
LCRA BOARD POLICY

404 – GRANTS AND ECONOMIC DEVELOPMENT

May 20, 2020

404.10 PURPOSE

This policy establishes guidelines under which assistance, including grants or loans of money, services or property, may be extended by LCRA for economic development purposes consistent with Chapter 152 of the Texas Water Code (Chapter 152).

404.20 POLICY

It is the policy of LCRA to sponsor and participate in appropriate economic development programs that are intended to strengthen the economic base and further the economic development of LCRA's statutory district and electric and water service areas. The goal of any such program will be to:

- Encourage economic diversification;
- Contribute to the health and development of a community to improve the attractiveness of the community to public and private enterprises; or
- Improve the quality or quantity of services essential for the development of viable communities and economic growth, including services related to education, transportation, public safety, recreation, health care, training, community planning or employment.

In no event will LCRA make receiving electric service from LCRA a condition for participation in or receiving a benefit from an economic development program. Furthermore, LCRA will not use an economic development program to promote fuel switching or the substitution of electric power for another fuel or energy source or provide an economic incentive or other incentive to use electric power to preferentially market the use of electric power over another fuel or energy source.

404.30 APPLICABILITY AND LIMITS OF THIS SECTION

This policy applies to those LCRA economic development activities that are authorized solely under Chapter 152, including routine economic development programs, extraordinary economic development programs and the Community Development Partnership Program, as further defined and explained in separate sections below. The economic development policy is not intended to address or limit in any way any LCRA activity for which LCRA has authority independent of Chapter 152, such as developing

parks and recreation facilities within LCRA's statutory district and providing water and electric services, regardless of the fact that such activities may produce incidental economic benefits.

404.40 ROUTINE PROGRAMS

Routine economic development programs are those programs and activities that involve any of the following:

- Providing used equipment of minimal value or materials and services that do not unreasonably impact LCRA's normal business operations;
- Sponsoring economic development efforts through grants of \$20,000 or less;
- Participating in nonprofit regional economic development coalitions and organizations intended to promote viable communities and economic growth within LCRA's statutory district and service areas;
- Recruiting new business and expansion efforts;
- Promoting tourism; and
- Providing scholarships to students through the LCRA Scholarship Program.

Examples of routine economic development programs include donations of used computers to schools; grants to nonprofit organizations for scholarships; use of LCRA equipment for installation of holiday lights, flagpoles and other fixtures at public facilities; Steps Forward Day and similar community activities; and membership and participation in strategic coalitions and other nonprofit organizations that contribute to the economic development of the region. Routine economic development programs are intended and expected to carry out the purposes of strengthening the economic base and furthering the economic development of the LCRA service area.

The participant in or recipient of the program will be required to be located within LCRA's statutory district or electric or water service areas.

Funding for a routine economic development program must be consistent with the LCRA business plan and be within the budget of the line of business undertaking the activity.

404.50 EXTRAORDINARY PROGRAMS

Grants or loans of money, services or property by LCRA for economic development purposes that are not routine economic development programs are considered to be extraordinary economic development programs. No extraordinary economic development program will be undertaken by LCRA without the specific approval of the LCRA Board of Directors.

404.60 COMMUNITY DEVELOPMENT PARTNERSHIP PROGRAM

Under the authority granted in Chapter 152, and at the discretion of the Board, LCRA will operate the Community Development Partnership Program (CDPP) to provide community development grants to governmental and nonprofit entities for capital projects in LCRA's electric and water service areas.

All communities of the LCRA service area, whether in the electric transmission service area, wholesale power service area or water service area, are eligible for grants under this program. Grants will be made on behalf of LCRA and its wholesale power customer serving the grant recipient's area, if applicable.

404.601 CDPP Review Committee. The LCRA Board will create a 12-member review committee to review, score and award all CDPP grants and services valued at more than \$1,000, except for grants awarded pursuant to the GM/CEO's discretionary authority as described below. The 12-member CDPP Review Committee will be made up of the GM/CEO and the chair of the Transmission Committee, who will both serve continuously; three additional LCRA Board members appointed by the LCRA Board chair for one calendar year term; six electric customer representatives for two-year rotating terms; and one water customer for a two-year term. All committee members will continue to serve until their successors are selected. Any member unable to attend a committee meeting may appoint a proxy representing the member's interest group on the committee.

404.602 Grant Application Process. The CDPP Review Committee will develop and implement the grant application, review and selection process. The GM/CEO will have the discretion to award grants or services up to \$5,000 in value without the LCRA Board or CDPP Review Committee approval, not to exceed a total of \$100,000 per program year. This policy is intended to allow LCRA to respond more quickly to smaller requests and to free the CDPP Review Committee to focus on larger grant requests.

404.603 Funding. No administrative or operating expenses will be taken out of the funds the Board allocates for the grant program. All operating funds and resources will come from the Governmental and Regional Affairs budget.

Seventy percent of the grant money available must be awarded for grants of \$25,000 or less. Thirty percent of the grant money available may be awarded for grants of \$25,001 to \$50,000 each. A 20% cash and/or in-kind match will be required for grants of more than \$5,000. In any event, a participant may only receive one grant in any 24-month period.

Grant funds awarded by the CDPP Review Committee will only be used for capital improvement projects and not for planning grants, hiring of consultants, training or workshops with the exception of public firefighting organizations, including volunteer fire departments. Capital improvements are defined as, but not limited to, all projects related to physical improvement, additions and betterments to the community. LCRA and the CDPP Review Committee may use rules adopted by the Texas Commission on Fire

Protection as general guidelines in determining eligibility for and types of assistance to public firefighting organizations.

LCRA may provide technical assistance for parks pursuant to Chapter 152 independent of the CDPP Review Committee.

404.604 Project Monitoring. LCRA staff will ensure completion of each grantee's project.

404.70 RURAL BROADBAND AND TELECOMMUNICATIONS PROGRAM

Under the authority granted in Chapter 152, and at the discretion of the Board, LCRA will establish and administer the Rural Broadband and Telecommunications Program (Project Connect) within LCRA's service area to facilitate rural broadband connectivity and telecommunications services in rural communities through the deployment of excess broadband infrastructure and fiber optic line capacity.

404.701 Program Goal. The goal of Project Connect is to leverage LCRA's excess fiber optic lines and excess transport network capacity to facilitate broadband connectivity and telecommunications services in underserved rural communities within LCRA's service area in an effort to:

- (i) Encourage economic diversification within the communities;
- (ii) Contribute to the health and development of the communities to improve the attractiveness of the communities to public and private enterprises; and
- (iii) Improve the quality or quantity of services essential for the development of viable communities and economic growth, including services related to education, transportation, public safety, recreation, health care, training, community planning, or employment.

404.702 Participant Requirements. Entities eligible to participate in the Project Connect program include governmental entities, utility cooperatives, hospitals, public school districts and other education organizations, and internet service providers.

404.703 Restrictions, Procedures and Budget.

A. Restrictions on Participants.

1. Participants must use the program to provide rural broadband or telecommunications service to end users within LCRA's service area.
2. Participants may not use the program to initiate service to end users located within any municipality with more than 50,000 residents, based on the most recent census.

B. Restrictions on Program.

1. Necessary property rights will be acquired.
2. The program will use excess capacity available in the system.
3. The program does not include delivery of content or last-mile service.

4. The program is limited to facilitating broadband connectivity and telecommunications services only.
5. The program may provide either dim, lit or dark fiber.
6. The program does not include two-way radio service.
7. This program will not cause LCRA to become either a telecommunications common carrier or an internet service provider.

C. Procedures.

1. Participant initiates the request for use of broadband infrastructure or telecommunications facilities.
2. Participant must enter into legally binding, individually negotiated agreement with LCRA.
3. Staff will develop and follow an internal process for review and approval of each economic development opportunity.

D. Budget Limits. The Board will establish an annual budget for the Project Connect program each year in the LCRA business plan.

404.80 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code
Texas Water Code, Chapter 152

EFFECTIVE: Sept. 21, 2016 (moved from Board Policy 403 – Community Services).
Amended Dec. 11, 2018; Aug. 21, 2019; and May 20, 2020.