



Board Agenda
Wednesday, Aug. 19, 2020

Earliest start time: 11:30 a.m.

**MEMBERS OF THE PUBLIC WILL NOT BE PERMITTED TO ATTEND IN PERSON.
THE MEETING WILL BE LIVESTREAMED AT
<https://www.lcra.org/about/leadership/stream/>**

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Items From the General Manager

General Manager’s Update

Items From the Chief Financial Officer

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

Executive Session

- *1. Sale of Land in Travis County (Parcels TN-01 and TN-02)
2. Competitive Electric Matters
3. Litigation Report
4. General Auditor Fiscal Year 2020 Performance Evaluation and Fiscal Year 2021 Goals Review
5. General Manager Fiscal Year 2020 Performance Evaluation and Fiscal Year 2021 Goals Review

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

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.

FOR DISCUSSION

1. Comments From the Public

Summary

Consistent with Gov. Abbott's March 16, 2020, temporary suspension of various provisions of the Open Meetings Act, the public will not be able to attend the meeting in person but may view the open session portions of the meeting via livestream at: <https://www.lcra.org/about/leadership/stream/> and make comments to the Board of Directors via telephone.

The Board will take all public comments at the beginning of the meeting. Members of the public who would like to address the Board must register by calling the number below between 11:00 and 11:20 a.m. on the day of the meeting.

Phone number: 800-776-5272 (After dialing the phone number, please tell the receptionist you would like to address the Board.)

FOR DISCUSSION

2. Financial Highlights

Summary

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

Presenter(s)

Jim Travis
Chief Financial Officer

Lower Colorado River Authority
Financial Highlights
July 2020

Lower Colorado River Authority
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Key term:

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

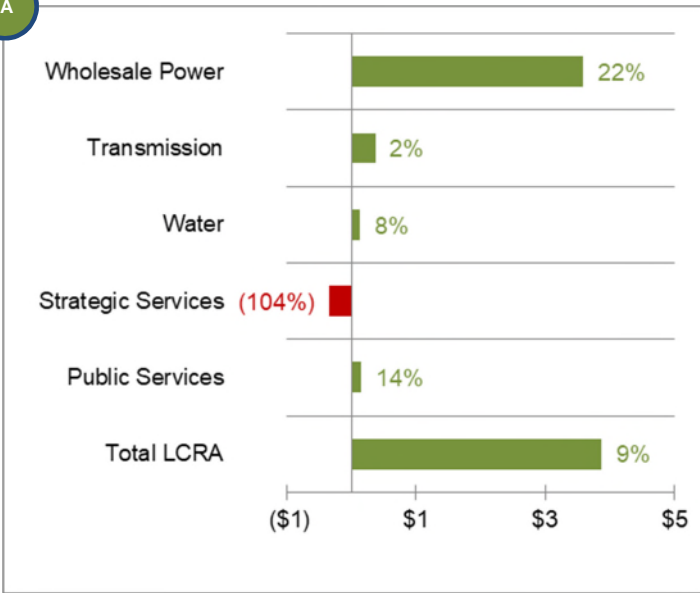
Lower Colorado River Authority

July 31, 2020

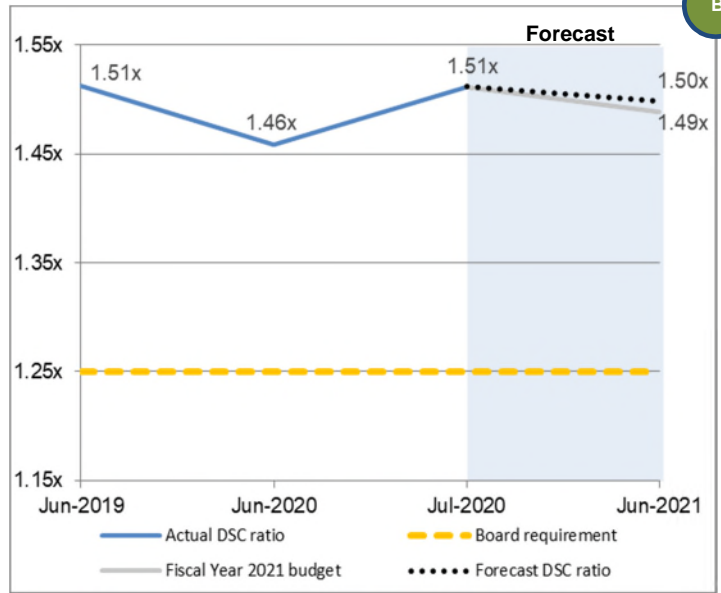
(Dollars in Millions)

Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



Debt Service Coverage



Key takeaways:

- Higher-than-budgeted load and interest income combined with lower-than-budgeted nonfuel expenses primarily drove Wholesale Power's performance.
- Lower-than-budgeted expenses drove Transmission's performance.
- Lower-than-budgeted river management expenses primarily drove Water's performance.
- Lower-than-budgeted transmission strategic revenues and higher-than-budgeted telecommunications expenses drove Strategic Services' performance.
- Lower-than-budgeted parks and water quality expenses drove Public Services' performance.
- Lower-than-budgeted debt service is driving the higher-than-budgeted debt service coverage forecast.

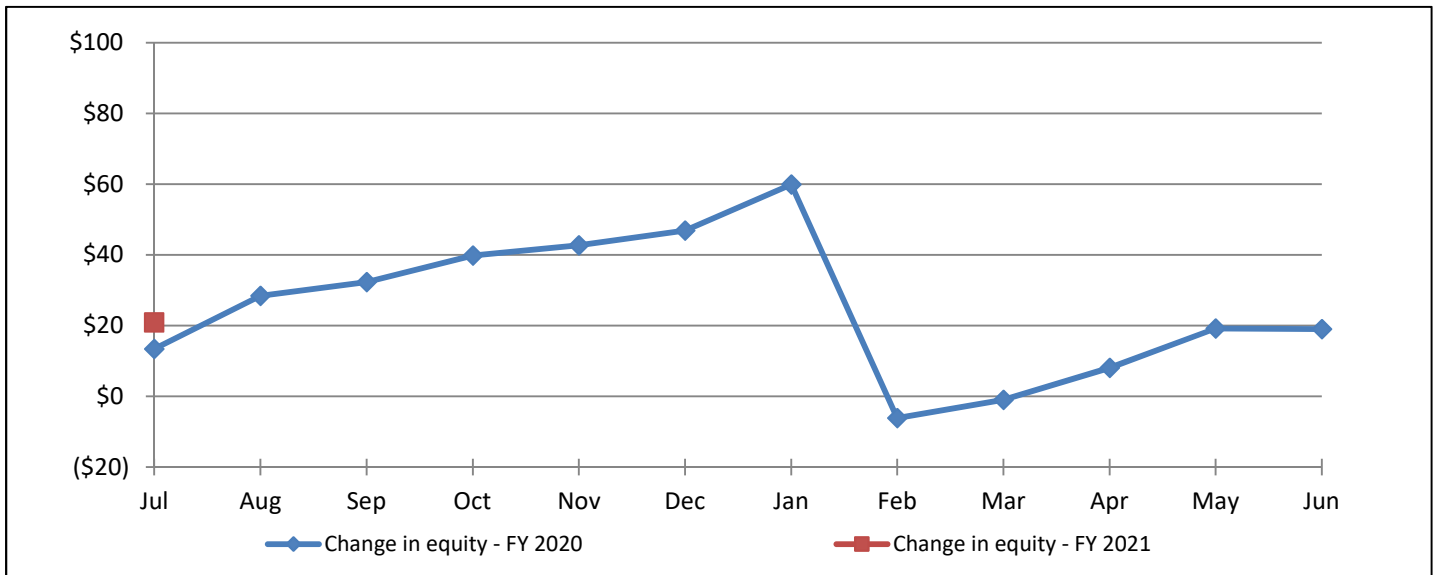
Lower Colorado River Authority

July 31, 2020
(Dollars in Millions)

Board Metrics

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

Income Statement Trends Cumulative Fiscal Year to Date



Key takeaway:

- July 2020 net income is higher than July 2019 net income due to a decrease in debt interest expense, combined with an increase in the deferral of depreciation and other debt-related expenses. These expenses will be recognized in the future as the cost of these assets is included in future rates.

Lower Colorado River Authority

July 31, 2020

(Dollars in Millions)

Condensed Balance Sheets

	<u>July 31, 2020</u>	<u>July 31, 2019</u>
Assets		
Cash and cash equivalents	\$ 323.0	\$ 328.9
Current assets	<u>358.1</u>	<u>354.4</u>
Total current assets	<u>681.1</u>	<u>683.3</u>
Capital assets	4,949.4	4,719.6
Long-term assets	<u>895.4</u>	<u>1,033.3</u>
Total long-term assets	<u>5,844.8</u>	<u>5,752.9</u>
Total Assets	\$ <u>6,525.9</u>	\$ <u>6,436.2</u>
Liabilities		
Bonds, notes and loans payable	\$ 465.6	\$ 470.5
Current liabilities	<u>175.1</u>	<u>191.9</u>
Total current liabilities	<u>640.7</u>	<u>662.4</u>
Bonds, notes and loans payable	3,617.3	3,501.1
Pension liability	207.6	232.3
Long-term liabilities	<u>384.3</u>	<u>387.4</u>
Total long-term liabilities	<u>4,209.2</u>	<u>4,120.8</u>
Equity		
Total equity	<u>1,676.0</u>	<u>1,653.0</u>
Total Liabilities and Equity	\$ <u>6,525.9</u>	\$ <u>6,436.2</u>

Key takeaway:

- Assets and liabilities have trended steadily upward over the past year due to construction activities related to Transmission's capital plan.

Lower Colorado River Authority

July 31, 2020

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2020	2019
Operating Revenues		
Electric	\$ 78.1	\$ 94.0
Water and irrigation	3.0	3.1
Other	4.1	3.6
Total Operating Revenues	<u>85.2</u>	<u>100.7</u>
Operating Expenses		
Fuel	13.4	25.2
Purchased power	6.5	16.8
Operations	16.8	10.4
Maintenance	2.2	2.2
Depreciation, depletion and amortization	9.4	11.7
Total Operating Expenses	<u>48.3</u>	<u>66.3</u>
Operating Income	<u>36.9</u>	<u>34.4</u>
Nonoperating Revenues (Expenses)		
Interest on debt	(10.7)	(13.2)
Other expenses	(5.3)	(7.8)
Total Nonoperating Revenues (Expenses)	<u>(16.0)</u>	<u>(21.0)</u>
Change in Equity	20.9	13.4
Equity - Beginning of Period	<u>1,655.1</u>	<u>1,639.6</u>
Equity - End of Period	<u>\$ 1,676.0</u>	<u>\$ 1,653.0</u>

FOR ACTION (CONSENT)

3. Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2021

Proposed Motion

Approve the proposed LCRA Board and committee meeting dates for calendar year 2021 as listed in Exhibit A.

Board Consideration

The LCRA bylaws provide that the regular meeting of the Board takes place on the last Wednesday before the 25th day of each month. Any deviation from that schedule requires Board approval.

Budget Status and Fiscal Impact

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

Summary

The proposed Board and committee meeting dates for calendar year 2021 are listed in Exhibit A.

Exhibit(s)

A – Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2021

EXHIBIT A

Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2021

Month	Committee Meetings	Board Meeting
January	19	20
February	24	-
March	-	24*
April	-	14**
May	18	19
June	16	-
July	No Meeting	
August	24	25
September	22	-
October	19	20
November	-	17*
December	-	14

*Optional Board meeting dates.

**This Board meeting will include the annual business and capital plans work session.

FOR ACTION (CONSENT)

4. Designation of LCRA Records Management Officer

Proposed Motion

Adopt the LCRA Board Resolution Designating Records Management Officer in Exhibit A.

Board Consideration

The Local Government Records Act (the Act) is codified in chapters 201-205 of the Texas Local Government Code. The Act requires that the governing body of a local government, such as LCRA, designate a records management officer.

Budget Status and Fiscal Impact

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

Summary

Section 203.025 of the Texas Local Government Code requires the governing body of a local government, such as LCRA, to designate a records management officer either by designating an individual or an office or position, the holder of which will be the records management officer.

In April 2018, the LCRA Board passed an order designating the holder of the position of LCRA chief information officer as the records management officer. This position is no longer responsible for records management. It is therefore necessary to designate a new individual or a new position to serve as the records management officer.

The resolution in Exhibit A designates the position of LCRA chief administrative officer as the records management officer for LCRA as required by provisions in the Act.

Exhibit(s)

A – LCRA Board Resolution Designating Records Management Officer

EXHIBIT A

**LCRA BOARD RESOLUTION
DESIGNATING RECORDS MANAGEMENT OFFICER
Aug. 19, 2020**

WHEREAS, Title 6, Subtitle C, Texas Local Government Code (Local Government Records Act), provides that a conservation and reclamation district, such as the Lower Colorado River Authority, must establish by order an active and continuing records management program to be administered by a records management officer; and

WHEREAS, the Lower Colorado River Authority desires to adopt an order for that purpose and to prescribe policies and procedures consistent with the Local Government Records Act and in the interests of cost-effective and efficient recordkeeping;

NOW, THEREFORE, Be It Ordered by the Board of Directors of the Lower Colorado River Authority (LCRA) that:

Section 1. RECORDS MANAGEMENT OFFICER. The person who holds the position of chief administrative officer at LCRA will serve as records management officer for LCRA as provided by law and will ensure, together with LCRA management and employees, the maintenance, destruction, electronic storage or other disposition of the records of this office are carried out in accordance with the requirements of the Local Government Records Act.

Section 2. The records management officer may delegate duties of that position for the administration of LCRA's records management program to LCRA records management staff.

AUTHORITY: LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code; Title 6, Subtitle C, Texas Local Government Code, chapters 201-205; Section 203.025, Local Government Records Act; and LCRA Bylaws, Section 2.01 and 2.11.

EFFECTIVE: Aug. 19, 2020.

FOR ACTION (CONSENT)

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

5. Subsurface Fiber Optic Easement in Wharton County – AEP

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.45-acre subsurface fiber optic easement to AEP Texas Inc. to cross under an LCRA canal in the Gulf Coast Irrigation District in Wharton 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.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2021 business plan. The proceeds of \$5,000 from the sale of the easement will be used to fund capital water projects.

Summary

AEP Texas plans to construct a fiber optic line that will cross under an LCRA-owned canal in Wharton 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

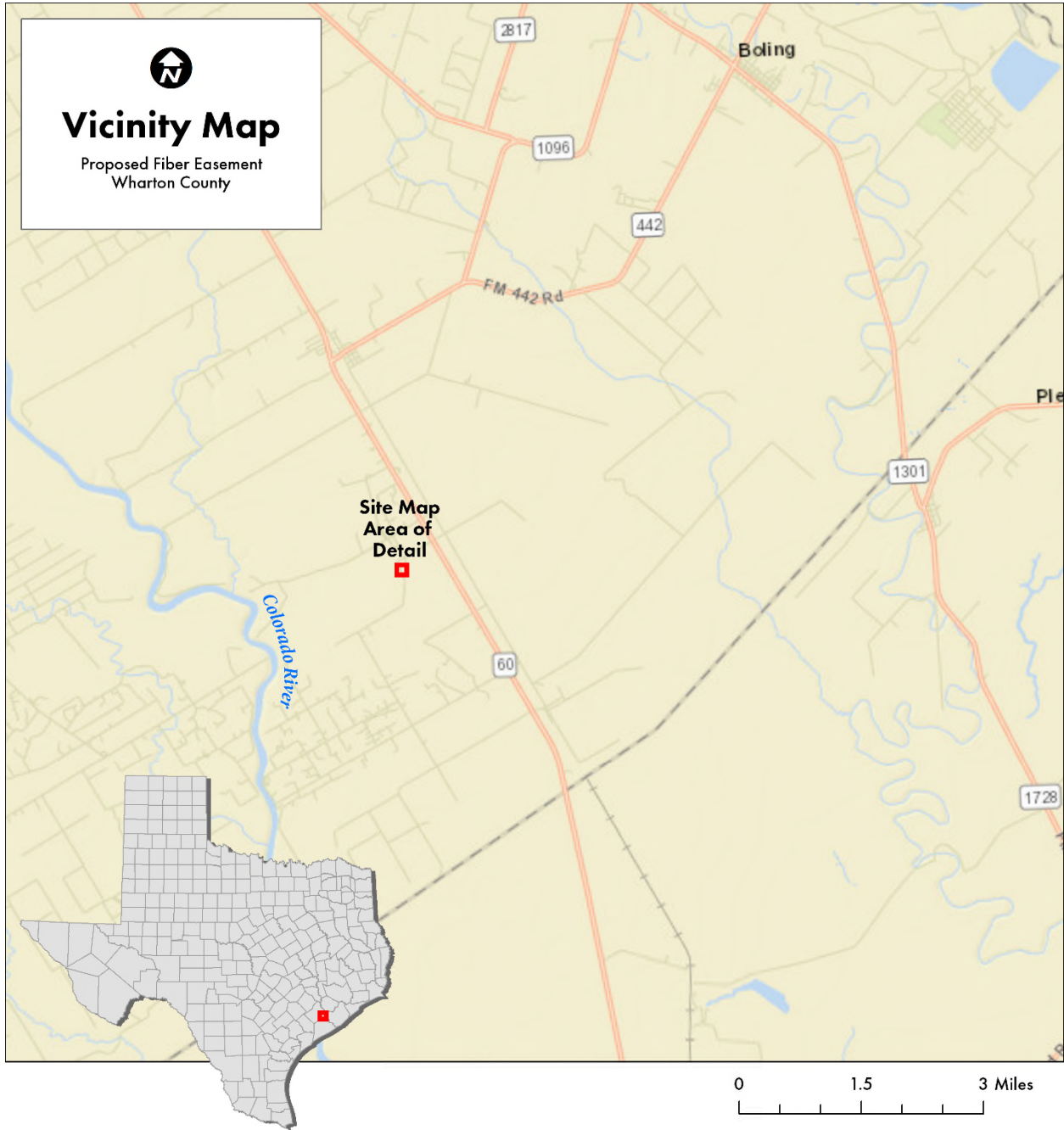


EXHIBIT B



FOR ACTION (CONSENT)

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

6. Transmission Easement in Wharton County – CenterPoint Energy

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.06-acre permanent transmission easement and 0.2541-acre temporary construction easement to CenterPoint Energy Houston Electric, LLC to cross an LCRA tract, formerly a canal, in the Gulf Coast Irrigation District in Wharton 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.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2021 business plan. The proceeds of \$5,000 from the sale of the easement will be used to fund capital water projects.

Summary

CenterPoint plans to construct a transmission line that will cross an LCRA-owned tract in Wharton County. The property is a former canal and part of the Gulf Coast Irrigation District's canal system. CenterPoint requested a 15-foot-wide permanent easement and a 100-foot-wide temporary construction easement for the project.

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

The easement will include provisions necessary to protect the property. LCRA staff reviewed the construction and operation plans for the transmission 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

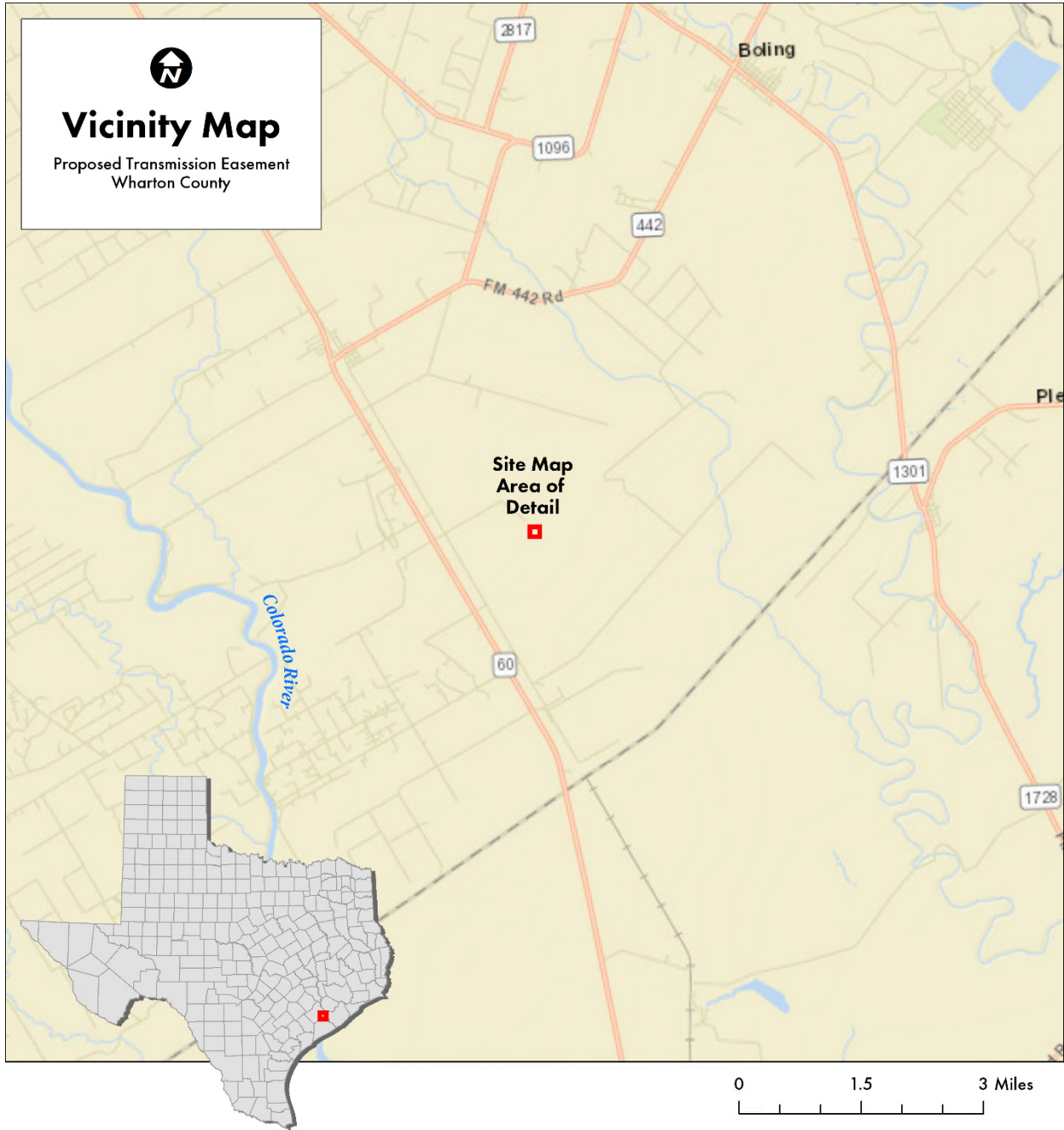
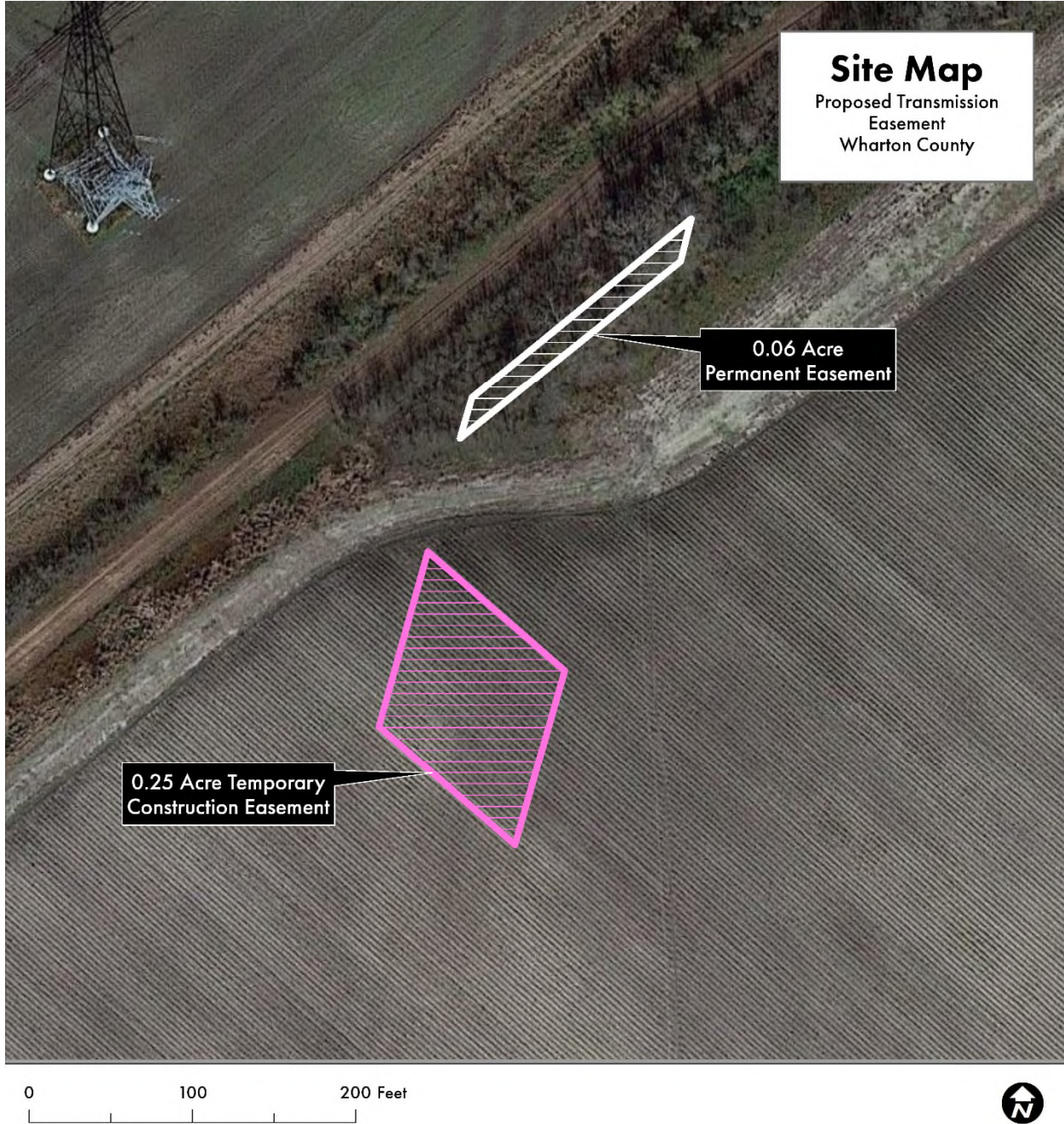


EXHIBIT B



FOR ACTION (CONSENT)

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

7. Sale of Land in Burnet County (Parcel TS-21)

Proposed Motion

Declare an approximately 0.396-acre tract of land, being a portion of LCRA Parcel TS-21 in Burnet County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner.

Board Consideration

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

Budget Status and Fiscal Impact

The fiscal year 2021 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$25,347 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

Summary

Hollingsworth Trust, Waldeen S. Hollingsworth, trustee, the adjacent landowner, has agreed to purchase a 0.396-acre fill encroachment, which will permanently resolve the encroachment. The 0.396-acre tract is priced at \$25,347. Staff determined the price based on the Burnet County Appraisal District's assessed values of Hollingsworth Trust's adjacent lot and other nearby waterfront lots.

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

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

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

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A



EXHIBIT B



FOR ACTION (CONSENT)

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

8. Sale of Land in Burnet County (Parcel TS-21)

Proposed Motion

Declare an approximately 0.434-acre tract of land, being a portion of LCRA Parcel TS-21 in Burnet County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner.

Board Consideration

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

Budget Status and Fiscal Impact

The fiscal year 2021 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$27,779 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

Summary

Roger and Lerayne M. Schultz, Family Trust, the adjacent landowner, has agreed to purchase a 0.434-acre fill encroachment, which will permanently resolve the encroachment. The 0.434-acre tract is priced at \$27,779. Staff determined the price based on the Burnet County Appraisal District's assessed values of Schultz's adjacent lot and other nearby waterfront lots.

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

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

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

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A



EXHIBIT B



FOR ACTION (CONSENT)

9. Directors' Fees, Expenses

Proposed Motion

Approve directors' fees and expense reports.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

FOR ACTION (CONSENT)

10. Minutes of Prior Meetings

Proposed Motion

Approve the minutes of the May 20, 2020, and June 17, 2020, 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 May 20, 2020, meeting
- B – Minutes of June 17, 2020, meeting

EXHIBIT A

Minutes Digest
May 20, 2020

- 20-18 Authorization for the general manager or his designee to negotiate and execute an agreement with Recreation Resource Management for the development and operation of Lake Fayette Oak Thicket Park and Lake Fayette Park Prairie Park.
- 20-19 Declaration of an approximately 0.174-acre tract of land, being a portion of LCRA Parcel BW-38 in Llano County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 20-20 Approval of directors' fees and expense reimbursements.
- 20-21 Approval of the minutes of the Jan. 22, 2020, and Feb. 19, 2020, meetings.
- 20-22 Approval of revisions to LCRA Board Policy 404 – Grants and Economic Development.
- 20-23 Approval of the expenditure of up to \$1.175 million from the Agricultural Water Conservation Fund.
- 20-24 Approval of the Capital Improvement Project Authorization Request for the Llano Fiber Telecommunications Upgrade project.
- 20-25 Approval of a resolution releasing Board-restricted funds previously reserved from the Liability Reduction Fund for the payment of outstanding long-term LCRA debt allocated to Wholesale Power and redesignation of those funds as management reserves.
- 20-26 Adoption of a resolution making determinations regarding the payment from LCRA Transmission Services Corporation of an Extraordinary LCRA Optional Purchase Price Payment for fiscal year 2020 and, when such payment is made, reserve those funds in the LCRA Strategic Reserve.
- 20-27 Adoption of resolutions approving the fiscal year 2021 business and capital plans for LCRA and each of its affiliated nonprofit corporations: LCRA Transmission Services Corporation, LCRA Wholesale Energy Services Corporation, WSC Energy II and GenTex Power Corporation.

- 20-28 Adoption of the Thirty-first Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and U.S. Bank, N.A., for the LCRA Transmission Contract Revenue Notes, Series E and Taxable Series E (Series E Notes), and authorization for the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to U.S. Bank in an amount up to \$100 million for the Series E Notes.
- 20-29 Adoption of the Thirty-second Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and Bank of America, N.A., for the LCRA Transmission Contract Revenue Notes, Series F and Taxable Series F (Series F Notes), and authorization for the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$50 million for the Series F Notes.
- 20-30 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5508 (Bandera Conservation Corridor, LLC); Contract No. 5536 (Texas Water Conservation Association Risk Management Fund); Contract numbers 5540 and 5544 (Aviat U.S. Inc. and Nokia of America Corporation); Contract No. 5542 (Oracle America); Contract numbers 5553, 5554, 5555, 5556 and 5557 (United Rentals (North America), Inc.; Texas First Rentals, LLC; Nueces Power Equipment; Texas Crane Service, Inc.; and TNT Crane & Rigging, Inc.); Contract No. 4116 (Hyland OnBase); Contract No. 4148 (BlueCielo ECM Solutions, Inc.); Contract No. 5199 (Power Control Systems Engineering, Inc.); and Contract No. 5564 (Mentor Media (USA) Supply Chain Management Inc.).
- 20-31 Adoption and approval of the Fifty-seventh Supplemental Resolution to the Master Resolution to authorize the issuance of a taxable private placement note program in an amount not to exceed \$150 million principal amount, and also authorization for the general manager or the chief financial officer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants.

20-32 Adoption and approval of the Fifty-eighth Supplemental Resolution to the Master Resolution to authorize the issuance of a taxable private placement note program in an amount not to exceed \$150 million principal amount, and also authorization for the general manager or the chief financial officer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants.

No Action: Agenda Item 7 – Conveyance of Conservation Easement in Matagorda County (Parcel A-CR14(1)) was pulled from the agenda.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
May 20, 2020

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the Lower Colorado River Authority (LCRA) convened in a regular meeting at 10:02 a.m. Wednesday, May 20, 2020, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Lori A. Berger
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Robert "Bobby" Lewis
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley

Due to health and safety concerns related to the COVID-19 pandemic, and in accordance with the governor's disaster declaration and subsequent temporary suspension of certain provisions of the Texas Open Meetings Act, the public was not allowed to attend this meeting in person but had access to the open session portions of this meeting via livestream and via telephone for comment.

Chair Timmerman convened the meeting at 10:02 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

The Board heard public comments (Agenda Item 1). Attorney Cindy Smiley, on behalf of the Central Texas Water Coalition (CTWC), addressed the Board regarding Agenda Item 13 – Fiscal Year 2021 Business and Capital Plans. CTWC also provided written comments regarding this item.

General Manager Phil Wilson gave an update on LCRA operations during these unprecedented times caused by the COVID-19 pandemic, noting LCRA has continued to provide essential services – power and water. He thanked employees for their work providing the services and other employees who are doing their jobs remotely working

from home. He emphasized the importance of employees continuing to keep safety at the forefront of operations. Concluding his update, Wilson mentioned he was honored to be serving in an interim assignment as acting executive commissioner of the Health and Human Services Commission.

The Board next began the work session on the proposed FY 2021 business and capital plans.

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

Wilson gave opening remarks and outlined the format of the work session. He shared some highlights of LCRA's accomplishments recently in the areas of wholesale power, transmission and water. He said the proposed business and capital plans outline how LCRA will continue doing work to serve the people of Texas in the years ahead. [Wilson noted Agenda Item 13 – Fiscal Year 2021 Business and Capital Plans was on the Board's agenda for action later in the meeting.]

Chief Financial Officer Jim Travis said the plans represent continued strong financial performance for each of LCRA's business areas and meet the requirements of LCRA Board Policy 301 – Finance, including requirements for debt service coverage and reserves. He said the activities in the plans support LCRA's mission, vision and goals. He noted that staff worked with the Rates and Resources Council (RRC), a group of LCRA's wholesale electric customers, while developing the portion of the business plan related to LCRA's Wholesale Power business. Travis gave a general overview of the business and capital plans.

Chief Commercial Officer Ken Price read comments from the RRC relating to the Wholesale Power portion of the proposed LCRA FY 2021 business plan. [A copy of the letter from Mark Mayo, president of RRC and Luling city manager, is filed with the records of this meeting.]

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

Kellicker described how LCRA develops the capital plan. He gave a detailed overview of the nonconfidential portions of the LCRA capital plan, highlighting the proposed budget for FY 2021 capital spending, which includes recommended new projects and projects the Board approved previously, and some of the key projects in the plan.

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

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

Chair Timmerman declared the meeting to be in executive session at 11:30 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 12:39 p.m., with all directors present except Directors Johnson and Kelley.

Chair Timmerman recessed the meeting at 12:40 p.m. Following Board meetings of LCRA-affiliated nonprofit corporations, Chair Timmerman reconvened the LCRA Board meeting at 1:55 p.m.

Chief Financial Officer Jim Travis presented financial highlights for April 2020 and fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Voelter, seconded by Director Figueroa, the Board unanimously approved consent items 3, 4, 5 and 6 included on the May 20, 2020, consent agenda by a vote of 13 to 0 as follows:

20-18 Authorization for the general manager or his designee to negotiate and execute an agreement with Recreation Resource Management for the development and operation of Lake Fayette Oak Thicket Park and Lake Fayette Park Prairie Park, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

20-19 Declaration of an approximately 0.174-acre tract of land, being a portion of LCRA Parcel BW-38 in Llano County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA), and authorization for the general manager or his designee to sell the property to the adjoining landowner, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

20-20 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 5 [attached hereto as Exhibit C].

20-21 Approval of the minutes of the Jan. 22, 2020, and Feb. 19, 2020, meetings [Consent Item 6].

Chair Timmerman noted Agenda Item 7 – Conveyance of Conservation Easement in Matagorda County (Parcel A-CR14(1)) was pulled from the agenda by staff.

20-22 Executive Vice President for Public Affairs Bill Lauderback presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit D], that the Board approve revisions to LCRA Board Policy 404 – Grants and Economic Development. Upon motion by Director Berger, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 13 to 0.

20-23 Executive Vice President of Water John B. Hofmann presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit E], that the Board approve the expenditure of up to \$1.175 million from the Agricultural Water Conservation Fund. Upon motion by Director Martine, seconded by Vice Chair Cooper, the recommendation was unanimously approved by a vote of 13 to 0.

20-24 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit F], that the Board approve the Capital Improvement Project Authorization Request for the Llano Fiber Telecommunications Upgrade project. Upon motion by Director Whitten, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 13 to 0.

20-25 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit G], that the Board approve a resolution releasing Board-restricted funds previously reserved from the Liability Reduction Fund for the payment of outstanding long-term LCRA debt allocated to Wholesale Power and redesignate those funds as management reserves. Upon motion by Director Berger, seconded by Director Voelter, the recommendation was unanimously approved by a vote of 13 to 0.

20-26 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit H], that the Board adopt a resolution making determinations regarding the payment from LCRA Transmission Services Corporation of an Extraordinary LCRA Optional Purchase Price Payment for fiscal year 2020 and, when such payment is made, reserve those funds in the LCRA Strategic Reserve. Upon motion by Director Russell, seconded by Director Figueroa, the recommendation was unanimously approved by a vote of 13 to 0.

20-27 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit I], that the Board adopt resolutions approving the fiscal year 2021 business and capital plans for LCRA and each of its affiliated nonprofit corporations: LCRA Transmission Services Corporation, LCRA Wholesale Energy Services Corporation, WSC Energy II and GenTex Power Corporation. The Board discussed the plans during a work session earlier in the day. Upon motion by Director Lewis, seconded by Director Martine, the recommendation was unanimously approved by a vote of 13 to 0.

20-28 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit J], that the Board adopt the Thirty-first Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and U.S. Bank, N.A., for the LCRA Transmission Contract Revenue Notes,

Series E and Taxable Series E (Series E Notes), and authorize the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to U.S. Bank in an amount up to \$100 million for the Series E Notes. Upon motion by Vice Chair Cooper, seconded by Director Allen, the recommendation was unanimously approved by a vote of 13 to 0.

20-29 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 15 [attached hereto as Exhibit K], that the Board adopt the Thirty-second Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize a new note purchase agreement among LCRA, LCRA Transmission Services Corporation and Bank of America, N.A., for the LCRA Transmission Contract Revenue Notes, Series F and Taxable Series F (Series F Notes), and authorize the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$50 million for the Series F Notes. Upon motion by Director Berger, seconded by Director Russell, the recommendation was unanimously approved by a vote of 13 to 0.

20-30 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 16 [attached hereto as Exhibit L], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5508 (Bandera Conservation Corridor, LLC); Contract No. 5536 (Texas Water Conservation Association Risk Management Fund); Contract numbers 5540 and 5544 (Aviat U.S. Inc. and Nokia of America Corporation); Contract No. 5542 (Oracle America); Contract numbers 5553, 5554, 5555, 5556 and 5557 (United Rentals (North America), Inc.; Texas First Rentals, LLC; Nueces Power Equipment; Texas Crane Service, Inc.; and TNT Crane & Rigging, Inc.); Contract No. 4116 (Hyland OnBase); Contract No. 4148 (BlueCielo ECM Solutions, Inc.); Contract No. 5199 (Power Control Systems Engineering, Inc.); and Contract No. 5564 (Mentor Media (USA) Supply Chain Management Inc.). Travis noted the following typographical corrections under the summary section on Page 59: the total spending for Contract numbers 4116 (Hyland OnBase) and 4148 (BlueCielo ECM Solutions, Inc.) should reflect \$3 million and \$3.4 million, respectively. Upon motion by Director Gill, seconded by Director Berger, the recommendation was unanimously approved by a vote of 13 to 0.

Chair Timmerman declared the meeting to be in executive session at 2:15 p.m., pursuant to sections 551.071, 551.072 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 2:48 p.m., with all directors present except Directors Johnson and Kelley.

20-31 Director Gill moved, seconded by Vice Chair Cooper, that the Board adopt and approve the Fifty-seventh Supplemental Resolution to the Master Resolution [attached hereto as Exhibit M], as discussed in executive session, to authorize the

issuance of a taxable private placement note program in an amount not to exceed \$150 million principal amount, and also authorize the general manager or the chief financial officer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants. The Board unanimously approved the motion by a vote of 13 to 0.

20-32 Director Figueroa moved, seconded by Director Crane, that the Board adopt and approve the Fifty-eighth Supplemental Resolution to the Master Resolution [attached hereto as Exhibit N], as discussed in executive session, to authorize the issuance of a taxable private placement note program in an amount not to exceed \$150 million principal amount, and also authorize the general manager or the chief financial officer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants. The Board unanimously approved the motion by a vote of 13 to 0.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 2:52 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Aug. 19, 2020

EXHIBIT B

Minutes Digest
June 17, 2020

- 20-33 Authorization for the general manager or his designee to (i) convey to the Colorado River Land Trust an approximately 934.09-acre conservation easement, being a portion of LCRA Parcel A-CR14(1) in Matagorda County and (ii) authorize the Colorado River Land Trust to use roads on LCRA's adjoining property to access the easement property; and finding that the grant of the conservation easement will accomplish the purposes of LCRA's statutory mission of soil, water and wildlife conservation in the lower Colorado River watershed.

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
June 17, 2020

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 a meeting at 10:04 a.m. Wednesday, June 17, 2020, by videoconference. 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

Due to health and safety concerns related to the COVID-19 pandemic, and in accordance with the governor's disaster declaration and subsequent temporary suspension of certain provisions of the Texas Open Meetings Act, the public was not allowed to attend this meeting in person but had access to the open session portions of this meeting via livestream and via telephone for comment.

Chair Timmerman convened the meeting at 10:04 a.m. Director Whitten provided an invocation.

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

20-33 Chief Administrative Officer John Miri and Vice President of Community Resources Margo Richards presented for consideration a staff recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board authorize the general manager or his designee to (i) convey to the Colorado River Land Trust an approximately 934.09-acre conservation easement, being a portion of LCRA Parcel A-CR14(1) in Matagorda County and (ii) authorize the Colorado River Land Trust to use roads on LCRA's adjoining property to access the easement property; and find that the grant of the conservation easement will accomplish the purposes of LCRA's statutory

mission of soil, water and wildlife conservation in the lower Colorado River watershed. Chair Timmerman and Director Martine recused themselves from voting on this item, as required by Board policy, due to their service on the Colorado River Land Trust Board of Directors. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 12 to 0.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 10:14 a.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Aug. 19, 2020

FOR ACTION

11. Water Commitment Amendment for LCRA Facilities and Projects

Proposed Motion

Adopt the LCRA Board Resolution in Exhibit A authorizing the reservation from LCRA's firm water supplies of 300 acre-feet annually through calendar year 2022 and the reservation of 100 acre-feet annually beginning in calendar year 2023 to be used for industrial and irrigation purposes at LCRA facilities and projects.

Board Consideration

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

Budget Status and Fiscal Impact

This action will have no anticipated budgetary or fiscal impact. The supply of water to an LCRA water supply development project is financially within the same Water business unit; therefore, no charges or revenues are anticipated from the increased commitment.

Summary

The terms and conditions applicable to the Board resolution are the same as those applicable to LCRA's standard water contracts. In 2012, the Board reserved 100 acre-feet per year of the firm water supply for water needs associated with LCRA facilities and projects. Construction activities at Arbuckle Reservoir will require water that will exceed the existing Board commitment.

Staff recommends temporarily increasing the current Board commitment to 300 acre-feet per year as described in the resolution. LCRA has firm water supplies available to commit to this use.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

Exhibit(s)

A – LCRA Board Resolution Reserving Water for LCRA Facilities and Projects

EXHIBIT A

**LCRA BOARD RESOLUTION
RESERVING WATER FOR LCRA FACILITIES AND PROJECTS**

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

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

WHEREAS, LCRA is authorized to and does divert and use water under these and other of its water rights for its own facilities and projects;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors in its regular meeting this 19th day of August 2020 commits and reserves 300 acre-feet of raw water per year from its firm water supplies to be used for irrigation and industrial purposes through calendar year 2022 and 100 acre-feet per year beginning in calendar year 2023. This resolution replaces a prior resolution dated March 21, 2012.

FOR ACTION

12. Capital Improvement Project – Lakeside River Plant Bank Erosion Hurricane Harvey Recovery

Proposed Motion

Approve the increase to the lifetime budget for the Lakeside River Plant Bank Erosion Hurricane Harvey Recovery project.

Board Consideration

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

Budget Status and Fiscal Impact

- In fiscal year 2019, the Board initially approved this project with a place holder budget of \$700,000 until the scope of Hurricane Harvey damages could be more fully assessed and repair costs developed.
- In FY 2020, the Board approved a lifetime budget increase from \$700,000 to \$2.9 million based on an estimated construction cost of \$1.5 million.
- In May 2020, LCRA received construction proposals with average costs 49% higher than the original construction budget.
- LCRA now seeks approval to increase the lifetime budget from \$2.9 million to \$3.7 million, an increase of \$800,000 or 28%.
- LCRA will spend the additional funds in FY 2021.
- Staff believes the additional spending can be managed within the existing FY 2021 business and capital plans.
- The damages are eligible for reimbursement from LCRA insurance and mitigation grants from the Federal Emergency Management Agency.

Summary

The scope of this project is to repair the riverbank at Lakeside River Plant Pump Station damaged by Hurricane Harvey flooding. The damages include slope failure along approximately 300 feet of the riverbank and severe damage to existing sheet piles and wooden piles adjacent to the pump station. Construction is expected to take approximately six months to complete and will be performed outside of the irrigation season.

The Lakeside River Plant is a challenging site. It has limited access that requires crossing two canals that are more than 100 years old and limited room to accommodate a large crane plus construction materials (i.e., 40-foot-long sheet piles, over 3,800 tons of 24-inch stone riprap, etc.). As a result, construction estimates can vary greatly depending on the contractor's approach to the work and the construction market. In 2019, staff estimated the construction cost to be approximately \$1.5 million plus a small contingency, based on historical costs from recent and similar LCRA projects.

Subsequently in 2019 and 2020, staff conducted two rounds of solicitations from qualified construction contractors. In 2020, all four proposals received were significantly greater than the original \$1.5 million construction budget. The average of the proposals was approximately \$2.2 million – about 49% greater than the original construction budget. Because of the unique complexity of the bank repair work and the added challenges of site conditions at Lakeside, the construction cost is significantly greater than originally estimated, and additional funds will be required for the project.

Costs for these repairs are eligible for reimbursement from LCRA’s insurer and FEMA grants.

Project Recap

Total Project Estimated Cost	<u>\$3,700,000</u>
Previous Project Lifetime Budget:	\$2,900,000
Additional Lifetime Budget Approval Sought:	\$800,000
FY 2019	\$408,000
FY 2020	\$498,000
FY 2021	\$2,794,000
 Total:	 <u>\$3,700,000</u>

Project Direction

Project Manager: Carina Hinojosa
 Project Sponsor: John B. Hofmann
 Project Number: 1019287

Presenter(s)

John B. Hofmann
 Executive Vice President, Water

FOR ACTION

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

13. Oil and Gas Mineral Leases in Fayette County

Proposed Motion

Authorize the general manager or his designee to publish notice, accept bids, select highest and best bid, and negotiate and execute oil and gas mineral leases on three properties in Fayette County.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of 12 members of the LCRA Board of Directors prior to the conveyance of any interest in real property. Texas Natural Resources Code, Chapter 71, requires the governing body of a political subdivision to approve the lease of its lands for mineral development and to meet minimum requirements for notice and selection of best and highest bidder.

Budget Status and Fiscal Impact

The administrative costs associated with the execution of this lease are contained within the fiscal year 2021 business plan. The lease bonus and royalty, if produced, will be credited to LCRA's Wholesale Power business unit. The lifetime revenue for all three properties is projected to be up to \$175,000.

Summary

LCRA holds mineral interests in various unleased tracts throughout Fayette County. The general vicinity has experienced an increase in oil and gas production in recent years. This item would authorize staff to publish notice of bid solicitation on the mineral properties depicted in Exhibit A and to negotiate and execute leases on these properties. In accordance with Natural Resources Code § 71.005, notice will be published once a week for three consecutive weeks in a newspaper of general circulation in Fayette County.

Staff will ensure that only the highest and best bid is accepted and may reject all bids if the highest and best bid is not deemed adequate. Pursuant to Natural Resources Code, Chapter 71, the lease must provide for a one-eighth royalty interest and a primary term of 10 years or less. LCRA will be requiring a one-fourth cost-free royalty interest, a three-year primary term, and no surface activity associated with the lease.

Appropriate due diligence assessments of the property will be conducted in accordance with LCRA Board Policy 401 – Land Resources, to the extent applicable, prior to the execution of any lease.

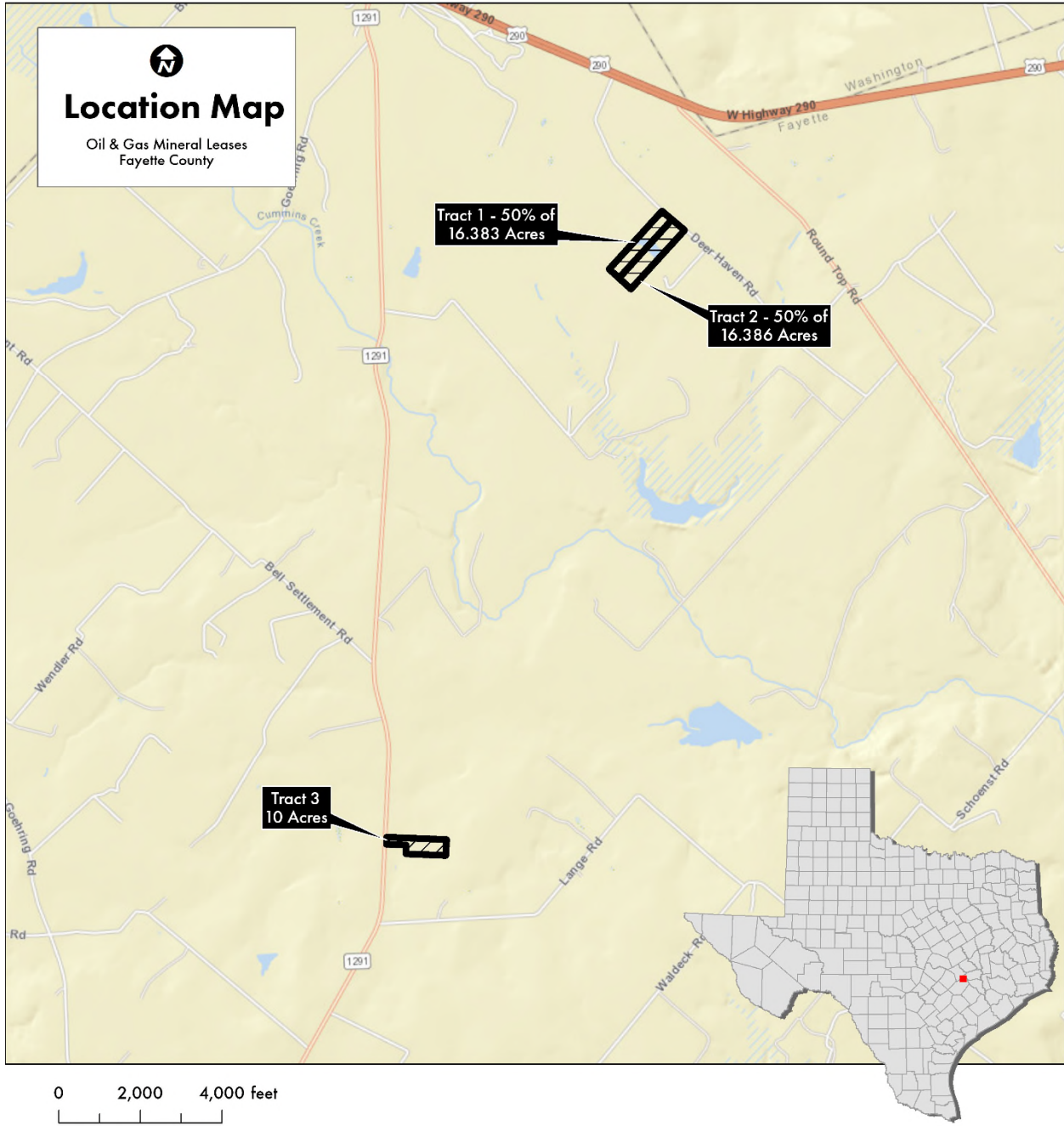
Presenter(s)

Glenn Williams
Senior Vice President, Commercial Asset Management

Exhibit(s)

A – Location Map

EXHIBIT A



FOR ACTION

14. Fiscal Year 2020 LCRA Business Plan Amendment

Proposed Motion

Approve and ratify an amendment to the fiscal year 2020 LCRA business plan to increase authorization for spending in fiscal year 2020 from \$366.5 million to \$392.4 million.

Board Consideration

LCRA Board Policy 301 – Finance requires annual approval of a business plan by the LCRA Board of Directors. The policy requires additional Board approval if annual expenditures for operations or capital are expected to exceed Board-authorized levels. LCRA operating and maintenance expenditures exceeded the Board-approved amounts, and staff is seeking approval to increase the FY 2020 operations budget.

Budget Status and Fiscal Impact

There is no fiscal impact associated with this item. LCRA's actual spending for FY 2020 operations expense exceeded the business plan operations budget of \$366.5 million by \$25.9 million. This variance is due to expenditures for personal protective equipment purchased on behalf of the Texas Division of Emergency Management. These costs were reimbursed by TDEM prior to fiscal year-end.

Summary

The LCRA Board of Directors approved the FY 2020 business and capital plans in May 2019, establishing a spending limit for FY 2020 operations of \$366.5 million. The current year-end actual spend for FY 2020 operations was \$392.4 million, an increase of \$25.9 million or 7%.

The FY 2020 business plan increase in operational expenses is due to expenditures for the expedited purchase of personal protective equipment on behalf of the Texas Division of Emergency Management. The contract under which this activity was conducted was ratified by the Board in May 2020. These procurement activities enabled the state to quickly source needed equipment to meet the challenges of the current pandemic. All expenditures for these purchases were reimbursed by TDEM prior to the end of fiscal year 2020.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

15. Agricultural Reserve Fund

Proposed Motion

Approve funding of the Agricultural Reserve Fund with \$13 million from management reserves.

Board Consideration

LCRA Board Policy 301 – Finance governs the funding and use of the Agricultural Reserve Fund. Section 301.609 requires Board of Directors approval of any funding and disbursements from the Agricultural Reserve Fund.

Budget Status and Fiscal Impact

Approval of this item will have no impact on the fiscal year 2021 budget, as the funds will be sourced from management reserves.

Summary

In December 2019, the Board established the Agricultural Reserve Fund in Board Policy 301 – Finance to provide funds to mitigate rate shock to customers. Staff recommends funding the Agricultural Reserve Fund with \$13 million from management reserves.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

16. Contracts and Contract Changes

Proposed Motion

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

Board Consideration

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

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

Budget Status and Fiscal Impact

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

Summary

Supplier (Contract Number)	Spending	Supplying
Brace Integrated Services, Inc. (5601), Travis Industries, LLC (5605) and Performance Contracting, Inc. (5657)	\$23 million	Blasting, coating and scaffolding services
Opifex, LLC (5611); Harris County Rentals, LLC dba Texas State Rentals (5660)	\$40 million	General and heavy equipment rental services and crane rental services
Cajun Industries, LLC (5665)	\$2.1 million	Lakeside River Plant repair services

Presenter(s)

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – New Contracts

B – Contract Administration

EXHIBIT A

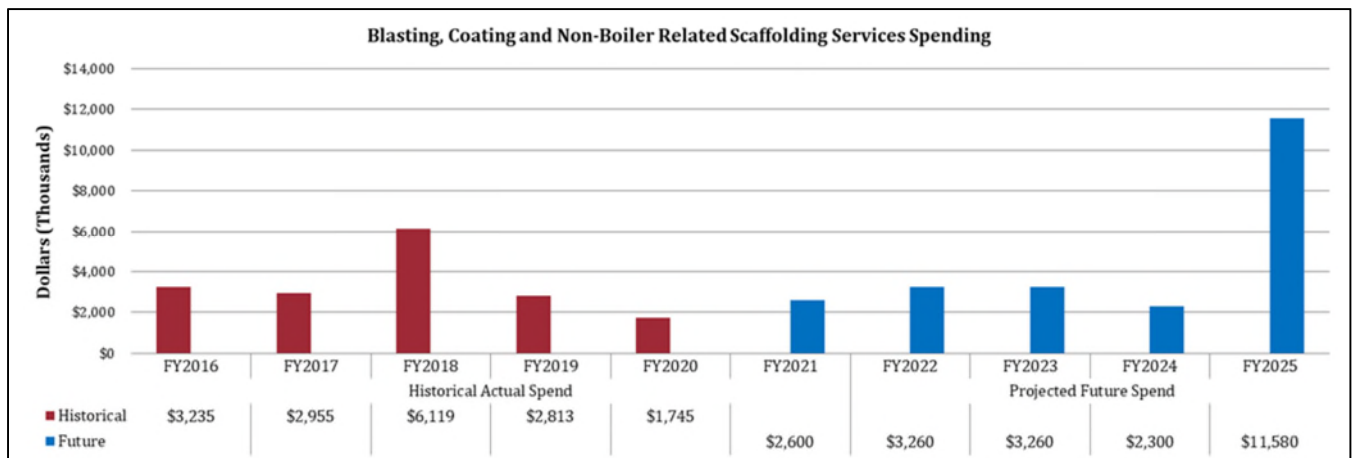
New Contracts

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

Contract No. 5601, 5605, 5657
Supplier: Brace Integrated Services, Inc., Travis Industries, LLC and Performance Contracting, Inc.
Contract Amount: Not to exceed \$23 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of blasting, coating and scaffolding services used by LCRA.

Background:

- Corrosion prevention services (blasting and coating) are used to maintain facilities throughout LCRA. The majority of services are for annual scheduled maintenance at power plants and the maintenance and restoration of dams.
- The previous contract was for blasting and coating services only, and a separate contract was used for scaffolding associated with the blasting and coating projects.
- Since scaffolding is an integral part of the process for most coating projects and requires the coordination of schedules between suppliers, general scaffolding was added to the scope of the blasting and coating services to mitigate risk and streamline project management.
- A separate contract for specialized boiler scaffolding will remain in place and will be used for boiler recoating projects.
- The majority of future capital project work will occur in FY 2025.



Actions:

- LCRA invited six suppliers to participate. LCRA received and evaluated five proposals.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$23 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based upon the evaluation and subsequent negotiations, LCRA recommends Brace Integrated Services, Inc., Travis Industries, LLC and Performance Contracting, Inc. as the suppliers for this category.

Contract No. 5611 and 5660

Supplier: Opifex, LLC and Harris County Rentals, LLC dba Texas State Rentals (adding these suppliers to the original contract award)

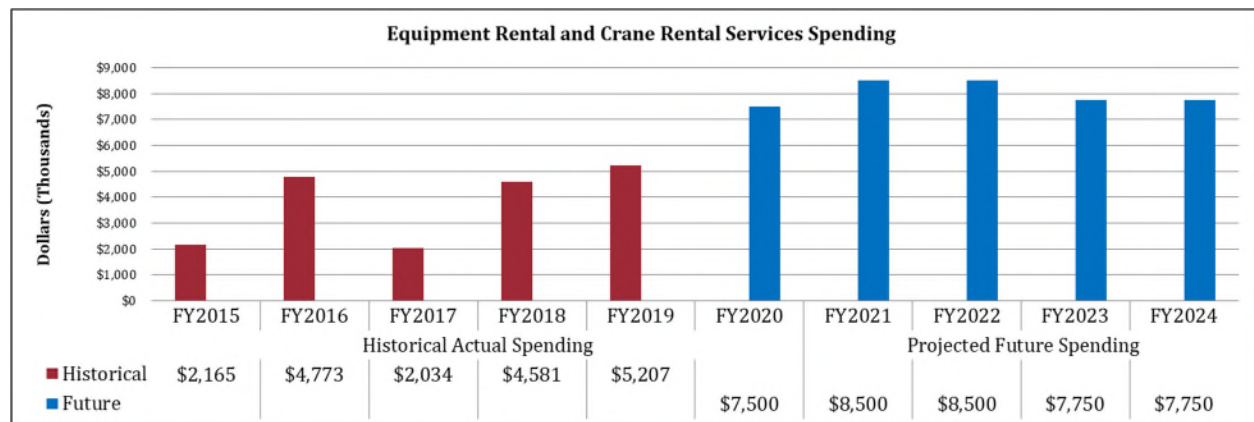
Contract Amount: Not to exceed \$40 million (no additional funds above the \$40 million the Board approved in May 2020)

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

Description: These master contracts are for the provision of general and heavy equipment rental services and crane rental services.

Background:

- In May 2020, the Board approved a \$40 million shared sum contract between United Rentals (North America), Inc.; Texas First Rentals, LLC; Nueces Power Equipment; Texas Crane Service, Inc.; and TNT Crane & Rigging, Inc. for the provision of general and heavy equipment rental services and crane rental services to support LCRA enterprisewide. Due to widespread geographical locations and the volume of work, staff recommends Opifex, LLC and Harris County Rentals, LLC dba Texas State Rentals as additional suppliers for this category (adding suppliers, not adding funds).



Actions:

- LCRA invited 21 suppliers to participate. LCRA received 10 proposals and evaluated nine.
- Equipment inventory, quality and condition were the highest-weighted criteria for the evaluation.
- The contract award amount is not to exceed \$40 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based upon the evaluation and subsequent negotiations, LCRA recommends Opifex, LLC and Harris County Rentals, LLC dba Texas State Rentals as additional suppliers for this category.

Contract No. 5665

Supplier: Cajun Industries, LLC

Contract Amount: Firm fixed price \$2,105,125

Contract Length: Until fulfilled

Description: This one-time contract is for repairs to the Lakeside River Plant.

Background:

- LCRA's Lakeside River Plant sustained damages during Hurricane Harvey.
- The services included under this contract are to repair the erosion damage and to protect the existing canals, structures, revetment mat and earthwork.

Actions:

- LCRA invited 28 suppliers to participate. LCRA received and evaluated four proposals.
- Contractor experience and key personnel experience were the highest-weighted criteria for the evaluation.
- The contract award amount is a firm fixed price of \$2,105,125.
- Based upon the evaluation and subsequent negotiations, LCRA recommends Cajun Industries, LLC as the supplier for this category.

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