



**Board Agenda**  
Wednesday, March 23, 2011  
LCRA Board Room  
Austin

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

**Legal Notice**

Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. Legal notices are available on the Texas Secretary of State Web site 72 hours prior to the meeting at the following link: <http://www.sos.state.tx.us/open/>.

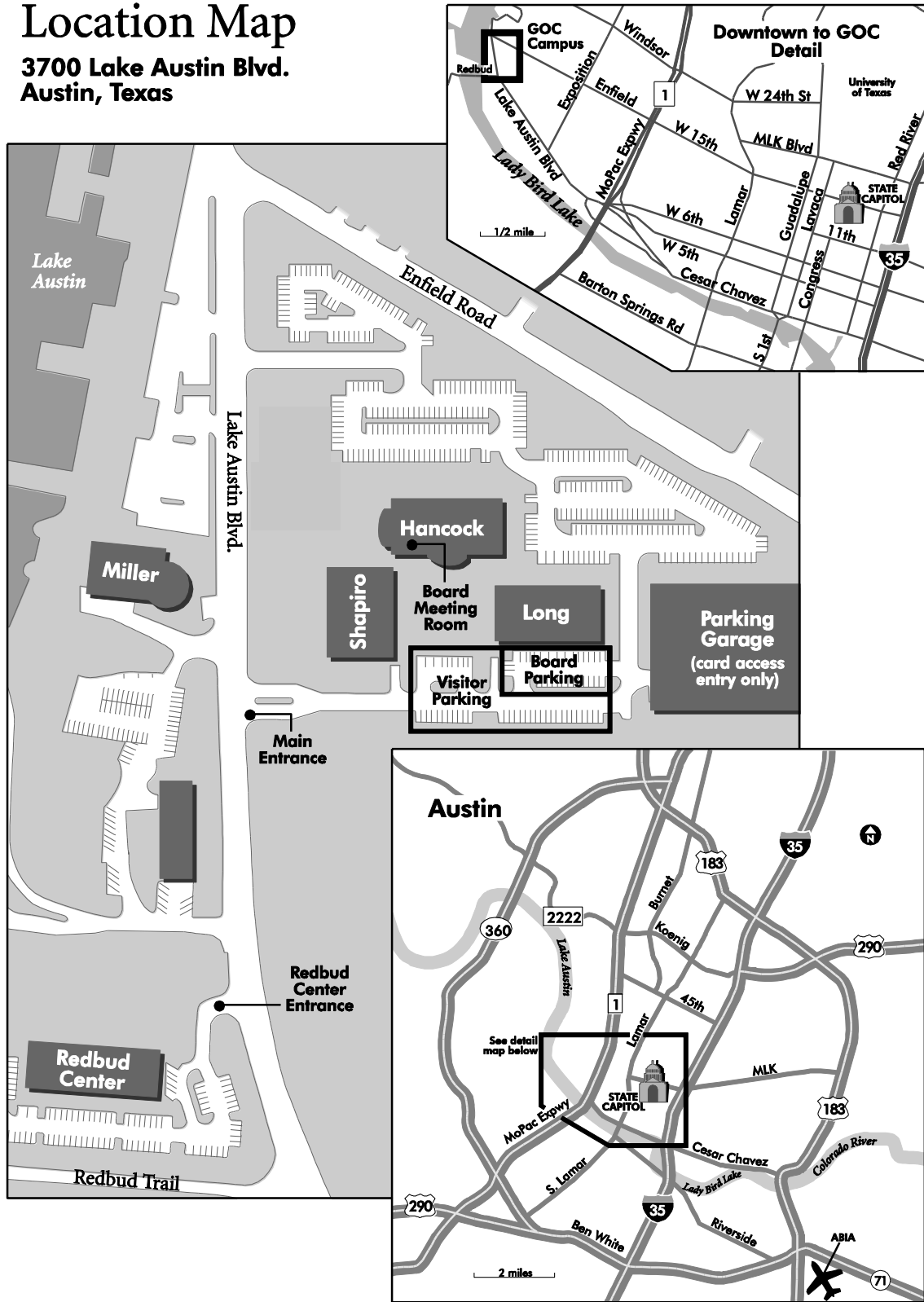
**Executive Session**

The Board may go into executive session for deliberation on the matters listed in the legal notice posted pursuant to Chapter 551 of the Texas Government Code.

The Board may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code. The Board may act in executive session on competitive electric matters pursuant to §551.086 of the Texas Government Code.

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



## **FOR ACTION**

# **1. Revised LCRA Board Policy 307 - Risk Management / Self Insurance**

### **Proposed Motion**

Approve revisions to LCRA Board Policy 307 - Risk Management/Self Insurance as attached in Exhibit A.

### **Board Consideration**

Board approval is required for any changes to LCRA Board policies.

### **Budget Status and Fiscal Impact**

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

### **Summary**

The proposed revisions reflect the ongoing effort to review and streamline all Board policies to provide for a higher level and more strategically-directed set of policies for the Board. Staff reviewed this policy at the Planning and Public Policy Committee meeting earlier this month.

The proposed changes to LCRA Board Policy 307 reflect the following:

- Clarify that the purpose of the policy is focused on hazard risk management;
- Remove detailed information and language related to self-insurance programs, definitions and specific approaches to risk management that are more appropriately contained in internal operations documents; and
- Assign the chief financial officer responsibility to design and implement a comprehensive program of hazard risk management to meet the objectives of the policy.

### **Presenter(s)**

Timothy Timmerman  
LCRA Board Chair

John Rubottom  
General Counsel

### **Exhibit(s)**

- A - Proposed Revised LCRA Board Policy 307 - Risk Management/Self Insurance
- B - Clean Version of Proposed Revised LCRA Board Policy 307 - Hazard Risk Management

## EXHIBIT A

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### LCRA BOARD POLICY

#### 307 ~~–~~ HAZARD RISK MANAGEMENT/~~SELF-INSURANCE~~

~~September 23, 2009~~ March 23, 2011

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#### 307.10 PURPOSE

This policy establishes hazard risk management objectives ~~and guidelines~~ for LCRA.

#### ~~307.20~~ DEFINITIONS

~~Claims Expense~~—A clearly defined cost, arising in connection with a welfare benefit, claim occurrence or incident, including, but not limited to, attorney's fees, court costs, private investigation fees, expert witness fees, adjuster's fees, and for autopsies and medical examinations.

~~Cost of Risk~~—The cost of risk is the sum total of:

- ~~—A. All commercial insurance premiums;~~
- ~~—B. All administrative costs of LCRA's risk management and self-insurance programs and projects;~~
- ~~—C. Costs of self insured retentions and non-reimbursable losses; and~~
- ~~—D. All expenses related to risk control or loss prevention.~~

~~Loss Control~~—A method of managing losses by risk retention, risk reduction, risk avoidance, or risk transfer.

~~Loss Financing~~—The methods of financing losses through risk retention or Risk Transfer.

~~Risk Analysis~~—The identification and analysis of LCRA's exposure to loss. Risk analysis identifies the exposure (severity) and quantifies the estimation of loss probability (frequency).

~~Risk Avoidance~~—Eliminating the possibility of a loss occurring. This method is generally used when the frequency or severity of loss is too great to employ any other control or financing method.

~~Risk Reduction~~—Lowering the frequency or severity of a loss.

~~Risk Retention~~—The amount of risk LCRA assumes as its own liability and which is not insured otherwise.

~~Risk Transfer~~—When LCRA transfers risk to another party who agrees to be obligated to pay for losses through a commercial insurance carrier by contractual assignment of liability.

~~It is the policy of LCRA to maintain will establish guidelines and criteria to provide and promote a comprehensive program of hazard risk management designed at the lowest cost. To the extent authorized by law, LCRA may use a mix of commercial insurance coverage and self insurance to achieve an economic means of providing certain welfare-employee benefits and protection of its LCRA assets through the use of loss control and loss financing techniques.~~

### 307.30 OBJECTIVES

The objectives of LCRA's risk management program are to:

- ~~A.~~ ~~Raise the level of understanding and awareness of risk management among LCRA's management, employees and contractors;~~
- ~~B.~~ Protect LCRA from property loss and limit exposure to third-party liability;
- ~~C.~~ Protect the assets and earnings of LCRA against single or accumulated losses that could significantly adversely affect the financial position of LCRA; and
- ~~D.~~ Eliminate or improve, to the extent possible, the conditions, hazards, and practices that may cause losses.

~~**307.301 Exposure Identification and Evaluation.** LCRA will establish and maintain programs to identify its exposure to loss. For each identified exposure, Loss Control and/or Loss Financing techniques will be evaluated to select the best alternative or combination of alternatives to assure consistency with LCRA's risk management objectives.~~

~~**307.302 Risks to be Self-Insured.** To the extent authorized by law, LCRA may be self-insured through the use of operating reserves per Board Policy 301 for general liability, property, casualty, welfare benefits, and other risk exposures to the extent that LCRA's commercial insurance policies have significant deductibles, do not afford coverage above certain limits, or do not insure certain risks.~~

### ~~307.40 SELF-INSURANCE PROGRAMS~~

~~To the extent authorized by law, LCRA will establish and maintain self-insurance programs that allow LCRA to assume responsibility for defense and satisfaction of Claims Expenses, including, without limitation, claims against directors, officers and employees resulting from actions taken within the scope of their employment, so long as such actions were taken in good faith and free from serious fault or gross negligence.~~

307.540

## RESPONSIBILITIES

The chief financial officer will design and implement a program of hazard risk management to meet the objectives set out above and including processes and procedures ~~a self-insurance program~~ to ensure that certain employee benefits and protection of the organization's assets are provided through the use of loss control or loss control financing. ~~provide coverage for otherwise un-insured liabilities incurred by directors and staff during the scope of their employment or duties.~~

307.650

## AUTHORITY

LCRA enabling legislation, Texas Special Districts ~~and~~ Local Laws Code Section 8503.004  
Texas Government Code Section 2259.001 et seq.

**EFFECTIVE:** August 1987. Amended Oct. 18, 1990, Feb. 20, 1992, Nov. 17, 1999, ~~and~~ Sept. 23, 2009, and March 23, 2011.

## **EXHIBIT B**

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### **LCRA BOARD POLICY**

#### **307 - HAZARD RISK MANAGEMENT**

**March 23, 2011**

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##### **307.10 PURPOSE**

This policy establishes hazard risk management objectives for LCRA.

##### **307.20 POLICY**

It is the policy of LCRA to maintain a comprehensive program of hazard risk management designed to achieve an economic means of providing certain employee benefits and protection of LCRA assets.

##### **307.30 OBJECTIVES**

The objectives of LCRA's risk management program are to:

- A. Protect LCRA from property loss and limit exposure to third-party liability;
- B. Protect the assets and earnings of LCRA against single or accumulated losses that could significantly adversely affect the financial position of LCRA; and
- C. Eliminate or improve, to the extent possible, the conditions, hazards, and practices that may cause losses.

##### **307.40 RESPONSIBILITIES**

The chief financial officer will design and implement a program of hazard risk management to meet the objectives set out above and including processes and procedures to ensure that certain employee benefits and protection of the organization's assets are provided through the use of loss control or loss control financing.

##### **307.50 AUTHORITY**

LCRA enabling legislation, Texas Special Districts Local Laws Code Section 8503.004  
Texas Government Code Section 2259.001 et seq.

**EFFECTIVE:** August 1987. Amended Oct. 18, 1990, Feb. 20, 1992, Nov. 17, 1999, Sept. 23, 2009, and March 23, 2011.

## **FOR ACTION**

# **2. Resolutions**

### **Proposed Motion**

Approve the LCRA Board resolutions as presented to the Board.

### **Board Consideration**

The Board will be asked to approve honorary and retiree resolutions as they occur.

### **Summary**

LCRA recognizes employees who have retired from the organization with 25 or more years of service with a Retiree Resolution. Other individuals may be recognized from time to time with an Honorary Resolution.

### **Presenter(s)**

Thomas G. Mason  
General Manager

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# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Carlton “Bucky” Brady

Whereas, Bucky Brady retired from the Lower Colorado River Authority on January 1, 2011, after completing more than 37 years of service to LCRA; and

Whereas, he began work on November 1, 1973, as an entry-level assistant steam operator at the Granite Shoals Power Plant, known as Thomas C. Ferguson Power Plant, and retired at the top of his field as a power plant operations manager; and

Whereas, Bucky developed and managed the budget for the plant's Operations department, where he was said to have the uncanny ability “to make the dollar amount for each project identification number equal the square root of 12”; and

Whereas, his experience and knowledge of the plant's lube oil systems earned Bucky the title “Oil King,” and he ensured oil was conditioned properly to protect plant equipment; and

Whereas, he served as the plant's NERC reliability coordinator and, during planned outages, he was a maintenance foreman, who scheduled, oversaw, and reported on daily projects; and


Whereas, after specialized training prepared him to respond to emergencies, Bucky served on the Ferguson plant's original firefighting team and volunteered for LCRA's HAZMAT and First Responder Rescue teams; and he also served the Marble Falls community as an emergency medical responder, as a Reserve Police Officer, and as a board member for Marble Falls Emergency Medical Services; and

Whereas, prior to his retirement, Bucky became the last remaining Ferguson employee who had worked there as an LCRA employee during the plant's construction, and he represented the plant at meetings of LCRA's regional councils; and

Whereas, he is a devoted husband, father, grandfather, friend, and neighbor, who is widely respected by his community, and, as an avid fisherman and hunter, he has taught wildlife to fear him but has allowed his beloved grandchildren to “wrap him around their little fingers”;


Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Wholesale Power Services employees, expresses its appreciation to Bucky Brady for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.



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Timothy Timmerman, Board Chair



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Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Glenn Delz

Whereas, Glenn Delz retired from the Lower Colorado River Authority on January 22, 2011, after having completed more than 31 years of service to LCRA; and

Whereas, he began his LCRA career on November 12, 1979, as a general utility worker at Buchanan Dam and retired as Energy Services craft supervisor, responsible for all operation and maintenance work on Buchanan and Inks dams; and

Whereas, Glenn moved through the ranks of LCRA from an entry job to a supervisor who oversaw the operation of floodgates and the general reliable operation of those two dams. He was so young when he started work at LCRA that his mother drove him to work – a fact that he let his co-workers rib him about; and

Whereas, he became very skilled in the operation of hydraulic governors, which control the speed of every generator at the dams. Prior to their automation, Glenn's training made him the only employee who knew how to proficiently operate this historic equipment that was part of the original dam construction; and

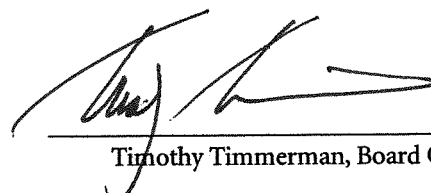
Whereas, his fun-loving sense of humor will be greatly missed and his co-workers will find their lunchtimes much less eventful without wondering what prank Glenn pulled with their lunches. No one's food was safe at Buchanan Dam with Glenn there, and you never knew when you might find the soup you placed in the refrigerator that morning frozen solid in the freezer when you went looking for it; and

Whereas, he took much pride in his work, assisting with outages and rehabilitation projects at all of LCRA's dams over the years. Glenn also enjoyed sharing his knowledge with the new employees, serving as a mentor for his entire team; and

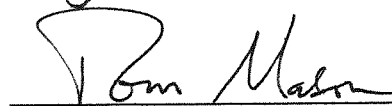
Whereas, his co-workers will miss him, they are glad he will have more time to enjoy spending with his wife and sons;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Water Services employees, expresses its appreciation to Glenn Delz for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Gordon Doty

Whereas, Gordon Doty retired from the Lower Colorado River Authority on January 22, 2011, after completing nearly 26 years of service to LCRA; and

Whereas, he was hired three separate times by LCRA, most recently on October 20, 1986, as a mechanic at the Fayette Power Project, and completed his LCRA career as a senior Energy Services mechanic at Lost Pines Power Park; and

Whereas, Gordon has proven himself a talented mechanic, who had “turbine work in his blood” and took particular pride in his work on turbine valves, but who also enjoyed working on all kinds of mapped mechanical equipment, especially when he was challenged to diagnose and solve a problem; and

Whereas, he was never afraid to take a risk to solve a problem with a generator or other component, and he and his team have completely disassembled, repaired, and reinstalled entire turbine and generator assemblies during multiple outages and have shared the collective sighs of relief that followed start-up when the units reached the 3,600-RPM milestone of success; and

Whereas, Gordon took pride in his work, from planning to cleanup, and has a reputation for doing the job right and leaving his work area spotless; and


Whereas, he worked with the same crew for decades and helped solve problems as a team, but also was flexible, helping new employees learn the ropes and traveling to other plants when his skills were needed; and

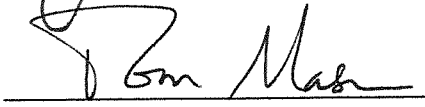
Whereas, Gordon’s demanding job frequently found him working holidays, responding to numerous late-night call-outs, and working for several weeks at a time without a day off, but he always could be depended upon to show up on time and ready to work, even after he went out on Volunteer Fire Department calls late the previous night; and

Whereas, he and his wife are now both retired and have more time and flexibility to enjoy their son and two daughters;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Wholesale Power Services employees, expresses its appreciation to Gordon Doty for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.

  
\_\_\_\_\_  
Timothy Timmerman, Board Chair

  
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Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Mike French

Whereas, Mike French retired from the Lower Colorado River Authority on January 22, 2011, after having completed more than 30 years of service to LCRA; and

Whereas, he began his LCRA career on July 1, 1981, as an apprentice at the Service Center and retired as a senior specification equipment operator, responsible for hauling heavy, portable equipment; and

Whereas, Mike was extremely reliable and could always be trusted to handle any situation, and excelled at finding solutions to problems; and

Whereas, his team members thoroughly enjoyed working with Mike and liked to say that he had perfect timing when arriving at an off-site job – he always got there in time for lunch; and

Whereas, Mike took great pride in his work and his equipment. He kept his truck and trailer immaculately clean and he took care in transporting the equipment to and from job sites. His team members said they never had to worry about Mike getting a speeding ticket or having any safety incidents on the job; and

Whereas, he brought with him many years of life experience from working with his father, hauling cattle and vegetables in his younger years; and

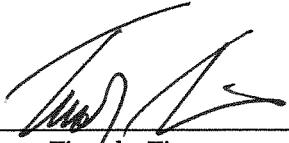
Whereas, Mike was a valuable worker who somehow seldom got dirty – not because he didn't work hard, but because he managed to find ways to do his job and stay clean, unlike most of his crew; and

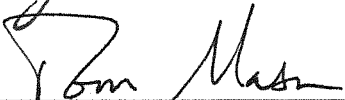
Whereas, his team will miss his good humor and ability to run with any conversation you would start with him. He mostly enjoys talking about his grandchildren; and

Whereas, his co-workers wish Mike many years of happiness in his retirement, enjoying more time with his children and grandchildren, as well as traveling the countryside with his wife;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Transmission Services employees, expresses its appreciation to Mike French for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.

  
\_\_\_\_\_  
Timothy Timmerman, Board Chair

  
\_\_\_\_\_  
Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Diane Macaulay

Whereas, Diane Macaulay retired from the Lower Colorado River Authority after nearly 34 years of service, which she began on April 1, 1977, as a clerk typist, and ended on January 22, 2011, as a joint project coordinator at the Fayette Power Project; and

Whereas, Diane's primary responsibility was coordination of the FPP Management Committee, which comprises representatives from LCRA and Austin Energy, the co-owners of the plant's first two units, and she is known as a "world encyclopedia on FPP history" and the "guru" for the participation agreement between LCRA and Austin Energy; and

Whereas, Diane's demeanor created "calm in the storm," as she worked to ensure early meetings of the FPP Management Committee ran smoothly, and she served as a liaison to ensure effective communication and shared understanding between the partners; and

Whereas, she is a perfectionist, who served as a gatekeeper for FPP communications and would not let a document leave her control until she was sure it was absolutely correct, and she continued to teach her successor how to fill her shoes even as she walked out the door; and

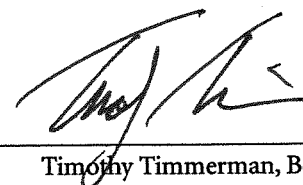
Whereas, Diane, the daughter of a cancer survivor, helped lead and continues to support the community's Relay For Life, served as president of the LCRA Credit Union Board, sponsored Walk Across Texas, was FPP's representative to the Electric Utility Cost Group, and started the plant's first chapter of Toastmasters International; and

Whereas, Diane, who is said to have kept every plant manager out of trouble, is regarded very highly by all her managers, one of whom reportedly "can't put her on a pedestal enough," and she has contributed to their success in ways too numerous to list; and

Whereas, after toiling tirelessly to ensure smooth waters at FPP, Diane took her vast institutional knowledge to sea, wishing her co-workers bon voyage as she promptly embarked on a post-retirement cruise and began new adventures with her husband and children;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Wholesale Power Services employees, expresses its appreciation to Diane Macaulay for her years of devoted service to LCRA and its customers, and wishes her well in her future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Steven D. "Steve" Parks

Whereas, Steve Parks retired from the Lower Colorado River Authority on January 22, 2011, after having completed more than 27 years of service to LCRA; and

Whereas, he began his LCRA career on March 5, 1984, as an engineer in the Generation Engineering Department working on FPP projects and retired as manager of Water Utilities operations; and

Whereas, Steve was responsible for managing the operations of LCRA's 34 water and wastewater systems in eight counties; and

Whereas, he was instrumental in LCRA's acquisition of systems and helped build LCRA's role in the water utility business from the ground up; and

Whereas, he was very supportive of his staff, and was frequently known to work in the field with them when they had to work nights and weekends. If something was expected from his staff, then Steve was going to be sure he gave the same of himself;

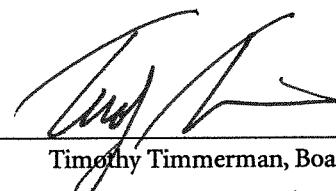
Whereas, Steve's sense of humor helped lighten moods on the occasional "painful" project, and his generally upbeat personality added even more meaning to his nickname "Sparky"; and

Whereas, some of his co-workers still chuckle over a late-'80s project that saddled Steve with managing the construction of an artificial wetland as a means of wastewater treatment. He was, however, able to complete the project despite questionable customer support, inexperienced staff and many other obstacles that finally included him personally guarding the site to routinely chase from his wetland the many nutria that viewed it as prime habitat; and

Whereas, for nearly two decades, Steve's role in acquiring, developing, planning, constructing and operating LCRA's West Travis County Regional Water System was integral in growing that system from its initial 400 customers to being able to meet the potable water needs for thousands of homes and businesses from Bee Cave to Dripping Springs; and

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Water Services employees, expresses its appreciation to Steven D. "Steve" Parks for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Billy Richards

Whereas, Billy Richards retired from the Lower Colorado River Authority on January 22, 2011, after having completed more than 26 years of service to LCRA; and

Whereas, he began his LCRA career on July 10, 1985, as a helper at the Service Center and retired as senior Energy Services electrician, responsible for materials management; and

Whereas, Billy excelled at his job of ensuring that Transmission had the materials it needed for projects on a daily basis. His knowledge of transmission and substation construction helped him anticipate the materials needed for jobs well in advance; and

Whereas, his kindness carried over from his personal life into the workplace, and he treated everyone in his team like they were family. He became a father figure to many of the younger employees, serving as a well-rounded mentor able to teach them skills to use at work and in life; and

Whereas, Billy's knowledge of transmission projects allowed him to see "from one end of the spectrum to the other," which saved much time in locating cables at substations. He had been to every substation and could tell you exactly where to find the conduit because he was there when it was installed; and

Whereas, he took much pride in his work, assisting with outages and rehabilitation projects at all of LCRA's dams over the years. He also was known to volunteer to work holidays for co-workers who didn't have enough vacation time to take off; and

Whereas, Billy's expertise made him a valuable asset in a field where knowledge is critical to working safely on high-voltage projects; and


Whereas, his co-workers will miss him greatly, they hope he will slow his nose-to-the-grindstone pace and enjoy spending more time with his wife, children and grandchildren whom he loves to talk about;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Transmission Services employees, expresses its appreciation to Billy Richards for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Alan Rogers

Whereas, Alan Rogers retired from the Lower Colorado River Authority on January 26, 2011, after completing nearly 29 years of service to LCRA; and

Whereas, he began his LCRA career on February 8, 1982, as a helper in Facilities, and he retired as a senior audio-visual technician; and

Whereas, Alan spent numerous years as the man behind the dark glass, ensuring that policy matters being discussed and addressed by Board members, presenters, and guests could be heard and seen — in the Board Room, through the closed-circuit system at the General Office Complex, and on recordings that were archived after the meetings; and

Whereas, he adapted as needed to challenging work conditions, whether those conditions entailed 100-plus-degree weather during events, waiting outdoors in the cold during executive session discussions at remote locations, or competing with cell phone signals in the Board Room; and

Whereas, Alan was considered a consummate expert in his field, with a deep and broad understanding of AV equipment and performance; and

Whereas, having served many years as a one-man operation, Alan recognized the importance of his role and rarely missed a Board meeting, even when he was ill or the weather or other circumstances made travel difficult; and

Whereas, he provided excellent customer service to other LCRA staff, helping coordinate and deliver sound support and other presenter logistics for numerous press conferences, open houses, public meetings, and other events, including Governor Rick Perry's press conference announcing a crackdown on boating while intoxicated; and

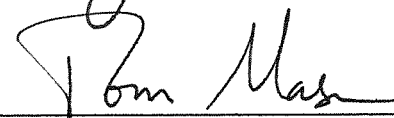
Whereas, Alan's dry wit and approachable demeanor was valued by a variety of co-workers, with whom he sometimes shared his passion for sports cars and his love for his cats;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Corporate Services employees, expresses its appreciation to Alan Rogers for his years of devoted service to LCRA and its customers, and wishes him well in his future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

# Resolution of the Board of Directors Of the Lower Colorado River Authority

## Honoring Kay Tiemann

Whereas, Kay Tiemann retired from the Lower Colorado River Authority after nearly 31 years of service, which she began on May 12, 1980, as a lab technician at the Fayette Power Project and ended on January 22, 2011, as a senior plant water technician; and

Whereas, Kay has worked within the same team for the past three decades — performing tasks associated with fuel analysis, environmental protection, and the assurance that water used for plant processes is of the utmost purity — and has contributed consistently to the team's success; and

Whereas, her key job duties included monitoring and analyzing boiler water and feedwater, helping ensure optimum performance of the condensate polisher, and keeping on-line analyzers calibrated for optimum use; and

Whereas, Kay's duties also included assisting and monitoring the chemical reaction scrubber process that is used to remove sulfur dioxide from flue gas emissions released by the plant's newest unit, which is wholly owned by LCRA; and

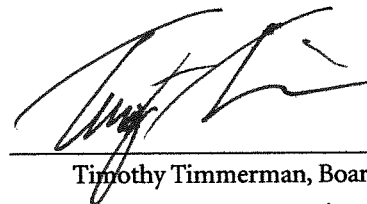
Whereas, to help ensure consistent water purity for plant processes, Kay routinely participated in weekend duty rotation, which requires team members to visit the plant on Saturday and Sunday to check boiler water, chemical treatment, and related equipment; and

Whereas, she consistently followed required safety procedures and documented her work appropriately, adhering to the "when in doubt, pour it out" rule that is widely recognized among chemical analysts; and

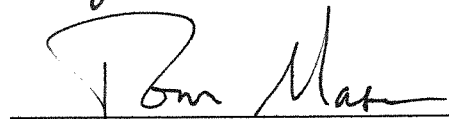
Whereas, Kay was a no-nonsense employee who requested that team members not take time away from their important duties to celebrate her well-deserved retirement, which will allow her to spend more time with her son, daughter, and two grandchildren;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Wholesale Power Services employees, expresses its appreciation to Kay Tiemann for her years of devoted service to LCRA and its customers, and wishes her well in her future activities.

Approved this 23rd day of March 2011.



Timothy Timmerman, Board Chair



Thomas G. Mason, General Manager

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**FOR DISCUSSION**

### **3. Financial Report**

**Board Consideration**

This report is presented monthly to the Board for discussion.

**Summary**

The financial report for LCRA covers the month and fiscal year to date.

**Presenter(s)**

Brady Edwards  
Chief Financial Officer

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## **FOR CONSENT**

### **4. Directors' Fees, Expenses**

#### **Proposed Motion**

Approve directors' fees and expense reports.

#### **Board Consideration**

LCRA Board Policy 105 - Directors' Fees and Expense Reimbursement Policy and the LCRA Bylaws require Board approval for directors' fees and expenses.

#### **Budget Status and Fiscal Impact**

Directors' fees and expenses are provided for in the budget in the business plan.

#### **Summary**

LCRA Board Policy 105 establishes guidelines for the payment of fees and reimbursement of the expenses that directors incur as they carry out their responsibilities as LCRA Board members.

## **FOR CONSENT**

### **5. Minutes of Prior Meeting**

#### **Proposed Motion**

Approve the minutes of the Feb. 16, 2011, meeting.

#### **Board Consideration**

Section 2.04 of the LCRA bylaws provides that the Secretary will keep minutes of all meetings of the Board.

#### **Budget Status and Fiscal Impact**

None.

#### **Summary**

Each meeting the Board approves the minutes of previous meetings.

#### **Exhibit(s)**

A - Minutes of Feb. 16, 2011, meeting

## **EXHIBIT A**

Minutes Digest  
February 16, 2011

- 11-10 Election of Rebecca A. Klein to serve as LCRA Board vice chair for calendar year 2011.
- 11-11 Election of Kathleen Hartnett White to serve as LCRA Board secretary for calendar year 2011.
- 11-12 Approval of revisions to LCRA Board Policy 205 – Procurement (Supply Management) and new LCRA Board Policy 207 – Outside Legal Representation and Related Matters.
- 11-13 Approval of a resolution honoring John Brooks, LCRA retiree.
- 11-14 Approval of a resolution honoring Leo Sanchez, LCRA retiree.
- 11-15 Approval of a resolution honoring Charlie Cernoch, LCRA retiree.
- 11-16 Approval of a capital purchase of 15 used, high-capacity aluminum railcars for the Fayette Power Project.
- 11-17 Approval of directors' fees and expenses reimbursement.
- 11-18 Approval of the minutes of the January 19, 2011, meeting.
- 11-19 Authorization for the general manager or his designee to negotiate and execute a purchase and sale agreement for the sale of the Elgin wastewater system to the City of Elgin, consistent with the terms described in the term sheet, and do all things necessary to accomplish the conveyance of the system to the City of Elgin, and further declaration that the system is no longer necessary or convenient or of beneficial use to the business of LCRA, such declaration to be contingent upon the City of Elgin's purchase of the system.
- 11-20 Authorization for the general manager or his designee to negotiate and execute a memorandum of understanding (MOU) and related agreements with the City of Marble Falls consistent with the terms set out in the related agenda item and the term sheet, and to do all things necessary to accomplish the purposes of the MOU and related agreements, including the conveyance of water systems, land, and easements, and further declaration of the Hamilton Creek Water System, South Road Water System, and a tract of land totaling approximately 4.93 acres, situated in the R. G. Blanton Survey No. 606, Abstract No. 99 in Burnet County proposed for a water treatment plant site, as no longer necessary or convenient or of beneficial use to the

business of LCRA, such declaration to be contingent upon the conveyance of said property to the City of Marble Falls pursuant to the MOU.

11-21 Approval of the following actions related to the Liberty Hill Regional Wastewater System Impact Fee Study:

1. Adoption of amended maximum allowable impact fees for those wastewater system customers who seek service connections for new or additional wastewater service, in the amounts of:
  - \$1,584 per living unit equivalent (LUE) for all wholesale and retail customers; and
  - An additional \$1,602 per LUE for retail customers.
2. Authorization for staff to collect a base impact fee of \$1,550 per LUE for all wholesale and retail customers and an additional impact fee of \$1,600 per LUE for retail customers from customers who seek service connections for new or additional wastewater service.
3. Authorization for staff to incorporate the amended impact fees into the LCRA Retail Rate Schedule effective immediately upon approval.

11-22 Authorization for the general manager or his designee to negotiate and execute Contract No. 3233 (Frisco Construction Services, Inc.).

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
February 16, 2011

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 8:36 a.m. on Wednesday, February 16, 2011, at the principal office of LCRA, 3700 Lake Austin Boulevard, Hancock Building, Board Room, Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timmerman  
Klein  
White  
Berger  
Carter  
Dickerson  
Johnson  
Martine  
McCasland  
McHenry  
Schrader  
Spears  
Wallace

Absent: Balas  
Raun

Chair Timmerman, presiding over his first meeting as Board chair, convened the meeting at 8:36 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Spears provided an invocation.

Chair Timmerman made remarks and expressed his appreciation to Director Klein for her leadership and significant contributions to the success of LCRA while serving as Board chair over the last three years [from January 2008 to January 26, 2011]. General Manager Thomas Mason gave a summary of some of LCRA's key accomplishments during Klein's tenure as Board chair:

- Signed its biggest wholesale power customer, along with many others, to long-term contracts to purchase power from LCRA.
- Opened the Winchester Power Park, which can respond quickly to peak power demands.
- Added 200 megawatts of wind power from the Texas Gulf Coast, nearly tripling LCRA's portfolio of renewable wind power.
- Managed a dwindling water supply during the worst drought since the 1950s Drought of Record.

- Launched a diverse stakeholder process to develop the next version of the Water Management Plan.
- Began the process to divest LCRA of its water and wastewater systems.
- Initiated LCRA Transmission Services Corporation Competitive Renewable Energy Zones (CREZ) projects to bring wind power from West Texas.

Directors expressed their appreciation and thanked Director Klein for her service, leadership and support, and said that she had done a great job as Board chair during challenging times for LCRA and the Board. Chair Timmerman, on behalf of the Board and staff, presented Director Klein with her Board gavel in recognition of her service as Board chair.

Chair Timmerman introduced the first item - Election of Board Officers, and presented for consideration a recommendation, described in Agenda Item 1 [attached hereto as Exhibit A], that the Board elect a vice chair and secretary for calendar year 2011. Chair Timmerman noted that he had appointed a Nominations Committee consisting of directors Spears, Dickerson and Schrader to assist with the nominations process. Director Spears presented the Nominations Committee recommendations that the Board elect Rebecca A. Klein as vice chair and Kathleen Hartnett White as secretary for calendar year 2011. Director Dickerson seconded the nominations. Chair Timmerman called for further nominations for vice chair and secretary and there were none. The Board then took the following action:

11-10 The Board, by a vote of 13 to 0, unanimously elected Rebecca A. Klein to serve as Board vice chair for calendar year 2011.

11-11 The Board, by a vote of 13 to 0, unanimously elected Kathleen Hartnett White to serve as Board secretary for calendar year 2011.

11-12 Chair Timmerman introduced Agenda Item 2, and General Counsel John Rubottom presented for consideration a recommendation, described in Agenda Item 2 [attached hereto as Exhibit B], that the Board approve revisions to LCRA Board Policy 205 – Procurement (Supply Management) and new LCRA Board Policy 207 – Outside Legal Representation and Related Matters. Chair Timmerman noted that staff had reviewed this item with directors during a recent committee meeting. Upon motion by Director McCasland, seconded by Director Dickerson, the recommendation was unanimously approved by a vote of 13 to 0.

General Manager Thomas Mason presented, and the Board approved, resolutions honoring the following former employees who recently retired from LCRA:

11-13 Upon motion by Director Spears, seconded by Director Johnson, the Board unanimously approved a resolution (attached hereto as Exhibit C) honoring John Brooks.

11-14 Upon motion by Director Wallace, seconded by Director Spears, the Board unanimously approved a resolution (attached hereto as Exhibit D) honoring Leo Sanchez.

11-15 Upon motion by Director Spears, seconded by Director Berger, the Board unanimously approved a resolution (attached hereto as Exhibit E) honoring Charlie Cernoch. [Mr. Cernoch was not present to receive his resolution.].

General Manager Thomas Mason gave an update on issues and activities related to LCRA, including the celebration of LCRA's 76th birthday on February 19; update on the February 2 rolling blackouts, including important communications with LCRA wholesale electric customers; the recent proposal for decision issued by the administrative law judge in the West Travis County retail water and wastewater rate appeal case; the West Lake Hills Wastewater Collection System project's receipt of a Gold Medal Engineering Excellence Award from the Texas Council of Engineering Companies; and review of the new Water Supply Dashboard for monthly water supply status information.

Fred Aus, manager of Governmental Affairs, gave a general update on the 82nd Texas Legislature Regular Session, including the March 11 deadline for filing new legislation; appointment of House committee assignments; and the recent joint Senate committee hearings on the rolling blackouts that occurred on February 2. Aus also gave an update on proposed legislation that may affect LCRA and its customers, including HB 611 by Rep. Jim Murphy, Rep. Paul Workman and Rep. Dan Flynn relating to the provision of certain professional services by certain governmental entities; HB 628 by Rep. Bill Callegari relating to procurement practices - contracts by governmental entities and related professional services, and public works performance and payment bonds; and SB 84 by Sen. Jane Nelson relating to requiring governmental entities and contractors with governmental entities to participate in the federal electronic verification of work authorization program (E-verify).

Chief Financial Officer Brady Edwards presented the financial update for January 2011.

Chair Timmerman declared the meeting to be in executive session at 9:39 a.m., pursuant to sections 551.071, 551.072 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 10:46 a.m., and then recessed the meeting for a short break. Chair Timmerman reconvened the meeting at approximately 10:57 a.m.

Chair Timmerman recognized the following special guests: Mayor John Cowman and Urban Design Officer Pix Howell of the City of Leander; Mayor Patricia Frain of Sunrise Beach; Judge Donna Klaeger and Commissioner Joe Don Dockery of Burnet County; and Mayor Dave Claunch of the City of West Lake Hills.

The Board next considered the Consent Agenda. Upon motion by Director Dickerson, seconded by Director Wallace, the Board, by a vote of 12 to 0 [Director White was temporarily absent for voting on this item.], unanimously approved consent items 5, 6 and 7 included on the February 16, 2011, Board Consent Agenda, as follows:

11-16 A capital purchase of 15 used, high-capacity aluminum railcars for the Fayette Power Project, as recommended by staff in Consent Item 5 [attached hereto as Exhibit F].

11-17 Directors' fees and expenses and reimbursement of directors for such fees and expenses, as recommended in Consent Item 6 [attached hereto as Exhibit G].

11-18 The minutes of the January 19, 2011, meeting [Consent Item 7].

11-19 Suzanne Zarling, executive manager of Water Services, presented the next item for consideration – staff’s recommendation that the Board authorize the proposed sale of the Elgin Wastewater System, consistent with the terms discussed in executive session.

City Manager Greg Vick of Elgin addressed the Board regarding this item. Mr. Vick reported that the Elgin City Council has authorized the City’s purchase of the Elgin Wastewater System, and he requested that the Board approve the item as well.

Director Spears made a motion that the Board authorize the general manager or his designee to negotiate and execute a purchase and sale agreement for the sale of the Elgin Wastewater System to the City of Elgin, consistent with the terms described in the term sheet attached hereto as Exhibit H, and do all things necessary to accomplish the conveyance of the system to the City of Elgin, and further that the Board declare the system is no longer necessary or convenient or of beneficial use to the business of LCRA, such declaration to be contingent upon the City of Elgin’s purchase of the system. The motion, seconded by Director Wallace, was unanimously approved by a vote of 12 to 0 [Director White was temporarily absent for voting on this item.].

11-20 Suzanne Zarling, executive manager of Water Services, presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit I], that the Board authorize the general manager or his designee to negotiate and execute a memorandum of understanding and related agreements with the City of Marble Falls, consistent with the terms discussed in executive session and described in Agenda Item 8.

Director Carter made a motion that the Board authorize the general manager or his designee to negotiate and execute a memorandum of understanding (MOU) and related agreements with the City of Marble Falls consistent with the terms set out in the related agenda item and the term sheet attached hereto as part of Exhibit I, and to do all things necessary to accomplish the purposes of the MOU and related agreements, including the conveyance of water systems, land, and easements, and further that the Board declare the Hamilton Creek Water System, South Road Water System, and a tract of land totaling approximately 4.93 acres, situated in the R. G. Blanton Survey No. 606, Abstract No. 99 in Burnet County proposed for a water treatment plant site, as no longer necessary or convenient or of beneficial use to the business of LCRA, such declaration to be contingent upon the conveyance of said property to the City of Marble Falls pursuant to the MOU. The motion, seconded by Director Spears, was unanimously approved by a vote of 12 to 0 [Director White returned to the meeting at approximately 11:08 a.m., shortly after the vote on this item.]

Chief Financial Officer Brady Edwards provided an update related to the proposed divestiture of LCRA’s water and wastewater assets. Edwards outlined the next steps in the process: LCRA will formally announce the beginning of the process for the sale of its water and wastewater systems to financial markets; LCRA’s financial consultant, BMO Capital Markets, will contact potential buyers; any prospective bidders will be required to execute confidentiality agreements; information will be provided to bidders; and LCRA expects a Request for Proposals to be issued by the end of March.

The Board next heard public comments and listened to concerns expressed by the following speakers regarding the proposed divestiture of LCRA water and wastewater systems: General Manager Earl Foster of the Lakeway Municipal Utility District; Barney Knight, attorney representing Leander; Pix Howell, Urban Design Officer of Leander (and also a former member of the LCRA Board); Mayor John Cowman of Leander; David Steed, President of the Travis County Water Control and Improvement District 17; Judge Donna Klaeger of Burnet County; and Carol Lee, who lives within the Glenlake Rate District (Glenlake Water System).

Chair Timmerman made comments and thanked the speakers for addressing the Board.

11-21 Chair Timmerman next convened a public hearing for the Liberty Hill Regional Wastewater System Impact Fee Study – Adoption of Impact Fees (Agenda Item 9). Dennis Daniel, manager of Customer and Business Strategy, gave the staff presentation. Daniel noted that the Liberty Hill Wastewater System Impact Fee Advisory Committee has submitted a letter in support of staff's recommendations (A copy of the letter from Ms. Jennifer McKnight is attached hereto as part of Exhibit J.). Following the public hearing, at which no comments from the public were received, upon motion by Director Spears, seconded by Director McCasland, the Board, by a vote of 11 to 0 [Directors Martine and Spears were temporarily absent for voting on this item.], unanimously approved the following actions related to the Liberty Hill Regional Wastewater System Impact Fee Study, as recommended by staff in Agenda Item 9 [attached hereto as Exhibit J]:

1. Adoption of amended maximum allowable impact fees for those wastewater system customers who seek service connections for new or additional wastewater service, in the amounts of:
  - \$1,584 per living unit equivalent (LUE) for all wholesale and retail customers; and
  - An additional \$1,602 per LUE for retail customers.
2. Authorization for staff to collect a base impact fee of \$1,550 per LUE for all wholesale and retail customers and an additional impact fee of \$1,600 per LUE for retail customers from customers who seek service connections for new or additional wastewater service.
3. Authorization for staff to incorporate the amended impact fees into the LCRA Retail Rate Schedule effective immediately upon approval.

11-22 Andy Betz, chief procurement officer, presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit K], that the Board authorize the general manager or his designee to negotiate and execute Contract No. 3233 (Frisco Construction Services, Inc.). Upon motion by Director McCasland, seconded by Director McHenry, the recommendation was unanimously approved by a vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at approximately 12:02 p.m.

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Kathleen Hartnett White, Secretary  
LCRA Board of Directors

## **FOR ACTION**

# **6. Amendments to LCRA's Downstream Water Rights**

### **Proposed Motion**

Authorize the general manager or his designee to submit to the Texas Commission on Environmental Quality applications to amend LCRA's Gulf Coast and Lakeside water rights to authorize additional purposes of use.

### **Board Consideration**

LCRA Board Policy 102 - Authority and Responsibilities requires Board approval for all decisions where Board policy or direction has not been clearly established.

### **Budget Status and Fiscal Impact**

The cost to amend the water rights is estimated not to exceed \$100,000. The \$100,000 is included in the FY 2012 Capital Plan.

### **Summary**

Staff requests approval to seek amendments to the Gulf Coast and Lakeside water rights to authorize additional purposes of use within the Gulf Coast and Lakeside service areas, including the addition of municipal, industrial, mining, and recharge use. Such amendments are consistent with the Water Supply Resource Plan and implement several guiding principles set forth in the recently adopted LCRA Board Policy 501 - Water Resources because the amendments would help LCRA:

- Maximize the potential supplies available from its Colorado River rights in a cost-effective manner;
- Optimize its water supply by managing the water stored in lakes Buchanan and Travis with a basin-wide perspective of ensuring firm water supplies are available during an extended drought while continuing to make interruptible supplies available whenever possible; and,
- Improve the reliability of water supply for agricultural needs through a cost-effective strategy that increases available supply to all customers.

LCRA has acquired four major downstream water rights over the past 40-plus years. Two of these water rights (Garwood and Pierce Ranch) were amended to authorize additional purposes and places of use prior to or at the time LCRA acquired those rights from the original owners. The Gulf Coast right is limited to use for irrigation purposes only within its service area. The full Lakeside right is authorized for irrigation use and a limited amount may also be used for municipal use. Please see Exhibit A for a description of the current authorizations under all four of these rights. LCRA has firm water customers who currently receive Highland Lakes water delivered through the Gulf Coast Irrigation Division canals (such as Underground Services Markham and Oxea, Inc.). The proposed amendments would allow LCRA to use the Gulf Coast water right to help meet the demands of these firm customers, enabling LCRA to optimize its supply consistent with Board policy. These proposed amendments will not affect delivery of water under interruptible water contracts entered into by LCRA.

LCRA has anticipated further amending its downstream water rights for some time. Such amendments were contemplated in each of the approved Region K Water Planning Group's regional plans. Not only was amending LCRA's downstream water rights a key water supply strategy in the Water Supply Resource Plan approved by the Board in October 2010, it was the least expensive water supply option.

There is currently an application pending at TCEQ to amend the Garwood water right to add authorization to divert water at locations of LCRA's firm water customers. In addition to the ongoing application and amendments proposed in this item, staff anticipates that, over time, further amendments to all four downstream rights will be needed to allow LCRA to fully maximize the use of these rights to meet the growing needs of this basin. These future actions could likely include amendments to allow LCRA to capture and store waters available under these rights in off-channel reservoirs, and amendments to allow the water to be diverted and used at other locations. These amendments would further enhance the value of these assets, provide LCRA with important flexibility needed to help it meet existing and future water needs of its firm water customers, and allow LCRA to continue to provide interruptible water supplies to its agricultural customers in the four irrigation operations for as long a time as possible. Future amendments to the downstream rights will require Board review and action.

Today, staff is only recommending amendments to the Gulf Coast and Lakeside water rights to authorize additional purposes of use. Staff will assess the timing and need for additional amendments, such as those described above, and seek further authorization from the Board at a future date.

**Presenter(s)**

Suzanne Zarling  
Executive Manager, Water Services

James Kowis  
Chief Water Supply Strategist

**Exhibit(s)**

A - Summary of LCRA's Four Downstream Water Rights

**EXHIBIT A****Summary of LCRA's Downstream Water Rights**

<b>Irrigation Operation</b>	<b>Date Acquired (closing)</b>	<b>Purchase Price<sup>1</sup></b>	<b>Authorized Diversion (acft/yr)<sup>2</sup></b>	<b>Authorized Purpose of Use</b>	<b>Proposed Additional Purposes of Use</b>
<b>Gulf Coast</b>	Dec. 31, 1959	\$ 1.9 million	262,500	Irrigation	Municipal Industrial Mining Recharge
<b>Lakeside</b>	Jan. 31, 1983	\$ 5.0 million	131,250	Irrigation Municipal (55,000 af)	Industrial Mining Recharge
<b>Garwood<sup>3</sup></b>	Jan. 7, 1999	\$75.0 million	133,000	Irrigation Municipal Industrial	No change needed now
<b>Pierce Ranch<sup>4</sup></b>	May 23, 2000	\$17.0 million (for 55,000 acre-feet in 2000 purchase agreement)	110,000 Total (55,000 <sup>5</sup> in 1992 settlement, 55,000 in 2000 purchase agreement)	Municipal Industrial Irrigation Recreation	No change needed now

<sup>1</sup> The purchase price for each operation included assets or other value items other than the water rights, i.e. pumping facilities, land, easements, groundwater wells, trucks, buildings, equipment, options to purchase property, potential rights to groundwater or other similar type assets.

<sup>2</sup> Amounts reflect final quantities of water authorized under the adjudication of water rights by the Texas Commission on Environmental Quality's predecessor agencies.

<sup>3</sup> This is the remaining portion of the Garwood water right acquired by LCRA. Garwood was authorized a total of 168,000 acre-feet per year. Corpus Christi purchased 35,000 acre-feet prior to LCRA's acquisition. Corpus Christi's portion of the water right is one day junior in priority to the remaining portion LCRA purchased.

<sup>4</sup> Pierce Ranch retained its irrigation facilities and operations. LCRA only purchased the water rights. Under the provisions of the purchase agreement, LCRA supplies water from its interruptible supply for Pierce Ranch.

<sup>5</sup> This first 55,000 acre-feet was transferred to the Lakeside water right in 1997.

## **FOR ACTION**

# **7. Authorize Sale of Liberty Hill Wastewater System and Execution of a Purchase Agreement**

### **Proposed Motion**

Authorize the general manager or his designee to negotiate and execute a purchase and sale agreement with the City of Liberty Hill for the sale of the LCRA wastewater system serving the City of Liberty Hill and surrounding area, and do all things necessary to accomplish the sale of the system, all consistent with the terms described below and discussed in Executive Session. Further declare that the system is no longer necessary or convenient or of beneficial use to the business of LCRA, such declaration to be contingent on the conveyance of the system to the City of Liberty Hill.

### **Board Consideration**

Texas Special District Local Laws Code section 8503.020 requires the Board to determine, by an affirmative vote of three-fourths of the Board's statutory membership, that any property to be sold by LCRA is no longer necessary or convenient or of beneficial use to the business of LCRA, and that Board approves the terms of the sale.

### **Budget Status and Fiscal Impact**

The administrative costs associated with the sale of this property are contained within the FY 2011 Business Plan and the proceeds will be reserved for the benefit of Water Services.

### **Summary**

Staff seeks authorization to enter into a purchase and sale agreement to sell the System to the City of Liberty Hill.

In 2001, the City of Liberty Hill requested assistance from the Brazos - Colorado Water Alliance to develop a centralized wastewater system to serve the Liberty Hill area. LCRA owns, manages and finances the system. The Brazos River Authority (Brazos) operates it. The construction and operation of the system began in 2006, and the system includes collection mains, lift stations and a 400,000-gallon-per-day treatment plant. The system currently serves approximately 1,016 Living Unit Equivalents (LUEs). The system provides wholesale service to the City of Liberty Hill, Williamson County Municipal Utility District (MUD) No. 13 and the Chisholm Trail Special Utility District (CTSUD), which provides retail service for Williamson County MUD Nos. 12 and 19 and a tract of land known as the Rosenbusch Tract. LCRA also provides retail service in the Stonewall Ranch development adjoining the City.

Staff has been negotiating the terms for the proposed sale with the City of Liberty Hill. The City of Liberty Hill City Council voted on Feb. 28, 2011, to purchase the system based on terms proposed by LCRA.

Brazos holds a right of first refusal to acquire the system on the same terms approved by the City of Liberty Hill. If the Board approves the proposed motion, LCRA will give Brazos written notice of the terms of the proposed sale to the City in accordance with the right of first refusal. LCRA staff previously discussed a possible sale of the system with Brazos staff.

Upon execution of the proposed purchase and sale agreement, the City of Liberty Hill will request that the Texas Commission on Environmental Quality (TCEQ) transfer LCRA's rights to the existing certificate of convenience and necessity (CCN) and wastewater permit to the City of Liberty

Hill. Brazos must consent to the transfer, and the City of Liberty Hill must negotiate with Brazos if the City desires to hold the CCN and permit exclusively.

Conveyance of the system will occur upon compliance with the terms of the purchase and sale agreement and approval by the TCEQ of the CCN and permit transfer. The City of Liberty Hill must also obtain consents for conveyance of agreements relating to the system with customers including CTSUD, Brazos and Williamson County MUD No. 13, based on existing contracts.

LCRA staff will conduct a due-diligence environmental site assessment prior to the execution of the purchase and sale agreement.

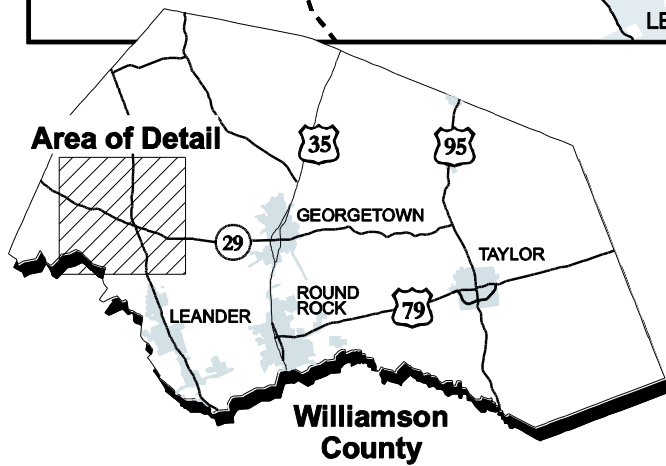
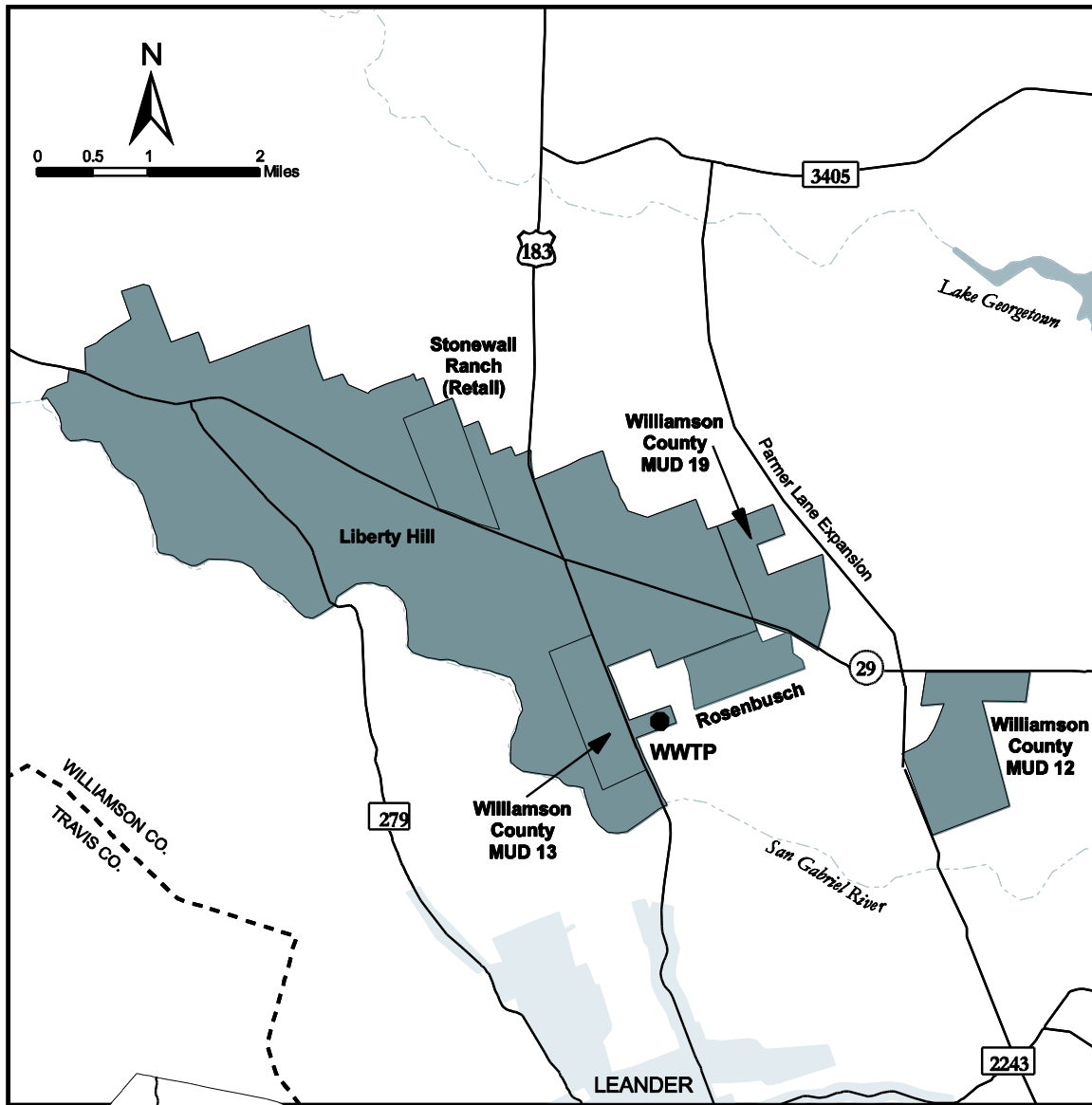
**Presenter(s)**

Suzanne Zarling  
Executive Manager, Water Services

**Exhibit(s)**

A - General Location Map

**EXHIBIT A**



**General Location Map**

**Liberty Hill  
Wastewater System**

 Service Area

**FOR DISCUSSION**

**8. Water and Wastewater Utility Divestiture Update**

**Summary**

Staff will update the Board on activities related to the proposed divestiture of LCRA's water and wastewater utility assets.

**Presenter(s)**

Brady Edwards  
Chief Financial Officer

## **FOR ACTION**

# **9. Contracts and Contract Changes**

### **Proposed Motion**

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

### **Board Consideration**

LCRA Board Policy 205 - Supply Management establishes requirements for the purchasing of goods, services, software, construction, professional and consulting services, and the disposal of surplus materials.

### **Budget Status and Fiscal Impact**

All contracts and contract changes recommended for Board approval are for budgeted items contained in the operations and capital budgets.

### **Summary**

Each month the Board approves the contracts and contract changes in accordance with LCRA Board Policy 205 - Supply Management.

### **Presenter(s)**

Andy Betz  
Chief Procurement Officer

## **EXHIBIT A**

### **Exceptions**

Contracts and contract actions requiring Board approvals and which depart from the competitive process, require ratification, or have terms exceeding five years are noted in Exhibit A.

#### **Amendment No. 1 to Contract 2258**

**Amount:** Not to exceed \$41 million

**Time:** Existing contract expires 12/31/2012 – Amendment extension to 9/30/2015

**Contractor:** Fort Worth Tower, Inc.

**Competition:** Full and open competition on the original contract

**Description:** The requested exception is to extend the contract term to exceed five years. This amendment will extend the existing contract by 33 months to coincide with LCRA CREZ projects. This amendment also authorizes expenditures of an additional \$41 million with Fort Worth Tower, Inc. The original contract was awarded to provide a secondary supplier of transmission poles. Given the recent issues with LCRA's primary supplier, Fort Worth Tower, Inc. will become the primary source of poles for these future projects. Based on the additional volume of poles, LCRA was able to negotiate improved pricing from Fort Worth Tower, Inc.

<b>Recap:</b>	Original Contract (01/08)	\$ 4,000,000
	<b>Amendment No. 1 (03/11)</b>	<b><u>\$41,000,000</u></b>
	Total	<b><u>\$45,000,000</u></b>

## **EXHIBIT B**

### **New Contracts**

LCRA Board Policy 205 – Supply Management requires Board approval for contracts (unless otherwise provided under other Board policy) in excess of \$50,000 for professional and consulting services, and contracts valued at more than \$2 million for materials, non-consulting services, software, and construction. Each month, any new contracts that exceed these limits are noted in Exhibit B.

For March 2011, there are no new contracts.

## **EXHIBIT C**

### **Contract Administration**

LCRA Board Policy 205 – Supply Management requires Board approval for contract changes when the accumulated changes are in excess of \$50,000 for professional and consulting services, and contracts valued at more than \$2 million for materials, non-consulting services, software, and construction. Each month, any changes that reach these limits are noted in Exhibit C.

- A *Change Order* is a change to the statement of work, specifications or schedule of the contract.
- An *Amendment* is a change to a contract which affects other terms and conditions of the contract.
- An *Increase in Estimate* is a request to spend more funds than were previously estimated to be spent through a given contract. The contract is not changed; only the internal estimate of the amount to be spent with the supplier.
- A *Task Order* is an order for services, awarded under an Indefinite Delivery Indefinite Quantity Contract. These contracts were originally awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

For March 2011, there are no contract administration items.