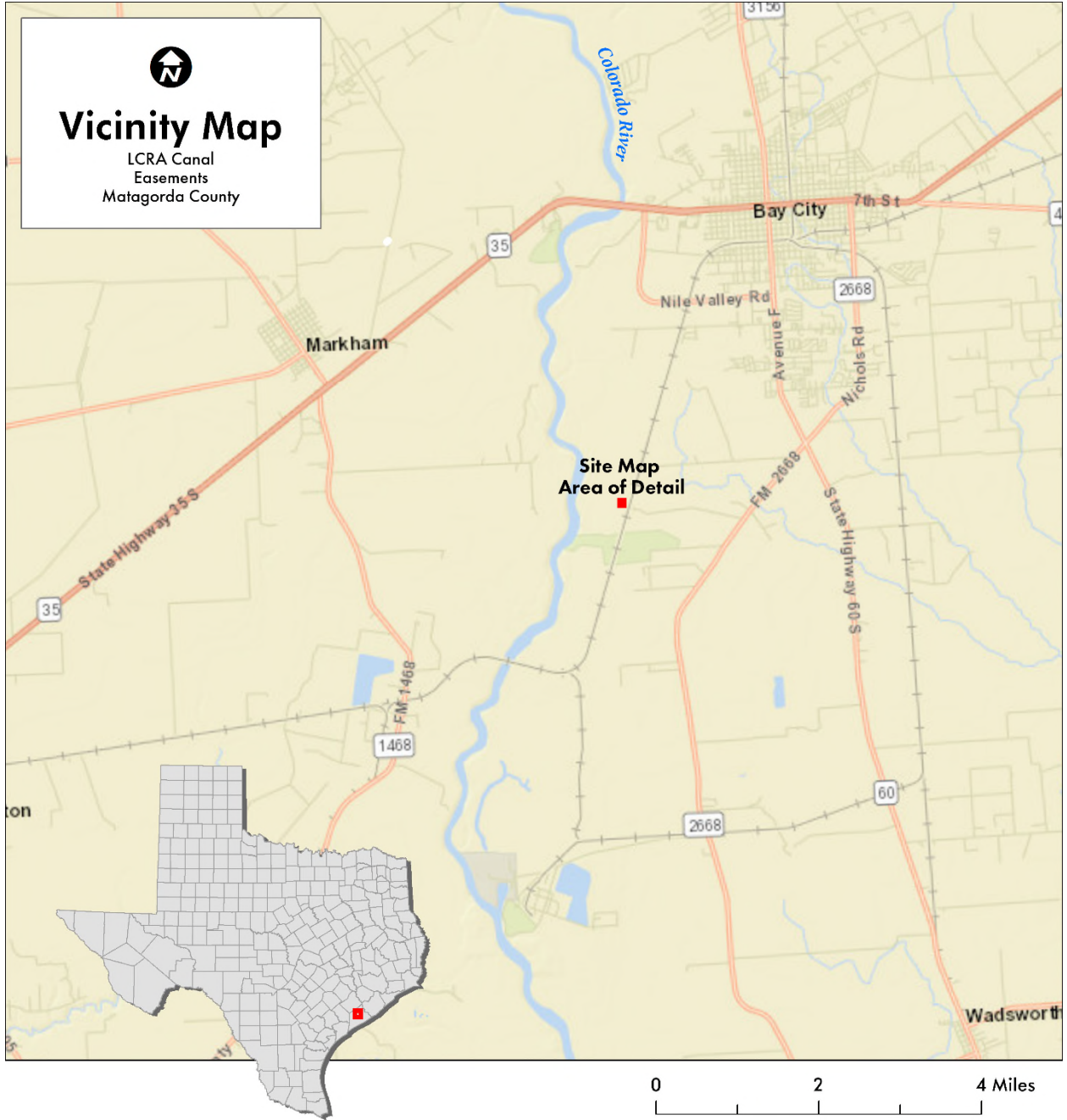


EXHIBIT B



FOR ACTION (CONSENT)

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

11. Grant Electric Utility Easement in Travis County (Parcel TN-03)

Proposed Motion

Authorize the general manager or his designee to convey to Pedernales Electric Cooperative a 0.0563-acre permanent electric utility easement across a portion of LCRA Parcel TN-03 in Travis County to install an aboveground electric 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. 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 fiscal year 2020 business plan contains the administrative costs associated with the conveyance of this easement.

Summary

LCRA acquired TN-03 (McGregor Tract) in 1935 for the purpose of creating Lake Travis. This 554-acre property is used as a nature preserve and two Travis County parks.

PEC requested the easement across LCRA land to facilitate the retirement of approximately 600 feet of existing line that currently crosses TN-03, as well as approximately 800 feet of existing line crossing a navigable section of the Cypress Creek arm of Lake Travis.

The approximately 0.0563-acre easement will be granted to PEC in exchange for the retirement of these lines and release of the associated easements, which will reduce disturbance to TN-03 and eliminate the line crossing Lake Travis.

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

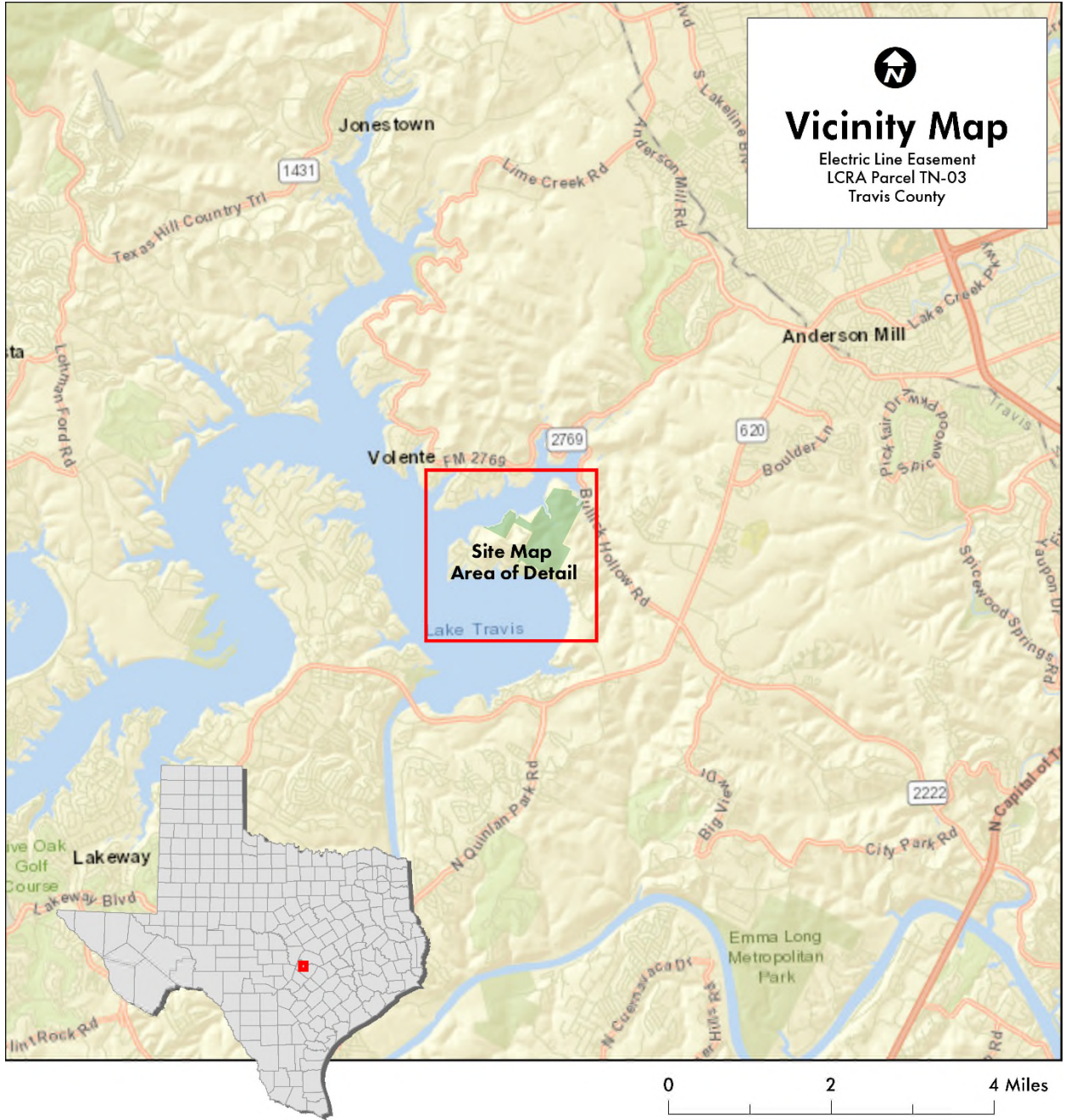
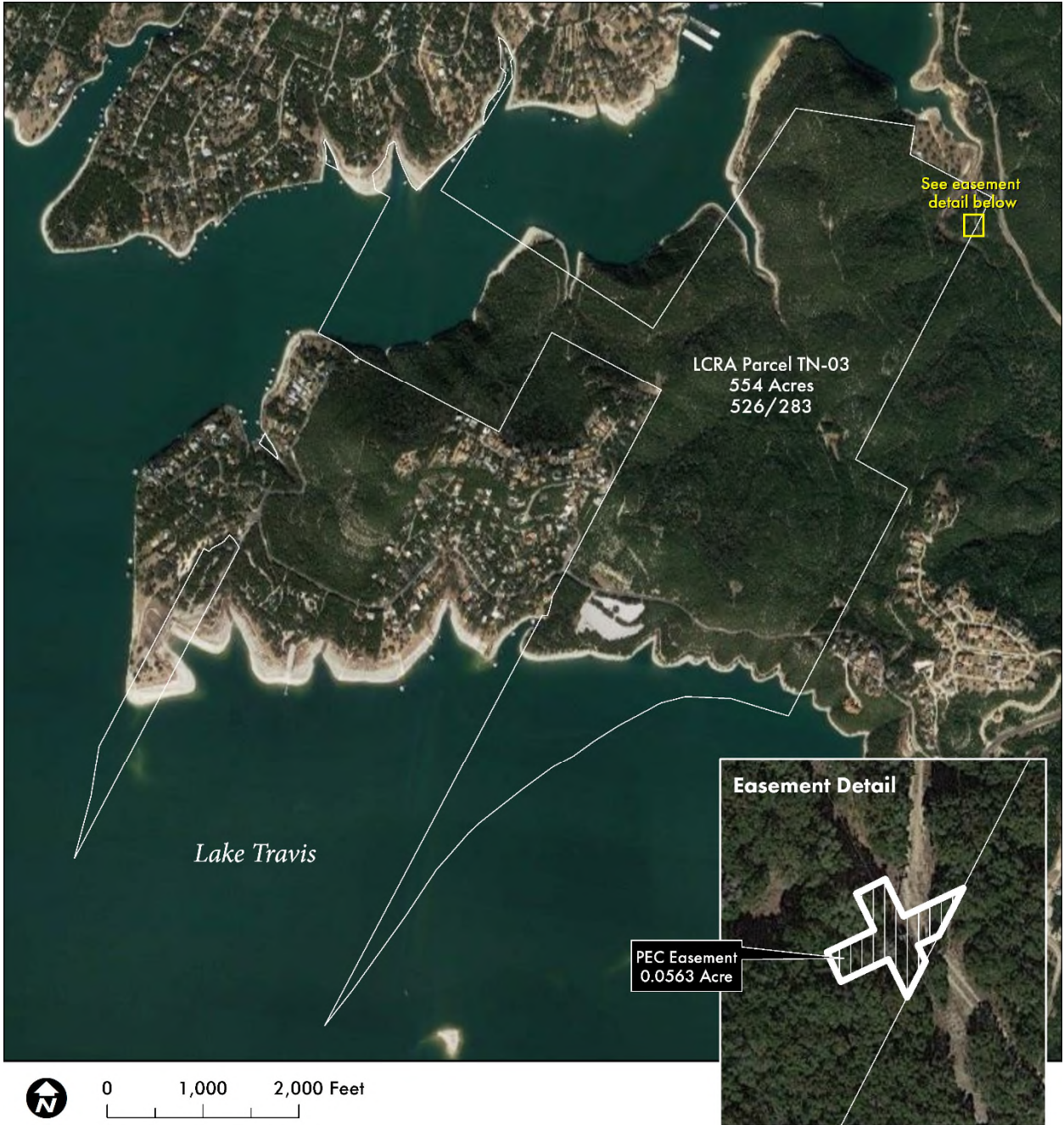


EXHIBIT B



FOR ACTION (CONSENT)

12. LCRA Board Policy 303 – Banking and Investments

Proposed Motion

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

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

The Board will fulfill its statutory requirements under the TPFIA for the annual review and adoption of the LCRA investment policy. Staff recommends approval of the policy as modified, which includes:

- Changing the broker location for Jefferies (Appendix B)
- Changing the broker list to add two new brokers (Appendix B)
- Changing the maturity limit for commercial paper (Appendix C)

Exhibit(s)

A – LCRA Board Policy 303 – Banking and Investments

EXHIBIT A

LCRA BOARD POLICY

303 – BANKING AND INVESTMENTS

~~Dec. 11, 2018~~ Oct. 23, 2019

303.10 PURPOSE

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

303.20 POLICY

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

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

303.30 Banking Procedures

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

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

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

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

303.40 Investment Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

303.407 Safekeeping of Investments. LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a "delivery-versus-payment" basis.

Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

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

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

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

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

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

All designated investment officers must sign the quarterly reports.

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

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

Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Fund; however, should they be necessary, the short-term

nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

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

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

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

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

303.414 Periodic Review and Approval of Policy. This investment policy and its investment strategies will be reviewed and approved by the Board on at least an annual basis, as required by the TPFIA. The Board will record in writing its approval of existing policy and any changes to the LCRA investments policy and investment strategies.

303.50 AUTHORITY

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

EFFECTIVE: December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; April 18, 2018; Oct. 17, 2018; ~~and~~ Dec. 11, 2018; **and Oct. 23, 2019**

APPENDIX A

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

**Staff Authorized to Purchase and Sell Securities:
Amended ~~Dec. 11, 2018~~ Oct. 23, 2019**

Chief Financial Officer (Unlimited)
Treasurer (\$100 million per day)
Treasury Analyst (\$75 million per day)
Treasury Analyst (\$75 million per day)

James D. Travis
David J. Smith
Keri J. Whipple
Drew Ritchey

**APPENDIX B
APPROVED BROKERS/DEALERS**

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

APPENDIX C
APPROVED INVESTMENTS OF PUBLIC FUNDS
AS OF ~~Dec. 11, 2018~~ Oct. 23, 2019
(SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)

DESCRIPTION

1. Obligations of, or guaranteed by, Governmental Entities (Section 2256.009 of the Texas Public Funds Investment Act) Maturity Limit: 30 years
2. Certificates of Deposit and Share Certificates (Section 2256.010 of the Texas Public Funds Investment Act) Maturity Limit: three years
3. Repurchase and/or Reverse Repurchase Agreements (Section 2256.011 of the Texas Public Funds Investment Act) Maturity Limit: one year
4. Securities Lending Program (Section 2256.0115 of the Texas Public Funds Investment Act) Maturity Limit: one year
5. Banker's Acceptances – Rating/Definition (Section 2256.012 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
6. Commercial Paper – Rating/Definition (Section 2256.013 of the Texas Public Funds Investment Act) Maturity Limit: ~~270~~ 365 days
7. Money Market Mutual Funds – Permissions/Restrictions (Section 2256.014 (a) of the Texas Public Funds Investment Act) Maturity Limit: 90 days
8. Guaranteed Investment Contracts (GICs) (Section 2256.015 of the Texas Public Funds Investment Act) Maturity Limit: three years
9. Investment Pools (Section 2256.016 of the Texas Public Funds Investment Act) Maturity Limit: 90 days

FOR ACTION (CONSENT)

13. LCRA Board Policy 603 – Energy Transactions

Proposed Motion

Approve a non-substantive revision to LCRA Board Policy 603 – Energy Transactions (except for Appendix A, which will be discussed in executive session) as attached in Exhibit A.

Board Consideration

Section 603.80 of Board Policy 603 – Energy Transactions requires the Board of Directors to review the policy annually. Board approval is required for any changes to LCRA Board policies.

Budget Status and Fiscal Impact

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

Summary

The Board will fulfill the requirement under Section 603.80 of Board Policy 603 to review the policy annually. Staff recommends a non-substantive change to update the reference to the “energy risk management program” in Section 603.20 to reflect “Energy Commodity Risk Control Program.” Staff has reviewed Board Policy 603 in conjunction with its review of the LCRA Energy Commodity Risk Control Program Policy and recommends no other changes to the policy.

An appendix to Board Policy 603 containing competitive electric information will be discussed separately in executive session.

Exhibit(s)

A – LCRA Board Policy 603 – Energy Transactions (without Appendix A)

EXHIBIT A

LCRA BOARD POLICY

603 – ENERGY TRANSACTIONS

~~Oct. 17, 2018~~ Oct. 23, 2019

603.10 PURPOSE

This policy will govern the management of LCRA's wholesale power portfolio to ensure the use of those assets, along with appropriate market products, provides a cost-effective, risk-managed supply portfolio for LCRA's wholesale electric customers.

603.20 OVERVIEW

The purchase and sale of fuels, power and other power-related products are necessary to satisfy LCRA's contractual obligations to its wholesale electric customers. These activities expose LCRA to the price fluctuations inherent in the fuel and power markets. LCRA strives to reduce its financial uncertainty driven by market volatility, within established risk tolerances. This policy articulates the objectives, framework and delegation of authorities necessary to govern LCRA's activities related to its Energy Commodity Risk Control Program~~energy risk management program~~ (program).

LCRA will conduct energy risk management activities in a manner that supports the objectives stated herein. All program objectives, activities, controls and procedures will be conducted in accordance with this policy.

603.30 RISK MANAGEMENT OBJECTIVES

Activities conducted pursuant to the program are intended to decrease financial risks inherent in providing wholesale electrical power and related services in the Electric Reliability Council of Texas (ERCOT) market compared to the financial uncertainty present without a program. The program's objectives are: identifying exposures to movements in energy prices and related market prices; quantifying the impacts of these exposures on LCRA's financial objectives; and mitigating these exposures in line with LCRA's identified level of risk tolerance. LCRA will conduct its program activities solely for appropriate risk mitigation objectives herein and never for purposes of financial speculation.

Risk mitigating activities, including hedging activities permitted by Texas Water Code Section 152.251, include:

Market Risk Mitigation Activities: Given volatile energy markets, manage costs from energy and fuel purchases and revenues from LCRA's generation and purchased power assets, mitigating potentially unfavorable financial results and promoting financial results that fall within acceptable boundaries.

Transaction Risk Mitigation Activities: Mitigate transactional risk by monitoring execution of the program for compliance with risk program documentation approved by the GM/CEO and measuring the potential impact of commodity price movements with respect to the approved financial objectives of LCRA.

Subject to the program's objectives and risk mitigation activities, activities conducted pursuant to the program also may seek to improve upon LCRA's financial expectations.

603.40 DELEGATION OF AUTHORITY

603.401 General Manager/Chief Executive Officer. The GM/CEO is charged with administration of this policy and is granted authority and responsibilities:

1. To ensure all program activities of LCRA are in accordance with this policy.
2. To approve documentation for the administration of the program.
3. To approve initially, and from time to time modify, LCRA's tolerance for exposure to energy price volatility.
4. To delineate responsibilities and activities assigned to front, middle and back office functions to ensure a clear separation of duties.
5. To approve controls and periodically review the effectiveness of all aspects of the program.
6. To approve contracts and other transactions necessary to implement the program.

603.402 Risk Management Committee. The GM/CEO will create a Risk Management Committee (RMC) comprised of employees of LCRA to monitor program performance and compliance with the program documentation. The RMC will establish and from time to time modify program risk limits consistent with risk tolerances approved by the GM/CEO. Additionally, the RMC will advise the GM/CEO regarding:

1. Creation, amendment, approval and administration of program documentation.
2. Setting risk tolerances.
3. Ensuring all program activities are performed in accordance with the policy and approved program documentation.
4. Material violations or potential material violations of the policy or program requirements.

603.403 Chief Financial Officer. The chief financial officer (CFO) is charged with the daily administration and management of the program and will serve as the chair of the RMC. The CFO, in addition to other duties, will report periodically to the GM/CEO and the LCRA Board of Directors. The CFO will maintain appropriate financial controls,

maintain a separation of duties between individuals authorized to execute commodity transactions and those who monitor and report on such transactions, and ensure documents and procedures developed to execute this policy are reviewed periodically.

603.50 ENERGY TRANSACTING AND RISK MANAGEMENT ACTIVITIES

603.501 Energy Transacting and Risk Management Activities. LCRA's energy transacting and risk management activities will comply with this policy, other related Board directives, and all applicable laws, rules and requirements, including those of ERCOT, the Public Utility Commission of Texas (PUC), and the Commodity Futures Trading Commission (CFTC). Energy transacting and risk management activities will include:

1. **Commodity-related transactions** – LCRA may enter into transactions as needed to effectively manage its fuel and power portfolio position. Commodity-related transactions include financial and physical transactions related to the purchase and sale of power and related services, natural gas and associated transportation, coal and associated transportation, instruments necessary to manage transmission and transportation risks, instruments to manage full load requirement risk including load following and weather products, and transactions related to emissions and renewable energy.
2. **Physical resources** – Consistent with Board Policy 401 – Land Resources, LCRA may construct, purchase, dispose, retire, exchange and/or lease wholesale power resources, including generation resources, energy and fuel storage facilities, transportation systems, pipelines and related equipment, railcars and related equipment, and other facilities.
3. **Credit risk management** – LCRA will integrate credit provisions into contracts as appropriate, evaluate counterparty risk, require collateral as needed, and monitor credit-related financial exposure with the goal of preserving LCRA's financial integrity.

603.502 Power and Energy Not Immediately Needed. From time to time, LCRA produces power and energy that is not immediately needed. The Board delegates to the GM/CEO or his or her designee the authority to determine the available amount and to negotiate terms and conditions for the sale of such power and energy.

603.503 Posting of Collateral. The Board finds it is necessary and convenient to the exercise of LCRA's authority to enter into energy transacting and risk management activities for LCRA to be able to post collateral to counterparties to such transactions. The Board authorizes the use of designated reserves, debt or available revenues for such purposes as deemed appropriate by the GM/CEO.

603.504 Transactions Related to Affiliated Corporations. LCRA may enter into energy and risk management transactions on behalf of affiliated corporations, provided that LCRA does so pursuant to an agreement between LCRA and such affiliated corporation, and provided that the GM/CEO or his or her designee determines that such

transactions do not materially increase risks to LCRA or otherwise conflict with the objectives of this policy.

603.60 DELEGATION AND PROCUREMENT LIMITS

All transactions under the program will be conducted subject to the following delegation and procurement limits specified in Appendix A (confidential):

1. Approved transacting activities and products.
2. Term/tenor limits.
3. Approved product locations and sources.
4. Approved counterparties.

LCRA will not execute hedges that exceed 100 percent of forecast requirements and “unwinding” (closing a position by executing an offsetting transaction) will be permitted for the purpose of managing collateral risk and mark-to-market losses. Under no circumstances may transactions be executed that are not related to LCRA’s core business objectives.

603.70 STANDARDS

603.701 Standards of Conduct. All LCRA Wholesale Power personnel and others in the procurement, trading, risk management, information technology, and finance and accounting functions who are involved in any program activities will conduct themselves in a manner consistent with sound business practices and LCRA’s Code of Ethics, under standards established in the program documentation to avoid impropriety or the appearance of impropriety. All such employees will be required to annually read and attest in writing to compliance with this policy and the program documentation.

603.702 Standard of Care. The program will be managed in a way that a person of ordinary prudence, discretion and intelligence, exercising the judgment and care under the circumstances then prevailing, would follow in the management of the person’s own affairs, not in regard to speculation but in regard to the permanent disposition of the person’s money considering: (1) the probable income; and (2) the probable safety of the person’s capital.

603.80 REPORTING AND INTERNAL CONTROLS

The GM/CEO will update the Energy Operations Committee at least quarterly on the actions taken pursuant to the policy covering, at a minimum, risk tolerances, program impacts and material changes in program requirements. The Board will review this policy at least annually.

603.90 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code
Texas Water Code, Chapter 152
Texas Government Code, Chapter 1371
Texas Utilities Code, Title 2 (Public Utility Regulatory Act)
Clean Air Act, Acid Deposition Control, § 401 et seq.; 42 U.S.C.A. § 7651 et seq.
Code of Federal Regulations, Title 17
Code of Federal Regulations, Title 40, Parts 72, 73 and 75

EFFECTIVE: April 19, 1990. Amended July 17, 1991; May 20, 1993; May 18, 1995;
Oct. 28, 1998; Dec. 13, 2000; March 20, 2002; Jan. 22, 2003; Feb. 20, 2008;
Nov. 18, 2009; Dec. 15, 2010; and April 18, 2012. Replaced Sept. 17, 2014. Amended
Aug. 19, 2015; and Sept. 21, 2016. Re-approved Oct. 18, 2017; and Oct. 17, 2018.
Amended Oct. 23, 2019.

FOR ACTION (CONSENT)

14. 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)

15. Minutes of Prior Meetings

Proposed Motion

Approve the minutes of the Aug. 21, 2019, and Sept. 18, 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 Aug. 21, 2019, meeting
- B – Minutes of Sept. 18, 2019, meeting

EXHIBIT A

Minutes Digest
Aug. 21, 2019

- 19-33 Approval of changing the date of the December 2019 LCRA Board of Directors meeting to Tuesday, Dec. 10.
- 19-34 Approval of the proposed LCRA Board and committee meeting dates for calendar year 2020.
- 19-35 Declaration of two tracts of land totaling 2.127 acres, being a portion of McKinney Roughs Nature Park in Bastrop County (CR-08), nonessential and authorization for the general manager or his designee to sell the land to the Texas Department of Transportation, and make the following findings:
1. There is no feasible and prudent alternative to the conveyance of the property nor change in use of the property; and
 2. The conveyance and change in use of the land includes all reasonable planning to minimize harm to the land, as a public park, that may result from the land's conveyance and change in use.
- 19-36 Approval of reclassifying \$3.45 million of fiscal year 2020 spending from Transmission minor capital projects to Enterprise Support minor capital projects.
- 19-37 Approval of directors' fees and expense reimbursements.
- 19-38 Approval of the minutes of the May 22, 2019, meeting.
- 19-39 Approval of revisions to LCRA Board Policy 404 – Grants and Economic Development, establishing a new economic development program to facilitate rural broadband connectivity and telecommunications services in the LCRA service area; and finding that the program is intended and expected to accomplish the program's stated purposes.
- 19-40 Approval of amendments to LCRA Board Policy 207 – Outside Legal Representation and Related Matters, including changing the name to Legal Matters and Alternative Dispute Resolution.
- 19-41 Approval of revisions to LCRA Board Policy 501 – Water Resources.
- 19-42 Authorization for the general manager or his designee to amend the current firm raw water contract with the City of Cedar Park for municipal use of LCRA's firm water supply to increase the maximum annual quantity from 20,500 acre-feet per year to 23,000 acre-feet per year.

- 19-43 Authorization for the general manager or his designee to negotiate and execute a standard firm raw water contract renewal with Horseshoe Bay Resort for irrigation use of LCRA's firm water supply of up to 1,475 acre-feet per year for a term of 10 years.
- 19-44 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contract No. 5218 (Dupont Building Inc.); Contract Numbers 5227 and 5228 (Burns & McDonnell Engineering Company Inc. and SGV International LLC); Contract Numbers 5233 and 5234 (Black & Veatch Corporation and Electrical Consultants Inc.); Contract No. 5238 (AFL Telecommunications Inc.); Contract No. 5251 (Turtle and Hughes Inc.); Contract No. 5284 (Southwire Company LLC); Contract Numbers 5289, 5290, 5291, 5292, 5293, 5294, 5295, 5296, 5297, 5298, 5301, 5302 and 5303 (AECOM Technical Services Inc.; Burns & McDonnell Engineering Company Inc.; Freese and Nichols Inc.; HDR Engineering Inc.; Arredondo, Zepeda & Brunz LLC; Acuren Inspection doing business as M&M Engineering Associates; Mistras Group Inc.; Reinhart & Associates Inc.; Stanley Consultants Inc.; Structural Integrity Associates Inc.; Pape Dawson Munoz LLC; Wiss, Janney, Elstner Associates Inc.; and INTERA Inc.); Contract No. 5299 (ChemTreat Inc.); Contract No. 5306 (Saber Power Services, LLC); and Contract No. 5137 (Phillips and Jordan Inc.).
- 19-45 Adoption of a resolution approving the fiscal year 2019 performance evaluation, compensation and FY 2020 performance goals for General Manager Phil Wilson.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Aug. 21, 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 9:28 a.m. Wednesday, Aug. 21, 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
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Lori A. Berger
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Laura D. Figueroa

Chair Timmerman convened the meeting at 9:28 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.

General Manager Phil Wilson gave the Board an update. Focusing on safety, he reported the Smithville Rail Fleet Maintenance Facility recently reached 30 years without a lost time accident, noted LCRA Safety Day is scheduled for Sept. 30, and reported LCRA's Occupational Safety and Health Administration recordable injury rate declined 37% from the previous year. Wilson discussed LCRA's continuing work to meet the power demands of Texans, including during recent record-setting temperatures across the state and a record demand for power. He emphasized the importance of LCRA's preparation of the power plants for hotter weather.

Wilson shared highlights of some of LCRA's accomplishments in fiscal year 2019. He asked Director Berger to provide an update on Community Development Partnership Program grants. Wilson concluded his update by sharing that two LCRA

Communications team members received international video awards for videos that tell the story of LCRA, its customers and its region.

Controller Julie Rogers presented the financial reports for June 2019 and July 2019 [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Director Martine, the Board unanimously approved consent items 3, 4, 5, 6, 7 and 8 included on the Aug. 21, 2019, consent agenda by a vote of 14 to 0 as follows:

19-33 Approval of changing the date of the December 2019 LCRA Board of Directors meeting to Tuesday, Dec. 10, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

19-34 Approval of the proposed LCRA Board and committee meeting dates for calendar year 2020, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

19-35 Declaration of two tracts of land totaling 2.127 acres, being a portion of McKinney Roughs Nature Park in Bastrop County (CR-08), nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA), and authorization for the general manager or his designee to sell the land to the Texas Department of Transportation, and make the following findings, as recommended by staff in Consent Item 5 [attached hereto as Exhibit C]:

1. There is no feasible and prudent alternative to the conveyance of the property nor change in use of the property; and
2. The conveyance and change in use of the land includes all reasonable planning to minimize harm to the land, as a public park, that may result from the land's conveyance and change in use.

19-36 Approval of reclassifying \$3.45 million of fiscal year 2020 spending from Transmission minor capital projects to Enterprise Support minor capital projects, as recommended by staff in Consent Item 6 [attached hereto as Exhibit D].

19-37 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 7 [attached hereto as Exhibit E].

19-38 Approval of the minutes of the May 22, 2019, meeting [Consent Item 8].

19-39 General Manager Phil Wilson presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit F], that the Board approve revisions to LCRA Board Policy 404 – Grants and Economic Development, establishing a new economic development program to facilitate rural broadband connectivity and telecommunications services in the LCRA service area; and find that the program is intended and expected to accomplish the program's stated

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

19-40 General Counsel Tom Oney presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit G], that the Board approve amendments to LCRA Board Policy 207 – Outside Legal Representation and Related Matters, including changing the name to Legal Matters and Alternative Dispute Resolution. Upon motion by Director Whitten, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 14 to 0.

19-41 General Counsel Tom Oney presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit H], that the Board approve revisions to LCRA Board Policy 501 – Water Resources. Upon motion by Director Berger, seconded by Director Russell, the recommendation was unanimously approved by a vote of 14 to 0.

19-42 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit I], that the Board authorize the general manager or his designee to amend the current firm raw water contract with the City of Cedar Park for municipal use of LCRA's firm water supply to increase the maximum annual quantity from 20,500 acre-feet per year to 23,000 acre-feet per year. Upon motion by Director Russell, seconded by Director Allen, the recommendation was unanimously approved by a vote of 14 to 0.

19-43 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit J], that the Board authorize the general manager or his designee to negotiate and execute a standard firm raw water contract renewal with Horseshoe Bay Resort for irrigation use of LCRA's firm water supply of up to 1,475 acre-feet per year for a term of 10 years. Upon motion by Director Russell, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 14 to 0.

19-44 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit K], that the Board authorize the general manager or his designee to negotiate and execute the following contracts: Contract No. 5218 (Dupont Building Inc.); Contract numbers 5227 and 5228 (Burns & McDonnell Engineering Company Inc. and SGV International LLC); Contract numbers 5233 and 5234 (Black & Veatch Corporation and Electrical Consultants Inc.); Contract No. 5238 (AFL Telecommunications Inc.); Contract No. 5251 (Turtle and Hughes Inc.); Contract No. 5284 (Southwire Company LLC); Contract numbers 5289, 5290, 5291, 5292, 5293, 5294, 5295, 5296, 5297, 5298, 5301, 5302 and 5303 (AECOM Technical Services Inc.; Burns & McDonnell Engineering Company Inc.; Freese and Nichols Inc.; HDR Engineering Inc.; Arredondo, Zepeda & Brunz LLC; Acuren Inspection doing business as M&M Engineering Associates; Mistras Group Inc.; Reinhart & Associates Inc.; Stanley Consultants Inc.; Structural Integrity Associates Inc.; Pape Dawson Munoz LLC; Wiss, Janney, Elstner Associates Inc.; and

INTERA Inc.); Contract No. 5299 (ChemTreat Inc.); Contract No. 5306 (Saber Power Services, LLC); and Contract No. 5137 (Phillips and Jordan Inc.). Upon motion by Director Berger, seconded by Director Lewis, the recommendation was unanimously approved by a vote of 14 to 0.

Chair Timmerman declared the meeting to be in executive session at 9:59 a.m., pursuant to sections 551.071, 551.074 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 11:43 a.m., with all directors present except Director Figueroa.

19-45 Upon motion by Director Kelley, seconded by Director Russell, the Board unanimously adopted a resolution [attached hereto as Exhibit L] approving the fiscal year 2019 performance evaluation, compensation and FY 2020 performance goals for General Manager Phil Wilson by a vote of 14 to 0.

There being no further business to come before the Board, the meeting was adjourned at 11:46 a.m.

Joseph M. Crane
Secretary
LCRA Board of Directors

Approved: Oct. 23, 2019

EXHIBIT B

Minutes Digest
Sept. 18, 2019

- 19-46 Appointment or reappointment of directors to the GenTex Power Corporation Board of Directors to serve as follows:
- One LCRA non-officer director [Michael L. “Mike” Allen] to serve out the remainder of an unexpired term, which expires Dec. 31, 2019.
 - Two LCRA non-officer directors [Michael L. “Mike” Allen and Robert “Bobby” Lewis] to serve one-year terms beginning Jan. 1, 2020.
 - Four customer directors [Matt Bentke, Bluebonnet Electric Cooperative; Robert Lindsey III, Goldthwaite city manager; Julie C. Parsley, Pedernales Electric Cooperative; and Michael Wolfe Sr., Hempstead mayor] to serve two-year terms expiring Dec. 31, 2020.
- 19-47 Approval of the Board Transmission Committee charter.
- 19-48 Approval of the fiscal year 2019 audited financial statements and authorization of the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.
- 19-49 Approval of a temporary modification to the LCRA Agricultural Interruptible Water Service Contract Rules to extend the 2019 Second Irrigation season from Oct. 15 to Oct. 31.
- 19-50 Adoption and approval of a Twenty-Ninth 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 2019A (the Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) funding capital projects, if necessary; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Sept. 18, 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 special meeting at 9:40 a.m. Wednesday, Sept. 18, 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
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Lori A. Berger
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Laura D. Figueroa
Charles B. "Bart" Johnson

Chair Timmerman convened the meeting at 9:40 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.

19-46 Chair Timmerman presented for consideration a recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board appoint or reappoint directors to the GenTex Power Corporation Board of Directors to serve as follows:

- One LCRA non-officer director [Michael L. "Mike" Allen] to serve out the remainder of an unexpired term, which expires Dec. 31, 2019.
- Two LCRA non-officer directors [Michael L. "Mike" Allen and Robert "Bobby" Lewis] to serve one-year terms beginning Jan. 1, 2020.
- Four customer directors [Matt Bentke, Bluebonnet Electric Cooperative; Robert Lindsey III, Goldthwaite city manager; Julie C. Parsley, Pedernales Electric Cooperative; and Michael Wolfe Sr., Hempstead mayor] to serve two-year terms expiring Dec. 31, 2020.

Upon motion by Director Russell, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 13 to 0.

The Board next took action on the consent agenda.

19-47 Upon motion by Director Berger, seconded by Director Gill, the Board unanimously approved the Board Transmission Committee charter, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B] by a vote of 13 to 0.

19-48 Controller Julie Rogers presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit C], that the Board approve the fiscal year 2019 audited financial statements and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality. Upon motion by Vice Chair Cooper, seconded by Director Russell, the recommendation was unanimously approved by a vote of 13 to 0.

19-49 Executive Vice President of Water John Hofmann presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit D], that the Board approve a temporary modification to the LCRA Agricultural Interruptible Water Service Contract Rules to extend the 2019 Second Irrigation season from Oct. 15 to Oct. 31. Hofmann noted the modification is to Rule II.A.8. This represents a correction to the fifth sentence under the summary section on page 11. The reference to “Rule II.B.8” should be “Rule II.A.8” [LCRA staff recommends the Board approve the requested extension by temporarily modifying Rule II.A.8 to read as follows: ...]. Upon motion by Director Whitten, seconded by Director Yearly, the recommendation was unanimously approved by a vote of 13 to 0.

19-50 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit E], that the Board adopt and approve a Twenty-Ninth 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 2019A (the Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) funding capital projects, if necessary; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.

The resolution also will:

1. Approve 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 (the 2019A Installment Payment Agreement Supplement). If the Bonds are

determined to also fund capital projects, the Twenty-Ninth Supplement authorizes “and Improvement” to be added to the name of the Bonds. Bond counsel has prepared or reviewed all documents.

2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
 - a. Select all or a portion of LCRA TSC’s outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/ prepayment/ defeasance;
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds;
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), the principal amounts and maturity schedules, interest rates, redemption provisions, and terms of any reserve funds);
 - d. Determine whether to fund certain capital projects with the Bonds in an amount not to exceed \$75 million; and
 - e. Approve the terms of the sale of the Bonds to an underwriting team lead by Barclays Capital Inc., and to execute a bond purchase agreement.

Upon motion by Director Berger, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 13 to 0.

Chair Timmerman declared the meeting to be in executive session at 9:50 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 10:02 a.m., with all directors present except Directors Figueroa and Johnson.

There being no further business to come before the Board, the meeting was adjourned at 10:02 a.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Oct. 23, 2019

FOR ACTION

16. Jonestown Water Supply Corporation – Renewal of Firm Water Contract for Municipal Use

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a standard firm raw water contract with Jonestown Water Supply Corporation for municipal use of LCRA's firm water supply for up to 750 acre-feet per year with a term of 40 years.

Board Consideration

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

Budget Status and Fiscal Impact

Based on an increased contract amount for 224 more acre-feet, this contract will generate additional revenue of approximately \$16,000 in reservation fees annually. Revenue will increase as water under the contract is used.

Summary

Jonestown WSC provides treated surface water to Jonestown, a community located on the northeast side of Lake Travis, as well as to residents living immediately outside the city limits. Jonestown WSC diverts raw water from Lake Travis, treats the water at one of two water treatment plants and distributes the treated water to about 4,400 residents. Due to increasing demands for treated water in the area, Jonestown has exceeded its contractual allotment of water in recent years and has submitted a request to increase this amount from 526 acre-feet to 750 acre-feet.

Staff reviewed and approved Jonestown WSC's conservation and drought contingency plans, which include focusing on reducing water loss by detecting leaks and repairing water line leaks, as well as promoting LCRA rebates. Jonestown WSC adopted LCRA's standard template drought contingency plan where 750,000 acre-feet of combined storage for lakes Buchanan and Travis triggers a once weekly watering schedule.

Staff recommends the Board approve this contract for 750 acre-feet per year of firm water supply.

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

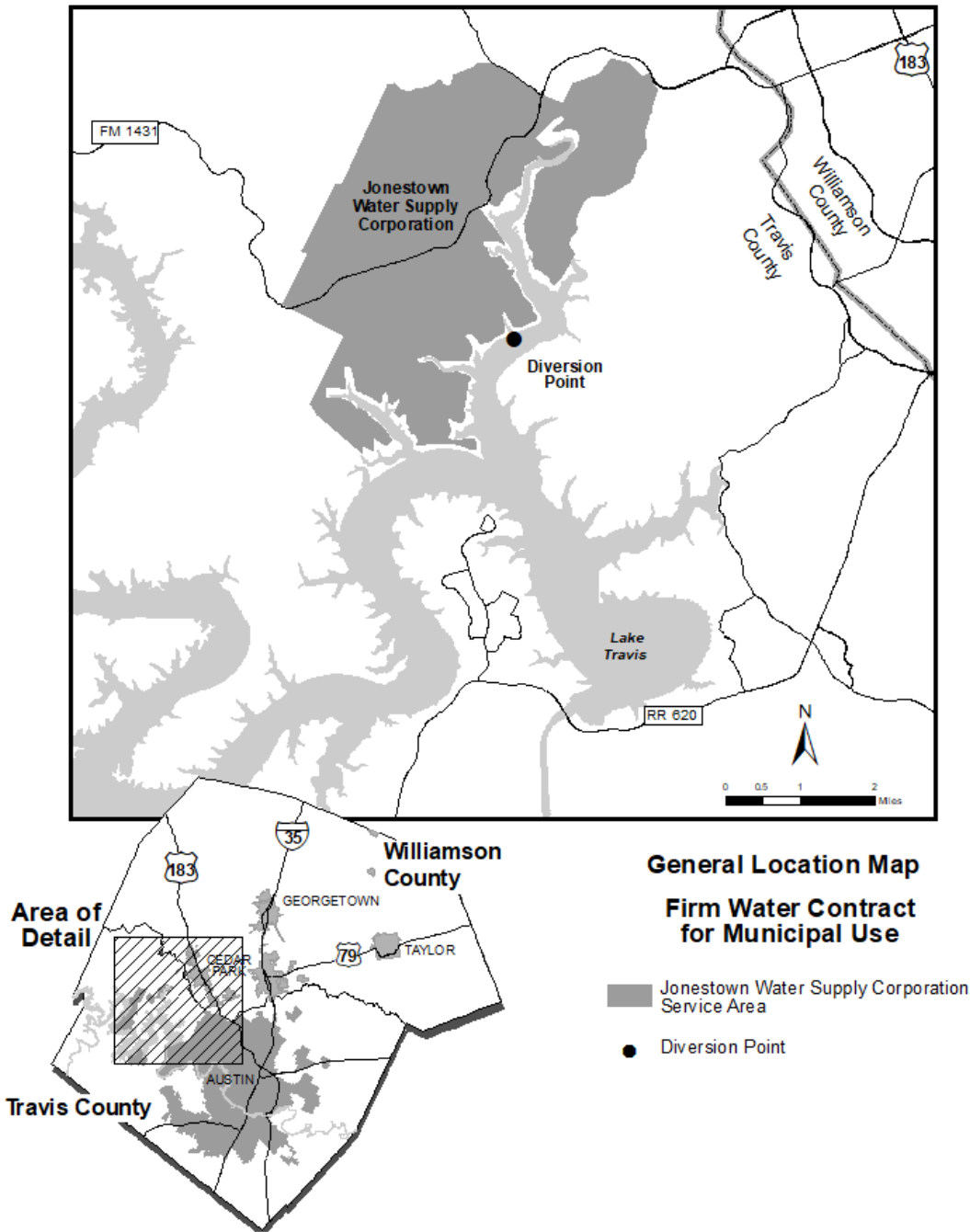
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

17. King Ranch Turfgrass LP – Renewal of Firm Water Contract for Municipal Use

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a firm raw water contract with King Ranch Turfgrass LP for irrigation use of LCRA's firm water supply for up to 750 acre-feet per year with a term of five years.

Board Consideration

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

Budget Status and Fiscal Impact

The proposed contract will generate increased revenue of approximately \$14,860 in reservation fees in the first year.

Summary

In 1994, C&D Turfgrass entered into a 25-year contract with LCRA for the right to divert up to 750 acre-feet of water per year for irrigation purposes at its operations in Bastrop County. The contract was amended in 1996 to increase the quantity to 850 acre-feet. King Ranch Turfgrass acquired the turfgrass operation and associated contract in the 2000s, and the contract has now come up for renewal. King Ranch Turfgrass has requested to renew the contract for an additional five years and for an amount of up to 750 acre-feet.

The existing contract has special payment provisions for water use and reservation fees, which are equal to 20% of standard rates for firm water. Staff proposes a phased approach to transition King Ranch Turfgrass to the current standard form contract with the standard rate structure over a three-year period. In the first year, the charges would be based on 50% of then-current firm water use and reservation rates; in the second year, the charges would be based on 75% of then-current rates; and in the third year, the customer would pay 100% of then-current rates.

Staff reviewed and approved the King Ranch Turfgrass water conservation and drought contingency plans, which include monitoring the irrigation system daily, inspecting the irrigation pump station biannually, making seasonal adjustments to irrigation and adopting a maintenance plan to replace dated equipment per manufacturers' specifications.

Staff recommends the Board approve this contract for 750 acre-feet per year of firm water supply.

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

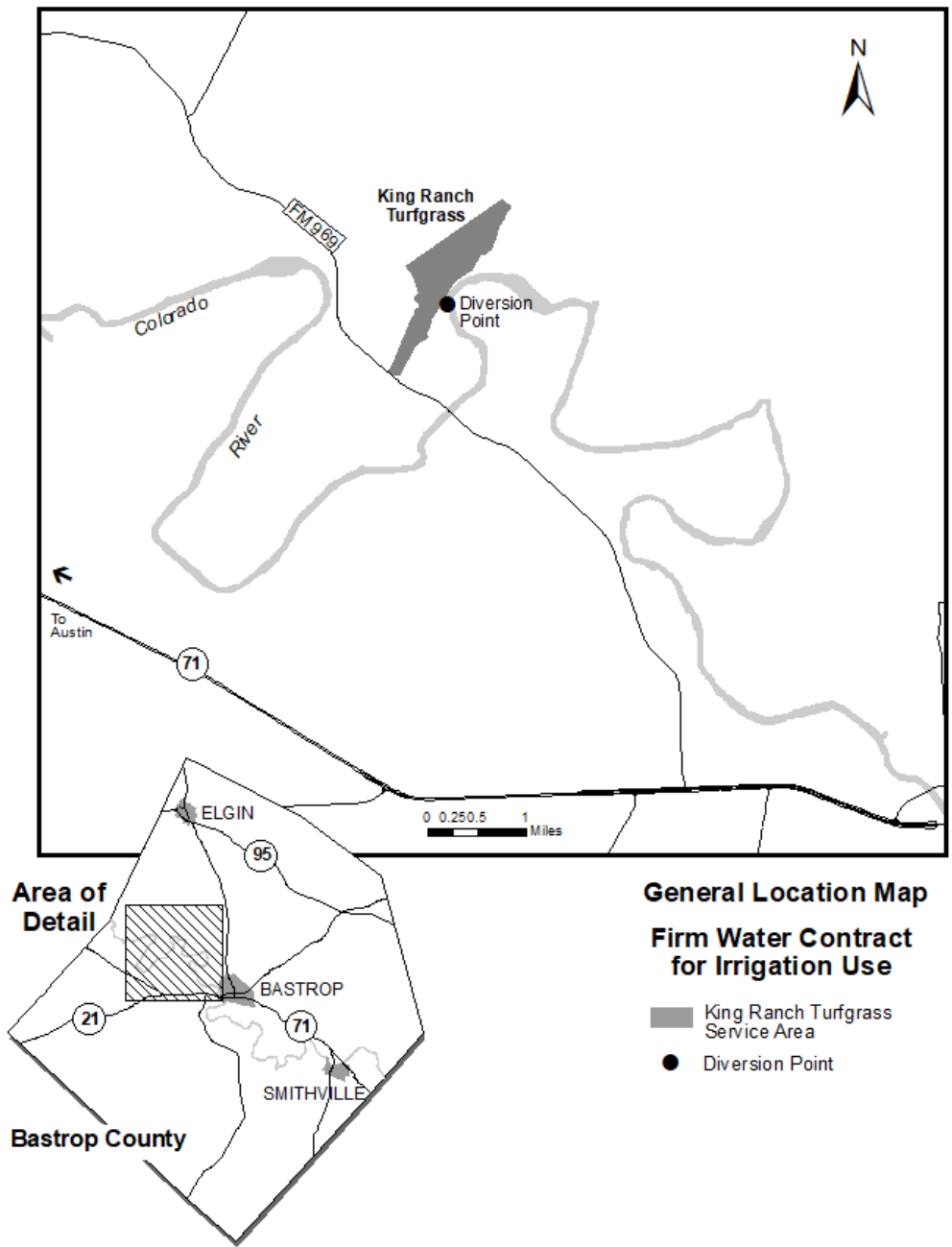
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

18. Board Reservation of Firm Water

Proposed Motion

Reduce the LCRA Board reservation of firm water from lakes Buchanan and Travis from 50,000 to 45,000 acre-feet per year.

Board Consideration

Reducing the Board's reservation of 50,000 acre-feet of firm water for future use requires Board approval.

Budget Status and Fiscal Impact

The proposed action has no impact on the fiscal year 2020 budget. The proposed action will allow LCRA to continue to enter into new firm water contracts for available firm supply that, after executed, will contribute increased revenues in the form of reservation fees and water use fees.

Summary

Out of concern for the future needs of the many areas in LCRA's 35-county water service area, including areas now using groundwater supplies that are becoming depleted or are of poor water quality, the LCRA Board has reserved 50,000 acre-feet of the combined firm yield of lakes Buchanan and Travis. The quantity reserved has been unchanged since the Board first reserved water in 1989.

LCRA anticipates significant increases to its firm water inventory will occur in the near future. However, based on the current inventory, the amount of available firm water supply as of Oct. 1, 2019, was about 50,200 acre-feet, of which 50,000 acre-feet is set aside as the Board reservation. With the current inventory and Board reservation, pending and upcoming contract requests over the next few months likely would result in the remaining available supply all being associated with the Board reservation. Staff recommends reducing the Board reservation amount to 45,000 acre-feet per year to allow staff to continue contracting for the long-term water supply needs of LCRA's customers. Staff will continue to bring contract requests for 500 acre-feet per year or more to the Board for approval consistent with the water contract rules.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

Monica Masters
Vice President, Water Resources

FOR ACTION

19. Conditional Approval for Release of Arbuckle Reservoir Construction Retainage

Proposed Motion

Provide conditional approval for the release of the construction retainage related to the forthcoming final completion of work at Arbuckle Reservoir.

Board Consideration

The Agreement for Construction Services between LCRA and Phillips & Jordan states that LCRA shall release the construction retainage held by LCRA only after: (1) approval by the engineer for LCRA as required under the bond documents; (2) approval by the LCRA Board; and (3) certification by the Texas Water Development Board's executive administrator that the construction work has been completed and performed in a satisfactory manner and in accordance with approved plans and specifications. The total construction retainage withheld by LCRA is approximately \$8,832,110.

Budget Status and Fiscal Impact

Approval of this item will have no impact on the fiscal year 2020 budget.

Summary

Construction at Arbuckle Reservoir is approaching final completion pursuant to the terms of the Agreement for Construction Services with Phillips & Jordan Inc. LCRA staff is working diligently with Phillips & Jordan to eliminate pending punch-list items, as well as complete final closeout of the project with the Texas Water Development Board. LCRA staff anticipates these actions will be completed in the near future.

Pursuant to the terms of the Agreement for Construction Services, LCRA staff seeks approval from the LCRA Board for the release of the construction retainage to Phillips & Jordan conditioned upon approval by the engineer for LCRA as required under the bond documents and the above-cited certification of the construction work by TWDB's executive administrator.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

Ed Pensock
Director, Strategic Projects

FOR ACTION

20. Fifty-Sixth Supplemental Resolution and Issuance of LCRA Refunding Revenue Bonds

Proposed Motion

Staff recommends the Board adopt and approve the Fifty-Sixth Supplemental Resolution to the Master Resolution ("Fifty-Sixth Supplement") authorizing the issuance of Refunding Revenue Bonds (the "Bonds"), in one or more series in an amount not to exceed \$250 million for the following purposes: (i) currently refund certain outstanding LCRA revenue bonds, (ii) fund the debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (iii) pay for issuance costs of the Bonds.

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

The resolution also will:

1. Approve related documents, including the bond purchase agreement, escrow agreement, paying agent/registrars agreement, and the Preliminary Official Statement in substantially final form. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer:
 - a. To select all or portion of LCRA's outstanding debt to be refunded and provide for appropriate notices of redemption/defeasance.
 - b. To approve any final changes to said documents necessary to facilitate proper issuance of the Bonds.
 - c. To establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series, the principal amounts and maturity schedules, interest rates, whether the bonds are taxable or tax-exempt and redemption provisions).
 - d. To approve the terms of the sale of the Bonds to an underwriting team led by Bank of America Merrill Lynch and to execute a bond purchase agreement.

Board Consideration

Section 8503.013 of the Texas Special District Local Laws Code ("LCRA Act") authorizes the Board to issue debt under certain conditions, including the requirement that 12 members must concur with the resolution.

Budget Status and Fiscal Impact

The FY 2020 LCRA business plan anticipates the refunding of LCRA Series 2010A and 2010B bonds. Based on current market conditions and continued low interest rates moving forward with a refunding of a portion of the outstanding long-term debt will be advantageous and provide cost savings.

Summary

With this action, the Board will authorize and approve the Bonds, issued for the purpose of currently refunding certain outstanding LCRA revenue bonds, establishing a

Debt Service Reserve Fund or Reserve Fund Obligation for the Bonds, and paying for the issuance costs related to the Bonds, in a total amount not to exceed \$250 million. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background. On Sept. 22, 1999, the Board adopted the "Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program" (the "Master Resolution"). The Master Resolution allows LCRA to enter into obligations, including bonds and other types of obligations, secured by and payable from a lien on and pledge of gross revenues received from LCRA's operations and from other lawfully available funds.

The Fifty-Sixth Supplement authorizes the Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the general manager, the chief financial officer and/or the treasurer authority to set the specific terms of such bonds (including maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the Fifty-Sixth Supplement. The Master Resolution, the Fifty-Sixth Supplement and the pricing certificate of the LCRA officers establishing the terms of the Bonds together constitute the authorization of such bonds.

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

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

The Escrow Agreement between LCRA and The Bank of New York Mellon Trust Company NA is the contract governing the escrow fund, in which proceeds of the Bonds will be deposited, that will provide the funds to pay the interest on and principal of the refunded bonds.

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

Bank of America Merrill Lynch will be the senior manager of the underwriting team for the Bonds. PricewaterhouseCoopers LLP will perform certain procedures relating to the financial information disclosed in documents related to the bonds and provide appropriate letters to the Board regarding those procedures. Public Finance Partners LLC will provide verification services to assure the escrow accounts have sufficient funds to satisfy the cash flow requirements to cover the interest and principal of the refunded debt.

Use of Proceeds. Proceeds from the Bonds will be used to currently refund certain outstanding LCRA revenue bonds, establish one or more Debt Service Reserve Funds for the Bonds, and pay for issuance costs.

Staff periodically recommends refunding existing long-term debt with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA customers. Staff currently expects the Bonds to be sold and delivered by March 2020, subject to market conditions and the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis
Chief Financial Officer

David Smith
Treasurer

FOR ACTION

21. 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 exhibit.

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 of Directors approval are for budgeted items contained in the operations and capital budgets.

Summary

Supplier (Contract Number)	Spending	Supplying
Colorado Materials Ltd. (5318), Central Texas Stone and Aggregate LLC (5319), Heartland Quarries LLC (5321)	\$30 million	Aggregates
Bobcat Heavy Civil LLC (5341), Phillips & Jordan Incorporated (5342), D. Grimm Inc. (5347)	\$100 million	Site preparation services
Techline Inc. (5343), KBS Electrical Distributors Inc. (5344), Wesco Distribution Inc. (5346)	\$75 million	Transmission line hardware
Chancellor Inc. (5348), Energy Erectors Inc. (5349), Great Southwestern Construction Inc. (5350), Irby Construction Company Inc. (5351)	\$300 million	Substation construction services

Supplier (Contract Number)	Spending	Supplying
Loftin Equipment Co. (5359)	\$4.3 million	Telecommunications backup generators
Total	\$509.3 million	

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts

EXHIBIT A

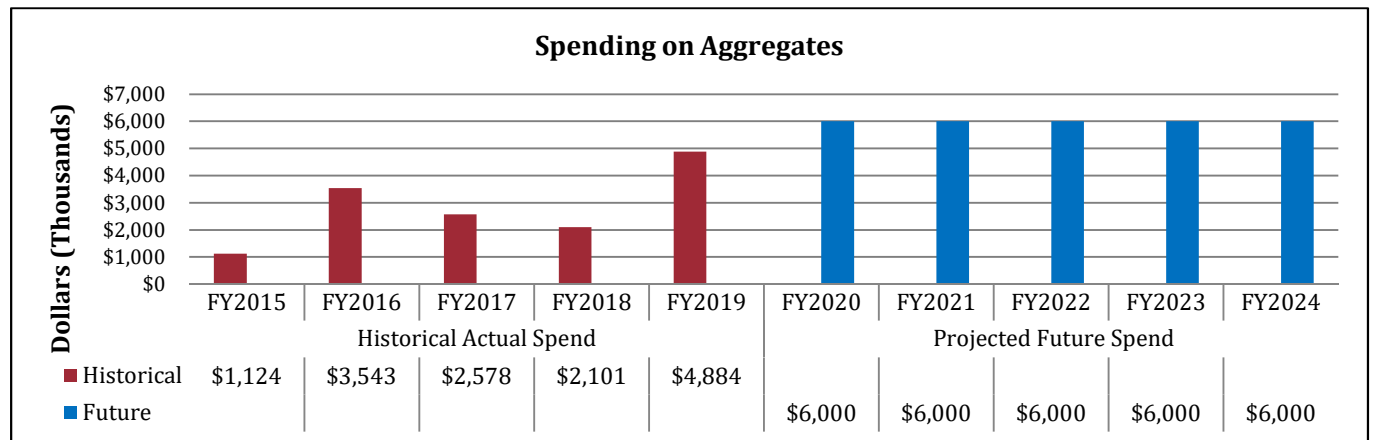
New Contracts

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

Contract No. 5318, 5319 and 5321
Supplier: Colorado Materials Ltd., Central Texas Stone and Aggregate LLC, and Heartland Quarries LLC
Contract Amount: Not to exceed \$30 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of aggregate material to be used by LCRA Transmission Services Corporation.

Background:

- These contracts are for the use of road base, gravel and rip rap for site preparation on capital projects.
- Because of the high use of these materials for projects and LCRA’s widespread service area, LCRA needs multiple contracts. A driving cost in these projects is the delivery cost to the project. All three suppliers have the ability to cover all areas if necessary.



Actions:

- LCRA invited 23 suppliers to participate. LCRA received nine proposals and evaluated eight proposals.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$30 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$549,000 over the life of the contract (compared to the median of responses received).

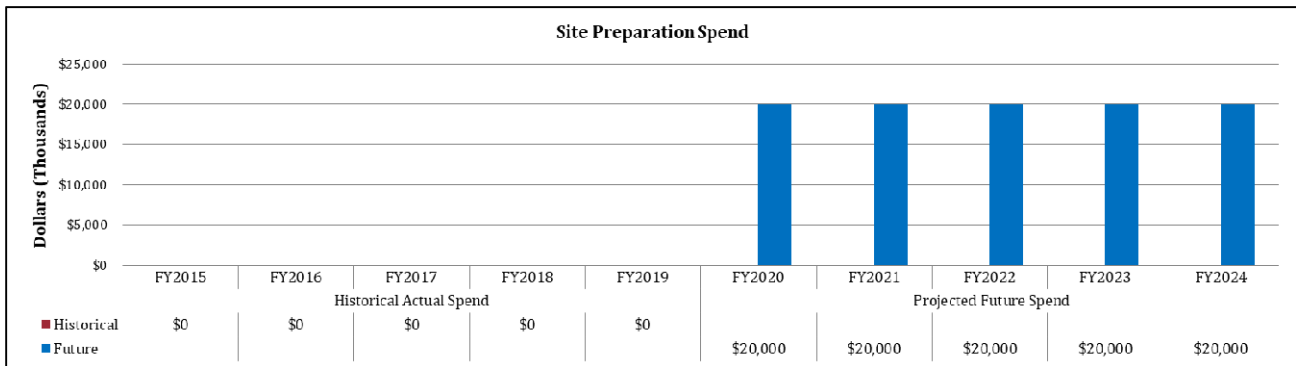
- Based on the evaluation and subsequent negotiations to date, LCRA recommends Colorado Materials Ltd., Central Texas Stone and Aggregate LLC, and Heartland Quarries LLC as the suppliers for this category.

Contract No. 5341, 5342 and 5347
Supplier: Bobcat Heavy Civil LLC, Phillips & Jordan Incorporated and D. Grimm Inc.

Contract Amount: Not to exceed \$100 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of site preparation services to be used by LCRA and LCRA TSC.

Background:

- Before fiscal year 2020, site preparation services were subcontracted through substation construction contractors.
- Contracting directly with civil contractors allows LCRA to eliminate cost markups for subcontracting these services, establish consistency for site preparation projects and complete site preparation before project designs are completed.



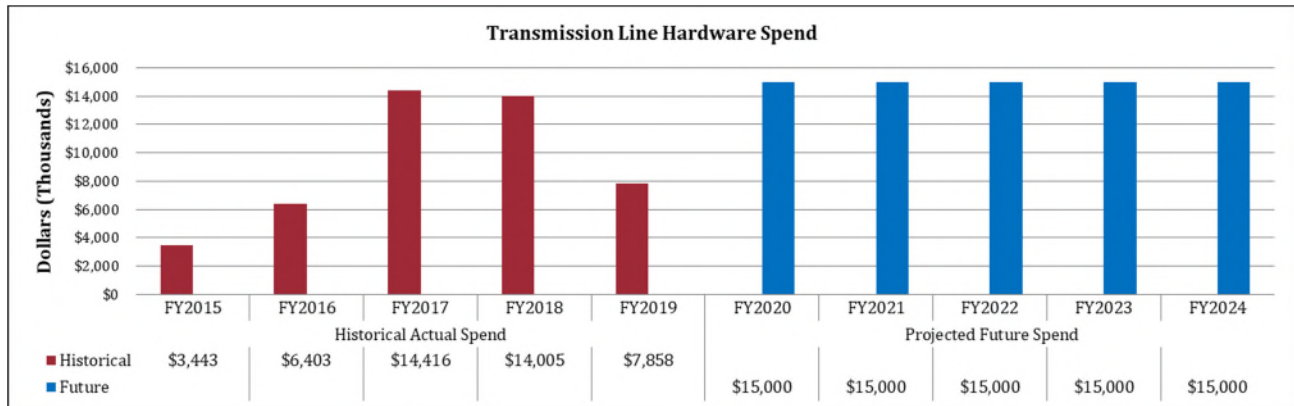
Actions:

- LCRA invited 15 suppliers to participate. LCRA received and evaluated seven proposals.
- The highest-weighted criteria for the evaluation were: contractor experience performing similar projects; key personnel experience in similar projects; safety program and record; exceptions to terms and conditions; cost for a sample project; and the number of projects the contractor can staff for LCRA at one time.
- The contract award amount is not to exceed \$100 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$1.7 million over the life of the contract (compared to the last price paid).
- Based on the evaluation and subsequent negotiations to date, LCRA recommends Bobcat Heavy Civil LLC, Phillips & Jordan Incorporated and D. Grimm Inc. as the suppliers for this category.

Contract No. 5343, 5344 and 5346
Supplier: Techline Inc., KBS Electrical Distributors Inc. and Wesco Distribution Inc.
Contract Amount: Not to exceed \$75 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of transmission line hardware to be used by LCRA TSC.

Background:

- LCRA previously purchased optical ground wire under the transmission line hardware contract. Optical ground wire now is under a separate contract.



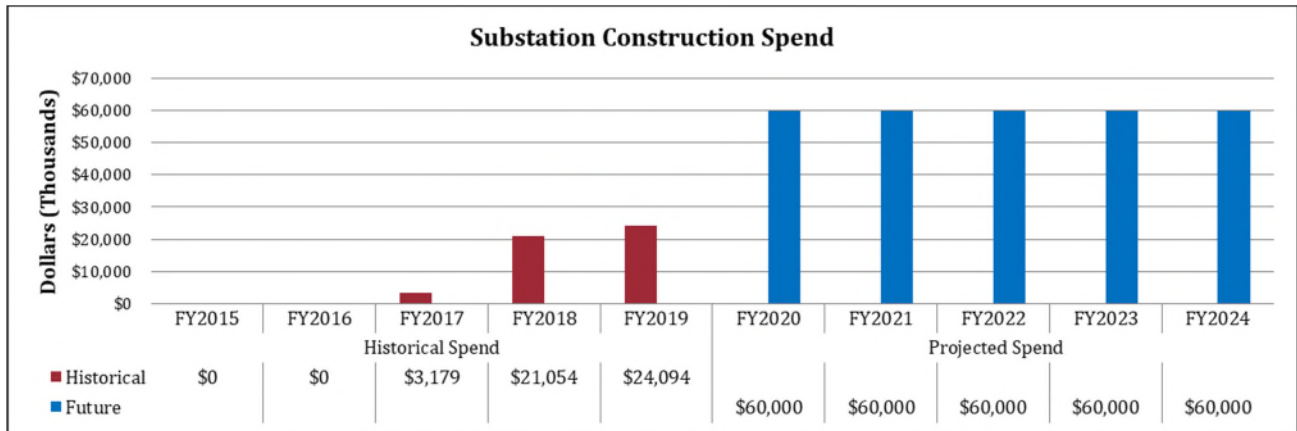
Actions:

- LCRA invited 16 suppliers to participate. LCRA received six proposals and evaluated four proposals.
- Ability to perform and services provided were the highest-weighted criteria for the evaluation.
- The contract award amount is not to exceed \$75 million, which is the amount the Board originally approved for optical ground wire under the transmission line hardware contract. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$150,000 over the life of the contract (compared to the last price paid).
- Based on the evaluation and subsequent negotiations to date, LCRA recommends Techline Inc., KBS Electrical Distributors Inc. and Wesco Distribution Inc. as the suppliers for this category.

Contract No. 5348, 5349, 5350 and 5351
Supplier: Chancellor Inc., Energy Erectors Inc., Great Southwestern Construction Inc. and Irby Construction Company Inc.
Contract Amount: Not to exceed \$300 million (the Board approved these funds in February 2019; we now are adding suppliers, not adding funds)
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of substation construction services to be used by LCRA TSC.

Background:

- In February 2019, the Board approved a \$300 million shared-sum contract between Pike Electric LLC and Saber Power Services LLC for the provision of substation construction services to be used by LCRA TSC. Due to the volume of work and to avoid capacity constraints among the awarded suppliers, staff recommends Chancellor Inc., Energy Erectors Inc., Great Southwestern Construction Inc. and Irby Construction Company Inc. as additional suppliers for this category (we now are adding suppliers, not adding funds).
- Before FY 2017, this work was not outsourced. The historical spending since May 2017 is about \$48 million.





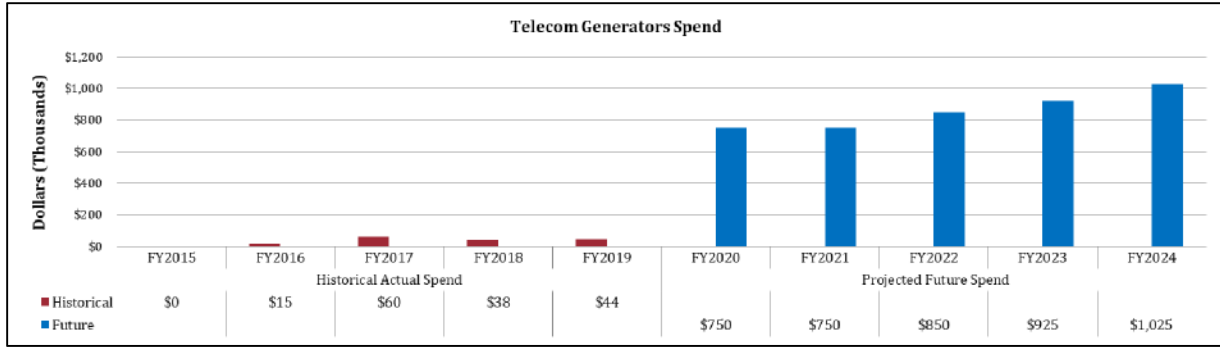
Actions:

- LCRA invited 20 suppliers to participate. LCRA received and evaluated 10 proposals.
- Project experience was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$300 million, which is the amount the Board originally approved. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and subsequent negotiations to date, LCRA recommends Chancellor Inc., Energy Erectors Inc., Great Southwestern Construction Inc. and Irby Construction Company Inc. as additional suppliers for this category.

Contract No. 5359
Supplier: Loftin Equipment Co.
Contract Amount: Not to exceed \$4.3 million
Contract Length: One base year with four one-year options to extend
Description: This master contract is for the provision of backup generators for telecommunication by LCRA TSC.

Background

- The backup generators are the backup power system to maintain constant power supply to prevent outages and to ensure the operability of telecommunication towers, equipment and networks.
- Adequate, effective backup power is essential because the electrical grid is subject to disruption by natural and human-made causes.
- Historical purchases were mainly made through individual purchases rather than by making purchases against a large contract.



Actions:

- LCRA invited two suppliers to participate. LCRA received and evaluated both proposals.
- Price and service and support were the highest-weighted criteria for the evaluation.
- The contract award amount is not to exceed \$4.3 million.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$548,000 over the life of the contract (compared to the median of responses received).
- Based on the evaluation and negotiation, LCRA recommends Loftin Equipment Co. as the supplier for this contract.