



Board Agenda
Wednesday, Feb. 24, 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 2

Items From the General Manager

General Manager’s Update

Action Items

- 2. Land Lease at Arbuckle Reservoir Site in Wharton County 3
- 3. Lease of TS-13A and TS-13B (Camp Chautauqua) 7
- 4. Lease of Pedernales River Nature Park 11
- 5. Moratorium on Commercial Dredge Mining Activities and Related
Permit Applications..... 15

Executive Session

- 1. Litigation Update
- 2. Legislative Update
- 3. Competitive Electric Matters

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.

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. Land Lease at Arbuckle Reservoir Site in Wharton County

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a land lease with Leeward Renewable Energy Development LLC.

Board Consideration

LCRA Board Policy 401 – Land Resources requires Board approval for a lease of LCRA property for a term greater than 15 years.

Budget Status and Fiscal Impact

The administrative costs associated with the execution of this lease are contained within the fiscal year 2021 business plan.

Summary

Leeward has proposed leasing about 650 acres of land at the Arbuckle Reservoir site in Wharton County for the purpose of solar development. The proposed lease area, being a portion of LCRA Parcel OCL-02, is southwest of the reservoir and is located between the Colorado River and Jarvis Creek.

The proposed terms of the lease are as follows, which reflect input from LCRA Wholesale Power staff regarding typical terms of a solar agreement:

- Development/option term and rent: \$10 per acre every six months up to five years. Activities during this term include surveying, geotechnical studies and general due diligence of the site. Based on these activities, Leeward will decide whether to move forward with construction and production or terminate the lease early. (Leeward anticipates this may only take two years depending on the schedule.)
- Construction term and rent: \$250 per acre for the first year of construction. If construction takes more than one year, construction term and rent would be \$40 per acre per month.
- Production term and rent: \$500 per acre for 20 years plus two five-year options for a total of 30 years.
- Escalation: 3% annual escalator during the production term.
- Tenant will be 100% responsible for building and maintaining a fence around the solar equipment.
- Tenant will be 100% responsible for mowing the lease area.
- Leeward is responsible for providing a survey that will determine the final acreage.

If the lease is approved and Leeward moves forward with construction and production, LCRA would grant the necessary access, utility and substation rights needed to develop a solar farm. If Leeward constructs and operates the solar farm, LCRA would receive approximately \$15.46 million over the 30-year production term.

Staff will conduct environmental and cultural due diligence assessments of the property before the execution of the lease.

Presenter(s)

John Miri
Chief Administrative Officer

Mark Sumrall
Director, Real Estate Services

Exhibit(s)

A – Vicinity Map
B – Site Map

EXHIBIT A

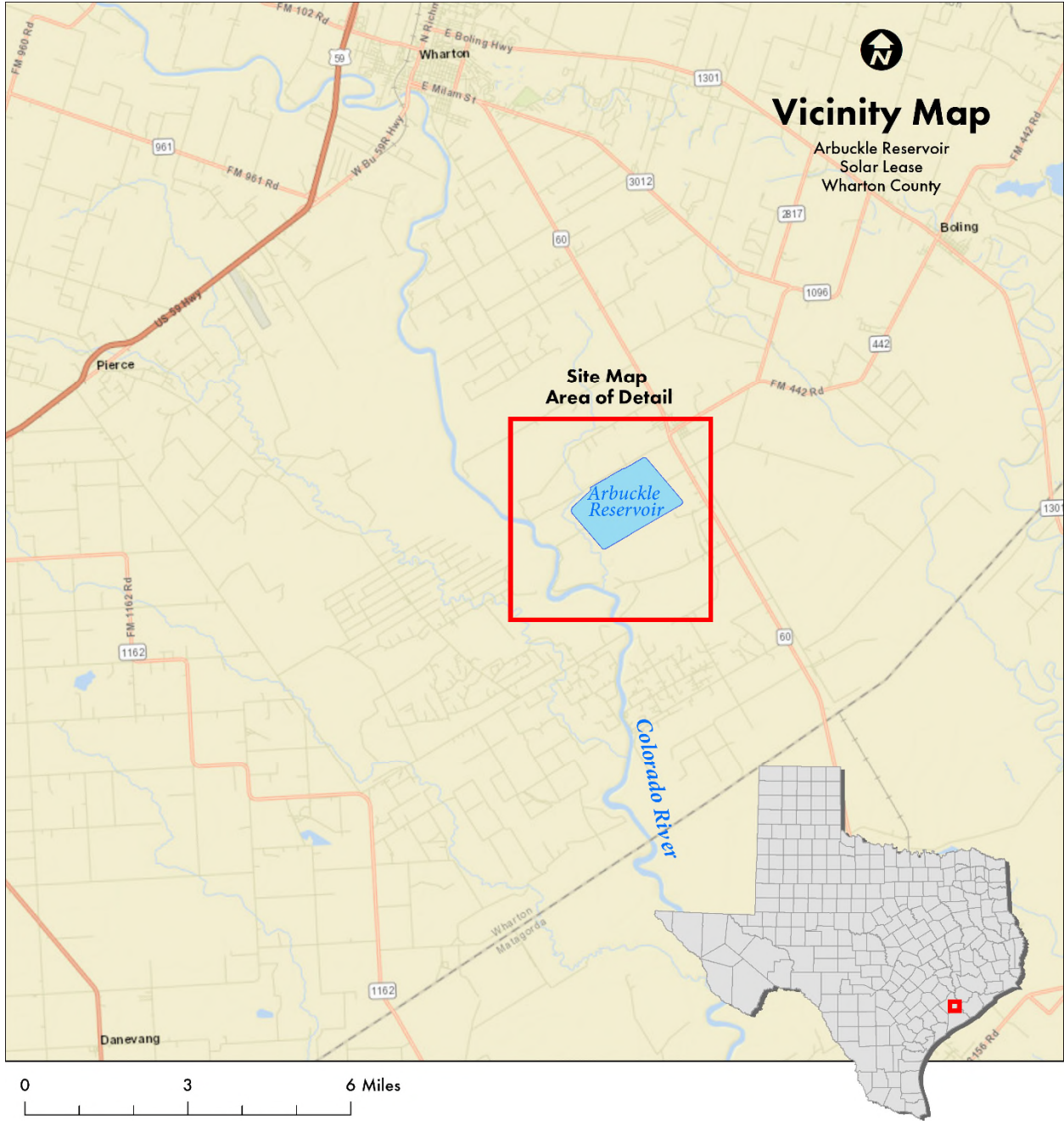
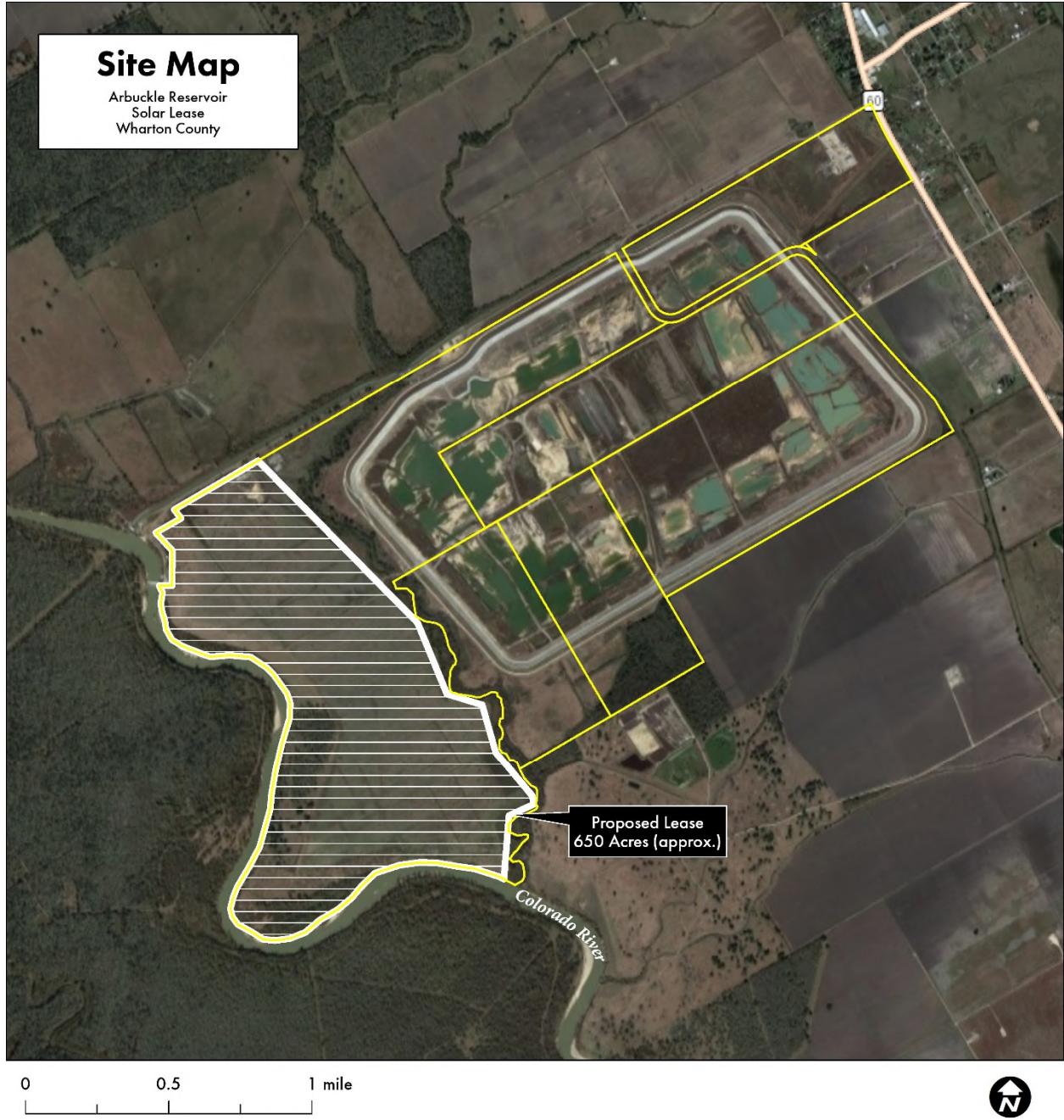


EXHIBIT B



FOR ACTION

3. Lease of TS-13A and TS-13B (Camp Chautauqua)

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a 66-year lease agreement with Legacy DCS LLC for the development and operation of TS-13A and TS-13B (Camp Chautauqua).

Board Consideration

LCRA Board Policy 401 – Land Resources requires Board of Directors approval for any lease of LCRA land for a term greater than 15 years.

Budget Status and Fiscal Impact

Rent payable to LCRA will be a percentage of the gross revenues generated from the project with a minimum lease payment each year, consistent with the terms discussed with the Board in January. LCRA will not be responsible for capital expenditures or operation and maintenance expenses associated with the project.

Summary

Camp Chautauqua is a 216-acre lakefront property. Following a property evaluation, staff determined the land is suitable for additional development based on current and future expected market conditions.

Legacy DCS specializes in resort destinations and single-family housing developments. Legacy DCS has agreed to lease the Camp Chautauqua property for a term of 66 years with a robust capital improvement and development plan. Capital improvements will include design and construction of an approximately 70-room hotel with more than 125 additional unique lodging units and a full-service marina. LCRA staff approval will be required on all construction and operation plans before any park improvements are made. Legacy DCS also will be responsible for the operation and maintenance of the project after completion. Day-use visitors will still be welcome to enjoy the property for a nominal fee.

LCRA Community Resources staff and a third-party advisory firm have completed a thorough evaluation of the proposal's viability and alignment with the LCRA Parks strategic plan, including a detailed market and financial analysis. LCRA staff has completed environmental and cultural due diligence assessments in accordance with LCRA Board Policy 401 and has no recognized concerns.

Presenter(s)

John Miri
Chief Administrative Officer

Margo Richards
Vice President, Community Resources

Exhibit(s)

- A – Location Map
- B – Site Map

EXHIBIT A

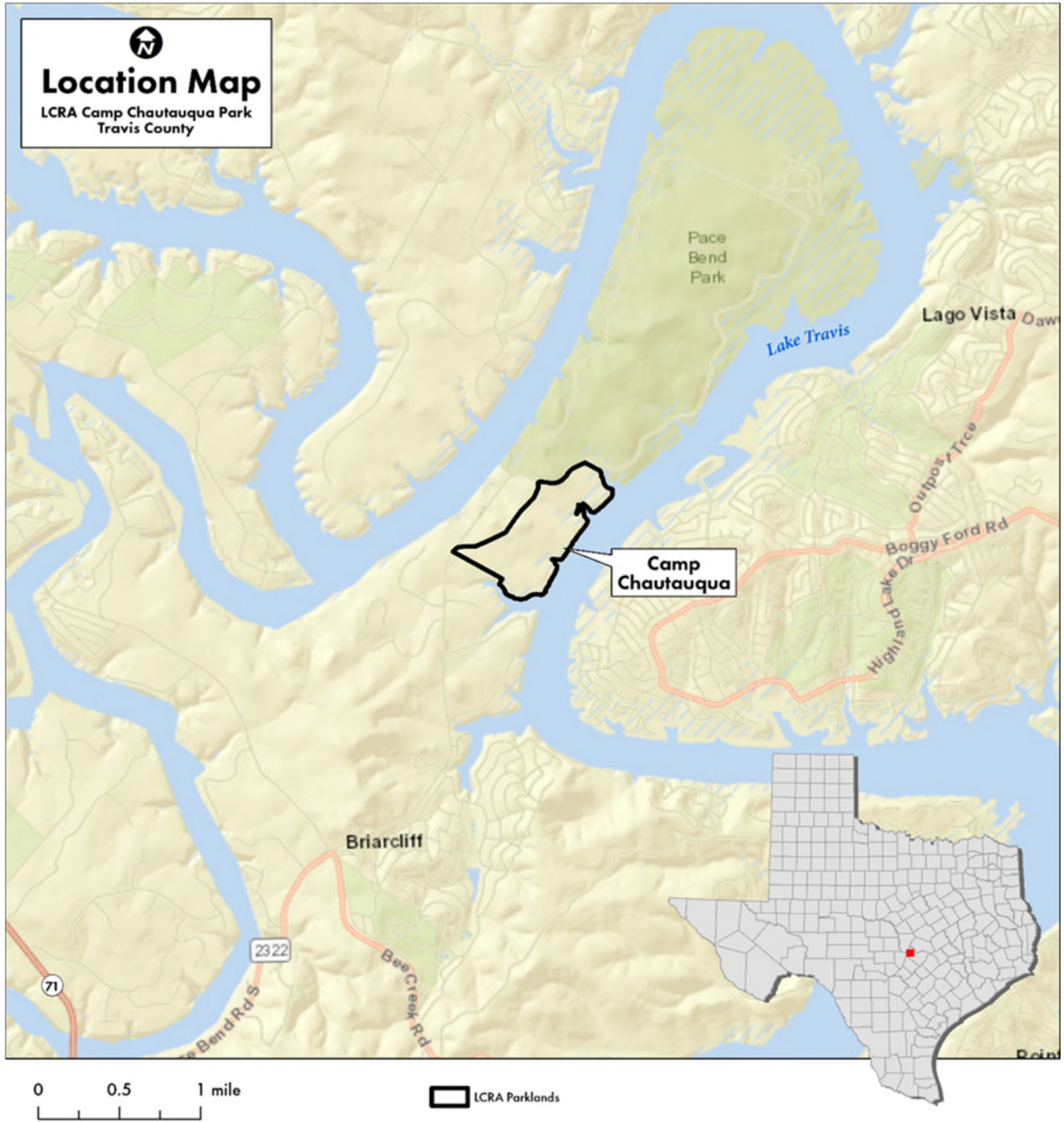
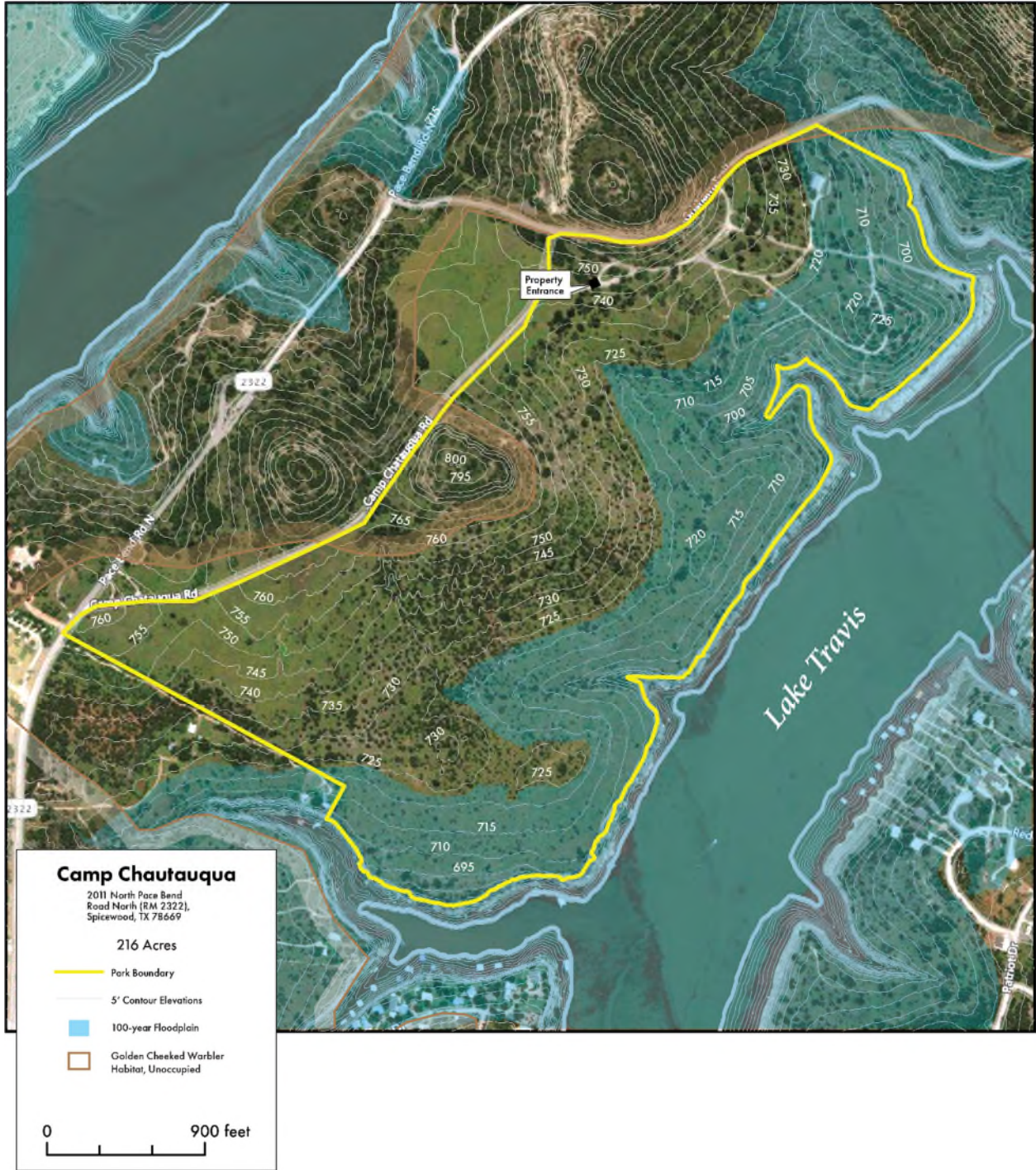


EXHIBIT B



FOR ACTION

4. Lease of Pedernales River Nature Park

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a 50-year lease agreement with Sun Communities Inc. for the development and operation of Pedernales River Nature Park.

Board Consideration

LCRA Board Policy 401 – Land Resources requires Board of Directors approval for any lease of LCRA land for a term greater than 15 years.

Budget Status and Fiscal Impact

Rent payable to LCRA will be a percentage of the gross revenues generated from the project with a minimum lease payment each year, consistent with the terms discussed with the Board in January. LCRA will not be responsible for capital expenditures or operation and maintenance expenses associated with the project.

Summary

Pedernales River Nature Park, a 223-acre day-use park, is in Johnson City within Blanco County. The property has one-half of a mile of Pedernales River frontage as the northern property boundary. Following a property evaluation, staff determined the land is suitable for additional development based on current and future expected market conditions.

Sun Communities specializes in RV resort destinations. Sun Communities has agreed to lease Pedernales River Nature Park for a term of 50 years with a robust capital improvement and development plan. Capital improvements will include design and construction of about 320 RV spaces and more than 100 other unique lodging units ranging from tree houses to safari tents. Day-use visitors will still be welcome to enjoy the property for a nominal fee. LCRA staff approval will be required on all construction and operation plans before any park improvements are made. Sun Communities also will be responsible for the operation and maintenance of the project after completion.

LCRA Community Resources staff and a third-party advisory firm have completed a thorough evaluation of the proposal's viability and alignment with the LCRA Parks strategic plan, including a detailed market and financial analysis. LCRA staff has completed environmental and cultural due diligence assessments in accordance with LCRA Board Policy 401 and has no recognized concerns.

Presenter(s)

John Miri
Chief Administrative Officer

Margo Richards
Vice President, Community Resources

Exhibit(s)

A – Location Map

B – Site Map

EXHIBIT A

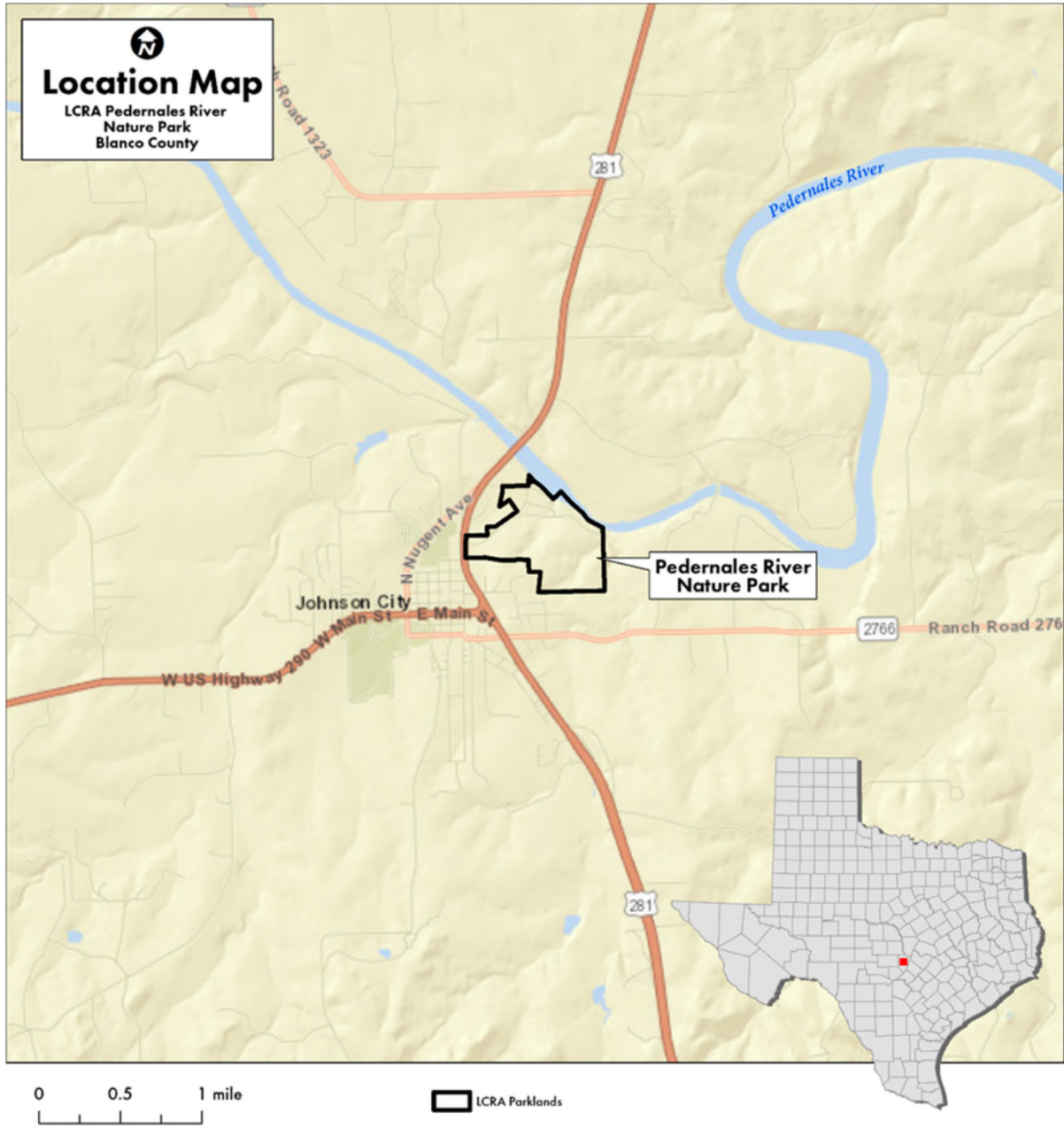
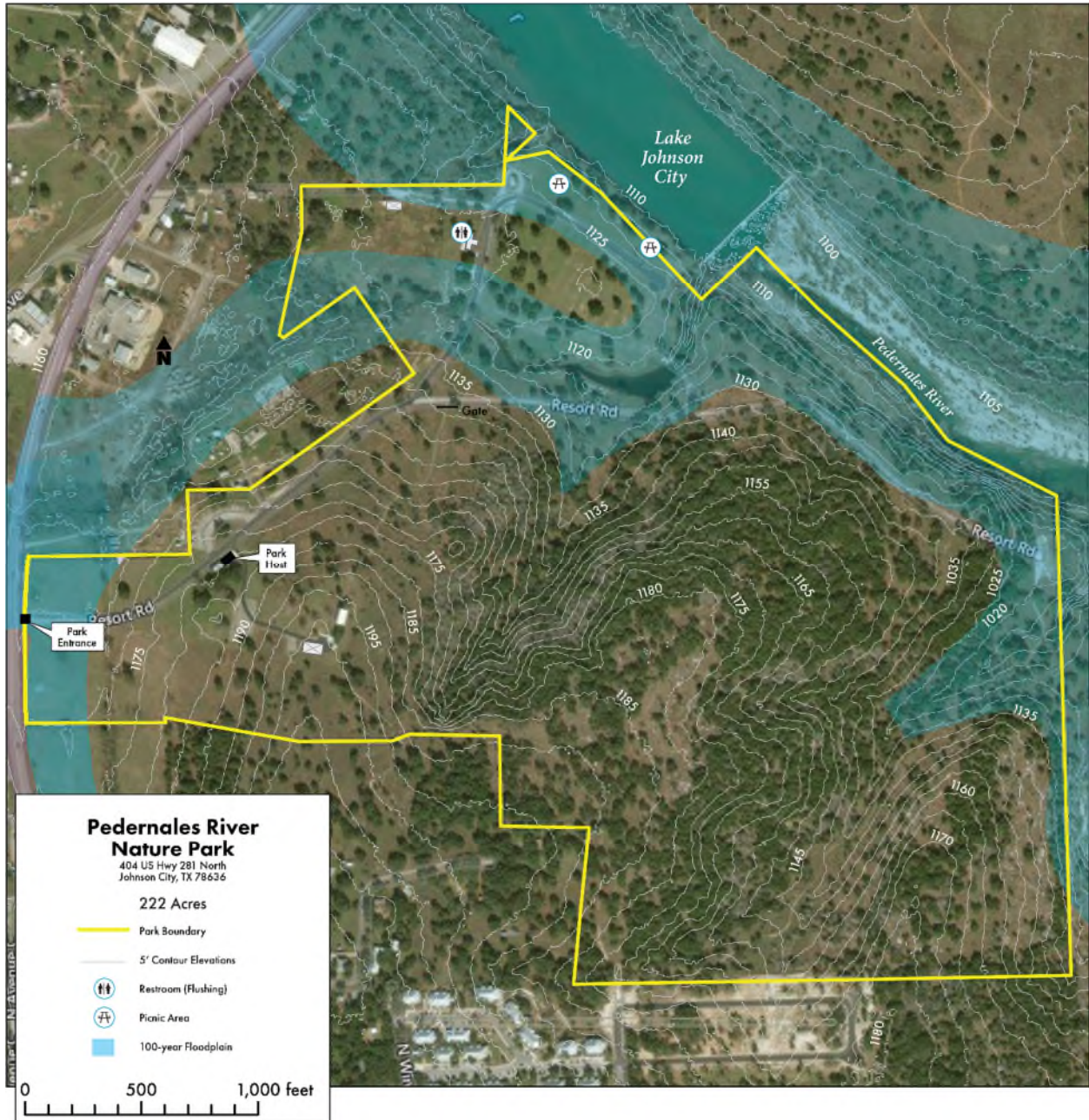


EXHIBIT B



5. Moratorium on Commercial Dredge Mining Activities and Related Permit Applications

Proposed Motion

Adopt the attached resolution relating to certain dredging activities on the Highland Lakes.

Board Consideration

Section 8503.004(q) and (u) of the Texas Special District Local Laws Code provides LCRA the authority to provide for the study, correcting and control of both artificial and natural pollution of groundwater and surface water of the Colorado River and its tributaries within LCRA's boundaries and to regulate the use of the surface of the Highland Lakes. Pursuant to the authority in LCRA's enabling act, LCRA may suspend the processing of applications and/or issuance of permits – including dredge and fill permits for commercial dredge mining activities – whenever the Board of Directors determines such suspension to be in the public interest.

Board Status and Fiscal Impact

The administrative costs of implementing the attached resolution are contained within the fiscal year 2021 business plan.

Summary

With the recent receipt and preliminary review of an application for a permit for a commercial dredge and fill sand mining operation on Lake LBJ, staff has determined that the Highland Lakes Watershed Ordinance does not address operations of this nature. There is no evidence that the Board that adopted the HLWO intended or authorized the regulation of commercial dredge mining operations. In other words, LCRA currently has no regulatory framework that applies to such operations.

The regulation of commercial dredge mining projects by LCRA requires the adoption of rules by the LCRA Board. Consistent with the process used to develop other ordinances, staff would propose rules to the Board related to commercial dredge mining operations only after significant study to determine the best way to protect water quality and only after a robust public and stakeholder input process.

Staff recommends the HLWO and any other applicable LCRA regulations and guidance be revised to address commercial dredge mining activities in the Highland Lakes. Staff also recommends the LCRA Board implement a moratorium on accepting new applications, reviewing pending applications and issuing of permits for the commercial mining of sand and other materials from the lakebed of any of the Highland Lakes. LCRA is proposing this moratorium to allow staff time to develop recommendations and any necessary amendments to the ordinance and any other applicable LCRA regulations; propose specific guidelines and/or regulations resulting from those recommendations; and obtain input from interested stakeholders.

With this action, the Board will approve a moratorium to (1) prohibit commercial mining of sand and other materials on or from the lakebed of any of the Highland Lakes; and (2) cease all activity related to permitting of commercial dredge and fill activities

REVISED FEB. 22, 2021

associated with the mining of sand and other materials from the Highland Lakes, including the acceptance of permit applications, review of applications and issuance of permits. The moratorium will be effective through Feb. 24, 2022. This action is not intended to apply to dredge and fill applications for dredge and fill activities related to such things as retaining walls, shore stabilization, and boat docks and marinas related to residences, condominiums, office complexes, golf courses and retail businesses (noncommercial dredge and fill activities).

During the time the moratorium is in effect, staff will review the potential impacts, coordinate with other entities with applicable jurisdiction over these dredge and fill mining activities, conduct a public input process, and propose specific guidelines and/or regulations for future applications and projects.

Staff will update the Board before the end of the moratorium and either make a recommendation related to regulation of the commercial dredge and fill mining activities or request an extension of the moratorium sufficient to allow staff to continue the activities necessary to formulate an effective recommendation.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

Exhibit(s)

A – Resolution

**LOWER COLORADO RIVER AUTHORITY
RESOLUTION RELATING TO DREDGE AND FILL APPLICATIONS FOR
COMMERCIAL DREDGE MINING ACTIVITIES
Feb. 24, 2021**

WHEREAS, the protection of water quality within the lower Colorado River basin, including the waters of the Highland Lakes, is paramount in LCRA's responsibility to manage the Highland Lakes; and

WHEREAS, pursuant to authority granted to LCRA in Chapter 8503 of the Texas Special District Local Laws Code and other legal authority, the LCRA Board of Directors has adopted rules and ordinances designed to protect and maintain the quality of the water in the Highland Lakes, including LCRA's Highland Lakes Watershed Ordinance; and

WHEREAS, LCRA's Highland Lakes Watershed Ordinance provides regulations related to, among other things, certain dredge and fill activities within the Highland Lakes, ensuring appropriate measures are taken to mitigate the negative effects on water quality when these activities are undertaken; and

WHEREAS, the Highland Lakes Watershed Ordinance regulates dredge and fill activities related to such things as retaining walls, shore stabilization, and boat docks and marinas related to residences, condominiums, office complexes, golf courses and retail businesses (noncommercial dredge and fill activities); and

WHEREAS, neither the Highland Lakes Watershed Ordinance nor any other LCRA regulations or guidance specifically regulate commercial dredge and fill mining projects on the lakebed of any of the Highland Lakes; and

WHEREAS, the Highland Lakes are known for their excellent water quality and clarity, serving as a primary drinking water source for over a million people as well as supplying water to various industries and agriculture; and

WHEREAS, the Board recognizes that commercial dredge and fill mining projects can negatively affect water quality and aquatic life in the Highland Lakes; and

WHEREAS, the Board has determined that LCRA does not have an ordinance or regulation that was intended to address commercial dredge mining activities and to ensure the appropriate water quality measures and controls are in place for those activities; and

WHEREAS, there was no opportunity for public input in the adoption of LCRA's existing ordinances and regulations related to the regulation, permitting and water quality protection measures for commercial dredge mining activities; and

REVISED FEB. 22, 2021

WHEREAS, the Board seeks a reasonable approach to allow staff time to (i) obtain clarification from the Texas Commission on Environmental Quality on the applicability of its discharge ban to commercial dredge and fill mining projects; (ii) review the potential impacts to water quality from commercial dredge and fill mining projects; (iii) coordinate with other entities with jurisdiction over commercial dredge and fill mining projects; (iv) obtain stakeholder input; and (v) provide recommendations for this Board to consider regarding the regulation of commercial dredge and fill mining projects in the Highland Lakes as described above;

NOW, THEREFORE, BE IT RESOLVED that, effective immediately upon adoption of this resolution through Feb. 24, 2022, or until further resolution of this matter by this Board, whichever occurs first, and, in order to fulfill its obligations to protect the quality of the water in the Colorado River and the Highland Lakes; to prohibit or restrict a condition that may constitute a public or private nuisance; to prevent a grave and immediate threat to life or property; and in response to a real and substantial threat to public health and safety and to significantly advance its health and safety purpose without imposing a greater burden than is necessary to achieve the health and safety purpose, the LCRA Board of Directors hereby:

(1) prohibits commercial dredge and fill mining projects and activities on or from the lakebed of any of the Highland Lakes, whether the lakebed is submerged or not; and

(2) directs the general manager to cease all activities related to permitting of commercial dredge and fill mining operations, including accepting new applications, reviewing or processing existing applications, and issuing permits, and to immediately return any applications previously received; and

(3) directs the general manager to conduct a stakeholder input process, consult with other appropriate entities and make a recommendation to this Board to consider regarding the regulation of commercial dredge and fill mining projects in the Highland Lakes.

FURTHERMORE, it is the intention of the LCRA Board of Directors that the actions described herein shall not apply to noncommercial dredge and fill activities.

BE IT FURTHER RESOLVED that the general manager is authorized to do all things necessary and proper to carry out the terms and purposes of this resolution.