



Board Agenda

Wednesday, Sept. 22, 2021

Lakeway Resort

Vistas Ballroom

101 Lakeway Drive

Lakeway, TX 78734

Earliest start time: 9:15 a.m.

(map on Page 2)

Items From the Chair

- 1. Comments From the Public 3
- 2. Appointment of Transmission Committee Chair 5

Action Items

- 3. Fiscal Year 2021 Financial Statements and Independent Auditor’s Report..... 6
- *4. Sale of Property in Burnet, Fayette and Travis Counties 7
- 5. Approval of an Amendment to the Facilities Contract With LCRA Transmission Services Corporation to Provide for Prepayment of all or a Portion of LCRA TSC’s Obligations Owed to LCRA 13
- *6. Approve the LCRA Transmission Services Corporation Series 2021A Bond Issue and Thirty-seventh Supplemental Resolution..... 14
- *7. Sixty-third Supplemental Resolution and Issuance of LCRA Refunding Revenue Bonds 17

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

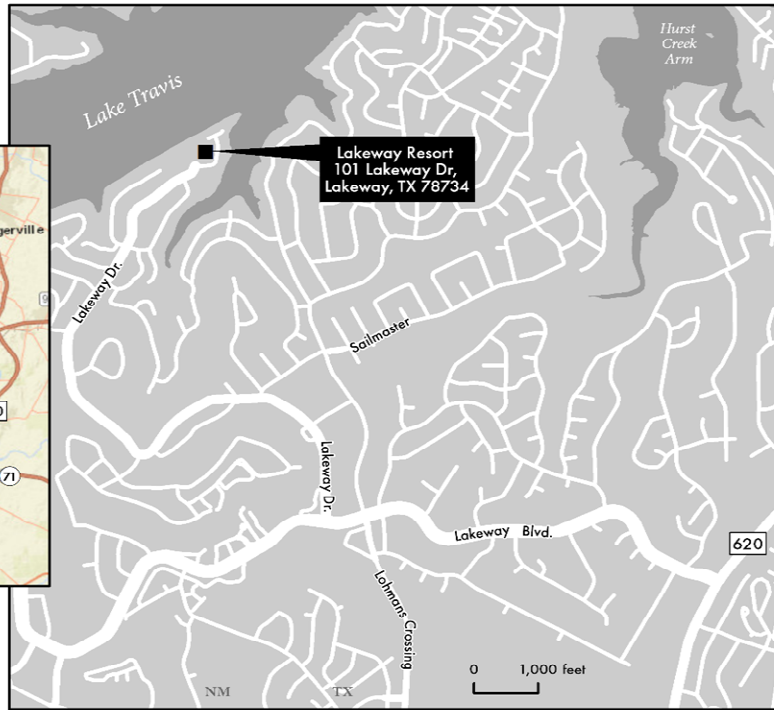
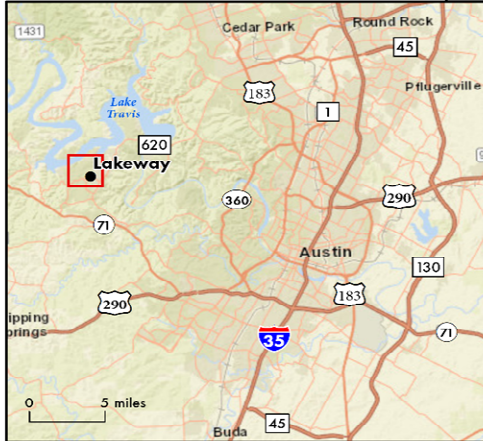
Executive Session

The Board also may go into executive session for advice from legal counsel on any item(s) listed above, pending and anticipated litigation, and competitive electric matters, 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.

**Lakeway Resort
101 Lakeway Drive
Lakeway, TX 78734**



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board of Directors agenda. No responses or action may be taken by the Board during public comments.

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room. Please see the Protocols for Public Communication at Board and Committee Meetings as shown in Exhibit A for details.

Any member of the public wishing to comment on an item listed on this agenda will be called to make comments at the appropriate time.

Exhibit(s)

A – Protocols for Public Communication at Board and Committee Meetings

EXHIBIT A

PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

Approved by the LCRA Board of Directors on Dec. 11, 2018

- 1. Oral Presentations on Issues Under LCRA's Jurisdiction.** Any person wishing to make an oral presentation at a Board meeting on any matter under LCRA's jurisdiction must complete a registration form that indicates the agenda item or other topic on which they wish to comment, along with the speaker's name, address and other relevant information. Any person making an oral presentation to the Board may distribute related materials to the Board at the meeting.
- 2. Time Allocation.** The presiding officer may limit the length of time for each speaker. Speakers may not trade or donate time to other speakers without permission from the presiding officer, and repetitive testimony shall be minimized.
- 3. Rules of Decorum.** Speakers and members of the audience must avoid disruptive behavior that interferes with the orderly conduct of a public meeting. Placards, banners, and hand-held signs are not allowed in Board or committee meetings, and speakers and members of the audience must avoid personal affronts, profanity, booing, excessive noise, and other disruptive conduct. The presiding officer may direct that anyone who disrupts a meeting be removed from the room.
- 4. Recording.** Any person making an audio or video recording of all or any part of a Board meeting must do so in a manner that is not disruptive to the meeting. During a meeting, members of the public must remain in or behind the public seating area and are not permitted to record from any other area of the meeting room.
- 5. Committee Meetings.** The protocols outlined in 1-4 above also apply to members of the public wishing to address any LCRA Board committee whose membership comprises the entirety of the LCRA Board on matters within the scope of each of those committees.

FOR ACTION

2. Appointment of Transmission Committee Chair

Proposed Motion

Approve the appointment of Thomas L. “Tom” Kelley to serve as the chair of the Transmission Committee.

Board Consideration

Article 2, Section 2.09 of the LCRA bylaws requires the Board of Directors chair to appoint the chairs of all standing committees other than the Planning and Public Policy and the Executive committees, all subject to the approval of the Board.

Budget Status and Fiscal Impact

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

Summary

The chair of the Transmission Committee has been vacated with the departure of Charles B. “Bart” Johnson. Chair Timmerman has appointed Thomas L. “Tom” Kelley to serve as the chair of the Transmission Committee effective immediately for a term ending June 30, 2023. Board approval of this appointment is required by Article 2, Section 2.09 of the LCRA bylaws.

Presenter(s)

Timothy Timmerman
LCRA Board Chair

FOR ACTION

3. Fiscal Year 2021 Financial Statements and Independent Auditor's Report

Proposed Motion

Approve the fiscal year 2021 audited financial statements, and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.

Board Consideration

The TCEQ, under authority granted to it within Section 49.194 of the Texas Water Code, requires river authorities, such as LCRA, to file with the commission an annual audit report approved by the Board of Directors.

Budget Status and Fiscal Impact

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

Summary

The Board received the audited financial statements under separate cover.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

4. Sale of Property in Burnet, Fayette and Travis Counties

Proposed Motion

Declare three facilities within five parcels, totaling approximately 126.53 acres, of land in Burnet, Fayette and Travis counties nonessential and authorize the general manager or his designee to do all things necessary to convey the property to LCRA Transmission Services Corporation. In addition, authorize the general manager to grant an approximately 1.5-acre easement to LCRA TSC for access to the Western Maintenance Facility.

Board Consideration

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

Budget Status and Fiscal Impact

The fiscal year 2022 business plan contains the administrative costs associated with the sale of this land. The proceeds from the sale of the properties will be credited to the LCRA Strategic Reserve Fund.

Summary

The five parcels to be conveyed from LCRA to LCRA TSC are as follows:

- EMF-001, the Eastern Maintenance Facility, which contains approximately 16.27 acres located in Fayette County. The buildings have a total gross area of 33,303 square feet.
- A portion of JE-01, the Western Maintenance Facility, which contains approximately 14.4 acres located in Burnet County. The buildings have a total gross area of 39,645 square feet.
- Parcels SC-01, SC-02, and SC-03, the Dalchau Service Center, which contains approximately 95.86 acres located in Travis County. The buildings have a total gross area estimated to be between 450,000 and 500,000 square feet.

The three facilities currently are used for LCRA TSC-related operations, office, and meeting space.

The approximately 126.53 acres will be sold subject to the following reservations and restrictions:

1. LCRA will reserve all presently held oil, gas and other mineral rights of every kind or character in, on and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
2. LCRA will reserve the Environmental Lab and Fleet Services buildings.
3. LCRA will reserve easements for the Environmental Lab building, the Fleet Services building, and over the remainder of the tract for access and parking to these buildings.
4. LCRA will reserve a first right of refusal on the entirety of the approximately 126.53 acres being sold.

The sales price of \$77.06 million is based on appraisals performed by an independent licensed and certified third-party appraiser. LCRA representatives will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403.

Presenter(s)

Jim Travis
Chief Financial Officer

Exhibit(s)

- A – Vicinity Map
- B – Site Map, Western Maintenance Facility
- C – Site Map, Dalchau Service Center
- D – Site Map, Eastern Maintenance Facility

EXHIBIT A

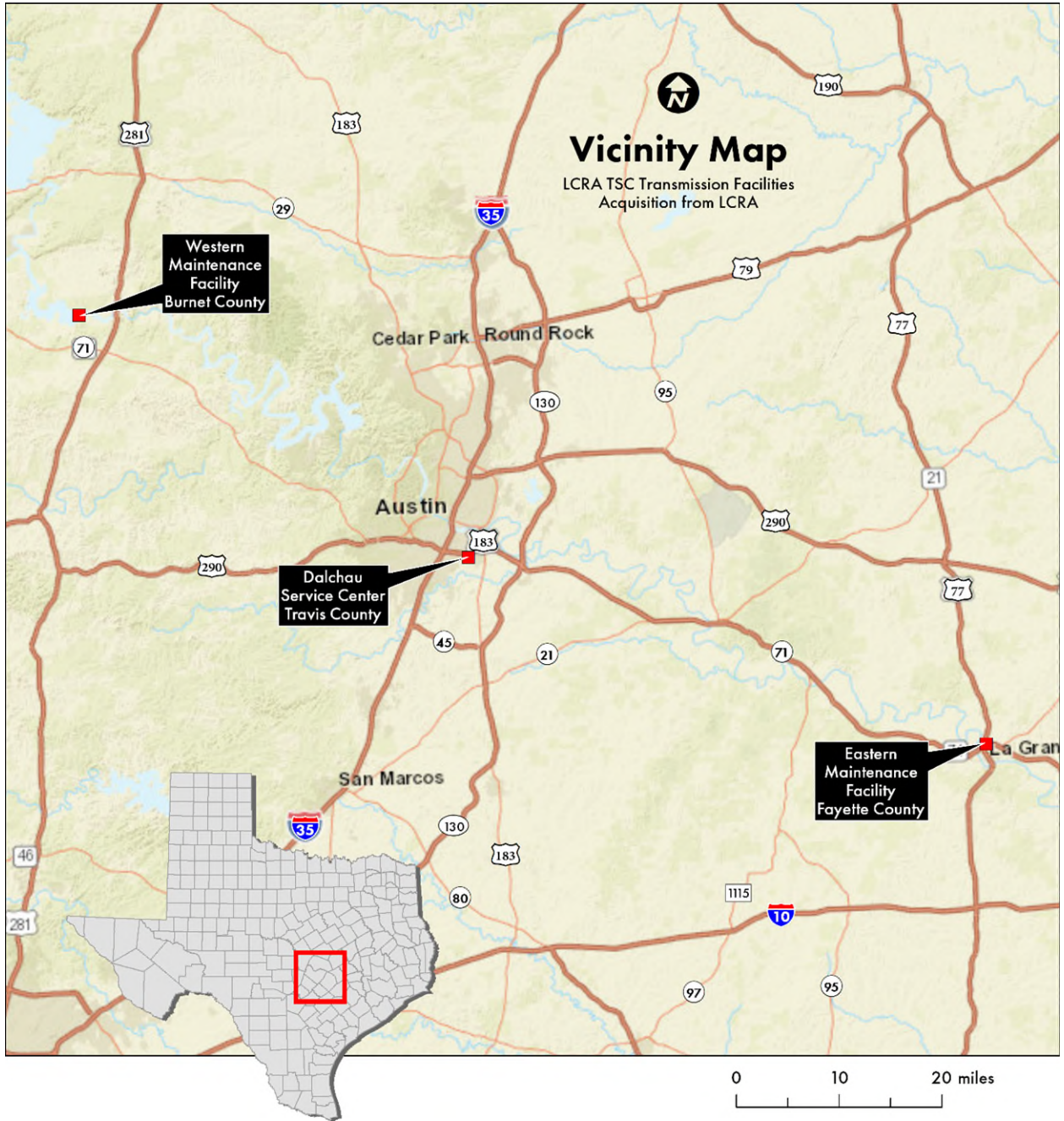


EXHIBIT B

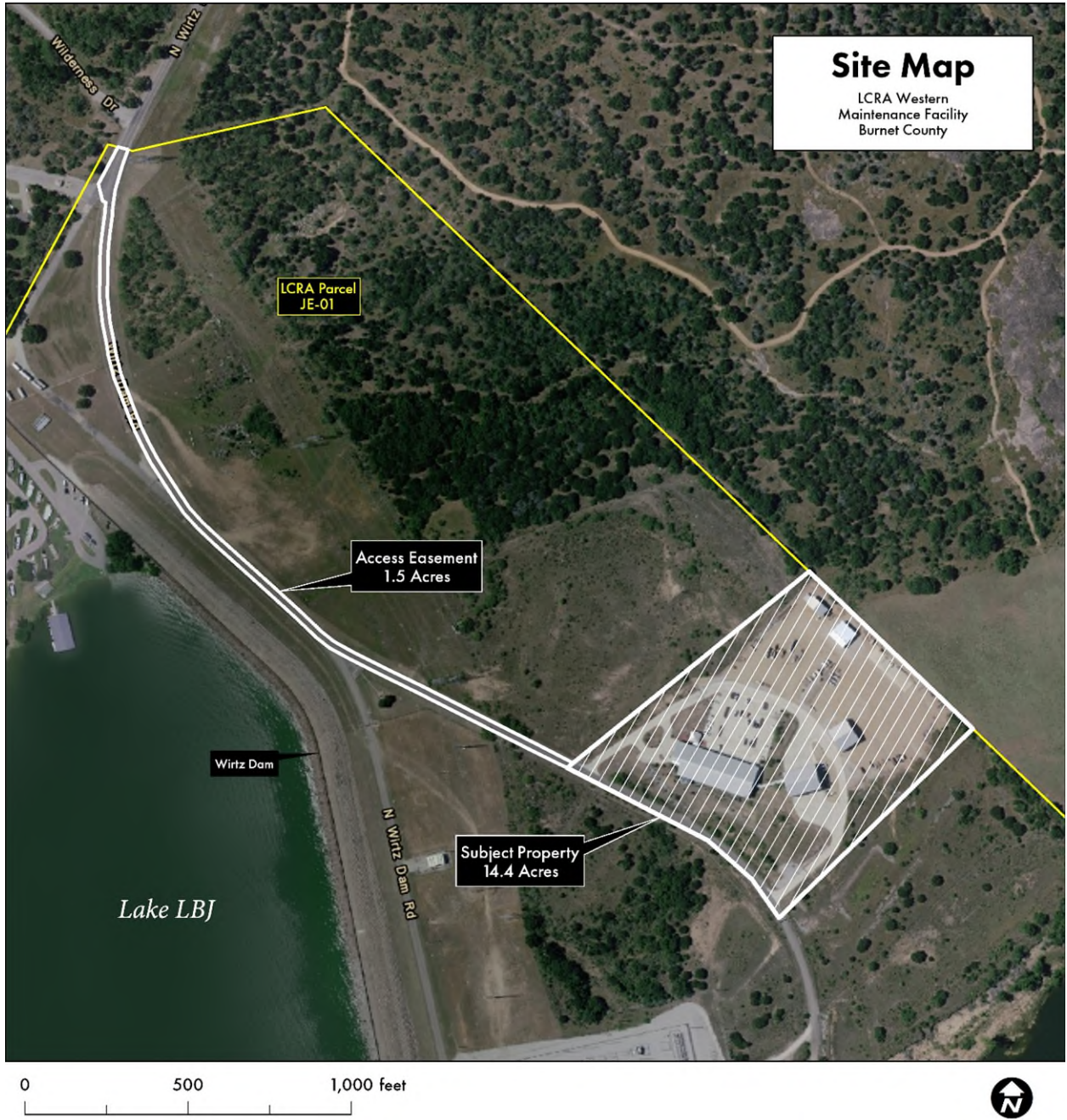


EXHIBIT C



FOR ACTION

5. Approval of an Amendment to the Facilities Contract With LCRA Transmission Services Corporation to Provide for Prepayment of all or a Portion of LCRA TSC's Obligations Owed to LCRA

Proposed Motion

Authorize the general manager or his designee to negotiate and execute an amendment to the LCRA-LCRA Transmission Services Corporation Electric Transmission Facilities Contract (Contractual Commitment) with LCRA Transmission Services Corporation to provide for prepayment by LCRA TSC of all or a portion of its payments owed to LCRA and to do all things necessary to effectuate the amendment.

Board Consideration

The provisions of the Contractual Commitment require the LCRA Board and the LCRA TSC Board to execute and deliver a supplement to the Contractual Commitment to effectuate any prepayments under the contract.

Budget Status and Fiscal Impact

The fiscal year 2022 business plans of LCRA and LCRA TSC anticipate that LCRA TSC will provide for a prepayment of all or a portion of its payments owed to LCRA. Staff anticipates this action will allow for a more simplified structure between LCRA and LCRA TSC and provide savings to LCRA TSC.

Summary

As a result of Senate Bill 7, the Texas electric regulation legislation adopted in 1999, LCRA was required to unbundle its electric generation business from its electric transmission business by January 2002. In 2001, LCRA and LCRA TSC entered into the Contractual Commitment, which unbundled such businesses by transferring LCRA's electric transmission and transformation facilities to LCRA TSC. In return, LCRA TSC agreed to pay LCRA the annual debt service of the LCRA debt allocated to the transferred assets.

The remaining annual payments of LCRA TSC are in an aggregate amount of about \$65.4 million. LCRA and LCRA TSC will negotiate and execute a supplement to the Contractual Commitment to provide for the prepayment of all or a portion of such amounts. If all amounts owed under the Contractual Commitment are prepaid, the existing security interests securing such payments, including a deed of trust, will be released.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

6. Approve the LCRA Transmission Services Corporation Series 2021A Bond Issue and Thirty-seventh Supplemental Resolution

Proposed Motion

Staff recommends the Board of Directors adopt and approve the Thirty-seventh Supplemental Resolution (Thirty-seventh 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 2021A (Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying for issuance costs.

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 (the 2021A 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), principal amounts and maturity schedules, interest rates, redemption provisions and terms of any reserve funds); and
 - d. Approve the terms of the sale of the Bonds to an underwriting team and 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 the LCRA Board to approve any debt issued by LCRA TSC.

Budget Status and Fiscal Impact

The fiscal year 2022 LCRA TSC business plan anticipates the refunding of a portion of the short-term debt. Based on current market conditions and historically low interest rates, the refunding will be advantageous, increase flexibility on timing of future financings and provide low-cost and long-term funds. The FY 2022 LCRA TSC business plan anticipates the issuance of about \$340 million of short-term obligations to fund LCRA TSC's ongoing capital plan in FY 2022.

Summary

With this action, the Board will approve the Bonds issued for the purpose of current refunding of certain LCRA TSC commercial paper and revolving notes in an amount not to exceed \$250 million, establishing a debt service reserve fund 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 further described below.

Background

The Thirty-seventh Supplement is a supplemental resolution to the Controlling Resolution adopted by the Board in 2001 and readopted in 2003. The Thirty-seventh 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-seventh Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Thirty-seventh 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 2021A 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 arms-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 and the underwriters of the Bonds that establishes the terms of the sale and delivery of such Bonds from LCRA and LCRA TSC 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 TSC's obligation to deliver and/or the underwriters' obligation to accept the Bonds at closing.

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 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.

Use of Proceeds

Proceeds from the Bonds will be used to refund certain LCRA TSC commercial paper notes and revolving notes, 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. Periodically, staff 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 in the fall of 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

7. Sixty-third Supplemental Resolution and Issuance of LCRA Refunding Revenue Bonds

Proposed Motion

Staff recommends the Board of Directors adopt and approve the Sixty-third Supplemental Resolution to the Master Resolution (Sixty-third Supplement) authorizing the issuance of Refunding Revenue Bonds (Bonds) in one or more series in an amount not to exceed \$400 million for the following purposes: (i) currently refund certain outstanding LCRA revenue bonds; (ii) currently refund portions of the LCRA Commercial Paper Notes and any series of LCRA Revenue Revolving Notes; (iii) fund the debt service reserve fund or purchase a reserve fund obligation 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, including the bond purchase agreement, escrow agreement, paying agent/registrars agreement and the preliminary official statement in substantially final form. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
 - a. Select all or a portion of LCRA's outstanding debt to be refunded and provide for appropriate notices of redemption/defeasance.
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of the Bonds.
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series, principal amounts and maturity schedules, interest rates, whether the bonds are taxable or tax-exempt and redemption provisions).
 - d. Approve the terms of the sale of the Bonds to an underwriting team and execute a bond purchase agreement.

Board Consideration

Section 8503.013 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 of the Board must concur with the resolution.

Budget Status and Fiscal Impact

The fiscal year 2022 LCRA business plan anticipates the refunding of LCRA Series 2012A and 2012B bonds. Based on current market conditions and continued low interest rates, moving forward with a refunding of a portion of the outstanding long-term debt will be advantageous and provide cost savings. A current refunding of a portion of LCRA Commercial Paper Notes was not contemplated in fiscal year 2022 LCRA business plan. Based on current market conditions and continued low interest rates,

staff is assessing the advantages and long-term savings that could be achieved from refunding a portion of LCRA Commercial Paper Notes into LCRA revenue bonds.

Summary

With this action, the Board will authorize and approve the Bonds issued for the purpose of currently refunding certain outstanding LCRA revenue bonds, current refunding of a portion of LCRA Commercial Paper Notes and any series of LCRA Revenue Revolving Notes, establishing a debt service reserve fund or reserve fund obligation for the Bonds and paying for the issuance costs related to the Bonds in a total amount not to exceed \$400 million. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background

On Sept. 22, 1999, the Board adopted the Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program (Master Resolution). The Master Resolution allows LCRA to enter into obligations, including bonds and other types of obligations, secured by and payable from a lien on and pledge of gross revenues received from LCRA's operations and from other lawfully available funds.

The Sixty-third 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 Sixty-third Supplement. The Master Resolution, the Sixty-third Supplement and the pricing certificate of the LCRA officers establishing the terms of the Bonds together constitute the authorization of such Bonds.

The bond purchase agreement is the contract between LCRA 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.

The paying agent/registrar agreement is the contract between LCRA and The Bank of New York Mellon Trust Company NA setting forth the rights, duties and obligations of the two 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 escrow agreement between LCRA and The Bank of New York Mellon Trust Company NA is the contract governing the escrow fund, in which proceeds of the Bonds will be deposited, that will provide the funds to pay the interest on and principal of the refunded 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.

Use of Proceeds

Proceeds from the Bonds will be used to currently refund certain outstanding LCRA revenue bonds, current refunding of a portion of LCRA Commercial Paper Notes and any series of LCRA Revenue Revolving Notes, establish one or more debt service reserve funds for the Bonds and pay for issuance costs.

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 customers. At times, LCRA staff will also recommend refunding short-term debt into new long-term debt to lock in advantageous long-term funding cost for those borrowings. Staff currently expects the Bonds to be sold and delivered by March 2022, subject to market conditions and the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis

Chief Financial Officer

THIS PAGE LEFT BLANK INTENTIONALLY