



**Board Agenda**  
**Wednesday, Jan. 20, 2021**

**Earliest start time: 11 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/>**

**Items From the Chair**

- 1. Comments From the Public ..... 3
- 2. Appointment of Directors to GenTex Power Corporation Board ..... 4
- 3. Appointment of Directors to LCRA’s Retirement Benefits Board of Trustees ..... 6

**Items From the General Manager**  
General Manager’s Update

**Items From the Chief Financial Officer**

- 4. Financial Highlights ..... 7

**Consent Items**

- \*5. Grant Transmission Line Easement in Matagorda County to American Electric Power..... 9
- 6. Resolution and Amendment No. Five to the Lower Colorado River Authority 401(k) Plan; Resolution and Amendment No. Four to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and Resolution and Amendment No. Eight to the Lower Colorado River Authority Deferred Compensation Plan ..... 12
- 7. LCRA Board Policy 303 – Banking and Investments..... 34
- 8. Directors’ Fees, Expenses..... 44
- 9. Minutes of Prior Meeting..... 45

**Action Items**

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- 11. LCRA Interruptible Agricultural Water Contract Rules and Rates for Garwood, Gulf Coast and Lakeside Agricultural Divisions ..... 51
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- 13. Delegation of Authority to the General Manager and Chief Executive Officer for Previously Approved Capital Projects ..... 56
- \*14. Authorize the Thirty-fourth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding Issuance of LCRA Transmission Services Corporation Series 2021 Refunding Revenue Bonds, and Authorize Related Agreements ..... 58

**Action Items (Continued)**

- \*15. Authorize the Thirty-fifth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding the LCRA Transmission Services Corporation Commercial Paper Program Tax-Exempt Series, and Authorize Related Agreements..... 61
- \*16. Approve the LCRA Transmission Contract Revenue Notes Series F Note Purchase Agreement and Authorize Related Agreements ..... 63
- 17. Contracts ..... 65
- 18. LCRA Parks Business Development Review Presentation (*no agenda item*)

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

**Executive Session**

- 1. Proposed LCRA Parks Leases
- 2. Sale of Lometa Raw Water System Assets
- 3. Litigation Update
- 4. Legislative Update

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.state.tx.us/open](http://www.sos.state.tx.us/open).

## 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 10 a.m. and 10:45 a.m. on the day of the meeting.**

**Phone number:** 833-548-0282 (toll free)

**Meeting ID:** 6442096404##

## **FOR ACTION**

# **2. Appointment of Directors to GenTex Power Corporation Board**

### **Proposed Motion**

Appoint or reappoint directors to the GenTex Power Corporation Board of Directors to serve as follows:

- Two LCRA non-officer directors to serve one-year terms expiring Dec. 31, 2021.
- Four customer directors to serve two-year terms expiring Dec. 31, 2022.

### **Board Consideration**

Section 2.01 of the GenTex bylaws requires the LCRA Board of Directors to appoint directors to the GenTex Board.

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

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

### **Summary**

Pursuant to the GenTex bylaws, the GenTex Board is composed of nine directors, including five LCRA directors and four directors representing LCRA's wholesale electric customers as follows:

- The LCRA Board chair, vice chair and secretary (officers), who automatically serve on the GenTex Board during their terms as officers of the LCRA Board.
- Two LCRA non-officer directors, including one who must be from a county other than the 10 counties in LCRA's statutory district, who serve one-year terms beginning Jan. 1 of each year.
- Two directors representing electric cooperative customers and two representing municipal customers who serve two-year terms beginning Jan. 1 of odd-numbered years.

The non-officer and customer representative directors' terms have expired, although directors continue to serve until successors are appointed. The LCRA Board now needs to appoint or reappoint two LCRA non-officer directors and four directors representing LCRA's wholesale electric customers to serve on the GenTex Board. Each appointment is effective immediately.

### **Presenter(s)**

Timothy Timmerman  
LCRA Board Chair

### **Exhibit(s)**

A – Recommendation of Directors to GenTex Power Corporation Board

## **EXHIBIT A**

### **Recommendation of Directors to GenTex Power Corporation Board**

Robert “Bobby” Lewis	LCRA non-officer director
Michael L. “Mike” Allen	LCRA non-officer director from electric service area
Matt Bentke	Bluebonnet Electric Cooperative general manager/CEO
Kevin Coleman	Yoakum city manager
Robert Lindsey III	Goldthwaite city manager
Julie C. Parsley	Pedernales Electric Cooperative CEO

**FOR ACTION**

### **3. Appointment of Directors to LCRA's Retirement Benefits Board of Trustees**

**Proposed Motion**

Reappoint Raymond A. "Ray" Gill Jr. and appoint Michael L. "Mike" Allen to serve on LCRA's Retirement Benefits Board of Trustees for three-year terms expiring Dec. 31, 2023.

**Board Consideration**

The plan document governing LCRA's retirement plans provides that a seven-member board of trustees will administer the plans. The LCRA Board of Directors shall appoint two LCRA Board members to serve three-year terms on the Board of Trustees for LCRA's retirement plans.

**Budget Status and Fiscal Impact**

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

**Summary**

In December 2017, the LCRA Board reappointed Director Gill and Director Johnson to serve on the Board of Trustees for three-year terms that expired Dec. 31, 2020, although they both continue to serve until appointments or reappointments are made. Director Gill is eligible for reappointment to the Board of Trustees, but Director Johnson, whose term on the LCRA Board expires Feb. 1, 2021, is not.

The LCRA Board now needs to fill these two seats on the Board of Trustees for terms that are effective immediately and expire Dec. 31, 2023.

**Presenter(s)**

Timothy Timmerman  
LCRA Board Chair

**FOR DISCUSSION**

## **4. 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

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**Lower Colorado River Authority**  
**Financial Highlights**  
**December 2020**

**Lower Colorado River Authority**  
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**Key term:**

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

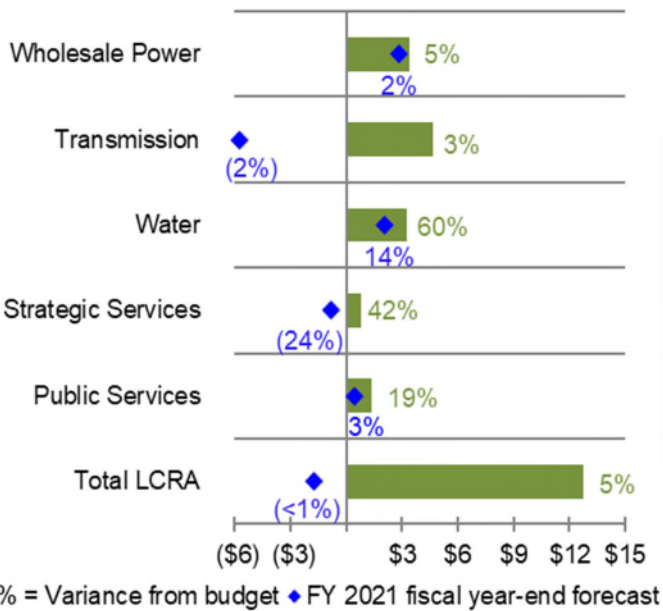
# Lower Colorado River Authority

Dec. 31, 2020

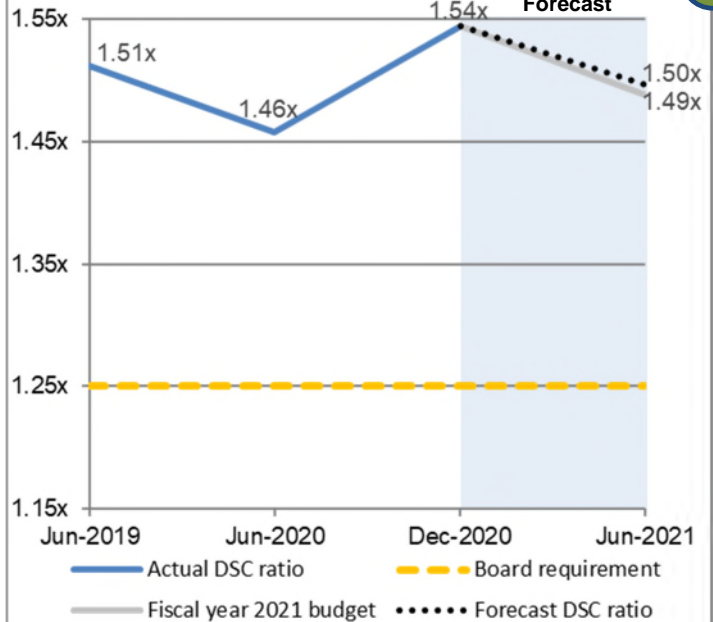
(Dollars in Millions)

## Budget-to-Actual Highlights

### Net Margin Fiscal Year-to-Date Variances



### Debt Service Coverage



### Key takeaways:

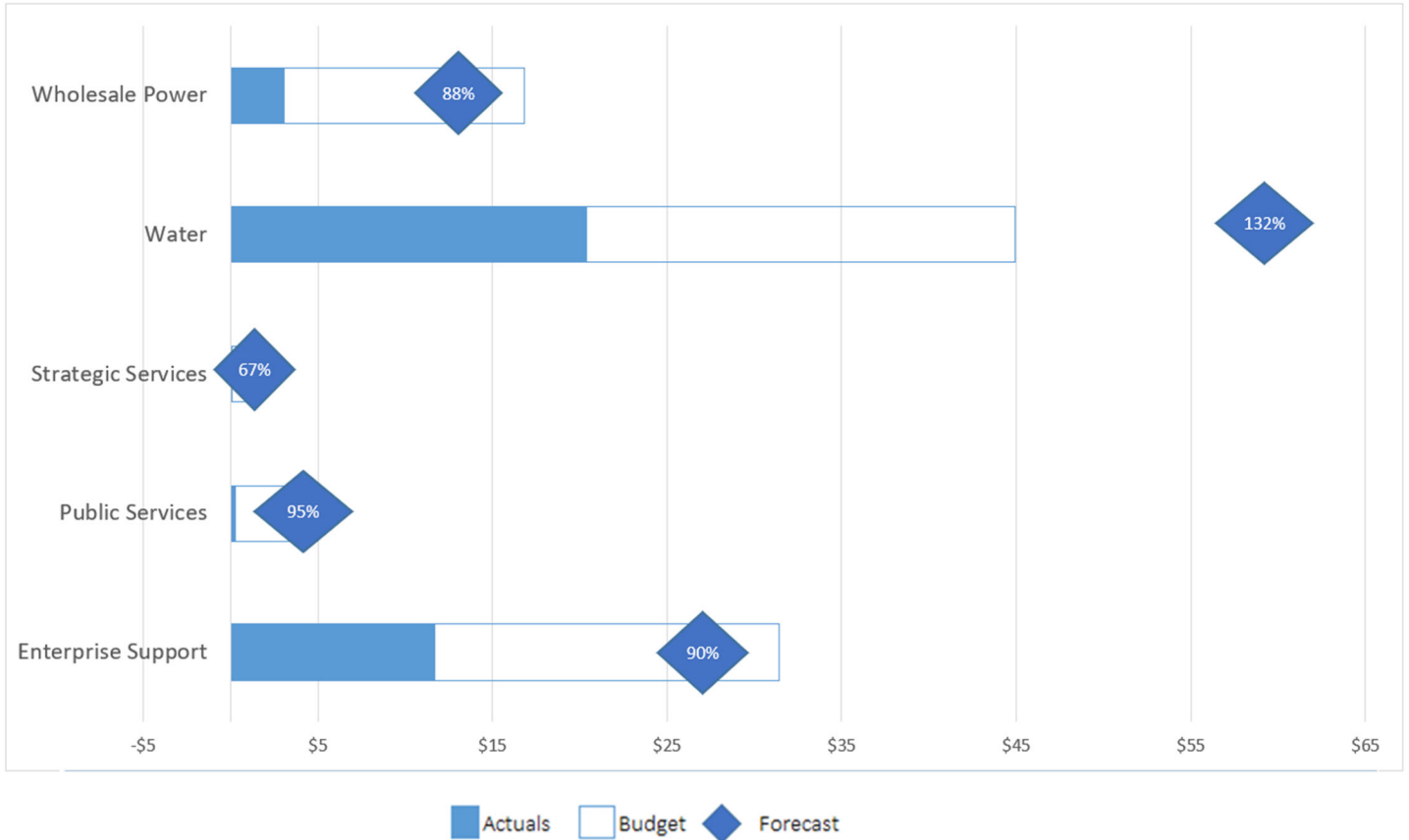
- Higher-than-budgeted load and miscellaneous revenues, partially offset by higher-than-budgeted nonfuel expenses, primarily are driving Wholesale Power's year-to-date performance and year-end forecast.
- Lower-than-budgeted expenses and higher-than-budgeted miscellaneous revenues primarily drove Transmission's year-to-date performance. Lower-than-budgeted interest income and transmission cost-of-service revenues, combined with higher-than-budgeted enterprise costs due to lower-than-budgeted capital credits, are primarily driving the year-end forecast.
- Lower-than-budgeted river management expenses and higher-than-budgeted river management revenues primarily drove Water's year-to-date performance and the year-end forecast.
- Higher-than-budgeted radio sales and services revenues are primarily driving Strategic Services' year-to-date performance. Lower-than-budgeted transmission strategic revenues due to the discontinuation of selected services being offered to customers are driving the year-end forecast.
- Lower-than-budgeted park and water quality expenses primarily drove Public Services' year-to-date performance. Higher-than-budgeted park and natural resources revenues and lower-than-budgeted park and water quality expenses are driving the year-end forecast.
- Lower-than-budgeted debt service is driving the higher-than-budgeted debt service coverage forecast.

# Lower Colorado River Authority

Dec. 31, 2020

(Dollars in Millions)

## Capital Forecast



### Key takeaways:

- LCRA currently is projecting capital spending for FY 2021 will be \$8.5 million more than the capital plan budget of \$99.4 million.
- The primary driver for the current FY 2021 unfavorable variance is increased fiscal year spending on the Arbuckle Reservoir Project.

### General Manager Project Approval:

- For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA Board Policy 301. The GM approved the following new project this quarter:
  - FPP Unit 3 Forced Oxidation Air Compressor 3-A Replacement for \$460,000.

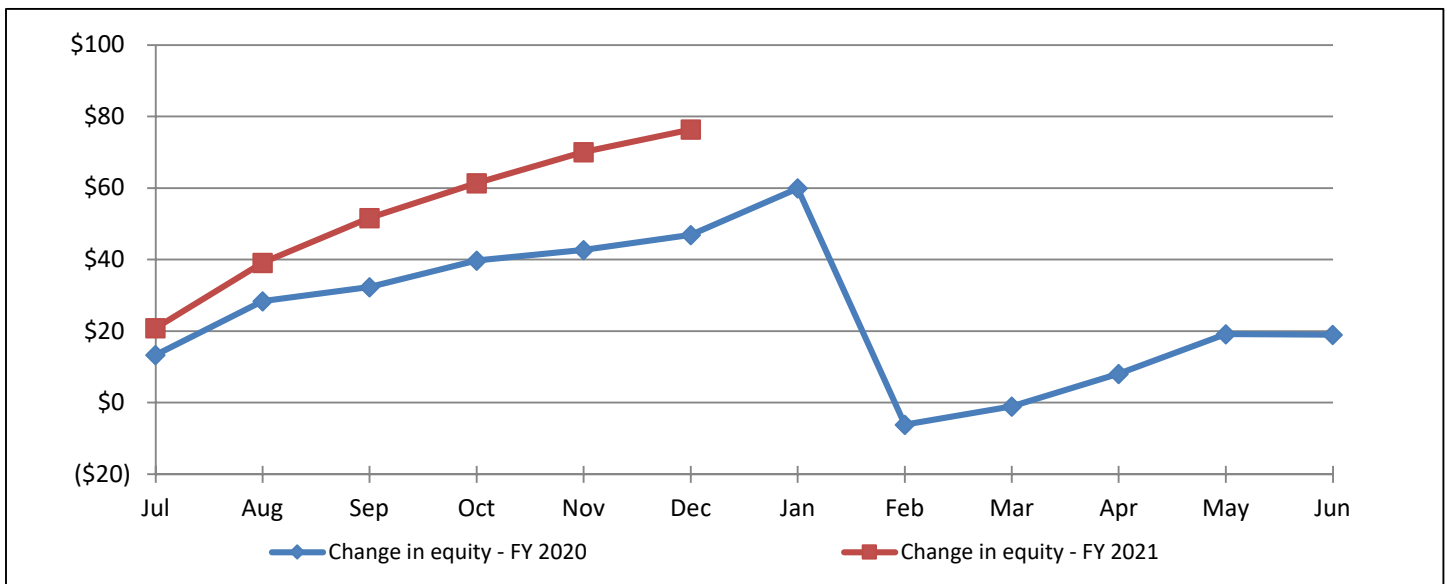
# Lower Colorado River Authority

Dec. 31, 2020  
(Dollars in Millions)

## Board Metrics

Board Metric	Description	Compliant
<b>Equity Ratio</b>	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.	✓
<b>Debt Service Reserves</b>	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.	✓
<b>Operating Reserves</b>	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:

- Year-to-date net income is higher in FY 2021 compared with FY 2020 due to a decrease in debt interest, fuel and purchased power expense, offset by an increase in operations expense. The large variances in purchased power and operations expense were primarily caused by a decrease in alternate rate option elections by customers.

# Lower Colorado River Authority

Dec. 31, 2020

(Dollars in Millions)

## Condensed Balance Sheets

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 408.0	\$ 312.3
Current assets	<u>327.6</u>	<u>395.9</u>
Total current assets	<u>735.6</u>	<u>708.2</u>
Capital assets	5,068.3	4,783.5
Long-term assets	<u>904.3</u>	<u>1,057.4</u>
Total long-term assets	<u>5,972.6</u>	<u>5,840.9</u>
Total Assets	<u>\$ 6,708.2</u>	<u>\$ 6,549.1</u>
<b>Liabilities</b>		
Bonds, notes and loans payable	\$ 428.7	\$ 369.4
Current liabilities	<u>188.8</u>	<u>194.5</u>
Total current liabilities	<u>617.5</u>	<u>563.9</u>
Bonds, notes and loans payable	3,777.5	3,696.3
Pension liability	207.6	232.3
Long-term liabilities	<u>374.1</u>	<u>373.6</u>
Total long-term liabilities	<u>4,359.2</u>	<u>4,302.2</u>
<b>Equity</b>		
Total equity	<u>1,731.5</u>	<u>1,683.0</u>
Total Liabilities and Equity	<u>\$ 6,708.2</u>	<u>\$ 6,549.1</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

Dec. 31, 2020

(Dollars in Millions)

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

	Fiscal Year to Date	
	2021	2020
<b>Operating Revenues</b>		
Electric	\$ 480.1	\$ 479.1
Water and irrigation	14.9	11.5
Other	29.1	20.5
Total Operating Revenues	<u>524.1</u>	<u>511.1</u>
<b>Operating Expenses</b>		
Fuel	105.6	134.3
Purchased power	41.7	83.2
Operations	110.8	48.4
Maintenance	25.1	18.2
Depreciation, depletion and amortization	99.4	114.8
Total Operating Expenses	<u>382.6</u>	<u>398.9</u>
Operating Income	<u>141.5</u>	<u>112.2</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest on debt	(68.3)	(81.3)
Other income	3.2	16.0
Total Nonoperating Revenues (Expenses)	<u>(65.1)</u>	<u>(65.3)</u>
Change in Equity	76.4	46.9
<b>Equity - Beginning of Period</b>	<u>1,655.1</u>	<u>1,636.1</u>
<b>Equity - End of Period</b>	<u>\$ 1,731.5</u>	<u>\$ 1,683.0</u>

# Lower Colorado River Authority

Dec. 31, 2020

(Dollars in Millions)

## Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2021	2020
<b>Cash Flows From Operating Activities</b>		
Received from customers	\$ 494.5	\$ 560.3
Payments	(333.8)	(326.4)
Net cash provided by operating activities	160.7	233.9
<b>Cash Flows From Noncapital Financing Activities</b>	4.5	1.1
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(235.7)	(205.4)
Debt principal payments	-	-
Other capital and financing activities	92.3	71.0
Net cash used in capital and financing activities	(143.4)	(134.4)
<b>Cash Flows From Investing Activities</b>		
Sale and maturity of investment securities	230.8	305.2
Purchase of investment securities	(231.9)	(385.4)
Note payments and interest received	4.4	9.1
Net cash provided by (used in) investing activities	3.3	(71.1)
<b>Net Increase in Cash and Cash Equivalents</b>	25.1	29.5
<b>Cash and Cash Equivalents - Beginning of Period</b>	449.1	408.3
<b>Cash and Cash Equivalents - End of Period</b>	\$ 474.2	\$ 437.8



# Lower Colorado River Authority

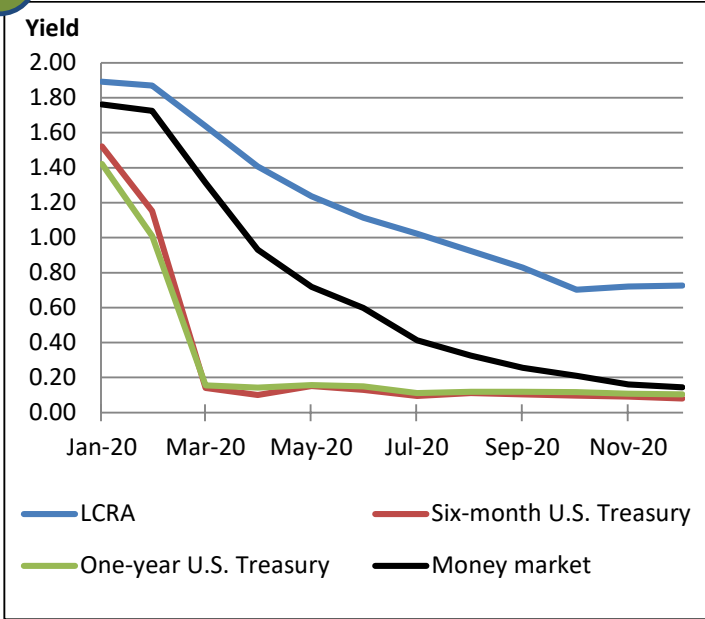
Dec. 31, 2020

(Dollars in Millions)

## Investments and Debt

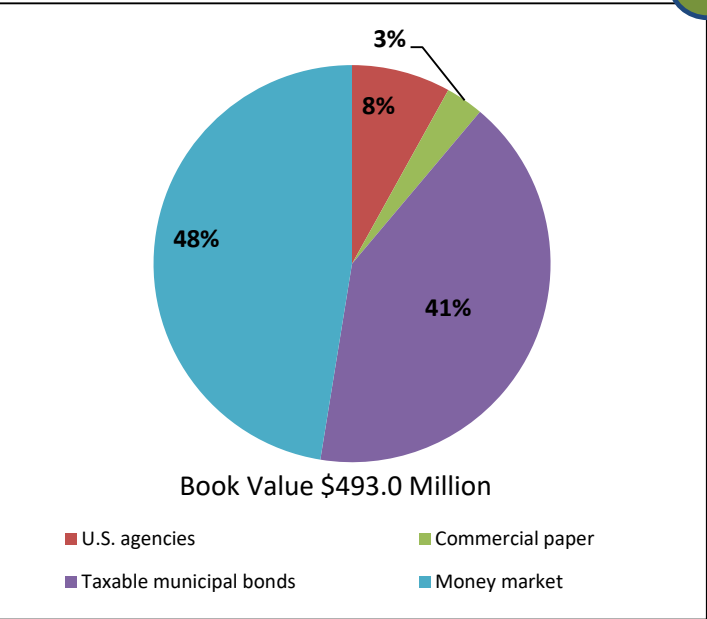
A

Investment Portfolio Yield



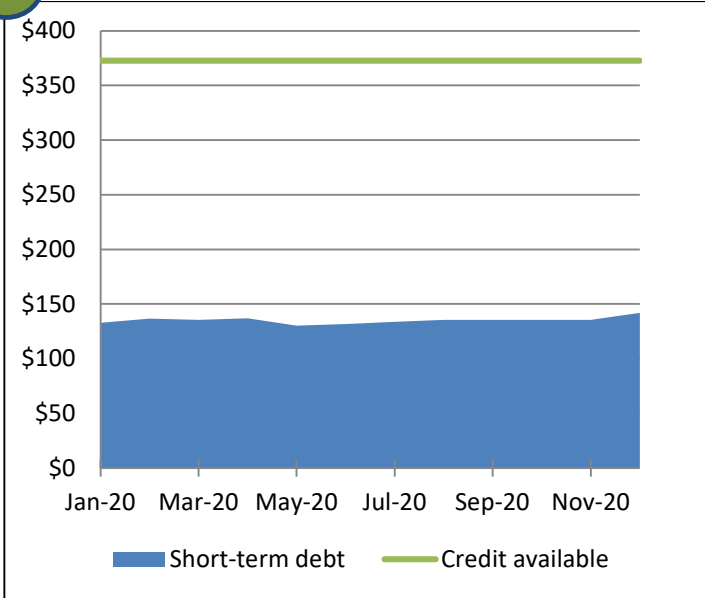
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Investment Portfolio Composition



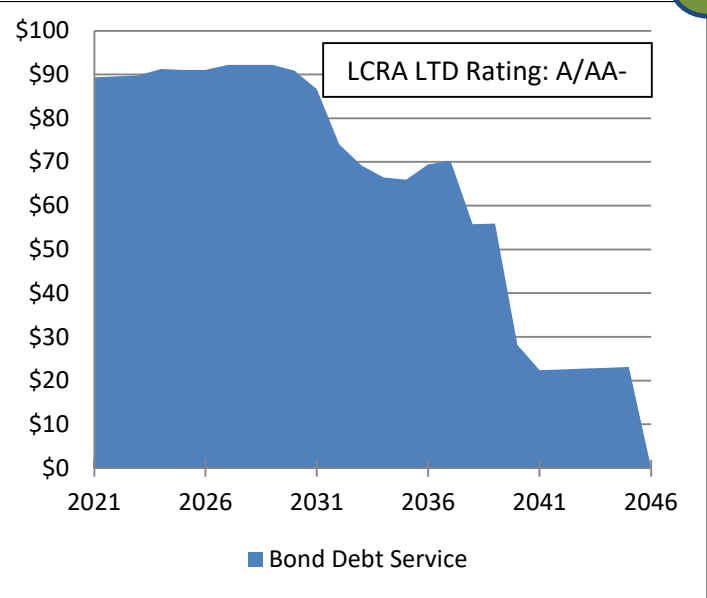
C

Short-Term Debt



D

Bond Debt Service



**Key takeaway:**

- The Federal Open Market Committee (FOMC) reiterated its intention to keep interest rates near zero through 2022. The next meeting of the FOMC is Jan. 26.

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## **5. Grant Transmission Line Easement in Matagorda County to American Electric Power**

### **Proposed Motion**

Authorize the general manager or his designee to grant to American Electric Power Texas Inc. an approximately 0.696-acre transmission line easement that will cross two LCRA canals in the Gulf Coast Agricultural Division in Matagorda County.

### **Board Consideration**

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

### **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 from the sale of the easement, totaling \$2,000, will be credited to the Water Strategic Reserve Fund for use in water-related capital projects.

### **Summary**

AEP owns an existing transmission line on the west side of two parallel LCRA-owned canals that are part of the Gulf Coast Irrigation District canal system in Matagorda County. AEP recently purchased property on the east side of the canals, is constructing a new substation, and needs to connect the transmission line to the substation by crossing over the canals. AEP requested a 100-foot-wide easement for the project.

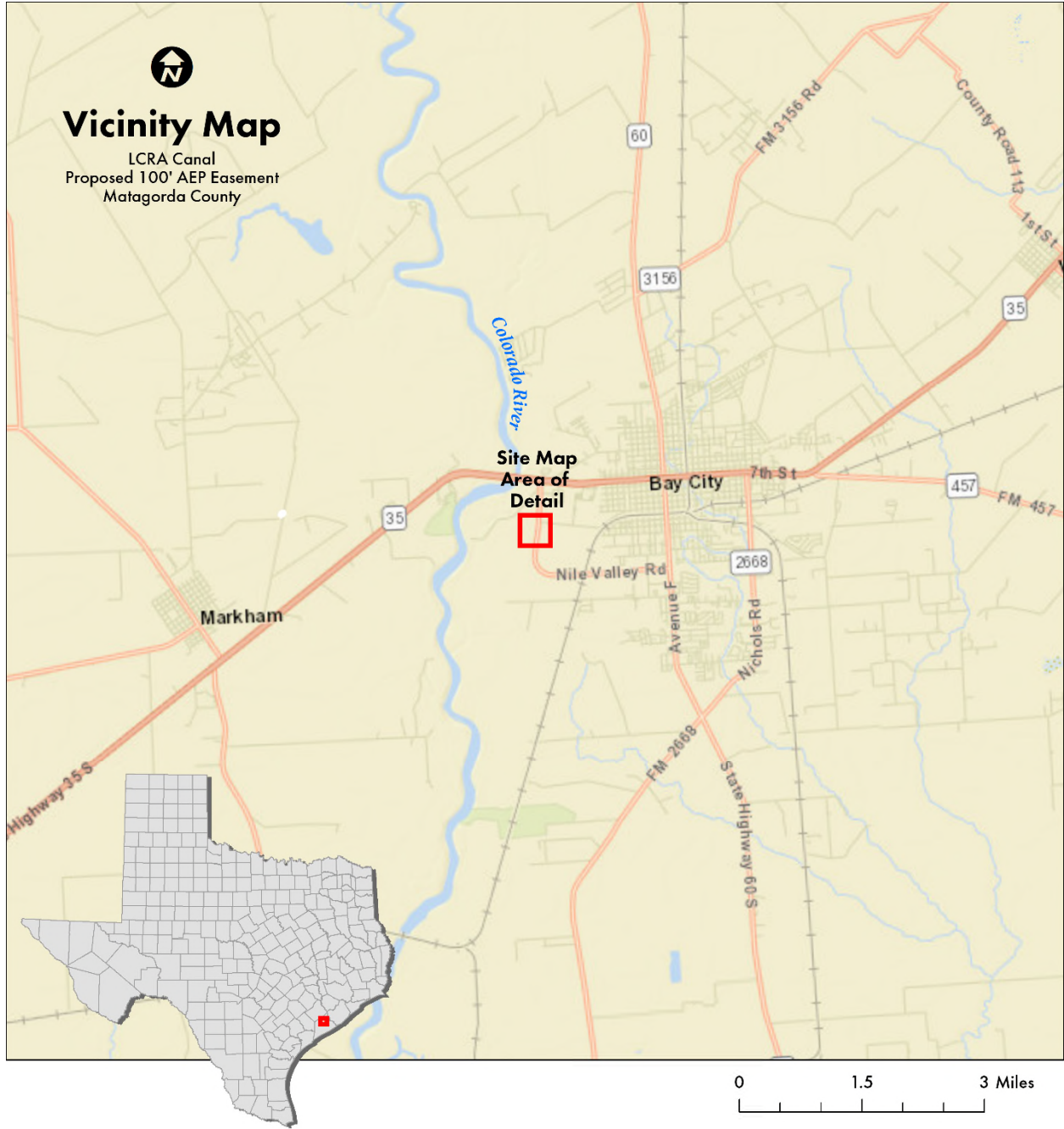
AEP has agreed to pay \$2,000 for the easement. LCRA staff reviewed available market data and determined this price is at or above the market value of the easement being conveyed.

The easement will include provisions necessary to protect the canal. LCRA staff reviewed the construction and operation plans for the 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 – Land Resources.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

**6. Resolution and Amendment No. Five to the Lower Colorado River Authority 401(k) Plan; Resolution and Amendment No. Four to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and Resolution and Amendment No. Eight to the Lower Colorado River Authority Deferred Compensation Plan**

**Proposed Motion**

Approve and authorize the Board of Directors chair or his designee to execute Amendment No. Five to the Lower Colorado River Authority 401(k) Plan (401(k) Plan), Amendment No. Four to the Lower Colorado River Authority Retirement Plan and Trust Agreement (Retirement Plan), and Amendment No. Eight to the Lower Colorado River Authority Deferred Compensation Plan (Deferred Compensation Plan).

**Board Consideration**

The 401(k) Plan, the Retirement Plan and the Deferred Compensation Plan require Board approval of any changes to their design or benefits, such as the proposed amendments.

**Budget Status and Fiscal Impact**

The 401(k) Plan, Retirement Plan and Deferred Compensation Plan amendments are within the approved budget allocated for benefit costs in the fiscal year 2021 business plan.

**Summary**

The 401(k) Plan, the Retirement Plan and the Deferred Compensation Plan are qualified plans, which means the Internal Revenue Service has approved them as meeting certain requirements enabling employees to defer taxation of their benefit until it is received.

The 401(k) Plan enables LCRA employees, as defined in the 401(k) Plan, to contribute to their retirement benefits. LCRA makes contributions on behalf of employees participating in the 401(k) Plan.

The proposed 401(k) Plan Amendment No. Five (a) adds a student loan benefit pursuant to which LCRA will make nonelective contributions to the 401(k) Plan accounts of participants who are repaying student loans and who elect to receive such contributions in lieu of all or a portion of the matching contribution to which they otherwise would be entitled under the terms of the 401(k) Plan, and (b) makes such other changes as deemed appropriate. The proposed Amendment No. Five to the 401(k) Plan will be effective July 1, 2021.

The proposed Amendment No. Four to the Retirement Plan (a) reflects the appointment of the Board of Trustees as the successor trustee of the trust, replacing State Street Bank and Trust Company in which the assets of the Retirement Plan are held, and (b) makes such other changes as deemed appropriate. The proposed Amendment No. Four to the Retirement Plan will be effective Jan. 1, 2021.

The proposed Amendment No. Eight to the Deferred Compensation Plan permits part-time employees of LCRA to participate in the Deferred Compensation Plan. The proposed Amendment No. Eight to the Deferred Compensation Plan will be effective Jan. 1, 2021.

**Exhibit(s)**

- A – Amendment No. Five to Lower Colorado River Authority 401 (k) Plan
- B – Amendment No. Four to Lower Colorado River Authority LCRA Retirement Plan and Trust Agreement
- C – Amendment No. Eight to Lower Colorado River Authority Deferred Compensation Plan

**EXHIBIT A**

STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS       §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. FIVE  
TO  
LOWER COLORADO RIVER AUTHORITY  
401(k) PLAN

WHEREAS, the Lower Colorado River Authority (the "Authority") maintains the Lower Colorado River Authority 401(k) Plan (the "Plan") for the exclusive benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1984, and subsequently amended and restated effective April 1, 2001, June 1, 2010, and Jan. 1, 2014, and as subsequently amended thereafter; and

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") is authorized to amend the Plan to the extent deemed advisable; and

WHEREAS, the Authority desires to amend the Plan to add a student loan benefit pursuant to which the Authority will make nonelective contributions to the Plan accounts of participants who are repaying student loans and who elect to receive such contributions in lieu of all or a portion of the matching contribution to which they otherwise would be entitled under the terms of the Plan, and to make such other changes as are deemed appropriate;

NOW, THEREFORE, the Plan is hereby amended effective July 1, 2021, as follows:



(1) Article II, Section 2.1, is hereby amended in its entirety, to read as follows:

"Section 2.1 Accounts. The separate accounts, including but not limited to the 401(k) Account, Matching Account, Rollover Account, Roth Deferral Account, Student Loan Contribution Account and Supplemental Contribution Account maintained to record the value of an Employee's interest in the assets of the Trust at any time under the Plan."

(2) Article II, Section 2.35, is hereby amended in its entirety, to read as follows:

"Section 2.35 Roth Deferral Account. The portion of the Trust assets valued pursuant to Section 5.2 hereof, attributable to Roth Deferral Contributions made on behalf of any Participant."

(3) Article II, Section 2.36, is hereby amended in its entirety, to read as follows:

"Section 2.36 Roth Deferral Contributions. A Roth Deferral Contribution is an elective deferral that is: (a) designated irrevocably by the Participant at the time of the cash or deferred election as a Roth Deferral Contribution that is being made in lieu of all or a portion of the 401(k) Contributions the Participant otherwise is eligible to make under the Plan; and (b) treated by the Employer as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a cash or deferred election."

(4) Article II is hereby amended to add the following new Sections 2.38, 2.39 and 2.40, and the remaining sections in Article II shall be renumbered accordingly in consecutive order:

"Section 2.38 Student Loan. A loan in a Participant's name used to finance education expenses that meets the requirements as prescribed from time to time by the Authority."

"Section 2.39 Student Loan Contribution. The amount, if any, contributed by the Employer in accordance with Section 4.9 hereof."

"Section 2.40 Student Loan Contribution Account. That portion of the Trust assets, valued pursuant to Section 5.2 hereof, attributable to Student Loan Contributions made on behalf of a Participant."

(5) Article IV, Section 4.2, is hereby amended in its entirety, to read as follows:

"Section 4.2 Matching Contributions. For each payroll period during the Plan Year, the Employer shall make a contribution on behalf of each Participant equal to a specified percentage of Compensation that the Participant has elected to have contributed to the Plan as a 401(k) Contribution and/or Roth Deferral Contribution during such payroll period. The percentage of Compensation

contributed on behalf of Participants who were employed prior to January 1, 2002, and who elected to participate in the cash balance feature of the Lower Colorado River Authority Retirement Plan and Trust and on behalf of all Participants employed or reemployed on or after January 1, 2002, shall be 100% of the first 4% of Compensation and 50% of the next 2% of Compensation that the Participant has elected to have contributed to the Plan as a 401(k) Contribution or a Roth Deferral Contribution. The percentage of Compensation contributed on behalf of Participants who were employed prior to January 1, 2002, and who did not elect to participate in the cash balance feature of the Lower Colorado River Authority Retirement Plan and Trust shall be 25% of the first 4% of Compensation that the Participant has elected to have contributed to the Plan as a 401(k) contribution or a Roth Deferral Contribution. The percentage of Compensation contributed on behalf of Participants who are employed on or after May 1, 2012, shall be 100% of the first 8% of Compensation that the Participant has elected to have contributed to the Plan as a 401(k) Contribution or a Roth Deferral Contribution. The Employer will contribute an additional Matching Contribution on behalf of each Participant who is employed on the last day of such Plan Year and each Participant whose employment terminated during such Plan Year due to Retirement and with respect to whom the difference between the percentage of Compensation contributed as a Matching Contribution during each payroll period and the percentage of Compensation that would have been contributed when considering the total percentage of Compensation contributed by such Participant during the Plan Year is greater than \$1.00. The Employer will make such additional Matching Contribution following the end of the Plan Year for those eligible Participants who are employed on the last day of the Plan Year and as soon as practicable following an eligible Participant's Retirement during the Plan Year. Notwithstanding the foregoing, with respect to any Participant who is eligible to receive an additional Matching Contribution pursuant to this Section 4.2 and who has elected during the Plan Year to receive a Student Loan Contribution pursuant to Section 4.9 hereof, the Employer will, following the end of such Plan Year, contribute the additional Matching Contribution, if any, to which the Participant is entitled, as described above, but after reduction for any applicable Student Loan Contribution attributable to such Plan Year. In such case, no Matching Contribution shall be made on behalf of such Participant prior to the end of the applicable Plan Year."

(6) Article IV is hereby amended to add a new Section 4.9, to read as follows:

"Section 4.9 Student Loan Contributions. The Employer shall, each Plan Year for which the Authority offers an enrollment period, as described below, make a contribution on behalf of each Participant who is repaying a Student Loan and who has made a timely election under this Section 4.9 to have a Student Loan Contribution made on his or her behalf, regardless of whether such Participant has elected to have 401(k) Contributions and/or Roth Deferral Contributions made on his or her behalf for such Plan Year. During an enrollment period established by the Employer, which shall be offered no less frequently than annually, each eligible Participant who desires to receive a Student Loan Contribution shall make an

election to have such contribution made on his or her behalf for the Plan Year. Following the end of the Plan Year, within the time period established by the Authority, the Participant shall provide documentation satisfactory to the Authority that Student Loan payments were timely made during such applicable Plan Year. Upon approval of such documentation by the Authority, the Employer will contribute a Student Loan Contribution on behalf of such Participant in an amount equal to the percentage of Compensation paid by the Participant during the Plan Year to reduce the indebtedness under such Participant's Student Loan, up to the percentage of the Matching Contribution to which the Participant otherwise would be entitled under Section 4.2."

(7) Article V, Section 5.1, is hereby amended in its entirety, to read as follows:

"Section 5.1 Accounting. The Employer shall maintain, or cause to be maintained, records that accurately reflect the interest of each Participant in the Trust, including all contributions, income, gains or losses, and withdrawals. Said records shall distinguish clearly between a Participant's 401(k) Account, Matching Account, Rollover Account, Roth Deferral Account, Student Loan Contribution Account and Supplemental Contribution Account and shall represent clearly the interest of each Account in the Fund. Said records shall be kept in such manner as to permit ready ascertainment of each Participant's interest as of each and every Valuation Date."

(8) Article V, Section 5.4, the first paragraph thereof, is hereby amended in its entirety, to read as follows:

"Section 5.4 Account Allocation. As of each Valuation Date, the Employer shall prepare an accounting, or cause an accounting to be prepared, updating the monetary value assigned to each Participant Account by performing the following steps separately for each investment fund and distinguishing 401(k), Matching, Rollover, Roth Deferral, Student Loan Contribution and Supplemental Contribution Accounts:"

(9) Article VI, Section 6.2, is hereby amended in its entirety, to read as follows:

"Section 6.2 Investment of Contributions. 401(k) Contributions, Roth Deferral Contributions, Catch-Up Contributions, Matching Contributions, Student Loan Contributions, Supplemental Contributions and Rollover Contributions and earnings thereon shall be invested as directed by each Participant in one or more investment funds approved by the Board of Trustees. The Board of Trustees may designate additional and/or replacement investment options and eliminate any investment options as it, in its sole discretion, deems appropriate. Designations shall be made by Participants in multiples of 1% and in the manner specified by the Board of Trustees. Designations shall be effective thereafter until modified. If any Participant fails to make a designation, the Board of Trustees shall make the designation of investments. Any new Participant entering the Plan after the

Effective Date shall make his or her designation upon becoming a Participant in the Plan. These provisions shall apply uniformly to all of the Participant's Accounts hereunder. Additional investment funds may be added or terminated from time to time at the option of the Board of Trustees."

(10) Article VII, Section 7.2, subsection (c), is hereby amended in its entirety, to read as follows:

"(c) A Participant may withdraw, in addition to the amounts described in (a) and (b) above, a portion or all of the amounts credited to his or her Roth Deferral Account."

(11) Article VII, Section 7.4, is hereby amended in its entirety, to read as follows:

"Section 7.4 Vesting and Forfeitures. A Participant whose Period of Service commences prior to May 1, 2012, shall be fully vested in his or her Accounts, and his or her interest therein shall be nonforfeitable at all times. A Participant whose Period of Service commences on or after May 1, 2012, shall be fully vested in his or her 401(k) Account and Roth Deferral Account, and his or her interest therein shall be nonforfeitable at all times. A Participant whose Period of Service commences on or after May 1, 2012, shall be vested in his or her Matching Account and his or her Student Loan Contribution Account, if any, in accordance with the schedule set forth below:

<u>Period of Service</u>	<u>Vested Percentage</u>
Fewer than three years	0%
Three years or more	100%

If the Employment of a Participant whose vested percentage in his or her Matching Account and Student Loan Contribution Account is 0% shall terminate for any reason (including death or Disability), the value of his or her Matching Account and Student Loan Contribution Account shall be forfeited as of the last day of the Plan Year in which such termination of Employment occurs, and he or she shall no longer be credited with any years in his or her Period of Service. A new Period of Service shall commence upon his or her date of reemployment, if applicable, and his or her vested percentage shall be determined by reference only to such new Period of Service. The amounts forfeited from his or her Matching Account and Student Loan Contribution Account shall be used by the Employer to reduce future Matching Contributions or Student Loan Contributions, as applicable. Notwithstanding the foregoing, the survivors of any Participant who dies on or after January 1, 2007, while performing Qualified Military Service, are entitled to any additional benefits (other than contributions relating to the period of Qualified Military Service, but including vesting service credit for such period and any ancillary life insurance or other survivor benefits) that would have been provided under the Plan had the Participant resumed employment on the day

preceding the Participant's death and then terminated employment on account of death. If the Employment of a Participant whose vested percentage is 100% shall terminate for any reason, he or she shall continue to be credited with all years in his or her Period of Service. Upon his or her reemployment, and thereafter, the vested percentage of such Participant shall remain 100%."

(12) Article VII, Section 7.11, is hereby amended in its entirety, to read as follows:

"Section 7.11 Distributions While on Military Leave. For purposes of Section 7.1 hereof, a Participant shall be treated as having severed from employment during any period the Participant is performing service in the uniformed services described in Section 3401(h)(2)(A) of the Code, regardless of whether such Participant is receiving differential wage payments (as defined under Section 414(u)(12)(D) of the Code) from an Employer. In such event, such Participant may elect to receive a distribution of his or her Accounts, subject to the provisions of Sections 7.5 and 7.6 hereof. A Participant who is deemed to have severed employment under this Section 7.11 and who elects to receive a distribution of his or her Accounts, as provided herein, is prohibited from making 401(k) Contributions, Roth Deferral Contributions and Catch-up Contributions during the six-month period beginning on the date of the distribution."

(13) Article VIII, Section 8.2, is hereby amended in its entirety, to read as follows:

"Section 8.2 Exclusive Benefit of Participants and Beneficiaries. Except as provided in Section 8.3 hereof, all 401(k) Contributions, Catch-Up Contributions, Matching Contributions, Rollover Contributions, Roth Deferral Contributions, Student Loan Contributions, and Supplemental Contributions, when made to the Trust Fund, and all property of the Trust Fund, income from investments and all other sources, shall be retained for the exclusive benefit of the Participants or their Beneficiaries except as may otherwise be provided herein."

(14) Article XIII, is hereby amended in its entirety, to read as follows:

"Section 13.1 General Application.

(a) The Plan will accept Roth Deferral Contributions made on behalf of Participants. A Participant's Roth Deferral Contributions will be allocated to a separate account maintained for such contributions as described in Section 13.2 below.

(b) Unless specifically stated otherwise, Roth Deferral Contributions will be treated as elective deferrals for all purposes under the Plan.

### Section 13.2 Separate Accounting.

(a) Contributions and withdrawals of Roth Deferral Contributions will be credited and debited to the Roth Deferral Account maintained for each Participant.

(b) The Plan will maintain a record of the amount of Roth Deferral Contributions in each Participant's Account.

(c) Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Deferral Account and the Participant's other Accounts under the Plan.

(d) No contributions other than Roth Deferral Contributions and properly attributable earnings will be credited to each Participant's Roth Deferral Account.

### Section 13.3 Direct Rollovers.

(a) Notwithstanding Section 7.8 of the Plan, a direct rollover of a distribution from a Roth Deferral Account under the Plan will only be made to another Roth Deferral Account under an applicable retirement plan described in Section 402A(e)(1) of the Code or to a ROTH IRA described in Section 408A of the Code, and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code.

(b) Notwithstanding Section 4.5 of the Plan, the Plan will accept a rollover contribution to a Roth Deferral Account only if it is a direct rollover from another Roth Deferral Account under an applicable retirement plan described in Section 402A(e)(1) of the Code and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code.

(c) Eligible rollover distributions from a Participant's Roth Deferral Account are taken into account in determining whether the total amount of the Participant's Account balances under the Plan exceeds \$1,000 for purposes of Section 7.3 of the Plan.

### Section 13.4 Correction of Excess Contributions.

(a) In the case of a distribution of excess contributions, a Participant may designate the extent to which the excess amount is composed of 401(k) Contributions and Roth Deferral Contributions, but only to the extent such types of deferrals were made for the applicable year.

(b) If the Participant does not designate which type of elective deferrals are to be distributed, the Plan will distribute 401(k) Contributions first."

IN WITNESS WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2021, this Amendment No. Five to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: \_\_\_\_\_  
Timothy Timmerman  
Chair, LCRA Board of Directors

ATTEST:

\_\_\_\_\_  
Thomas E. Oney  
Assistant Secretary, LCRA Board of Directors

**EXHIBIT B**

STATE OF TEXAS           §  
  §                                   KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF TRAVIS       §

AMENDMENT NO. FOUR  
TO  
LOWER COLORADO RIVER AUTHORITY  
RETIREMENT PLAN AND TRUST AGREEMENT

WHEREAS, the Lower Colorado River Authority (the “Authority”) maintains the Lower Colorado River Authority Retirement Plan and Trust Agreement (the “Plan”) for the benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1946, and was subsequently amended and restated thereafter, the most recent restatement of which is effective Jan. 1, 2014, as subsequently amended; and

WHEREAS, the Board of Directors of the Authority is authorized to amend the Plan at any time and to any lawful extent deemed advisable; and

WHEREAS, the Authority desires to amend the Plan to reflect the appointment of the Board of Trustees as the successor trustee of the trust in which the assets of the Plan are held, and to make such other changes as are deemed appropriate;

NOW, THEREFORE, the Board of Directors hereby amends the Plan as follows, effective as of Jan. 1, 2021:

(1) Article 2, Section 2.16, shall be amended in its entirety, to read as follows:

“Section 2.16 Deposit Administration Contract or Pension Investment Contract. Deposit Administration Contract or Pension Investment Contract means any agreement, including any annuity purchase or deposit agreement entered into at the direction of the Plan Administrator by and between the Trustee and one or more life insurance companies, under the terms of which a portion of the



contributions made to the Plan by the Employer and by Participants, if any, may be deposited with and accumulated by such insurance company or companies on the basis of a minimum guaranteed rate of interest.”

(2) Article 2, Section 2.34, shall be amended in its entirety, to read as follows, and each subsequent section of Article 2 shall be renumbered accordingly in consecutive order:

“Section 2.34 Plan Administrator. Plan Administrator means the Board of Trustees.”

(3) Article 2, Section 2.41 (renumbered as Section 2.42), shall be amended in its entirety, to read as follows:

“Section 2.42 Trustee. Trustee means the Board of Trustees, or any duly appointed, qualified, and acting successor trustee.”

(4) Article 5, Section 5.13, shall be amended in its entirety, to read as follows:

“Section 5.13 Claims Procedure. Claims for benefits under the Plan by a Participant or Beneficiary shall be filed in writing with the Plan Administrator. Required forms for filing such claims shall be obtained by the Participant or Beneficiary from the Plan Administrator upon request.

In the event a claim for benefits is denied for any reason or a dispute arises over the amount of benefit to be paid to a Participant or Beneficiary under the Plan, the Participant or Beneficiary shall file a written statement with the Plan Administrator setting forth therein the reasons why the benefit is due and payable or the nature of the dispute over the amount of payment to be made. In the event the Plan Administrator cannot thereafter resolve the claims or dispute in favor of the Participant or Beneficiary after review of such written statement, the Plan Administrator shall give the Participant or Beneficiary written notice of the Participant's or Beneficiary's right to appear before the Plan Administrator stipulating therein the time and place of the meeting, which shall be held as of a date no later than ninety (90) days following the date the initial claim for benefits was filed by the Participant or Beneficiary. The Participant or Beneficiary shall have the right to be represented by counsel at such hearing. The Plan Administrator shall thereafter inform the Participant or Beneficiary in writing of the Plan Administrator's decision regarding the claim or dispute citing therein specific reference to the provisions of the Plan on which such decision was based.”

(5) Article 5, Section 5.17, subsection (a), shall be amended in its entirety, to read as follows:

“(a) Purchase of Optional Credited Service.

(i) Purchase of Optional Credited Service. An Eligible Participant (or, in the event of an Eligible Participant's death, an Eligible Spouse) shall be permitted to purchase optional Credited Service under the Plan, in

addition to the Credited Service to which the Eligible Participant is otherwise entitled under Section 2.44 hereof, up to an amount equal to the lesser of: (i) ten (10) years of Credited Service or (ii) the total number of Years of Credited Service to which such Participant otherwise is entitled under Section 2.44 hereof.

(ii) Purchase of Lakeside Irrigation Company Service. Notwithstanding the provisions of subparagraph (i) above, an Eligible Participant (or, in the event of an Eligible Participant's death, an Eligible Spouse) shall be permitted to purchase optional Credited Service under the Plan, in addition to the Credited Service to which the Eligible Participant is otherwise entitled under Section 2.44 hereof, in an amount equal to the greater of: (1) the amount of Credited Service that such Eligible Participant is entitled to purchase pursuant to subsection (i) above, or (2) all of his or her years of service with Lakeside Irrigation Company.

(iii) Purchase of Pre-1984 Service With the Authority. Notwithstanding the provisions of subparagraph (i) above, an Eligible Participant (or, in the event of an Eligible Participant's death, an Eligible Spouse) shall be permitted to purchase optional Credited Service under the Plan, in addition to the Credited Service to which the Eligible Participant is otherwise entitled under Section 2.44 hereof, in an amount equal to the greater of: (1) the amount of Credited Service that such Eligible Participant is entitled to purchase pursuant to subparagraph (i) or (ii) above, whichever is greater, or (2) all of such Eligible Participant's years of service with the Authority prior to 1984 that are not otherwise credited under Section 2.44 hereof."

(6) Article 6, Section 6.01, shall be amended in its entirety, to read as follows:

"Section 6.01 Method of Providing Benefits/Non-Transferability of Annuity Contracts. Unless otherwise directed by the Plan Administrator, all benefits shall be payable by the Trustee directly from the Plan Assets. However, upon the direction of the Plan Administrator, the Trustee may, from time to time, purchase individual or group annuity contracts to fund benefits for Retirees, thus transferring the liability for paying these benefits to an Issuing Company. Such contracts may be obtained by the Trustee either through direct purchase or by conversion of other Insurance Contracts owned by the Trust. Any annuity contract distributed by the Trustee to a Participant or Retiree shall bear on the face thereof the designation 'Not Transferable,' and such contract shall contain a provision to the effect that the contract may not be sold, assigned, discounted or pledged as collateral for a loan or as security for the performance of an obligation or for any other purpose, to any person other than the issuer thereof. Nevertheless, each Participant or Retiree for whose benefit an annuity contract may be purchased shall have the right to designate the person or persons who are to receive the balance of any installments certain that may remain unpaid at the time of his or her death."

(7) Article 7, Section 7.04, shall be amended in its entirety, to read as follows:

“Section 7.04 Notification of Benefits Payable. Each Retiree or Beneficiary entitled to receive current distributions hereunder shall file with the Trustee from time to time, in writing, his or her post office address and each change of post office address, and any check representing payment hereunder and any communication addressed to a Participant, a former Participant, a Beneficiary or a Retiree hereunder at his or her last address filed with the Trustee (or, if no such address has been filed, at his or her last address as indicated on the records of the Employer), shall be considered delivered to such person for all purposes of the Plan, and neither the Plan Administrator nor the Trustee shall be obliged to search for or ascertain the location of any such person.

If a benefit becomes payable to a Participant, inactive Participant or Beneficiary and is not claimed by such person within ninety (90) days, the Plan Administrator shall notify such person by registered mail addressed to the address last known to the Employer or Plan Administrator that such benefit is due and payable. If such party has not, at the expiration of three (3) years from the mailing of the notice, filed a claim for benefits with the Plan Administrator, then the benefit shall be treated as a severance gain to the Plan; provided, however, that in the event such Participant is located subsequent to the benefit forfeited, such benefit shall be restored.”

(8) Article 10 shall be amended in its entirety, to read as follows:

“Section 10.01 Acceptance of Trust. The Trustee accepts the Trust created under the terms and conditions hereof and consents to act as Trustee hereunder.

Section 10.02 Scope of Powers. The Trustee shall receive, hold and manage the Plan Assets in the manner and for the uses and purposes stipulated in the Plan.

Section 10.03 Purchase of Insurance Contracts and Coverage. The Trustee shall purchase Insurance Contracts in accordance with instructions of the Plan Administrator, and the title to every such Contract shall be vested in the Trustee subject to the provisions hereof.

Section 10.04 Transactions with Issuing Companies. The Trustee is hereby authorized to execute all necessary applications for Insurance Contracts and annuity contracts, as well as all necessary receipts and releases to the Issuing Companies concerned. The Trustee shall have no responsibility for any act of any Issuing Company, a Participant or any other person who may render any such contract void, or for the failure of any Issuing Company to pay the proceeds of any such contract as and when the same shall become payable, or for any delay occasioned by reason of any provisions contained in any such contract or for the refusal of any Issuing Company to take any action requested by the Trustee, or if for any reason whatsoever (save for the Trustee's willful misconduct) any contract shall lapse or otherwise become uncollectible.

Section 10.05 Other Authority of Trustee. In addition to the authority granted to the Trustee elsewhere herein, the Trustee shall have the following authority:

(a) The Trustee shall manage, invest and reinvest the Plan Assets in whatever manner the Trustee considers for the best interests of the Trust. Without limiting the generality of the foregoing, the Trustee is expressly authorized and empowered in its discretion from time to time to invest, reinvest, pay, expend or otherwise apply the Plan Assets for any purpose in any manner, and in any kind of property, real, personal or mixed, wherever situated, whether or not productive of income and consisting of wasting assets, of any description whatsoever, including without limitation, oil, gas and mineral leases, royalties, overriding royalties and other interests, common or preferred stocks, bonds, secured or unsecured notes, debentures, convertible stocks or other securities, or any other interest in a corporation, leasehold or mortgage including without limitation, any collective or part interest in any bond and mortgage or note and mortgage, certificate of deposit and any time deposits including any such deposit with any bank serving as Trustee hereunder or its affiliates, if such deposits bear a reasonable rate of interest, shares of any investment trusts or companies and mutual funds, interests in partnerships and trusts, insurance policies and contracts; the Trustee may make or hold investments of any part of the Plan Assets in common or undivided interests with other persons or entities, including such interests in any property that the Trustee, individually or otherwise, may hold an undivided interest, and may buy, sell or deal with any person or entity regardless of any relationship of the Trustee or an employee to such person or entity unless such action would constitute a breach of fiduciary duty or is prohibited under Laws and Regulations; such discretionary investment powers shall not be restricted to any class of securities or investments that fiduciaries under any character of trust are permitted by Laws and Regulations to make, and may be exercised without any regard to any requirements of diversification as to kind or amount, except as may be imposed by Laws and Regulations or elsewhere herein.

(b) The Trustee may designate one or more investment managers, as defined below, to act in its place with respect to decisions relating to the management, acquisition and disposition of any portion or all of the Plan Assets. For this purpose, an investment manager means any fiduciary (other than a trustee or fiduciary named in the Plan or who, pursuant to a procedure specified in the Plan, is identified as a fiduciary) who: (a) has the power to manage, acquire, or dispose of any Plan Assets; (b) is (i) registered as an investment adviser under the Investment Advisers Act of 1940, (ii) is a bank, as defined in that Act, or (iii) is an insurance company qualified to perform services described in subparagraph (a) under the laws of more than one State; and (c) has acknowledged in writing that he or she is a fiduciary with respect to the Plan. During any period of time in which an investment manager shall direct the investment of a portion of the Plan Assets, the Trustee shall continue to receive all assets purchased against payment therefor and to deliver all assets sold against receipt of the proceeds therefrom. Any designated investment manager may from time to time issue orders on behalf of the Trustee for the purchase or sale of securities directly to a broker or dealer

and for such purpose the Trustee shall, upon request, execute and deliver to such investment manager one or more trading authorizations. The Trustee shall have no obligation to determine the existence of any conversion, redemption, exchange, subscription or other right relating to any securities purchased of which notice by the issuer of the securities was given prior to the purchase of such securities on behalf of the Trust and shall have no obligation to exercise any such right unless the Trustee is informed of the existence of the right by the investment manager and is requested in writing by the investment manager to exercise such right within a reasonable time before the time for exercise thereof expires.

(c) In furtherance and not in limitation of the powers referred to in subsection (a) above, but subject to the limitations and standards stated elsewhere in this Section and the Plan and Laws and Regulations, the Trustee shall have the following powers:

(i) To sell, exchange, convey, transfer, mortgage, pledge, option, lease or otherwise dispose of any Plan Assets without obligation upon any person dealing with the Trustee to see to the application of any money or other property delivered to them, and regardless of whether the term of any such lease or other such disposition might survive the termination of the Trust.

(ii) To sell at public auction or by private contract, redeem, or otherwise realize upon any securities, investments or other property forming a part of the Trust and for such purposes to execute such instruments and writings and do such things as it shall deem proper.

(iii) To cause any investment to be registered or held in the name of one or more of its nominees or one or more nominees for the centralized handling and deposit of securities, or in bearer or Federal Book-Entry form, without increase or decrease of liability.

(iv) To collect principal and income as the same shall become due and payable and to give receipts therefor.

(v) To vote upon any stocks, bonds or other securities of any corporation, association or trust at any time comprising the Trust Fund, or otherwise consent to or request any action on the part of such corporation, association or trust, and to give general or special proxies or powers of attorney, with or without power of substitution, and to participate in reorganizations, recapitalizations, consolidations, mergers and similar transactions with respect to such securities; to deposit such stocks or other securities in any voting trust or with any protective or like committee, or with a trustee, or with depositaries designated thereby; and generally to exercise any of the powers of an owner with respect to stocks or other securities or property comprising the Plan Assets which the Trustee deems to be for the best interests of the Trust.

(vi) To organize and own one or more corporations for the exclusive purpose of holding title to any property of the Trust, collecting income therefrom, and turning over the entire amount thereof, less expense, to the Trustee.

(vii) To borrow money for the purposes of this Trust and, for any amount so borrowed, to issue the promissory note of the Trustee and to secure the repayment thereof by pledge, mortgage or hypothecation of all or any part of the property of the Trust, and no person loaning money to the Trustee shall be bound to see to the application of the money loaned or to inquire into the validity of any such borrowing.

(viii) To make, execute, acknowledge and deliver any and all instruments that the Trustee shall deem necessary or appropriate to carry out the powers herein granted.

(ix) Generally to do all such acts, whether or not expressly authorized, that the Trustee may deem necessary or desirable for the protection of the Trust.

(x) To exercise all the rights, powers, options and privileges now or hereafter granted to, provided for, or vested in, trustees under the Texas Trust Code, as amended, except such as conflict with the terms of this Plan or applicable law; as far as possible, no subsequent legislation or regulation shall be in limitation of the rights, powers or privileges granted the Trustee hereunder or in the Texas Trust Code as it exists at the time of the execution hereof.

Section 10.06 Advisers. The Trustee may employ such accountants, custodians, counsel or other agents as the Trustee deems advisable and pay such persons reasonable compensation for services pursuant to such employment. The Trustee may from time to time consult with legal counsel, who may, but need not be, counsel for the Authority and shall be fully protected in acting, or refraining from acting, upon the advice of any counsel with respect to legal questions.

Section 10.07 Reliance upon Acts of Trustee. No person dealing with the Trustee shall be required to verify the application by the Trustee for Plan purposes of any money paid or other property delivered to the Trustee; and all persons dealing with the Trustee shall be entitled to rely upon the representations and decisions of the Trustee as to its authority and are released from any duty of inquiry with respect thereto. Any action of the Trustee hereunder shall be conclusively evidenced for all purposes of the Plan by the certification of the Trustee, and such certification when received by an Issuing Company, or by any other person, shall be conclusive evidence of the facts recited therein and shall fully protect all persons relying upon the truth thereof. A third person dealing with the Trustee shall not be required to make any inquiry as to whether the Trustee is otherwise authorized to take or omit any action.

Section 10.08 Records and Accounts of Trustee. The Trustee shall keep full and complete records of its acts as Trustee.

Section 10.10 Trust Expenses. All expenses incurred in operating this Trust including, without limitation, legal fees, administrative expenses, investment manager's fees, and the like, may be paid by the Employers, but to the extent such expenses are not so paid, they shall be paid by the Trustee from the Trust Funds.

On termination of the Trust, the Trustee may reserve, in connection with any transfer or distribution of assets, an amount adequate to provide for any liabilities of the Trust incurred or to be incurred, and finally shall dispose of any balance of such amount in the same manner as the rest of the assets were disposed of.

The Trustee shall pay out of the Trust Funds any and all taxes of any nature whatsoever, including interest and penalties, assessed against or imposed upon the Trustee in respect of the Trust Funds or the income thereof, subject to the terms of any agreements or contracts made with respect to Trust investments that make other provisions for such tax payments. The Trustee may assume that any taxes in respect of the Trust Funds or the income thereof are lawfully assessed unless the Plan Administrator shall, in writing, advise the Trustee or the Trustee otherwise determines that, in its opinion, such taxes are or may be unlawfully assessed. The Trustee shall contest the validity of such taxes in any manner deemed appropriate by the Trustee or its counsel at the expense of the Trust; or the Authority may contest the validity of any such taxes, at the expense of the Trust, in the name of the Trustee; and the Trustee shall execute all documents, instruments, claims and petitions necessary or advisable, in the opinion of the Authority's counsel, for the refund, abatement, reduction or elimination of any such taxes.

Section 10.11 Successor Trustee. If at any time the Board of Trustees shall resign as Trustee, be removed as Trustee by the Authority or otherwise fail to serve as Trustee, a successor Trustee or successor Trustees shall be appointed forthwith by the Authority. Successor Trustees may be a bank or other corporate entity with trust powers organized under the laws of the United States of America or the laws of Texas, or an individual Trustee, or a group of Trustees, such to be determined by the Authority. Any successor Trustee appointed hereunder may qualify as such by executing, acknowledging, and delivering to the Authority an instrument accepting such appointment, whereupon such successor shall be and become vested with all the estate, rights, powers, discretions, duties and obligations of the Trustee, as provided in this Plan.

Section 10.12 Liability of Trustee. The Trustee shall not be liable for any mistake of judgment or other action made, taken or omitted by it for any loss suffered by this Trust unless as a result of its own willful misconduct.

Anything to the contrary in the Plan notwithstanding, the Plan Assets shall be invested and reinvested solely in the best interests of the Plan Participants and their Beneficiaries: (a) for the exclusive purposes of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan; (b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; (c) by diversifying the investments of the Plan to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and (d) in accordance with the documents and instruments governing the Plan to the extent that such documents and instruments are consistent with Laws and Regulations.”

(9) Article XIV, Section 14.01, is hereby amended in its entirety, to read as follows:

“Section 14.01 Status and Liability of Issuing Companies. No Insurance Company that may issue any contract upon application of the Trustee under the terms hereof shall be required to take or permit any action contrary to the provisions of such contract, or be bound to allow any benefit or privilege to any person interested in any contract it has issued that is not provided in such contract, or be deemed to be a party to this Plan for any purpose, or be responsible for the validity of the Plan, or be required to look into the terms of the Plan, or question any act of the Trustee hereunder, or be required to see that any action of the Trustee is authorized by the Plan, or any other person or organization. Any such Issuing Company shall be fully discharged from any and all liability for any amount paid to the Trustee or in accordance with his or her direction; and no Issuing Company shall be obligated to see to the application of any moneys so paid by it. Any such Issuing Company shall be fully protected in taking or permitting any action on the faith of any instrument executed by the Trustee in its name as Trustee, and shall incur no liability for so doing.”



IN WITNESS WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2021,  
this Amendment No. Four to the Plan, effective as of the date specified herein, has been  
properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: \_\_\_\_\_

Timothy Timmerman  
Chair, LCRA Board of Directors

ATTEST:

\_\_\_\_\_  
Thomas E. Oney  
Assistant Secretary, LCRA Board of Directors

**EXHIBIT C**

STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS       §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. EIGHT

TO

LOWER COLORADO RIVER AUTHORITY

DEFERRED COMPENSATION PLAN

WHEREAS, the Lower Colorado River Authority (the “Authority”) maintains the Lower Colorado River Authority Deferred Compensation Plan (the “Plan”) for the exclusive benefit of eligible employees and their beneficiaries, which Plan was previously amended and restated effective Jan. 1, 1999, and subsequently amended and restated effective Jan. 1, 2003; and

WHEREAS, the Board of Directors of the Authority (the “Board”) is authorized to amend the Plan at any time and to any lawful extent deemed advisable; and

WHEREAS, the Board desires to amend the Plan to permit part-time employees to participate in the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, such amendment to be effective Jan. 1, 2021:

1. Article I, Section 1.9, is hereby amended in its entirety, to read as follows:

“1.9 Employee. Any person employed as a common law employee of the Authority, as determined pursuant to the Authority’s personnel policies and procedures, and who is not classified by the Authority for purposes of the Plan as a consultant or independent contractor. The Authority’s classification of a person as a consultant or independent contractor for purposes of the Plan shall be conclusive for purposes of determining whether such person is an Employee, and shall not be affected by the classification or reclassification of such person as a common law employee for tax or other purposes. The term ‘Employee’ shall

include leased employees within the meaning of Section 414(n)(2) of the Code; provided, however, that if such leased employees constitute less than twenty percent (20%) of the Authority's nonhighly compensated workforce within the meaning of Section 414(n)(5)(C)(ii) of the Code, the term 'Employee' shall not include those leased employees covered by a plan described in Section 414(n)(5) of the Code."

2. Article II, Section 2.1, is hereby amended in its entirety, to read as follows:

"2.1 Eligibility Requirements. Every Employee who, on or before April 1, 2004, was a Participant in the Plan, shall continue to be a Participant in the Plan. Effective April 1, 2004, every other Employee shall become eligible to participate in the Plan as of the first day of the biweekly payroll period next following the date on which such Employee commences employment with the Authority or, if later, becomes eligible to participate in the Plan."

3. Article II, Section 2.3, is hereby amended in its entirety, to read as follows:

"2.3 Reentry of Prior Participants. A Participant who terminates employment with the Authority or becomes ineligible to participate in the Plan because he or she is no longer classified as a common law employee shall be immediately eligible to participate in the Plan following his or her reemployment with the Authority or return to eligible employment status, whichever is later."

IN WITNESS WHEREOF, on this \_\_\_\_\_ day of \_\_\_\_\_, 2021,  
this Amendment No. Eight to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: \_\_\_\_\_  
Timothy Timmerman  
Chair, LCRA Board of Directors

ATTEST:

\_\_\_\_\_  
Thomas E. Oney  
Assistant Secretary, LCRA Board of Directors

**FOR ACTION (CONSENT)**

## **7. LCRA Board Policy 303 – Banking and Investments**

### **Proposed Motion**

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

### **Board Consideration**

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

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

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

### **Summary**

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

- Changing Section 303.405 to describe what TPFIA training must include.
- Changing a broker trading location (Appendix B).

### **Exhibit(s)**

A – LCRA Board Policy 303 – Banking and Investments

## EXHIBIT A

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### LCRA BOARD POLICY

#### 303 – BANKING AND INVESTMENTS

~~Jan. 22, 2020~~ Jan. 20, 2021

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##### **303.10 PURPOSE**

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

##### **303.20 POLICY**

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

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

##### **303.30 Banking Procedures**

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

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

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

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

### **303.40 Investment Procedures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**303.407 Safekeeping of Investments.** LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a “delivery-versus-payment” basis. Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

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

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

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

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

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

All designated investment officers must sign the quarterly reports.

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

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



Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Funds; however, should they be necessary, the short-term nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

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

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

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

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

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

**303.50 AUTHORITY**

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

**EFFECTIVE:** December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; April 18, 2018; Oct. 17, 2018; Dec. 11, 2018; Oct. 23, 2019; ~~and~~ Jan. 22, 2020; and Jan. 20, 2021.

**APPENDIX A**

**AUTHORIZATION TO PURCHASE AND SELL SECURITIES**

**~~Individuals in Authorized Positions~~**

**STAFF AUTHORIZED TO PURCHASE AND SELL SECURITIES:  
AMENDED ~~JAN. 22, 2020~~ JAN. 20, 2021**

Chief Financial Officer (Unlimited)	James D. Travis
Treasurer (\$100 million per day)	David J. Smith
Treasury Supervisor (\$75 million per day)	Keri J. Whipple
Treasury Analyst (\$75 million per day)	Russell Holloway
Treasury Analyst (\$75 million per day; Money Market trades only)	Tom Bowen

APPENDIX B

APPROVED BROKERS/DEALERS  
AS OF JAN. 20, 2021

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

**APPENDIX C**  
**APPROVED INVESTMENTS OF PUBLIC FUNDS**  
**AS OF ~~OCT. 23, 2019~~JAN. 20, 2021**  
**(SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)**

**DESCRIPTION**

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

**FOR ACTION (CONSENT)**

## **8. 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)**

## **9. Minutes of Prior Meeting**

**Proposed Motion**

Approve the minutes of the Dec. 15, 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 Dec. 15, 2020, meeting

## **EXHIBIT A**

Minutes Digest

Dec. 15, 2020

- 20-60 Authorization for 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.
- 20-61 Declaration of an approximately 0.015-acre (667 square feet) tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 20-62 Declaration of an approximately 7.53-acre tract of land, being portions of LCRA Parcel JE-01 in Burnet County, nonessential, and authorization for the general manager or his designee to do all things reasonably necessary to sell the property to LCRA Transmission Services Corporation for \$256,020.
- 20-63 Appointment of 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.
- 20-64 Approval of directors' attendance at seminars or conferences for calendar year 2021.
- 20-65 Approval of directors' fees and expense reimbursements.
- 20-66 Approval of the minutes of the Oct. 21, 2020, meeting.
- 20-67 Approval of revisions to LCRA Board Policy 308 – Purchasing Contracts.
- 20-68 Declaration of an approximately 49-acre tract of land, being a portion of LCRA Parcel ME-03 in Burnet County, nonessential, and authorization for the general manager or his designee to do all things reasonably necessary to convey the property to the City of Marble Falls.
- 20-69 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5694 (Baker Tilly US, LLP); Contract No. 5704 (Northstar Elite Construction and Consulting, LLC); Contract numbers 5715 and 5716 (Bell Lumber & Pole Corp. and Stella-Jones Corp.); Contract numbers 5724, 5725, 5726 and 5727 (Evans Enterprises LLC; Bradleys', Inc.; Houma Armature; and Integrated Power Services); Contract No. 5681 (EC Source Services, LLC); Contract No. 4921 (Irby Construction Company, Inc.) and Contract No. 4313 (ServiceNow).



MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Horseshoe Bay, Texas  
Dec. 15, 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 2:37 p.m. Tuesday, Dec. 15, 2020, in the Granite Ballroom at the Horseshoe Bay Resort, 200 Hi Circle North, Horseshoe Bay, Llano County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Michael L. "Mike" Allen  
Lori A. Berger  
Laura D. Figueroa  
Raymond A. "Ray" Gill Jr.  
Robert "Bobby" Lewis  
Thomas L. "Tom" Kelley  
Thomas Michael Martine  
George W. Russell  
Margaret D. "Meg" Voelter  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Absent: Stephen F. Cooper, Vice Chair  
Joseph M. "Joe" Crane, Secretary  
Charles B. "Bart" Johnson

Chair Timmerman convened the meeting at 2:37 p.m.

The Board heard public comments (Agenda Item 1). Michael Byrd, a Sunrise Beach Village Council member and a Llano County Appraisal District Board member, addressed the Board in his individual capacity and requested LCRA consider having an independent engineering review of LCRA River Operations.

General Manager Phil Wilson gave the Board an update on safety, with a focus on safe driving during the holiday season, the recent LCRA Veterans Recognition Day and LCRA helping Pedernales Electric Cooperative operationally implement a recently energized battery storage system. He discussed preparation of the power plants for colder weather and highlighted LCRA employee giving during the holidays. He thanked employees for their outstanding work during this extraordinary year of the pandemic. Wilson asked Director Berger to provide an update on Community Development Partnership Program grants.

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Director Voelter, the Board unanimously approved consent items 2, 3, 4,

5, 6, 7 and 8 included on the Dec. 15, 2020, consent agenda by a vote of 12 to 0 as follows:

20-60 Authorization for 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, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

20-61 Declaration of an approximately 0.015-acre (667 square feet) tract of land, being a portion of LCRA Parcel JE-03 in Burnet 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 3 [attached hereto as Exhibit B].

20-62 Declaration of an approximately 7.53-acre tract of land, being portions of LCRA Parcel JE-01 in Burnet 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 do all things reasonably necessary to sell the property to LCRA Transmission Services Corporation for \$256,020, as recommended by staff in Consent Item 4 [attached hereto as Exhibit C].

20-63 Appointment of 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, as recommended by staff in Consent Item 5 [attached hereto as Exhibit D].

20-64 Approval of directors' attendance at seminars or conferences for calendar year 2021, as recommended in Consent Item 6 [attached hereto as Exhibit E].

20-65 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 7 [attached hereto as Exhibit F].

20-66 Approval of the minutes of the Oct. 21, 2020, meeting [Consent Item 8].

Executive Vice President of Water John B. Hofmann presented an overview of the calendar year 2021 projected firm and interruptible water rates, availability of water, and planned updates to the drought contingency plan and contract rules for interruptible agriculture customers (Discussion Item 9). Hofmann noted staff's plan to place related items on the January 2021 Board agenda for action.

20-67 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 approve revisions to LCRA Board Policy 308 – Purchasing Contracts. Upon motion by Director Whitten, seconded by Director Russell, the recommendation was unanimously approved by a vote of 12 to 0.

20-68 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board declare an approximately 49-acre tract of land, being a portion of LCRA Parcel ME-03 in Burnet County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA), and authorize the general manager or his designee to do all things reasonably necessary to convey the property to the City of Marble Falls. Upon motion by Director Berger, seconded by Director Kelley, the recommendation was unanimously approved by a vote of 12 to 0.

20-69 Vice President of Supply Chain Matt Chavez presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit I], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5694 (Baker Tilly US, LLP); Contract No. 5704 (Northstar Elite Construction and Consulting, LLC); Contract numbers 5715 and 5716 (Bell Lumber & Pole Corp. and Stella-Jones Corp.); Contract numbers 5724, 5725, 5726 and 5727 (Evans Enterprises LLC; Bradleys', Inc.; Houma Armature; and Integrated Power Services); Contract No. 5681 (EC Source Services, LLC); Contract No. 4921 (Irby Construction Company, Inc.) and Contract No. 4313 (ServiceNow). Upon motion by Director Lewis, seconded by Director Figueroa, the recommendation was unanimously approved by a vote of 12 to 0.

Chair Timmerman declared the meeting to be in executive session at 3:59 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 4:19 p.m.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 4:19 p.m.

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Joseph M. Crane  
Secretary  
LCRA Board of Directors  
Approved: Jan. 20, 2021

**FOR ACTION**

## **10. LCRA Interruptible Agricultural Drought Contingency Plan**

### **Proposed Motion**

Approve an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch.

### **Board Consideration**

The Texas Commission on Environmental Quality requires that drought contingency plans be approved by the governing Board.

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

The proposed Drought Contingency Plan has no impact on the fiscal year 2021 budget.

### **Summary**

In 2020, TCEQ approved an updated Water Management Plan that imposes various limits on the amount of interruptible stored water available to customers in the Gulf Coast and Lakeside divisions and to Pierce Ranch. LCRA previously made changes to the interruptible agricultural Drought Contingency Plan that incorporate elements of the 2015 WMP.

LCRA staff proposes a revision to the Drought Contingency Plan regarding the allocation of interruptible stored water from lakes Buchanan and Travis for rice customers for their second season to reflect the apparent availability of alternative sources of supply. Specifically, LCRA will allocate a lower amount of interruptible stored water to a field for second season if the field uses low levels of LCRA-supplied water during first season, which suggests use of an alternate water source.

The draft plan was available for comment through the LCRA website. LCRA staff in December 2020 met with interruptible water customers regarding the supply of water for the upcoming crop year. The draft plan has been provided to the Board of Directors under separate cover.

### **Presenter(s)**

John B. Hofmann  
Executive Vice President, Water

## **FOR ACTION**

# **11. LCRA Interruptible Agricultural Water Contract Rules and Rates for Garwood, Gulf Coast and Lakeside Agricultural Divisions**

### **Proposed Motion**

Approve updated interruptible agricultural water contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

### **Board Consideration**

LCRA Board Policy 501 – Water Resources and Special District Local Laws Code § 8503.011 require the LCRA Board of Directors to approve water contract rules and rates.

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

The proposed contract rules and rates have no impact on the fiscal year 2021 budget.

The proposed interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division, with an adjustment to the Gulf Coast and Lakeside rates to mitigate the degree of rate increase in those divisions. The resulting rate increase for Gulf Coast and Lakeside is 5%. In addition, the rates for Gulf Coast and Lakeside include a portion of river management costs. Over a multiyear period when water is available, LCRA is increasing the portion of river management costs included in the interruptible rate with the ultimate goal of full cost recovery. For calendar year 2021, the share of river management costs included in the interruptible rates is proposed to increase. Further increases over the next two years are anticipated as necessary to reach a rate that recovers the full share of river management costs attributed to these interruptible customers.

The full cost recovery rate for Garwood is consistent with the 1998 Purchase Agreement between LCRA and Garwood Irrigation Company.

### **Summary**

LCRA staff proposes updates to the interruptible agricultural water service contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

LCRA staff proposes changes to the contract rules to require certain customers to prepay the minimum charge for water in the current year. These would include: (1) customers who, on Feb. 1 of the current year, had a past due balance from a prior season; (2) customers irrigating property owned by a landowner who, on Feb. 1 of the current year, had a past due balance from a prior season; and (3) new customers, unless the landowner is a party to the contract with joint liability for payment.

LCRA staff also proposes updates to the volumetric rates for interruptible water customers in the Garwood, Gulf Coast and Lakeside divisions. As in prior years, the updated rates vary by division and reflect the unique costs associated with operating

each division. LCRA staff proposes a change to set the minimum charge for the Gulf Coast and Lakeside divisions equal to 33% of the volumetric rates. LCRA staff further proposes updated surcharge rates for higher water use, which would continue to be tiered with rates that are 40%, 80% and 150% of the volumetric rate for the respective division. The proposed volumetric rates, minimum charges and surcharges are shown as Exhibit A. Other rates that remain unchanged from calendar year 2020 include the early drainage surcharge, the irrigation coordinator cost recovery rate, the application fee and the groundwater transport rates.

Following Board action on this item, staff will update the water contract forms for the agricultural divisions to reflect the approved changes consistent with Board policies and rules. The proposed contract rules and rates were available for comment through the LCRA website, and LCRA staff in December 2020 met with interruptible water customers to discuss the upcoming crop year. Copies of the proposed contract rules and rates have been submitted to the Board under separate cover.

**Presenter(s)**

John B. Hofmann  
Executive Vice President, Water

**Exhibit(s)**

A – Proposed Calendar Year 2021 Interruptible Water Rates

**EXHIBIT A**

**Proposed Calendar Year 2021 Interruptible Water Rates  
(per acre-foot)**

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1	Tier 2	Tier 3
Gulf Coast	\$66.14	\$26.46	\$52.91	\$99.21
Lakeside	\$66.14	\$26.46	\$52.91	\$99.21
Garwood – 1 lift	\$38.32	\$15.33	\$30.66	\$57.48
Garwood – 2 lifts	\$45.42			

Gulf Coast and Lakeside divisions: minimum charge of \$22.05 per acre-foot of interruptible stored water allocated under contract

Garwood Division: Minimum charge of \$25.00 per acre of rice under contract

Application fee: \$100

Irrigation coordinator cost recovery fee: \$75 per hour

Early drainage surcharge: \$10 per acre

Groundwater delivery fee: \$30 per day for first structure and \$15 per day for each additional structure

## **FOR ACTION**

# **12. LCRA Firm Customer Canal Distribution Rates**

### **Proposed Motion**

Approve 1) the distribution rate for long-term industrial customers delivered firm water through the Gulf Coast Agricultural Division canals (Gulf Coast Industrial Distribution Rate); and 2) the distribution rate for temporary customers delivered firm water through either the Gulf Coast Agricultural Division or Lakeside Agricultural Division canals (Temporary Canal Distribution Rate).

### **Board Consideration**

LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code require the Board of Directors to adopt rates associated with water contracts.

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

The Gulf Coast Industrial Distribution Rate reflects the full cost recovery of delivering firm water to two industrial customers receiving water on a year-round basis from the Gulf Coast Agricultural Division canal system. The Temporary Canal Distribution Rate reflects the weighted-average cost of supplying water to agricultural customers in the Gulf Coast and Lakeside divisions and helps recover a small portion of the overall water delivery costs within the Gulf Coast and Lakeside divisions.

### **Summary**

Staff proposes updated rates for the delivery of water to firm customers within the agricultural division canals to become effective in the March 2021 billing period. The proposed Gulf Coast Industrial Distribution Rate of \$0.235 per thousand gallons (\$76.58 per acre-foot) applies at the delivery point for two industrial customers that divert water from the Gulf Coast Agricultural Division irrigation canals – Underground Services Markham LP and Oxea Corporation. As these customers take water from the irrigation canals and not directly from the river, they pay a share of the costs of operating and maintaining the canal system, and thus reduce the costs the Gulf Coast farmers pay. The current rate of \$0.166 per thousand gallons has been in place since 2016. The proposed rate reflects the relative use of water by the two industrial customers as compared with the agricultural use. The Gulf Coast Industrial Distribution Rate is paid in addition to the standard firm water rates paid by these two customers.

The proposed Temporary Canal Distribution Rate of \$0.186 per thousand gallons (\$60.53 per a-f) applies to customers with small temporary contracts in the Gulf Coast or Lakeside divisions. LCRA enters into these contracts from time to time to support local activities in the areas surrounding LCRA's canals. The contracts are limited to no more than 10 a-f per year for up to three years. Temporary customers only receive water in the event LCRA already is operating the canal segment from which the customer diverts water. The current rate of \$0.094 per thousand gallons has been in place since 2016. The proposed rate reflects an allocation of delivery costs based on the weighted-average cost of delivering water to agricultural customers in the two



divisions, which is appropriate given the short-term and unpredictable nature of these contracts. The Temporary Canal Distribution Rate is paid in addition to the standard firm water rates paid by temporary customers.

LCRA posted on its website the proposed rates for comments. LCRA also provided information regarding the proposed rate changes to customers with current contracts subject to the proposed rate changes.

**Presenter**

John B. Hofmann  
Executive Vice President, Water

**FOR ACTION**

## **13. Delegation of Authority to the General Manager and Chief Executive Officer for Previously Approved Capital Projects**

**Proposed Motion**

Approve the attached resolution delegating authority to the general manager and chief executive officer on a short-term basis to approve additional funding for capital projects expected to exceed a lifetime budget by 10% and \$300,000.

**Board Consideration**

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

**Budget Status and Fiscal Impact**

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

**Summary**

Staff recommends the Board delegate authority to the general manager and CEO on a short-term basis to approve budget increases for capital projects expected to exceed a lifetime budget by 10% and \$300,000 to increase efficiency in maintaining project schedules and to minimize risk in completing projects while ensuring proper review of the project funding. Staff will communicate to the Board on a quarterly basis any projects approved under this delegation. The proposed delegated authority will terminate Dec. 31, 2021.

**Presenter(s)**

Jim Travis  
Chief Financial Officer

Phil Wilson  
General Manager and Chief Executive Officer

**Exhibit(s)**

A – Resolution

## **EXHIBIT A**

### **RESOLUTION DELEGATING AUTHORITY TO THE GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER ON A SHORT-TERM BASIS TO APPROVE ADDITIONAL FUNDING FOR CAPITAL PROJECTS EXPECTED TO EXCEED A LIFETIME BUDGET BY 10% AND \$300,000**

**WHEREAS**, Board Policy 301 – Finance requires Board of Directors approval of additional funding if an approved capital project is expected to exceed its lifetime budget by 10% and \$300,000; and

**WHEREAS**, the Board desires to delegate to the general manager and chief executive officer on a temporary basis the authority to approve additional funding if an approved capital project is expected to exceed its lifetime budget by 10% and \$300,000, with such delegation terminating on Dec. 31, 2021;

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby delegates to the general manager and CEO the authority to approve additional funding for any approved capital project expected to exceed its lifetime budget by 10% and \$300,000, so long as any such additional funding is available within the capital plan approved by the Board and subject to the following:

- Prior to the approval of additional funding, the general manager and CEO shall consult with the chief financial officer.
- The authority delegated to the general manager and CEO may not be redelegated by the general manager and CEO.
- The general manager and CEO shall report to the Board on a quarterly basis all project funding approved by the general manager and CEO pursuant to this delegated authority.
- This delegation of authority shall terminate on Dec. 31, 2021.

**FOR ACTION**

**14. Authorize the Thirty-fourth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding Issuance of LCRA Transmission Services Corporation Series 2021 Refunding Revenue Bonds, and Authorize Related Agreements**

**Proposed Motion**

Staff recommends the Board of Directors adopt and approve the Thirty-fourth Supplemental Resolution (Thirty-fourth Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2021 (Bonds) in an amount not to exceed \$600 million for the following purposes: (i) currently refund portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C; (ii) currently refund certain outstanding long-term Transmission Contract Debt; (iii) fund a debt service reserve fund for the Bonds; and (iv) pay for issuance costs of the Bonds. This item requires approval of at least 12 members of the Board.

The resolution also will:

1. Approve related documents in substantially final form, including the escrow agreement, the paying agent/registrar agreement, the Preliminary Official Statement and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (2021 Installment Payment Agreement Supplement). Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
  - a. Select all or a portion of LCRA TSC's outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/prepayment/ defeasance.
  - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds.
  - c. Establish the terms of the Bonds as provided in the resolution, including issuing such bonds in one or more separate series (tax-exempt and/or taxable), the principal amounts and maturity schedules, interest rates, redemption provisions, and terms of any reserve funds.

- d. Approve the terms of the sale of the Bonds to an underwriting team lead by BofA Securities.
- e. Execute a bond purchase agreement.

### **Board Consideration**

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

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

The fiscal year 2021 LCRA TSC business plan anticipates the refunding of LCRA TSC Series 2011A and 2011B bonds and a portion of the short-term debt. Based on current market conditions and continued low interest rates, the refunding will be advantageous and provide cost savings.

### **Summary**

With this action, the Board will approve the Bonds, issued for the purpose of currently refunding certain LCRA TSC commercial paper, revolving notes and bonds in an amount not to exceed \$600 million; establishing one or more debt service reserve funds for the Bonds; and paying for the issuance costs related to the Bonds. The Board also will approve the execution of documents necessary for the sale of the Bonds.

**Background.** The Thirty-fourth Supplement is a supplemental resolution to the Controlling Resolution establishing LCRA TSC's transmission revenue financing system adopted by the Board in 2001 and readopted in 2003. The Thirty-fourth Supplement authorizes the Bonds; approves the forms of the ancillary agreements relating to such bonds; and delegates to the general manager, the chief financial officer and/or the treasurer authority to set the specific terms of such bonds (including maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the resolution. The Thirty-fourth Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Thirty-fourth Supplement and the pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the Bonds together constitute the authorization of such bonds.

The 2021 Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003. The supplemental agreement provides for the arm's-length obligation of LCRA TSC to pay LCRA the debt service associated with the Bonds and further provides for LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Bonds.

The Bond Purchase Agreement is the contract among LCRA, LCRA TSC and the underwriters of the Bonds that establishes the terms of the sale and delivery of such bonds from LCRA to such underwriters. This agreement provides for the conditions for closing on the Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA's obligation to deliver and/or the underwriters' obligation to accept the Bonds at closing. BofA Securities will be the senior manager of the underwriting team for the Bonds.

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

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

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

Baker Tilly US LLP will perform certain procedures relating to the financial information disclosed in documents related to the Bonds and provide appropriate letters to the Board regarding those procedures.

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

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by three separate credit facilities. Staff periodically recommends refunding short-term, variable-rate debt with long-term, fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, staff periodically recommends refunding existing long-term debt with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA TSC customers.

Staff currently expects the Bonds to be sold and delivered no later than April 15, 2021, subject to the approving opinions of the Office of the Attorney General and bond counsel.

**Presenter(s)**

Jim Travis  
Chief Financial Officer

**FOR ACTION**

**15. Authorize the Thirty-fifth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding the LCRA Transmission Services Corporation Commercial Paper Program Tax-Exempt Series, and Authorize Related Agreements**

**Proposed Motion**

Staff recommends the Board of Directors adopt and approve the Thirty-fifth Supplemental Resolution (Thirty-fifth Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) authorizing the renewal of the \$150 million Transmission Services Tax-Exempt Commercial Paper Program (Tax-Exempt Series CP) credit facility, and authorize the general manager, chief financial officer and/or treasurer to negotiate and execute certain related agreements, including the amendments to the Amended and Restated Letter of Credit Reimbursement Agreement among LCRA; LCRA Transmission Services Corporation (LCRA TSC); JPMorgan Chase Bank, National Association; and State Street Bank and Trust Company (Amended and Restated Reimbursement Agreement), setting forth the terms and conditions governing the issuance of the direct-pay letter of credit securing the tax-exempt commercial paper program for LCRA TSC (Letter of Credit) in the amount of \$150 million. This item requires approval of at least 12 members of the Board.

**Board Consideration**

The Thirty-fifth Supplement, which approves the extension of the credit facility for the Tax-Exempt Series CP and authorizes the supporting amendments to the Amended and Restated Reimbursement Agreement and the related Letter of Credit, requires Board authorization. The three-year extension of the credit facility complies with the covenants of the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program and LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members must approve this action.

**Budget Status and Fiscal Impact**

Staff anticipates the proposed agreements will allow LCRA to issue commercial paper on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. As a result, staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

## **Summary**

With this action, the Board will adopt and approve the Thirty-fifth Supplement and the negotiation and execution of the related amendments to the Amended and Restated Reimbursement Agreement and Letter of Credit. The amount of the banks' commitment will remain \$150 million. The Board also will authorize the general manager, chief financial officer and/or treasurer to negotiate and execute such an amendment and all related documents.

**Background.** In March 2003, the LCRA Board, on behalf of LCRA TSC, adopted the Fourth Supplemental Resolution, which authorized the issuance of the commercial paper notes in an amount of principal and interest not to exceed \$150 million and a Reimbursement Agreement and Letter of Credit to secure such commercial paper. In April 2012, the Fourth Supplemental Resolution was amended to allow an increase in the program up to \$200 million. The credit facility has been amended several times over the years, in different amounts and with different banks participating. JPMorgan Chase Bank is the acting agent under the Reimbursement Agreement.

The Thirty-fifth Supplement extends the commercial paper notes program at \$150 million for three years to the spring of 2024 to give LCRA TSC capacity in its short-term debt facility, delaying long-term financing of outstanding commercial paper notes, and also authorizes certain related agreements. LCRA, LCRA TSC and the banks are proposing the amendments to the Amended and Restated Reimbursement Agreement supporting the commercial paper notes that will reflect the current terms of the agreement and specify the current bank group, market pricing and amount of the credit facility. The extended agreement will be in the amount of \$150 million, with JPMorgan Chase Bank and State Street Bank and Trust each having a \$75 million commitment. With this action, the Board will authorize the general manager, chief financial officer and/or treasurer to negotiate and execute such an amendment and all related documents.

LCRA issues the commercial paper notes on behalf of LCRA TSC to reimburse for eligible expenses and maintains a level of short-term debt until such time as market conditions are favorable for refunding that short-term debt with long-term bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated is the LCRA dealer for the commercial paper program. The Bank of New York Mellon Trust Company is the paying agent for the notes.

## **Presenter**

Jim Travis  
Chief Financial Officer



**FOR ACTION**

## **16. Approve the LCRA Transmission Contract Revenue Notes Series F Note Purchase Agreement and Authorize Related Agreements**

### **Proposed Motion**

Adopt the Thirty-sixth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize the renewal of the note purchase agreement among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Bank of America, N.A. (Series F NP Agreement) 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.

### **Board Consideration**

A supplemental resolution to the existing Controlling Resolution requires Board approval. The Series F NP Agreement complies with the covenants of the LCRA Controlling Resolution, the Thirty-sixth Supplement to the Controlling Resolution that authorized up to \$50 million for the Series F Notes, and with LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 Board members must approve this action.

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

Staff anticipates the renewal of the \$50 million credit facility will result in cost savings because the agreement will reflect current market rates. The Series F replaced a portion of a facility that expired in June 2020. Market rates were higher at that time due to the COVID-19 pandemic disrupting financial markets. The one year agreement put in place in June 2020 allowed for the cancellation of the facility after 6 months. Bank of America has offered a renewal at lower rates for a new one year term. This facility will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

### **Summary**

Staff recommends the Board approve the adoption of the Thirty-sixth Supplemental Resolution authorizing the general manager or his designee to negotiate and execute the Series F NP Agreement and other related documents.

LCRA, as the conduit issuer for LCRA TSC, through amendments to the debt programs and bank credit facilities, currently has authorized LCRA TSC to enter into a

\$150 million tax-exempt commercial paper program with JPMorgan and State Street Bank, a \$150 million Series C Notes with Bank of America, \$100 million Series E with U.S. Bank and a \$50 million Series F Notes with Bank of America.

Staff now seeks to renew the \$50 million Series F Notes program with Bank of America. The Series F program will have a one-year maturity and potential consolidation with the Series C with Bank of America maturing in late 2021.

The note purchases by Bank of America allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are higher than existing commercial paper credit facilities due to current market conditions.

The Series F Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

Supplements to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secure the Series F Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

**Presenter(s)**

Jim Travis  
Chief Financial Officer

**FOR ACTION**

## **17. Contracts**

### **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**

<b>Supplier (Contract Number)</b>	<b>Approval Amount</b>	<b>Supplying</b>
Anixter, Inc. (5746) and TESSCO, Inc. (5747)	\$14 million	Telecom equipment

### **Presenter(s)**

Jim Travis  
Chief Financial Officer

### **Exhibit(s)**

A – New Contracts

## EXHIBIT A

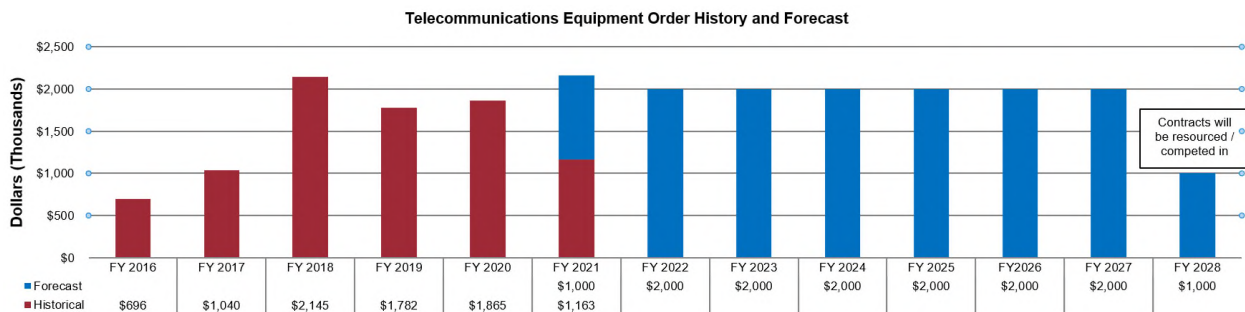
### **New Contracts**

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

**Contract No.** 5746 and 5747  
**Supplier:** Anixter, Inc. and TESSCO, Inc.  
**Contract Amount:** Not to exceed \$14 million in the aggregate  
**Contract Length:** One-year contracts with six additional, optional one-year terms  
**Description:** These master contracts are for the procurement of telecommunications equipment.

#### **Background:**

- LCRA builds, maintains and operates a telecommunications system to support LCRA operations and community development throughout its service territory.
- These suppliers will provide telecommunication equipment for networking, microwave, fiber, cabling and other materials for LCRA's telecommunications system.



#### **Actions:**

- LCRA recommends awarding these contracts based on a fully competitive process.
- LCRA evaluated three proposals.
- LCRA evaluated suppliers based on cost, services and delivery, and ability to provide.
- The contract award amount is not to exceed \$14 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based upon the evaluation and subsequent negotiations, staff recommends Anixter, Inc. and TESSCO, Inc. as the suppliers for this category.