



Board Agenda

Wednesday, Dec. 13, 2017
LCRA Board Room
Austin

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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 website 72 hours prior to the meeting at www.sos.state.tx.us/open.

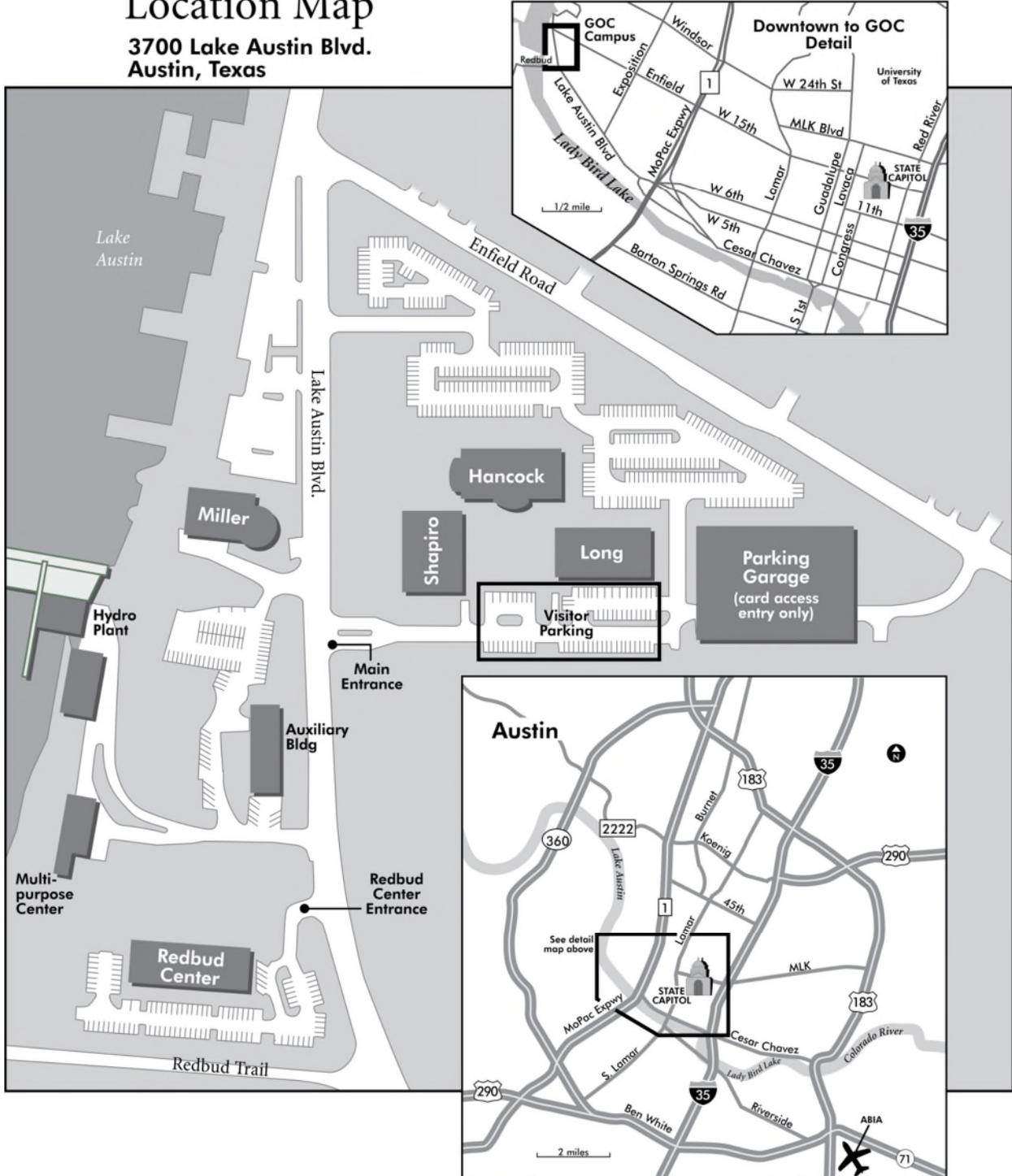
Executive Session

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 Section 551.086 of the Texas Government Code.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR ACTION (CONSENT)

1. Appointment of Directors to LCRA's Retirement Benefits Board of Trustees

Proposed Motion

Reappoint Raymond A. "Ray" Gill Jr. and Charles B. "Bart" Johnson to serve on LCRA's Retirement Benefits Board of Trustees for three-year terms expiring Dec. 31, 2020.

Board Consideration

The plan document governing LCRA's retirement plans provides that a seven-member board of trustees will administer the plans. The LCRA Board of Directors shall appoint two LCRA Board members to serve three-year terms on the Board of Trustees for LCRA's retirement plans.

Budget Status and Fiscal Impact

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

Summary

In December 2014, the LCRA Board reappointed Director Gill to serve on the Board of Trustees for an additional three-year term. In October 2015, the LCRA Board appointed Director Johnson to fill an unexpired term on the Board of Trustees.

The respective terms on the Board of Trustees for directors Gill and Johnson both expire Dec. 31, 2017. The LCRA Board now needs to appoint or reappoint two of its members to serve three-year terms on the Board of Trustees for terms that are effective Jan. 1, 2018, and expire Dec. 31, 2020.

FOR ACTION (CONSENT)

2. Appointment of Directors to GenTex Power Corporation

Proposed Motion

Reappoint Pamela Jo “PJ” Ellison and Robert “Bobby” Lewis to serve on the GenTex Power Corporation Board of Directors for one-year terms expiring Dec. 31, 2018.

Board Consideration

Section 2.01 of the GenTex bylaws requires the LCRA Board of Directors to appoint directors to the GenTex Board of Directors.

Budget Status and Fiscal Impact

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

Summary

Pursuant to the GenTex bylaws, the GenTex Board of Directors is composed of nine directors, including five LCRA directors and four directors representing LCRA’s wholesale electric customers as follows:

- The LCRA Board chair, vice chair and secretary (officers), who automatically serve on the GenTex Board of Directors during their terms as officers of the LCRA Board of Directors.
- Two LCRA non-officer directors, including one who must be from a county other than the 10 counties in LCRA’s statutory district, who serve one-year terms.
- Two directors representing electric cooperative customers and two representing municipal customers, who serve two-year terms beginning on Jan. 1 of odd-numbered years.

Directors Ellison and Lewis currently serve on the GenTex Board as the two LCRA non-officer directors, and their terms expire Dec. 31, 2017. The LCRA Board now needs to appoint or reappoint two LCRA non-officer directors to serve on the GenTex Board for terms that are effective Jan. 1, 2018, and expire Dec. 31, 2018.

FOR ACTION (CONSENT)

3. Annual Appointment of Independent Auditor

Proposed Motion

Appoint PricewaterhouseCoopers LLP (PwC) as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2018 financial statements.

Board Consideration

LCRA Board Policy 221 – Auditors states that the LCRA Board of Directors will evaluate and appoint the independent auditors annually.

Budget Status and Fiscal Impact

Audit fees are included in the appropriate fiscal year budgets. PwC has agreed to keep their fees for the FY 2018 engagement at the same level as their fees for the FY 2017 engagement.

Summary

The Audit and Risk Committee received a recommendation from the general auditor to reappoint PwC as LCRA's independent auditor to perform external audits of LCRA's FY 2018 financial statements. This recommendation was formed after consulting LCRA's financial and executive management as to PwC's performance on the FY 2017 financial statement audits. The Audit and Risk Committee recommends the approval of PwC as the independent auditor to perform the external audits of LCRA's FY 2018 financial statements.

FOR ACTION (CONSENT)

4. Directors' Attendance at Seminars, Conferences

Proposed Motion

Approve directors' attendance at seminars or conferences for calendar year 2018.

Board Consideration

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require approval for directors' attendance at seminars and conferences.

Budget Status and Fiscal Impact

The budget in the business plan provides for travel to seminars and conferences by members of the Board of Directors.

Summary

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

Section 2.08 of the LCRA bylaws provides that per diem and expenses shall be paid to members of the Board who attend association meetings, conventions and conferences directly related to LCRA business, provided such attendance is authorized by prior resolution of the Board.

Executive Assistant to the General Manager and Board of Directors Gina Jerram will assist in making necessary travel arrangements for seminars or conferences.

Exhibit(s)

A – 2018 Annual Conferences and Travel for Board Approval

EXHIBIT A

**2018 ANNUAL CONFERENCES AND TRAVEL
FOR BOARD APPROVAL**

Feb. 25-28	National Rural Electric Cooperatives Association Annual Meeting, Nashville, Music City Center
Feb. 28-March 2	Texas Land Conservation Conference, Austin, Texas
March 5-7	Texas Public Power Association Marketing and Customer Services Conference, Sheraton, Dallas, Texas
March 7-9	Texas Water Conservation Association Annual Convention, Cedar Creek, Texas
March (TBD)	Texas Rural Water Association Annual Conference
May (TBD)	Texas Water Law Annual Conference, Austin, Texas
June 13-15	Texas Water Conservation Association Midyear Conference, La Torretta Lake Resort, Montgomery, Texas
July 23-25	Texas Public Power Association Annual Meeting, Four Seasons, Austin, Texas
Aug. 5-8	Texas Electric Cooperatives Annual Meeting, Marriott River Center, San Antonio, Texas
Sept. 29-Oct. 2	National Association of Corporate Directors – Global Board Leaders Summit, Marriott Marquis, Washington, D.C.
Oct. 17-19	Texas Water Conservation Association Fall Conference, Wyndham Riverwalk Hotel, San Antonio, Texas
Nov. 9	Texas Conference for Women, Convention Center, Austin, Texas
Dates TBD	National Association of Corporate Directors Texas Tricities, Austin-Houston-San Antonio Chapter Meetings

**PLEASE CONTACT GINA JERRAM
FOR REGISTRATION AND TRAVEL INFORMATION**

FOR ACTION

5. Contracts and Contract Changes

Proposed Motion

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

Board Consideration

LCRA Board Policy 308 – Purchasing Contracts establishes requirements for contracts for the purchase of goods, services, construction and software.

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

The Board approves the contracts and contract changes in accordance with LCRA Board Policy 308. LCRA has two types of contracts, master and one-time.

- **Master Contract:** Establishes the terms and conditions under which LCRA may purchase goods and/or services during a fixed period of time to fulfill its business plan. These purchases are budgeted in the capital and operations and maintenance budgets. Master contracts are not commitments to expend funds. Purchase orders placed against these master contracts are commitments to spend.
- **One-time Contract:** A contract for the purchase of a definite quantity of goods or services during a fixed period of time. These contracts normally include commitments to expend funds.

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

New Contracts

New contracts that require Board approval under Board Policy 308 are noted in Exhibit A. The contracts below have termination for convenience language should LCRA's needs change unless otherwise noted. The amount reflects the projected spending need over the life of the contract(s).

Contract No.	4727
Contractor:	AECOM Technical Services Inc.
Contract Value:	Not to exceed \$2 million
Competition:	Full and open competition
Contract Length:	December 2018 – until the contract is fulfilled
Description:	This is a one-time contract for engineering and environmental services used by Water Resources in support of the Prairie Conservation Reservoir project.

Process Integrity: LCRA directly solicited seven suppliers, in addition to posting the opportunity on LCRA's website. LCRA received and evaluated three vendor proposals. A team of evaluators weighted five criteria according to the nature of the category: ability to perform/provide, quality, service, cost and innovation. The team then awarded a score for each criterion to each supplier response. The team then awarded a score for each criterion to each supplier response. The highest weighted criterion was quality. This criterion was evaluated based upon firm experience and staff qualifications. Based on this evaluation and the contract concessions achieved through negotiations, staff recommends AECOM Technical Services Inc. as the supplier for this category.

Best Value for LCRA: The proposed contract terms offer the best value among all the respondents.

EXHIBIT B

Contract Administration

LCRA Board Policy 308 – Purchasing Contracts requires Board approval for contract changes when the accumulated changes are in excess of \$100,000 for consulting services and contracts valued at more than \$2 million for goods, services (excluding consulting services), construction or software. Any changes that reach these limits are noted in Exhibit B.

- 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 that 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 originally were awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

Contract No.	3691
Contractor:	Presidio Networked Solutions Inc.
Original Contract Value:	\$10.5 million
Expanded Contract Value:	\$19.1 million
Competition:	Full and open competition
Contract Length:	June 2013 - June 2018
Description:	This is a master contract for the provision of network hardware, data servers, data storage, firewalls, and configuration services used by LCRA.

Process Integrity: LCRA directly solicited 49 suppliers, in addition to posting the opportunity on LCRA's website. LCRA received nine proposals and evaluated eight. A team of evaluators weighted five criteria according to the nature of the category: ability to perform/provide, quality, service, cost and innovation. The team then awarded a score for each criterion to each supplier response. In the first round of scoring, the highest weighted criterion was quality. This was evaluated based upon warranty, service level agreements, support services and support staff certifications. In the second and final round of scoring, the highest weighted criterion was cost. This was evaluated based upon price, percent discount off listed hardware, warranty and support cost. Based on this evaluation and the contract concessions achieved through negotiations, staff recommended Presidio Networked Solutions Inc. as the supplier for this category.

Contract History:

Original Contract Value (June 2013)	\$10,500,000
Existing Change Sub-total	\$1,999,999
Increase in Estimate (December 2017)	\$6,600,001
Total	<u>\$19,100,000</u>

Contract No. 4271
Contractor: Phillips and Jordan, Inc.
Original Contract Value: \$174,140,694
Expanded Contract Value: \$179,140,694
Competition: Full and open competition
Contract length: June 2013 - until fulfilled
Description: This is a one-time contract for construction services required to complete the Arbuckle Reservoir.

Process Integrity: LCRA directly solicited 32 suppliers, in addition to posting the opportunity on LCRA's website. LCRA received and evaluated two proposals. A team of evaluators weighted five criteria according to the nature of the category: ability to perform/provide, quality, service, cost and innovation. The team then awarded a score for each criterion to each supplier response. In both the first and second rounds of scoring, the highest weighted criterion was cost, which was evaluated based on warranty, service level agreements, support services, support staff certifications and the contractor's final lump sum cost. Based on this evaluation and the contract concessions achieved through negotiations, staff recommended Phillips & Jordan, Inc., as the supplier for this project.

Contract History:

Original Contract Value (June 2013)		\$174,140,694
Existing Change Sub-total		\$1,798,259
Increase in Estimate No. 10 (December 2017)	Revisions to vertical pump station framing for pump installation, modification of river outfall pipe vent, additional handrails at river outfall, 120-volt circuit for door in horizontal pump station, horizontal pump station anti-lubricator system, cables, Highway 60 drainage ditch, vacuum priming connection horizontal pump station, additional coating at vertical pump station pipes (proposed change orders)	\$201,741
Increase in Estimate No. 11 (December 2017)	Additional anticipated work through the end of construction.	\$3,000,000
Total		<u>\$179,140,694</u>

FOR DISCUSSION

6. Water Rates Summary

Summary

Staff will present an overview of anticipated water rates for calendar year 2018.

Presenter(s)

John Hofmann
Executive Vice President, Water

Stephen Kellicker
Vice President, Financial Planning and Analysis

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