



Board Agenda

Tuesday, Dec. 15, 2020
Horseshoe Bay Resort
Granite Ballroom
200 Hi Circle N.
Horseshoe Bay, TX 78657
Earliest start time: 2 p.m.

Items From the Chair

- 1. Comments From the Public 3

Items From the General Manager

General Manager’s Update

Consent Items

- *2. Conveyance of Fiber Optic Cable Easement in Travis County 5
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Action/Discussion Items

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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 may go into Executive Session to receive advice from legal counsel on any item listed above and discuss any real estate-related item listed above, pursuant to Chapter 551 of the Texas Government Code.

Legal Notice

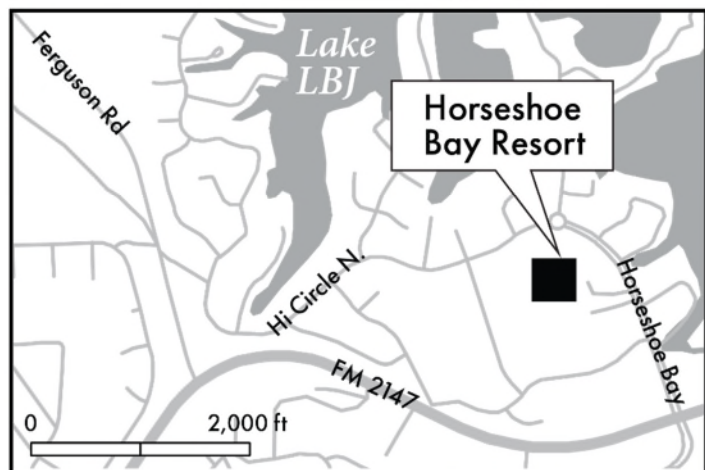
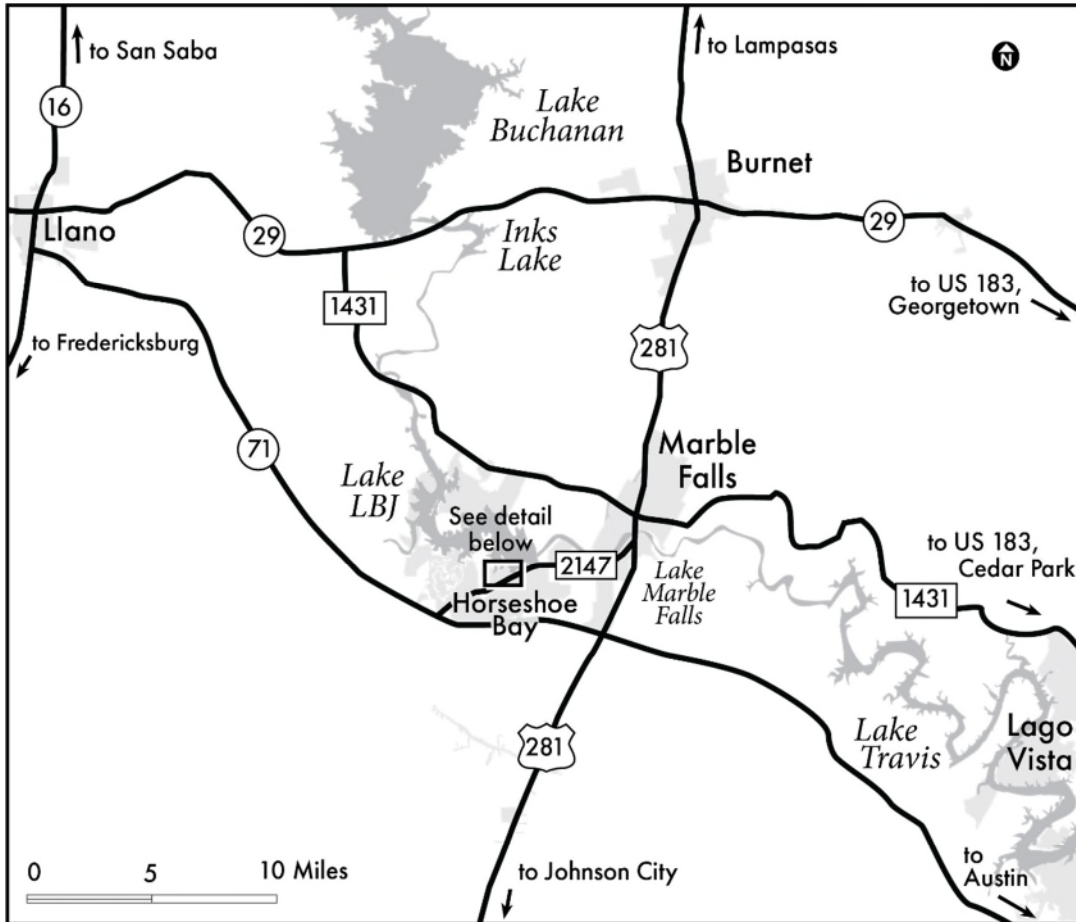
Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at www.sos.texas.gov/open/index.shtml.

Horseshoe Bay Resort

Granite Ballroom

200 Hi Circle N.

Horseshoe Bay, TX 78657



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. 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 upon to make comments at the appropriate time.

Please note: Each attendee will be required to wear a face covering in accordance with the Horseshoe Bay Resort policy.

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)

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

2. Conveyance of Fiber Optic Cable Easement in Travis County

Proposed Motion

Authorize the general manager or his designee to convey to Verizon Wireless a 0.07-acre subsurface fiber optic cable easement across a portion of LCRA parcels SC-01 and SC-03 in Travis County in order for Verizon to install an underground fiber 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.

Budget Status and Fiscal Impact

The fiscal year 2021 business plan contains the administrative costs associated with the conveyance of this easement. The proceeds of \$8,195 will be credited to the LCRA Strategic Reserve Fund.

Summary

LCRA acquired SC-01 in 1969 for the purpose of developing the Dalchau Service Center. LCRA acquired SC-03 in 1980 for the purpose of expanding the Dalchau Service Center.

Verizon Wireless requested the subsurface easement across LCRA land to connect fiber to its equipment building at the site.

The approximately 0.07-acre subsurface easement will be granted to Verizon for \$8,195. This price is based on Travis County Appraisal District values for the subject tract and adjoining properties.

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



3. Sale of Land in Burnet County (Parcel JE-03)

Proposed Motion

Declare an approximately 0.015-acre (667 square feet) tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential, and authorize the general manager or his designee to sell the property to the adjoining landowner.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property.

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 \$19,315 will be credited to the LCRA Strategic Reserve Fund.

Summary

Ubaldo Torres Jr, the adjacent landowner, has agreed to purchase a 0.015-acre (667 square feet) fill encroachment, which will permanently resolve the encroachment. The 0.015-acre (667 square feet) tract is priced at \$19,315. Staff determined the price based on the Burnet County Appraisal District's assessed values of Torres'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 LBJ for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
- 3) LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

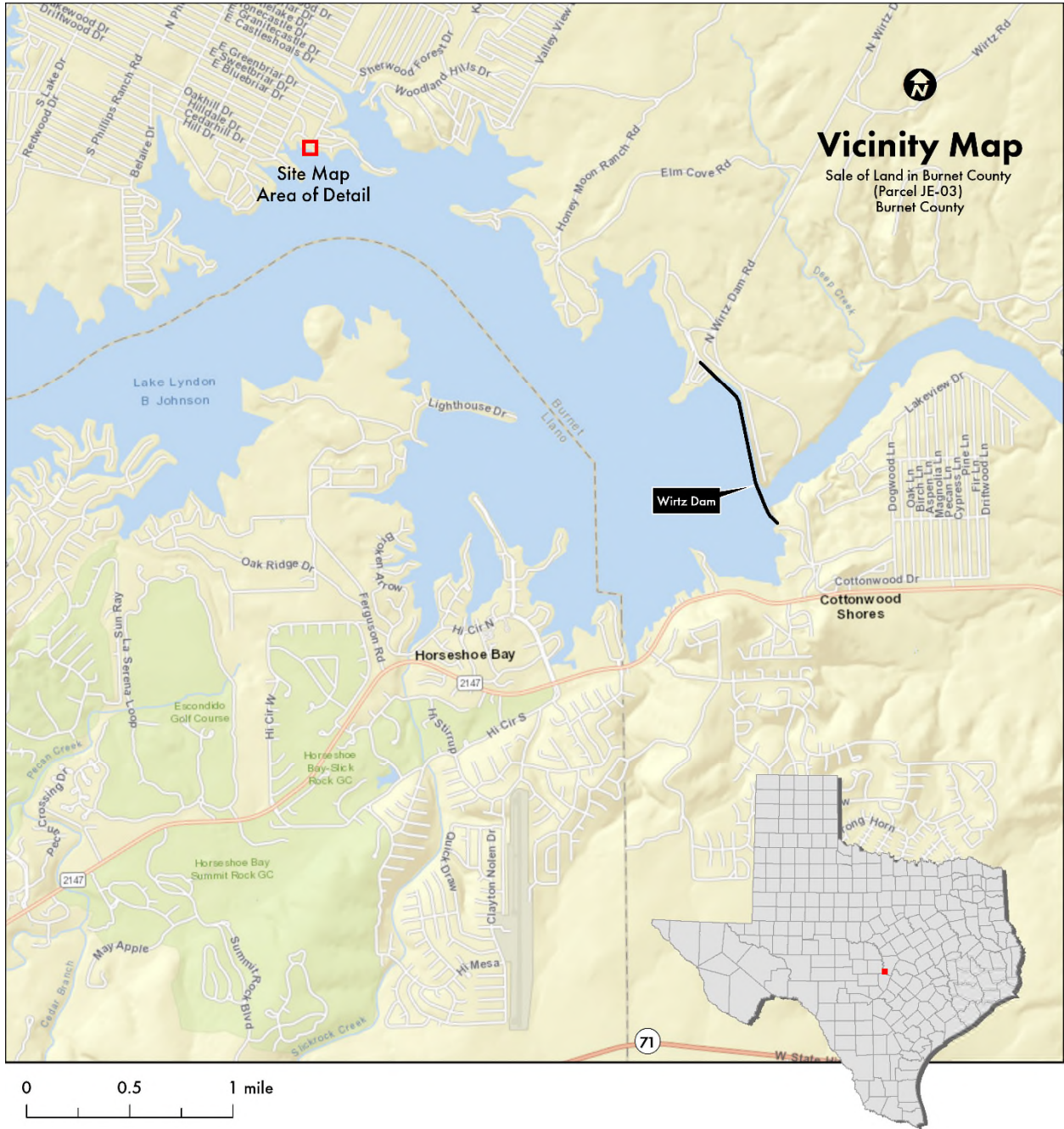


EXHIBIT B



FOR ACTION (CONSENT)

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

4. Sale of Land in Burnet County

Proposed Motion

Declare an approximately 7.53-acre tract of land, being portions of LCRA Parcel JE-01 in Burnet County, nonessential, and authorize the general manager or his designee to do all things reasonably necessary to sell the property to LCRA Transmission Services Corporation for \$256,020.

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 fiscal year 2021 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$256,020 will be credited to the LCRA Strategic Reserve Fund.

Summary

LCRA acquired Parcel JE-01 in 1949 for the construction of Wirtz Dam and Lake LBJ. The 7.53-acre tract is located adjacent to the existing Wirtz Substation. LCRA staff is proposing the sale of this property to LCRA TSC in order to allow LCRA TSC to complete a necessary erosion control project at the Wirtz Substation. The appropriate departments within LCRA reviewed the proposed sale of this property and determined the sale would have no adverse impact on LCRA operations. LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the property.

The property will be sold to LCRA TSC 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) The deed will stipulate that if, in the future, LCRA TSC no longer uses the property as part of the Wirtz Substation or sells the substation to another entity, ownership of this property will revert to LCRA.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

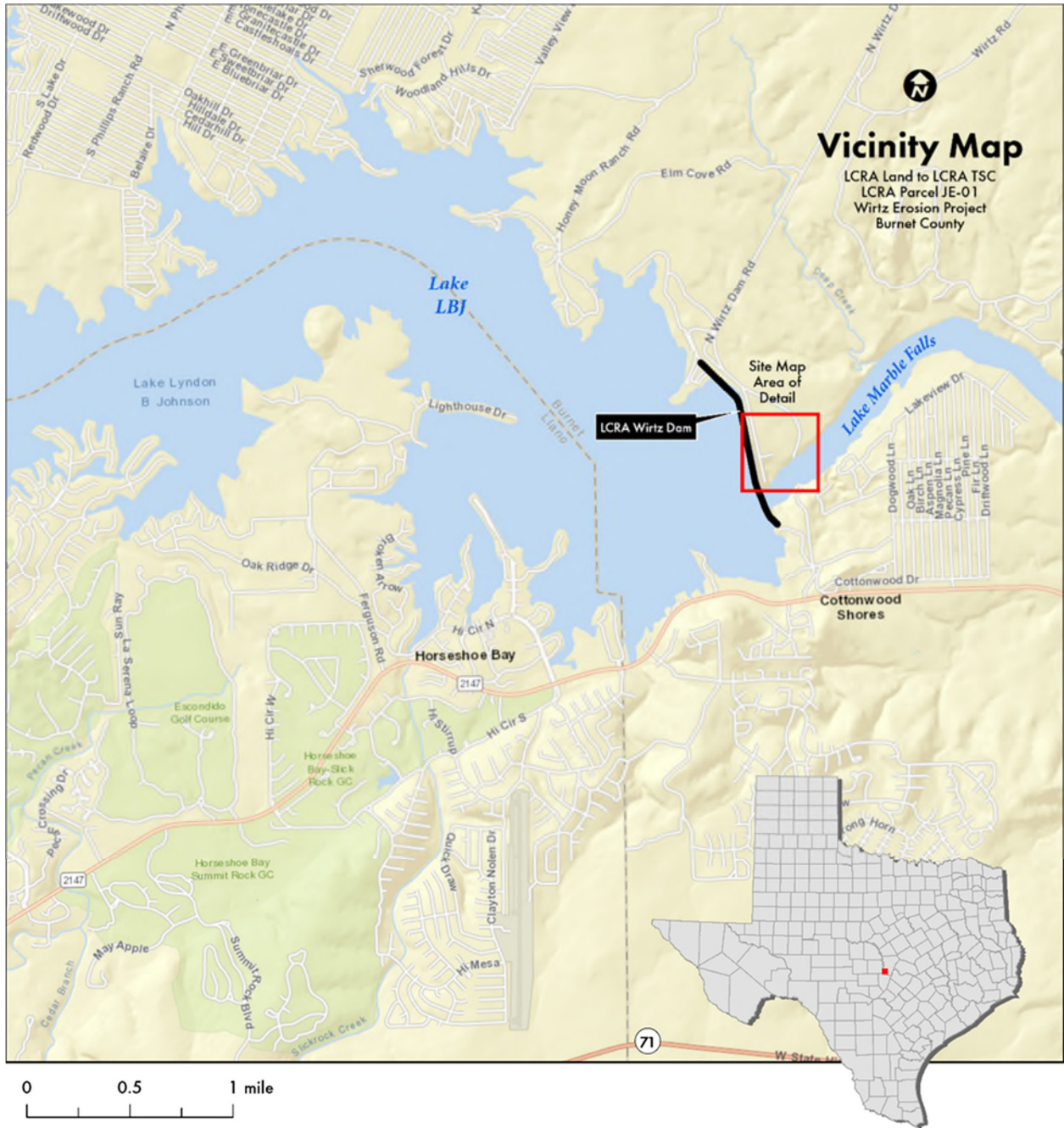


EXHIBIT B



FOR ACTION (CONSENT)

5. Annual Appointment of Independent Auditor

Proposed Motion

Appoint Baker Tilly US, LLP, as LCRA's independent auditor to perform the external audits of the fiscal year 2021 financial statements of LCRA and its affiliated corporations.

Board Consideration

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

Budget Status and Fiscal Impact

Audit fees are included in the fiscal year 2021 business plan.

Summary

The Audit and Risk Committee at its Nov. 18 meeting received a recommendation from the general auditor to appoint Baker Tilly as LCRA's independent auditor to perform external audits of the FY 2021 financial statements of LCRA and its affiliated corporations. The general auditor's recommendation resulted from staff's review of proposals from six auditing firms and consultation with LCRA's financial and executive management. The Audit and Risk Committee voted unanimously to recommend the approval of Baker Tilly for the FY 2021 audits.

FOR ACTION (CONSENT)

6. Directors' Attendance at Seminars, Conferences

Proposed Motion

Approve directors' attendance at seminars or conferences for calendar year 2021.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

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

Exhibit(s)

A – 2021 Annual Conferences and Travel for Board Approval

EXHIBIT A

2021 ANNUAL CONFERENCES AND TRAVEL FOR BOARD APPROVAL

Jan. 21-22	Texas Rural Water Association/Texas Water Conservation Association Water Laws Seminar (virtual event)
Feb. 10-11	Changing Face of Water Law Course (virtual event)
Feb. 18-24	National Rural Electric Cooperatives Association PowerXChange (virtual event)
TBD	Texas Water Conservation Association Annual Convention (location TBD)
April 14-16	Texas Land Conservation Conference (virtual event)
TBD	Texas Water Conservation Association Midyear Conference, (location TBD)
Aug. 1-4	Texas Electric Cooperatives Annual Meeting, The Fairmont Hotel, Austin, Texas
TBD	National Association of Corporate Directors – Global Board Leaders’ Summit, (location TBD)
Oct. 22-23	Texas Water Conservation Association Fall Conference (virtual event)
Nov. 2	Texas Conference for Women (location TBD)
TBD	Texas Water Law Annual Conference (location TBD)
TBD	National Association of Corporate Directors Texas Tricities, Austin-Houston-San Antonio Chapter Meetings

FOR ACTION (CONSENT)

7. 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)

8. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Oct. 21, 2020, meeting.

Board Consideration

Section 2.04 of the LCRA bylaws requires the secretary to keep minutes of all meetings of the Board of Directors.

Budget Status and Fiscal Impact

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

Summary

Staff presents the minutes of each meeting to the Board for approval.

Exhibit(s)

A – Minutes of Oct. 21, 2020, meeting

EXHIBIT A

Minutes Digest
Oct. 21, 2020

- 20-52 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a permanent transmission line easement, being an approximately 2.83-acre tract and an approximately 5.54-acre tract for a total of 8.37 acres, across portions of LCRA parcels JE-01 and JW-01 in Burnet County.
- 20-53 Authorization for the general manager or his designee to convey to Vertical Bridge AM LLC an approximately 0.25-acre permanent telecommunications tower easement and a 30-foot-wide access easement across a portion of LCRA Parcel ME-03 in Burnet County.
- 20-54a Approval of changing the date of the December 2020 LCRA Board of Directors meeting to Tuesday, Dec. 15.
- 20-54b Approval of changing the date of the April 2021 LCRA Board of Directors meeting to Wednesday, April 28, 2021.
- 20-55 Re-approval (with no changes) of LCRA Board Policy 603 – Energy Transactions.
- 20-56 Approval of directors’ fees and expense reimbursements.
- 20-57 Approval of the minutes of the Aug. 19, 2020, and Sept. 23, 2020, meetings.
- 20-58 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5702 (McGriff, Seibels & Williams, Inc.) and Contract No. 5552 (Classic Connectors USA, LLC.).
- 20-59 Adoption and approval of the Fifty-seventh Supplemental Resolution to the Master Resolution authorizing the issuance of revenue bonds (the Bonds), in one or more series in an amount not to exceed \$600 million for the following purposes: (i) refund certain outstanding LCRA revenue bonds and other long-term obligations, (ii) refund outstanding LCRA commercial paper or notes, (iii) acquire system improvements, including prepayment of power and fuel agreements, (iv) fund a debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (v) pay for issuance costs of the Bonds.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Oct. 21, 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 2:01 p.m. Wednesday, Oct. 21, 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
Michael L. "Mike" Allen
Lori A. Berger
Laura D. Figueroa [attended via videoconference]
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson [attended via videoconference]
Thomas L. "Tom" Kelley
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane, Secretary
Robert "Bobby" Lewis

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 2:01 p.m.

The Board heard public comments (Agenda Item 1). Brian Thompto, chairman, Steiner Ranch Neighborhood Association, and Brett Abbott, resident, speaking on behalf of the Marshall Ford Vista neighborhood, addressed the Board and expressed concerns relating to the potential sale and rezoning of property, portions of LCRA parcels TN-01 and TN-02, located near Mansfield Dam in Travis County.

[Director Johnson left after public comments and was absent from the remainder of the meeting.]

General Manager Phil Wilson gave the Board an update. He highlighted one of LCRA's core values, focus on safety, noted the upcoming Safety Week for employees, and shared a story about an employee demonstrating the core value – focus on safety. Wilson noted the annual Employee Service Awards and thanked award recipients for their contributions and service to the people of Texas over the years. Wilson expressed appreciation for LCRA employees stepping up during this critical time of the pandemic.

Controller Julie Rogers presented financial highlights for September 2020 and fiscal year-to-date [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Director Yeary, the Board unanimously approved consent items 3, 4, 5, 6, 7, 8 and 9 included on the Oct. 21, 2020, consent agenda by a vote of 12 to 0 as follows:

20-52 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a permanent transmission line easement, being an approximately 2.83-acre tract and an approximately 5.54-acre tract for a total of 8.37 acres, across portions of LCRA parcels JE-01 and JW-01 in Burnet County, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

20-53 Authorization for the general manager or his designee to convey to Vertical Bridge AM LLC an approximately 0.25-acre permanent telecommunications tower easement and a 30-foot-wide access easement across a portion of LCRA Parcel ME-03 in Burnet County, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

20-54a Approval of changing the date of the December 2020 LCRA Board of Directors meeting to Tuesday, Dec. 15, as recommended in Consent Item 5 [attached hereto as Exhibit C].

20-54b Approval of changing the date of the April 2021 LCRA Board of Directors meeting to Wednesday, April 28, 2021, as recommended in Consent Item 6 [attached hereto as Exhibit D].

20-55 Re-approval (with no changes) of LCRA Board Policy 603 – Energy Transactions, as recommended by staff in Consent Item 7 [attached hereto as Exhibit E].

20-56 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 8 [attached hereto as Exhibit F].

20-57 Approval of the minutes of the Aug. 19, 2020, and Sept. 23, 2020, meetings [Consent Item 9].

[Director Figueroa left the meeting temporarily and was absent for voting on Agenda Item 11.]

20-58 Vice President of Supply Chain Matt Chavez presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit G], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5702 (McGriff, Seibels & Williams, Inc.) and Contract No. 5552 (Classic Connectors USA, LLC.). Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 11 to 0.

20-59 Treasurer David J. Smith presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board adopt and approve the Fifty-seventh Supplemental Resolution to the Master Resolution authorizing the issuance of revenue bonds (the Bonds), in one or more series in an amount not to exceed \$600 million for the following purposes: (i) refund certain outstanding LCRA revenue bonds and other long-term obligations, (ii) refund outstanding LCRA commercial paper or notes, (iii) acquire system improvements, including prepayment of power and fuel agreements, (iv) fund a debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (v) pay for issuance costs of the Bonds.

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 a 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, including providing for the addition of improvement and/or refunding to the name 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 and the selection of an underwriting team for the Bonds and to execute a bond purchase agreement.

Upon motion by Director Kelly, seconded by Director Russell, the recommendation was unanimously approved by a vote of 12 to 0.

Chair Timmerman declared the meeting to be in executive session at 2:25 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 2:37 p.m.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 2:37 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Dec. 15, 2020

FOR DISCUSSION

9. LCRA Water Rates for Calendar Year 2021

Summary

Staff will present for discussion proposed water rates for calendar year 2021.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

FOR ACTION

10. Sale of Land in Burnet County

Proposed Motion

Declare an approximately 49-acre tract of land, being a portion of LCRA Parcel ME-03 in Burnet County, nonessential, and authorize the general manager or his designee to do all things reasonably necessary to convey the property to the City of Marble Falls.

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 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 2021 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$107,800 will be credited to the LCRA Strategic Reserve Fund.

Summary

In 1990 LCRA acquired approximately 278 acres of land, Parcel ME-03 (Shifflett Tract), and granted the City of Marble Falls a perpetual irrigation easement on the property. The easement allows the city to dispose of its treated domestic wastewater effluent on the LCRA tract. Marble Falls wants to acquire a 49-acre parcel out of the 278-acre tract to construct a new wastewater treatment plant to replace an existing plant located in the floodplain. The appropriate departments within LCRA reviewed the proposed sale of this property and determined the sale would have no adverse impact on LCRA operations. LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before closing. Marble Falls will provide a survey of the 49-acre tract.

Marble Falls had a portion of the Shifflett tract appraised by an independent, licensed and certified third-party appraiser. Based on this appraisal, Marble Falls and LCRA have agreed to a price of \$2,200 per acre, or \$107,800, for the 49-acre tract. Marble Falls has requested a closing on the 49 acres by Dec. 31, 2020.

The 49-acre tract 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 reserve access through existing roads to all remaining portions of Parcel ME-03.

Presenter(s)

Mark Sumrall
Director, Real Estate Services

Exhibit(s)

A – Vicinity Map
B – Site Map

EXHIBIT A

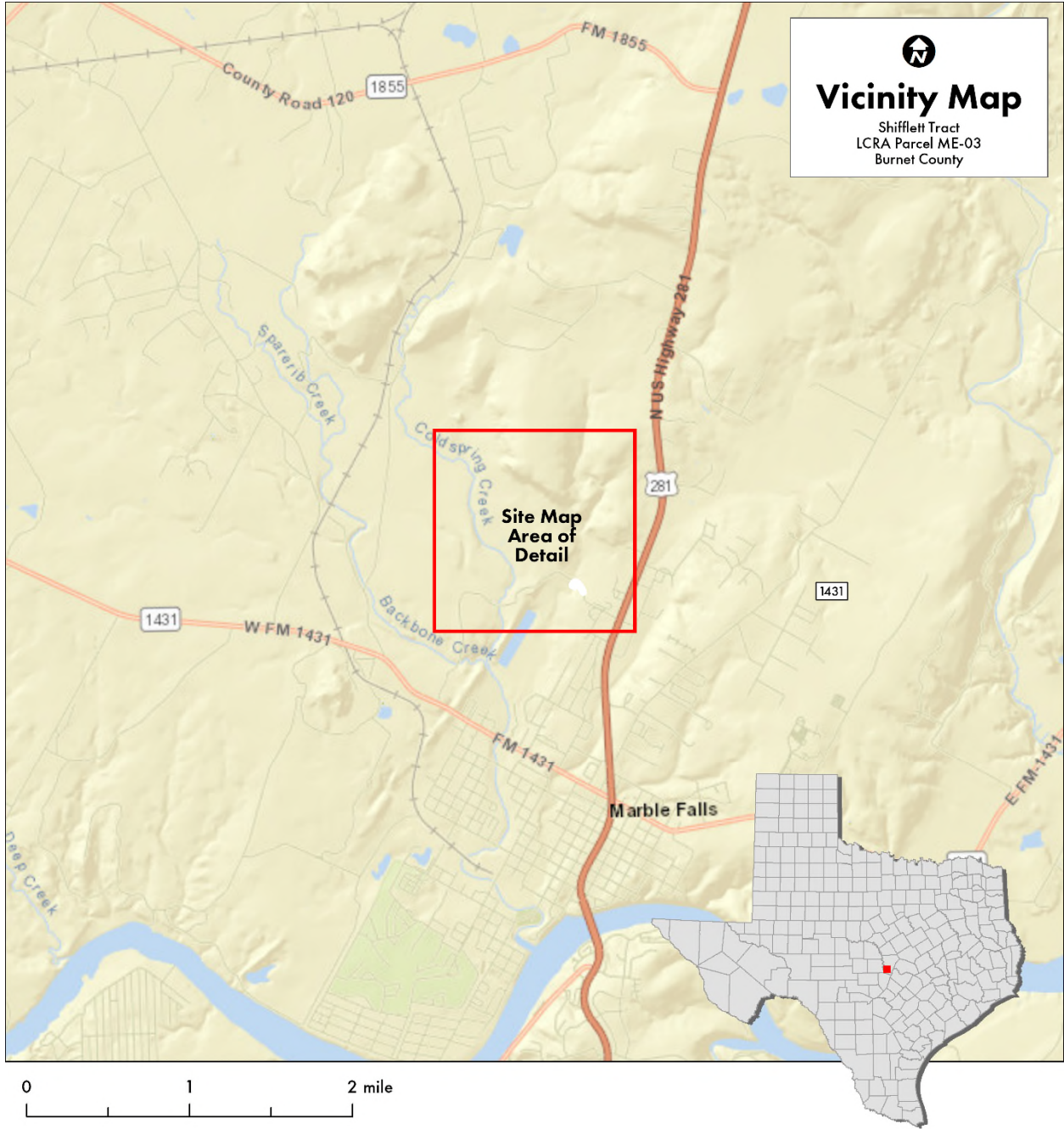
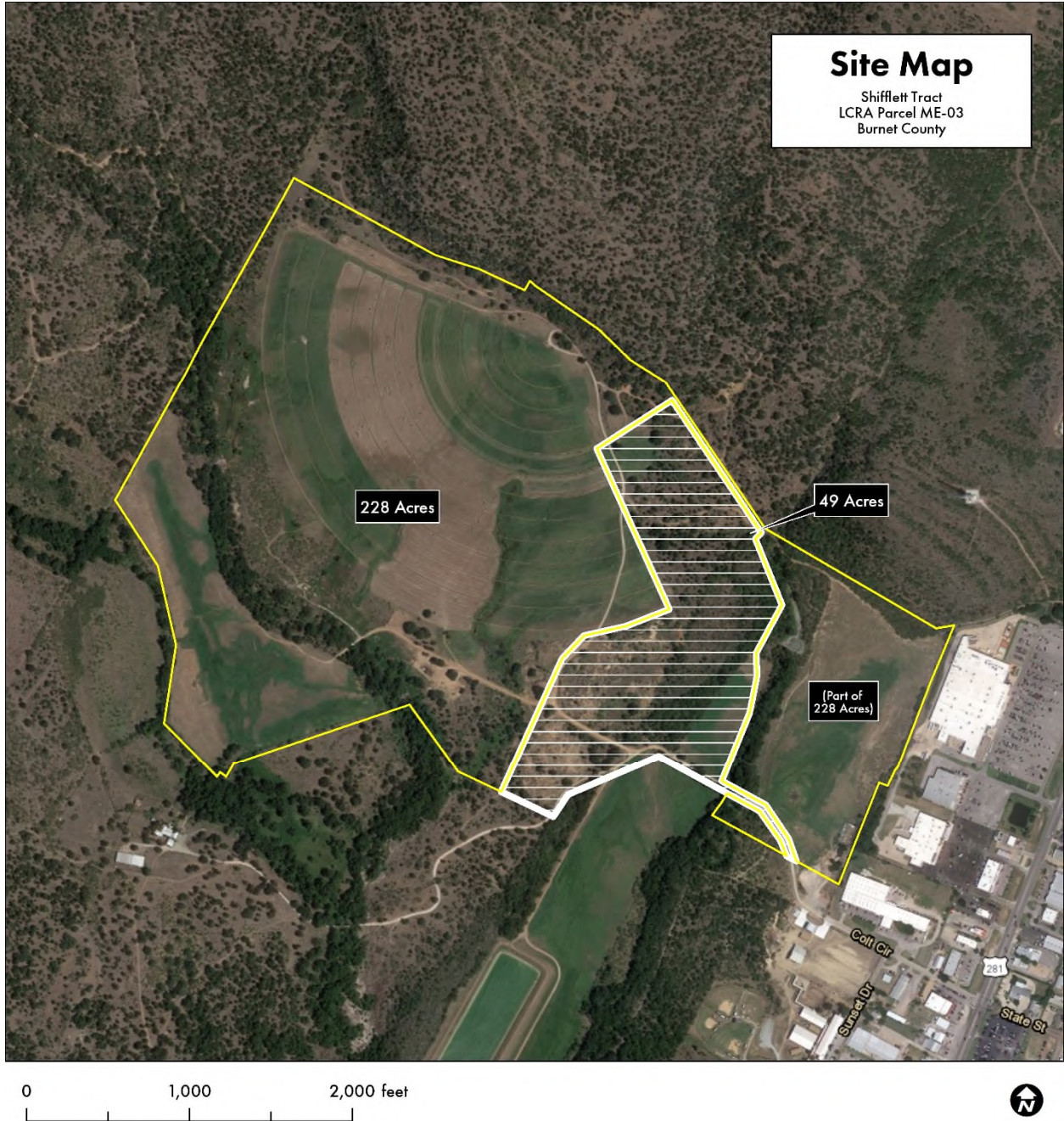


EXHIBIT B



FOR ACTION

11. LCRA Board Policy 308 – Purchasing Contracts

Proposed Motion

Approve revisions to LCRA Board Policy 308 – Purchasing Contracts as shown in Exhibit A.

Board Consideration

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

Budget Status and Fiscal Impact

Approval of this item will have not budgetary or fiscal impact.

Summary

Staff recommends approval of the proposed change to Board Policy 308 as shown in Exhibit A. The change increases the Board contract approval limit from \$2 million to \$5 million for any contract for goods, services (excluding consulting services), construction or software with projected expenditures, whether under the original contract or as a result of a change order. Staff reviewed this proposed change with the Finance Committee at its Oct. 20 meeting.

The approval limit was last adjusted more than 11 years ago in 2009. Since that time, there has been significant growth in the volume of contracts required primarily due to LCRA Transmission Services Corporation activities. Increasing the Board approval limit to \$5 million will improve staff's ability to meet the organization's expectations for procurement by decreasing contract processing time and eliminating negotiation constraints for about 25% of the contracts normally approved by the Board each year. At the recommended level, staff expects the value of the contracts approved by the Board will be about 5% lower, maintaining a high degree of oversight on the overall process. Additionally, the Board will continue to receive quarterly reports for spending projected to exceed \$100,000 on any contract.

Presenter

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – Proposed Revisions to LCRA Board Policy 308 – Purchasing Contracts

EXHIBIT A

LCRA BOARD POLICY

308 – PURCHASING CONTRACTS

~~Sept. 21, 2016~~ Dec. 15, 2020

308.10 PURPOSE

This policy establishes requirements for contracts for the purchase of goods, services, construction and software. This policy does not apply to contracts addressed in Board Policy 603 – Energy Transactions; or Board Policy 207 – Legal Matters and Alternative Dispute Resolution; it does not apply to contracts authorized and entered pursuant to Board Policy 301 – Finance or Board Policy 303 – Banking and Investments; and it does not apply to matters delegated by the LCRA Board of Directors to the LCRA Retirement Benefits Board of Trustees.

308.20 POLICY

It is the policy of LCRA that contracting for the purchase of goods, services, construction and software will take place in accordance with applicable legal requirements in a cost-effective, fair, competitive and inclusive manner.

308.30 BOARD APPROVAL REQUIREMENTS

Board approval is required for:

1. Any contract for consulting services with projected expenditures exceeding \$100,000, whether under the original contract or as a result of a change order; and
2. Any contract for goods, services (excluding consulting services), construction or software with projected expenditures exceeding ~~\$25~~ million, whether under the original contract or as a result of a change order.

308.40 PROCEDURES

The general manager/CEO will ensure appropriate contracting procedures are developed and implemented.

308.50 REPORTING TO THE BOARD

The GM/CEO will provide a quarterly report to the Board on all contracts subject to this policy with projected expenditures exceeding \$100,000.

308.60 DISPOSAL OF SURPLUS MATERIALS

Materials no longer necessary, convenient or beneficial to LCRA may be sold, transferred or conveyed by the GM/CEO.

308.70 AUTHORITY

Texas Government Code, Chapter 2254

Texas Water Code, sections 49.211-49.232

Texas Health and Safety Code, Section 361.426 (Vernon's. Supp. 1992)

LCRA enabling legislation

LCRA bylaws, sections 3.02, 3.04, 6.01 and 6.02

30 Texas Administrative Code, Section 292.13(4)

EFFECTIVE: July 1, 2002. Amended June 5, 2007; May 20, 2009; Feb. 16, 2011; ~~and~~ Sept. 21, 2016; and Dec. 15, 2020. Combined from Board Policy 209 – Purchasing effective April 1986. Amended March 19, 1987 (republished); Dec. 14, 1989; April 23, 1992; Feb. 18, 1993; Sept. 22, 1994; May 18, 1995; Oct. 20, 1999; and June 21, 2000; and Board Policy 204 – Contract Services effective Sept. 19, 1985. Republished June 23, 1988. Amended Dec. 12, 1991; May 20, 1993; Sept. 22, 1994; and March 22, 2000.

FOR ACTION

12. 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 Number)	Approval Amount	Supplying
Baker Tilly US, LLP (5694)	\$2.1 million	Financial audit services
Northstar Elite Construction and Consulting, LLC (5704)	\$4.6 million	Matagorda Bay cabin construction
Bell Lumber & Pole Corp. (5715) and Stella-Jones Corp. (5716)	\$8.5 million	Wooden transmission poles
Evans Enterprises LLC (5724), Bradleys', Inc. (5725), Houma Armature (5726), and Integrated Power Services (5727)	\$3 million	Electric motors and services
EC Source Services, LLC (5681)	\$95 million	Transmission line construction and maintenance services

Supplier (Contract Number)	Approval Amount	Supplying
Irby Construction Company, Inc. (4921)	\$750 million	Transmission line construction and maintenance services
Service Now (4313)	\$3.8 million	Workflow automation software

Presenter(s)

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

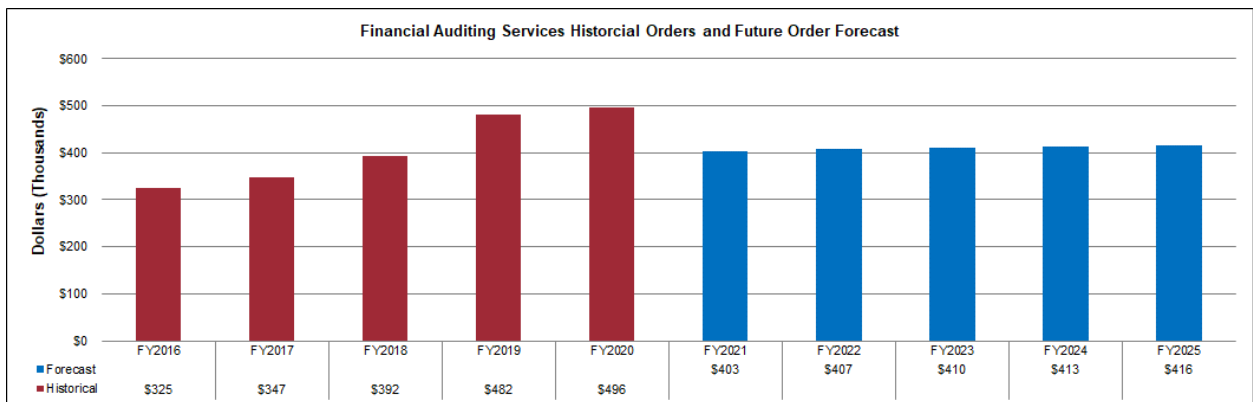
New Contracts

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

Contract No. 5694
Supplier: Baker Tilly US, LLP
Contract Amount: Not to exceed \$2.1 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of annual financial statement audits and other auditing services used by the controller and general auditor.

Background:

- LCRA engages an outside firm on an annual basis to conduct an examination of LCRA and LCRA affiliate financial statements in accordance with generally accepted auditing standards and to express an opinion as to the fairness of the financial statements in conformity with generally accepted accounting principles.
- LCRA may also engage the outside firm to perform other auditing services related to public debt issues, compliance reviews and other services typically provided by an independent audit firm.
- The order history under the prior contract was approximately \$2 million over the past five years.



Actions:

- LCRA invited 27 suppliers to participate, and LCRA received and evaluated six proposals.
- Company experience was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$2.1 million.
- Based upon the evaluation and subsequent negotiations, staff recommends Baker Tilly US, LLP, as the supplier for this category.

Contract No. 5704
Supplier: Northstar Elite Construction and Consulting, LLC
Amount: Not to exceed \$4.6 million
Contract Length: Until the contract is fulfilled
Description: This one-time contract is for the provision of cabin construction at Matagorda Bay Nature Park.

Background:

- As part of the fiscal year 2020 LCRA business plan, the Board approved the Matagorda Bay Nature Park Improvement capital improvement project.
- The project scope includes building renovations and adding a nine-hole mini golf course, shade structures and new elevated cabins.
- This contract procures the construction of the necessary infrastructure and utilities for new elevated, full-service cabins, which will repurpose existing RV campsites at Matagorda Bay Nature Park. The cabins will be constructed to adhere to the most recent building codes and will receive a Texas Windstorm certification.
- The new cabins will provide an estimated \$465,000 in additional annual revenue and provide a new amenity to the approximately 300,000 guests the park welcomes each year.

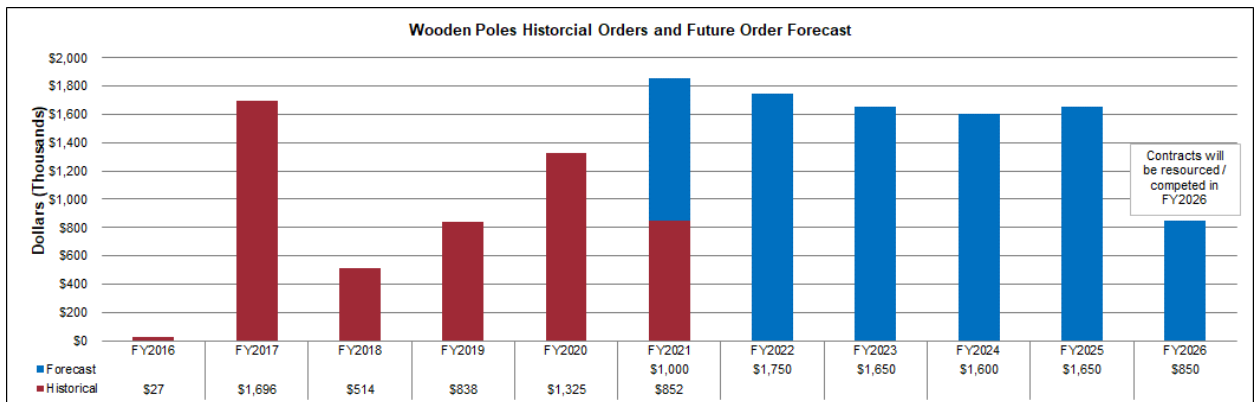
Actions:

- LCRA invited eight suppliers to participate, and LCRA received and evaluated four proposals.
- Supplier experience was the highest-weighted criterion for the evaluation. The recommended supplier has experience building structures along coastal regions, as well as experience with lightweight concrete decking.
- Based upon the evaluation and subsequent negotiations, staff recommends Northstar Elite Construction and Consulting, LLC as the supplier for this contract.

Contract No. 5715 and 5716
Supplier: Bell Lumber & Pole Corp., and Stella-Jones Corp.
Contract Amount: Not to exceed \$8.5 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provisioning of wooden poles used by Transmission.

Background:

- Transmission uses wooden poles at various locations to replace existing transmission line structures or to meet easement requirements for new construction. The order history under the prior contract was approximately \$5.3 million over the past five years.



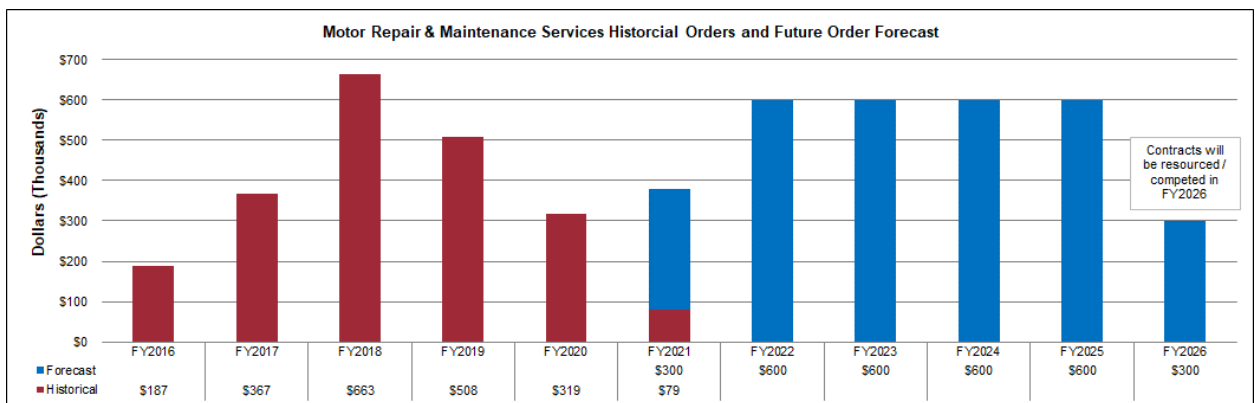
Actions:

- LCRA invited 13 suppliers to participate and posted this opportunity on the LCRA website. LCRA received six proposals and evaluated five.
- Delivery lead time and on-time delivery performance from past three years' projects was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$8.5 million. This amount represents a shared sum from which the proposed contracts may draw.
- Bell Lumber & Pole Corp. is a small business.
- Based upon the evaluation and subsequent negotiations, staff recommends Bell Lumber & Pole Corp., and Stella-Jones Corp.

Contract No. 5724, 5725, 5726, 5727
Supplier: Evans Enterprises LLC, Bradleys', Inc., Houma Armature, and Integrated Power Services
Contract Amount: Not to exceed \$3 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provisioning of motor repair and maintenance services across all LCRA generation and hydro facilities.

Background:

- LCRA operates thousands of electric motors across its power and hydroelectric generation fleet, ranging in size from 120-volt fractional horsepower to 6,000 horsepower and up to 13.8 volts.
- The suppliers will provide inspections, preventive maintenance, overhauls, general repair services and required parts for motor repair.
- The order history under the prior contracts was approximately \$2.4 million over the past five years.



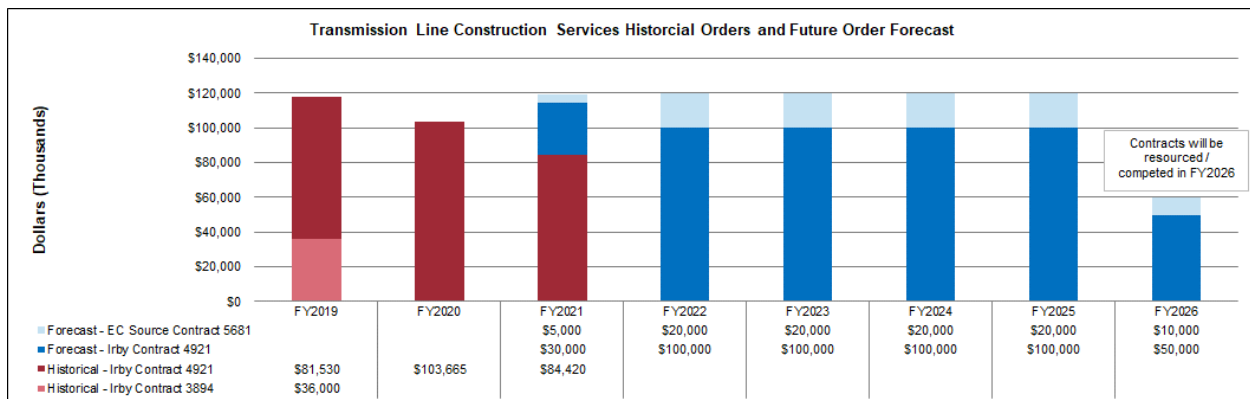
Actions:

- LCRA invited 17 suppliers to participate and posted this opportunity on the LCRA website. LCRA received and evaluated nine proposals.
- Capabilities was the highest-weighted criterion.
- The contract award amount is not to exceed \$3 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based upon the evaluation and subsequent negotiations, staff recommends Evans Enterprises LLC, Bradleys', Inc., Houma Armature, and Integrated Power Services as the suppliers for this category.

Contract No. 5681
Supplier: EC Source Services, LLC
Contract Amount: Not to exceed \$95 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of transmission line construction services.

Background:

- In August 2018, the Board approved a \$400 million alliance contract with Irby Construction Company Inc. for transmission line construction services.
- Based on historical use and forecast demand, Supply Chain facilitated a sourcing event to add additional transmission line construction services.
- EC Source Services was the best evaluated contractor and LCRA plans to use it to provide additional capacity.
- There is a corresponding Board approval item in Exhibit B, which will extend and co-term the existing Irby Construction Company Contract No. 4921 with this new contract.



Actions:

- LCRA invited 20 suppliers to participate, and LCRA received 15 proposals and evaluated 13 proposals.
- Previous project experience was the highest-weighted criterion for the first round of evaluation.
- LCRA interviewed the two highest-evaluated respondents for the second round of evaluation. The following criteria all were weighted equally for the second round of evaluation: responses to written questions, responses to impromptu questions, level of engagement, methodology and approach of core team, and methodology and approach of other participants.
- Based upon the evaluation and subsequent negotiations, staff recommends EC Source Services, LLC.

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 previously were 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 originally were awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

Contract No. 4921
Supplier: Irby Construction Company Inc.
Contract Amount: Not to exceed \$750 million
Contract Length: One-year optional extensions through December 2025
Description: This master contract is for the provision of transmission line construction services.

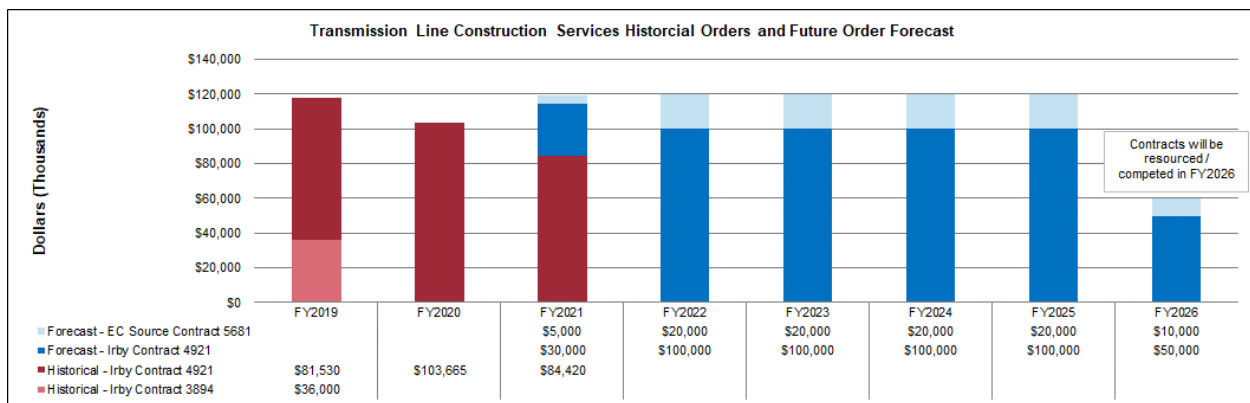
Background:

- In August 2018, the Board approved a \$400 million master contract with Irby Construction Company Inc. for transmission line construction services.
- LCRA has had a long-term relationship with Irby Construction Company Inc., which has repeatedly scored well in competitive solicitations, resulting in the award of multiple contracts with LCRA over the past 15 years.
- Irby has worked collaboratively with LCRA under our current master contract to bring value, innovation and improved safety to LCRA projects. It is an integral partner for supporting LCRA Transmission Services Corporation's capital plan.
- In two years, LCRA has issued more than \$265 million in work to Irby, or 66% of the Board-approved contract value.
- With the number and size of transmission line construction and maintenance projects projected to increase or remain steady over the next five years, the alliance contract funds will be depleted prior to the end of the initial five-year contract term.
- Approval is requested to add an additional \$350 million to the total contract approval to support both an increase in demand (about \$150 million) and to add an additional two-year term (\$200 million).

- To align this contract term with the new EC Source contract, approval is requested to extend and co-term the existing Irby Construction Company contract by adding optional annual renewals through December 2025.

Contract History:

Original Contract (August 2018)	\$400,000,000
Amendment No. 1 to extend contract for up to two additional years and increase in estimate (December 2020)	\$350,000,000
Total	<u>\$750,000,000</u>



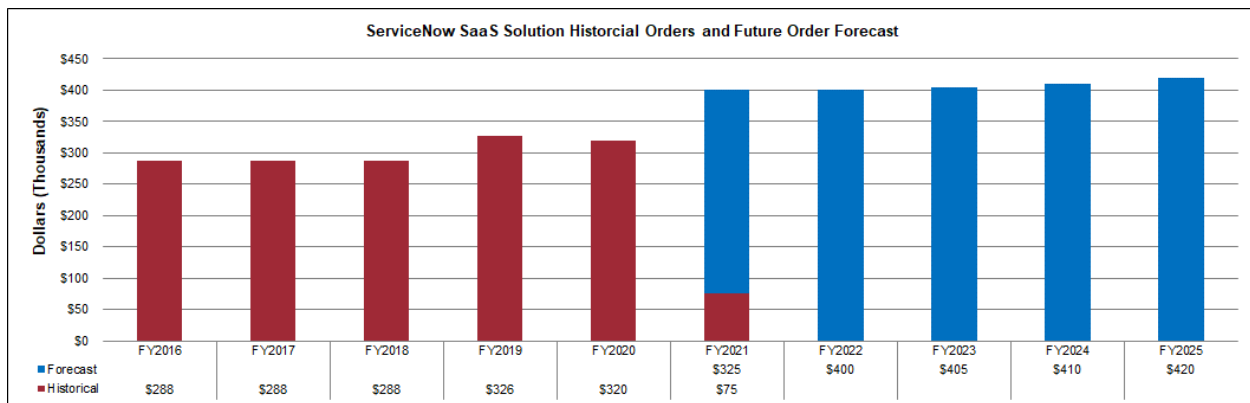
Contract No. 4313
Supplier: Service Now
Contract Amount: Not to exceed amount of \$3.8 million
Contract Length: Five years beyond the original one-year term (with four one-year extensions)
Description: This master contract is for the provision of ServiceNow’s software as a service.

Background:

- LCRA implemented ServiceNow’s software as a service solution in December 2010 to provide enterprise workflow automation, change and incident management, and asset tracking for digital services.
- The current contract was awarded in December 2015, at which time LCRA moved from procuring its subscription from a reseller to a direct purchase with Service Now. This provides for the most competitive annual subscription price.
- Based on LCRA’s continued use of ServiceNow, LCRA is requesting approval to add an additional five optional renewal years to the existing contract term and \$2 million to the approved contract amount, bringing the total contract value to \$3.8 million.
- The order history under the current contract was approximately \$1.6 million over the past five years.

Contract History:

Original Contract (December 2015)	\$1,500,000
Increase in Estimate No. 1 (January 2020)	\$ 300,000
Increase in Estimate No. 2 (December 2020)	\$2,000,000
Total	<u>\$3,800,000</u>



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