



Board Agenda

Wednesday, Aug. 17, 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

Items From the Chief Financial Officer

- 2. Financial Report 5

Consent Items

- 3. Proposed LCRA Board and Committee Meeting Dates
for Calendar Year 2023 7
- 4. LCRA Board Policy 303 – Banking and Investments 9
- 5. Directors’ Fees, Expenses 19
- 6. Minutes of Prior Meeting 20

Action Items

- 7. Firm Water Contract for Irrigation Use – Lakecliff Dream LLC 24
- 8. Moratorium on New Applications for Community Marinas 26
- 9. Contracts and Contract Changes 30

Executive Session

- 1. Competitive Electric Matters
- 2. Litigation Update
- 3. General Manager Fiscal Year 2022 Performance Evaluation and
Fiscal Year 2023 Goals Approval
- 4. General Auditor Fiscal Year 2022 Performance Evaluation and
Fiscal Year 2023 Goals Approval

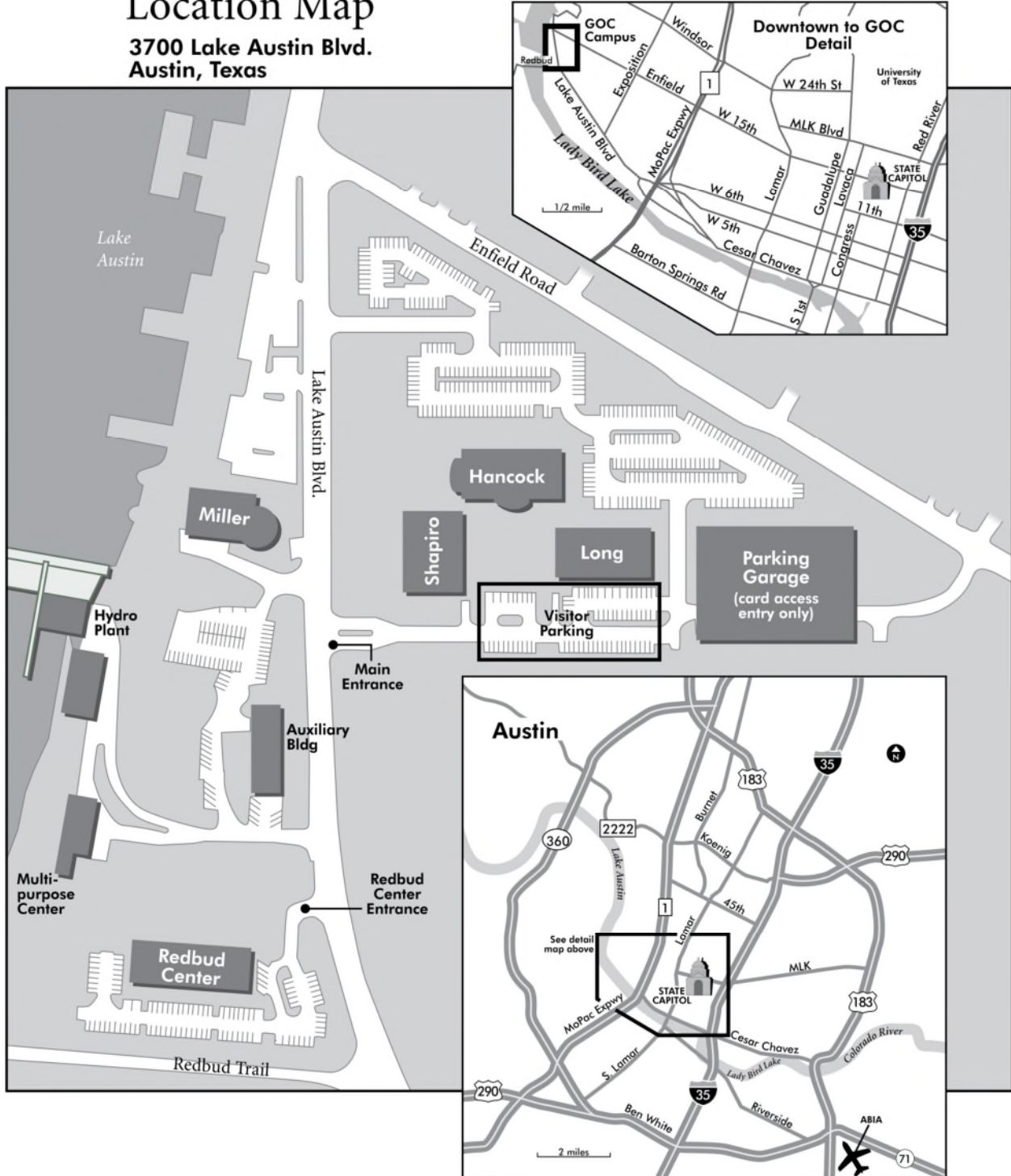
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

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 DISCUSSION

2. Financial Report

Summary

The financial report for LCRA covers fiscal year 2022.

Presenter(s)

Jim Travis

Chief Financial Officer

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Lower Colorado River Authority
Financial Highlights
June 2022

UNAUDITED

Lower Colorado River Authority
Table of Contents

Budget-to-Actual Highlights..... 1

Capital Performance..... 2

Board Metrics and Income Statement Trends 3

Condensed Balance Sheets..... 4

Condensed Statements of Revenues, Expenses and Changes in Equity 5

Condensed Statements of Cash Flows 6

Investments and Debt 7

Key terms:

4CP – Four-month coincident peak is the average of the peak Electric Reliability Council of Texas electrical demands (measured in kilowatts) during the months of June, July, August and September of the previous calendar year.

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

Lower Colorado River Authority

June 30, 2022

(Dollars in Millions)

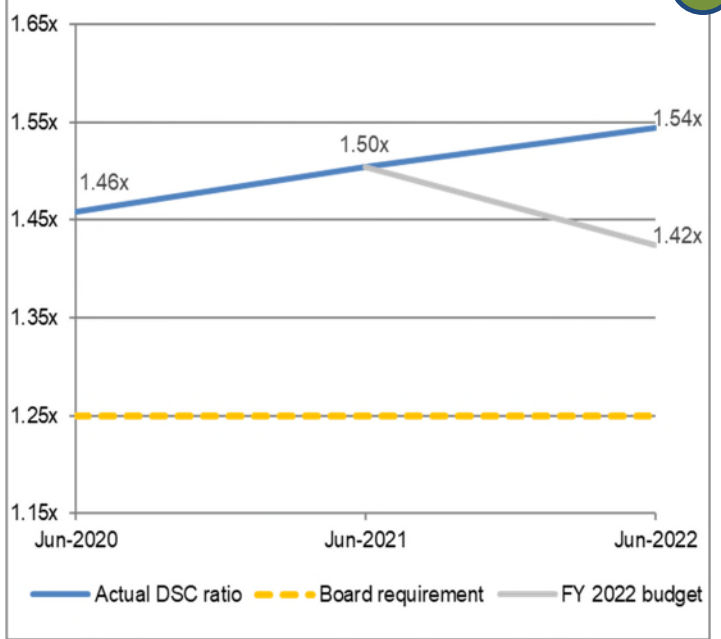
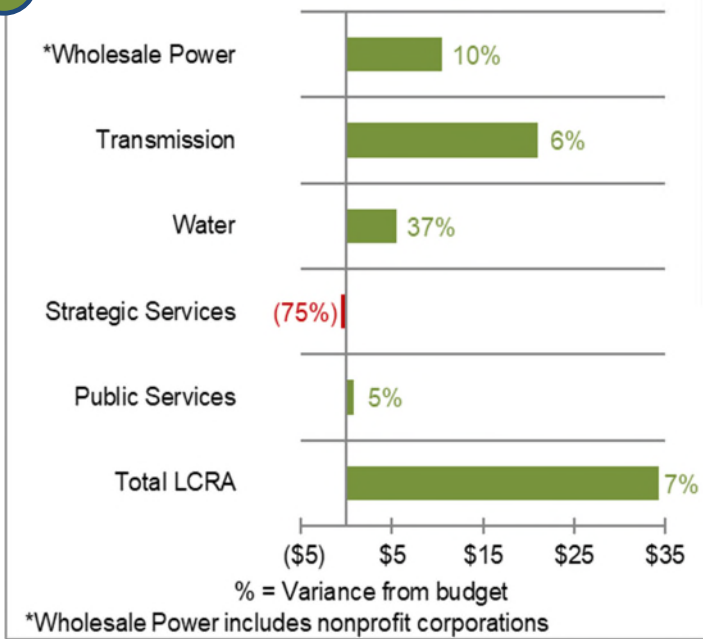
Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances

Debt Service Coverage

A

B



Key takeaways:

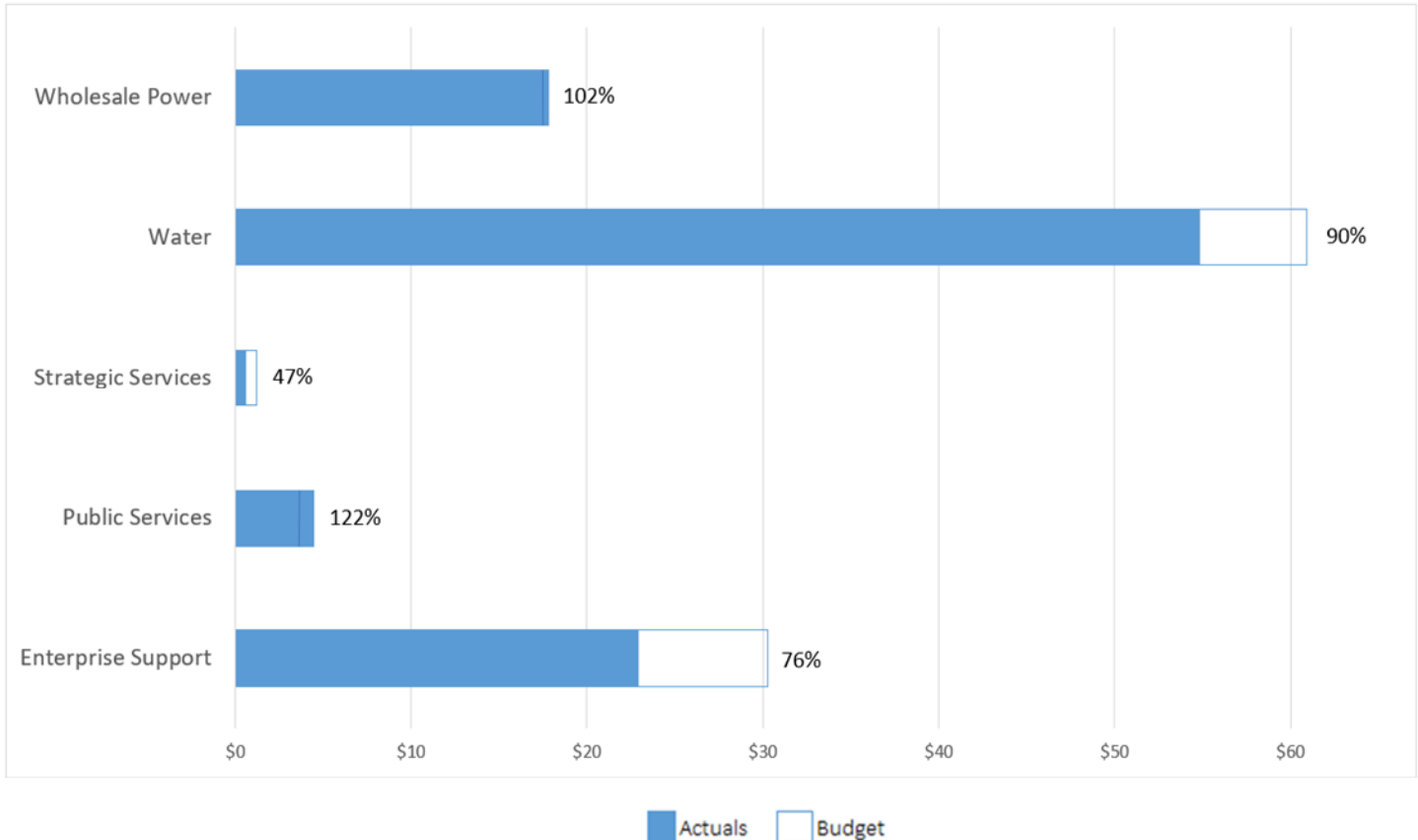
- Higher-than-budgeted load and miscellaneous revenues primarily drove Wholesale Power's year-to-date performance.
- Lower-than-budgeted expenses and higher-than-budgeted cost of service and other revenues primarily drove Transmission's year-to-date performance.
- Lower-than-budgeted river management expenses and higher-than-budgeted river management revenues primarily drove Water's year-to-date performance.
- Higher-than-budgeted telecommunications expenses primarily drove Strategic Services' year-to-date performance.
- Lower-than-budgeted parks and natural resources expenses and higher-than-budgeted park revenues primarily drove Public Services' year-to-date performance.
- Higher-than-budgeted LCRA net margin primarily drove the higher-than-budgeted debt service coverage ratio.

Lower Colorado River Authority

June 30, 2022

(Dollars in Millions)

Capital Performance



Key takeaways:

- LCRA capital spending for FY 2022 was \$12.9 million under the capital plan budget of \$113.4 million.
- The primary driver for the FY 2022 variance for Water and Enterprise Support was a reduction in fiscal year spending on multiple projects.
- The primary driver for the FY 2022 variance for Wholesale Power was the approval of two new projects in March 2022.
- The primary driver for the FY 2022 variance for Public Services was an increase in fiscal year spending for the Matagorda Bay Nature Park Improvements project. The increased spending was funded by the Public Recreation Conservation Land Acquisition Fund.

General manager project approval:

- For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA Board Policy 301 – Finance. 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 or budget resets this quarter.

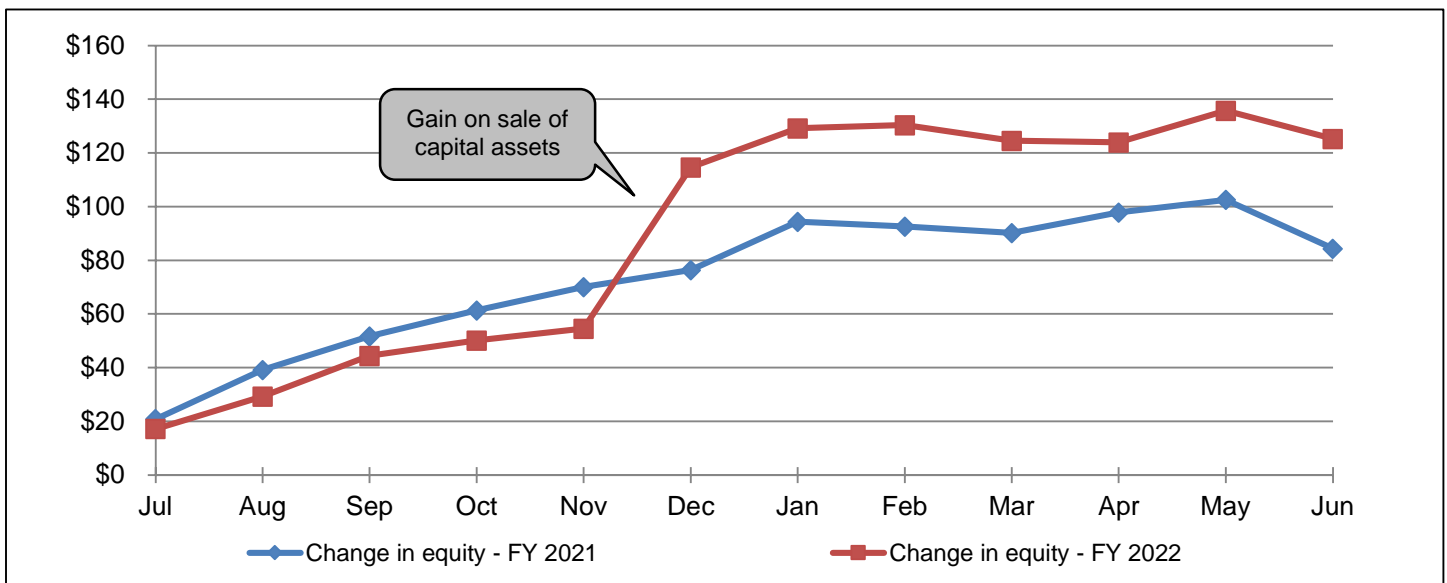
Lower Colorado River Authority

June 30, 2022
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	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.	✓
Debt Service Reserves	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.	✓
Operating Reserves	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 takeaway:

- Year-to-date operating income increased due to a gain on the sale of capital assets along with higher transmission revenue, partially offset by the impact of higher interest rates.

Lower Colorado River Authority

June 30, 2022

(Dollars in Millions)

Condensed Balance Sheets

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Cash and cash equivalents	\$ 359.4	\$ 421.4
Current assets	<u>473.0</u>	<u>517.7</u>
Total current assets	<u>832.4</u>	<u>939.1</u>
Capital assets	5,476.9	5,263.0
Long-term assets	<u>905.2</u>	<u>856.8</u>
Total long-term assets	<u>6,382.1</u>	<u>6,119.8</u>
Total Assets	<u>\$ 7,214.5</u>	<u>\$ 7,058.9</u>
Liabilities		
Bonds, notes and loans payable	\$ 565.0	\$ 628.9
Current liabilities	<u>360.8</u>	<u>280.3</u>
Total current liabilities	<u>925.8</u>	<u>909.2</u>
Bonds, notes and loans payable	3,904.8	3,810.9
Pension liability	119.8	168.2
Long-term liabilities	<u>400.4</u>	<u>432.2</u>
Total long-term liabilities	<u>4,425.0</u>	<u>4,411.3</u>
Equity		
Total equity	<u>1,863.7</u>	<u>1,738.4</u>
Total Liabilities and Equity	<u>\$ 7,214.5</u>	<u>\$ 7,058.9</u>

Key takeaway:

- Assets and liabilities increased compared with June 2021 primarily due to an increase in capital assets related to the capital plan.

Lower Colorado River Authority

June 30, 2022

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2022	2021
Operating Revenues		
Electric	\$ 1,201.5	\$ 1,153.6
Water and irrigation	34.4	32.5
Other	39.6	56.4
Total Operating Revenues	1,275.5	1,242.5
Operating Expenses		
Fuel and purchased power	395.5	416.1
Operations	332.1	306.8
Maintenance	46.7	58.9
Depreciation, depletion and amortization	225.5	224.0
Total Operating Expenses	999.8	1,005.8
Operating Income	275.7	236.7
Nonoperating Revenues (Expenses)		
Interest on debt	(143.1)	(134.4)
Other expenses	(7.3)	(18.0)
Total Nonoperating Revenues (Expenses)	(150.4)	(152.4)
Change in Equity	125.3	84.3
Equity - Beginning of Period	1,738.4	1,654.1
Equity - End of Period	\$ 1,863.7	\$ 1,738.4

Lower Colorado River Authority

June 30, 2022

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2022	2021
Cash Flows From Operating Activities		
Received from customers	\$ 1,169.8	\$ 1,038.6
Payments	(649.2)	(795.5)
Net cash provided by operating activities	520.6	243.1
Cash Flows From Noncapital Financing Activities	2.2	4.0
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(419.7)	(502.2)
Debt principal payments	(114.7)	(92.4)
Other capital and financing activities	44.5	343.2
Net cash used in capital and financing activities	(489.9)	(251.4)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	274.6	399.1
Purchase of investment securities	(410.8)	(341.3)
Note payments and interest received	7.5	8.6
Net cash provided by (used in) investing activities	(128.7)	66.4
Net Increase (Decrease) in Cash and Cash Equivalents	(95.8)	62.1
Cash and Cash Equivalents - Beginning of Period	511.2	449.1
Cash and Cash Equivalents - End of Period	\$ 415.4	\$ 511.2

Lower Colorado River Authority

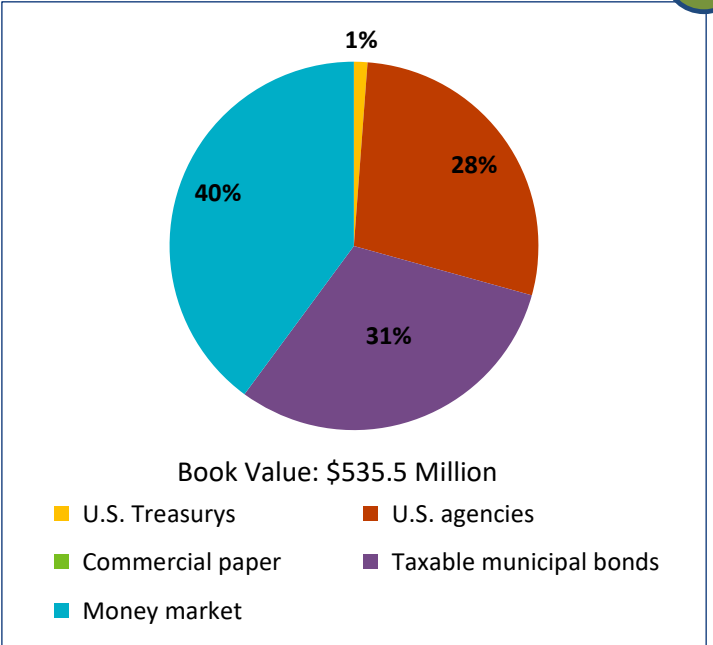
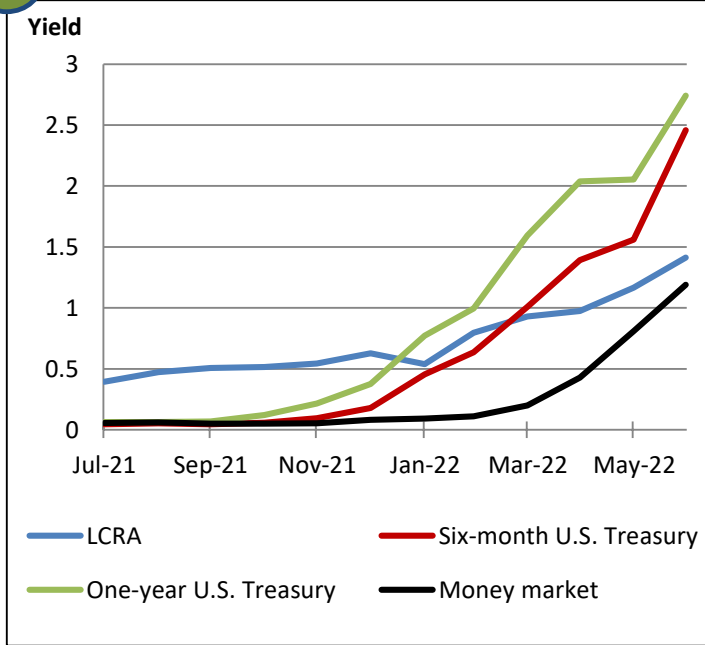
June 30, 2022

(Dollars in Millions)

Investments and Debt

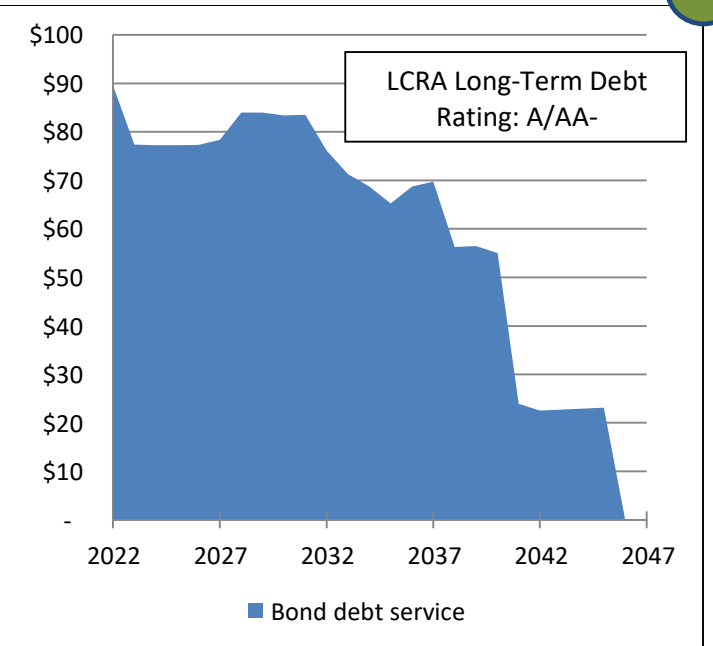
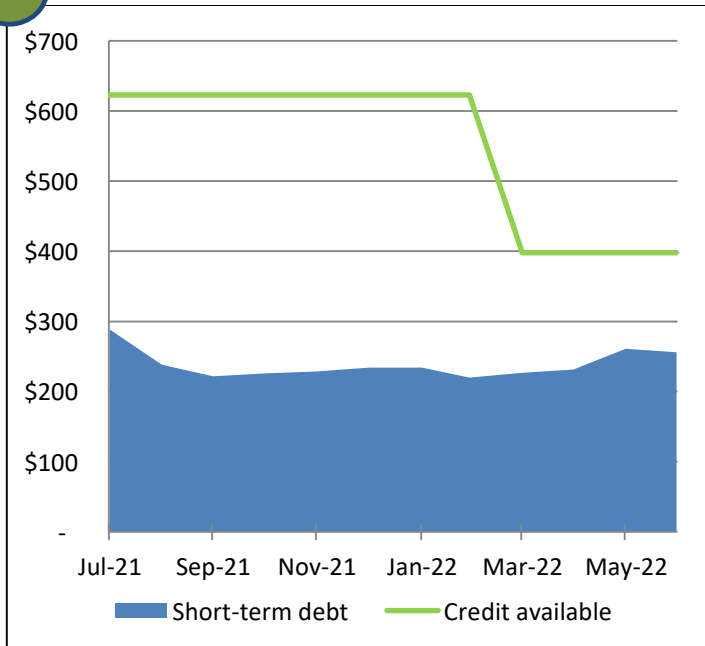
Investment Portfolio Yield

Investment Portfolio Composition



Short-Term Debt

Bond Debt Service



Key takeaways:

- In its June 14-15 meeting, the Federal Open Market Committee approved its first 0.75% interest rate increase in 28 years, leaving the Federal Reserve rate target at 1.5%-1.75%.
- The Federal Open Market Committee is scheduled to meet again on July 26 and 27.

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FOR ACTION (CONSENT)

3. Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2023

Proposed Motion

Approve the proposed LCRA Board and committee meeting dates for calendar year 2023 as listed in Exhibit A.

Board Consideration

The LCRA bylaws provide that the regular meeting of the Board takes place on the last Wednesday before the 25th day of each month. Any deviation from that schedule requires Board approval.

Budget Status and Fiscal Impact

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

Summary

The proposed Board and committee meeting dates for calendar year 2023 as listed in Exhibit A were reviewed by the Executive Committee at its meeting on June 15, 2022.

Exhibit(s)

A – Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2023

EXHIBIT A

Proposed LCRA Board and Committee Meeting Dates for Calendar Year 2023

Month	Committee Meetings	Board Meeting
January	17	18
February	22	
March	22	
April	19*	
May	23	24
June	21	
July	No Meeting	
August	22	23
September	20	
October	17	18
November	15	
December	12	

*This Board meeting will include the annual business and capital plans work session.

FOR ACTION (CONSENT)

4. 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 changes made to Appendix A, amending staff authorized to purchase and sell securities.

Exhibit(s)

A – LCRA Board Policy 303 – Banking and Investments

EXHIBIT A

LCRA BOARD POLICY

303 – BANKING AND INVESTMENTS

~~Jan. 19, 2022~~ Aug. 17, 2022

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; Jan. 20, 2021; ~~and~~ Jan. 19, 2022; and Aug. 17, 2022.

APPENDIX A

AUTHORIZATION TO PURCHASE AND SELL SECURITIES

STAFF AUTHORIZED TO PURCHASE AND SELL SECURITIES:
AS OF ~~Jan. 19, 2022~~ Aug. 17, 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
Treasury Analyst (\$75 million per day; Money Market trades only)	—Sara Zamora-Trevino

APPENDIX B

**APPROVED BROKERS/DEALERS
AS OF ~~Jan. 19, 2022~~ Aug. 17, 2022**

<u>Name of Firm</u>	<u>Headquarters</u>	<u>LCRA Trading Office</u>
Stifel Nicolaus & Company Inc.	St. Louis	Houston
RBC Capital Markets	Minneapolis	Dallas
Merrill Lynch, Pierce, Fenner & Smith Inc.	Charlotte	Chicago
Raymond James & Associates	Memphis	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. 19, 2022~~ Aug. 17, 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)

5. 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)

6. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the June 15, 2022, 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 June 15, 2022, meeting

EXHIBIT A

Minutes Digest
June 15, 2022

- 22-38 Approval of the Auditing Services fiscal year 2023 resource and audit plan.
- 22-39 Approval of the minutes of the May 18, 2022, meeting.
- 22-40 Approval of an amendment to the fiscal year 2022 LCRA business plan to increase authorization for spending in fiscal year 2022 from \$395.5 million to \$402.5 million.
- 22-41 Approval of a resolution honoring Eustolio Treviño Jr., LCRA retiree.
- 22-42 Authorization for the general manager or his designee to negotiate and execute a firm raw water contract with the City of Dripping Springs for municipal use of LCRA's firm water supply of up to 2,438 acre-feet per year for a term of 40 years.
- 22-43 Notwithstanding any water contract rule to the contrary, authorization for the general manager to enter into certain amendments to facilitate emergency interconnections and emergency supply of water by LCRA's firm water customers.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
June 15, 2022

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 10:27 a.m. Wednesday, June 15, 2022, 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
Matthew L. "Matt" Arthur
Melissa K. Blanding
Carol Freeman
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Laura D. Figueroa
Robert "Bobby" Lewis

Chair Timmerman convened the meeting at 10:27 a.m.

The Board heard public comments [Agenda Item 1]. Cindy Smiley, an attorney representing the Central Texas Water Coalition, expressed concerns that the current LCRA Water Management Plan does not adequately protect water supplies in the Highland Lakes and the basin. Smiley asked LCRA to initiate a "targeted" review of the Water Management Plan this year.

Laura Patterson, a member of Save Lake LBJ, expressed concerns regarding the change to Zone D, one of the areas in which applications for Commercial Dredge and Fill permits may be received under the Highland Lakes Dredge and Fill Ordinance.

The Board next took action on the consent agenda. Upon motion by Director Voelter, seconded by Director Arthur, the Board unanimously approved consent items 3 and 4 by a vote of 13 to 0 as follows:

22-38 Approval of the Auditing Services fiscal year 2023 resource and audit plan, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

22-39 Approval of the minutes of the May 18, 2022, meeting [Consent Item 4].

22-40 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit B], that the Board approve an amendment to the fiscal year 2022 LCRA business plan to increase authorization for spending in fiscal year 2022 from \$395.5 million to \$402.5 million. Upon motion by Director Allen, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 13 to 0.

22-41 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit C] honoring Eustolio Treviño Jr. for his service to LCRA. Upon motion by Vice Chair Cooper, seconded by Director Martine, the recommendation was unanimously approved by a vote of 13 to 0.

22-42 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit D], that the Board authorize the general manager or his designee to negotiate and execute a firm raw water contract with the City of Dripping Springs for municipal use of LCRA's firm water supply of up to 2,438 acre-feet per year for a term of 40 years. Upon motion by Director Martine, seconded by Director Blanding, the recommendation was unanimously approved by a vote of 13 to 0.

22-43 Executive Vice President of Water John B. Hofmann presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit E], that, notwithstanding any water contract rule to the contrary, the Board authorize the general manager to enter into certain amendments to facilitate emergency interconnections and emergency supply of water by LCRA's firm water customers. Upon motion by Director Whitten, seconded by Director Yearly, the recommendation was unanimously approved by a vote of 13 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:56 a.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 12:01 p.m.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 12:01 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Aug. 17, 2022

FOR ACTION

7. Firm Water Contract for Irrigation Use – Lakecliff Dream LLC

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a standard firm raw water contract with Lakecliff Dream LLC for irrigation use of LCRA's firm water supply of up to 642 acre-feet per year for a term of 10 years.

Board Consideration

Consistent with the LCRA water contract rules, all contract requests for 500 acre-feet per year or more require Board consideration.

Budget Status and Fiscal Impact

The contract will result in no change to revenues because Lakecliff Dream is renewing the contract for the same amount of water as in its previous 10-year agreement. At a minimum, the contract will generate about \$50,000 per year in revenue.

Summary

Lakecliff Dream LLC, also known as Lakecliff on Lake Travis, has submitted an application to renew its irrigation contract of 642 a-f for an additional 10-year term. Lakecliff is a 250-acre golf course community in Spicewood on the shores of Lake Travis. The community uses the water to irrigate landscapes, common areas and the 18-hole golf course.

The community has water conservation and drought response practices that meet or exceed those required by LCRA's rules, including a mandatory watering schedule.

Staff recommends the Board approve this renewal contract for 642 a-f per year of firm water supply.

LCRA also has determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the recommended amount. This contract will result in no change to LCRA's total firm water commitments because it is a renewal of a current agreement.

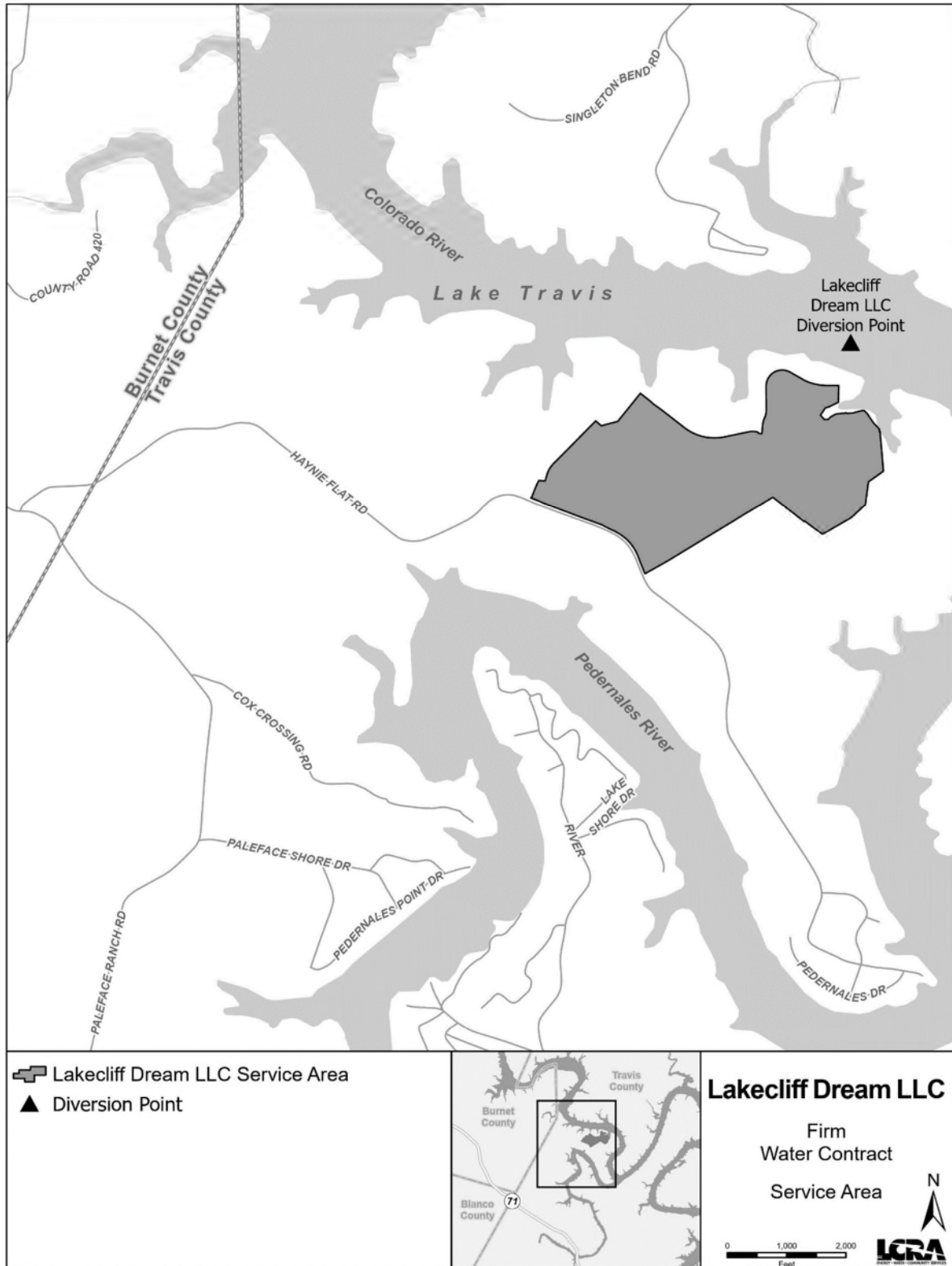
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

8. Moratorium on New Applications for Community Marinas

Proposed Motion

Adopt the attached resolution relating to new applications for community marinas on the Highland Lakes pursuant to the Highland Lakes Marina Ordinance.

Board Consideration

Section 8503.004 (u) of the Texas Special District Local Laws Code provides LCRA the authority to regulate the use of the surface of the Highland Lakes. Pursuant to the authority in LCRA's enabling act, LCRA may suspend the processing of applications and/or issuance of permits – including permits for community marinas pursuant to the Highland Lakes Marina Ordinance – whenever the Board of Directors determines such suspension to be in the public interest.

Board Status and Fiscal Impact

The administrative costs of implementing the attached resolution are contained within the fiscal year 2023 business plan.

Summary

LCRA is in the process of reviewing and preparing amendments to the Highland Lakes Marina Ordinance. LCRA's review includes the evaluation of the regulations related to community marinas. Community marinas were intended to concentrate the number of boat slips in the community marina and limit the proliferation of numerous residential docks along the shoreline, thereby maintaining navigability in coves and the lakes. Under the existing regulations, community marinas are allowed to extend into a lake or cove more than three times the distance of other permitted marinas under the HLMO. However, recent applications for community marinas have demonstrated that the navigability protections that were intended by authorizing community marinas no longer are being achieved. Some coves with community marinas still are experiencing the proliferation of residential docks along shorelines that are controlled by the developments serviced by the community marinas. This has resulted in increased boating congestion, conflicts and public safety concerns in coves and on the lakes. LCRA's evaluation will include the restructure of regulations related to community marinas or the possible discontinuation of the acceptance of applications, and the issuance of permits, for new community marinas as defined in the HLMO.

This fall, LCRA will publish its proposed amendments to the HLMO, including amendments related to existing and new community marinas. This process includes the ability for the public, including the regulated community, to submit comments related to the proposed amendments to the HLMO. Existing community marinas will continue to be subject to the HLMO. Because LCRA's review will include an evaluation of the effectiveness of the current community marina regulations, staff recommends the LCRA Board implement a moratorium on accepting new and amendment applications for community marinas in any of the Highland Lakes, effective immediately. LCRA is proposing this moratorium to allow staff time to develop recommendations and any

necessary amendments to the HLMO and any other applicable LCRA regulations; propose specific guidelines and/or regulations resulting from those recommendations; and obtain input from interested stakeholders.

The moratorium on applications for new community marinas will be effective through June 1, 2023, or until further resolution of this matter by the Board, whichever occurs first. This action is not intended to affect existing permitted community marinas or applications and permits for other marina facilities.

During the time the moratorium is in effect, LCRA will continue its evaluation and review of the HLMO, conduct a public input process, and propose specific amendments to the HLMO.

LCRA will update the Board before the end of the moratorium and either propose recommended amendments to the HLMO or request an extension of the moratorium sufficient to allow staff to continue the activities necessary to formulate an effective recommendation.

Presenter(s)

Kelly D. Payne
Vice President, Water Operations

Lauren Graber
Director, Strategic Water Initiatives

Exhibit(s)

A – Resolution

EXHIBIT A

**LOWER COLORADO RIVER AUTHORITY
RESOLUTION RELATING TO NEW APPLICATIONS FOR COMMUNITY MARINAS**

Aug. 17, 2022

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

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

WHEREAS, LCRA's Highland Lakes Marina Ordinance provides regulations related to, among other things, marina facilities on the Highland Lakes, ensuring appropriate measures are taken to maintain public safety, navigability and water quality when these activities are undertaken; and

WHEREAS, the Highland Lakes Marina Ordinance regulates marina facilities on the Highland Lakes; and

WHEREAS, the Board seeks a reasonable approach to allow LCRA to (i) review the impacts of community marinas on navigability and public safety; (ii) obtain stakeholder input; and (iii) provide recommendations for the Board to consider regarding amendments to the Highland Lakes Marina Ordinance, including the restructuring of the regulations for, or the prohibition on, new applications for community marinas in the Highland Lakes as described above;

NOW, THEREFORE, BE IT RESOLVED that, effective immediately upon adoption of this resolution through June 1, 2023, or until further resolution of this matter by the Board, whichever occurs first, and, in order to fulfill its obligations to regulate the surface of the Highland Lakes, and maintain the navigability and public safety on the lakes, the LCRA Board of Directors hereby:

(1) directs the general manager to cease all activities related to permitting of community marinas as defined by the HLMO, including accepting any community marina applications and issuing new community marina permits or amendments to existing community marinas; and

(2) directs the general manager to continue to review and process applications for community marinas that have been received if they are determined to be administratively complete; and

(3) directs the general manager to conduct a stakeholder input process and propose amendments to the HLMO.

FURTHERMORE, it is the intention of the LCRA Board of Directors that the prohibition on accepting new applications only applies to applications for new community marinas received on, or after, the effective date of this resolution and shall not affect applications for all other marina facilities currently within the scope of the HLMO.

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

FOR ACTION

9. Contracts and Contract Changes

Proposed Motion

Authorize the general manager or his designee to negotiate and execute or amend the following contracts as shown in the attached the exhibit(s).

Board Consideration

LCRA Board Policy 308 – Purchasing Contracts establishes requirements for contracts for the purchase of goods and services. LCRA uses two types of purchasing contracts, master and one-time.

- Master contract: Establishes the terms and conditions under which LCRA may purchase goods and/or services during a fixed period of time to fulfill its business plan. These purchases are budgeted in the capital and operations and maintenance budgets. Master contracts are not commitments to expend funds. Rather, purchase orders placed against these master contracts are commitments to spend.
- One-time contract: A contract for the purchase of a definite quantity of goods or services under a single scope of work either during a fixed period of time or for an indefinite period of time until the goods have been delivered or services have been completed. These contracts normally include commitments to expend funds.

Budget Status and Fiscal Impact

Board of Directors approval of contracts and contract changes does not create a commitment to spend funds; rather, all orders and commitments will be for budgeted items contained in separately authorized operations and capital budgets or pre-spending authorizations.

Summary

Dollars in millions

Contract Number and Name	Previous Board Approval	Previous Administrative Approval	Requested Board Approval	Estimated Expenditures for Contract Life
6123: The Guardian Life Insurance Company of America	n/a	n/a	14.0	14.0
6065: Woolery Custom Fence Company Inc	n/a	n/a	40.0	40.0
4921 Irby Construction Company	750.0	n/a	550.0	1,300.0
4680: Unum Life Insurance Company of America	8.1	4.41	13.59	26.1

Presenter(s)

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

New Contracts

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

Contract No.	6123
Supplier:	The Guardian Life Insurance Company of America
Total Contract Amount:	Not to exceed \$14 million
Contract Lengths:	One-year contract with four additional, optional one-year terms

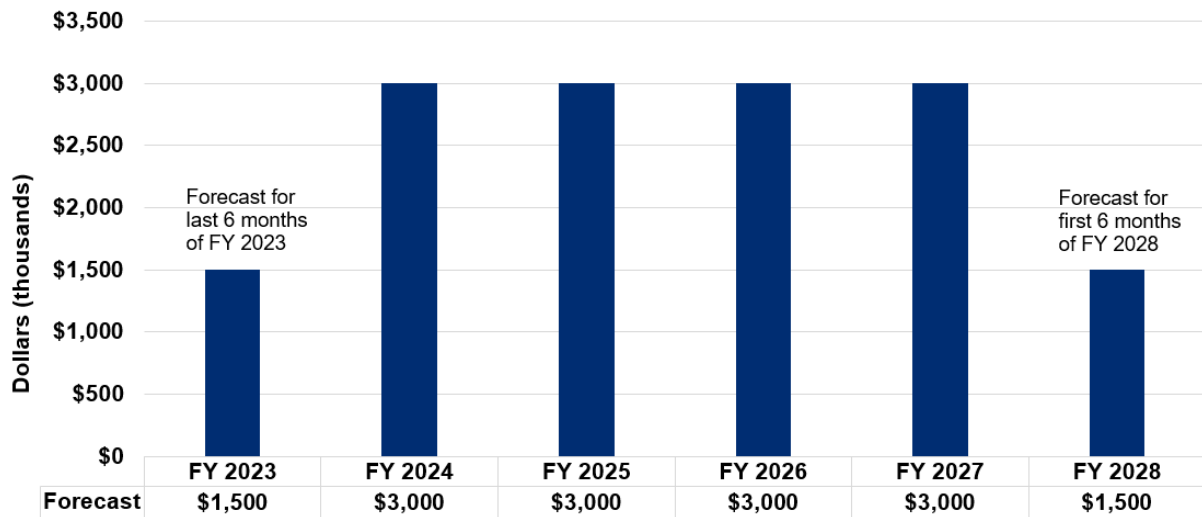
Description: LCRA provides employees, retirees, certain eligible former Board members and their dependents an option to select dental insurance.

This category’s historical orders totaled more than \$12.3 million for the last contract period. Pricing for the first three years of the contract is guaranteed and is 6% lower than the current pricing.

Actions: LCRA’s benefits broker conducted a fully competitive process on LCRA’s behalf and evaluated four dental insurance companies. LCRA’s benefits broker evaluated the suppliers based on competitive pricing, minimal service disruptions and an improved employee experience.

Based upon the evaluation and subsequent negotiations, staff recommends The Guardian Life Insurance Company of America as the supplier for this category.

The Guardian Life Insurance Company of America Forecast



Contract No.	6065
Supplier:	Woolery Custom Fence Company Inc
Total Contract Amount:	Not to exceed \$40 million
Contract Lengths:	Long-term contract ending August 2027
<p>Description: This master contract provides fencing for LCRA Transmission Services Corporation. The construction and operation of LCRA TSC’s transmission assets require the installation, maintenance and repair of high-security, standard, game, temporary, and five-strand boundaries fencing, and right-of-way gates. Fencing is part of LCRA TSC’s layered security program that is required by the North American Electric Reliability Corporation.</p> <p>This category’s historical orders totaled more than \$22.5 million for the last contract period. The contract value is higher than the previous contract due to an increased quantity of projects, as well as marketwide price increases due to increased labor and materials costs, including a 30% average price increase on high-security fencing and a 39% average price increase on right-of-way gates.</p> <p>Actions: Staff recommends awarding this contract based on a fully competitive sourcing process. Staff received two proposals; however, only one was deemed responsive. Staff evaluated the responsive supplier primarily based on its ability to perform and provide service and cost. Woolery Custom Fence Company Inc is the incumbent supplier for this category.</p> <p>Based upon the evaluation and subsequent negotiations, staff recommends Woolery Custom Fence Company Inc as the supplier for this category.</p>	

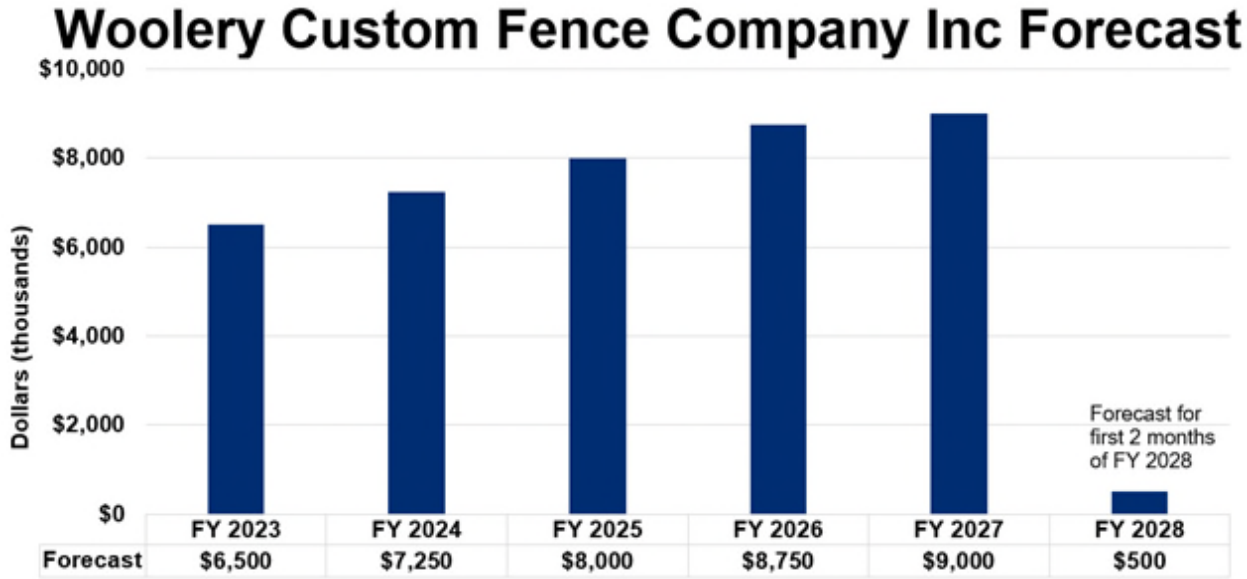


EXHIBIT B

Contract Administration

Contract changes that require Board approval under Board Policy 308 are noted in Exhibit B.

- A *Change Order* is a change to the statement of work, specifications or schedule of the contract.
- An *Amendment* is a change to a contract that affects other terms and conditions of the contract.
- An *Increase in Estimate* is a request to spend more funds than previously were estimated to be spent through a given contract. The contract is not changed; only the internal estimate of the amount to be spent with the supplier.

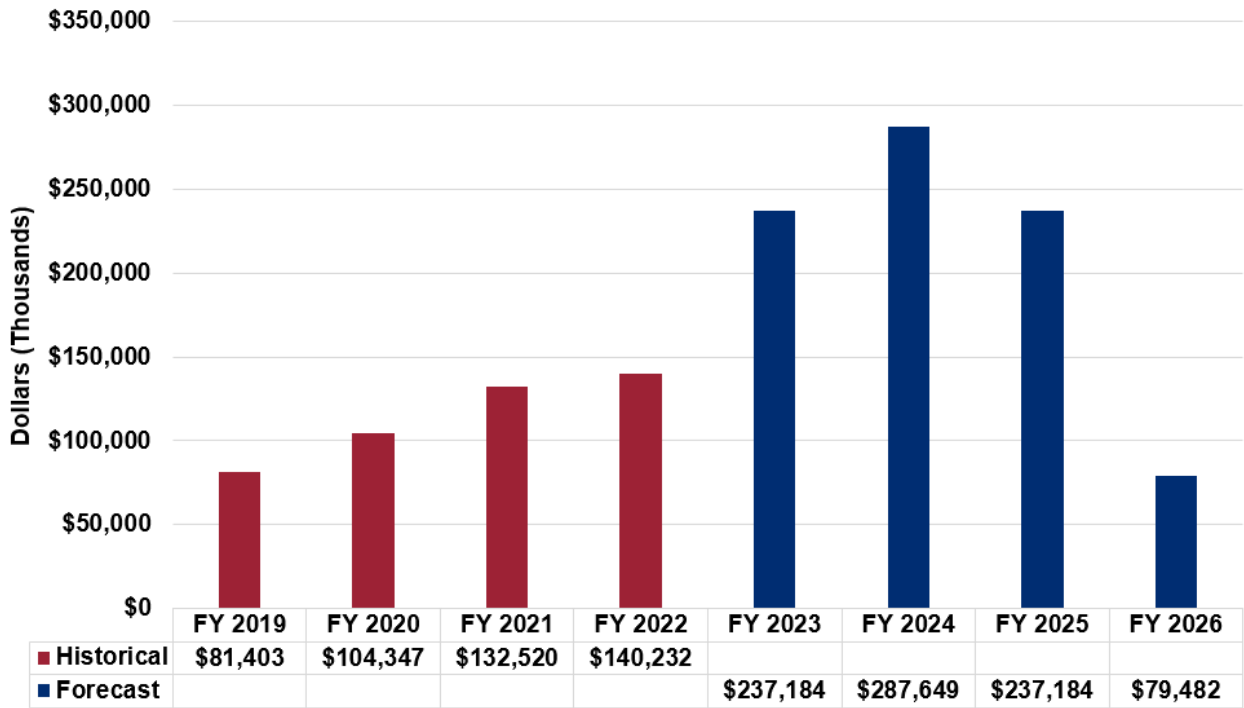
Contract No.	4921
Supplier:	Irby Construction Company, Inc.
Previous Board Approval	\$750 million
Contract Administration Increase(s):	\$0
Requested Increase in Estimate:	\$550 million
Total Contract Amount:	Not to exceed \$1.3 billion

Description: This master contract provides external services to construct, maintain and repair transmission line assets included in the LCRA Transmission Services Corporation business and capital plans. LCRA has had a long-term relationship with Irby Construction Company, Inc, which has repeatedly scored well in competitive solicitations, resulting in the award of multiple contracts over the past 17 years. Irby has worked collaboratively with LCRA under its current master contract to bring value and innovation to LCRA projects. It is an integral partner for supporting LCRA TSC's capital plan. The Board already has approved a total contract value of \$750 million.

The Board in August 2018 approved a contract value of \$400 million over a five-year term, and in December 2020 the Board approved an additional \$350 million and extended the contract term for an additional 27 months. Since 2018, LCRA has issued more than \$458 million in work to Irby, or 61% of the total August 2018 and December 2020 Board-approved contract value. With the number and size of transmission line construction and maintenance projects forecast to increase or remain steady over the life of the contract, the contract funds will be depleted prior to the end of the contract terms.

Staff requests approval to add \$550 million to the total contract value to support the LCRA TSC capital plan to build new transmission facilities and improve existing ones. This contract will support LCRA TSC's work to increase reliability and meet existing and projected needs for electricity.

Irby Construction Company Historical and Forecast Orders



Contract No.	4680
Supplier:	Unum Life Insurance Company of America
Previous Board Approval:	\$8,100,000
Contract Administration Increase(s):	\$4,405,927
Requested Increase in Estimate:	\$13,594,073
Total Contract Amount:	Not to exceed \$26.1 million

Description: This master contract provides basic and supplemental life insurance, short- and long-term disability insurance, and basic and supplemental accidental death and dismemberment insurance used by employees and their dependents. LCRA has used Unum Life Insurance Company of America since 2018. LCRA's benefits broker conducted a fully competitive sourcing process on LCRA's behalf and evaluated five short- and long-term disability and accidental death and dismemberment insurance companies. Unum Life Insurance Company of America's employer paid benefits has a savings of almost 23% for basic life insurance, and short- and long-term disability insurance. The employee-paid supplemental life insurance and accidental death and dismemberment insurance premium rates are guaranteed at their current rates through 2025. The incumbent provider, Unum Life Insurance Company of America, was the highest scored provider. Unum Life Insurance Company of America has agreed to keep its same terms and conditions. Staff requests approval to add \$13,594,073 to extend the contract another five years.

Unum Life Insurance Company of America Historical and Future Orders Forecast

