IMPORTANT NOTICE

This Outline of Major Plan Provisions is applicable only to Cash Balance Participants. A separate Outline of Major Plan Provisions is applicable to Pension Participants.

INTRODUCTION

It is with pleasure that we provide you this outline of the major provisions for Cash Balance Participants of the LCRA Retirement Plan. LCRA is anxious for you to understand both your benefits and your rights under the Plan. They are important to you because they may contribute substantially to your economic well-being and to the security of your family after your retirement. Benefits are also provided in the event of your death, disability, Early Retirement and termination of employment if you qualify for such benefits.

Any questions you may have regarding your benefits under the Plan should be addressed to the LCRA Retirement Benefits Administrator who is always happy to discuss any aspect of the Plan with you. Copies of the legal instruments which constitute the Plan are on file at the main offices of LCRA in Austin and are available for you to look at any time during regular business hours.

Since the inception of the Plan in 1946, the Plan has been funded on a conservative and sound basis so that adequate assets will always exist in the Trust to pay the benefits promised under the Plan.

This outline is intended only as a source of general information concerning the Plan. It should be clearly understood that any discrepancy between this outline and the Retirement Plan and Trust Agreement by which the Plan is legally created is to be resolved solely by reference to the Retirement Plan and Trust Agreement itself. No provision contained in this outline is intended to supersede in any way any provision of the Retirement Plan and Trust Agreement.

ELIGIBILITY

All employees initially employed or re-employed by LCRA on or after January 1, 2002 will be eligible to participate in the LCRA Retirement Plan as of the third monthly anniversary of employment or, if later, upon the completion of three consecutive months of Credited Service (defined on page 4). (Employees employed before January 1, 2002 who elected to become Cash Balance Participants became Cash Balance Participants as of January 1, 2002.)

PLAN CLOSED TO NEW ENTRANTS

Any Employee who is first employed on or after May 1, 2012 shall not be eligible to participate in the Plan. Furthermore, any employee who is already a participant of the Plan who terminates employment on or after May 1, 2012 shall from that termination date forward be no longer eligible to participate in the Plan and therefore earn new or additional benefits thereunder even if subsequently re-employed by the Authority.

CASH BALANCE ACCOUNT

A Cash Balance Account will be maintained for Cash Balance Participants. The Cash Balance Account will be adjusted for monthly Contribution Credits and monthly Interest Credits.

Interest Credits are added at the end of each month to your Cash Balance Account starting in the month you become a Cash Balance Participant and ending with the final month compensation is paid to you. Interest Credits are based upon an annual effective interest rate of 7 percent.

Contribution Credits are added at the end of each month (after Interest Credits are made) to your Cash Balance Account in an amount equal to 4 percent of any Plan Compensation paid to you during such month. Effective April 1, 2005, Plan Compensation includes base pay, commissions, overtime pay, hazardous material duty pay, all short-
term disability pay, wage continuation payments, payments made during the first six (6) months of coverage provided under applicable workers compensation laws, and merit or performance based awards. Plan Compensation excludes (1) fees payable to members of the Board of Directors of LCRA for serving as such, (2) any severance payments or benefits under severance plans or programs maintained by LCRA, (3) any long-term disability payments or benefits under long-term disability plans maintained by LCRA, (4) contributions made by LCRA under this plan or under any other Employee benefit plan or program it maintains, such as supplemental executive retirement, group insurance (to the extent not includable in gross income), hospitalization or like benefits, (5) amounts includable in your gross income which are attributable to the cost of group-term life insurance in excess of $50,000, (6) non-cash awards, (7) non-performance based awards including, but not limited to, relocation payments and signing bonuses, and (8) gainsharing bonuses.

CASH BALANCE RETIREMENT PAYMENT OPTIONS

Listed below are the payment options for retiring Participants who have an account balance of at least $5,000 and who remain in employment with LCRA until reaching either (1) Early Retirement: age 55 with at least 15 full Years of Credited Service, or (2) Normal Retirement: earlier of (a) Rule of 80 eligibility (your age plus Credited Service equals 80 years) or (b) age 65 with at least five full Years of Credited Service:

1. 100 percent lump-sum payment of your Cash Balance Account; Any lump sum amount payable to you that is greater than $1,000 will be paid on your behalf to an individual retirement account ("IRA") designated by the Board of Trustees unless you provide different written instructions in a timely manner to the Board of Trustees.

2. 50 percent lump-sum payment of your Cash Balance Account plus 50 percent monthly annuity payment options (defined below); or

3. 100 percent monthly annuity payment options of equal actuarial value to your Cash Balance Account such as:

   a. A joint-life and 50 percent survivor annuity (i.e., monthly pension). The monthly benefits will be continued as long as you live, and if you die before your named beneficiary, the payment will be reduced by 50 percent (or other applicable percentage) at your death, and such reduced benefits will be paid to your beneficiary for as long as the beneficiary lives. If you are married as of the benefit commencement date, the joint-life and 50 percent survivor option will be the form in which retirement benefits are automatically paid unless you and your spouse make an affirmative election in writing to receive one of the other options. For this reason, it is very important that you study the options available to you at retirement and make a timely selection of the option you wish prior to reaching your retirement date. A joint-life and survivor annuity of an amount equal to 75 percent or 100 percent can also be elected if you are married or elect a co-annuitant other than a spouse. Joint life and survivor annuity options can also have guaranteed periods incorporated into the payment form.

   b. A monthly retirement benefit payable as long as you are living and guaranteed to be paid for at least 5, 10, 15 or 20 years if you die prior to the expiration of the guaranteed period.

   c. An annuity (i.e., monthly pension) payable for your lifetime. The benefits will only be paid for as long as you live and will cease upon your death.

ACTUARIAL EQUIVALENCE

The actuarially equivalent monthly annuity payment options are computed based upon your age (and beneficiary’s age, if applicable) and using mortality and interest rates specified in the Plan. The mortality rates are based upon a gender neutral blend of the RP 2000 Tables projected to 2018. The annual interest rate is equal to 8.0 percent per annum adjusted each calendar year up or down by a formula to reflect change in 30-year U.S. Bond Yield rates when such U.S. Bond Yield average rates are below 5.0 percent or above 11.0 percent. In calendar year 2018, the actuarial interest rate is 6.0 percent. The actuarial interest rate for 2019 and later years may increase, decrease or remain the same depending upon the yield of 30-year U.S. Bonds applicable to the calendar year in which your benefit is paid.
or commenced. Higher actuarial interest rates produce larger actuarial equivalent monthly annuity amounts while lower actuarial interest rates produce smaller actuarial equivalent monthly annuity amounts. For example, for a given amount of lump sum Cash Balance Account, a 7.5 percent interest rate produces annuity values approximately 4 to 5 percent smaller than those produced by an 8.0 percent interest rate.

**DEATH BENEFITS PRIOR TO RETIREMENT**

If you die after becoming vested (i.e., you have at least 3 full Years of Credited Service), your beneficiary or beneficiaries will be entitled to receive a death benefit equal in value to your Cash Balance Account. Such death benefit will be payable to your beneficiary in a lump sum if you die in active employment with LCRA before qualifying for Early Retirement. If you die in active employment after qualifying for Early Retirement or Normal Retirement, the death benefit will be payable in a lump sum unless your beneficiary elects an optional form of payment, as described above.

**CRITERIA FOR MONTHLY ANNUITY OPTION**

To choose a form of monthly annuity payments, you must have a Cash Balance Account of at least $5,000 and be at least age 55 with at least 15 full Years of Credited Service (Early Retirement), meet Rule of 80 eligibility (your age plus Credited Service equals 80 years), or be age 65 with at least five full Years of Credited Service (Normal Retirement). If you are not eligible to choose a monthly annuity option upon termination of employment and you have at least three full Years of Credited Service, you will receive an automatic lump-sum payment of your vested Cash Balance Account. Monthly annuity payments will commence or the lump-sum payment will be paid within a reasonable period of time following your termination of employment.

**DISABILITY BENEFITS**

If you become totally disabled prior to your Normal Retirement Date (i.e., you become entitled to a benefit under the LCRA Long-Term Disability Income Plan), you will be considered as being on disability leave, and no benefits will be payable from the Plan while on disability leave. You will continue to earn service credit for the time on the disability leave as if employment had continued, but with no further Contribution Credits. Interest Credits, however, will be continued during the period you remain disabled.

If you remain disabled to your Early or Normal Retirement Date and elect to retire, you will receive a retirement benefit calculated as though you had worked to such retirement date with no compensation while disabled. You must be at least age 55 with at least 15 full Years of Credited Service to be eligible for Early Retirement. Normal Retirement Date is the first day of the month coincident with or which next follows the earlier of (a) or (b) where (a) is the later of (i) your sixty-fifth (65th) birthday or (ii) the date on which you complete five full Years of Credited Service and (b) is the date on which you satisfy the requirements for the Rule of 80.

If you recover from your disability prior to electing to receive a disability early retirement benefit and prior to attaining your Normal Retirement Date under the Plan, you may, under certain circumstances, receive Credited Service for vesting and benefit accrual purposes for the period during which you were disabled. In order to receive Credited Service for your disability period, you must return to active employment with LCRA within 30 days of your recovery date and remain employed by LCRA for the 12-month period commencing on your reemployment date, unless your subsequent employment is terminated as a result of your Disability or you die during such 12-month period. Thus, if you fail to satisfy the foregoing conditions following your recovery from disability, your benefit will be calculated as if you terminated employment on the date of your disability. Therefore, you will not receive Credited Service for the period of your disability.

If you remain disabled and die before (a) making an election to receive Early Retirement benefits or (b) reaching Normal Retirement Date, your designated beneficiary will be entitled to receive a death benefit, if any, determined as if you were still employed on your date of death.
SEVERANCE BENEFITS, VESTING SCHEDULE AND PAYMENTS

If your service is terminated for reasons other than death or disability before becoming eligible for a monthly annuity payment option, you will receive an automatic 100 percent lump-sum payment of your vested Cash Balance Account within a reasonable period of time following the date of your termination of employment.

Your vested interest in your Cash Balance Account will be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Complete Years of Credited Service</th>
<th>Vesting Percent</th>
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<tbody>
<tr>
<td>Less than 3 years</td>
<td>0 percent</td>
</tr>
<tr>
<td>3 or more years</td>
<td>100 percent</td>
</tr>
</tbody>
</table>

Any amount that is eligible to be "rolled over" under IRS rules may, at your option, be paid directly to the Trustee of another eligible employer plan in which you are participating or may, at your request, be directly paid to a traditional Individual Retirement Account (IRA) established by you. Payments cannot be rolled over to a Roth IRA, a Simple IRA or a Coverdell Education Savings Account (formerly known as an Education IRA).

Any lump sum amount payable to you that is greater than $1,000 shall be paid on your behalf to an individual retirement account ("IRA") designated by the Board of Trustees unless you provide different written instructions in a timely manner to the Board of Trustees.

CREDITED SERVICE

Your benefits under the Plan are dependent to a certain extent on the amount of "Credited Service" you earn. Credited Service is used for the following purposes under the Plan:

1. To determine eligibility to participate in the Plan.
2. To determine the vested percentage (nonforfeitable interest) of your Cash Balance Account.
3. To determine your eligibility to choose a monthly annuity payment option.

Credited Service simply means any period calculated in years and fractional parts of a year (to the nearest whole month) during which you are employed by LCRA for 1,000 or more hours per year.

Also, Credited Service for all purposes will include any period during which you are on an authorized leave of absence from LCRA, provided you return to the active employ of LCRA within the specified time after such leave of absence. In addition, you may be entitled to Credited Service for periods of "qualified military service" that occur on or after December 12, 1994, as described in the Plan.

Effective August 1, 2011, the calculation of Years of Credited Service on behalf of a Participant or former Participant who dies or incurs a Total and Permanent Disability while performing Qualified Military Service shall, for all purposes numbered above, include such Participant’s Qualified Military Service, as if the Participant or former Participant had resumed employment on the day immediately preceding his death or, as applicable, the date on which he incurred a Total and Permanent Disability.

Credited Service will not include unused sick leave for any purpose.

BREAK IN CREDITED SERVICE

A break in Credited Service is a year during which you work 500 or fewer hours of employment with LCRA, unless you are absent with the consent of LCRA and in accordance with LCRA’s leave and management directives and you return within the period of authorized absence. If you have a break in Credited Service or other termination of employment and subsequently return to employment, you will be entitled to have your pre-break and post-break service aggregated for purposes of calculating Credited Service, provided:
1. At the time of your break in service, you were entitled to a nonforfeitable benefit under the Plan in accordance with the vesting provisions of the Plan and you return to employment, or

2. At the time of your break in service, you were not entitled to a nonforfeitable benefit under the Plan in accordance with the vesting provisions of the Plan as hereinafter provided, but you return to employment prior to the time that the number of years of breaks in Credited Service equals or exceeds the number of Years of Credited Service earned by you prior to the break in Credited Service.

**CONDITIONS UNDER WHICH YOU MAY FORFEIT OR DELAY YOUR RIGHTS TO BENEFITS UNDER THE PLAN**

1. If you were hired on or before March 31, 1984 and failed to make application for Credited Service with any other governmental agency or the armed forces when eligible to make application for such Credited Service, or you failed or refused to make the contributions necessary to be entitled to such Credited Service which are required by the provisions of the Plan, you will thereafter irrevocably forfeit any right to claim such additional Credited Service.

2. If you or your beneficiary are entitled to receive current benefits under the Plan, you are required to notify the Retirement Benefits Administrator of your current mailing address and, when requested by the Retirement Benefits Administrator, to furnish satisfactory proof that you are still alive. Any failure or refusal to supply the Retirement Benefits Administrator with this required information may cause a delay in the payment of further benefits to you or your beneficiary under the Plan.

3. If you die before the commencement of benefits, it will be the duty and the responsibility of your beneficiary or beneficiaries to notify the Retirement Benefits Administrator. Failure to so notify the Retirement Benefits Administrator of your death may cause a delay in the payment of benefits to your beneficiary or beneficiaries under the Plan.

4. Failure to complete three full Years of Credited Service will result in forfeiture of all benefits under the Plan.

**PROCEDURE FOR FILING CLAIMS UNDER THE LCRA RETIREMENT PLAN**

When a benefit is due to you or your beneficiary under the Plan, a claim must be filed in writing with the Retirement Benefits Administrator. Appropriate forms to be used in filing claims for benefits may be obtained by you or your beneficiary from the Retirement Benefits Administrator upon request.

**APPEAL PROCEDURE IN THE EVENT A CLAIM IS DENIED OR DISPUTED**

In the event any claim filed by you or your beneficiary is denied or in the event any dispute arises over the amount of the benefit to be paid to you or your beneficiary under the Plan, you or your beneficiary may file a written statement with the Retirement Plan Board of Trustees (the Board of Trustees) stating the nature of the dispute and the relative facts which are pertinent to the dispute. In the event that the Board of Trustees cannot resolve the claim or dispute in favor of you or your beneficiary after giving consideration to the written material filed by you or your beneficiary, the Board of Trustees will then give notice to you or your beneficiary of the right to appear in person before the Board of Trustees. Such notice to you or your beneficiary will stipulate a time and place for the meeting with the Board of Trustees, which will be held at a date not later than ninety days subsequent to the date you first filed the initial claim with the Board of Trustees. You or your beneficiary will have the right to be represented by counsel at the meeting held by the Board of Trustees. The decision made by the Board of Trustees at such meeting will be in writing and will include specific reasons for whatever action is taken with specific reference to the Plan provisions on which such decision is based.

**RIGHT OF AUTHORITY TO AMEND OR TERMINATE THE LCRA RETIREMENT PLAN**

Although it is the expectation of LCRA that it will continue the Plan from year to year and will continue to pay its contributions hereunder, the continuance of the Plan is not assumed as a contractual obligation, and LCRA expressly reserves the right to amend, discontinue or terminate the Plan at any time. However, no amendment will have the effect of retroactively depriving you of your benefits accrued prior to the date of such amendment. Under no circumstances will any of the money contributed to the Trust ever revert to or be used for the benefit of LCRA, and in the event the Plan is terminated, all assets held by the Trustee will be used exclusively for the benefit of the Plan Participants.
**GOVERNING LAW**

The laws of Texas and, to the extent applicable, federal law will govern the execution, effect, application, interpretation and enforcement of the LCRA Retirement Plan and Trust.

**NAMES, ADDRESSES AND DATES**

<table>
<thead>
<tr>
<th>Role</th>
<th>Address</th>
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<tbody>
<tr>
<td>Plan Sponsor:</td>
<td>Lower Colorado River Authority 3700 Lake Austin Boulevard Post Office Box 220 Austin, Texas 78767-0220</td>
</tr>
<tr>
<td>Plan Administrator:</td>
<td>Retirement Plan Board of Trustees 3700 Lake Austin Boulevard Post Office Box 220 Austin, Texas 78767-0220</td>
</tr>
<tr>
<td>Plan Trustee:</td>
<td>State Street Bank and Trust Company 10 South Broadway, Suite 630 St. Louis, MO 63102</td>
</tr>
<tr>
<td>Actuarial Consultants:</td>
<td>Rudd and Wisdom, Inc. Post Office Box 204209 Austin, Texas 78720-4209</td>
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<tr>
<td>Plan Year:</td>
<td>January 1 to December 31</td>
</tr>
<tr>
<td>Anniversary Date:</td>
<td>January 1</td>
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