

LCRA Transmission Services Corporation

Board Agenda

Tuesday, Dec. 10, 2024

LCRA General Office Complex
Board Room – Hancock Building

3700 Lake Austin Blvd.

Austin, TX 78703

Earliest start time: 2 p.m.

Item From the Chair

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Consent Items

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3. Minutes of Prior Meeting..... 8

Action Items

4. Capital Improvement Project Approval – Transmission Structure Restoration System Upgrade..... 13
5. Approve the LCRA Transmission Services Corporation Transmission Contract Refunding Revenue Bonds Issuance and Forty-Seventh Supplemental Resolution..... 14

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

Executive Session

1. Capital Improvement Project Approval – Bakersfield Dynamic Reactive Substation Upgrade
2. Legal Advice on Pending and Anticipated Litigation, Claims and Settlements
3. Legal Advice on Legal Matters

The Board 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>

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.

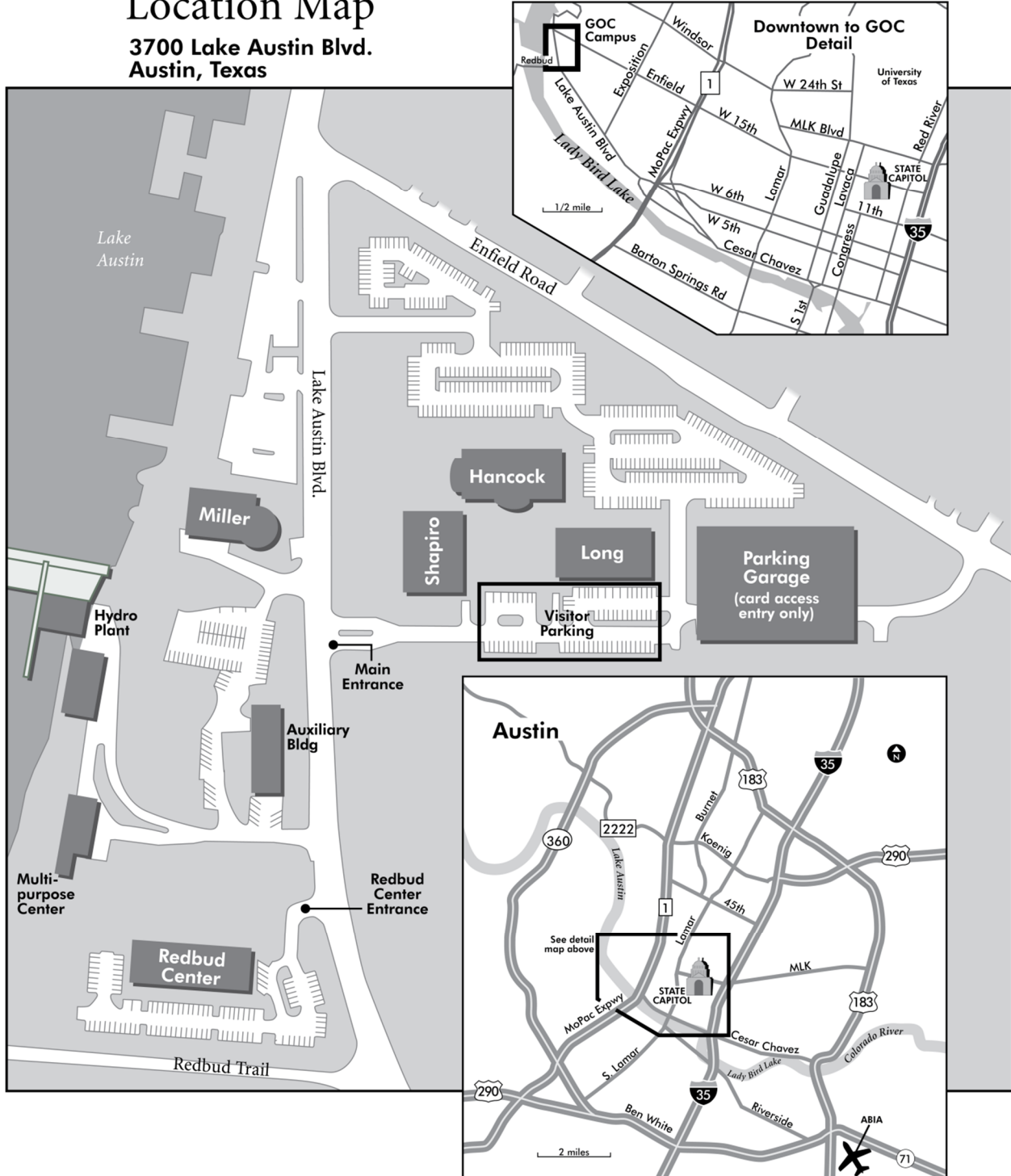
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and 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 ACTION (CONSENT)

2. Sale of Land in Kerr County

Proposed Motion

Declare approximately 2.406 acres of land in Kerr County nonessential, and authorize the president and chief executive officer or his designee to do all things necessary to sell the property to Central Texas Electric Cooperative Inc. Additionally, authorize the president and chief executive officer or his designee to grant a non-exclusive access easement to Central Texas Electric Cooperative over LCRA Transmission Services Corporation's remaining property.

Board Consideration

LCRA TSC Board Policy T401 – Land Resources requires at least 12 members of the LCRA TSC Board to declare the land no longer necessary or beneficial to the business of LCRA TSC before conveyance. Additionally, LCRA TSC Board Policy T401 requires Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2025 business plan contains the administrative costs associated with the sale of this land. Proceeds from the sale of the property will benefit LCRA TSC.

Summary

On Oct. 28, 2021, LCRA TSC acquired an 11.13-acre tract of land from the Lehmann family in Kerr County to be used for the Mountain Home Substation. LCRA TSC constructed the substation and now seeks to sell approximately 2.406 acres from the southern half of the substation yard and grant a non-exclusive access easement over approximately 0.057 acre to Central Texas Electric Cooperative.

The approximately 2.406 acres and non-exclusive 0.057-acre access easement will be sold subject to the following reservation:

- LCRA TSC 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 TSC shall not be permitted to drill or excavate for minerals on the surface of the property.

The sale price for the land of \$125,203.62 is based on the pro rata price LCRA TSC paid for the property. LCRA TSC representatives will complete all required environmental due diligence in accordance with LCRA TSC Board Policy T401.403 – Land Disposition.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

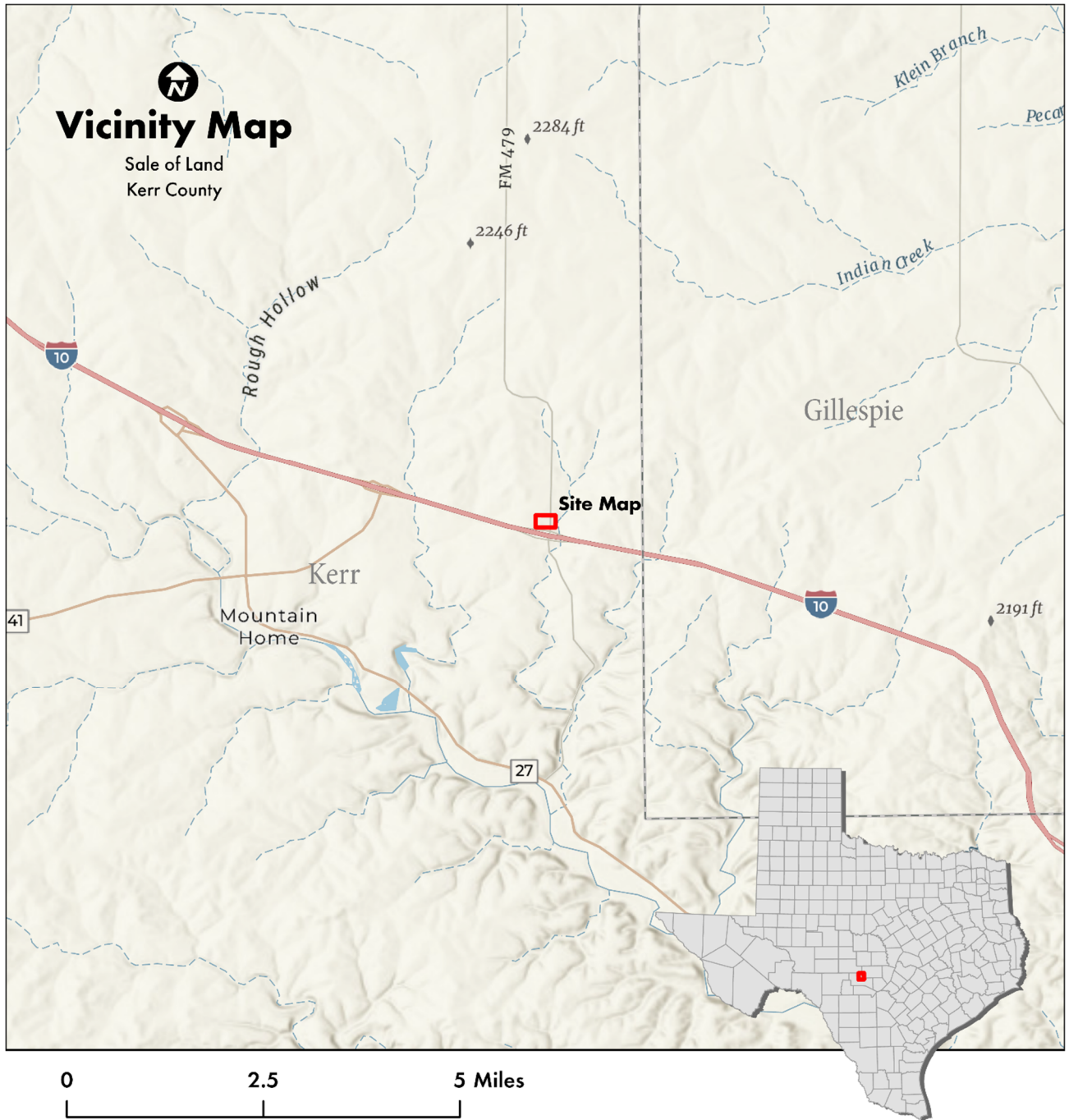
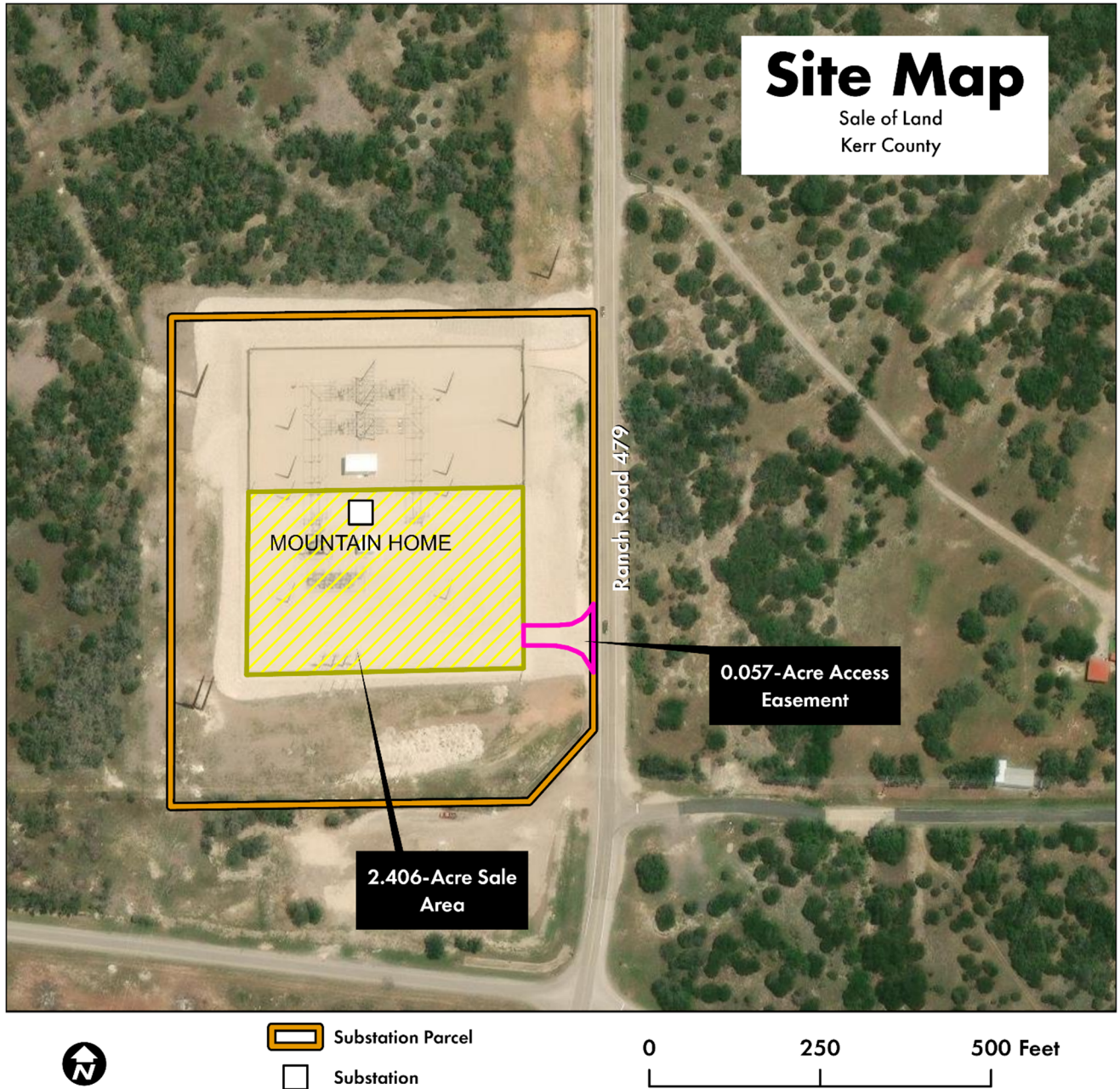


EXHIBIT B



FOR ACTION (CONSENT)

3. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Nov. 13, 2024, LCRA Transmission Services Corporation Board meeting.

Board Consideration

Section 4.06 of the LCRA TSC 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 Nov. 13, 2024, LCRA TSC Board meeting

EXHIBIT A

LCRA Transmission Services Corporation Board of Directors
Minutes Digest
Nov. 13, 2024

- 24-34 Approval of the minutes of the Oct. 23, 2024, meeting.
- 24-35 Approval of the Capital Improvement Project Authorization Request for the Edge Firewall – Fiscal Year 2023 Telecommunications Upgrade project (Project No. 1027062).
- 24-36 Adoption of a resolution authorizing the use of the power of eminent domain in Caldwell and Fayette counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Fayette Power Project Yard 2 to Lytton Springs Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the FPP Yard 2 to Lytton Springs (T255) transmission line.
- 24-37 Adoption of a resolution authorizing the use of the power of eminent domain in Eastland County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Leon Switch to Putnam Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the Leon Switch to Putnam (T727) transmission line.
- 24-38 Adoption of a resolution authorizing the use of the power of eminent domain in Upton County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Bearkat to North McCamey Transmission Line Addition project to provide for the continued reliable transmission of electric energy and communications and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate broadband services on the Bearkat to North McCamey (T788 and T789) transmission lines.
- 24-39 Adoption of a resolution authorizing the use of the power of eminent domain in Upton, Crane and Ward counties to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the North McCamey to Sand Lake Transmission Line Addition project to provide for the continued 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 North McCamey to Sand Lake (T786 and T787) transmission lines.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Nov. 13, 2024

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 11:03 a.m. Wednesday, Nov. 13, 2024, in Building A, Conference Rooms A504-A505, at the Dalchau Service Center, 3505 Montopolis Drive, Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair
Michael L. "Mike" Allen
Matthew L. "Matt" Arthur
Melissa K. Blanding
Joseph M. "Joe" Crane
Carol Freeman
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 11:03 a.m.

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

Vice President and Chief Operating Officer Kristen Senechal gave the Board an update on LCRA TSC's application for authority to change rates, approved by the Public Utility Commission of Texas on Oct. 24, 2024, and LCRA TSC's summer 2024 Electric Reliability Council of Texas inspection. She discussed the preparation of LCRA TSC's transmission assets and operations for the cold winter weather. She also shared how LCRA TSC engages with its wholesale Transmission customers and highlighted some new technology LCRA TSC is using to enhance operational efficiency.

[Vice Chair Cooper left for the remainder of the meeting.]

The Board next took action on the consent agenda.

24-34 Upon motion by Director Lewis, seconded by Director Voelter, the Board unanimously approved the minutes of the Oct. 23, 2024, Board meeting [Consent Item 2] by a vote of 12 to 0. [Director Martine was absent for voting on this item.]

24-35 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit A], that the Board approve the Capital Improvement Project Authorization Request for the Edge Firewall – Fiscal Year 2023 Telecommunications Upgrade project (Project No. 1027062). Upon motion by Director Crane, seconded by Director Blanding, the recommendation was unanimously approved by a vote of 11 to 0. [Directors Allen and Martine were absent for voting on this item.]

24-36 Vice President of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 4 – Acquisition of Interests in Real Property – Use of Eminent Domain in Caldwell and Fayette counties [attached hereto as Exhibit B]. Director Willmann moved, seconded by Director Lewis, that the Board authorize 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 rights for the Fayette Power Project Yard 2 to Lytton Springs Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the FPP Yard 2 to Lytton Springs (T255) transmission line; 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. [Director Allen was absent for voting on this item.]

24-37 Vice President 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 Eastland County [attached hereto as Exhibit C]. Director Crane moved, seconded by Director Martine, that the Board authorize 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 rights for the Leon Switch to Putnam Transmission Line Overhaul project to provide for the continued reliable transmission of electric energy on the Leon Switch to Putnam (T727) transmission line; 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. [Director Allen was absent for voting on this item.]

24-38 Vice President 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 Upton County [attached hereto as Exhibit D]. Director Martine moved, seconded by Director Yeary, that the Board authorize 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 rights for the Bearkat to North McCamey Transmission Line Addition project to provide for the continued reliable transmission of electric energy and communications and, on behalf of LCRA and at LCRA's expense, to provide for communications and to facilitate

broadband services on the Bearkat to North McCamey (T788 and T789) 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.

24-39 Vice President of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 7 – Acquisition of Interests in Real Property – Use of Eminent Domain in Upton, Crane and Ward counties [attached hereto as Exhibit E]. Director Whitten moved, seconded by Director Yeary, that the Board authorize 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 rights for the North McCamey to Sand Lake Transmission Line Addition project to provide for the continued 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 North McCamey to Sand Lake (T786 and T787) 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 11:28 a.m.

Leigh Sebastian
Secretary
LCRA Transmission Services Corporation
Approved: Dec. 10, 2024

FOR ACTION

4. Capital Improvement Project Approval – Transmission Structure Restoration System Upgrade

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the Transmission Structure Restoration System Upgrade project (Project No. 1032857).

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

- Staff seeks approval for a total lifetime budget of \$2.6 million, with the full amount expected to be spent in fiscal year 2025.
- The project recommended for Board approval is within the total annual budget approved in the FY 2025 capital plan.
- Staff will monitor the FY 2025 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 Transmission Structure Restoration System Upgrade project. The project will increase the reliability of the transmission system by obtaining versatile transmission structures that can be deployed to support system restoration efforts after a severe weather event. The scope of work includes designing and acquiring 15 of these structures. The recommended project completion date is June 30, 2025.

This project meets 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.

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

FOR ACTION

5. Approve the LCRA Transmission Services Corporation Transmission Contract Refunding Revenue Bonds Issuance and Forty-Seventh Supplemental Resolution

Proposed Motion

Staff recommends the Board of Directors approve the adoption of the Forty-Seventh Supplemental Resolution (Forty-Seventh Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project) in one or more series (a Series of Bonds) in an aggregate amount not to exceed \$750 million for the following purposes: (i) current refunding of certain LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) currently refund certain long-term Transmission Contract Debt (bonds); (iii) funding debt service reserve funds for a Series of Bonds; and (iv) paying for issuance costs.

This motion also will:

1. Approve related documents, in substantially final form, including, if required, an escrow agreement, a paying agent/registrars agreement, a preliminary and final official statement and a Transmission Contract Revenue Debt Installment Payment Agreement Supplement related to the Series of Bonds (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 particular Series of 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 Series of Bonds;
 - c. Establish the terms of each Series of Bonds as provided in the Forty-Seventh Supplement (including issuing such bonds in one or more separate Series of Bonds, issuing the Series of Bonds as tax-exempt 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 each Series of Bonds to an underwriting team and execute a bond purchase agreement for such Series of Bonds.

Board Consideration

In 2003, the LCRA Board, at the request of LCRA TSC, adopted an amended and restated Controlling Resolution establishing a contract revenue financing program whereby LCRA issues debt on behalf of LCRA TSC that is secured by a lien on and a pledge of revenues paid by LCRA TSC to LCRA. The amended and restated Controlling Resolution requires the Board to deliver a resolution to LCRA approving the Bonds.

Budget Status and Fiscal Impact

The fiscal year 2025 LCRA TSC business plan anticipates the refunding of all or a portion of LCRA TSC Series 2015 and 2018 bonds and all outstanding short-term debt. Based on current market conditions, the refunding will be advantageous, increase flexibility on the timing of future financings, and provide low-cost and long-term funds. The FY 2025 LCRA TSC business plan anticipates the issuance of about \$800 million of short-term obligations to fund LCRA TSC's ongoing capital plan in FY 2025.

Summary

With this action, the Board will approve one or more Series of Bonds issued for the purpose of current refunding of certain LCRA TSC commercial paper, revolving notes and bonds in an amount not to exceed \$750 million, establishing one or more debt service reserve funds for a particular Series of Bonds, and paying for the issuance costs related to such bonds. The Board also will approve the execution of documents necessary for the sale of each Series of Bonds further described below.

Background

The Forty-Seventh Supplement is a supplemental resolution to the Controlling Resolution adopted by the Board in 2001 and readopted in 2003. The Forty-Seventh Supplement authorizes the Bonds to be issued in one or more Series of Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the president and chief executive officer and/or the treasurer and chief financial officer authority to set the specific terms of each such Series of Bonds (including obligations to be refunded, maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the Forty-Seventh Supplement. State law authorized the Forty-Seventh Supplement to delegate authority to sell and deliver multiple Series of Bonds within the parameters set forth in such supplement at different times during a 12-month period. The Forty-Seventh Supplement also requires an officer of LCRA TSC to agree to the specific terms of each Series of Bonds. The Controlling Resolution, the Forty-Seventh Supplement, and the relevant pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the particular Series of Bonds together constitute the authorization of such Series of Bonds.

The Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003 and provides for the arm's-length obligation of LCRA TSC to pay LCRA the debt service associated with the Series of Bonds and LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Series of Bonds.

A bond purchase agreement is the contract among LCRA, LCRA TSC and the underwriters of the Series of Bonds that establishes the terms of the sale and delivery of such Series of Bonds from LCRA and LCRA TSC to such underwriters. This agreement provides for the conditions for closing on the Series of 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 Series of Bonds at closing.

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

A preliminary and final official statement is the document that provides disclosure to prospective investors regarding the terms of a Series of Bonds, security, risk factors, and financing and operating information of LCRA TSC.

Use of Proceeds

Proceeds from each Series of Bonds will be used to refund certain LCRA TSC commercial paper notes, revolving notes and bonds, establish a debt service reserve fund for the particular Series of Bonds, and pay for issuance costs.

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by three separate credit facilities. Periodically, staff recommends refunding short-term, variable-rate debt with long-term, fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, staff periodically recommends refunding existing long-term debt (such as all or a portion of the LCRA TSC Series 2015 and 2018 bonds) with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA TSC customers.

Staff currently expects the Bonds to be sold and delivered in a Series of Bonds, in the spring of 2025, subject to the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis
Treasurer and Chief Financial Officer