



Board Agenda
Wednesday, Oct. 23, 2024
Canyon of the Eagles
Live Oak Room
16942 Ranch Road 2341
Burnet, TX 78611
Earliest start time: 9 a.m.

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Item From the Chief Financial Officer

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Consent Items

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- 7. Firm Water Industrial Customer Canal Distribution Rate 16
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- 10. Fiscal Year 2024 Financial Statements and Independent Auditors’ Report..... 20
- *11. Authorize the Amendment and Extension of the LCRA Transmission Contract Revenue Notes Series E Note Purchase Agreement, and Authorize Related Agreements..... 21
- *12. Authorize the Amendment and Extension of the Note Purchase Agreement Related to the LCRA Revenue Revolving Notes, Series C and Taxable Series C, and Authorize Related Agreements 23
- 13. Contracts and Contract Changes 25

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

Executive Session

- 1. Competitive electric matters, including procurement contracts for power plants, a capital improvement project, resource planning, resource options and agreements
- 2. Litigation Update
- 3. Legal Advice on Legal Matters
- 4. Legal Advice on Board Policy Reviews

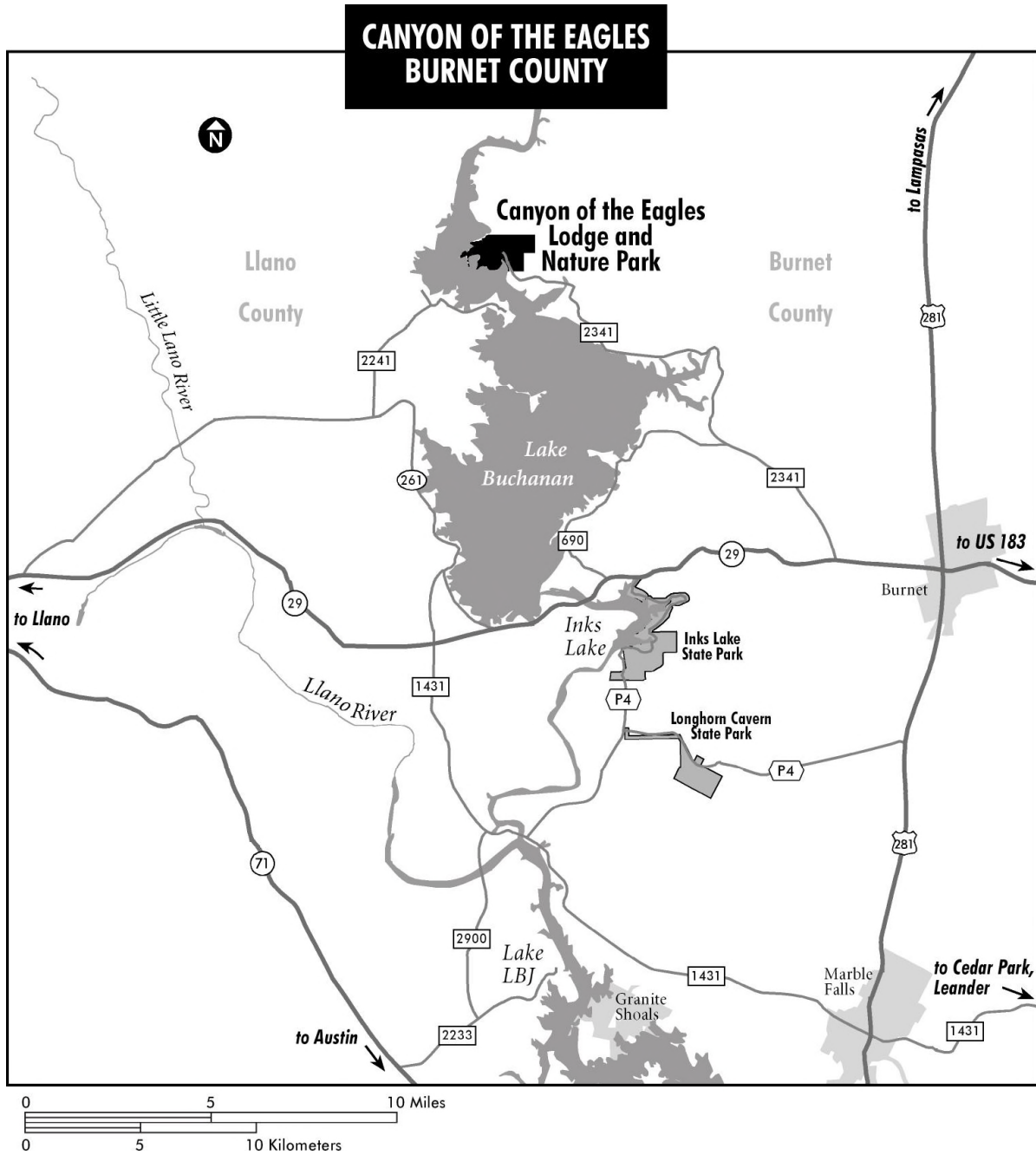
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

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>

Canyon of the Eagles

Live Oak Room
16942 Ranch Road 2341
Burnet, TX 78611



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

Lower Colorado River Authority
Financial Highlights
September 2024

Lower Colorado River Authority
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Key term:

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

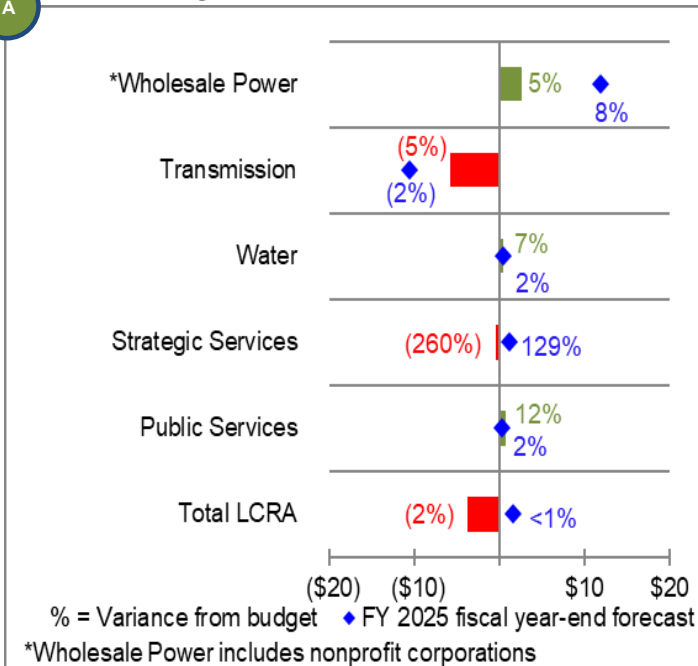
Lower Colorado River Authority

Sept. 30, 2024

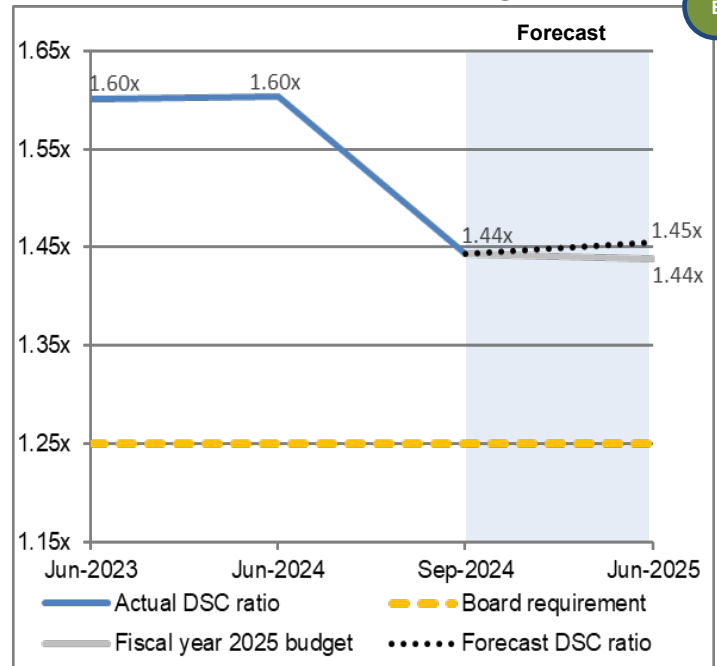
(Dollars in Millions)

Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



Debt Service Coverage



Key takeaways:

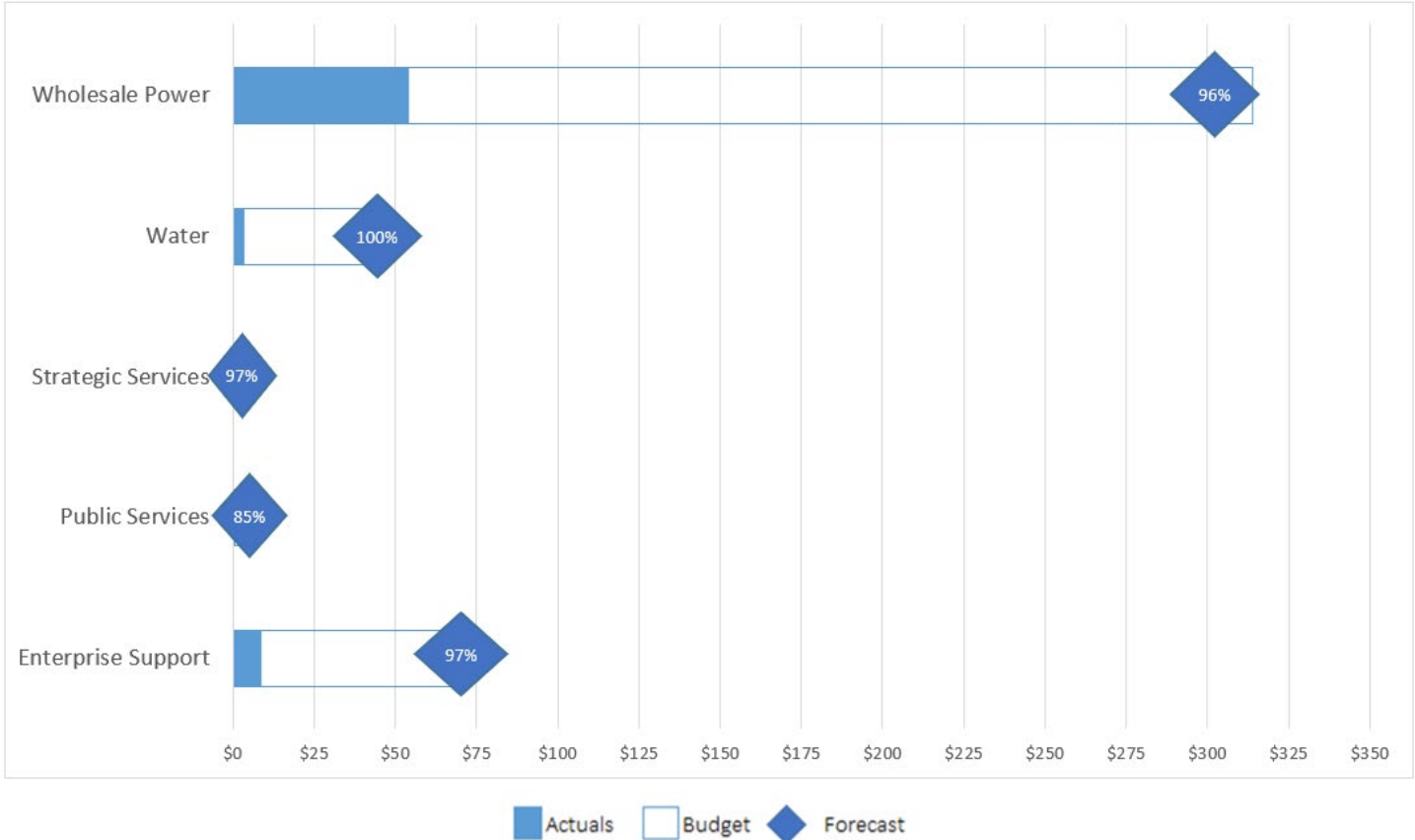
- Lower-than-budgeted nonfuel expenses, partially offset by lower-than-budgeted nonfuel revenues, primarily drove Wholesale Power's year-to-date performance. Higher-than-budgeted nonfuel revenues and interest income primarily drove Wholesale Power's year-end forecast.
- Lower-than-budgeted cost of service revenues and higher-than-budgeted outside services expenses primarily drove Transmission's year-to-date performance. Lower-than-budgeted cost of service revenues and higher-than-budgeted outside services, partially offset by higher-than-budgeted interest and other income, primarily drove Transmission's year-end forecast.
- Lower-than-budgeted expenses, partially offset by lower-than-budgeted revenues, primarily drove Water's year-to-date performance and year-end forecast.
- The timing of Telecommunications billings for radio sales and services primarily drove Strategic Services' year-to-date performance. Higher-than-budgeted Transmission, Environmental Laboratory Services and Telecommunications net margin drove Strategic Services' year-end forecast.
- Lower-than-budgeted 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 net margin in Wholesale Power and lower debt service.

Lower Colorado River Authority

Sept. 30, 2024

(Dollars in Millions)

Capital Forecast



Key takeaway:

- LCRA currently is projecting capital spending for FY 2025 to be \$14 million less than the capital plan budget of \$434.6 million, primarily due to three Wholesale Power projects forecast to be less than their fiscal year budgets.

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 their lifetime budgets by 10% and \$300,000.

The general manager approved one new budget reset this quarter.

- One Wholesale Power project.

The general manager did not approve any new projects this quarter.

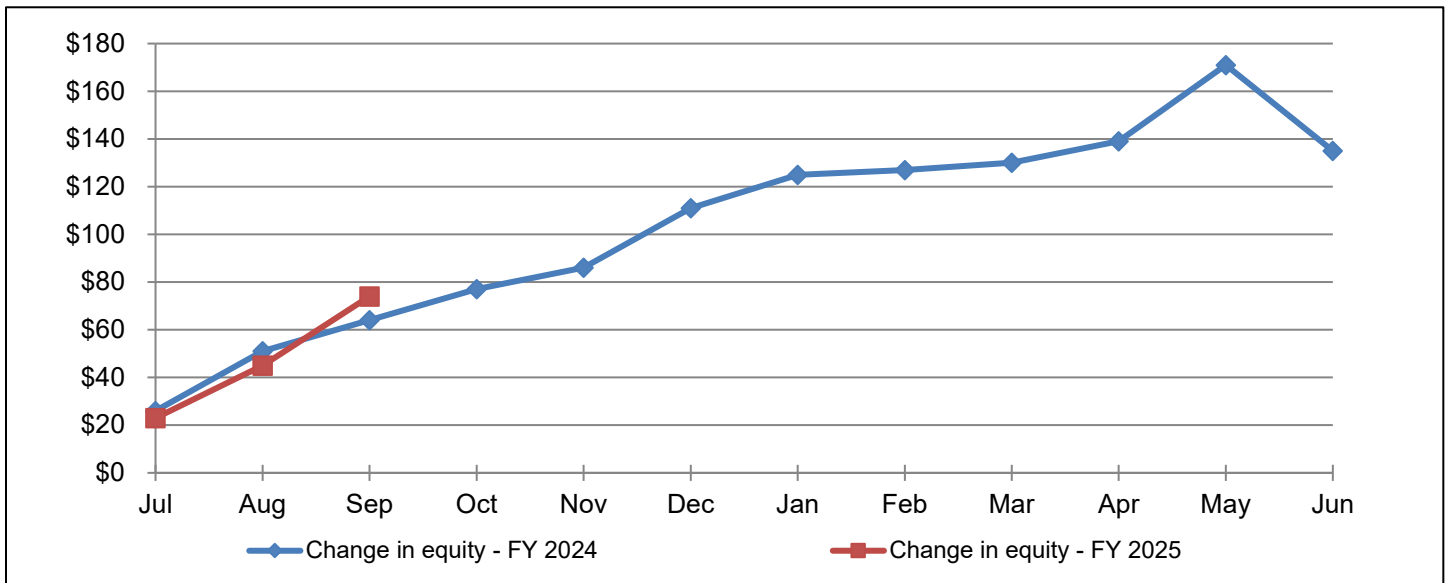
Lower Colorado River Authority

Sept. 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 primarily due to an increase in transmission revenue, partially offset by an increase in operations expense.

Lower Colorado River Authority

Sept. 30, 2024

(Dollars in Millions)

Condensed Balance Sheets

	Sept. 30, 2024	Sept. 30, 2023
Assets		
Cash and cash equivalents	\$ 407	\$ 296
Current assets	589	535
Total current assets	996	831
Capital assets	7,101	6,219
Noncurrent assets	1,109	1,101
Total noncurrent assets	8,210	7,320
Total Assets	\$ 9,206	\$ 8,151
Liabilities		
Bonds and notes payable	\$ 547	\$ 667
Current liabilities	401	314
Total current liabilities	948	981
Bonds and notes payable	5,403	4,463
Pension liability	182	215
Noncurrent liabilities	498	462
Total noncurrent liabilities	6,083	5,140
Equity		
Total equity	2,175	2,030
Total Liabilities and Equity	\$ 9,206	\$ 8,151

Key takeaway:

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

Lower Colorado River Authority

Sept. 30, 2024

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

Fiscal Year

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Electric	\$ 391	\$ 401
Water and irrigation	11	13
Other	19	11
Total Operating Revenues	<u>421</u>	<u>425</u>
Operating Expenses		
Fuel and purchased power	122	152
Operations	101	95
Maintenance	13	12
Depreciation, depletion and amortization	51	49
Total Operating Expenses	<u>287</u>	<u>308</u>
Operating Income	<u>134</u>	<u>117</u>
Nonoperating Expenses		
Interest on debt	(52)	(42)
Other nonoperating expenses	(8)	(11)
Total Nonoperating Expenses	(60)	(53)
Change in Equity	74	64
Equity - Beginning of Period	<u>2,101</u>	<u>1,966</u>
Equity - End of Period	<u>\$ 2,175</u>	<u>\$ 2,030</u>

Lower Colorado River Authority

Sept. 30, 2024

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year	
	2025	2024
Cash Flows From Operating Activities		
Received from customers	\$ 392	\$ 396
Payments	(339)	(363)
Net cash provided by operating activities	53	33
Cash Flows From Noncapital Financing Activities	(1)	(1)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(217)	(170)
Other capital and financing activities	299	51
Net cash provided by (used in) capital and financing activities	82	(119)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	34	19
Purchase of investment securities	(174)	(71)
Note payments and interest received	11	11
Net cash used in investing activities	(129)	(41)
Net Increase (Decrease) in Cash and Cash Equivalents	5	(128)
Cash and Cash Equivalents - Beginning of Period	470	498
Cash and Cash Equivalents - End of Period	<u>\$ 475</u>	<u>\$ 370</u>

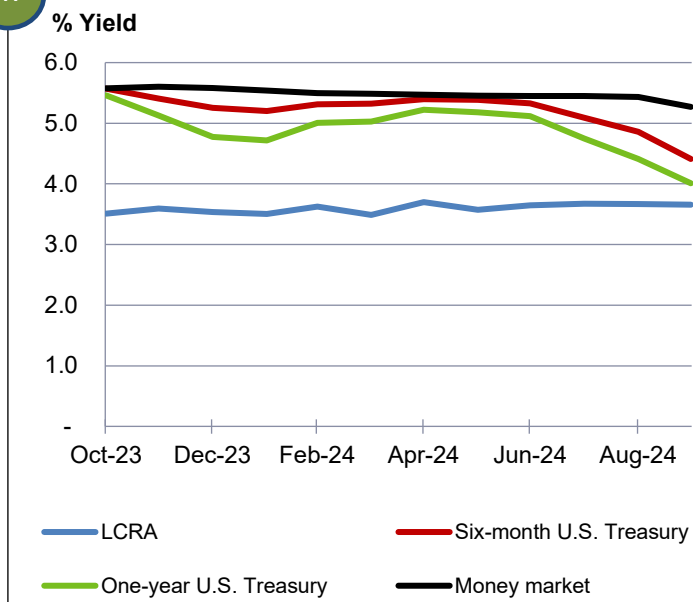
Lower Colorado River Authority

Sept. 30, 2024

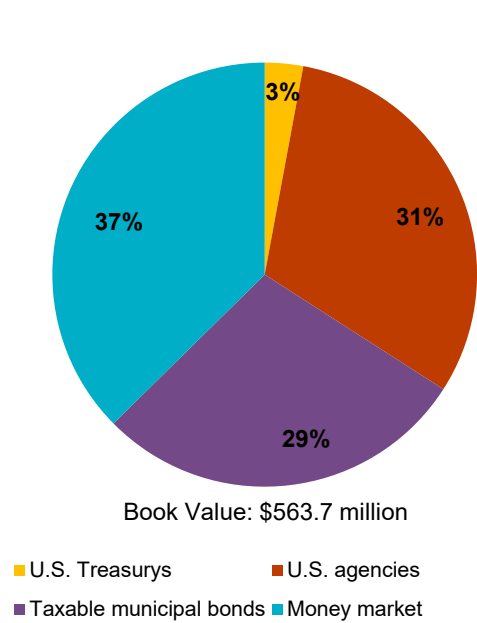
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Investments and Debt

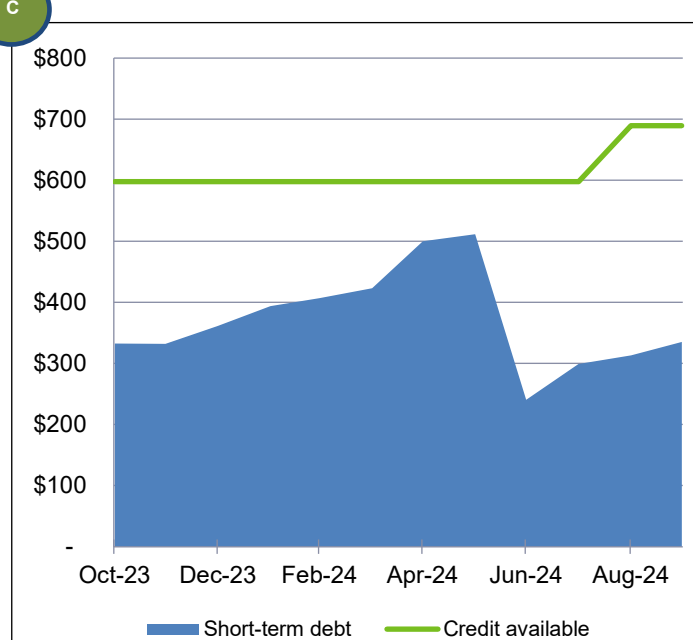
Investment Portfolio Yield



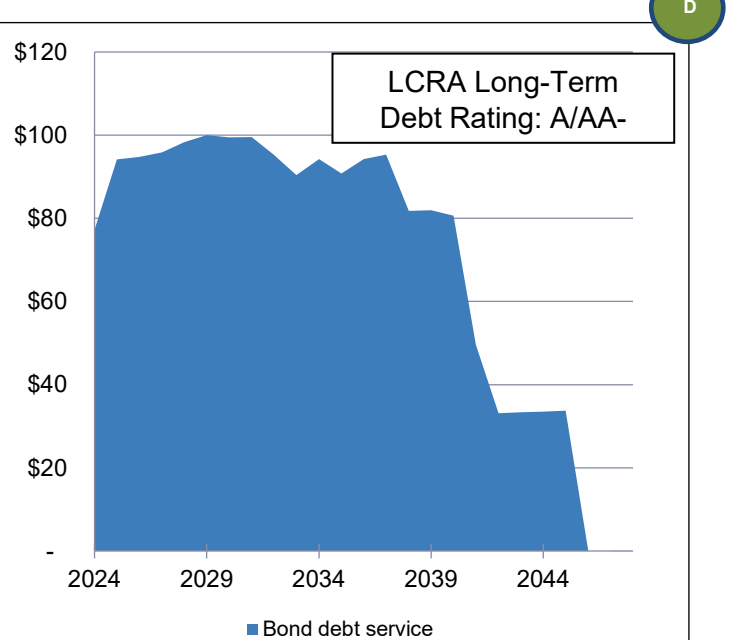
Investment Portfolio Composition



Short-Term Debt



Bond Debt Service



Key takeaways:

- The Federal Open Market Committee eased its monetary policy in September 2024 by cutting the federal funds target rate by 50 basis points.
- The federal funds rate range is 4.75%-5.00%.
- The Consumer Price Index (year over year) as of August 2024 was at 2.5%, a decrease of 0.4% from July 2024.

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FOR ACTION (CONSENT)

3. Sale of Land in Burnet County (Parcel JE-03)

Proposed Motion

Declare an approximately 0.008-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential, and authorize the general manager or his designee to sell the land to the adjoining landowner.

Board Consideration

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

Budget Status and Fiscal Impact

The administrative costs associated with the sale of this land are contained in the fiscal year 2025 business plan. The proceeds of \$28,100 will be credited to the LCRA Strategic Reserve Fund.

Summary

Arthur Corker III, the adjacent landowner, has agreed to purchase a 0.008-acre tract of land, which will permanently resolve one encroachment. The sale price of the 0.008-acre tract is \$28,100. Real Estate Services staff determined the price based on the Burnet County Appraisal District's assessed values of Corker's adjacent lot and other nearby waterfront lots.

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

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

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

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

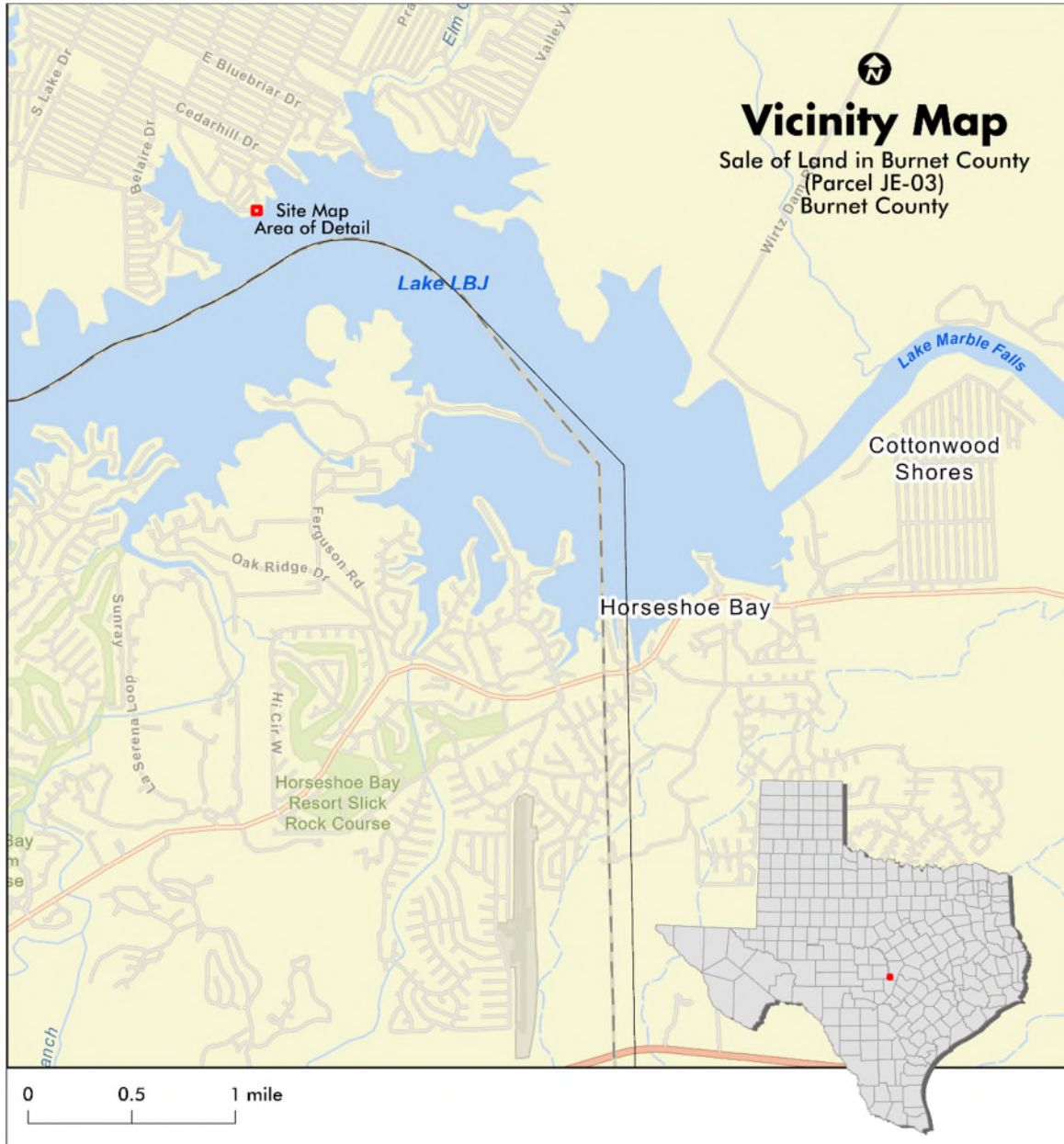


EXHIBIT B



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 LCRA Board approval for directors' fees and expenses.

Budget Status and Fiscal Impact

Directors' fees and expenses are included 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 Sept. 18, 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 Sept. 18, 2024, Board meeting

EXHIBIT A

LCRA Board of Directors
Minutes Digest
Sept. 18, 2024

- 24-59 Approval of a resolution honoring Katherine Pease, LCRA retiree.
- 24-60 Appointment of Rob Strobel to serve on the GenTex Power Corporation Board of Directors to complete the unexpired term of David Thompson.
- 24-61 Declaration of an approximately 0.04 acre of land being a portion of LCRA parcel BW-19 in Llano County nonessential, and authorization for the general manager or his designee to sell the land to the adjoining landowner, Richard Rouse.
- 24-62 Approval of the minutes of the Aug. 21, 2024, Board meeting.
- 24-63 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 6626 (Branch Communications, LLC); Contract No. 6627 (KGI Wireless, Inc.); Contract No. 6628 (S&K Electrical Contracting, LLC); Contract No. 6635 (Ontivity, LLC); Contract No. 6654 (TSE Equipment International); and Contract No. 6418 (Mac Haik Ford).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Sept. 18, 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 12:58 p.m. Wednesday, Sept. 18, 2024, 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
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis [attended via videoconference]
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Melissa K. Blanding
David R. Willmann

Chair Timmerman convened the meeting at 12:58 p.m.

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

24-59 General Manager Phil Wilson presented for consideration a staff recommendation that the Board approve a resolution [attached hereto as Exhibit A] honoring Katherine Pease for her service to LCRA. Upon motion by Vice Chair Cooper, seconded by Director Crane, the recommendation was unanimously approved by a vote of 12 to 0.

Director Voelter, chair of the Community Development Partnership Program Review Committee, gave an update on CDPP grants and shared a video showing the impact of some CDPP grant-funded projects.

The Board next took action on the consent agenda. Upon motion by Vice Chair Cooper, seconded by Director Crane, the Board unanimously approved consent items 3, 4 and 5 by a vote of 12 to 0 as follows:

24-60 Appointment of Rob Strobel to serve on the GenTex Power Corporation Board of Directors to complete the unexpired term of David Thompson, as recommended in Consent Item 3 [attached hereto as Exhibit B].

24-61 Declaration of an approximately 0.04 acre of land being a portion of LCRA parcel BW-19 in Llano County nonessential (not necessary or convenient or of beneficial use to the business of LCRA), and authorization for the general manager or his designee to sell the land to the adjoining landowner, Richard Rouse, as recommended by staff in Consent Item 4 [attached hereto as Exhibit C].

24-62 Approval of the minutes of the Aug. 21, 2024, Board meeting [Consent Item 5].

24-63 Senior Vice President of Supply Chain Matt Chavez 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 the following contracts and contract changes: Contract No. 6626 (Branch Communications, LLC); Contract No. 6627 (KGI Wireless, Inc.); Contract No. 6628 (S&K Electrical Contracting, LLC); Contract No. 6635 (Ontivity, LLC); Contract No. 6654 (TSE Equipment International); and Contract No. 6418 (Mac Haik Ford). Upon motion by Director Crane, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 12 to 0.

Chair Timmerman declared the meeting to be in executive session at 1:15 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 2:14 p.m.

There being no further business to come before the Board, the meeting adjourned at 2:14 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors

Approved: Oct. 23, 2024

FOR ACTION

6. LCRA Firm Water Rates

Proposed Motion

Approve firm rates for water made available to firm customers within LCRA’s water service area, including use, reservation and inverted block rates.

Board Consideration

Consistent with LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code, the Board is required to adopt rates associated with water contracts.

Budget Status and Fiscal Impact

The firm rates reflect the full cost recovery of the firm customers’ allocated share of river management costs and water debt obligation.

Summary

Staff proposes new rates for firm customers as shown below to become effective with the January 2025 billing cycle, exclusive of any remaining reservation fees.

Category	Current Rate (per acre-foot)	Proposed Rate (per acre-foot)
Use (Diversion) Rate	\$155.00	\$165.00
Reservation Rate	\$77.50	\$82.50
Inverted Block Rate	\$310.00	\$330.00

The new proposed firm rates would replace the current rates that have been in effect since the January 2022 billing cycle. The proposed firm rates will pay for the firm customer’s allocated share of river management costs and the water debt obligation. These costs include funding for the ongoing rehabilitation of the existing water supply dam infrastructure, as well as development of new water supplies.

LCRA provided notice and opportunity for comment on the proposed rates through the LCRA website, email communications and meetings with customers. The comments received have been provided to the Board under separate cover.

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

7. Firm Water Industrial Customer Canal Distribution Rate

Proposed Motion

Approve the distribution rate for long-term industrial customers receiving firm water delivered through the Gulf Coast Agricultural Division canals.

Board Consideration

LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code require the Board of Directors to adopt rates associated with water contracts.

Budget Status and Fiscal Impact

The Gulf Coast industrial distribution rate reflects the full cost recovery of delivering firm water to industrial customers receiving water on a year-round basis from the Gulf Coast Agricultural Division canal system.

Summary

Staff proposes an updated firm customer rate for delivering water from Gulf Coast Agricultural Division canals to become effective in the January 2025 billing period. The proposed Gulf Coast industrial distribution rate of \$87.52 per acre-foot applies at the delivery point for three industrial customers that divert water from the Gulf Coast Agricultural Division irrigation canals – Underground Services Markham, OQ Chemicals and HIF USA (HIF USA's facilities are not yet constructed, and deliveries of water are not expected in calendar year 2025). Because the customers take water from the irrigation canals and not directly from the river, they pay a share of the costs to operate and maintain the canal system, and thus reduce the costs Gulf Coast Agricultural Division farmers pay. The current rate of \$85.05 per acre-foot has been in place since the March 2024 billing period. The proposed rate reflects the expected relative use of water by the three industrial customers compared with the agricultural use for calendar year 2025. These three customers pay the Gulf Coast industrial distribution rate in addition to the standard firm water rate.

LCRA posted on its website the proposed rate for public comment. LCRA also provided information regarding the proposed rate change to customers with current contracts subject to the proposed rate change.

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

8. Temporary Firm Water Customer Canal Distribution Rate

Proposed Motion

Approve the distribution rate for temporary customers receiving firm water delivered through the Gulf Coast Agricultural Division.

Board Consideration

LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code require the Board of Directors to adopt rates associated with water contracts.

Budget Status and Fiscal Impact

The Gulf Coast temporary firm customer distribution rate reflects the full cost recovery of delivering firm water to temporary firm customers receiving water from the Gulf Coast Agricultural Division canal system.

Summary

Staff proposes an updated temporary firm customer rate for delivering water from Gulf Coast Agricultural Division canals to become effective in the January 2025 billing period. The proposed Gulf Coast temporary firm customer distribution rate of \$75.39 per acre-foot applies at the delivery point for firm customers that divert water from the Gulf Coast Agricultural Division irrigation canals. Because the customers take water from the irrigation canals and not directly from the river, they pay a share of the costs to operate and maintain the canal system. These customers only take deliveries during the agricultural season or take deliveries from canals that already are being maintained for LCRA's long-term firm water customers. The rate is based on the cost of service of operating the canals during the agricultural irrigation season. The current rate of \$73.90 per acre-foot has been in place since March 2024. The customers subject to this rate also pay the standard firm water rate.

LCRA posted on its website the proposed rate for public comment. LCRA also provided information regarding the proposed rate change to customers with current contracts subject to the proposed rate change.

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

9. Firm Water Contract Renewal for Municipal Use – Kingsland Water Supply Corporation

Proposed Motion

Authorize the general manager or his designee to negotiate and execute the renewal of a firm raw water contract with Kingsland Water Supply Corporation for municipal use of LCRA's firm water supply that would increase the supply to up to 1,500 acre-feet per year for a term of 40 years. The contract will include the addition of 350 acre-feet to the current contract amount of 1,150 acre-feet.

Board Consideration

Consistent with the LCRA water contract rules, replacement contracts or amendments with a maximum annual quantity of 1,000 acre-feet per year or more require Board consideration.

Budget Status and Fiscal Impact

Reservation fees on the additional 350 acre-feet under the new contract will increase revenue by about \$27,000 per year.

Summary

Kingsland Water Supply Corporation has submitted an application to increase its current municipal raw water contract amount from 1,150 acre-feet per year to 1,500 acre-feet per year. Kingsland WSC provides treated surface water from Lake LBJ to its service area that covers about 13,000 acres of land in Burnet and Llano counties. The service area currently includes about 4,000 metered connections, and by 2040, it is projected there will be 7,000 connections.

Staff has reviewed and approved Kingsland WSC's water conservation and drought contingency plans, which include reducing water loss through leak detection and repairing water line leaks and providing conservation education and outreach to its customer base.

Staff recommends the Board approve the contract for 1,500 acre-feet per year of firm water supply. Staff also determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA's run-of-river water rights, to meet the recommended amount.

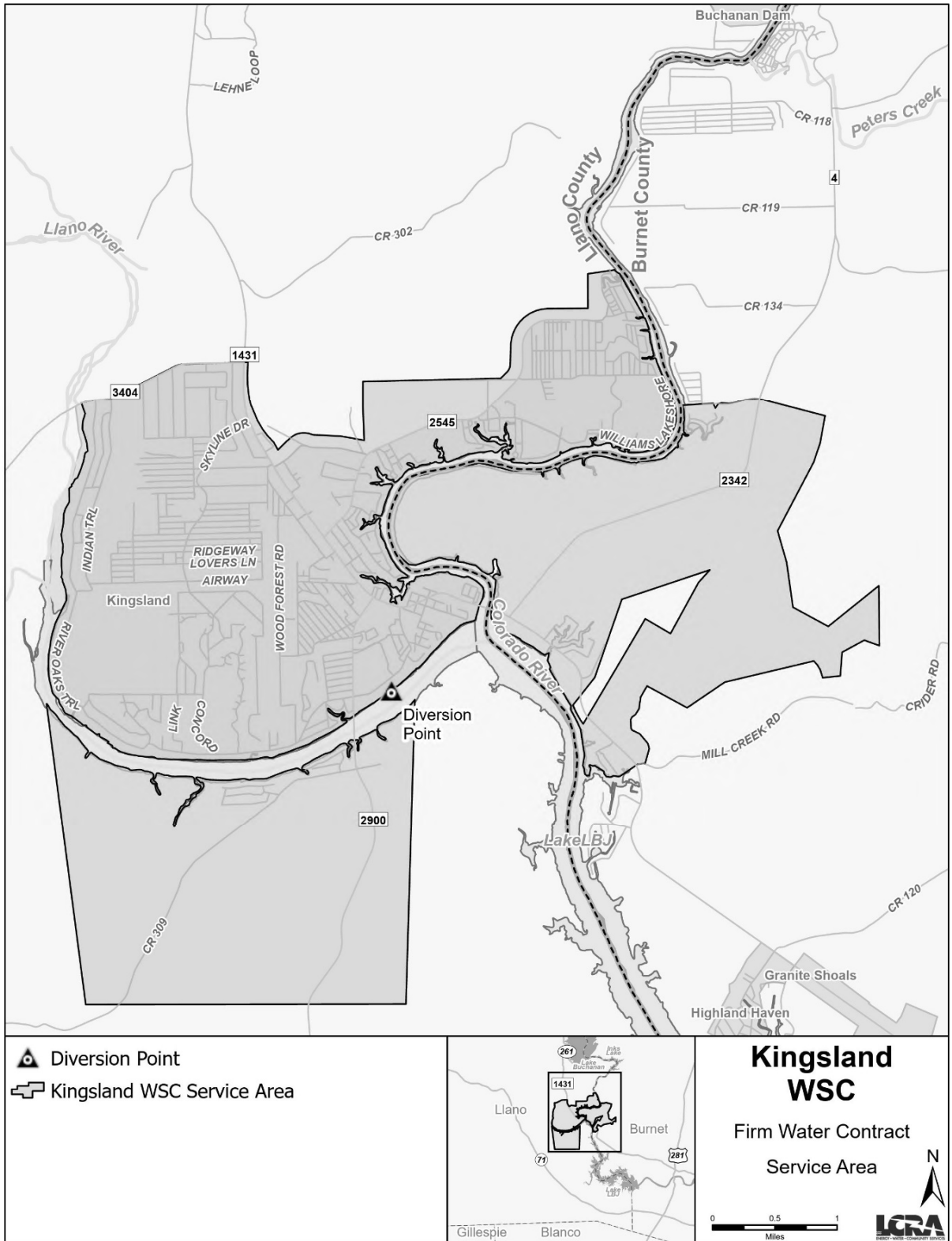
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

10. Fiscal Year 2024 Financial Statements and Independent Auditors' Report

Proposed Motion

Approve the fiscal year 2024 audited financial statements, and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

The Board received the audited financial statements under separate cover.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

11. Authorize the Amendment and Extension of the LCRA Transmission Contract Revenue Notes Series E Note Purchase Agreement, and Authorize Related Agreements

Proposed Motion

Adopt the Forty-sixth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize a note purchase agreement (the Series E Agreement) among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and U.S. Bank National Association (the Bank) for the LCRA Transmission Contract Revenue Notes, Series E (Series E Notes), for a term not to exceed four years, and authorize the general manager, chief financial officer or treasurer to select the Bank, negotiate and execute such Series E Agreement and any related documents, setting forth the terms and conditions governing the issuance of the debt directly to the Bank in an amount up to \$100 million for the Series E Notes and authorize any other necessary agreements.

Board Consideration

The Forty-sixth Supplemental Resolution to the existing Controlling Resolution requires Board approval. The Series E Agreement complies with the covenants of the LCRA Controlling Resolution, the Thirty-first Supplement to the Controlling Resolution that authorized up to \$100 million for the Series E 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 amended and restated Series E 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. The proposed fees for this facility are in line with current market pricing.

Summary

Staff recommends the Board approve the adoption of the Forty-sixth Supplemental Resolution authorizing the general manager, chief financial officer or treasurer to select the Bank, negotiate and execute the Series E Agreement, which may be in the form of an amended and restated 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, a \$200 million private placement Series C Notes program with Bank of America and a \$100 million private placement Series E Notes program with U.S. Bank.

Staff now seeks to continue the \$100 million Series E Notes program with the Bank. Each of the Series E Notes issued will have a maximum 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.

The Series E 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 E 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

12. Authorize the Amendment and Extension of the Note Purchase Agreement Related to the LCRA Revenue Revolving Notes, Series C and Taxable Series C, and Authorize Related Agreements

Proposed Motion

Staff recommends the Board of Directors approve the resolution amending and extending the note purchase agreement (the Series C Agreement) with U.S. Bank National Association (U.S. Bank) related to LCRA Series C and Taxable Series C Revenue Revolving Notes (the Series C Notes) for a term not to exceed four years, and authorizing the general manager, chief financial officer or treasurer to negotiate and execute such Series C Agreement. Staff also seeks authorization for the general manager or his designee to negotiate and execute related documents, setting forth the terms and conditions governing the issuance of the debt directly to U.S. Bank in an amount up to \$160 million for the Series C Notes, and authorize any other necessary agreements. This agenda item requires the approval of at least 12 members of the Board.

Board Consideration

The extension of the credit facility supporting the Series C Notes requires Board authorization and complies with the covenants of the Master Resolution and with LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special Districts Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the amended and restated credit facility will allow LCRA to issue private bank debt either on a tax-exempt or taxable basis to finance eligible projects and delay the issuance of long-term bonds, which have higher interest rates in the current market. Staff anticipates LCRA will experience lower debt service costs until long-term bonds are issued. The proposed fees for this facility are in line with current market pricing.

Summary

Staff recommends the Board approve the resolution and authorize the general manager, chief financial officer or treasurer to negotiate and execute an amendment to the Series C Agreement, which will be in the form of an amended and restated agreement, and authorize the general manager or his designee to negotiate and execute any other related documents.

Series C Notes will continue to allow LCRA to sell short-term debt directly to U.S. Bank (up to \$160 million). Each of the Series C Notes issued will have a maximum one-year term. The direct purchase facility with the Bank provides an alternative structure that eliminates marketing and remarketing risk that can occur with a public market commercial paper program. This private debt facility structure does not require public credit ratings to be issued and maintained. The credit facility allows LCRA to choose between taxable or tax-exempt debt, the variable interest rate and period to effectively manage the debt.

The Series C Notes will be issued on parity with LCRA revenue bonds and notes pursuant to the Master Resolution and in compliance with the variable debt limitations in LCRA Board Policy 301 – Finance (25% of total capitalization). LCRA's other short-term debt programs include: \$250 million commercial paper program supported by a letter of credit with Truist Bank; \$100 million private revolving notes program supported by a note purchase agreement with JPMorgan N.A.; \$200 million private revolving notes program supported by a note purchase agreement with PNC Bank; and two letters of credit with Truist Bank and Wells Fargo Bank N.A. to provide credit to the Electric Reliability Council of Texas. Similar to LCRA's other short-term debt, Series C Notes will be secured by a pledge of LCRA revenues and may be refunded with long-term debt when it is advantageous.

Presenter(s)

Jim Travis

Chief Financial Officer

FOR ACTION

13. 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)

Matt Chavez
Senior Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Changes

EXHIBIT A

New Contracts

Contract Number: 6657

Supplier Name: Pike Electric, LLC

Contract Amount: \$450 million

Description: This master contract provides energized transmission line construction and maintenance services used by LCRA Transmission Services Corporation. The term of the contract is for one year with annual options to extend up to a total of six years. Historical contract expenditures for the energized transmission line construction category are about \$260 million over the last two years. Projected contract expenditures are forecast to increase from prior years due to the continued growth of the LCRA TSC capital plan and the increasing need for energized construction projects.

Contract Number: 6665

Supplier Name: Irby Construction Company, Inc.

Contract Amount: \$300 million

Description: This master contract provides energized transmission line construction and maintenance services used by LCRA TSC as described in the prior item, Contract No. 6657.

Contract Number: 6664

Supplier Name: kV Energy Services, LLC

Contract Amount: \$200 million

Description: This master contract will serve as an additional provider of energized transmission line construction and maintenance services used by LCRA TSC as described in a prior item, Contract No. 6657.

Contract Number: 6666

Supplier Name: Techline, Inc.

Contract Amount: \$150 million

Description: This master contract provides transmission line and distribution hardware, electrical equipment, and industrial supplies for LCRA TSC transmission line and substation capital projects and general maintenance activities. The term of the contract is for one year with annual options to extend up to a total of five years. Historical contract expenditures for this category are about \$101 million under the existing five-year contract. Total projected contract expenditures are forecast to increase from prior years due to the continued growth of the LCRA TSC capital plan, increased market lead times and increased market pricing.

Contract Number: 6667

Supplier Name: KBS Electrical Distributors, Inc.

Contract Amount: \$80 million

Description: This master contract will serve as an additional provider of transmission line and distribution hardware, electrical equipment, and industrial supplies for LCRA TSC transmission line and substation capital projects and general maintenance activities as described in the prior item, Contract No. 6666.

Contract Number: 6668

Supplier Name: WESCO International

Contract Amount: \$30 million

Description: This master contract will serve as an additional provider of transmission line and distribution hardware, electrical equipment, and industrial supplies for LCRA TSC transmission line and substation capital projects and general maintenance activities as described in a prior item, Contract No. 6666.

Contract Number: 6658

Supplier Name: Oracle America, Incorporated

Contract Amount: \$40 million

Description: This master contract provides for a large suite of enterprise software, database products and Enterprise Resource Planning software, support and services of our Oracle environment. The term of this contract is for one year with annual options to extend up to a total of 10 years. Historical expenditures for this category are about \$11 million under the existing (Texas Department of Information Resources cooperative contract under LCRA Contract No. 4158) five-year contract. Strategic Sourcing conducted a market analysis of available ERP systems in the marketplace and concluded that retaining our current ERP and associated Oracle technologies, contracted through a cooperative agreement with the Texas Department of Information Resources, is in the best interest of the organization. Total projected contract expenditures are forecast to increase from prior years due to the continued growth of the LCRA Digital Services road map.

EXHIBIT B

Contract Changes

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