



# Board Agenda

Wednesday, Jan. 19, 2022  
LCRA General Office Complex  
Board Room – Hancock Building  
3700 Lake Austin Blvd.  
Austin, TX 78703  
Earliest start time: 9 a.m.

### Items From the Chair

- 1. Comments From the Public ..... 3

### Items From the General Manager

- General Manager’s Update
- 2. Resolutions..... 5

### Items From the Chief Financial Officer

- 3. Financial Report ..... 7

### Consent Items

- \*4. Sale of Land in Llano County (Parcel BW-01) ..... 9
- \*5. Sale of Land in Llano County (Parcel BW-16) ..... 13
- \*6. Granting of Access Easement in Matagorda County ..... 16
- 7. LCRA Board Policy 303 – Banking and Investments ..... 19
- 8. Directors’ Fees, Expenses..... 29
- 9. Minutes of Prior Meeting..... 30

### Action Items

- \*10. Approve the LCRA Transmission Services Corporation Series 2022 Bond Issue and Thirty-ninth Supplemental Resolution ..... 36
- 11. LCRA Interruptible Agricultural Drought Contingency Plan ..... 39
- 12. LCRA Interruptible Agricultural Water Contract Rules and Rates for Garwood, Gulf Coast and Lakeside Agricultural Divisions..... 40

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

### Executive Session

- 1. Competitive Electric Matters

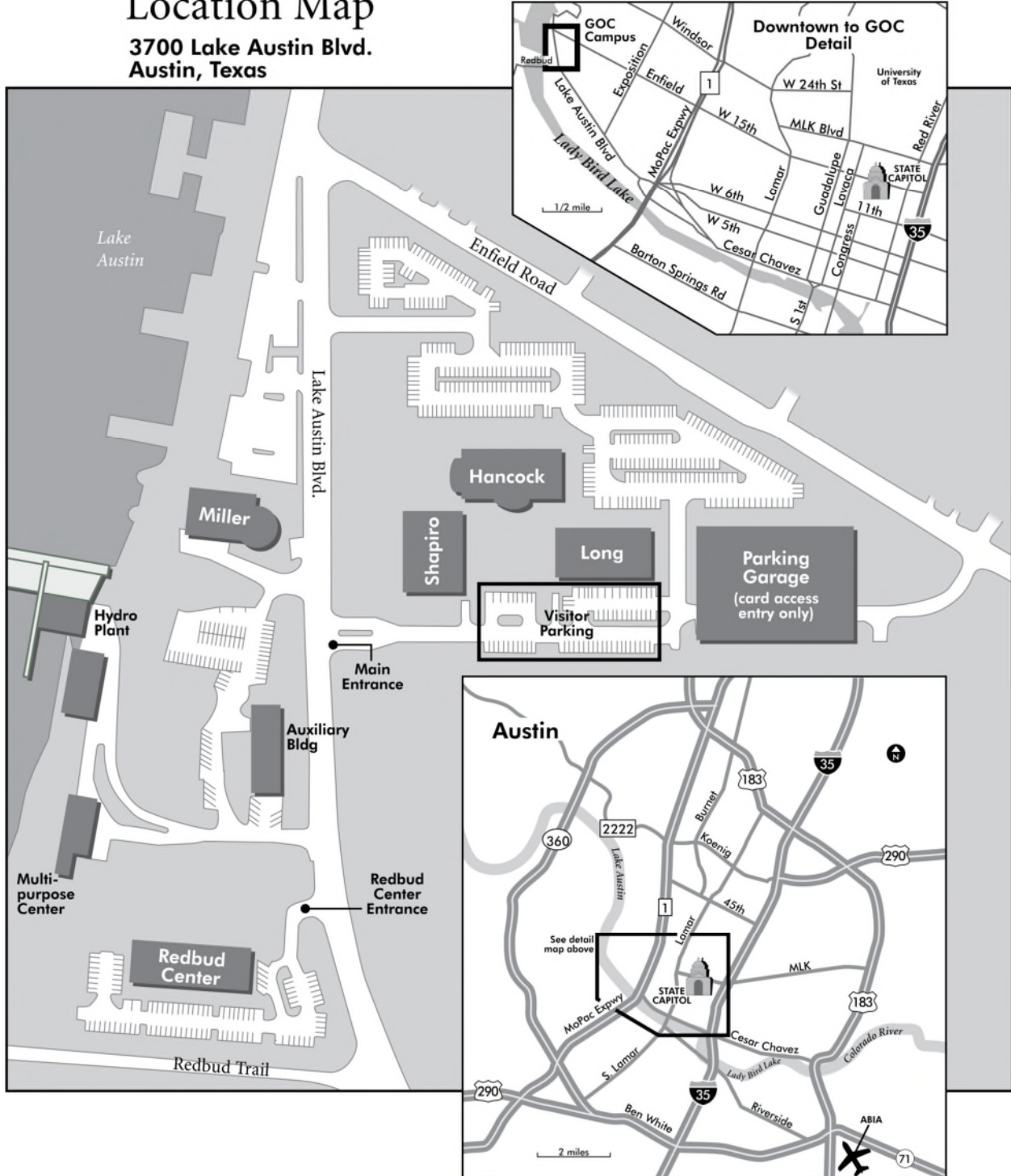
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

### Legal Notice

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

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



## **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. Resolutions**

### **Proposed Motion**

Approve the LCRA Board of Directors resolutions as presented to the Board.

### **Board Consideration**

The Board will be asked to approve honorary and retiree resolutions as they occur.

### **Summary**

LCRA recognizes longtime employees who have retired from the organization with a retiree resolution. Other individuals may be recognized from time to time with an honorary resolution.

### **Presenter(s)**

Phil Wilson  
General Manager

Timothy Timmerman  
LCRA Board Chair

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# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Lori A. Berger

Whereas, Lori A. Berger served on the Lower Colorado River Authority Board of Directors from May 6, 2009, to Oct. 25, 2021, having been appointed by then-Gov. Rick Perry and reappointed by Gov. Greg Abbott in 2015 as a representative of LCRA's service area from Fayette County; and

Whereas, Lori brought her dedication to public service to LCRA's Board, where she helped further LCRA's mission to enhance the quality of life of the Texans we serve through water stewardship, energy and community service. She passionately took up LCRA business and joined LCRA in its commitment to do the right thing for all involved. During her admirable 10-year tenure as chair of the Community Development Partnership Program Review Committee and earlier service as a committee member, Lori's pride in the program enhanced awareness of the grants throughout the service area. She was instrumental in bringing a focus to the significant role volunteer fire departments play in rural communities. She shone a light on the program's importance to people in the region and worked tirelessly to make every check presentation special, personally greeting each grant recipient with warmth and grace. During Lori's service on the CDPP Review Committee, which began in 2009, she helped LCRA award 605 grants for more than \$12.3 million. The grants, when combined with community-raised matching funds, resulted in more than \$44 million invested in community projects across LCRA's service territory; and

Whereas, Lori's leadership on the Land and Community Resources Committee as chair and vice chair helped LCRA efficiently use and manage its lands. Additionally, her service on the Land Ad Hoc Committee helped define Board objectives and expectations related to LCRA's nonutility land. Lori helped LCRA navigate both drought and floods during her service on the Water Operations Committee, and her service on the Lower Basin Reservoir Ad Hoc Committee helped bring about Arbuckle Reservoir; and

Whereas, on the Energy Operations Committee, Lori helped strengthen relationships with wholesale power customers, and through her service on the boards of LCRA WSC Energy and WSC Energy II, she supported efforts to increase cost-effective power sales to benefit LCRA's wholesale customers. During her more than 12 years serving on the LCRA Board, Lori helped oversee nearly \$5 billion in capital projects, including investments in the new Thomas C. Ferguson Power Plant, dam rehabilitation projects and Arbuckle Reservoir. Lori's service on the LCRA Transmission Services Corporation Board helped LCRA TSC put in place essential transmission projects to increase reliability and support growth throughout the state. She shared her business expertise with the Finance Committee, contributing to LCRA's ability to provide vital services at competitive rates. Lori's insightfulness was helpful during Planning and Public Policy Committee discussions about LCRA's future direction. Her values and focus on employees aligned with LCRA's core values — especially showing respect, operating with integrity and focusing on service;

Now, Therefore, Be It Resolved that LCRA, with special emphasis from the LCRA Board of Directors, is grateful to Lori A. Berger for her leadership on the LCRA Board that has helped LCRA serve the people of Texas. In the words of one director, "It was an honor to serve with her on the Board, but better yet, I made a friend for life." The directors will miss Lori's sincerity and sound judgment and wish her well in all her future endeavors.

Approved this 19th day of January 2022.

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Timothy Timmerman, Board Chair

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Phil Wilson, General Manager

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**FOR DISCUSSION**

### **3. Financial Report**

**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 2021**

**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

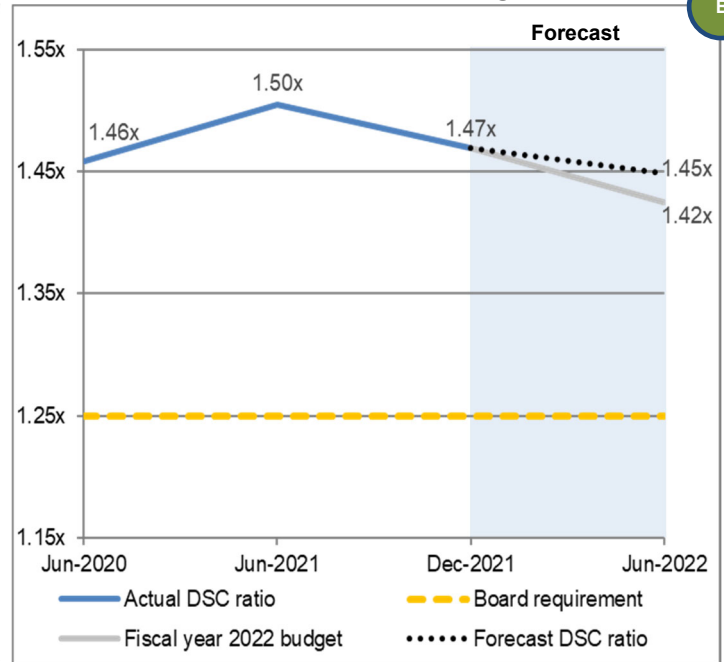
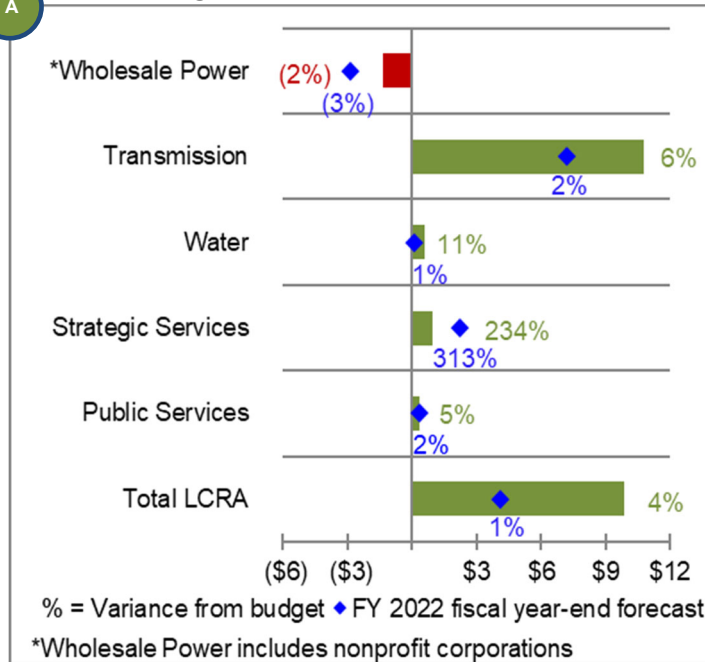
Dec. 31, 2021

(Dollars in Millions)

## Budget-to-Actual Highlights

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

### Debt Service Coverage



#### Key takeaways:

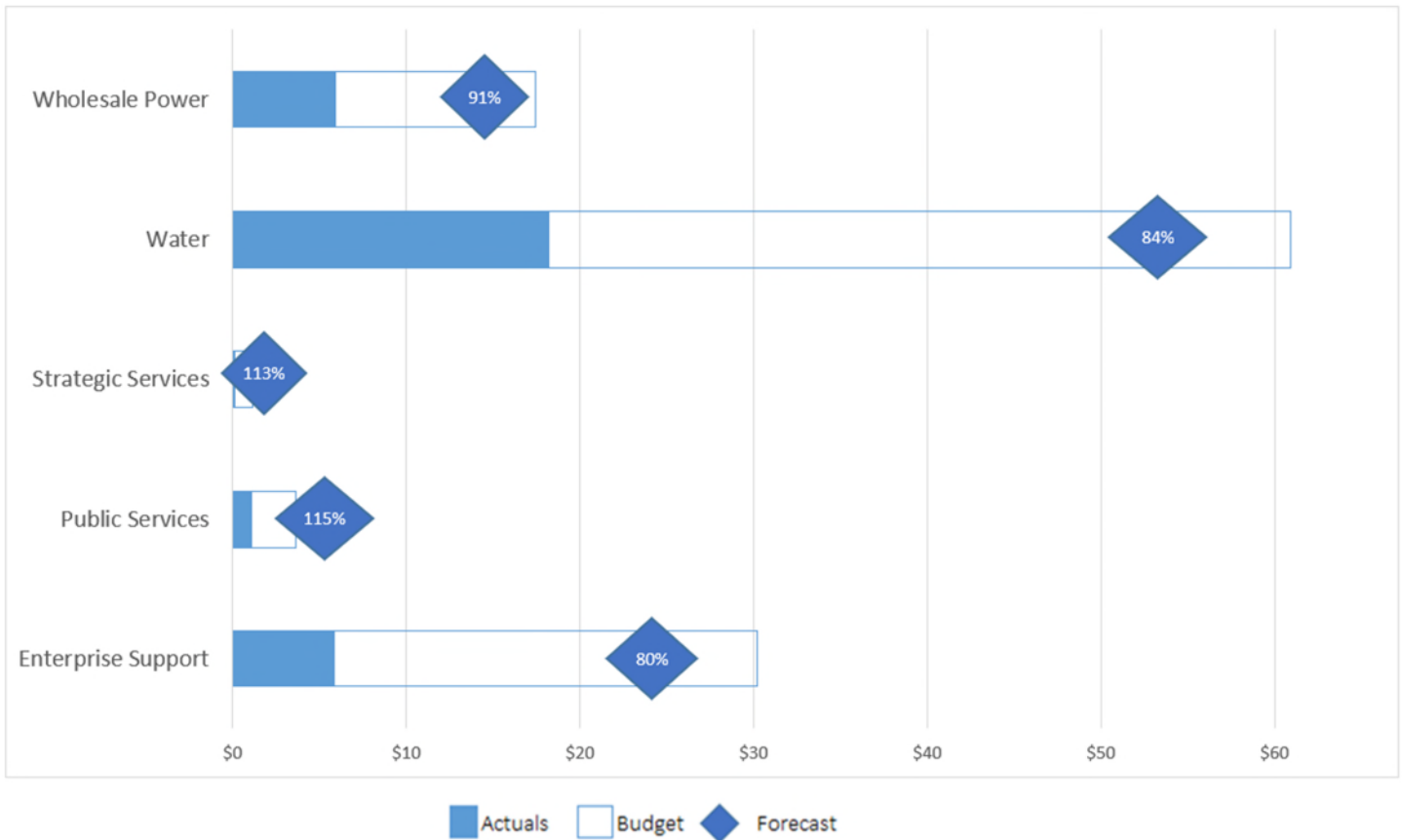
- Lower-than-budgeted load primarily drove Wholesale Power's year-to-date performance. Higher-than-budgeted nonfuel expenses and lower-than-budgeted load primarily drove the year-end forecast.
- Lower-than-budgeted expenses and higher-than-budgeted cost-of-service and other revenues primarily drove Transmission's year-to-date performance and year-end forecast.
- Lower-than-budgeted river management and agricultural division expenses, partially offset by lower-than-budgeted revenues, primarily drove Water's year-to-date performance and year-end forecast.
- Higher-than-budgeted telecommunications and transmission customer revenues primarily drove Strategic Services' year-to-date performance and year-end forecast.
- Lower-than-budgeted parks and natural resources expenses primarily drove Public Services' year-to-date performance and year-end forecast.
- The debt service coverage ratio is forecast to be higher than budgeted primarily due to higher-than-budgeted Transmission net margin and lower-than-budgeted debt service.

# Lower Colorado River Authority

Dec. 31, 2021

(Dollars in Millions)

## Capital Forecast



### Key takeaways:

- LCRA currently is projecting capital spending for FY 2022 will be \$16.7 million under the capital plan budget of \$113.4 million.
- The primary driver for the current FY 2022 variance is a forecast reduction in fiscal year spending on multiple projects across many business areas.
- The primary driver for the current FY 2022 variance for Strategic Services is a forecast increase in fiscal year spending for Environmental Lab minor capital. The increased spending will be funded by the prior year revenues.
- The primary driver for the current FY 2022 variance for Public Services is a forecast increase in fiscal year spending for the Matagorda Bay Nature Park Improvements project. The increased spending will be funded by the Public Recreation Conservation Land Acquisition Fund.

### General manager project approvals:

- 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. Additionally, the LCRA Board delegated authority to the general manager to approve additional funding for capital projects expected to exceed a lifetime budget by 10% and \$300,000. The general manager did not approve any new projects this quarter. The general manager approved the following new budget reset this quarter:
  - Hilbig Replacement of Variable Frequency Drives for Gas Compressors from \$1.45 million to \$2.65 million.

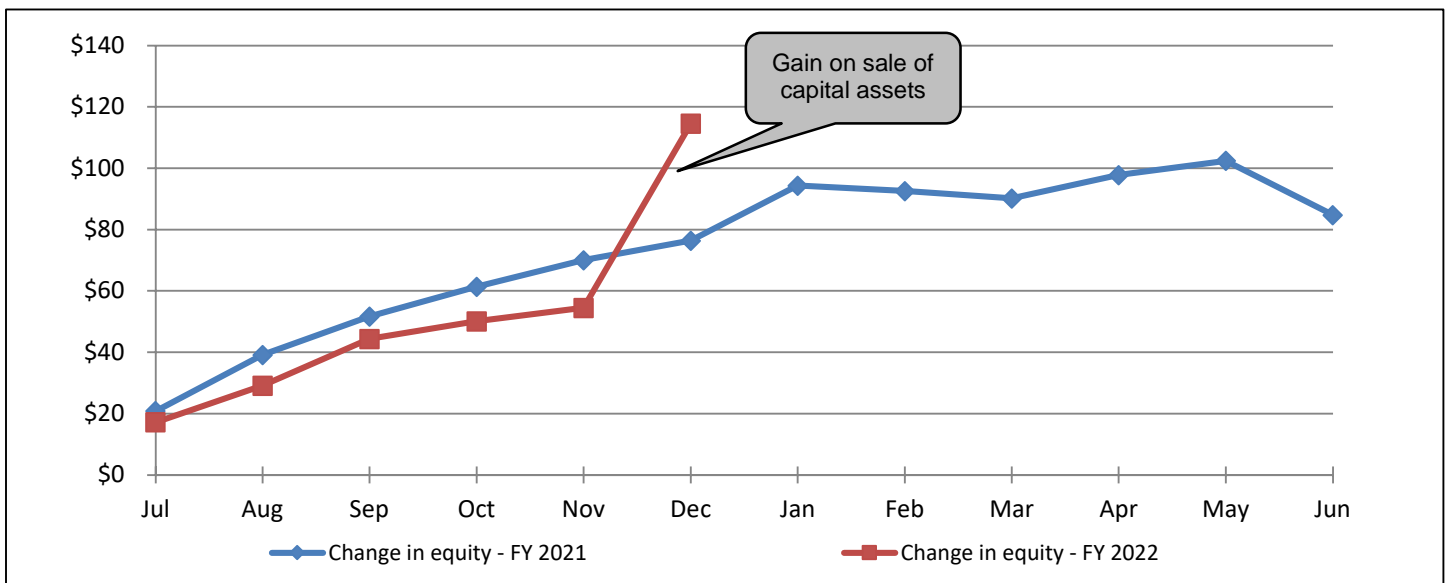
# Lower Colorado River Authority

Dec. 31, 2021  
(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 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 operating reserves to such target levels within 12 months.	✓

## Income Statement Trends Cumulative Fiscal Year to Date



### Key takeaways:

- Year-to-date net income increased due to a gain on the sale of capital assets, offset by a decrease in the deferral of depreciation and other debt-related expenses.
- Operating revenues and expenses primarily increased due to higher fuel prices and more purchased power.

# Lower Colorado River Authority

Dec. 31, 2021

(Dollars in Millions)

## Condensed Balance Sheets

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 424.5	\$ 408.0
Current assets	<u>462.3</u>	<u>325.8</u>
Total current assets	<u>886.8</u>	<u>733.8</u>
Capital assets	5,351.4	5,147.1
Long-term assets	<u>932.0</u>	<u>910.9</u>
Total long-term assets	<u>6,283.4</u>	<u>6,058.0</u>
Total Assets	<u>\$ 7,170.2</u>	<u>\$ 6,791.8</u>
<b>Liabilities</b>		
Bonds, notes and loans payable	\$ 528.1	\$ 428.7
Current liabilities	<u>218.3</u>	<u>201.3</u>
Total current liabilities	<u>746.4</u>	<u>630.0</u>
Bonds, notes and loans payable	3,988.8	3,777.5
Pension liability	168.2	207.6
Long-term liabilities	<u>413.8</u>	<u>446.2</u>
Total long-term liabilities	<u>4,570.8</u>	<u>4,431.3</u>
<b>Equity</b>		
Total equity	<u>1,853.0</u>	<u>1,730.5</u>
Total Liabilities and Equity	<u>\$ 7,170.2</u>	<u>\$ 6,791.8</u>

### Key takeaway:

- Assets and liabilities are trending higher compared with December 2020 due to construction activities related to the capital plan.



# Lower Colorado River Authority

Dec. 31, 2021

(Dollars in Millions)

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

	Fiscal Year to Date	
	2022	2021
<b>Operating Revenues</b>		
Electric	\$ 559.7	\$ 480.1
Water and irrigation	13.2	14.9
Other	20.2	29.1
Total Operating Revenues	593.1	524.1
<b>Operating Expenses</b>		
Fuel	205.2	105.6
Purchased power	58.0	41.7
Operations	58.2	110.8
Maintenance	20.3	25.1
Depreciation, depletion and amortization	97.7	99.4
Total Operating Expenses	439.4	382.6
Operating Income	153.7	141.5
<b>Nonoperating Revenues (Expenses)</b>		
Interest on debt	(67.9)	(68.3)
Other income	28.8	3.2
Total Nonoperating Revenues (Expenses)	(39.1)	(65.1)
Change in Equity	114.6	76.4
<b>Equity - Beginning of Period</b>	1,738.4	1,654.1
<b>Equity - End of Period</b>	\$ 1,853.0	\$ 1,730.5

# Lower Colorado River Authority

Dec. 31, 2021

(Dollars in Millions)

## Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2022	2021
<b>Cash Flows From Operating Activities</b>		
Received from customers	\$ 575.2	\$ 494.5
Payments	(334.7)	(333.8)
Net cash provided by operating activities	240.5	160.7
<b>Cash Flows From Noncapital Financing Activities</b>	0.2	4.5
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(135.7)	(235.7)
Other capital and financing activities	14.0	92.3
Net cash used in capital and financing activities	(121.7)	(143.4)
<b>Cash Flows From Investing Activities</b>		
Sale and maturity of investment securities	76.3	230.8
Purchase of investment securities	(231.3)	(231.9)
Note payments and interest received	(0.4)	4.4
Net cash provided by (used in) investing activities	(155.4)	3.3
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(36.4)	25.1
<b>Cash and Cash Equivalents - Beginning of Period</b>	511.2	449.1
<b>Cash and Cash Equivalents - End of Period</b>	\$ 474.8	\$ 474.2

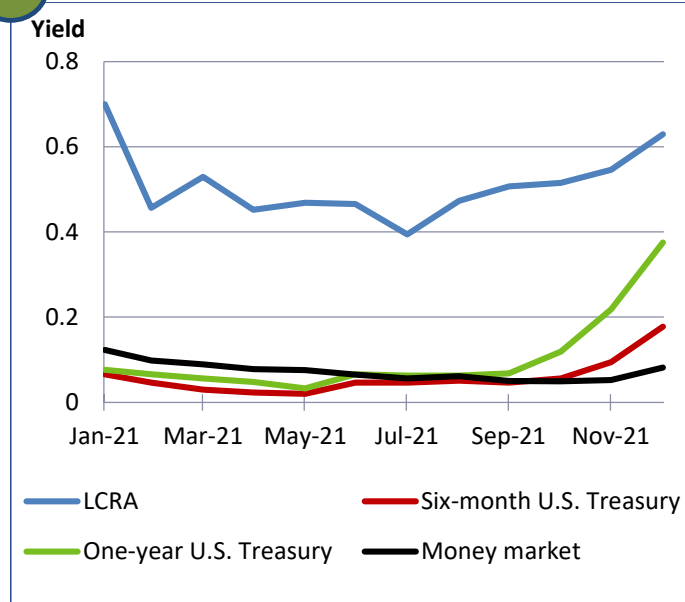
# Lower Colorado River Authority

Dec. 31, 2021

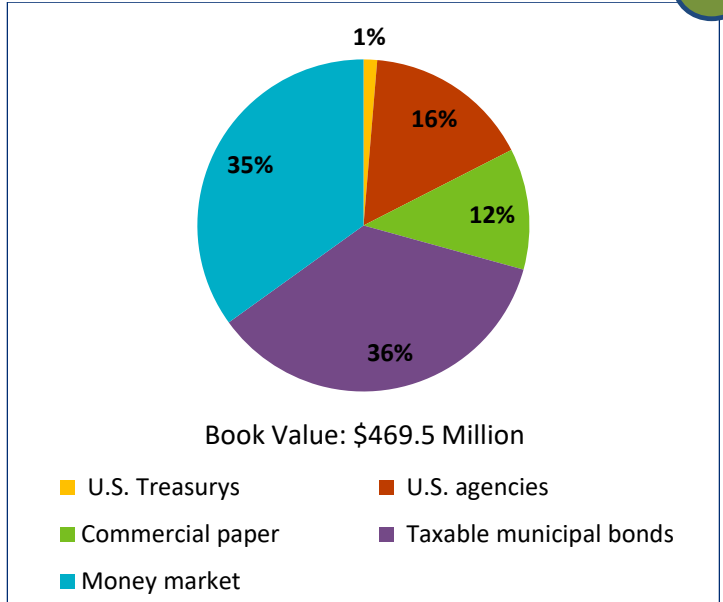
(Dollars in Millions)

## Investments and Debt

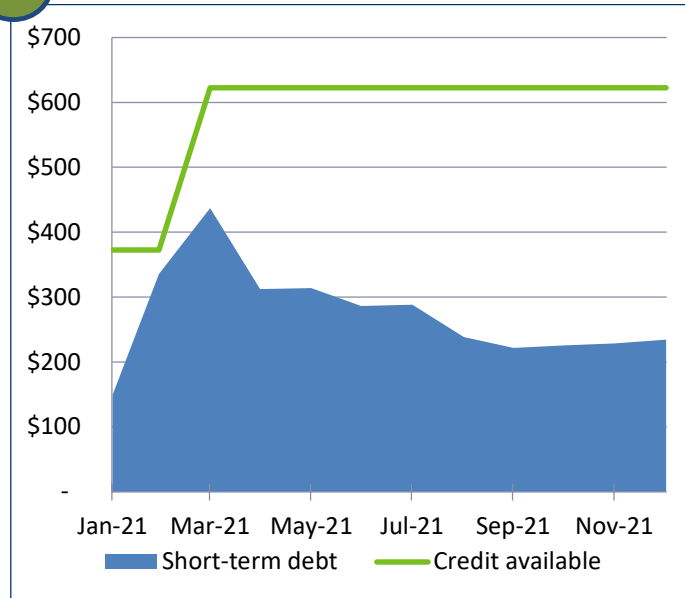
### Investment Portfolio Yield



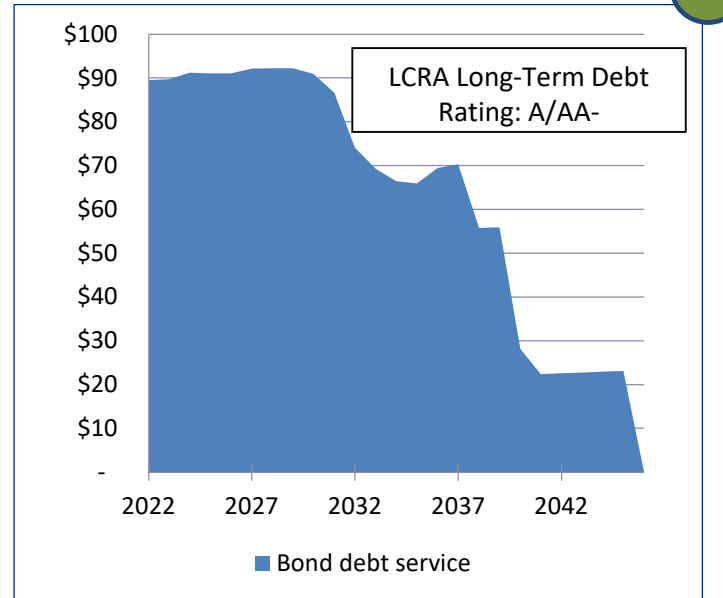
### Investment Portfolio Composition



### Short-Term Debt



### Bond Debt Service



#### Key takeaways:

- The Federal Reserve has decided to taper its \$120 billion per month asset purchase program as the economy has made progress on inflation and maximum employment.
- Federal Reserve Chair Jerome Powell indicated the Federal Open Market Committee will begin to raise rates this year, with as many as three possible increases in 2022.

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**FOR ACTION (CONSENT)**

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

## **4. Sale of Land in Llano County (Parcel BW-01)**

### **Amended Proposed Motion**

Declare an approximately 0.023-acre tract of land and a 0.057-acre tract of land, being portions of LCRA Parcel BW-01 in Llano County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner. Due to a clerical error, this previously approved sale needs to be amended. The October 2021 Board Meeting approval incorrectly included a sale price of \$23,547. The correct sale price is \$22,547.

### **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 of beneficial use 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 of \$22,547 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

### **Summary**

Eugene Dawson, the adjacent landowner, has agreed to purchase two encroachment tracts, which will permanently resolve both encroachments. One encroachment tract is 0.023 of an acre and the other encroachment tract is 0.057 of an acre. The 0.023-acre tract is priced at \$9,511 and the 0.057-acre tract is priced at \$13,036. Staff determined the price based on the Llano Central Appraisal District's assessed values of Dawson's adjacent lots and other nearby waterfront lots. The combined sale price of the two encroachments is \$22,547.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the sale of the property.

The property will be sold subject to the following reservations and restrictions:

- 1) LCRA will reserve all presently held oil, gas and other mineral rights of every kind or character in, on and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
- 2) LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of Lake Buchanan for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
- 3) LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

**Exhibit(s)**

A – Vicinity Map

B – Site Map

**EXHIBIT A**



**EXHIBIT B**





**FOR ACTION (CONSENT)**

## **5. Sale of Land in Llano County (Parcel BW-16)**

### **Proposed Motion**

Declare an approximately 0.038-acre tract of land, being a portion of LCRA Parcel BW-16 in Llano County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner.

### **Board Consideration**

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or of beneficial use 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 of \$14,995 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

### **Summary**

Delbert P. Laws, the adjacent landowner, has agreed to purchase the 0.038-acre tract encroachment, which will permanently resolve the encroachment. The 0.038-acre tract is priced at \$14,995. Staff determined the price based on the Llano Central Appraisal District's assessed values of Laws' adjacent lot and other nearby waterfront lots.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the sale of the property.

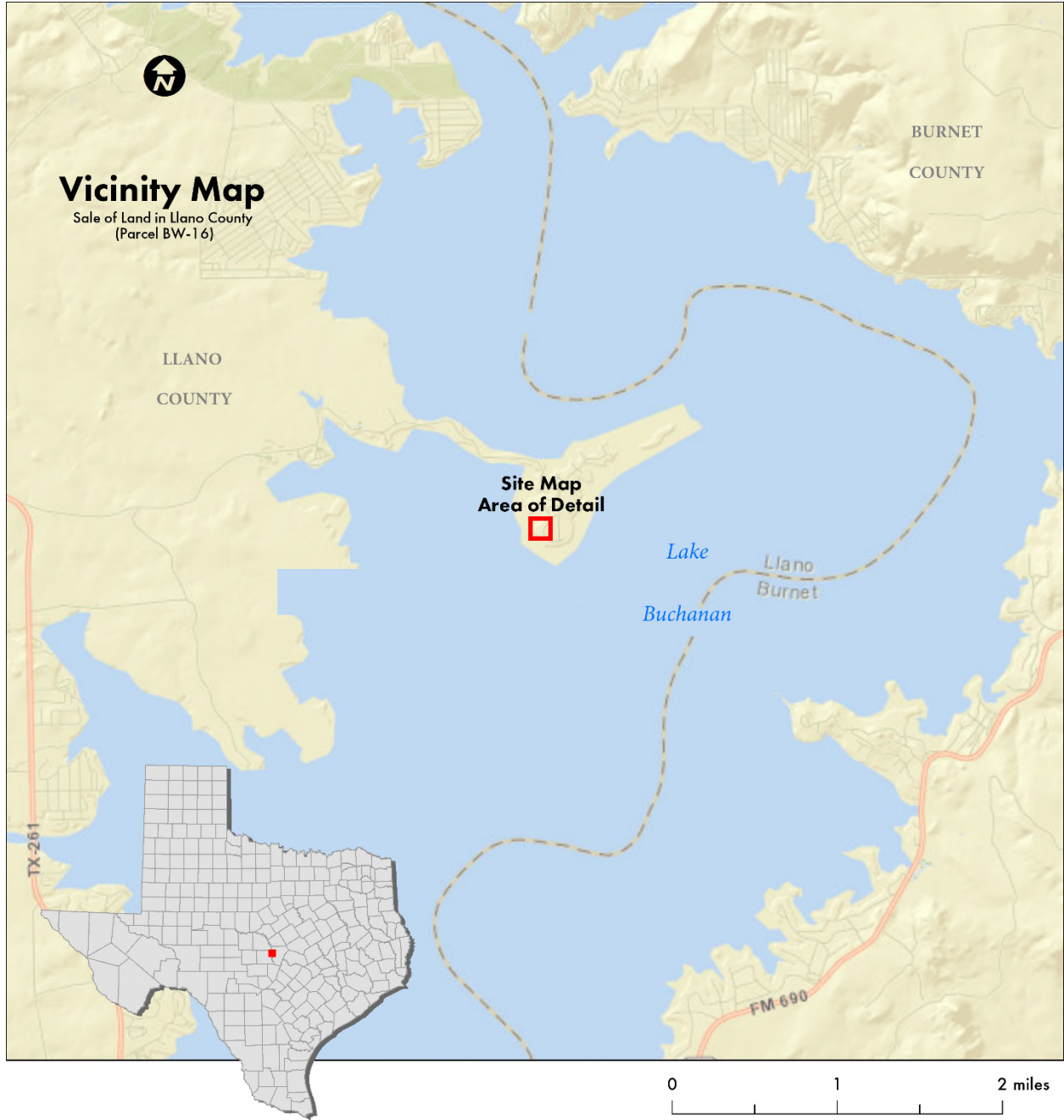
The property will be sold subject to the following reservations and restrictions:

- 1) LCRA will reserve all presently held oil, gas and other mineral rights of every kind or character in, on and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
- 2) LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of Lake Buchanan for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
- 3) LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

## **6. Granting of Access Easement in Matagorda County**

### **Proposed Motion**

Authorize the general manager or his designee to grant a 0.15 acre access easement to the owners of the adjacent property across an LCRA canal property 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. LCRA Board Policy 401 – Land Resources requires the approval of the LCRA Board to convey easements across LCRA land.

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

The fiscal year 2022 business plan contains the administrative costs associated with the conveyance of this easement. The proceeds of \$5,000 shall be directed to the LCRA Strategic Reserve Fund.

### **Summary**

Landowners access their property over and across an adjoining LCRA-owned canal in Matagorda County. The broker representing the landowners has asked LCRA to convey an easement to provide legal access to their property. The canal is part of the Gulf Coast Agricultural Division's canal system, and the crossing has been in place for many years. Granting the crossing easement to the landowners will not require any construction.

LCRA staff reviewed available market data and determined that \$5,000 is at or above the market value of the easement to be conveyed.

LCRA staff will complete environmental and cultural due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the easement.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**



**EXHIBIT B**



**FOR ACTION (CONSENT)**

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

**Proposed Motion**

Review and approve 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 of Directors 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 it currently stands, with no changes from last year.

**Exhibit(s)**

A – LCRA Board Policy 303 – Banking and Investments

## EXHIBIT A

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### LCRA BOARD POLICY

#### 303 – BANKING AND INVESTMENTS

~~Jan. 20, 2021~~ Jan. 19, 2022

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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/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 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; Jan. 22, 2020; ~~and Jan. 20, 2021;~~ and Jan. 19, 2022.

**APPENDIX A**

**AUTHORIZATION TO PURCHASE AND SELL SECURITIES**

**STAFF AUTHORIZED TO PURCHASE AND SELL SECURITIES:  
~~AMENDED AS OF JAN. 20, 2021~~ Jan. 19, 2022**

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~~ Jan. 19, 2022**

<b><u>Name of Firm</u></b>	<b><u>Headquarters</u></b>	<b><u>LCRA Trading Office</u></b>
Stifel Nicolaus & Company Inc.	St. Louis	Houston
RBC Capital Markets	Minneapolis	Dallas
Merrill Lynch, Pierce, Fenner & Smith Inc.	Charlotte	Chicago
Raymond James & Associates	Memphis	Richmond
Wells Fargo Securities LLC	San Francisco	Dallas
Cantor Fitzgerald & Co.	New York	Dallas
U.S. Bank N.A.	Minneapolis	Milwaukee
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 ~~JAN. 20, 2021~~ Jan. 19, 2022**  
**(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. 14, 2021, 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. 14, 2021, meeting

## **EXHIBIT A**

### Minutes Digest

Dec. 14, 2021

- 21-74 Reappointment of Robert “Bobby” Lewis and Michael L. “Mike” Allen, LCRA non-officer directors, to serve on the GenTex Power Corporation Board of Directors for one-year terms expiring Dec. 31, 2022.
- 21-75 Appointment of Baker Tilly US, LLP, as LCRA’s independent auditor to perform the external audits of the fiscal year 2022 financial statements of LCRA and its affiliated corporations.
- 21-76 Declaration of an approximately 0.014-acre tract of land, being a portion of LCRA Parcel JW-06 in Llano County, nonessential, and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 21-77 Approval of directors’ attendance at seminars or conferences for calendar year 2022.
- 21-78 Approval of the minutes of the Nov. 17, 2021, meeting.
- 21-79 Approval of amendments to LCRA Board Policy 301 – Finance.
- 21-80 Adoption of the Thirty-eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the extension and amendment of the note purchase agreement among LCRA, LCRA Transmission Services Corporation and U.S. Bank National Association (U.S. Bank) for the LCRA Transmission Contract Revenue Notes, Series E (Series E Notes), and to 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 U.S. Bank in an amount up to \$100 million for the Series E Notes.
- 21-81 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5942 (Pritchard Industries SW, doing business as PBS of Texas); contract numbers 4937, 4938, 4939, 4945, 4946, 4947, 4948, 4949 and 4950 (Morgan Brooks Resources, Inc, Coates Field Service Inc., Universal Field Services, Inc, Electrical Consultants, Inc., Contract Land Staff, O. R. Colan Associates LLC, Percheron Professional Services, LLC, TRC Solutions, Inc. and Volkert, Inc.); and contract numbers 4760 and 4761 (CWC Right of Way, Inc. and Paloma Blanca Enterprises Inc).

21-82            Amendments to the Highland Lakes Dredge and Fill Ordinance to limit the scope of Tier III Commercial Dredge and Fill Activities based on considerations related to navigation, critical infrastructure, public safety and water supply needs. The amended ordinance will become effective Jan. 1, 2022.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Dec. 14, 2021

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 2:12 p.m. Tuesday, Dec. 14, 2021, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Stephen F. Cooper, Vice Chair  
Joseph M. "Joe" Crane, Secretary  
Michael L. "Mike" Allen  
Melissa K. Blanding  
Laura D. Figueroa  
Carol Freeman  
Raymond A. "Ray" Gill Jr.  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
Thomas Michael Martine  
Margaret D. "Meg" Voelter  
Martha Leigh M. Whitten  
Nancy Eckert Yeary

Absent: Matthew L. "Matt" Arthur

Chair Timmerman convened the meeting at 2:12 p.m.

There were no general comments from the public on topics under LCRA's jurisdiction [Agenda Item 1].

General Manager Phil Wilson gave the Board an update, including a report on the LCRA Veterans Recognition Day event held Nov. 11 and examples of LCRA employees giving back to the community during the holiday season.

The Board next took action on the consent agenda. Upon motion by Director Voelter, seconded by Director Figueroa, the Board unanimously approved consent items 2, 3, 4, 5 and 6 by a vote of 14 to 0 as follows:

21-74 Reappointment of Robert "Bobby" Lewis and Michael L. "Mike" Allen, LCRA non-officer directors, to serve on the GenTex Power Corporation Board of Directors for one-year terms expiring Dec. 31, 2022, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

21-75 Appointment of Baker Tilly US, LLP, as LCRA's independent auditor to perform the external audits of the fiscal year 2022 financial statements of LCRA and its affiliated corporations, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

21-76 Declaration of an approximately 0.014-acre tract of land, being a portion of LCRA Parcel JW-06 in Llano County, nonessential (not necessary or 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 4 [attached hereto as Exhibit C].

21-77 Approval of directors' attendance at seminars or conferences for calendar year 2022, as recommended in Consent Item 5 [attached hereto as Exhibit D].

21-78 Approval of the minutes of the Nov. 17, 2021, meeting [Consent Item 6].

21-79 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit E], that the Board approve amendments to LCRA Board Policy 301 – Finance. Upon motion by Director Whitten, seconded by Director Gill, the recommendation was unanimously approved by a vote of 14 to 0.

21-80 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit F], that the Board adopt the Thirty-eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the extension and amendment of the note purchase agreement among LCRA, LCRA Transmission Services Corporation and U.S. Bank National Association (U.S. Bank) for the LCRA Transmission Contract Revenue Notes, Series E (Series E Notes), and to 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 U.S. Bank in an amount up to \$100 million for the Series E Notes. Upon motion by Director Kelley, seconded by Director Lewis, the recommendation was unanimously approved by a vote of 14 to 0.

21-81 Vice President of Supply Chain Matt Chavez presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit G], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5942 (Pritchard Industries SW, doing business as PBS of Texas); contract numbers 4937, 4938, 4939, 4945, 4946, 4947, 4948, 4949 and 4950 (Morgan Brooks Resources, Inc, Coates Field Service Inc., Universal Field Services, Inc, Electrical Consultants, Inc., Contract Land Staff, O. R. Colan Associates LLC, Percheron Professional Services, LLC, TRC Solutions, Inc. and Volkert, Inc.); and contract numbers 4760 and 4761 (CWC Right of Way, Inc. and Paloma Blanca Enterprises Inc). Upon motion by

Director Gill, seconded by Director Crane, the recommendation was unanimously approved by a vote of 14 to 0.

The Board next took up Agenda Item 10 – Amendments to the Highland Lakes Dredge and Fill Ordinance.

General Manager Phil Wilson, Executive Vice President of Water John B. Hofmann and Director of Strategic Water Initiatives Lauren Graber, presented for consideration the staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board approve amendments to the Highland Lakes Dredge and Fill Ordinance to limit the scope of Tier III Commercial Dredge and Fill Activities based on considerations related to navigation, critical infrastructure, public safety and water supply needs. [The amended ordinance will become effective Jan. 1, 2022.]

The following speakers addressed the Board on Agenda Item 10: Virgil Yanta, in support of Save Lake LBJ and members of homeowners associations in Kingsland; Laura Patterson, Save Lake LBJ; Sharon Moore, Save Lake LBJ Board member; and Phil Zeigler, Save Lake LBJ.

Staff responded to various questions from the Board throughout the discussion on Agenda Item 10.

Chair Timmerman declared the meeting to be in executive session at 2:47 p.m., pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Executive session ended, and Chair Timmerman declared the meeting to be in public session at 3:09 p.m.

21-82 After discussion, upon motion by Director Allen, seconded by Director Yeary, the Board unanimously approved amendments to the Highland Lakes Dredge and Fill Ordinance to limit the scope of Tier III Commercial Dredge and Fill Activities based on considerations related to navigation, critical infrastructure, public safety and water supply needs [The amended ordinance will become effective Jan. 1, 2022], as recommended by staff in Agenda Item 10, by a vote of 14 to 0.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 3:14 p.m.

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Joseph M. Crane  
Secretary  
LCRA Board of Directors  
Approved: Jan. 19, 2022

**FOR ACTION**

## **10. Approve the LCRA Transmission Services Corporation Series 2022 Bond Issue and Thirty-ninth Supplemental Resolution**

### **Proposed Motion**

Staff recommends the Board of Directors adopt and approve the Thirty-ninth Supplemental Resolution (Thirty-ninth 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 2022 (Bonds) in an amount not to exceed \$500 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) currently refund certain outstanding long-term Transmission Contract Debt; (iii) funding a debt service reserve fund for the Bonds; and (iv) 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 2022 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 Bonds 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 LCRA TSC Series 2013 bonds and 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, revolving notes and bonds in an amount not to exceed \$500 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-ninth Supplement is a supplemental resolution to the Controlling Resolution adopted by the Board in 2001 and readopted in 2003. The Thirty-ninth 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-ninth Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Thirty-ninth 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 2022 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 Bonds 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 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, revolving notes and bonds, 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 spring of 2022, subject to the approving opinions of the Office of the Attorney General and bond counsel.

**Presenter(s)**

Jim Travis  
Chief Financial Officer

**FOR ACTION**

## **11. 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 2022 budget.

### **Summary**

LCRA staff proposes a revision to the interruptible agricultural Drought Contingency Plan regarding the allocation of interruptible stored water from lakes Buchanan and Travis at the Gulf Coast and Lakeside divisions. When the total customer intentions exceed the amount of interruptible stored water available to be allocated, LCRA will allocate interruptible stored water based upon the customers' average number of acres serviced by LCRA over the preceding four years. If further allocations are available, LCRA will base those allocations on the maximum acreage serviced by LCRA over the preceding four years.

The draft plan was available for comment through the LCRA website. LCRA in December 2021 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)**

Kelly D. Payne  
Vice President, Water Operations

## **FOR ACTION**

# **12. 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**

Consistent with LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code, the LCRA Board of Directors is required 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 2022 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 2022, the share of river management costs included in the interruptible rates is proposed to increase. A further increase in the next year is anticipated 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 reduce the maximum allocations of interruptible stored water per acre of rice or turf at the Gulf Coast and Lakeside divisions. These reductions would not impact the supply of run-of-river water that is available from time to time in the divisions.

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 45% 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 2021 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 in December 2021 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)**

Kelly D. Payne  
Vice President, Water Operations

**Exhibit(s)**

A – Proposed Calendar Year 2022 Interruptible Water Rates

**EXHIBIT A**

**Proposed Calendar Year 2022 Interruptible Water Rates  
(per acre-foot)**

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1	Tier 2	Tier 3
Gulf Coast	\$69.44	\$27.78	\$55.55	\$104.16
Lakeside	\$69.44	\$27.78	\$55.55	\$104.16
Garwood – one lift	\$39.19	\$15.68	\$31.35	\$58.79
Garwood – two lifts	\$46.46			

Gulf Coast and Lakeside divisions: minimum charge of \$31.25 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