

LCRA Transmission Services Corporation

Board Agenda

Wednesday, Oct. 20, 2021
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 9 a.m.

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Items From the Chief Financial Officer

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Consent Items

3. Minutes of Prior Meetings 7

Action Items

4. Capital Improvement Projects Approval 16

Executive Session

The Board may go into executive session for advice from legal counsel on any item listed above, pursuant to Chapter 551 of the Texas Government Code.

Legal Notice

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

OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

In connection with the implementation of retail competition in the electric utility industry in the state of Texas, LCRA was required by the Texas Legislature in its amendments to the Public Utility Regulatory Act (enacted in 1999 under state legislation known as Senate Bill 7, and referred to as SB 7) to unbundle its electric generation assets from its electric transmission and distribution assets. LCRA conveyed, effective Jan. 1, 2002, all of its existing electric transmission and transformation assets (collectively, the Transferred Transmission Assets) to the LCRA Transmission Services Corporation (LCRA TSC) pursuant to the terms of an Electric Transmission Facilities Contract (the Initial Contractual Commitment), dated Oct. 1, 2001.

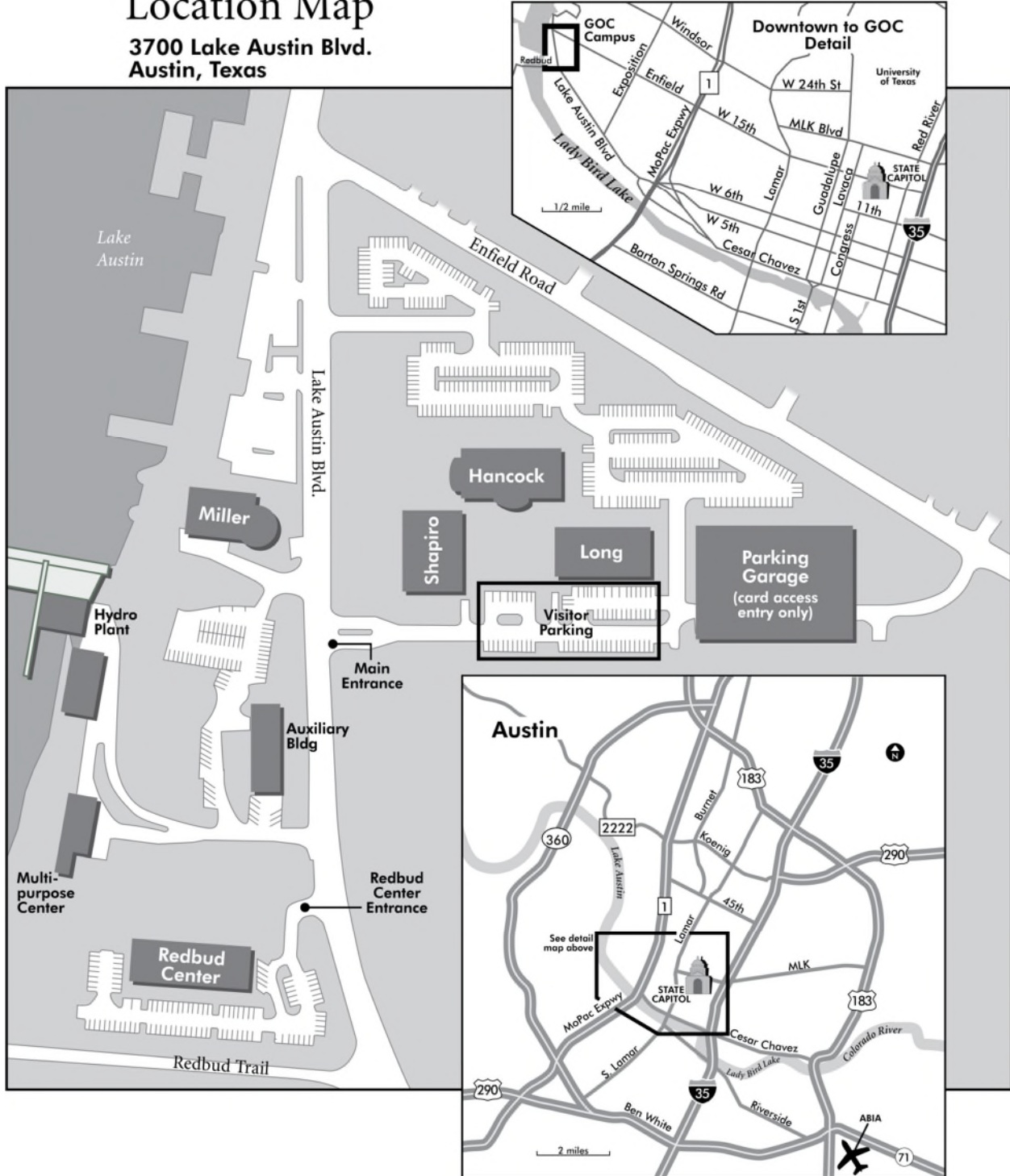
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and the right to collect revenues for, electric transmission and transformation services. LCRA TSC is an electric transmission service provider (a TSP) under the state's open-access electric transmission regulatory scheme within the approximately 85% area of the state covered by the Electric Reliability Council of Texas (ERCOT). In such capacity, LCRA TSC is entitled to receive compensation from all electric distribution service providers using the electric transmission system within ERCOT. As a TSP in the ERCOT region of the state, the rates that LCRA TSC will charge for transmission services are regulated by the Public Utility Commission of Texas (PUC) and determined pursuant to transmission cost of service rate proceedings filed with and approved by the PUC.

Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services agreement between LCRA TSC and LCRA. This includes procuring goods and services on behalf of LCRA TSC and is reflected in the LCRA Board agenda contracts.

Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's business plan and of the sale or disposition of any significant assets of LCRA TSC. The Board of Directors of LCRA TSC (LCRA TSC Board) is appointed by and serves at the will of the LCRA Board. The current membership of LCRA TSC Board is made up entirely of the existing LCRA Board.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA Transmission Services Corporation'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.

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.

FOR DISCUSSION

2. Financial Report

Summary

Staff will present financial highlights for LCRA Transmission Services Corporation covering the month and fiscal year to date.

Presenter(s)

Jim Travis

Treasurer and Chief Financial Officer

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LCRA Transmission Services Corporation
Financial Highlights
September 2021

LCRA Transmission Services Corporation
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Key term:

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

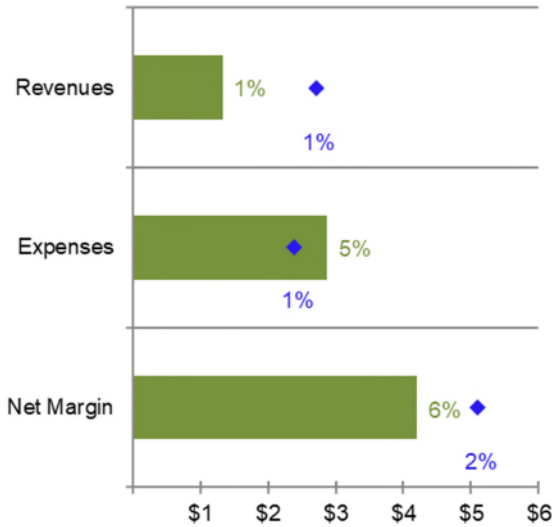
LCRA Transmission Services Corporation

Sept. 30, 2021

(Dollars in Millions)

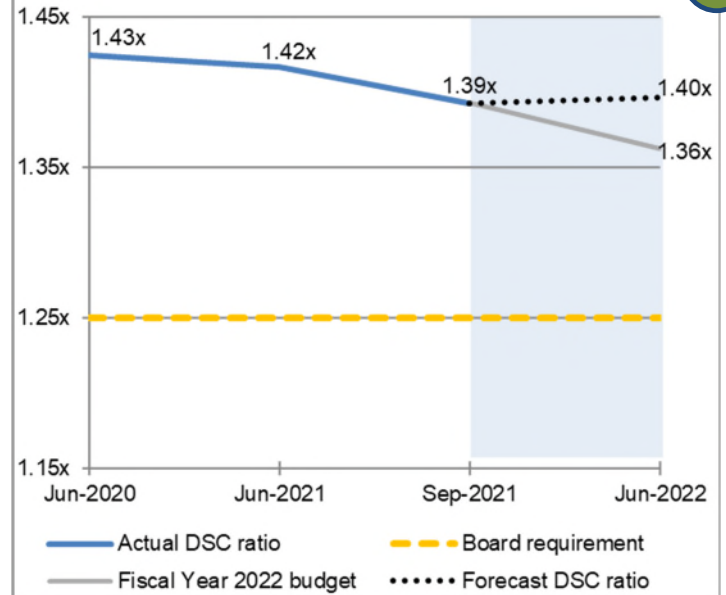
Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



% = Variance from budget ◆ FY 2022 fiscal year-end forecast

Debt Service Coverage



Key takeaways:

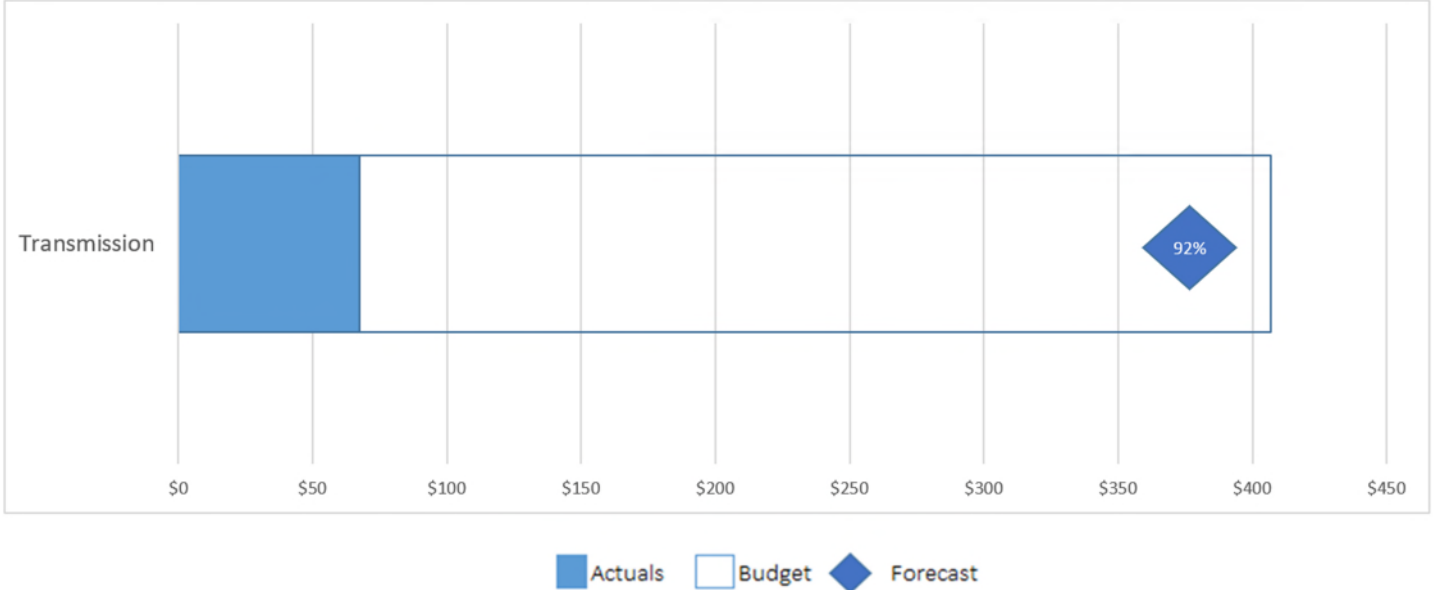
- Lower-than-budgeted expenses and higher-than-budgeted miscellaneous and cost-of-service revenues primarily drove year-to-date performance and the year-end forecast.
- The debt service coverage ratio is forecast to be higher-than-budgeted primarily due to a forecast of higher-than-budgeted cost-of-service revenues and lower-than-budgeted expenses and debt service.

LCRA Transmission Services Corporation

Sept. 30, 2021

(Dollars in Millions)

Capital Forecast



Key takeaways:

- LCRA TSC currently is projecting capital spending for FY 2022 will be \$33.3 million under the capital plan budget of \$406.8 million.
- The variance primarily is due to changes in project estimates and the timing of spend due to customer delays.
- This forecast does not include the Facility Acquisition project that was approved by the Board in September 2021. It is anticipated that the approval of this project may require a reset of the LCRA TSC capital plan budget in the future.

General Manager Project Approvals:

- For any project not previously authorized by the Board in the capital plan, authority is delegated to the president and chief executive officer to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA TSC Board Policy T301 – Finance. Additionally, the LCRA TSC Board delegated authority to the president and CEO to approve new generation interconnection projects and additional funding for capital projects expected to exceed a lifetime budget by 10% and \$300,000.

The president and CEO approved the following two budget resets this quarter:

- Kempner Circuit Breaker Addition from \$9.2 million to \$10.6 million.
- Weimar Circuit Breaker Addition from \$3.5 million to \$6.0 million.

The president and CEO approved the following seven new projects this quarter:

- Broadband Easement Enhancement for \$1.2 million.
- Capacitor Bank Replacement – FY 2022 Substation Upgrade for \$1.2 million.
- Cedar Canyon Circuit Breaker Addition for \$5.1 million.
- Cedar Hill-Swiftex Fiber Restoration for \$400,000.
- Muldoon Substation Addition for \$8.2 million.
- Multiprotocol Label Switching Network Timing Telecommunications Upgrade for \$600,000.
- SubWan Firewall – FY 2022 Telecommunications Upgrade for \$700,000.

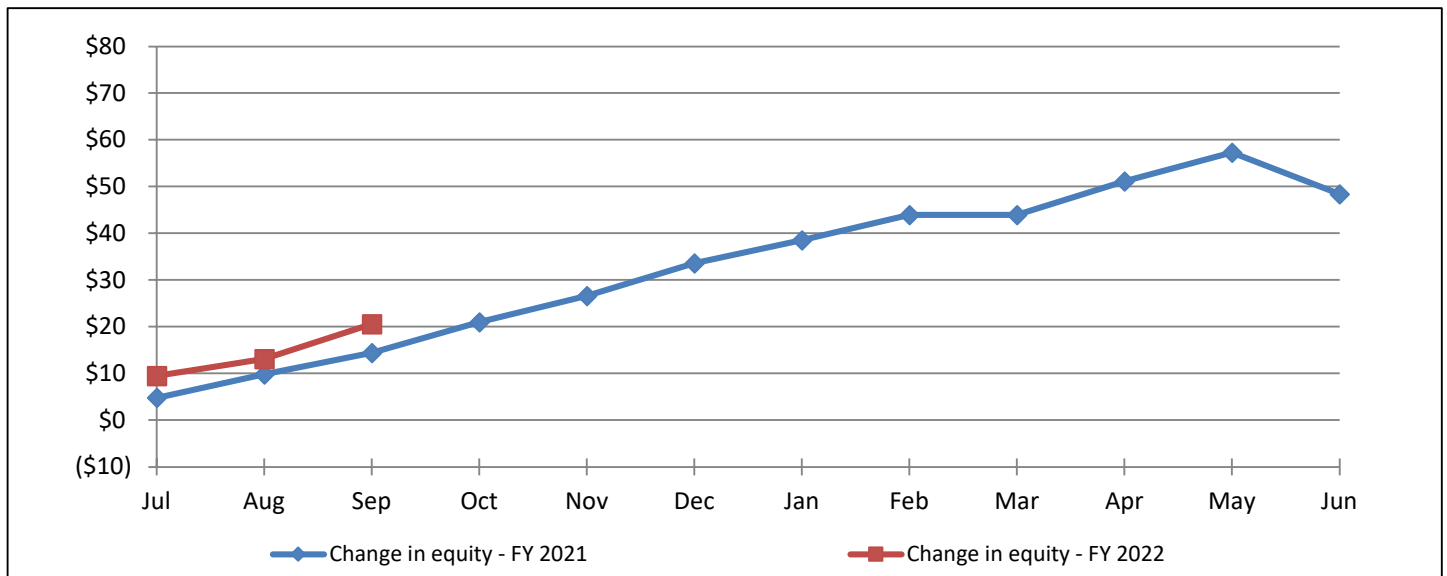
LCRA Transmission Services Corporation

Sept. 30, 2021
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	LCRA TSC 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 TSC will covenant debt service reserves in the amount of six months of maximum annual debt service requirements on outstanding debt. Debt service reserves may be collected through rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.	✓
Operating Reserves	LCRA TSC will build and maintain appropriate target levels of operating reserves as follows: six months of average debt service on all outstanding LCRA TSC debt and other obligations to LCRA; and two months of average operating and maintenance expenses, including those billed by LCRA. If at any time the reserves are less than the target levels set forth in 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 reserves to such target levels within 12 months.	✓

Income Statement Trends Cumulative Fiscal Year to Date



Key takeaway:

- Net income primarily increased year over year due to an increase in transmission revenue, offset by a decrease in the deferral of depreciation and other debt-related expenses. These expenses are recognized as the cost of these assets is included in rates.

LCRA Transmission Services Corporation

Sept. 30, 2021

(Dollars in Millions)

Condensed Balance Sheets

	Sept. 30, 2021	Sept. 30, 2020
Assets		
Cash and cash equivalents	\$ 264.5	\$ 199.0
Current assets	179.7	157.9
Total current assets	444.2	356.9
Capital assets	3,517.3	3,264.0
Long-term assets	221.0	215.9
Total long-term assets	3,738.3	3,479.9
Total Assets	\$ 4,182.5	\$ 3,836.8
Liabilities		
Bonds, notes and loans payable	\$ 338.4	\$ 312.4
Current liabilities	151.4	141.2
Total current liabilities	489.8	453.6
Bonds, notes and loans payable	2,717.4	2,477.5
Long-term liabilities	123.7	108.0
Total long-term liabilities	2,841.1	2,585.5
Equity		
Total equity	851.6	797.7
Total Liabilities and Equity	\$ 4,182.5	\$ 3,836.8

Key takeaway:

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

LCRA Transmission Services Corporation

Sept. 30, 2021

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2022	2021
Operating Revenues		
Transmission	\$ 125.2	\$ 114.5
Transformation	4.4	3.5
Other	0.5	0.4
Total Operating Revenues	130.1	118.4
Operating Expenses		
Operations	38.5	39.9
Maintenance	3.4	3.3
Depreciation and amortization	18.7	17.4
Total Operating Expenses	60.6	60.6
Operating Income	69.5	57.8
Nonoperating Revenues (Expenses)		
Interest on debt	(22.0)	(22.7)
Other expenses	(26.9)	(20.7)
Total Nonoperating Revenues (Expenses)	(48.9)	(43.4)
Change in Equity	20.6	14.4
Equity - Beginning of Period	831.0	783.3
Equity - End of Period	\$ 851.6	\$ 797.7

LCRA Transmission Services Corporation

Sept. 30, 2021

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2022	2021
Cash Flows From Operating Activities		
Received from customers	\$ 129.9	\$ 111.3
Payments	(51.6)	(53.1)
Net cash provided by operating activities	78.3	58.2
Cash Flows From Noncapital Financing Activities	(6.5)	(5.9)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(70.5)	(94.8)
Debt principal payments	-	-
Other capital and financing activities	37.5	48.1
Net cash used in capital and financing activities	(33.0)	(46.7)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	34.2	24.8
Purchase of investment securities	(40.0)	(15.5)
Note payments and interest received	0.3	1.1
Net cash provided by (used in) investing activities	(5.5)	10.4
Net Increase in Cash and Cash Equivalents	33.3	16.0
Cash and Cash Equivalents - Beginning of Period	231.2	183.0
Cash and Cash Equivalents - End of Period	\$ 264.5	\$ 199.0

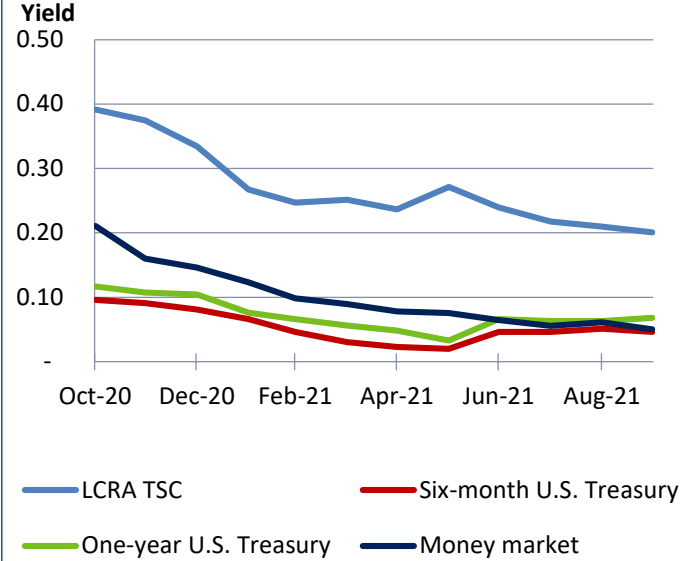
LCRA Transmission Services Corporation

Sept. 30, 2021

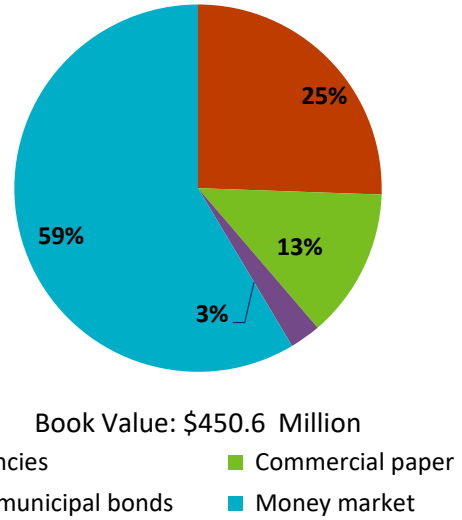
(Dollars in Millions)

Investments and Debt

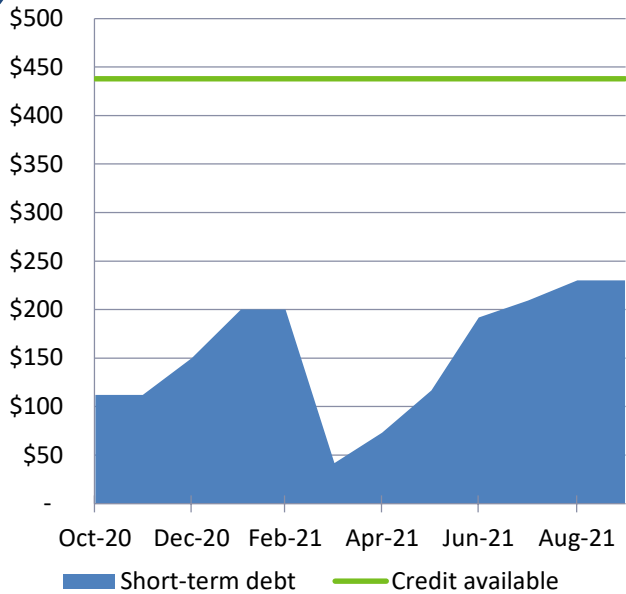
Investment Portfolio Yield



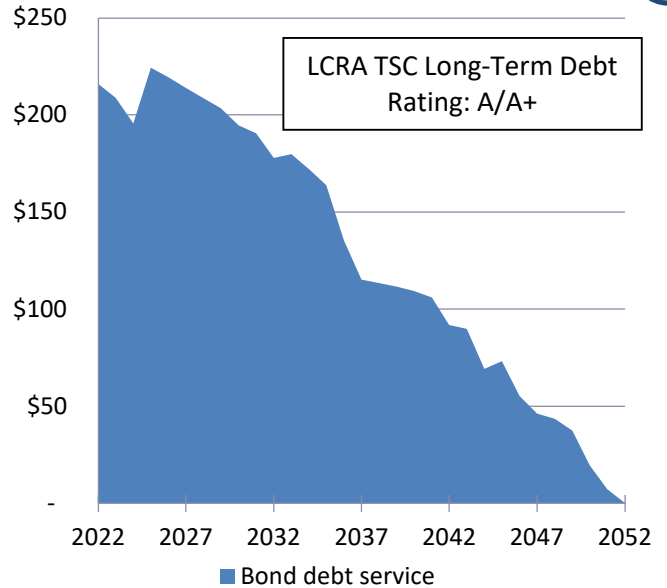
Investment Portfolio Composition



Short-Term Debt



Bond Debt Service



Key takeaways:

- The Federal Reserve indicated it plans to announce at its next meeting on Nov. 3 its plans to trim asset purchases. Chairman Powell has stated that if the economy remains on track, this could mean a gradual tapering process that wraps up by mid-2022.
- Chairman Powell reiterated that “substantial further progress” on the economy was the test for raising the federal funds rate, which is currently at 0-0.25%.

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FOR ACTION (CONSENT)

3. Minutes of Prior Meetings

Proposed Motion

Approve the minutes of the Aug. 18, 2021, and Sept. 22, 2021, meetings.

Board Consideration

Section 4.06 of the LCRA Transmission Services Corporation 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 Aug. 18, 2021, meeting
- B – Minutes of Sept. 22, 2021, meeting

EXHIBIT A

Minutes Digest
Aug. 18, 2021

- 21-22 Approval of the minutes of the April 28, 2021, May 19, 2021, and June 16, 2021, meetings.
- 21-23 Approval and ratification of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Battery Systems – FY 2022 Substation Upgrade, Bypass Switch Addition Substation Upgrade, El Campo to Ricebird Transmission Line Storm Hardening, Out-of-Band Management Switch – FY 2022 Telecommunications Upgrade, Transmission Metering – FY 2022 Substation Upgrade, and King Mountain to North McCamey Transmission Line Relocation.
- 21-24 Adoption of a resolution authorizing the use of the power of eminent domain in Guadalupe County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments necessary to provide, on behalf of LCRA and at LCRA's expense, for communications and to facilitate broadband services on the Clear Springs to Marion transmission line (T419).
- 21-25 Adoption of a resolution authorizing the use of the power of eminent domain in Kerr and Gillespie counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements for the Mountain Home Substation and Transmission Line Addition project to provide for the reliable transmission of electric energy and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate broadband services on the Mountain Home to Hunt (T677) and Headwaters to Mountain Home (T678) transmission lines.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Aug. 18, 2021

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 9:03 a.m. Wednesday, Aug. 18, 2021, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

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

Absent: Stephen F. Cooper, Vice Chair
Melissa K. Blanding

Chair Timmerman convened the meeting at 9:03 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

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

Vice President and Chief Operating Officer Kristen Senechal gave the Board an update. She provided an overview of LCRA TSC's fiscal year 2022 capital plan, including some of the major projects included in the plan as follows: Gabriel Substation Upgrade, Fayetteville Substation Upgrade, McCarty Lane to Ranch Road 12 Transmission Line Upgrade and Coronado to Sherwood Shores Transmission Line Storm Hardening. Senechal gave an update on Transmission's learning, training and development programs, with a focus on the craft training program. Senechal also commended a Transmission team member who received an award from the Structural Engineering Institute of the American Society of Civil Engineers.

Treasurer and Chief Financial Officer Jim Travis presented financial highlights covering fiscal year 2021 [Agenda Item 2].

The Board next took action on the consent agenda.

21-22 Upon motion by Director Berger, seconded by Director Martine, the Board unanimously approved the minutes of the April 28, 2021, May 19, 2021, and June 16, 2021, meetings [Consent Item 3] by a vote of 13 to 0.

21-23 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit A], that the Board approve and ratify the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Battery Systems – FY 2022 Substation Upgrade, Bypass Switch Addition Substation Upgrade, El Campo to Ricebird Transmission Line Storm Hardening, Out-of-Band Management Switch – FY 2022 Telecommunications Upgrade, Transmission Metering – FY 2022 Substation Upgrade, and King Mountain to North McCamey Transmission Line Relocation. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 13 to 0.

21-24 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 5 – Acquisition of Interests in Real Property – Use of Eminent Domain in Guadalupe County [attached hereto as Exhibit B]. Director Crane moved, seconded by Director Martine, that the Board adopt a resolution authorizing by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments necessary to provide, on behalf of LCRA and at LCRA's expense, for communications and to facilitate broadband services on the Clear Springs to Marion transmission line (T419); and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 13 to 0.

21-25 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 6 – Acquisition of Interests in Real Property – Use of Eminent Domain in Kerr and Gillespie counties [attached hereto as Exhibit C]. Director Kelley moved, seconded by Director Gill, that the Board adopt a resolution authorizing by record vote the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements for the Mountain Home Substation and Transmission Line Addition project to provide for the reliable transmission of electric energy and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate broadband services on the Mountain Home to Hunt (T677) and Headwaters to Mountain Home (T678) transmission lines; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at 9:28 a.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation
Approved: Oct. 20, 2021

EXHIBIT B

Minutes Digest
Sept. 22, 2021

- 21-26 Declaration of a 0.276-acre tract of land in Kendall County nonessential and authorization for the president and chief executive officer or his designee to sell the property to the City of Boerne.
- 21-27 Authorization for the president and chief executive officer or his designee to negotiate and purchase from LCRA three facilities within five parcels totaling about 126.53 acres of land in Burnet, Fayette and Travis counties. Additionally, authorization for the chief executive officer to purchase an approximately 1.5-acre easement from LCRA for access to the Western Maintenance Facility.
- 21-28 Authorization for the president and chief executive officer or his designee to negotiate and execute an amendment to the LCRA-LCRA Transmission Services Corporation Electric Transmission Facilities Contract with LCRA to provide for prepayment by LCRA TSC of all or a portion of its payments owed to LCRA and to do all things necessary to effectuate the amendment.
- 21-29 Approval of the adoption of the Thirty-seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2021A (Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding debt service reserve funds for the Bonds; and (iii) paying for issuance costs.
- 21-30 Adoption of a resolution authorizing the use of the power of eminent domain in Kerr and Gillespie counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements for the Mountain Home Substation and Transmission Line Addition project to provide for the reliable transmission of electric energy and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate broadband services on the Mountain Home to Hunt (T677) and Headwaters to Mountain Home (T678) transmission lines.

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Lakeway, Texas
Sept. 22, 2021

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a meeting at 9:12 a.m. Wednesday, Sept. 22, 2021, in the Vistas Ballroom at the Lakeway Resort, 101 Lakeway Drive, Lakeway, Travis County, Texas. The following directors were present, constituting a quorum:

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

Absent: Melissa K. Blanding
Laura D. Figueroa
Thomas L. "Tom" Kelley

Chair Timmerman convened the meeting at 9:12 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

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

The Board next took action on the consent agenda.

21-26 Upon motion by Director Allen, seconded by Director Berger, by a vote of 12 to 0, the Board unanimously declared a 0.276-3 tract of land in Kendall County nonessential (not necessary or convenient or of beneficial use to the business of LCRA TSC) and authorized the president and chief executive officer or his designee to sell the property to the City of Boerne, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

21-27 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit B], that the Board authorize the president and chief executive officer or his

designee to negotiate and purchase from LCRA three facilities within five parcels totaling about 126.53 acres of land in Burnet, Fayette and Travis counties. Additionally, authorize the chief executive officer to purchase an approximately 1.5-acre easement from LCRA for access to the Western Maintenance Facility. Upon motion by Director Berger, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 12 to 0.

21-28 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 4 [attached hereto as Exhibit C], that the Board authorize the president and chief executive officer or his designee to negotiate and execute an amendment to the LCRA-LCRA Transmission Services Corporation Electric Transmission Facilities Contract with LCRA to provide for prepayment by LCRA TSC of all or a portion of its payments owed to LCRA and to do all things necessary to effectuate the amendment. Upon motion by Director Allen, seconded by Director Yearly, the recommendation was unanimously approved by a vote of 12 to 0.

21-29 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit D], that the Board approve the adoption of the Thirty-seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2021A (Bonds) in an amount not to exceed \$250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding debt service reserve funds for the Bonds; and (iii) paying for issuance costs. This motion also will:

1. Approve related documents, in substantially final form, including the escrow agreement, the paying agent/registrars agreement, the preliminary official statement and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (the 2021A Installment Payment Agreement Supplement). Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the president and chief executive officer, and/or the treasurer and chief financial officer to:
 - a. Select all or a portion of LCRA TSC's outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds;
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), principal amounts and maturity schedules, interest rates, redemption provisions and terms of any reserve funds); and

- d. Approve the terms of the sale of the Bonds to an underwriting team and execute a Bond purchase agreement.

Upon motion by Director Berger, seconded by Director Lewis, the recommendation was unanimously approved by a vote of 12 to 0.

21-30 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 6 – Acquisition of Interests in Real Property – Use of Eminent Domain in Kerr and Gillespie Counties [attached hereto as Exhibit E]. Director Berger moved, seconded by Director Lewis, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easements for the Mountain Home Substation and Transmission Line Addition project to provide for the reliable transmission of electric energy and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate broadband services on the Mountain Home to Hunt (T677) and Headwaters to Mountain Home (T678) transmission lines; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 12 to 0.

There being no further business to come before the Board, the meeting was adjourned at 9:27 a.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation
Approved: Oct. 20, 2021

FOR ACTION

4. Capital Improvement Projects Approval

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the projects and associated lifetime budgets as described in Exhibit A.

Board Consideration

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million.

Budget Status and Fiscal Impact

- All projects recommended for Board approval are within the total annual budget approved in the fiscal year 2022 capital plan.
- Staff will monitor the FY 2022 forecast and will request a fiscal year budget increase if needed.
- The treasurer and chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

Summary

Staff recommends approval of the capital projects described in Table 1 and Exhibit A. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Project funds will pay for activities, including but not limited to project management, engineering, materials acquisition, construction and acquisition of necessary land rights. LCRA TSC representatives will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

Table 1

Dollars in millions

Project Name	Prior Fiscal	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Lifetime
	Years						
Service Reliability Projects							
Bastrop West-Split Transmission Line Storm Hardening	0.1	1.5	1.0	1.3	-	-	4.0
Hi Cross-Marshall Ford Transmission Line Relocation	0.1	1.8	-	-	-	-	1.8
Kerville Stadium Substation Upgrade	0.4	0.7	1.0	-	-	-	2.0
Mobile Substation Power Transformer Addition	-	3.4	0.4	-	-	-	3.8
Physical Security – FY 2022 Substation Upgrade	0.3	2.4	2.7	-	-	-	5.4
Sim Gideon-Tahitian Village Transmission Line Storm Hardening	0.1	4.0	2.7	3.3	-	-	10.3
Requested Total	1.0	13.8	7.8	4.6	-	-	27.3

Note: Totals may not equal the sum of numbers shown due to rounding.

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

Exhibit(s)

A – Project Details

EXHIBIT A

Project Details

Project Name: Bastrop West-Split Transmission Line Storm Hardening

Project Number: 1024579

Lifetime Budget: \$4 million

Description: The project will increase the reliability and safety of a 2.4-mile portion of the Bastrop West to Sim Gideon 138-kilovolt transmission line located in Bastrop County. The project scope includes replacing structures and other components and is intended to help ensure the line meets or exceeds current design and regulatory standards related to extreme weather. The project also will include optical ground wire fiber installation as part of the latest criteria and design standards. The recommended project completion date is May 15, 2024.

Project Name: Hi Cross to Marshall Ford Transmission Line Relocation

Project Number: 1024589

Lifetime Budget: \$1.8 million

Description: The project will relocate LCRA TSC-owned elements on the Hi Cross to Marshall Ford 138-kV transmission line in Travis County. The project is driven by safety and reliability needs and will remove overhead wires crossing over substation transmission bus work at the Austin Energy-owned Salem Walk and Barton substations. The recommended project completion date is May 15, 2022.

Project Name: Kerrville Stadium Substation Upgrade

Project Number: 1024593

Lifetime Budget: \$2 million

Description: The project will increase transmission service reliability at the Kerrville Stadium Substation in Kerr County, which contains two power transformers and connections to five 138-kV transmission lines. Project scope includes installing new circuit breakers in an improved bus configuration and replacing obsolete equipment where appropriate. The recommended project completion date is May 15, 2023.

Project Name: Mobile Substation Power Transformer Addition

Project Number: 1025311

Lifetime Budget: \$3.8 million

Description: The project will add a new mobile substation to the LCRA TSC power transformer fleet to support the construction of the capital plan portfolio and provide relief to the mobile substation schedule. The demand for mobile transformers greatly increased between 2015 and 2020 and this project addresses the increased use. The recommended project completion date is June 30, 2023.

Project Name: Physical Security – FY 2022 Substation Upgrade

Project Number: 1024597

Lifetime Budget: \$5.4 million

Description: This project is part of a multiyear effort to implement physical security measures at LCRA TSC substation sites. This is the fifth phase of implementation and will include six substations in six counties – DeWitt, Fayette, Lampasas, Blanco, San Saba and Pecos. The project scope includes installing telecommunications equipment, sensors, cameras and physical safety equipment such as fencing, gates, and cabinets for equipment. The recommended project completion date is June 30, 2023.

Project Name: Sim Gideon to Tahitian Village Transmission Line Storm Hardening

Project Number: 1024600

Lifetime Budget: \$10.3 million

Description: The project will increase the reliability and safety of a 5.1-mile portion of the Sim Gideon to Tahitian Village 138-kV transmission line located in Bastrop County. The project scope includes replacing structures, towers, optical ground wire and other components and is intended to help ensure the line meets or exceeds current design and regulatory standards related to extreme weather. The recommended project completion date is May 15, 2024.