



Board Agenda

Wednesday, May 18, 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/>.

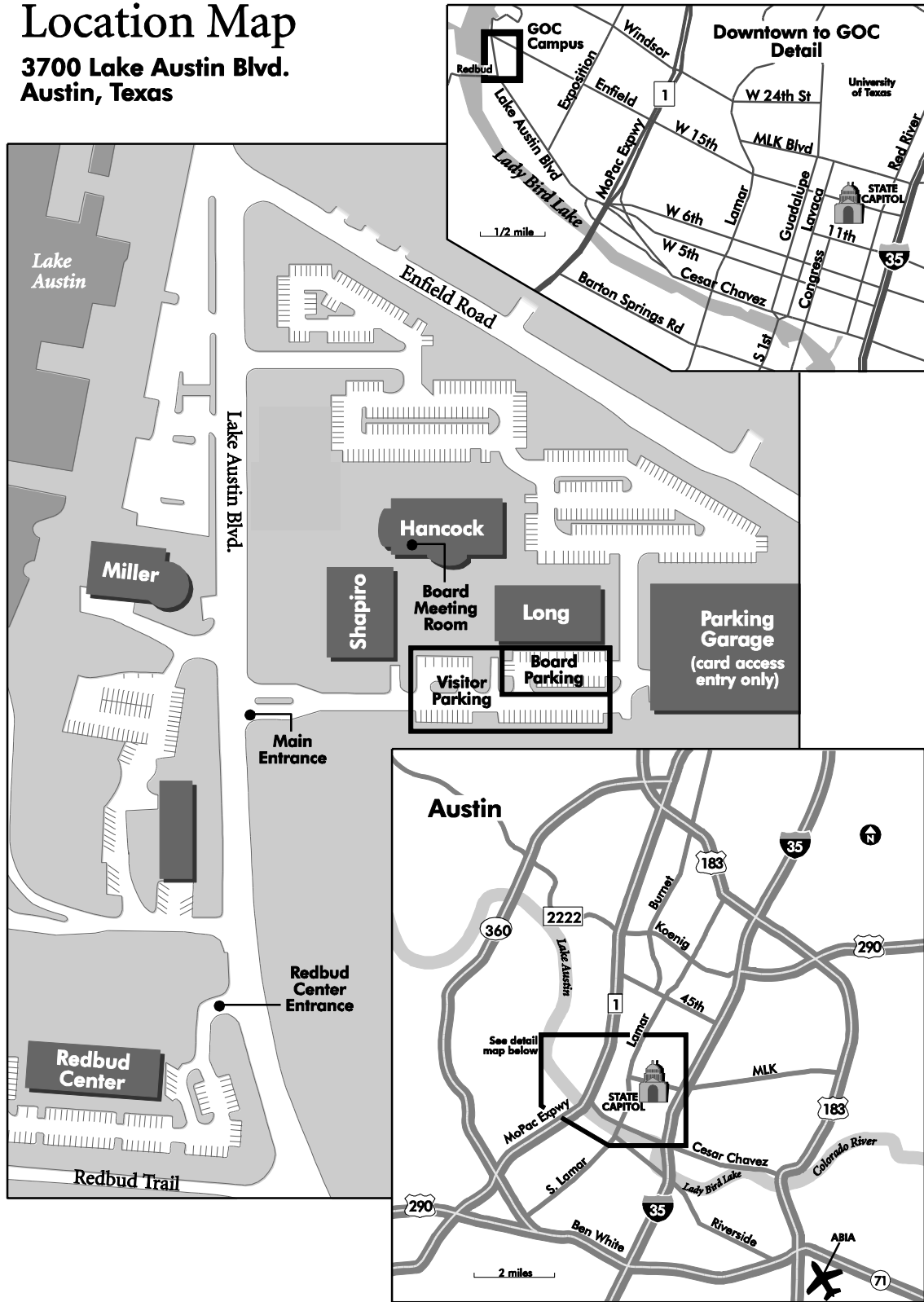
Executive Session

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. 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 Thomas “Tommy” Bills

Whereas, Thomas “Tommy” Bills retired from the Lower Colorado River Authority on March 17, 2011, after having completed more than 25 years of service to LCRA; and

Whereas, he began his LCRA career on November 11, 1985, as an apprentice lineman at the General Office Complex and retired as senior high-line worker at the Dalchau Service Center, primarily responsible for the safe and effective operation of a 170-foot-tall bucket truck for the past 10 years; and

Whereas, Tommy’s experience at LCRA has been diverse and extensive. Following the devastation of Hurricane Hugo in 1989, he, his entire distribution crew and all of their equipment were flown in cargo airplanes to St. Croix in the U.S. Virgin Islands to assist in restoring power over the course of several months. Consequently, none of his subsequent out-of-town construction projects have been able to quite match up; and

Whereas, Tommy’s work experiences prior to LCRA largely influenced his dedication and attention to detail. In a previous electric distribution job, he received an electrical burn. Tommy wanted to make sure that he passed along the severity of the experience to the younger employees to ensure they took all the necessary and appropriate safety precautions. He wouldn’t hesitate to take extra time with a job or even stop a job if he wasn’t entirely sure it was safe; and

Whereas, Tommy will be greatly missed by his co-workers, and they wish him many happy days enjoying building odds and ends in the home workshop he is currently constructing. They also express their wishes for him to enjoy more time with his family, which he always, appropriately, put first. If Tommy’s wife or son was sick, he would make sure he was there to help take care of them;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Gail Daugherty

Whereas, Gail Daugherty retired from the Lower Colorado River Authority on March 1, 2011, after having completed more than 34 years of service to LCRA; and

Whereas, she began her LCRA career on May 24, 1976, as a clerk typist at the General Office Complex and retired as an administrative support supervisor at LCRA's Dalchau Service Center, responsible for supporting operations within the entire Transmission Services business unit; and

Whereas, Gail always looked for ways to improve processes for LCRA. She was a genuine leader who did not hold on to old processes for fear of how changes would impact her group; she did the right thing to manage efficiently. As a result of her drive to continually find improvements, Gail constantly encouraged her staff to take on different roles within LCRA and learn new skills. She was always concerned about her "peeps" and their wellbeing; and

Whereas, Gail has years of hands-on experience improving processes at LCRA harking from her days as a working funds manager before LCRA even used procards for payments. She was a fundamental part of the "paper process" from time entry to the boxes of procurement files and audits. Even while she neared her retirement (just two months shy of 35 years at LCRA) she was still looking for ways to help make LCRA more competitive and improve life for its employees.

Whereas, Gail is a true LCRA family member in many ways: Her husband works at LCRA and is also receiving his retiree resolution today, her father-in-law worked at LCRA and her brother-in-law currently works here. She is just like family to many Transmission Services employees; and

Whereas, Gail's fun-loving personality, her friendly banter, her respect for everyone and her top-notch office "decorating" skills will be greatly missed. It will be difficult to find someone who can fill the office of an unsuspecting birthday honoree with black balloons and confetti with quite the flair that Gail could;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Kieth Daugherty

Whereas, Kieth Daugherty retired from the Lower Colorado River Authority on March 1, 2011, after having completed more than 35 years of service to LCRA; and

Whereas, he began his LCRA career on February 23, 1976, as an equipment mechanic helper at the Service Center and retired as System Protection and Control supervisor, responsible for overseeing the installation and maintenance of system relays and controls – the “brains” that monitor the system and manage the opening and closing of circuits that carry electricity; and

Whereas, Kieth’s co-workers believe he would have been a great fireman because he loves dealing with adversity and is an excellent trouble shooter. His supervisor said Kieth’s office resembled a 911 call center with so many incoming calls for help. He would verbally walk the person on the other end of the call through each wire to check to ensure the employee’s safety and the line’s reliability. He also never had need for a clock because he believed that the time to leave was when the job was finished, and not any sooner; and

Whereas, Kieth was instrumental in successfully constructing and energizing the high-profile Clear Springs to TXU ED Salado transmission line addition, lending leadership and expertise for substation additions at Clear Springs, Zorn and Gilleland Creek. He wrote the energize sequence so that new 345-kilovolt substation equipment and transmission lines could be energized safely and efficiently; and

Whereas, Kieth’s experience of LCRA operations is broad – from his early days helping to refurbish floodgates at Mansfield and Tom Miller dams in the mid-1970s to transmission construction to system reliability. His father, brother, wife and niece also are part of the LCRA family. Kieth injected a bit of humor into discussions about work to help convey important points of the job and make them more memorable. To some of the younger employees, he explained that it’s obvious when a mistake is made in their department because people’s power goes off. To stress the need for ensuring appropriate precautions, he would say “When in doubt, we’ll trip you out.” He even left behind a reminder called the “Trip Test Prayer”; and

Whereas, Kieth’s wonderful sense of humor, outstanding golf skills and camaraderie in cheering on the Texas Longhorns will be greatly missed, his co-workers wish him all the best in retirement;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Marc Flippin

Whereas, Marc Flippin retired from the Lower Colorado River Authority on March 31, 2011, after having completed more than 28 years of service to LCRA; and

Whereas, he began his LCRA career on January 31, 1983, as an Engineer II working at the General Office Complex in the fuels department and retired as a Coal and Rail Specialist Principal, responsible for coal transportation planning and operations; and

Whereas, his expertise helped in coordinating the process of LCRA working with the Union Pacific Railroad to finalize the lease on the property for the Smithville railcar facility; and

Whereas, his mining and development expertise along with his ability to interact in a positive manner with the area landowners helped guide successful operations, closure and the award-winning reclamation of LCRA's Powell Bend lignite mine project, and

Whereas, he served on the Fayette Power Project fuel subcommittee for many years including terms as Chair and Secretary and his attention to detail, especially in enforcing the provisions of LCRA's contracts, made FPP one of the lowest cost generation plants in the United States; and

Whereas, in 2008 he was recognized for successful FPP rail transportation negotiations in support of LCRA's Fiscal Year 2008 Business Plan Objectives. For many years he led LCRA's efforts for competitive rail service through his involvement with the Western Coal Traffic League and served as Treasurer of this group of utilities; and

Whereas, he was well regarded and respected by his friends and co-workers who admired him for his conduct as a gentleman and always having a kind word or act for another person; and

Whereas, using his persuasive ability to challenge and encourage employee participation in LCRA's golf league, he helped foster camaraderie and community involvement across business units, and

Whereas, he is a devoted husband and father and gives endlessly of his time to his church and community,

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Josephine “Joey” Gerner

Whereas, Joey Gerner retired from the Lower Colorado River Authority on March 30, 2011, after completing nearly 35 years of service to LCRA; and

Whereas, she began her LCRA career in 1976, right out of high school, in an entry-level accounting position, and retired as a supervisor of Telecommunication System Integration and Support; and

Whereas, for about 30 years of her LCRA career, Joey worked in Information Technology (IT), where she was deeply involved in significant and successful installation and implementation of Maximo, PeopleSoft, and Compass systems; and

Whereas, her considerable skill in managing projects and people, as well as her reputation as a “walking encyclopedia of IT system history and an expert at operations management” earned her key roles in significant technology projects; and

Whereas, in recent years, Joey continued to adapt as technology changed, and she most recently oversaw telecommunications projects that helped enable LCRA leaders the opportunity to see visual representations of critical river and electric generation operations systems; and

Whereas, she is remembered by peers and staff as a “great job coach” who offered her staff numerous opportunities to pursue new interests; and

Whereas, she also is an excellent problem solver, offering a multi-faceted viewpoint to any project, encompassing everything from human aspects to inventory requirements, and translates big-picture insights to creative solutions; and

Whereas, team members miss her laugh and smile as she shifts her life’s focus to her family and taking in more of the Austin live music scene, including the South by Southwest music festival she and her husband enjoy together;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Lance Glosson

Whereas, Lance Glosson retired from the Lower Colorado River Authority on March 31, 2011, after completing more than 36 years of service to LCRA; and

Whereas, he began his LCRA career as a laborer in 1974, when only 18 years old, and moved the following year to the Carpenter Shop, where he earned a reputation as a carpenter whose skills are “perfect,” or at least “second to none”; and

Whereas, Lance’s master carpentry work can be seen at LCRA facilities from Lake Buchanan to Matagorda Bay, and his custom furniture, signs, cabinets, podiums and other various materials, large and small, provide lasting evidence of his commitment to quality and perfection; and

Whereas, it is said there is not an LCRA facility Lance has not improved with his skills, and prime examples include remodeling the Jack Martin Conference Center and enclosing a room at the Hydro Operation Control Center; and

Whereas, his can-do spirit was an inspiration to his teammates and internal customers, all of whom appreciated his willingness and ability to complete any task requested, especially Board-related events, where he worked long hours at widespread locations, performed difficult physical tasks in challenging weather conditions, and made a “mean cup of coffee”; and

Whereas, his easygoing personality, pleasant demeanor, ready smile, calm voice, excellent work ethic, willingness to help friends, honesty, and ability to fit in at every event have earned him a reputation as “one heck of a guy” who is missed by his many friends and teammates; and

Whereas, Lance has come a long way from living in an RV park in Dripping Springs and planning his future to fulfilling his dream of retiring to his home on Lake Buchanan; and

Whereas, retirement will offer him opportunities every day to enjoy his family, fishing, camping, boating, seeing the country while relaxing in his new travel trailer, and country and western music, and to continue tinkering with his beloved Chevrolet Camaros;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Quinn Koehler

Whereas, Quinn Koehler retired from the Lower Colorado River Authority on March 31, 2011, after completing nearly 29 years of service in LCRA Telecommunications, where he specialized in transport and microwave technology; and

Whereas, Quinn was key to the installation and activation of mission-critical systems, including a new 900-megahertz trunked radio system and the digital upgrade of LCRA's telecommunication transport system, adding digital microwave and fiber through much of Central Texas; and

Whereas, LCRA's transport system reaches as far as Bay City, Brenham, Kerrville, Brownwood and a substation near Van Horn and is fundamental to electric reliability and emergency communication in Texas; and

Whereas, Quinn's team also handles installation, operations, and maintenance of digital microwave radio hops and fiber for internal and external customers, including LCRA Transmission Services; and

Whereas, his former supervisor said Quinn will be hard to replace, due to his advanced skills and willingness to do every job — from pulling cable or installing fiber to performing routine operations and maintenance tasks — with a good attitude, and his role as weather guru, “best friend at work,” and an all-around good guy; and

Whereas, Quinn, a cancer survivor, demonstrated tremendous tenacity as he worked hard during treatment and continues to share his experience and compassion with others facing similar challenges; and

Whereas, “the fish whisperer” has put his avid saltwater fisherman skills to work, hosting — but never winning — the increasingly popular Gulf Coast Bay Masters tournament at his Rockport property every year, and it has become an unofficial LCRA reunion; and

Whereas, co-workers believe retirement is right up Quinn's alley, so he will have more time to fish with his wife, Dawn, work on his Gulf Coast property, and taunt former co-workers with pictures of him relaxing in the hammock, down at the creek;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Rosa Licea

Whereas, Rosa Licea retired from the Lower Colorado River Authority on March 31, 2011, after having completed more than 27 years of service to LCRA; and

Whereas, she began her LCRA career on February 27, 1984, as a clerk in the Rates and Regulatory department at the General Office Complex and retired as an administrative assistant, responsible for providing support to Water Services; and

Whereas, Rosa has always been the kind of person who is emphatically ready to help people. Her co-workers and friends refer to her as “Johnny on the spot” who helps with whatever task needs performing and does so with a smile; and

Whereas, her assistance during LCRA rate cases in the 1990s gave her great insight into LCRA operations, which she used to become a well-rounded employee. Rosa was one of the only resources for Spanish-speaking LCRA customers, and the high level of customer service she provided to them was a critical component in making sure they received correct and relevant information; and

Whereas, she was a champion when it came to giving and helping others. She thoroughly enjoyed lending a hand to the communities LCRA served, and shared those opportunities with her family members who often volunteered by her side. And Rosa’s volunteer efforts were numerous – from delivering Meals on Wheels to serving food at the annual Feast of Sharing to participating in walkathons to raise money for nonprofit groups to picking up trash at cleanups; and

Whereas, her many friends at LCRA will miss her contagious smile and laughter, and those brisk power walks down Lake Austin Boulevard, they wish her best of luck in her retirement. Her wonderful, positive personality will set a good example for the children in the Hays Independent School District where she plans to work. Her close-knit family, children, grandson, and even her four-legged children Blitz and Baby will all benefit from having more of Rosa in their lives;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Frank Morgan

Whereas, Frank Morgan retired from the Lower Colorado River Authority on March 31, 2011, after having completed 17 years of service to LCRA; and

Whereas, he began his LCRA career in April 1994 as a consultant in economic development and retired as executive manager of Community Services, responsible for LCRA's parks, economic and community development programs, archaeological services, land conservation and water surface management programs, Public Safety Department and environmental laboratory services; and

Whereas, Frank brought to LCRA many skills from a diverse career that included working in the state comptroller's office under Bob Bullock, where, like many other employees, Frank had his turn at being fired and rehired within the same day – he was fired before lunch, and immediately rehired after lunch; and

Whereas, of all his business unit's many accomplishments, Frank is particularly proud of completing the vision of the Colorado River Trail to include an LCRA park in each of LCRA's 10 statutory counties; refocusing LCRA's economic development activities to benefit smaller communities in LCRA's service area; and creating a community development grant program that in its lifetime awarded 1,169 grants totaling more than \$20 million and helped communities acquire life-saving ambulatory equipment, upgrade libraries and municipal parks, and preserve historic buildings and locations; and

Whereas, staff regarded Frank as a walking encyclopedia of Texas towns and highways, who could provide directions to any community without consulting a map and who could tell stories about one or more persons in each of those communities; and

Whereas, as Frank drove to visit faraway communities in LCRA's service area, staff members who rode with him learned to watch what they ate or drank, as Frank never stopped for restroom breaks; and

Whereas, those who have worked with Frank concur that the success of Community Services is tied to Frank's leadership capabilities and his ability to handle any situation with professionalism and good humor;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Community Services employees, expresses its appreciation to Frank Morgan for his years of devoted service to LCRA and its customers, and wishes him well in his new title of "Pa" and his new schedule of Tuesday morning meetings with granddaughter Emme over a breakfast of grits in his outdoor kitchen.

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Ken Nates

Whereas, Ken Nates retired from the Lower Colorado River Authority on March 1, 2011, after completing more than 32 years of service; and

Whereas, he is extremely knowledgeable, having participated in a job program that enabled him to rotate throughout all areas of LCRA's Accounting department, with experience that includes handwritten ledger sheets, typewritten financial statements, and manual data entry using key cards, and continues through effective use and development of computer spreadsheets; and

Whereas, Ken always saw the big picture while maintaining an eye for details, such as the complexities of the Fayette Power Project agreement with Austin Energy and the analysis required to compute a labor additive, and he could spot errors on financial statements that were unnoticed by other reviewers; and

Whereas, Ken was considered a "go-to" guy and maintains a reputation as an all-around great guy, mentor, father figure, and a rock by peers, supervisors, and the people he managed over the course of his career, at least one of whom considers him her "favorite supervisor of all time"; and

Whereas, he provided key support for the formation of GenTex Power Corporation and LCRA Transmission Services Corporation, taking steps to ensure that the entities were separated appropriately from a financial perspective; and

Whereas, he is considered a man of integrity, who is trustworthy, courteous, wholesome, dependable, and genuine, among other positive characteristics, but he also enjoyed after-work attitude adjustment time on Lake Austin with his co-workers during the 1980s; and

Whereas, Ken's co-workers and many Buchanan Group members will remember him as the Energizer bunny, who beat his drum but just kept going and going; and

Whereas, like that bunny, he has worked hard and diligently to reach this day, when he can spend more time with his family, especially his beloved grandchildren;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Rick Plattsmier

Whereas, Rick Plattsmier retired from the Lower Colorado River Authority on March 30, 2011, after more than 25 years of service that he began in 1985 as a Programmer II and ended as an Information Technology (IT) Enterprise Network Architect; and

Whereas, during Rick's career at LCRA, the use of computers grew from a few desktop personal computers to numerous individual networks connected to a mainframe computer, and ultimately to a server-based network that connects the entire organization; and

Whereas, he was involved in several comprehensive LCRA computer network upgrades, the highly anticipated Y2K switchover, the separation of the Wholesale Power Services Generation Desk from LCRA's corporate network, and implementation of a voice-over internet protocol telephone system in remote work locations, such as LCRA parks and the Eastern Maintenance Facility; and

Whereas, Rick spent much of his LCRA career in a closet, ensuring networks were connected properly. He adapted adeptly from a one-man network person to a supervisory role, and finally to the role of architect, who monitored emerging technology, recommended networking solutions, and integrated them into LCRA's system; and

Whereas, he preceded every project by configuring components "down to minute details," and choreographed on-site work to minimize outages or downtime needed for installation; and

Whereas, Rick's gruff exterior did not conceal his "heart of gold," and he is remembered fondly as "a fantastic person and one of the best supervisors I have ever had," and as a strong, knowledgeable leader who guided his team without micromanaging; and

Whereas, his ability to teach others has benefited Rick's LCRA teams and also has extended to his classroom at Austin Community College for more than 20 years; and

Whereas, his retirement will give Rick more time to enjoy his monster backyard barbecue pit, to uncork some selections from his vintage wine collection, to develop his fledgling woodworking skills, and perhaps to take a long-awaited trip to Europe;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Pricilla “Pat” Preas

Whereas, Pricilla “Pat” Preas retired from the Lower Colorado River Authority on March 31, 2011, after having completed more than 27 years of service to LCRA; and

Whereas, she began her LCRA career on January 3, 1984, as a clerk at the General Office Complex and retired as a senior administrative assistant, responsible for keeping the Transmission Customer office at the Bergstrom Technology Center running smoothly, organizing events and maintaining customer relationships; and

Whereas, Pat was her supervisor’s right hand, knowing which job aspects he wanted her to pay special attention to. She would track down information with customer service calls because she didn’t want to hand off customers or pass the buck; Pat wanted to make sure they received the information they requested; and

Whereas, her personal touch in maintaining customer relationships was instrumental to the success of the Nimitz and the original Rim Rock transmission projects in the early 1990s in the Kerrville and Fredericksburg areas; and

Whereas, Pat’s skills as an excellent proofreader combined with her reliable and detail-oriented organization talents also made her a stand-out event coordinator. Specifically, she coordinated the Municipal Electric Service Association meetings for LCRA and its customers. The meetings went so smoothly with Pat’s organization that she was continually asked to coordinate the annual event; and

Whereas, Pat did her part in trying to improve the health of her co-workers. She persistently attempted to organize lunches to eating establishments with healthy food options that her co-workers refer to as “those tofu restaurants”; and

Whereas, Pat’s co-workers will miss her caring, compassionate and even somewhat friendly sarcastic personality, they are comforted knowing that those attributes will continue to be put to good use fostering the many stray animals she takes into her home and heart;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Transmission Services employees, expresses its appreciation to Pricilla “Pat” Preas for her years of devoted service to LCRA and its customers, and wishes her well in her future activities.

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Ken Riordon

Whereas, Ken Riordon retired from the Lower Colorado River Authority on March 31, 2011, after having completed more than 27 years of service to LCRA; and

Whereas, he began his LCRA career in November 1983, as an energy auditor and retired as manager of Settlements in Customer and Energy Services in Wholesale Power Services; and

Whereas, of all his many accomplishments during his 27-year career, Ken is proudest of his work in helping LCRA and its electric customers as part of LCRA's energy conservation programs in the 1980s and '90s, and later inventing from scratch a financial settlement process that helped bring LCRA into the deregulated wholesale electric market; and

Whereas, Ken instructed his Settlements staff with his famous "Riordon's Rules," including: "Everything has three names," "It's just math" and "It's never that easy"; and he abided by the words of that timeless philosopher, Jimmy Buffett, who said: "If we weren't all crazy, we would go insane"; and

Whereas, the Settlements staff will forever refer to the Lodestar Settlement Report as "the KRR," named for his initials; and

Whereas, Ken's ability and desire to teach has educated and empowered many co-workers to be successful in the electric industry, and Ken has consistently advocated for and supported his staff; and

Whereas, Ken will continue to be known as a subject matter expert for a wide variety of subjects from ERCOT settlement charges, to distributed generation, to wholesale customer billing, to transmission lines and transformers; and

Whereas, Ken rescued a struggling aerobics class at LCRA from disbanding and for approximately 20 years has recruited, urged, persuaded, encouraged, cajoled, egged on, finagled, prodded, wheedled, goaded, and (on rare occasion) shamed co-workers, retirees and other individuals into huffing and puffing their way to better health;

Now, Therefore, Be It Resolved that the LCRA Board of Directors, with extra emphasis from Wholesale Power Services employees and his fellow aerobics class members, expresses its appreciation to Ken Riordon for his years of devoted service to LCRA and its customers, and wishes him well in his "changes in latitudes, changes in attitudes" as part of a well-earned and deserved retirement.

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

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

Honoring Gordon Urbanek

Whereas, Gordon Urbanek retired from the Lower Colorado River Authority on March 1, 2011, after having completed more than 29 years of service to LCRA; and

Whereas, he began his LCRA career on September 21, 1981, as an accounting coordinator at the General Office Complex and retired as a Business Systems Analyst Senior, serving as a connection between technical staff and end-users of software applications to ensure functionality and efficient use of systems; and

Whereas, Gordon understood the big picture and truly had a gift for explaining complex technical issues to non-technical people; and

Whereas, Gordon was the accounting representative on the mainframe project in the late 1980s and a key member in the design and implementation of the original PeopleSoft/Maximo project in 1998-99 and all subsequent upgrades; and

Whereas, Gordon, with his tall stature, could be counted on to easily lean over the top of a workstation wall to check on how busy you were when he supervised General Accounting. He also was a renowned expert in the field of exchanging chocolate for favorable prioritization with his co-workers; and

Whereas, Gordon was fully dedicated to the successful operation of LCRA's accounting department. When he was told a task had to be done, it got done. One of the best examples was when an entire box of hundreds, dare we say thousands, of indexed computer punch cards fell down the stairs late one night and needed to be resorted by hand. Gordon, as always, rolled up his sleeves and went to work; and

Whereas, he was a scholarship baseball pitcher at Southwestern University in Georgetown and was also very good at tossing out colloquial sayings such as "that dog won't hunt" and "nervous as a long-tailed cat in a roomful of rocking chairs"; and

Whereas, LCRA's controller gave Gordon a lifetime invitation to all future accounting picnics, assuming Gordon does the grilling;

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

Approved this 18th day of May 2011.

Timothy Timmerman, Board Chair

Thomas G. Mason, General Manager

FOR DISCUSSION

2. 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 ACTION (CONSENT)

3. Authorize Extension of Credit Facility for LCRA Letter of Credit to the Electric Reliability Council of Texas

Proposed Motion

Authorize the general manager or his designee to extend the existing credit agreement and all associated agreements necessary to support a letter of credit from Wells Fargo Bank, National Association (Wells Fargo) to the Electric Reliability Council of Texas (ERCOT) to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for Nodal market participants.

Board Consideration

Under Section 8503.013 of the Texas Special District Local Laws Code, Board authorization is necessary to extend LCRA's obligation and parity debt under the credit agreement. Board action authorizing debt requires the approval of at least 12 members of the Board.

Budget Status and Fiscal Impact

The letter of credit is used as collateral by ERCOT, allowing LCRA to continue to fully participate in the Nodal market. The fees and expenses associated with this letter of credit are included in the FY 2012 budget. The fees and expenses of this facility are in line with current market pricing.

Summary

Staff is requesting Board authorization to extend a credit agreement, and associated agreements, necessary to support a letter of credit provided by Wells Fargo to ERCOT.

In November 2010, the Board authorized the issuance of notes and a credit agreement to support a letter of credit to ERCOT. Wells Fargo provided the letter of credit to ERCOT on LCRA's behalf. The letter of credit serves as financial security and supports LCRA's participation in the Nodal market.

Section 16 of the ERCOT Nodal Protocols (Section 16) addresses the need for market participants to maintain certain levels of financial security. Section 16 allows ERCOT to deny entities from participating in the Nodal market if they fail to maintain adequate credit. If LCRA does not have adequate credit capacity it could be shut out of the day-ahead markets, and only be allowed to participate in the real-time markets, where prices could be more volatile compared to the day-ahead markets. Further, if a participant's total potential exposure increases beyond available credit, the participant could be exposed to collateral calls from ERCOT. Continual posting of cash as collateral would impact LCRA's operational liquidity reserves.

The initial letter of credit was for a six-month period ending June 22, 2011, and included provisions for a six-month extension. Staff now seeks an extension of the letter of credit under the existing terms of the credit agreement to Dec. 22, 2011.

FOR ACTION (CONSENT)

4. 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.

For May 2011, there are no contract exceptions.

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.

Contract No. 3168

Amount: Not to exceed \$5,945,244 million

Time: Until contract fulfilled

Contractor: Zapalac Reed Construction Company LP

Competition: Full and open competition

Description: This contract is to provide construction of the new Western Maintenance Facility. This is a construction manager-at-risk contract which allows Zapalac Reed Construction Company LP to have input into the design of the facility. LCRA has saved approximately \$450,000 through this design review and from favorable market conditions. The Western Maintenance Facility consists of four primary buildings totaling 38,000 square feet and will be located adjacent to Wirtz Dam in Marble Falls. The Western Maintenance Facility will replace and consolidate a leased service facility in Llano County and an office in Marble Falls. The Western Maintenance Facility will provide office space, vehicle service bays, warehouse space, and boat storage facilities.

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 May 2011, there are no contract administration items.

FOR ACTON (CONSENT)

5. 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 ACTON (CONSENT)

6. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the April 12 and 13, 2011, and April 20, 2011, meetings.

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 April 12 and 13, 2011, meetings

B - Minutes of April 20, 2011, meeting

EXHIBIT A

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Burnet County, Texas
April 12 and 13, 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 special meeting at 12:25 p.m. on Tuesday, April 12, 2011, at the Canyon of the Eagles Lodge and Nature Park, Live Oak Room, 16942 Ranch Road 2341, Burnet County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timmerman
Klein
Arbuckle
Balas
Berger
Dickerson
Franklin
Johnson
Martine
McCasland
McHenry
Schrader
Spears
Wallace

Absent: White

Chair Timmerman convened the meeting at 12:25 p.m. New directors J. Scott Arbuckle and John M. Franklin were in attendance [Directors Arbuckle and Franklin replaced directors Linda Raun and Ida Carter, respectively, on the LCRA Board of Directors]. General Manager Thomas Mason provided introductory remarks concerning the proposed FY 2012 Business Plan and Capital Improvement Plan.

Chief People Officer Ann Broome discussed human resources issues and costs associated with salary and benefits.

Chair Timmerman declared the meeting to be in executive session at 2:31 p.m., pursuant to sections 551.071 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 3:46 p.m.

Executive Manager Ross Phillips presented the FY 2012 Business Plan and Capital Improvement Plan for Transmission Services.

Chair Timmerman adjourned the meeting at approximately 5:08 p.m.

SPECIAL MEETING OF THE LCRA BOARD OF DIRECTORS - APRIL 13, 2011

Chair Timmerman convened the LCRA Board meeting at 8:35 a.m., on Wednesday, April 13, 2011, at the Canyon of the Eagles Lodge and Nature Park, Live Oak Room, Burnet County, Texas. All directors were present except directors Spears and White, constituting a quorum.

Executive Manager Suzanne Zarling presented the Water Services portion of the FY 2012 Business Plan, and reviewed the Water Services Capital Improvement Plan for FY 2012.

Chief Administrative Officer Christopher Kennedy and Manager Fran Irwin presented the Community Services portion of the FY 2012 Business Plan, which included an overview of the budget and update on park projects.

Chair Timmerman next recessed the meeting for a lunch break. After the lunch break, General Counsel John Rubottom; General Auditor Charlie Johnson; Chief Financial Officer Brady Edwards; Executive Manager Becky Motal; and Chief Administrative Officer Christopher Kennedy each discussed the key initiatives, goals, projects, and budgets for their respective divisions and areas of responsibility.

Chief Financial Officer Brady Edwards and General Manager Tom Mason gave closing remarks, and acknowledged the Board and staff members for their work on the proposed FY 2012 Business Plan.

The Board took no action at this work session. There being no further business to come before the Board, the meeting was adjourned at approximately 1:38 p.m.

Kathleen Hartnett White, Secretary
LCRA Board of Directors

EXHIBIT B

Minutes Digest
April 20, 2011

- 11-32 Appointment of Director Martine as Chair of the Land and Community Resources Committee.
- 11-33 Approval of a resolution honoring Gary Klaus, LCRA retiree.
- 11-34 Approval of a resolution honoring Corby Weiss, LCRA retiree.
- 11-35 Approval of a resolution honoring Wesley Naumann, LCRA retiree.
- 11-36 Approval of a resolution honoring Becky Thompson, LCRA retiree.
- 11-37 Approval of resolutions honoring Al Bauer; Donnie Mauldin; David “Euk” Namken; and Danny Rogers, LCRA retirees.
- 11-38 Reaffirmation without changes of LCRA Board Policy 104 - LCRA Board Position on Legislation; LCRA Board Policy 206 - Ethics; LCRA Board Policy 303 - Authorization to Disburse, Transfer and Invest LCRA Funds; and LCRA Board Policy 305 - Auditors.
- 11-39 Declaration of an approximate 0.01-acre tract, being a portion of LCRA Parcel Lake LBJ West-06 in Llano County, “nonessential,” and authorization for the general manager or his designee to convey the land to the adjacent property owner.
- 11-40 Amendment of prior Board authorization for the general manager or his designee to convey an approximate 15.33-acre tract, being a portion of Lake Marble Falls West-02 (Lake Marble Falls Tract) in Burnet County to the City of Marble Falls.
- 11-41 Approval of the FY 2012 budget for the Lakeway Raw Water Transportation System effective July 1, 2011, and approval of the annual charges to Lakeway Municipal Utility District, Hurst Creek Municipal Utility District, Lakeway Rough Hollow South Community Inc., and Travis County Municipal Utility District No. 11.
- 11-42 Approval of the FY 2012 budget for the Tahitian Village Wastewater System effective July 1, 2011, and approval of the annual charges to the Bastrop County Water Control and Improvement District No. 2.
- 11-43 Approval of the FY 2012 budgets for the Windmill Ranch Wastewater and Raw Water Transportation Systems effective July 1, 2011, and approval of the annual charges to Bastrop Resort Partners, L.P.

- 11-44 Amendment of the LCRA Rate Schedule to add a Subsequent User Fee to the Bee Cave South Rate District effective immediately upon approval.
- 11-45 Authorization for the general manager or his designee to amend the Wholesale Water Services Agreement between LCRA and Hays County Water Control and Improvement District No. 2 (WCID No. 2), consistent with the terms described in the agenda item, and adoption of a new wholesale potable water rate for WCID No. 2 to be effective the first billing cycle after May 1, 2011, consistent with the proposed amendment.
- 11-46 Approval of a resolution approving Amendment No. One to the Lower Colorado River Authority 2005 Supplemental Executive Retirement Plan.
- 11-47 Approval of the FY 2011 third quarter report of legal fees and expenses for outside counsel.
- 11-48 Approval of directors' fees and expenses reimbursement.
- 11-49 Approval of the minutes of the March 23, 2011, meeting.
- 11-50 Authorization for the general manager or his designee to amend the HB 1437 Agriculture Water Conservation Program Cost-Sharing Agreement and related Guidelines to: (1) modify requirements for cost-share program participants to refund money received from LCRA if program requirements are not met; (2) authorize cost-share participants to use groundwater to irrigate HB 1437-improved fields when LCRA has curtailed water for agriculture under the LCRA Water Management Plan and; (3) reduce LCRA's cost-share from a maximum of 30 percent of the cost of improvements to a new maximum of 20 percent of the cost of improvements.
- 11-51 Adoption and approval of the Thirty-Third Supplemental Resolution to the Master Resolution authorizing the general manager or his designee to negotiate and execute an Amended and Restated Revolving Credit Agreement with JPMorgan Chase Bank supporting a portion of LCRA's \$350 million Series A Tax-Exempt Commercial Paper Program and redefining the terms and conditions of a \$250 million commitment, which comprise a \$175 million tranche and a \$75 million tranche, for a period of three years.
- 11-52 Approval of the FY 2012 LCRA Capital Improvement Plans, including:
- Wholesale Power Services and GenTex Power Corporation FY 2012 Confidential Capital Improvement Plan.
 - Water Services FY 2012 Capital Improvement Plan.
 - Corporate Services FY 2012 Capital Improvement Plan.

- Community Services FY 2012 Capital Improvement Plan, on condition that the Pedernales River Nature Park project will be brought back to the Board for further discussion before any construction begins.
- LCRA Transmission Services Corporation FY 2012 Capital Plan and the Transmission System Improvements Plan for FY 2012.

11-53 Adoption of resolutions approving the FY 2012 business plans for LCRA and its affiliated nonprofit corporations, GenTex Power Corporation and LCRA Transmission Services Corporation.

11-54 Authorization for the general manager or his designee to negotiate and execute Contract No. 3256 (CEMEX Construction Materials South LLC).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY

Austin, Texas
April 20, 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 8:34 a.m. on Wednesday, April 20, 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
Arbuckle
Balas
Berger
Dickerson
Franklin
Johnson
Martine
McCasland
McHenry
Schrader
Spears
Wallace

Chair Timmerman convened the meeting at 8:34 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Spears provided an invocation. Chair Timmerman welcomed new directors J. Scott Arbuckle and John M. Franklin to their first regular Board meeting.

11-32 Chair Timmerman presented for consideration a recommendation, described in Agenda Item 1 [attached hereto as Exhibit A], that the Board approve the appointment of Director Martine as Chair of the Land and Community Resources Committee. Upon motion by Director Spears, seconded by Director Balas, the recommendation was unanimously approved by a vote of 15 to 0.

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

11-33 Upon motion by Director Spears, seconded by Director McHenry, the Board unanimously approved a resolution (attached hereto as Exhibit B) honoring Gary Klaus.

11-34 Upon motion by Director Spears, seconded by Director Balas, the Board unanimously approved a resolution (attached hereto as Exhibit C) honoring Corby Weiss.

11-35 Upon motion by Director Wallace, seconded by Director Berger, the Board unanimously approved a resolution (attached hereto as Exhibit D) honoring Wesley Naumann.

11-36 Upon motion by Director Wallace, seconded by Director Schrader, the Board unanimously approved a resolution (attached hereto as Exhibit E) honoring Becky Thompson.

11-37 Upon motion by Director Berger, seconded by Director Spears, the Board unanimously approved resolutions (attached hereto as Exhibit F) honoring Al Bauer; Donnie Mauldin; David “Euk” Namken; and Danny Rogers. These retirees were not present to receive their resolutions.

General Manager Thomas Mason gave his update on issues and activities related to LCRA, including LCRA’s safety foundation value – LCRA’s emergency management master plan and the upcoming drill to assess LCRA’s emergency preparedness and response capabilities; the Association of Wholesale Customers’ (AWC) comments on the 2012 LCRA Business Plan; the AWC annual meeting scheduled in May; attendance at recent meetings of the AWC Board of Directors and the Rates and Resources Council (a group of customers who have decided to extend their contracts with LCRA for wholesale power supply through 2041); EUCG Inc’s, a global utility group, selection of the Fayette Power Project (FPP) as the 2010 top performer in the large coal-fired power category, based on FPP’s management of operations, maintenance cost, and reliability record; recent Texas Water Conservation Association (TWCA) meeting attended by general managers and chief executive officers of river authorities and major water suppliers; various activities scheduled at LCRA facilities to celebrate Earth Day 2011; and creation of the Highland Lakes BWI/DWI Task Force.

Fred Aus, manager of Governmental Affairs, gave a report on the 82nd Texas Legislature Regular Session, including an update on HB 2694 relating to the continuation and functions of the Texas Commission on Environmental Quality; HB 2134 relating to the continuation and functions of the Electric Reliability Council of Texas, the Office of Public Utility Counsel, and the Public Utility Commission of Texas; SB 15 relating to state energy policy and the planning of energy development and utilization and to certain related electric power generation issues; and SB 18 relating to the use of eminent domain authority. Aus also noted that staff would continue to monitor the Senate Finance Subcommittee on State Fiscal Matters’ progress toward identifying other potential sources of nontax revenue.

Chief Financial Officer Brady Edwards presented the financial update for March 2011. Treasurer Jim Travis presented the FY 2011 Business Plan third quarter update.

Chair Timmerman declared the meeting to be in executive session at 9:23 a.m., pursuant to sections 551.071, 551.072, 551.074, 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 10:53 a.m. Chair Timmerman recessed the meeting for a short break, and reconvened the meeting at 11:06 a.m.

Chair Timmerman recognized the following guests who were attending the meeting: Mayor John Cowman of Leander; Pix Howell, Urban Design Officer of Leander (and also a former member of the LCRA Board of Directors); and Mayor Patricia Frain of Sunrise Beach.

The Board next considered the Consent Agenda. Upon motion by Director Dickerson, seconded by Director McHenry, the Board, by a vote of 15 to 0, unanimously approved consent items 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16, included on the April 20, 2011, Board Consent Agenda, as follows:

11-38 Reaffirmation without changes of LCRA Board Policy 104 - LCRA Board Position on Legislation; LCRA Board Policy 206 - Ethics; LCRA Board Policy 303 - Authorization to Disburse, Transfer and Invest LCRA Funds; and LCRA Board Policy 305 - Auditors, as recommended by staff in Consent Item 5 [attached hereto as Exhibit G].

11-39 Declaration, by an affirmative vote of 15 to 0, of an approximate 0.01-acre tract, being a portion of LCRA Parcel Lake LBJ West-06 in Llano County, "nonessential" (no longer necessary or convenient or of beneficial use to the business of LCRA), and authorization for the general manager or his designee to convey the land to the adjacent property owner, as recommended by staff in Consent Item 6 [attached hereto as Exhibit H].

11-40 Amendment of prior Board authorization for the general manager or his designee to convey an approximate 15.33-acre tract, being a portion of Lake Marble Falls West 02 (Lake Marble Falls Tract) in Burnet County to the City of Marble Falls, as recommended by staff in Consent Item 7 [attached hereto as Exhibit I].

11-41 The FY 2012 budget for the Lakeway Raw Water Transportation System effective July 1, 2011, and approval of the annual charges to Lakeway Municipal Utility District, Hurst Creek Municipal Utility District, Lakeway Rough Hollow South Community Inc., and Travis County Municipal Utility District No. 11, as recommended by staff in Consent Item 8 [attached hereto as Exhibit J].

11-42 The FY 2012 budget for the Tahitian Village Wastewater System effective July 1, 2011, and approval of the annual charges to the Bastrop County Water Control and Improvement District No. 2, as recommended by staff in Consent Item 9 [attached hereto as Exhibit K].

11-43 The FY 2012 budgets for the Windmill Ranch Wastewater and Raw Water Transportation Systems effective July 1, 2011, and approval of the annual charges to Bastrop Resort Partners, L.P., as recommended by staff in Consent Item 10 [attached hereto as Exhibit L].

11-44 Amendment of the LCRA Rate Schedule to add a Subsequent User Fee to the Bee Cave South Rate District effective immediately upon approval, as recommended by staff in Consent Item 11 [attached hereto as Exhibit M].

11-45 Authorization for the general manager or his designee to amend the Wholesale Water Services Agreement between LCRA and Hays County Water Control and Improvement District No. 2 (WCID No. 2) consistent with the terms described in the agenda item and adoption of a new wholesale potable water rate for WCID No. 2 to be effective the first billing cycle after May 1, 2011, consistent with the proposed amendment, as recommended by staff in Consent Item 12 [attached hereto as Exhibit N].

11-46 A resolution approving Amendment No. One to the Lower Colorado River Authority 2005 Supplemental Executive Retirement Plan, as recommended by staff in Consent Item 13 [attached hereto as Exhibit O].

11-47 The FY 2011 third quarter report of legal fees and expenses for outside counsel, as recommended by staff in Consent Item 14 [attached hereto as Exhibit P].

11-48 Directors' fees and expenses and reimbursement of directors for such fees and expenses, as recommended in Consent Item 15 [attached hereto as Exhibit Q].

11-49 The minutes of the March 23, 2011, meeting [Consent Item 16].

Chief Financial Officer Brady Edwards introduced Jeff Holt, managing director from BMO Capital Markets, Inc., LCRA's financial consultant, who then gave an update on the progress and process of the divestiture of LCRA water and wastewater systems. Holt discussed steps that BMO has undertaken, including outreach to potential bidders, which began on February 20; and a bid letter sent on March 25 and the opportunity provided for bidders to sign confidentiality agreements to formally join the process, which is ongoing. Holt noted that preliminary bids are due by May 23. Holt stressed that BMO still encourages those who are interested in joining the process to complete the negotiation of confidentiality agreements. He stated there is still sufficient time for potential bidders to complete confidentiality agreements, receive information packets, and submit preliminary bids. Holt reported that there has been interest from potential bidders that would meet the four criteria outlined in the Board's November 17, 2010, resolution approving the sale of water and wastewater utilities, and that BMO believes those criteria will be met by at least one or more parties.

David Steed, President of the Board of Directors; and Debbie Gernes, General Manager, of Travis County Water Control and Improvement District 17, addressed the Board and expressed concerns about the manner in which LCRA proposes to sell its water and wastewater systems. Mr. Steed expressed concerns about a potential private owner of the systems and how responsive they will be in terms of rates for customers, system expansions or improvements, and environmental regulatory compliance. Ms. Gernes expressed her belief that "not negotiating with customers is bad public policy and a violation of the public trust."

After opening remarks by Chair Timmerman, Board members discussed issues related to the divestiture of LCRA water and wastewater systems, including the importance of the process led by BMO and the Board's responsibility to carefully consider the ultimate buyer. Board members reiterated that the Board would select a potential buyer and purchaser on the basis of the following criteria, outlined in the Board's November 17, 2010, resolution: ability and commitment to provide reliable, quality utility services; ability to invest capital for needed infrastructure; commitment to meet state regulatory requirements; and willingness to compensate LCRA for its investment. Board members noted that the state would retain regulatory review over the systems even if LCRA sells the systems.

Director McHenry noted for the record that he is a customer of the Lometa Water System, and he personally does not want anything negative to happen to the system.

Chair Timmerman also noted that the AWC has passed a resolution affirming its support for the divestiture of LCRA water and wastewater systems. Three points from that resolution include that the AWC Board (1) Supports the LCRA's full divestiture of all assets comprising the LCRA water and wastewater utility; (2) Supports an effort to focus on the core LCRA business units given that approximately 70 percent of LCRA revenues come from the electric wholesale customers; and (3) Supports the LCRA and its staff efforts to manage expenses in Wholesale Power, Transmission, and Water Services.

11-50 Kyle Jensen, manager of Water Operations, presented for consideration a staff recommendation, described in Agenda Item 18 [attached hereto as Exhibit R], that the Board authorize the general manager or his designee to amend the HB 1437 Agriculture Water Conservation Program Cost-Sharing Agreement and related Guidelines to: (1) modify requirements for cost-share program participants to refund money received from LCRA if program requirements are not met; (2) authorize cost-share participants to use groundwater to irrigate HB 1437-improved fields when LCRA has curtailed water for agriculture under the LCRA Water Management Plan and; (3) reduce LCRA's cost-share from a maximum of 30 percent of the cost of improvements to a new maximum of 20 percent of the cost of improvements. Staff responded to various questions from the Board on this item. Upon motion by Director Dickerson, seconded by Director Wallace, the recommendation was unanimously approved by a vote of 14 to 0. [Director White was absent for voting on this item.]

11-51 Treasurer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 19 [attached hereto as Exhibit S], that the Board adopt and approve the Thirty-Third Supplemental Resolution to the Master Resolution authorizing the general manager or his designee to negotiate and execute an Amended and Restated Revolving Credit Agreement with JPMorgan Chase Bank supporting a portion of LCRA's \$350 million Series A Tax-Exempt Commercial Paper Program and redefining the terms and conditions of a \$250 million commitment, comprised of a \$175 million tranche and a \$75 million tranche, for a period of three years. Upon motion by Director Wallace, seconded by Director McCasland, the recommendation was unanimously approved by a vote of 14 to 0. [Director White was absent for voting on this item.]

Chair Timmerman introduced Agenda items 20 and 21. Chief Financial Officer Brady Edwards presented for consideration staff recommendations that the Board approve Agenda Item 20 - FY 2012 Capital Improvement Plans and Agenda Item 21 - FY 2012 Business Plans. The business and capital plans for LCRA and its affiliated nonprofit corporations, GenTex Power Corporation and LCRA Transmission Services Corporation, were presented to the Board in work sessions on April 12 and 13, 2011. Upon motion by Director Wallace, seconded by Director McCasland, the Board unanimously approved the agenda items, by a vote of 14 to 0, as follows:

11-52 The following FY 2012 Capital Improvement Plans, as recommended by staff in Agenda Item 20 [attached hereto as Exhibit T]:

- Wholesale Power Services and GenTex Power Corporation FY 2012 Confidential Capital Improvement Plan
- Water Services FY 2012 Capital Improvement Plan
- Corporate Services FY 2012 Capital Improvement Plan

- Community Services FY 2012 Capital Improvement Plan, on condition that the Pedernales River Nature Park project will be brought back to the Board for further discussion before any construction begins
- LCRA Transmission Services Corporation FY 2012 Capital Plan and the Transmission System Improvements Plan for FY 2012

11-53 Adoption of resolutions approving the FY 2012 business plans for LCRA and its affiliated nonprofit corporations, GenTex Power Corporation and LCRA Transmission Services Corporation, as recommended by staff in Agenda Item 21 [attached hereto as Exhibit U].

Board members commended staff for its work on the capital plans and business plans.

11-54 Andy Betz, chief procurement officer, presented for consideration a staff recommendation, described in Agenda Item 22 [attached hereto as Exhibit V], that the Board authorize the general manager or his designee to negotiate and execute Contract No. 3256 (CEMEX Construction Materials South LLC). Upon motion by Director Wallace, seconded by Director Dickerson, the recommendation was unanimously approved by a vote of 14 to 0.

Chair Timmerman highlighted the Operations Reports on pages 80 - 102 of the agenda book, noting that they are an excellent source of information.

General Manager Thomas Mason gave an update on water supply status as of April 1. He emphasized that the average inflows into the Highland Lakes over the last six months have been lower than the average inflows during the drought of record of the 1950s. He said this is a clear warning sign of how serious things are. Also, the Austin rainfall since October 2010 has totaled 5.31 inches, the second driest October to March period in history. Mason noted that when the combined storage levels of lakes Buchanan and Travis reach 1.4 million acre-feet, this triggers a request on LCRA's part under the current Water Management Plan that firm water customers voluntarily reduce their water use by 5 percent. Mason also reported that LCRA's water quality monitoring staff has identified some increased salinity in the river above Lake Buchanan. He said that LCRA is notifying water users who might be affected by this. Mason said that staff would continue to provide updates to ensure that the Board is informed of water supply and drought conditions.

There being no further business to come before the Board, the meeting was adjourned at approximately 11:58 a.m.

Kathleen Hartnett White, Secretary
LCRA Board of Directors

FOR DISCUSSION

7. Water and Wastewater Utility Divestiture Update

Summary

Staff continues to work with BMO Capital Markets, the firm handling LCRA's utility divestiture, and there is nothing new to report at this time. As BMO Capital Markets told the Board of Directors at the April 20 Board meeting, there continues to be strong interest in the potential sale of LCRA's water and wastewater utilities. Potential buyers have until May 23 to submit preliminary bids, and any interested parties are urged to sign the confidentiality agreements necessary to submit a bid.

LCRA staff plans to recommend a potential buyer or buyers to the LCRA Board in late summer 2011. LCRA believes it will take up to 18 to 24 months to complete the sale.

Presenter(s)

Brady Edwards
Chief Financial Officer

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