



Board Agenda

Wednesday, May 22, 2024

Matagorda Bay Nature Park – Redfish Hall

6420 FM 2031

Matagorda, TX 77457

Earliest start time: 9:30 a.m.

Item From the Chair

- 1. Comments From the Public 3

Item From the Chief Financial Officer

- 2. Financial Report 5

Consent Items

- *3. Conveyance of Easement in McLennan County 7
- 4. Directors’ Fees, Expenses 10
- 5. Minutes of Prior Meeting 11

Action Items

- *6. Approve the LCRA Transmission Contract Revenue Notes Series C Note Purchase Agreement and Authorize Related Agreements 17
- *7. Seventieth Supplemental Resolution and Issuance of LCRA Refunding Revenue Bonds 19
- *8. Authorize the Seventy-first Supplemental Resolution Authorizing a Letter of Credit Reimbursement Agreement Supporting the LCRA Commercial Paper Notes, Series B 22
- 9. Fiscal Year 2025 Business and Capital Plans 24
- 10. Contracts and Contract Changes 35

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

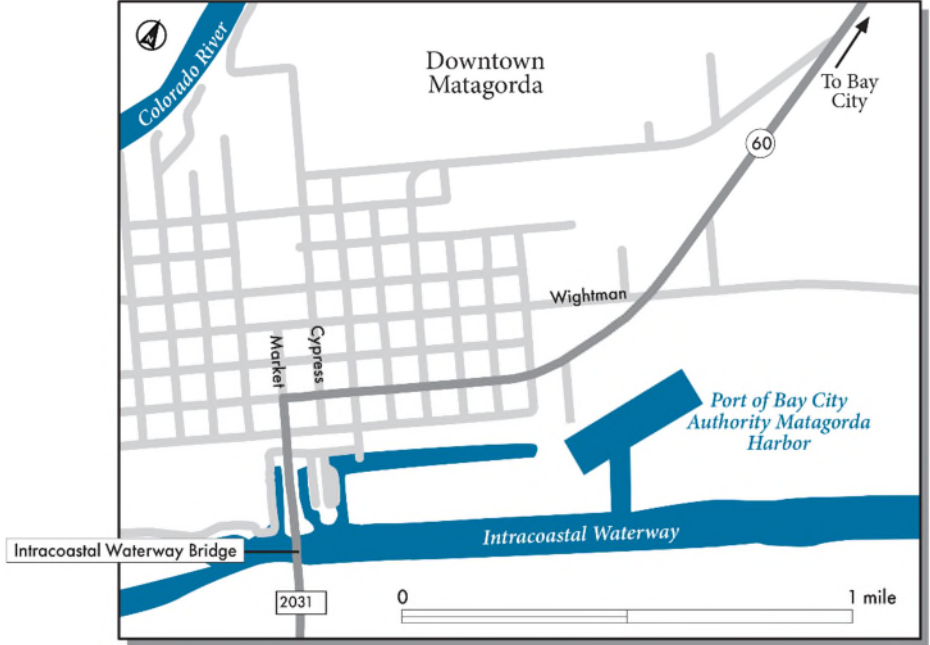
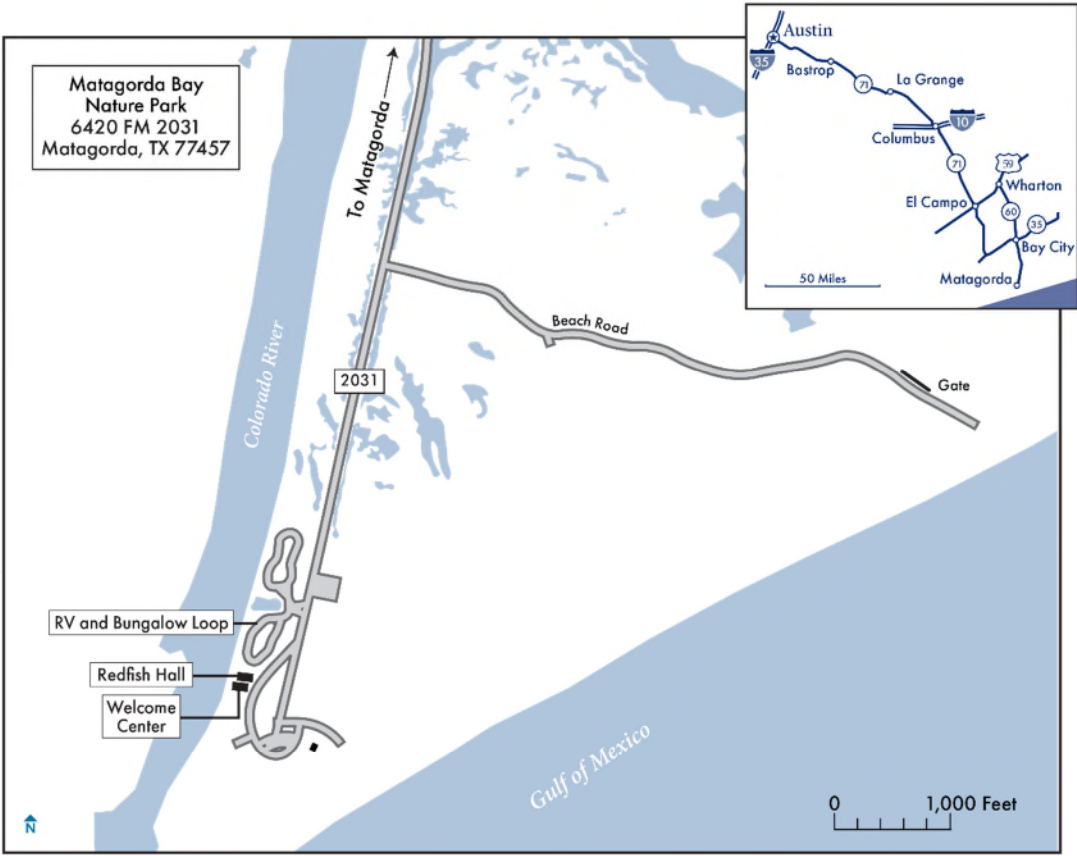
Executive Session

- 1. Competitive Electric Matters
- 2. Litigation Update
- 3. Legal Advice on Legal 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>



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

Staff will present financial highlights for LCRA covering the fiscal year to date.

Presenter(s)

Jim Travis

Chief Financial Officer

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Lower Colorado River Authority

Financial Highlights

April 2024

Lower Colorado River Authority
Table of Contents

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

Board Metrics and Income Statement Trends 2

Condensed Balance Sheets..... 3

Condensed Statements of Revenues, Expenses and Changes in Equity 4

Key term:

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

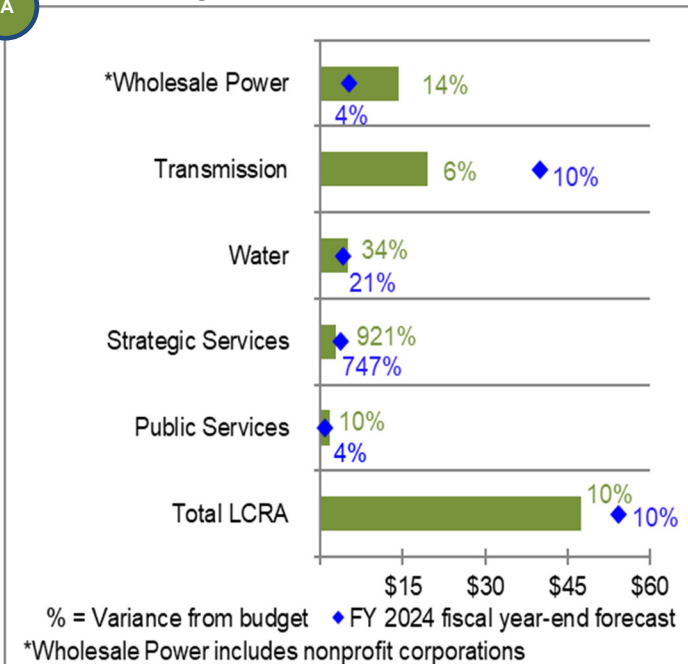
Lower Colorado River Authority

April 30, 2024

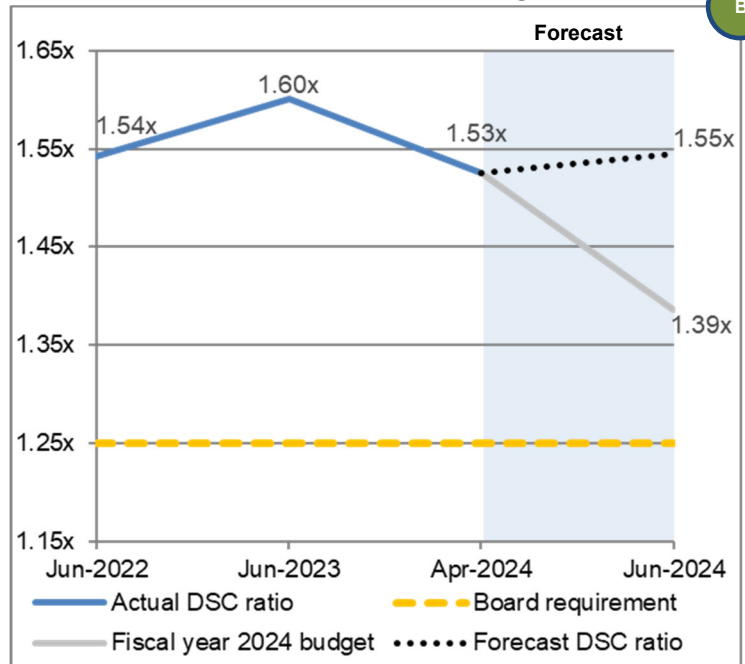
(Dollars in Millions)

Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



Debt Service Coverage



Key takeaways:

- Higher-than-budgeted billing units, interest income and other revenues, offset by higher-than-budgeted nonfuel expenses, primarily drove Wholesale Power's year-to-date performance and year-end forecast.
- Higher-than-budgeted interest income and other revenues, combined with lower-than-budgeted expenses, primarily drove Transmission's year-to-date performance. Higher-than-budgeted cost of service revenues, interest income and other revenues, combined with lower expenses, drove the year-end forecast.
- Higher-than-budgeted revenues and lower-than-budgeted expenses primarily drove Water's year-to-date performance and year-end forecast.
- Higher-than-budgeted Telecommunications, Environmental Laboratory Services and Transmission net margin primarily drove Strategic Services' year-to-date performance and year-end forecast.
- Lower-than-budgeted Park and Water Quality 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 LCRA net margin and lower-than-budgeted debt service.

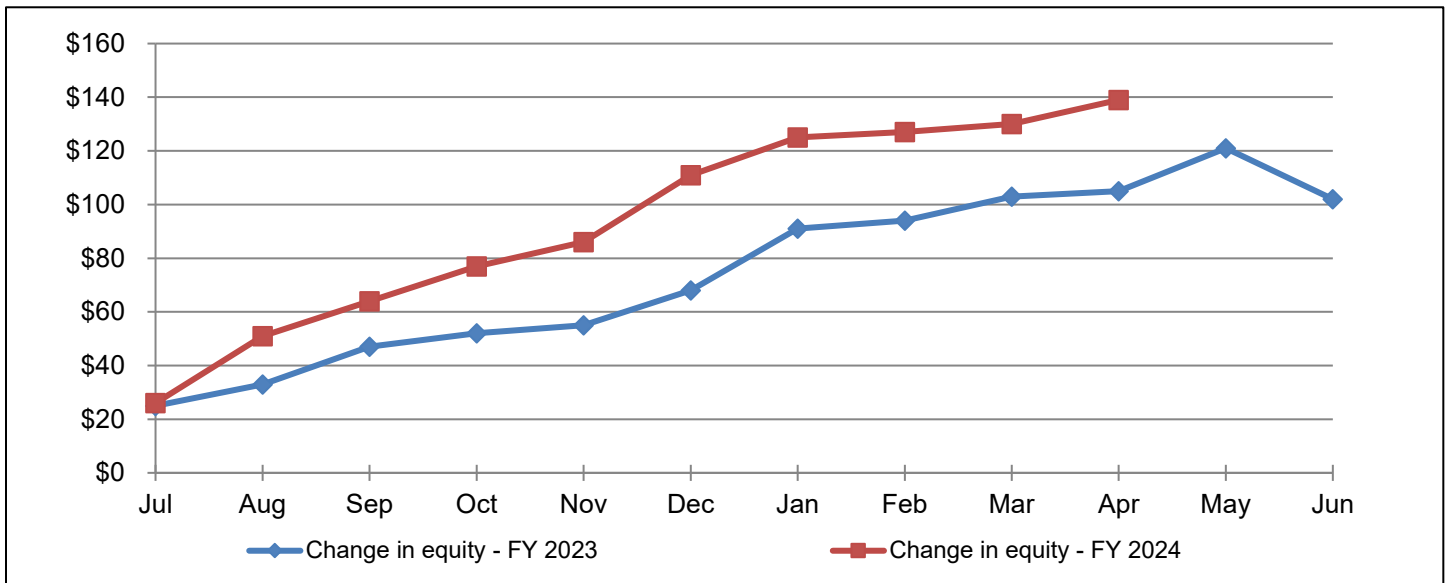
Lower Colorado River Authority

April 30, 2024
(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:

- Net income increased year over year primarily due to an increase in Transmission revenue and interest income, partially offset by an increase in interest on debt.

Lower Colorado River Authority

April 30, 2024

(Dollars in Millions)

Condensed Balance Sheets

	April 30, 2024	April 30, 2023
Assets		
Cash and cash equivalents	\$ 484	\$ 475
Current assets	463	414
Total current assets	947	889
Capital assets	6,759	5,957
Long-term assets	1,158	1,321
Total long-term assets	7,917	7,278
Total Assets	\$ 8,864	\$ 8,167
Liabilities		
Bonds and notes payable	\$ 715	\$ 869
Current liabilities	366	337
Total current liabilities	1,081	1,206
Bonds and notes payable	4,948	4,345
Pension liability	215	120
Long-term liabilities	515	527
Total long-term liabilities	5,678	4,992
Equity		
Total equity	2,105	1,969
Total Liabilities and Equity	\$ 8,864	\$ 8,167

Key takeaway:

- Assets and liabilities are trending higher compared with April 2023 due to construction activities related to the capital plan.

Lower Colorado River Authority

April 30, 2024

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

Fiscal Year to Date

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Electric	\$ 1,147	\$ 1,087
Water and irrigation	33	31
Other	37	36
Total Operating Revenues	<u>1,217</u>	<u>1,154</u>
Operating Expenses		
Fuel and purchased power	371	376
Operations	296	295
Maintenance	61	58
Depreciation, depletion and amortization	197	186
Total Operating Expenses	<u>925</u>	<u>915</u>
Operating Income	<u>292</u>	<u>239</u>
Nonoperating Expenses		
Interest on debt	(148)	(125)
Other nonoperating expenses	(5)	(9)
Total Nonoperating Expenses	<u>(153)</u>	<u>(134)</u>
Change in Equity	139	105
Equity - Beginning of Period	<u>1,966</u>	<u>1,864</u>
Equity - End of Period	<u>\$ 2,105</u>	<u>\$ 1,969</u>

FOR ACTION (CONSENT)

3. Conveyance of Easement in McLennan County

Proposed Motion

Authorize the general manager or his designee to convey a 0.415-acre permanent easement over LCRA Parcel MC-01 to Oncor Electric Delivery Company, LLC in McLennan County. Oncor will then release an existing 0.306-acre easement on the same parcel.

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 2024 business plan contains the administrative costs associated with the conveyance of this easement.

Summary

LCRA owns an 11.14% interest in the coal-fired Sandy Creek Energy Station in McLennan County. LCRA acquired the interest in Parcel MC-01 in June 2008.

Oncor has requested a 0.415-acre permanent easement to replace an existing 0.306-acre easement over MC-01. Oncor’s electric line will be relocated to the replacement easement area. The existing 0.306-acre easement will be released by Oncor. There will be no charge for this new easement as the area released is about the same size.

LCRA representatives will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403 prior to conveying the easement.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

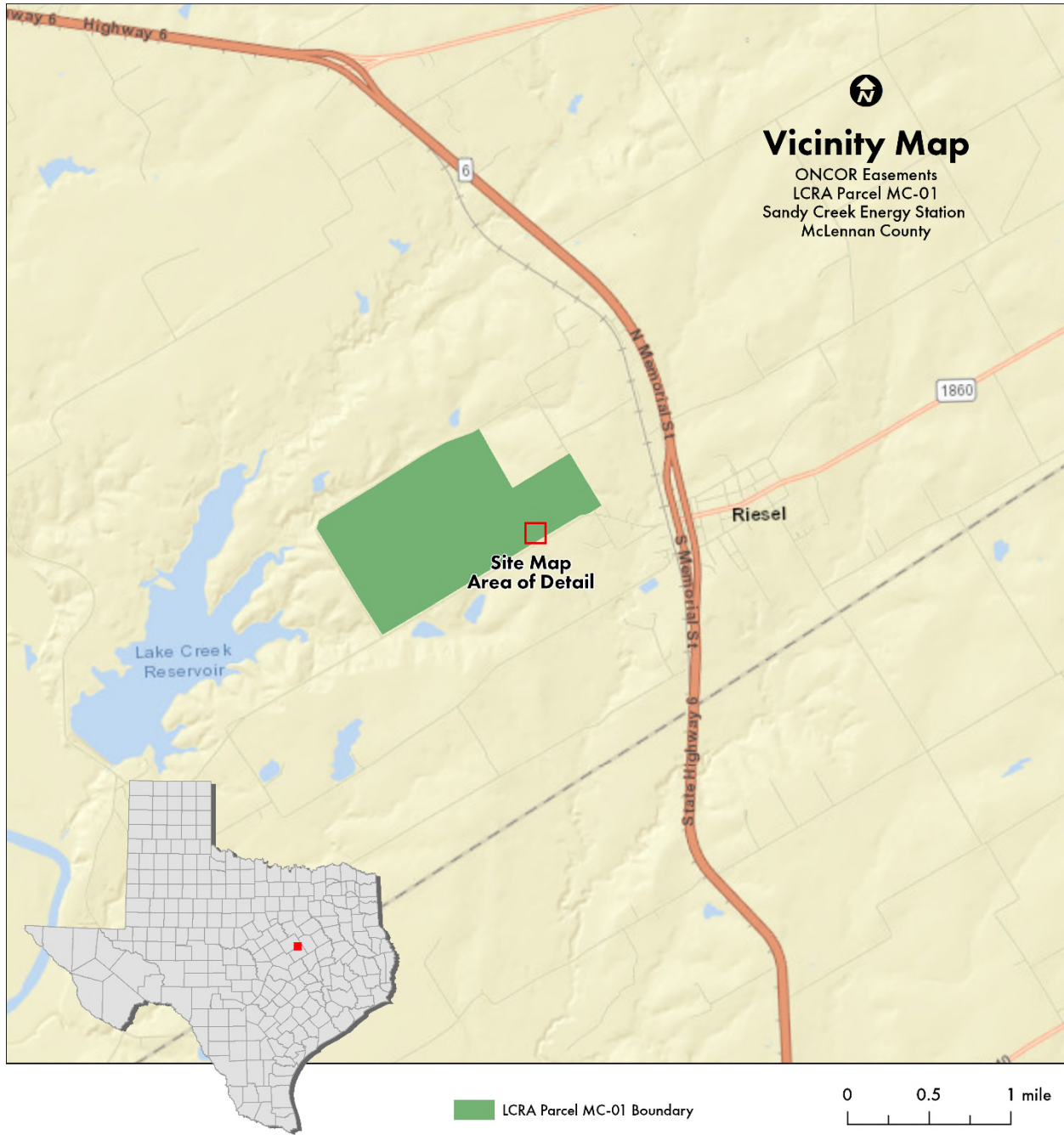


EXHIBIT B



FOR ACTION (CONSENT)

4. 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)

5. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the April 25, 2024, Board 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 April 25, 2024, Board meeting

EXHIBIT A

LCRA Board of Directors
Minutes Digest
April 25, 2024

- 24-30 Authorization for the general manager or his designee to grant an 8,053-square-foot access easement across an LCRA-owned irrigation canal in the Gulf Coast Agricultural Division in Matagorda County to the adjoining landowner.
- 24-31 Approval of the minutes of the March 26, 2024, Board meeting.
- 24-32 Approval of the updated LCRA Drought Contingency Plan for Firm Water Customers and the updated Drought Contingency Plan Rules for Water Sale Contracts, and authorization for the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality.
- 24-33 Approval of the LCRA Water Conservation Plan and authorization for the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality.
- 24-34 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 6446 (Dell Marketing LP); Contract No. 6008 (Pinnacle Steel Inc.); Contract No. 5151 (Trench Limited); and Contract No. 4822 (Sam Packs Five Star Ford).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Brenham, Texas
April 25, 2024

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 10:01 a.m. Thursday, April 25, 2024, in Morriss Hall, at The Barnhill Center, 111 W. Main St., Brenham, Washington 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
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann

Absent: Melissa K. Blanding
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 10:01 a.m.

[Chair Timmerman welcomed the following former LCRA Directors from Washington County who were in attendance: Teddy Boehm, P.J. Ellison, Charles Moser and Milton Tate Jr.]

There were no comments from the public during the meeting [Agenda Item 1].

The Board next took action on the consent agenda. Upon motion by Director Voelter, seconded by Director Kelley, the Board unanimously approved consent items 2 and 3 by a vote of 12 to 0 as follows:

24-30 Authorization for the general manager or his designee to grant an 8,053-square-foot access easement across an LCRA-owned irrigation canal in the Gulf Coast Agricultural Division in Matagorda County to the adjoining landowner, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

24-31 Approval of the minutes of the March 26, 2024, Board meeting [Consent Item 3].

Vice President of Water Operations Kelly D. Payne presented an update on basin conditions [Agenda Item 4].

24-32 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit B], that the Board approve the updated LCRA Drought Contingency Plan for Firm Water Customers and the updated Drought Contingency Plan Rules for Water Sale Contracts, and authorize the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality. Upon motion by Director Martine, seconded by Director Lewis, the recommendation was unanimously approved by a vote of 12 to 0.

Vice President of Water Resources Monica Masters presented the proposed LCRA Water Conservation Plan [Agenda Item 6].

24-33 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit C], that the Board approve the LCRA Water Conservation Plan and authorize the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality. Upon motion by Vice Chair Cooper, seconded by Director Voelter, the recommendation was unanimously approved by a vote of 11 to 0. [Director Arthur was absent for voting on this item.]

24-34 Vice President of Supply Chain Matt Chavez presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit D], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 6446 (Dell Marketing LP); Contract No. 6008 (Pinnacle Steel Inc.); Contract No. 5151 (Trench Limited); and Contract No. 4822 (Sam Packs Five Star Ford). Upon motion by Director Allen, seconded by Director Crane, the recommendation was unanimously approved by a vote of 12 to 0.

Executive Vice President of Enterprise Resources Stephen Kellicker gave an update on LCRA's private long-term evolution radio technology [Agenda Item 9].

Chair Timmerman declared the meeting to be in executive session at 10:38 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 11:24 a.m.

The Board next began the work session on the draft fiscal year 2025 business and capital plans. [Prior to this meeting, staff provided the Board copies of the draft business and capital plans for LCRA and each of its nonprofit corporations: LCRA Transmission Services Corporation; LCRA Wholesale Energy Services Corporation, known as LCRA WSC Energy; WSC Energy II; and GenTex Power Corporation.]

General Manager Phil Wilson gave opening remarks and outlined the format of the work session. He noted that while developing the business plan, LCRA staff worked with the Rates and Resources Council, a group of LCRA's wholesale electric customers, to discuss wholesale power rates. He expressed appreciation to LCRA's customers. Wilson highlighted LCRA's mission, vision and strategic goals contained in the business plan, as well as LCRA's values.

Chief Financial Officer Jim Travis discussed staff's development of the business plan in the current environment. He said the plan meets the requirements of LCRA Board Policy 301 – Finance, including requirements for debt service coverage and reserves. Travis provided a general overview of the business and capital plans.

Senior Vice President of Financial Planning and Analysis Dawn Reed provided a detailed review of the nonconfidential portions of the LCRA business plan, including the proposed budget for operations; debt service coverage; key drivers of LCRA's overall costs; rate development assumptions; and the budgets for LCRA's business units and services.

Vice President of Financial Planning John Heller provided a detailed overview of the nonconfidential portions of the LCRA capital plan. He highlighted the total lifetime budget for recommended projects and proposed budget for FY 2025 capital spending, which includes recommended new projects and projects the Board approved previously. Heller also gave an overview of some of the key projects in the plan.

Reed and Heller provided a detailed review of the LCRA TSC business and capital plans.

Staff responded to various questions from the Board throughout the discussion on the business and capital plans. [Staff noted that the FY 2025 business and capital plans will appear on the May 22, 2024, Board meeting agenda for consideration and approval.]

Chair Timmerman declared the meeting to be in executive session at 1:06 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 1:46 p.m.

There being no further business to come before the Board, the meeting adjourned at 1:46 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors

Approved: May 22, 2024

FOR ACTION

6. Approve the LCRA Transmission Contract Revenue Notes Series C Note Purchase Agreement and Authorize Related Agreements

Proposed Motion

Adopt the Forty-fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize a note purchase agreement (Series C NP Agreement) among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Bank of America, N.A., or another bank if acceptable terms cannot be reached with Bank of America (in each case, the Bank), for the LCRA Transmission Contract Revenue Notes, Series C (Series C Notes) for a term of three years, and authorize the general manager, chief financial officer or treasurer to select the Bank, negotiate and execute such Series C NP Agreement and any related fee agreement, setting forth the terms and conditions governing the issuance of the debt directly to the Bank in an amount up to \$200 million for the Series C Notes and authorize any other necessary agreements.

Board Consideration

The Forty-fourth Supplemental Resolution to the existing Controlling Resolution requires Board approval. The Series C NP Agreement complies with the covenants of the LCRA Controlling Resolution, the Twentieth Supplement to the Controlling Resolution that authorized up to \$200 million for the Series C Notes, and with LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the Series C NP Agreement will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

Summary

Staff recommends the Board approve the adoption of the Forty-fourth Supplemental Resolution authorizing the general manager, chief financial officer or treasurer to select the Bank, and negotiate and execute the Series C NP Agreement and other related documents.

LCRA, as the conduit issuer for LCRA TSC currently has authorized LCRA TSC to borrow from a \$150 million tax-exempt commercial paper program with JPMorgan Chase Bank, the Series C Notes program and \$100 million private placement Series E Notes with U.S. Bank.

Staff now seeks to continue the \$200 million Series C Notes program with the Bank selected. Each Series C Note issued will have a one-year term.

The note purchases by the Bank will allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the Bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are higher than existing commercial paper credit facilities due to current market conditions.

The Series C Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

A supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secures the Series C Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

Presenter(s)

Jim Travis

Chief Financial Officer

FOR ACTION

7. Seventieth Supplemental Resolution and Issuance of LCRA Refunding Revenue Bonds

Proposed Motion

Staff recommends the Board of Directors adopt and approve the Seventieth Supplemental Resolution (Seventieth Supplement) to the Master Resolution authorizing the issuance of Refunding Revenue Bonds (Bonds) in one or more series in an amount not to exceed \$350 million for the following purposes: (i) currently refund portions of the LCRA Commercial Paper Notes, Series B and Taxable Series B (Commercial Paper Notes) and any series of LCRA Revenue Revolving Notes; (ii) fund the debt service reserve fund or purchase a reserve fund obligation for the Bonds; and (iii) pay for issuance costs of the Bonds.

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

The resolution also will:

1. Approve related documents, including the bond purchase agreement; escrow agreement; paying agent/registrars agreement; remarketing agreement, if necessary; tender agreement, if necessary; and the preliminary and final official statements in substantially final form. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
 - a. Select all or a portion of LCRA's outstanding debt to be refunded and provide for appropriate notices of redemption/defeasance/prepayment.
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of the Bonds.
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series; principal amounts and maturity schedules; interest rates; whether the bonds are taxable or tax-exempt; tender and remarketing provisions, if any; and redemption provisions).
 - d. Select a remarketing agent and a tender agent if the Bonds are to be subject to a mandatory tender provision.
 - e. Approve the terms of the sale of the Bonds to an underwriting team and execute a bond purchase agreement.

Board Consideration

Section 8503.013 of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members of the Board must concur with the resolution.

Budget Status and Fiscal Impact

The fiscal year 2024 LCRA business plan anticipates the refunding of the Commercial Paper Notes and any series of LCRA Revenue Revolving Notes. Based on

current market conditions, moving forward with a refunding of a portion of the outstanding short-term debt will be advantageous and provide liquidity and cost savings.

Summary

With this action, the Board will authorize and approve the Bonds issued for the purpose of currently refunding portions of the Commercial Paper Notes and any series of LCRA Revenue Revolving Notes, establishing a debt service reserve fund or reserve fund obligation for the Bonds, and paying for the issuance costs related to the Bonds in a total amount not to exceed \$350 million. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background

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

The Seventieth 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; tender and remarketing provisions, if any; redemption provisions; etc.) according to parameters set forth in the Seventieth Supplement. The Master Resolution, the Seventieth Supplement and the pricing certificate of the LCRA officers establishing the terms of the Bonds together constitute the authorization of such Bonds. For flexibility, the Bonds may be structured with a mandatory tender provision requiring LCRA to refund or remarket in a shorter time frame than a traditional optional redemption provision. If a mandatory tender structure is utilized, a remarketing agreement and a tender agreement will be authorized to facilitate the tender of the Bonds and possible remarketing of the Bonds on the mandatory tender date.

The bond purchase agreement is the contract between LCRA and the underwriters of the Bonds that establishes the terms of the sale and delivery of such bonds from LCRA to such underwriters. This agreement provides for the conditions for closing on the Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA's obligation to deliver and/or the underwriters' obligation to accept the Bonds at closing.

The paying agent/registrars agreement is the contract between LCRA and The Bank of New York Mellon Trust Company, N.A. setting forth the rights, duties and obligations of the two parties under which such bank will act as the paying agent and registrar for the Bonds. The bank will provide paying agent and transfer agent services, maintain registration books, and facilitate providing certain notices for the Bonds, among other services.

The official statement is the document that provides disclosure to prospective investors regarding the terms of the bonds, security, risk factors, and financing and operating information of LCRA.

Use of Proceeds

Proceeds from the Bonds will be used to currently refund certain outstanding Commercial Paper Notes and LCRA Revenue Revolving Notes, fund one or more debt service reserve funds or reserve fund obligation for the Bonds and pay for issuance costs.

Staff periodically 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. Staff currently expects the Bonds to be sold and delivered by June 2024, subject to market conditions and the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

8. Authorize the Seventy-first Supplemental Resolution Authorizing a Letter of Credit Reimbursement Agreement Supporting the LCRA Commercial Paper Notes, Series B

Proposed Motion

Staff recommends the Board adopt and approve the Seventy-first Supplemental Resolution authorizing a letter of credit reimbursement agreement that supports LCRA Commercial Paper Notes, Series B and the Commercial Paper Notes, Taxable Series B (together, the Series B Notes), and authorizing the general manager, chief financial officer or treasurer to negotiate and execute the related reimbursement agreement (Reimbursement Agreement) with one or more banks (Bank) to be determined by LCRA's general manager, chief financial officer or treasurer, setting forth the terms and conditions governing the issuance of a direct-pay letter of credit securing the Series B Notes for a term not more than five years and in the amount of \$250 million and authorize other related agreements. This item requires approval of at least 12 members of the Board.

Board Consideration

The Seventy-first Supplement, which authorizes the Reimbursement Agreement for a term not to exceed five years, requires Board authorization and complies with the covenants of the Master Resolution establishing the LCRA Revenue Financing Program and Thirty-seventh Supplemental Resolution, which authorized the issuance of the Series B Notes, as well as LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members of the Board must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the proposed agreements will allow LCRA to issue commercial paper Series B Notes to finance construction of facilities and funding of eligible projects, and delay the issuance of long-term bonds, which have higher interest rates in the current market. As a result, staff anticipates LCRA will experience lower debt service costs until long-term bonds are issued.

Summary

Staff recommends the Board approve the attached Seventy-First Supplemental Resolution and authorize the general manager, chief financial officer or treasurer to negotiate and execute the related Reimbursement Agreement, any related fee letter and any other agreements related to the Series B Notes.

Background

In August 2012, the LCRA Board adopted the Thirty-Seventh Supplemental Resolution, which authorized the issuance of the Series B Notes in an amount of principal and interest not to exceed \$250 million, and also authorized a Letter of Credit Reimbursement Agreement to provide a letter of credit to secure the Series B Notes with State Street Bank. This agreement was amended several times and will terminate on Sept. 9, 2024. State Street Bank has indicated it will not extend the current agreement.

The form of the Reimbursement Agreement will be substantially similar to previous reimbursement agreements LCRA has executed and delivered. Staff requests the Board authorize the general manager or chief financial officer to determine the Bank, and negotiate and execute the Reimbursement Agreement and all other all necessary documents, which may include a dealer agreement and an issuing and paying agent agreement.

LCRA issues the commercial paper Series B Notes to reimburse for eligible projects and expenses and maintains a level of short-term debt until such time as market conditions are favorable for refunding that short-term debt with long-term bonds. BofA Securities is the dealer for the Series B Notes program. The Bank of New York Mellon Trust Company is the issuing and paying agent for the Series B Notes.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

9. Fiscal Year 2025 Business and Capital Plans

Proposed Motion

Adopt resolutions (exhibits A, B, C, D and E) approving the fiscal year 2025 business and capital plans for LCRA and each of its nonprofit corporations, authorizing the initiation of recommended projects (Exhibit H) and expenditures (Exhibit I).

Board Consideration

LCRA Board Policy 301 – Finance requires approval of a business plan before the start of each fiscal year. Texas Water Code Chapter 152 requires the Board of Directors to approve each of the nonprofit corporations' budgets and capital plans.

Budget Status and Fiscal Impact

The proposed business and capital plans and the budgets included therein provide targets for revenue, operating and maintenance expenses, and capital spending for FY 2025.

Summary

Staff provided to the Board the FY 2025 business and capital plan documents under separate cover. The Board's April 25 work session included a presentation and discussion on the compensation plan, pension plan and assumptions for FY 2025. The presentation also included discussion of the Matagorda Bay Maintenance Facility, where staff is recommending that \$425,000 of the \$850,000 lifetime budget be funded from the Public Recreation and Conservation Land Acquisition Fund.

The business and capital plans are LCRA's comprehensive operations and capital plans and budgets. Approval of the FY 2025 business and capital plans provides authorization for all expenditures and plans of LCRA, including LCRA's nonprofit corporations: LCRA Transmission Services Corporation; GenTex Power Corporation; LCRA Wholesale Energy Services Corporation, known as LCRA WSC Energy; and WSC Energy II.

The LCRA Board must approve the LCRA business and capital plans and the business and capital plans for each LCRA nonprofit corporation, and each LCRA nonprofit corporation's board must approve its respective business plan and capital plan. All of the LCRA nonprofit corporations' boards are expected to take action on their FY 2025 business plans at their respective meetings today.

Presenter(s)

Jim Travis
Chief Financial Officer

Exhibit(s)

- A – LCRA Board Resolution Lower Colorado River Authority Fiscal Year 2025 Business and Capital Plans
- B – LCRA Board Resolution LCRA Transmission Services Corporation Fiscal Year 2025 Business and Capital Plans
- C – LCRA Board Resolution GenTex Power Corporation Fiscal Year 2025 Business and Capital Plans
- D – LCRA Board Resolution LCRA Wholesale Energy Services Corporation Fiscal Year 2025 Business Plan
- E – LCRA Board Resolution WSC Energy II Fiscal Year 2025 Business Plan
- F – LCRA and Nonprofit Corporations Financial Summary
- G – LCRA Transmission Services Corporation Financial Summary
- H – LCRA Capital Plan Summary of Fiscal Year 2025 Recommended Projects
- I – LCRA Capital Plan Summary of Fiscal Year 2025 Spending Budget

EXHIBIT A

LCRA BOARD RESOLUTION LOWER COLORADO RIVER AUTHORITY FISCAL YEAR 2025 BUSINESS AND CAPITAL PLANS

BE IT RESOLVED that the LCRA Board of Directors hereby adopts and approves the Lower Colorado River Authority Fiscal Year 2025 Business and Capital Plans, including the operations budget, capital spending and initiation of recommended capital projects, funding levels for wages and benefits, and the comprehensive operations plan, as presented by management and staff. The general manager is instructed to proceed with implementation of the FY 2025 business and capital plans within the budget amounts shown therein consistent with Board policies and bylaws. The FY 2025 operating expense and capital amounts are \$576.8 million and \$1.32 billion, respectively.

Within these budget amounts, the general manager and chief executive officer has the authority to reallocate funds between the various programs and projects in order to make the best use of budgeted funds. The Board recognizes that through its normal agenda process, it will approve capital projects and other major expenditures not included in the business and capital plans, and the general manager and chief executive officer is instructed to inform the Board when a capital project or other major expenditure is proposed on the agenda that significantly changes or varies from the approved budget, in accordance with LCRA Board Policy 301 – Finance. Furthermore, the general manager and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA’s goals within the budgeted amounts approved by the Board.

Adoption of the Lower Colorado River Authority Fiscal Year 2025 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans, including the expenditure of \$425,000 from the Public Recreation and Conservation Land Acquisition Fund, and approves budgets for each of LCRA’s product lines as required by LCRA Board policies 102 – Authority and Responsibilities and 301 – Finance. Individual purchases and contracts to implement the plans fall under various state laws and LCRA Board policies and may require additional approval.

EXHIBIT B

**LCRA BOARD RESOLUTION
LCRA TRANSMISSION SERVICES CORPORATION
FISCAL YEAR 2025 BUSINESS AND CAPITAL PLANS**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Transmission Services Corporation Fiscal Year 2025 Business and Capital Plans.

LCRA Transmission Services Corporation has budgeted FY 2025 operating expense and capital amounts at \$158.7 million and \$880.6 million, respectively. Staff will bring future projects individually to the Board or chief executive officer for approval after scope and cost estimates have been further refined and the budget has been established.

The Board recognizes that the LCRA Transmission Services Corporation Board of Directors will approve capital projects and other major expenditures not included in the business and capital plans in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA Transmission Services Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the LCRA Transmission Services Corporation Fiscal Year 2025 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans and approves the budget for LCRA Transmission Services Corporation, as required by state law. Individual purchases and contracts to implement the business and capital plans fall under various state laws and Board policies and may require additional approval.

EXHIBIT C

**LCRA BOARD RESOLUTION
GENTEX POWER CORPORATION
FISCAL YEAR 2025 BUSINESS AND CAPITAL PLANS**

WHEREAS, the LCRA Board of Directors must approve the budget of GenTex Power Corporation;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the GenTex Power Corporation Fiscal Year 2025 Business and Capital Plans, as submitted to the Board by the GenTex Power Corporation Board of Directors.

The GenTex Power Corporation FY 2025 operating expense and capital budget is presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the GenTex Power Corporation Board of Directors may approve capital projects and other major expenditures not included in the business and capital plans in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of GenTex Power Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the GenTex Power Corporation Fiscal Year 2025 Business and Capital Plans provides authorization for all expenditures and plans in the business and capital plans and approves the budget for GenTex, as required by state law. Individual purchases and contracts to implement the business and capital plans fall under various state laws and Board policies and may require additional approval.

EXHIBIT D

**LCRA BOARD RESOLUTION
LCRA WHOLESALE ENERGY SERVICES CORPORATION
FISCAL YEAR 2025 BUSINESS PLAN**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the LCRA Wholesale Energy Services Corporation Fiscal Year 2025 Business Plan.

The LCRA Wholesale Energy Services Corporation FY 2025 operating expense and capital budgets are presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the LCRA Wholesale Energy Services Corporation Board of Directors will approve capital projects and other major expenditures not included in the business plan in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of LCRA Wholesale Energy Services Corporation's goals within the budgeted amounts approved by the Board.

Adoption of the LCRA Wholesale Energy Services Corporation Fiscal Year 2025 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for LCRA Wholesale Energy Services Corporation, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

EXHIBIT E

**LCRA BOARD RESOLUTION
WSC ENERGY II
FISCAL YEAR 2025 BUSINESS PLAN**

WHEREAS, the LCRA Board of Directors must approve the budgets of nonprofit corporations created by the river authority pursuant to Chapter 152 of the Texas Water Code;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts and approves the WSC Energy II Fiscal Year 2025 Business Plan.

The WSC Energy II FY 2025 Business Plan is presented to the Board under separate cover as a confidential competitive electric matter.

The Board recognizes that the WSC Energy II Board of Directors will approve capital projects and other major expenditures not included in the business plan in its normal agenda process. Furthermore, the president and chief executive officer shall keep the LCRA Board apprised of the progress toward the accomplishment of WSC Energy II's goals within the budgeted amounts approved by the Board.

Adoption of the WSC Energy II Fiscal Year 2025 Business Plan provides authorization for all expenditures and plans in the business plan and approves the budget for WSC Energy II, as required by state law. Individual purchases and contracts to implement the business plan fall under various state laws and Board policies and may require additional approval.

EXHIBIT F

LCRA and Nonprofit Corporations Financial Summary

(Dollars in millions)	Budgeted	Proposed	Forecast			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues						
Total Net Revenue¹	\$ 1,426.3	1,582.5	1,681.6	1,740.2	1,833.6	1,923.9
Expenses						
Total Net Expense¹	878.9	903.1	933.2	893.9	921.9	961.9
Net Operating Margin	547.4	679.4	748.4	846.3	911.7	962.0
Less: GenTex Funds ²	(8.1)	(1.4)	(6.1)	(1.2)	(0.4)	(6.1)
Net Margin for Debt Service, Adjusted	539.3	678.0	742.3	845.0	911.4	955.9
Debt Service	\$ 389.0	471.6	515.3	581.2	627.0	655.0
Debt Service Coverage, Adjusted	1.39x	1.44x	1.44x	1.45x	1.45x	1.46x
Net Margin After Debt Service³	\$ 158.4	207.8	233.1	265.0	284.8	307.0
Less:						
Operating Reserves	26.3	30.4	34.1	28.2	26.9	27.5
Revenue-Funded Capital	132.0	170.7	180.1	212.1	230.7	256.6
Noncash Revenue	2.6	2.2	2.2	2.2	2.2	2.2
Restricted for (Use of) Reserves	(5.9)	(3.4)	7.3	14.3	15.9	14.9
Restricted for Capital/Debt Retirement	1.0	5.4	6.8	5.6	6.7	3.5
Grants	2.6	2.6	2.6	2.6	2.4	2.4
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ Total net revenues and total net expenses are net of intracompany transfers. Total revenues include interest income. Operations and maintenance expense excludes the LCRA TSC capital charge, which is a capital expense for LCRA consolidated.

² Includes adjustments related to GenTex capital funding and reserve funding.

³ Net margin after debt service includes funds dedicated to GenTex.

EXHIBIT G

LCRA Transmission Services Corporation Financial Summary

(Dollars in millions)

	Budgeted	Proposed	Forecast			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$ 622.5	738.3	804.5	896.9	972.2	1,031.7
Operations and Maintenance	156.4	158.7	171.5	179.0	190.3	198.5
Net Operating Margin	466.1	579.6	633.0	717.9	781.9	833.2
Plus: Interest Income	7.0	9.1	9.6	8.4	9.1	9.3
Less: Assigned Enterprise Expense	65.3	78.4	80.5	86.6	92.2	102.0
Public Service Fund	18.7	22.1	24.1	26.9	29.2	31.0
Resource Development Fund	12.4	14.8	16.1	17.9	19.4	20.6
Net Margin Available for Debt Service	376.7	473.4	521.8	594.8	650.3	688.9
Debt Service	\$ 290.6	346.5	385.0	429.2	470.9	495.7
Debt Service Coverage	1.30x	1.37x	1.36x	1.39x	1.38x	1.39x
Net Margin After Debt Service	\$ 86.1	126.9	136.8	165.6	179.4	193.2
Less:						
Operating Reserves	13.9	19.6	20.6	21.4	21.6	20.2
Assigned Enterprise Capital	15.8	31.0	25.1	33.2	36.8	11.8
Assigned Transmission Minor Capital	17.1	17.9	17.9	17.9	17.9	17.9
Revenue-Funded Capital	54.7	77.0	95.7	117.4	132.6	175.1
Plus:						
Amortization of Enterprise/Minor Capital ¹	15.5	18.6	22.5	24.4	29.5	31.9
Net Cash Flow	\$ 0.0	0.0	0.0	0.0	0.0	0.0

¹ In FY 2012, LCRA TSC began funding minor capital and its share of enterprise capital with current year revenues. It will include an amortization of the amount in each year to recover in rates.

EXHIBIT H

LCRA Capital Plan Summary of Fiscal Year 2025 Recommended Projects

Approval of this capital plan authorizes the initiation of recommended projects at their stated lifetime budgets totaling \$80 million.

FY 2025 LCRA Capital Plan

(Dollars in millions)

Recommended Projects	Lifetime Budgets
Wholesale Power ¹	\$ 20.2
Water	1.9
Public Services	2.0
Strategic Services	1.0
Enterprise Support	55.0
Total Lifetime Recommended Projects ²	<u>\$ 80.0</u>

¹ Includes Austin Energy's and San Marcos' shares.

² Total does not equal the sum of the numbers shown due to rounding.

EXHIBIT I

LCRA Capital Plan Summary of Fiscal Year 2025 Spending Budget

In addition, approval of this capital plan authorizes LCRA to spend the following in fiscal year 2025:

Fiscal Year 2025 LCRA Capital Plan

(Dollars in millions)

FY 2025 Spending Summary	FY 2025
Recommended Projects ¹	\$77.1
Approved Projects ¹	776.4
<u>Future Projects²</u>	<u>461.7</u>
Total FY 2025 Spending ³	\$1,315.2

¹Includes Austin Energy's and San Marcos' shares.

²Includes future transmission projects that staff will bring individually to the Board or CEO for approval after scope and cost estimates have been further refined.

³LCRA total FY 2025 capital spending includes \$314.1 million for Wholesale Power, \$880.6 million for Transmission, \$45.3 million for Water, \$4.1 million for Public Services, \$1 million for Strategic Services and \$70.2 million for Enterprise Support. Total does not equal the sum of the numbers in this footnote due to rounding.

FOR ACTION

10. Contracts and Contract Changes

Proposed Motion

Authorize the general manager or his designee to negotiate and execute the following contracts and contract changes as described in the attached exhibits.

Board Consideration

LCRA Board Policy 308 – Purchasing Contracts requires Board of Directors approval for:

- Any contract for consulting services with projected expenditures exceeding \$250,000, whether under the original contract or as a result of a change.
- Any contract for goods, services (excluding consulting services), construction or software with projected expenditures exceeding \$5 million, whether under the original contract or as a result of a change.

Budget Status and Fiscal Impact

Board of Directors approval of contracts and contract changes does not create a commitment to spend funds. All commitments made under these contracts will be for budgeted items contained in separately authorized operations and capital budgets or pre-spending requirements as outlined in LCRA Board Policy 301 – Finance.

Summary

Each month the Board approves the contracts and contract changes in accordance with LCRA Board Policy 308.

Presenter(s)

Jim Travis
Chief Financial Officer

Exhibit(s)

A – New Contracts
B – Contract Changes

EXHIBIT A

New Contracts

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EXHIBIT B

Contract Changes

Contract Number: 5909

Supplier Name: Hyundai Electric America Corporation

Current Approved Contract Amount: \$4.85 million

Requested Change: \$10 million

New Contract Amount: \$14.85 million

Description: This master contract originally was established in September 2021 to provide oil-filled reactors for LCRA Transmission Services Corporation. Historical expenditures under this contract are \$3.47 million with a five-year term. Staff is requesting Board approval to add \$10 million to the existing contract amount due to the future potential need for replacements, extended lead times and increased cost.

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