



Board Agenda
Monday, November 21, 2011
10:00 a.m.
LCRA Board Room
Austin

Action Item

- *1. Authorize the Sale of LCRA’s Water and Wastewater Utilities..... 3

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

Legal Notice

The Board may discuss or take action on any item listed in the legal notice. Legal notice is 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/>.

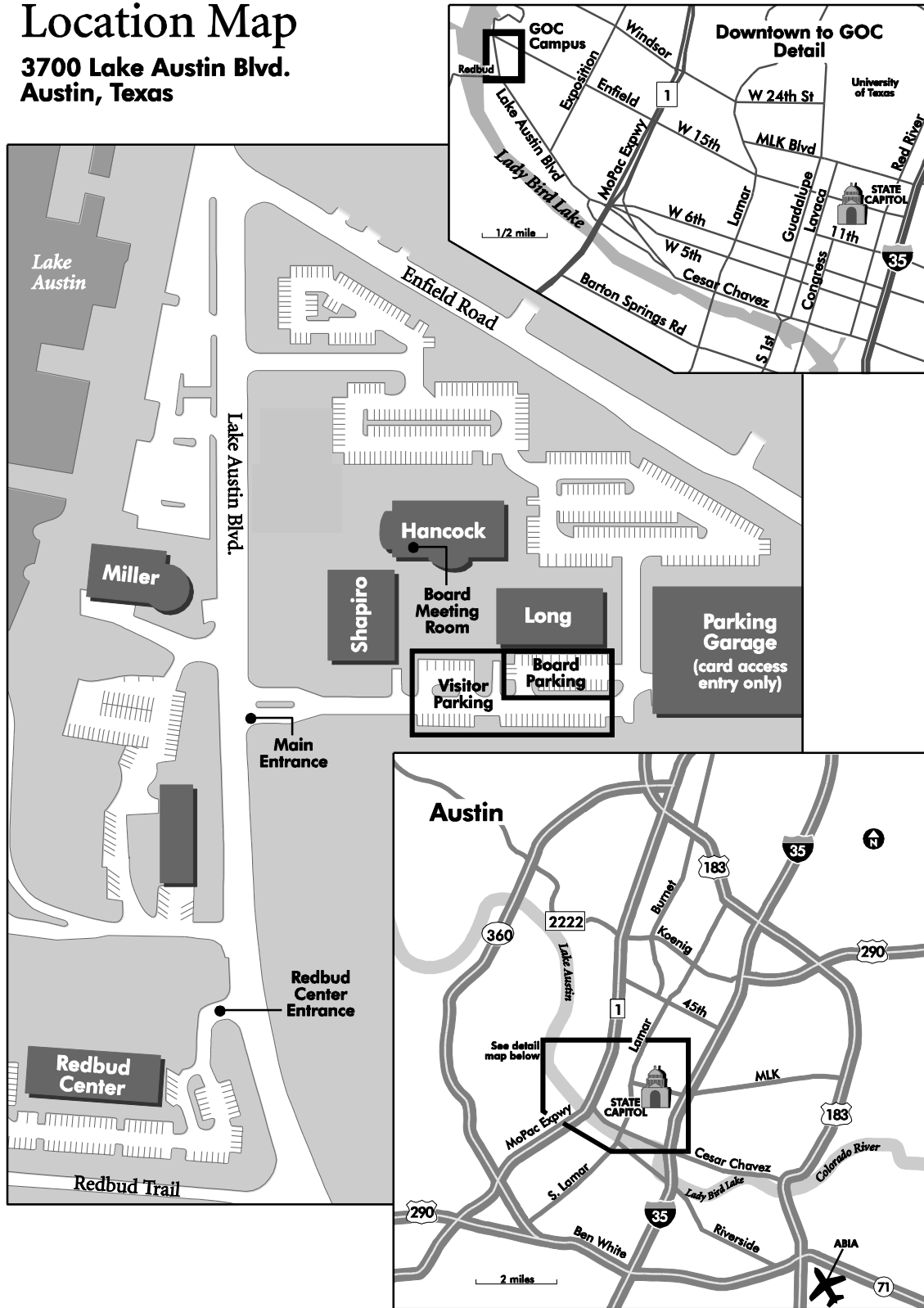
Executive Session

The Board may go into executive session for deliberation on the matter 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.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR ACTION

1. Authorize the Sale of LCRA's Water and Wastewater Utilities

Proposed Motion

Authorize the general manager or her designee to negotiate and execute agreements for the sale of LCRA's water and wastewater utility assets, properties and associated operations, and to do all things necessary to accomplish the sale of LCRA's water and wastewater utilities, all consistent with the terms described below. Further declare that the LCRA water and wastewater utilities are no longer necessary or convenient or of beneficial use to the business of LCRA, such declaration to be contingent on the conveyance of LCRA's water and wastewater utilities to the selected purchaser(s).

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 the 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 net proceeds, if any, will be used toward water utility debt retirement.

Summary

Staff seeks authorization to negotiate and enter into agreements to sell water and wastewater utility assets, properties and related operations (Water Utility) to the purchaser(s) selected by the Board consistent with terms discussed in executive session and outlined herein.

The Board previously authorized negotiations toward sale of certain assets of the Water Utility. The current status of these negotiations are as follows:

- South Road and Hamilton Creek Water Systems: conveyance to City of Marble Falls closed into escrow pending Texas Commission on Environmental Quality (TCEQ) approval, which approval is expected in December;
- Sunrise Beach Water System: closing with City of Sunrise Beach Village scheduled for Dec. 7, 2011;
- Leander (Sandy Creek) Water System: purchase agreement executed with City of Leander and closing scheduled for Jan. 5, 2012;
- Liberty Hill Wastewater System: purchase agreement executed with City of Liberty Hill and closing scheduled, pending TCEQ approval, for Feb. 15, 2012;
- Glenlake Water System: purchase agreement with City of Austin approved by both governing bodies and closing scheduled for March 28, 2012;
- Whitewater Springs Water System: purchase agreement executed with Whitewater Springs Water Supply Corporation with closing, pending TCEQ approval, expected in April 2012;
- Lakeway Raw Water Barge: purchase agreement executed with customers of system with closing expected by March 2012;
- West Travis County Water and Wastewater Systems: Board authorized negotiations on Nov. 16, 2011, with the Coalition of Central Texas Utilities Development Corporation ("UDC") and those

negotiations are proceeding. The Board authorization requires execution of a memorandum of understanding (“MOU”) with the UDC by Wednesday, November 23, which MOU has yet to be executed.

Staff and LCRA’s consultant will present recommendations for the sale of the balance of the systems and operation of systems pending sales.

Upon completion and execution of the purchase and sale agreements, the successful bidders will pursue regulatory approval, assignment of contracts and all other actions necessary to complete the transaction with support by BMO and LCRA. Also, in accordance with Board policy, environmental site assessments for all properties will be conducted prior to final conveyance of any properties. Completion of conveyance of Water Utility assets to be sold is anticipated to take up to 18 months from the present time if approved to proceed by the Board, and such conveyances may occur in multiple transactions.

Presenter(s)

Rebecca S. Motal
General Manager

Brady Edwards
Chief Financial Officer