



Special Called Board Meeting Agenda

Wednesday, Feb. 19, 2020
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 10 a.m.

Items From the Chair

- 1. Comments From the Public 3

Consent Items

- 2. Conveyance of Assets and Release of Lien 5

Action/Discussion Items

- 3. Weather Briefing 6
- 4. Capital Improvement Project Approval – Operational Support System
Telecommunications Upgrade 7
- *5. Thirtieth Supplemental Resolution and Issuance of LCRA Transmission
Services Corporation Series 2020 Refunding Revenue Bonds 9
- 6. Contracts and Contract Changes 12

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

Executive Session

- 1. Litigation Report

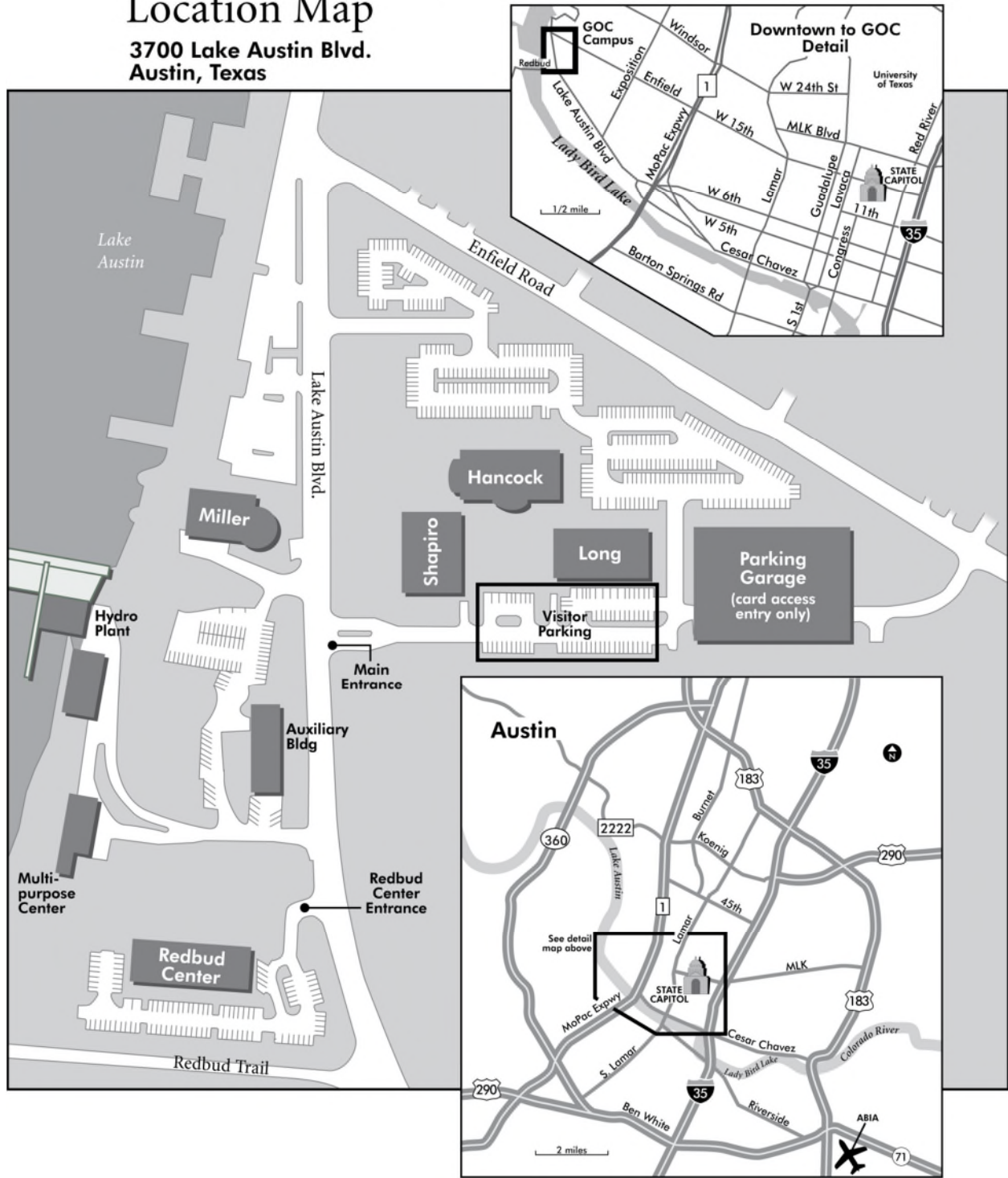
The Board also may go into executive session pursuant to Chapter 551 of the Texas Government Code.

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 of Directors agenda. No responses or action may be taken by the Board during public comments.

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

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

Exhibit(s)

A – Protocols for Public Communication at Board and Committee Meetings

EXHIBIT A

PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

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

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

FOR ACTION (CONSENT)

2. Conveyance of Assets and Release of Lien

Proposed Motion

Approve the conveyance of metering assets from LCRA Transmission Services Corporation to Guadalupe Valley Electric Cooperative and authorize the general manager or his designee to take such action as is necessary to release LCRA's lien on those assets.

Board Consideration

The LCRA Board must approve the conveyance of assets by LCRA TSC when the proceeds exceed \$500,000 and the release of LCRA's lien on LCRA TSC's assets, pursuant to the agreements between LCRA and LCRA TSC related to the transfer of transmission and transformation assets from LCRA to LCRA TSC in 2002.

Budget Status and Fiscal Impact

This action will have no fiscal impact on LCRA.

Summary

LCRA TSC is contractually required to sell certain metering assets at various substations to GVEC. GVEC has terminated certain metering points under the Wholesale Metering Service Agreement between the parties, and has exercised its right to purchase the metering equipment at the terminated locations. The proceeds from the sale of the LCRA TSC assets will exceed \$500,000. The sale of the assets will not impair LCRA TSC's ability to meet its obligations to LCRA.

FOR DISCUSSION

3. Weather Briefing

Summary

Staff will give an update on the current drought conditions and provide the forecast for spring and summer 2020.

Presenter(s)

Bob Rose

Chief Meteorologist

FOR ACTION

4. Capital Improvement Project Approval – Operational Support System Telecommunications Upgrade

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the Operational Support System Telecommunications Upgrade project.

Board Consideration

LCRA Board Policy 301 – Finance requires Board of Directors approval of any previously approved project expected to exceed its lifetime budget by 10% and \$300,000.

Budget Status and Fiscal Impact

- Staff seeks approval to increase the lifetime budget from \$1,398,000 to \$1,900,000, an increase of \$502,000.
- LCRA will spend the additional funds in fiscal years 2020 and 2021.
- Staff members believe they can manage this additional spending within the existing FY 2020 capital budget and do not request additional fiscal year capital budget authorization.
- Project costs will have no impact on current LCRA rates.

Summary

The original project was approved in the FY 2020 capital plan with a budget of \$1,398,000 and a completion date of June 30, 2021. The project will implement new software to better manage, maintain, categorize and trace telecommunications circuits and their end-use customers. The software package will increase the efficiency of ongoing work, improve response time during contingencies, and allow for better coordination and planning of telecommunications upgrades.

The additional funds requested will be used for documentation of LCRA's critical networks which was originally planned for a future project. However, staff has identified an opportunity to leverage project efforts by performing this additional work now as part of a phased approach to effectively manage business and mission-critical information. This documentation work also is closely tied to the original project goals. Staff does not expect the addition of this work to impact the project completion date.

Project Recap

Total Project Estimated Cost: \$ 1,900,000

Previous Project Lifetime Budget: \$ 1,398,000

Additional Lifetime Budget Approval Sought: \$ 502,000

FY 2020 \$ 1,405,000

FY 2021 \$ 495,000

Total: \$ 1,900,000

Project Direction

Project Manager: Nivi Panwalker

Project Sponsor: Dylan Preas

Project Number: 1021198

Presenter(s)

Clint Harp

Vice President, Transmission Strategic Services

FOR ACTION

5. Thirtieth Supplemental Resolution and Issuance of LCRA Transmission Services Corporation Series 2020 Refunding Revenue Bonds

Proposed Motion

Staff recommends the Board of Directors adopt and approve a Thirtieth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2020 (the Bonds) in an amount not to exceed \$400 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) current refunding of certain outstanding long-term Transmission Contract Debt; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.

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

The resolution also will:

1. Approve related documents, in substantially final form, including the escrow agreement, the paying agent/registrar agreement, the Preliminary Official Statement in substantially final form and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (the 2020 Installment Payment Agreement Supplement). 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); and
 - d. Approve the terms of the sale of the Bonds to an underwriting team lead by Citibank, and to execute a bond purchase agreement.

Board Consideration

Section 8503.013 of the Texas Special District Local Laws Code (LCRA Act) requires a resolution approved by at least 12 members of the Board for the issuance of any bonds by LCRA. Section 152.054 of the Texas Water Code requires the LCRA Board to approve any debt issued by LCRA TSC.

Budget Status and Fiscal Impact

The fiscal year 2020 LCRA TSC business plan anticipates the refunding of LCRA TSC Series 2010 bonds and a portion of the short-term debt. Based on current market conditions and continued low interest rates, the refunding will be advantageous and provide cost savings.

Summary

With this action, the Board will approve the Bonds, issued for the purpose of current refunding of certain LCRA TSC commercial paper, revolving notes and bonds in an amount not to exceed \$400 million, establishing one or more Debt Service Reserve Funds for the Bonds, and paying for the issuance costs related to the Bonds. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background. The Thirtieth Supplement is a supplemental resolution to the Controlling Resolution establishing LCRA TSC's transmission revenue financing system adopted by the Board in 2001 and readopted in 2003. The Thirtieth 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 resolution. The Thirtieth Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Thirtieth Supplement and the pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the Bonds together constitute the authorization of such bonds.

The 2020 Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003. The supplemental agreement provides for the arms-length obligation of LCRA TSC to pay LCRA the debt service associated with the Bonds and further provides for LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Bonds.

The Bond Purchase Agreement is the contract among LCRA, LCRA TSC and the underwriters of the Bonds that establishes the terms of the sale and delivery of such bonds from LCRA and LCRA TSC 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 TSC's obligation to deliver and/or the underwriters' obligation to accept the Bonds at closing. Citibank will be the senior manager of the underwriting team for the Bonds.

The Paying Agent/Registrar Agreement is the contract among LCRA, LCRA TSC 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 Bank of New York also will act as escrow agent for the refunded LCRA TSC bonds under an escrow agreement that is a trust agreement between LCRA, LCRA TSC and The Bank of New York Mellon Trust Company that establishes trust accounts necessary to hold cash and securities, which will be sufficient to defease certain debt being refunded by the 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 TSC.

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.

Use of Proceeds. Proceeds from the Bonds will be used to: refund certain LCRA TSC commercial paper notes, revolving notes and tax-exempt bonds, if necessary; fund capital projects; establish a Debt Service Reserve Fund for the Bonds; and pay for issuance costs.

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by three separate credit facilities. Periodically, staff recommends refunding short-term variable-rate debt with long-term fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, 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 TSC customers.

Staff currently expects the Bonds to be sold and delivered by April 9, 2020, subject to the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

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

Summary

Supplier (Contract No.)	Spending	Supplying
McCoy Tree Surgery Company, Inc. (5476); Trees, Inc. (5477); The Arbor Experts, LLC (5478)	\$16 million	Tree trimming services in transmission rights of way
Electrical Consultants, Inc. (5493); Stanley Consultants, Inc. (5494); Ulteig Engineers, Inc. (5495); Pickett and Associates, Inc. (5496); HDR Engineering, Inc. (5497); Burns & McDonnell Engineering, Inc. (5498); Power Engineers, Inc. (5499); Mott and MacDonald USA, LLC (5500); Dashiell Corporation (5501)	\$125 million	Transmission engineering services
CH2M Hill Engineers, Inc. (3672)	\$2.427 million	Additional engineering services for the Arbuckle Reservoir project covered by the Board-authorized project budget

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

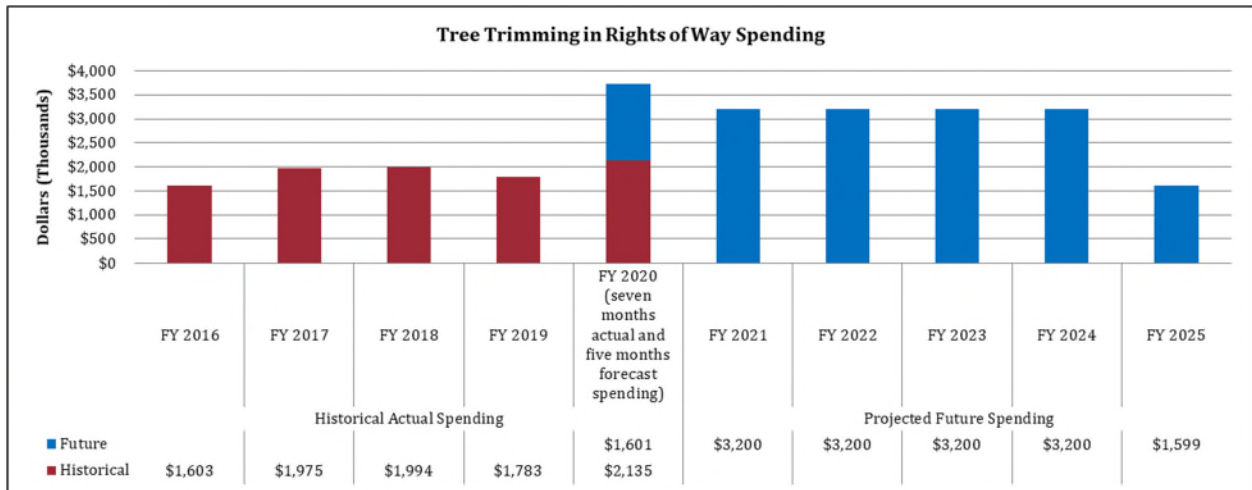
New Contracts

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

Contract No. 5476, 5477, 5478
Supplier: McCoy Tree Surgery Company, Inc.; Trees, Inc.; The Arbor Experts, LLC
Contract Amount: Not to exceed \$16 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of tree trimming services in transmission rights of way.

Background:

- LCRA contracts with service providers to perform tree trimming in rights of way to prevent vegetation from interfering with transmission lines. These services also are used when severe weather causes vegetation to impact transmission lines.



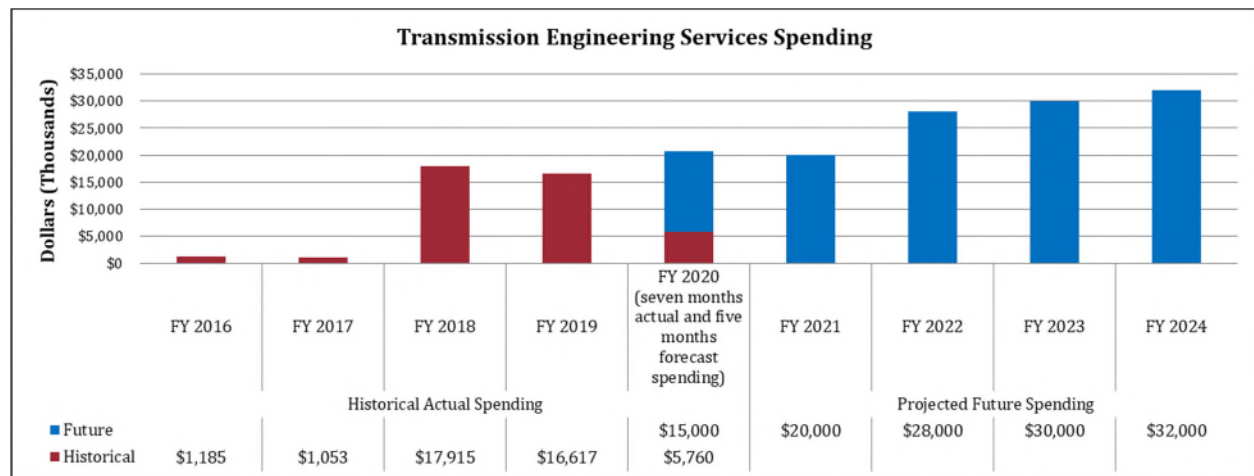
Actions:

- LCRA invited 14 suppliers to participate. LCRA received and evaluated six proposals.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$16 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and subsequent negotiations, LCRA recommends McCoy Tree Surgery Company, Inc.; Trees, Inc.; and The Arbor Experts, LLC as suppliers for this category.

Contract No. 5493, 5494, 5495, 5496, 5497, 5498, 5499, 5500, 5501
Supplier: Electrical Consultants, Inc.; Stanley Consultants, Inc.; Ulteig Engineers, Inc.; Pickett and Associates, Inc.; HDR Engineering, Inc.; Burns & McDonnell Engineering, Inc.; Power Engineers, Inc.; Mott and MacDonald USA, LLC; Dashiell Corporation
Contract Amount: Not to exceed \$125 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of transmission line, substation and telecommunications engineering services used by transmission.

Background:

- LCRA contracts with third parties to provide engineering applicable to design, operation and maintenance of the LCRA Transmission Services Corporation transmission system and customer-owned or leased transmission and distribution facilities, including system inspections, studies, and design engineering services for capital improvement projects and operations and maintenance projects.



Actions:

- LCRA invited 17 suppliers to participate. LCRA received 27 proposals and evaluated 22 proposals.
- Firm experience and personnel experience were the highest-weighted criteria for the evaluation.
- The contract award amount is not to exceed \$125 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and subsequent negotiations, LCRA recommends Electrical Consultants, Inc.; Stanley Consultants, Inc.; Ulteig Engineers, Inc.; Pickett and Associates, Inc.; HDR Engineering, Inc.; Burns & McDonnell Engineering, Inc.; Power Engineers, Inc.; Mott and MacDonald USA, LLC; and Dashiell Corporation as the suppliers for this category.

EXHIBIT B

Contract Administration

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

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

Contract No. 3672
Supplier: CH2M Hill Engineers, Inc.
Contract Amount: Not to exceed \$28.177 million
Contract Length: Until fulfilled
Description: This one-time contract is for engineering services for the Arbuckle Reservoir. The spending (Increase No. 5) is required for additional engineering services for this project covered by the Board-authorized project budget.

Contract History:

Original Contract (April 2013)	\$3,500,000
Increase in Estimate No. 1 (March 2014)	\$9,200,000
Increase in Estimate No. 2 (September 2014)	\$8,400,000
Increase in Estimate No. 3 (February 2016)	\$3,100,000
Increase in Estimate No. 4 (May 2019)	\$1,550,000
Increase in Estimate No. 5 (February 2020)	\$2,427,000

Total	<u>\$28,177,000</u>
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