



# Board Agenda

Wednesday, Jan. 17, 2018  
LCRA Board Room  
Austin

## Items from the Chair

## Items from the General Manager

General Manager’s Update

## Items from the Chief Financial Officer

- 1. Financial Report ..... 4

## Consent Items

- \*2. Conveyance of Electric Transmission Line Easement in Fayette County  
(Parcel A-18(05)) ..... 5
- 3. Directors’ Attendance at Seminars, Conferences ..... 8
- 4. Directors’ Fees, Expenses ..... 10
- 5. Minutes of Prior Meetings ..... 11

## Action / Discussion Items

- 6. LCRA Interruptible Agricultural Drought Contingency Plan ..... 24
- 7. LCRA Interruptible Agricultural Water Contract Rules, Standard Form  
Contracts and Rates for Gulf Coast, Lakeside and Garwood Irrigation  
Divisions ..... 25
- \*8. Authorize the Twenty-Fifth Supplemental Resolution to the LCRA  
Transmission Contract Revenue Financing Program Regarding  
the LCRA Transmission Services Corporation Commercial Paper  
Program Tax-Exempt Series and Authorize Related Agreements ..... 28
- 9. Contracts and Contract Changes ..... 30

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

**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](http://www.sos.state.tx.us/open).

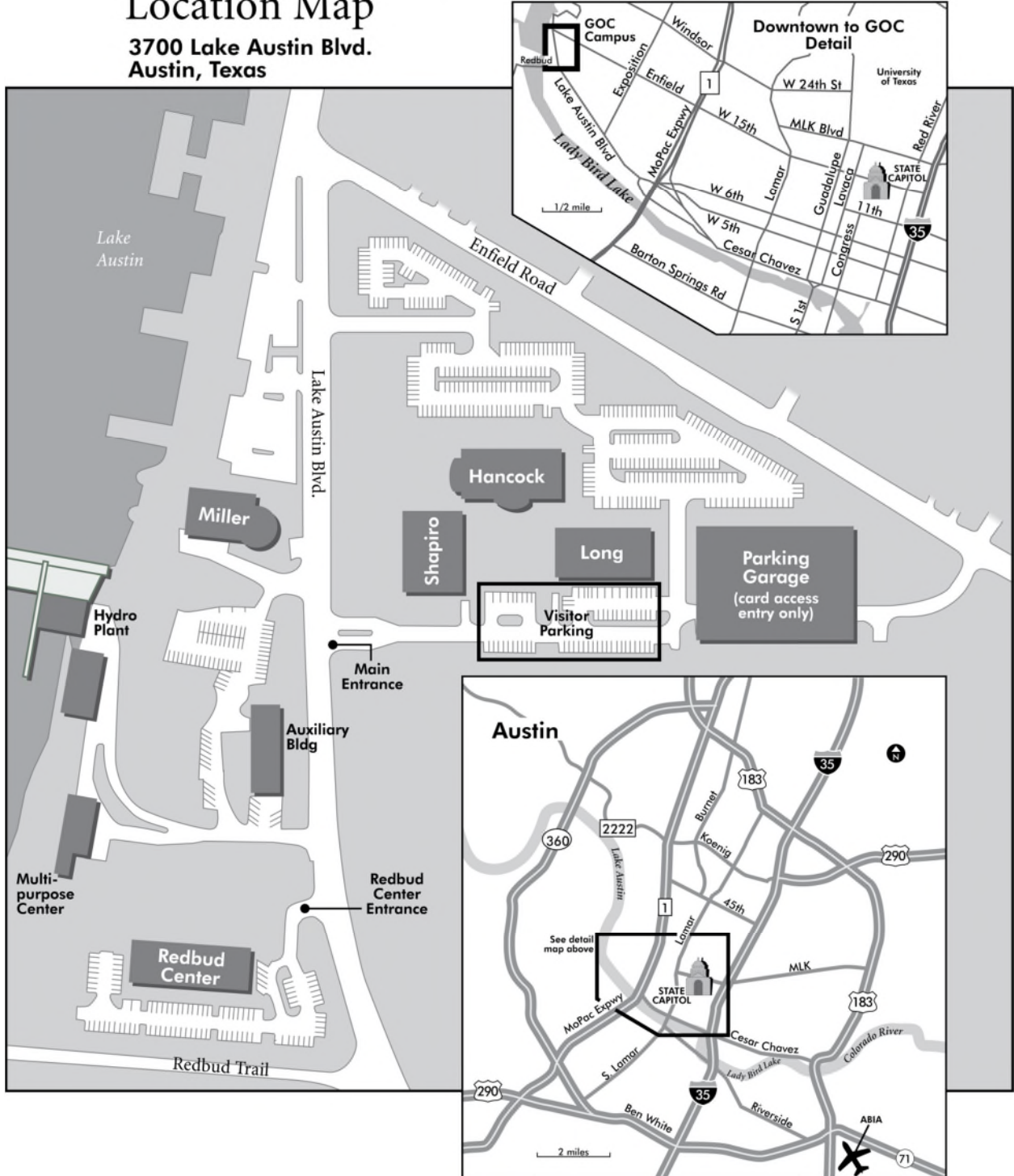
**Executive Session**

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 Section 551.086 of the Texas Government Code.

# LCRA General Office Complex Location Map

3700 Lake Austin Blvd.  
Austin, Texas



**FOR DISCUSSION**

# **1. Financial Report**

**Board Consideration**

Staff presents this report monthly to the Board for discussion.

**Summary**

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

**Presenter(s)**

Julie Rogers  
Controller

**Lower Colorado River Authority**  
**Financial Highlights**  
**December 2017**

**Lower Colorado River Authority**  
**Table of Contents**

Budget-to-Actual Highlights.....	1
Capital Forecast.....	2
Financial Statement Trends .....	3
Condensed Balance Sheets and Condensed Statements of Revenues, Expenses and Changes in Equity .....	4
Condensed Statements of Cash Flows .....	5
Investments and Debt .....	6

**Key terms:**

**4CP** – Four-month coincident peak is the average of the peak Electric Reliability Council of Texas electrical demands (measured in kilowatts) during the months of June, July, August and September of the previous calendar year.

**FYE** – Fiscal year-end.

**Net margin** – Total operating revenues, including interest income, less direct and assigned expenses.

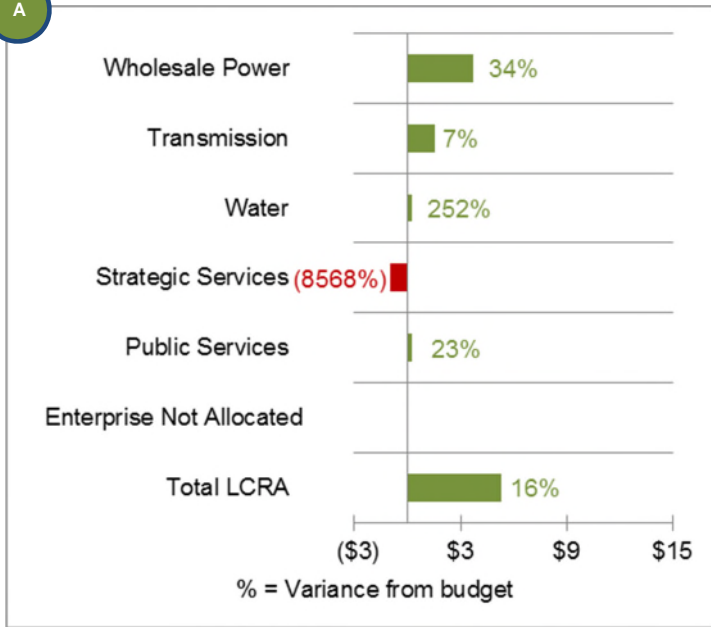
# Lower Colorado River Authority

Dec. 31, 2017

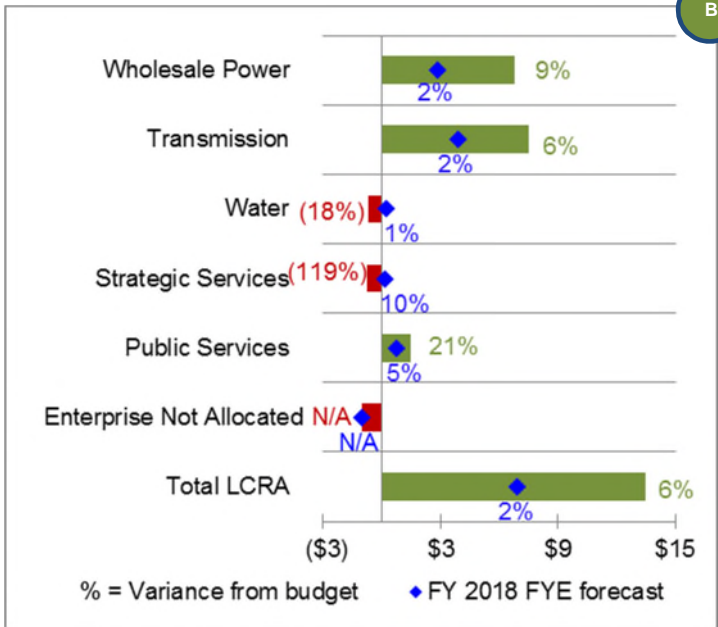
(Dollars in Millions)

## Budget-to-Actual Highlights

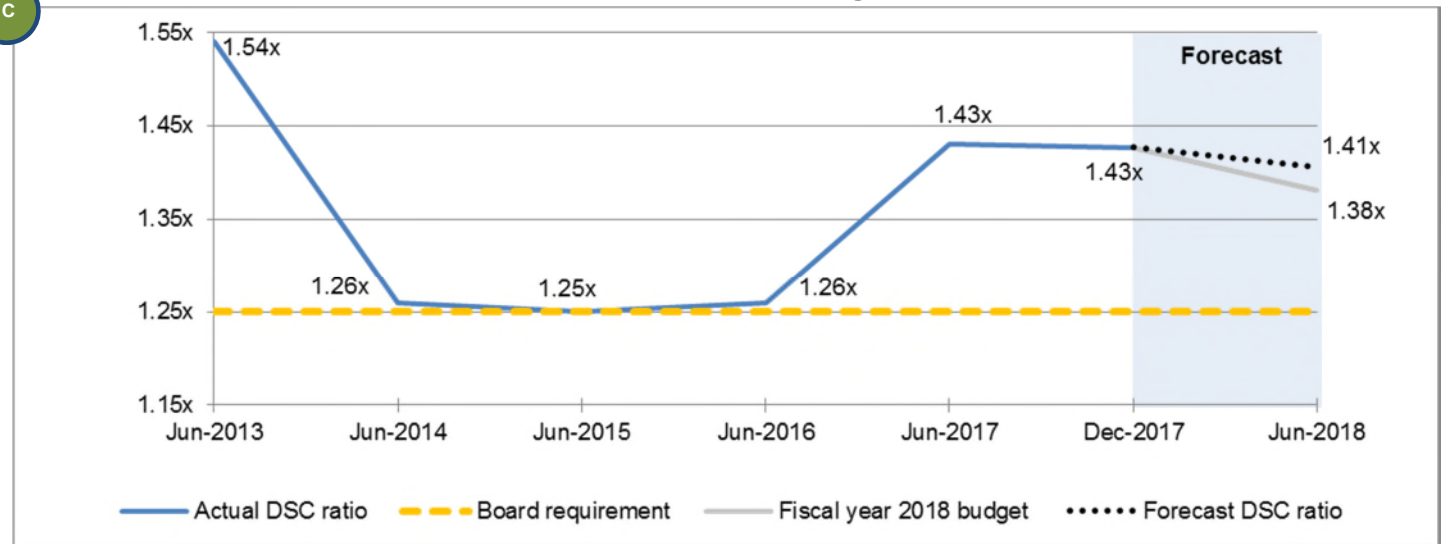
### Net Margin Monthly Variances



### Net Margin Fiscal Year-to-Date Variances



### Debt Service Coverage



#### Key takeaways:

- Wholesale Power monthly and year-to-date performances were driven by timing of nonfuel expenses and higher-than-budgeted load. The year-end forecast is driven primarily by higher-than-budgeted interest income, other revenues and lower-than-budgeted nonfuel expenses.
- Transmission monthly performance was driven by the timing of expenses. Unbudgeted revenues from generation interconnect studies, higher-than-budgeted transmission cost of service revenues, and a combination of lower expenses and timing differences drove the year-to-date performance. The year-end forecast is driven by unbudgeted revenue from generation interconnect studies and lower expenses than budgeted.

# Lower Colorado River Authority

Dec. 31, 2017

## Budget-to-Actual Highlights

### **Key takeaways continued:**

- Water monthly performance was driven by the timing of expenses. Year-to-date performance was driven by lower-than-budgeted Irrigation revenues. The year-end forecast is driven by lower-than-budgeted expenses.
- The monthly and year-to-date performances for Strategic Services were due primarily to the timing of Transmission customer service work. The year-end forecast is due primarily to lower-than-budgeted expenses.
- A combination of the timing differences and lower expenses drove the monthly and year-to-date performances for Public Services. The year-end forecast is driven by lower expenses and slightly higher revenues than budgeted.
- The year-to-date and year-end forecast for the Enterprise Not Allocated variance was driven by a donation for hurricane relief efforts.
- Debt service coverage is projected to be higher than budgeted due to forecast positive year-end performance in Wholesale Power and Transmission.

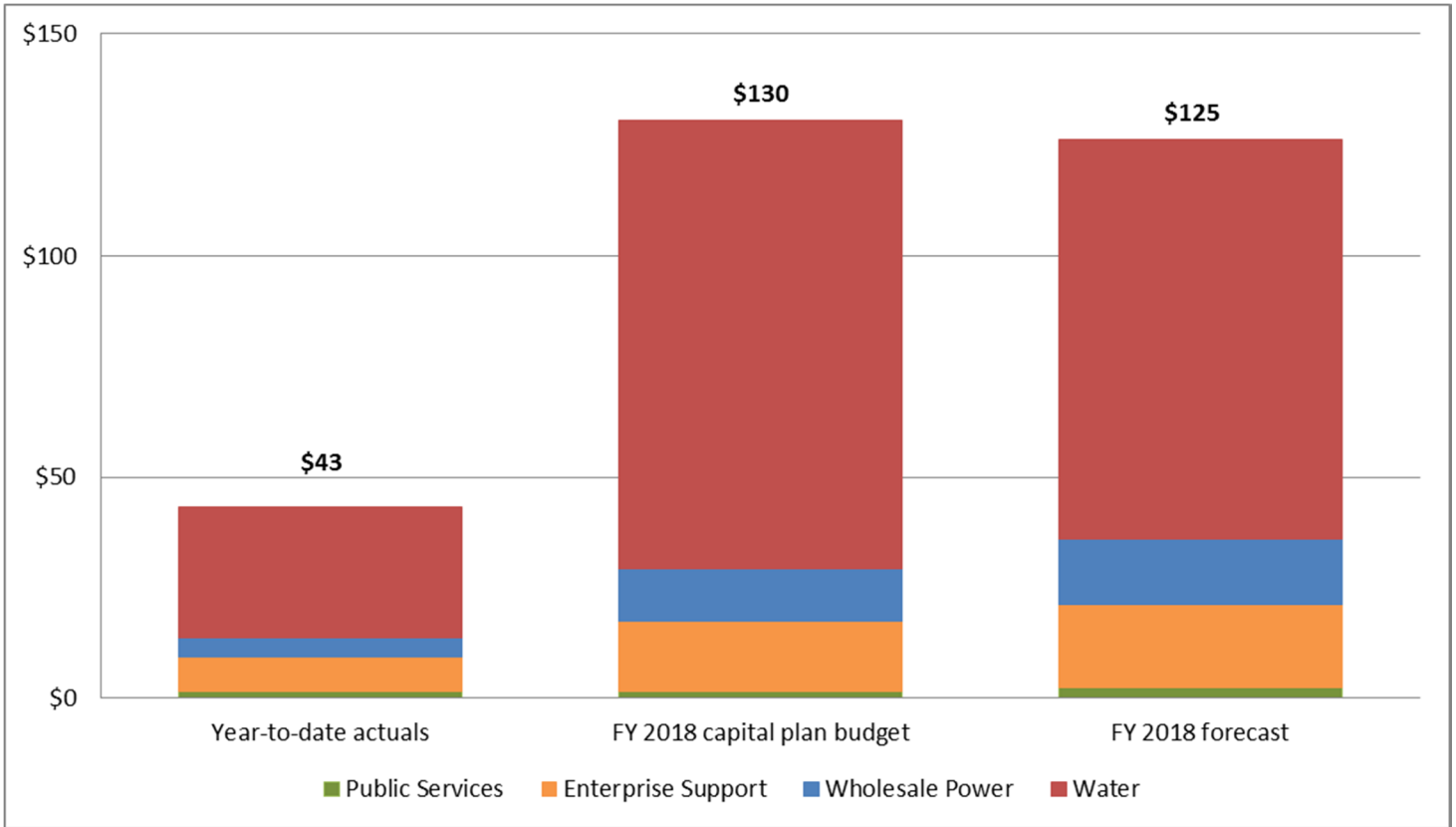


# Lower Colorado River Authority

Dec. 31, 2017

(Dollars in Millions)

## Capital Forecast



Business area	Year-to-date actuals	Percentage of budget spent	FY 2018 capital plan budget	FY 2018 capital forecast	Variance to forecast
Wholesale Power	\$ 4.2	36%	\$ 11.7	\$ 14.0	\$ (2.3)
Water	29.7	29%	101.3	90.2	11.1
Public Services	1.5	88%	1.7	2.5	(0.8)
Enterprise Support	7.8	50%	15.7	18.8	(3.1)
	<b>\$ 43.2</b>	<b>33%</b>	<b>\$ 130.4</b>	<b>\$ 125.4</b>	<b>\$ 5.0</b>

Note: Transmission Services' capital summary is found in the LCRA Transmission Services Corporation Financial Report.

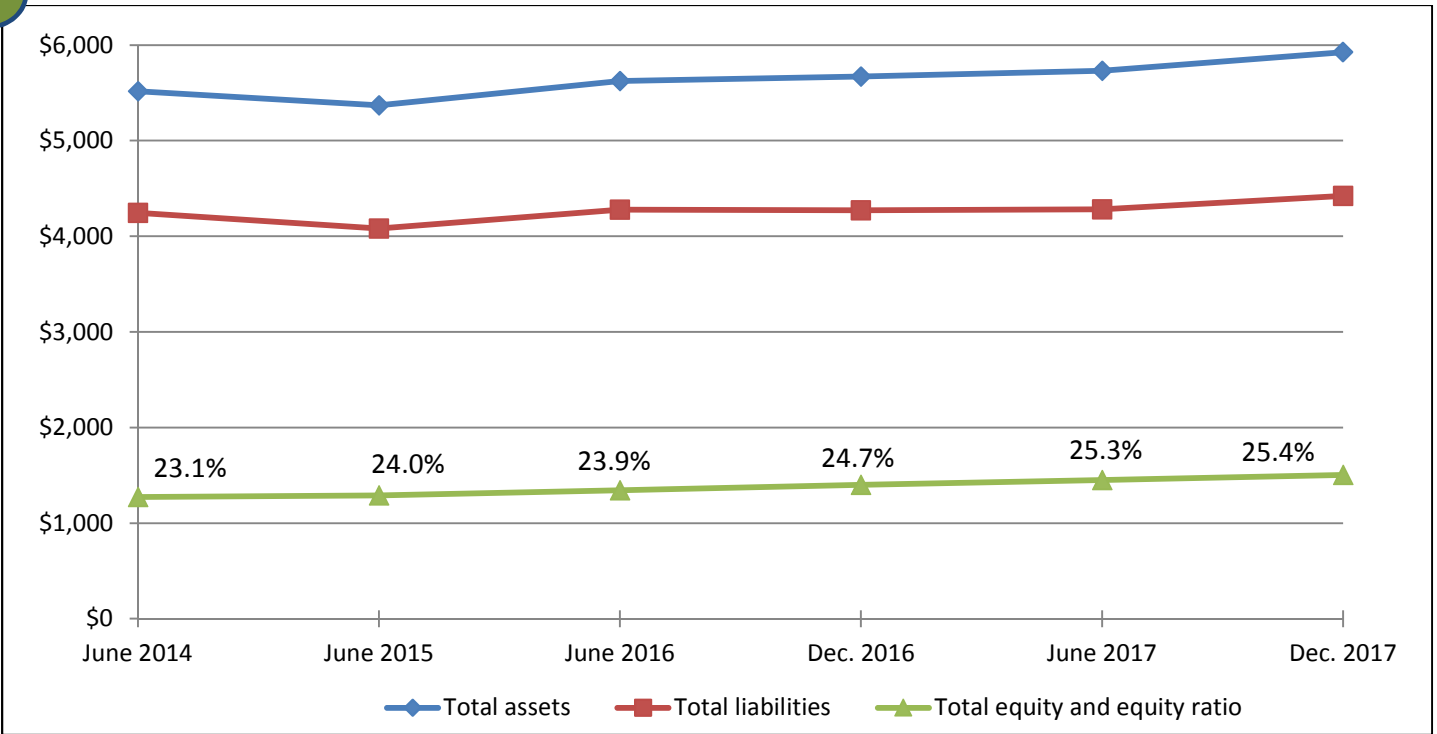
### Key takeaways:

- LCRA is currently projecting capital spending for FY 2018 will be \$5.0 million below the capital plan budget of \$130.4 million.
- For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed \$1.5 million according to LCRA Board Policy 301. Two projects were submitted for GM approval this quarter. The GM approved the Gulf Coast Easements Acquisition project with a lifetime budget of \$948,720 and the FPP Gypsum Storage Building project with a lifetime budget of \$500,000.

**Lower Colorado River Authority  
Financial Statement Trends  
Dec. 31, 2017  
(Dollars in Millions)**

**Balance Sheet Trends**

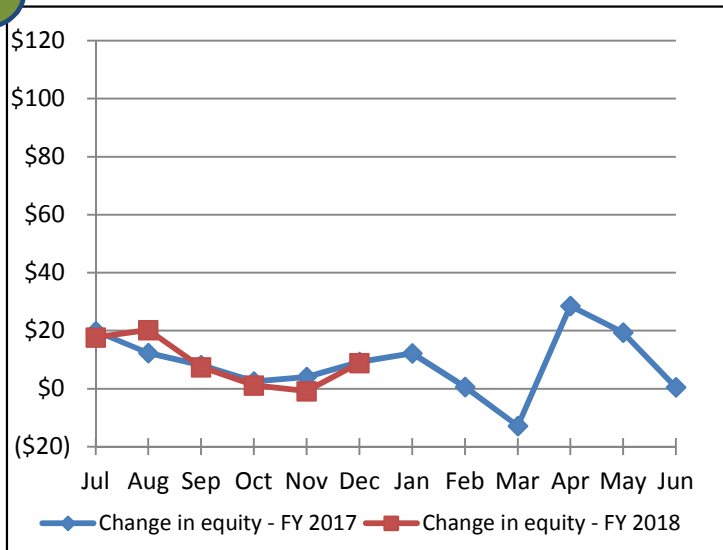
A



**Income Statement Trends**

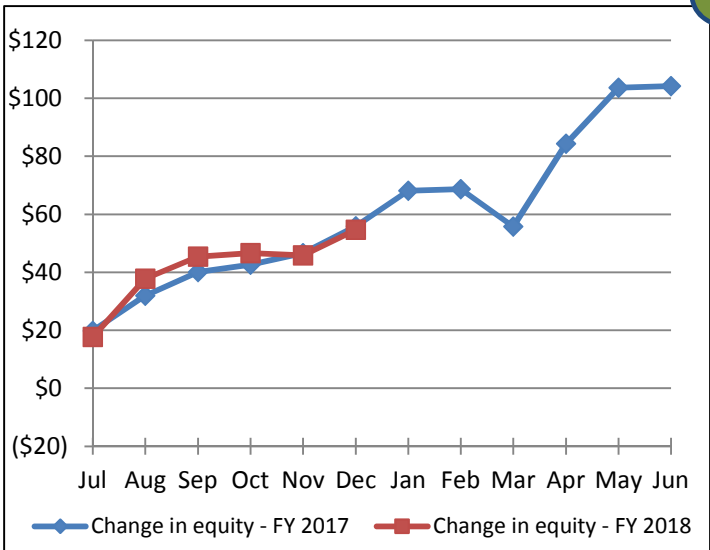
**Monthly**

B



**Cumulative Fiscal Year to Date**

C



**Key takeaways:**

- The balance sheet trend remains steady from prior periods.
- The income statement trend remains steady from prior periods.

## Lower Colorado River Authority

Dec 31, 2017

(Dollars in Millions)

### Condensed Balance Sheets

	Dec. 31, 2017	Dec. 31, 2016
<i>Assets</i>		
Total current assets	\$ 590.4	\$ 721.6
Total long-term assets	5,335.7	4,949.4
<b>Total Assets</b>	<b>\$ 5,926.1</b>	<b>\$ 5,671.0</b>
<i>Liabilities</i>		
Total current liabilities	\$ 600.2	\$ 450.3
Total long-term liabilities	3,822.5	3,821.3
Total liabilities	4,422.7	4,271.6
<i>Equity</i>		
Total equity	1,503.4	1,399.4
<b>Total Liabilities and Equity</b>	<b>\$ 5,926.1</b>	<b>\$ 5,671.0</b>

### Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2018	2017
<b>Operating Revenues</b>		
Electric	\$ 489.0	\$ 474.2
Water, wastewater and irrigation	9.4	11.9
Other	12.2	20.7
<b>Total Operating Revenues</b>	<b>510.6</b>	<b>506.8</b>
<b>Operating Expenses</b>		
Fuel	158.4	141.1
Purchased power	30.7	39.0
Operations	87.8	89.0
Maintenance	16.2	14.8
Depreciation, depletion and amortization	85.6	83.8
<b>Total Operating Expenses</b>	<b>378.7</b>	<b>367.7</b>
<b>Operating Income</b>	<b>131.9</b>	<b>139.1</b>
<b>Nonoperating Income (Expenses)</b>		
Interest on debt	(79.8)	(80.6)
Other income (expenses)	2.6	(2.6)
<b>Total Nonoperating Income (Expenses)</b>	<b>(77.2)</b>	<b>(83.2)</b>
<b>Change in Equity</b>	<b>54.7</b>	<b>55.9</b>
<b>Total Equity - Beginning of Period</b>	<b>1,448.7</b>	<b>1,343.5</b>
<b>Total Equity - End of Period</b>	<b>\$ 1,503.4</b>	<b>\$ 1,399.4</b>

**Lower Colorado River Authority**

**Dec. 31, 2017**

*(Dollars in Millions)*

**Condensed Statements of Cash Flows**

	<b>Fiscal Year to Date</b>	
	<b>2018</b>	<b>2017</b>
Net cash provided by operating activities	\$ 213.4	\$ 218.5
Net cash provided by noncapital financing activities	1.4	0.8
Net cash used in capital and financing activities	(48.8)	(170.6)
Net cash used in investing activities	(151.6)	(30.8)
<b>Net Increase in Cash and Cash Equivalents</b>	14.4	17.9
<b>Cash and Cash Equivalents - Beginning of Period</b>	314.0	382.8
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 328.4</u>	<u>\$ 400.7</u>

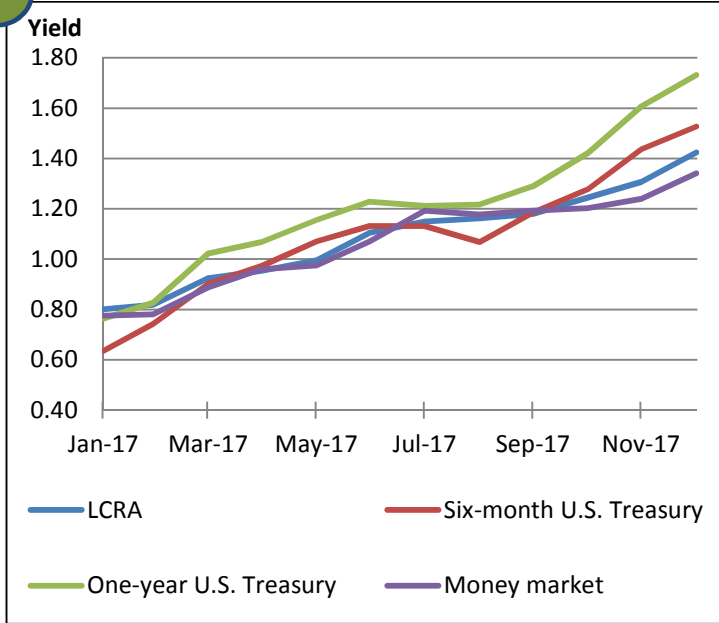
# Lower Colorado River Authority

Dec. 31, 2017

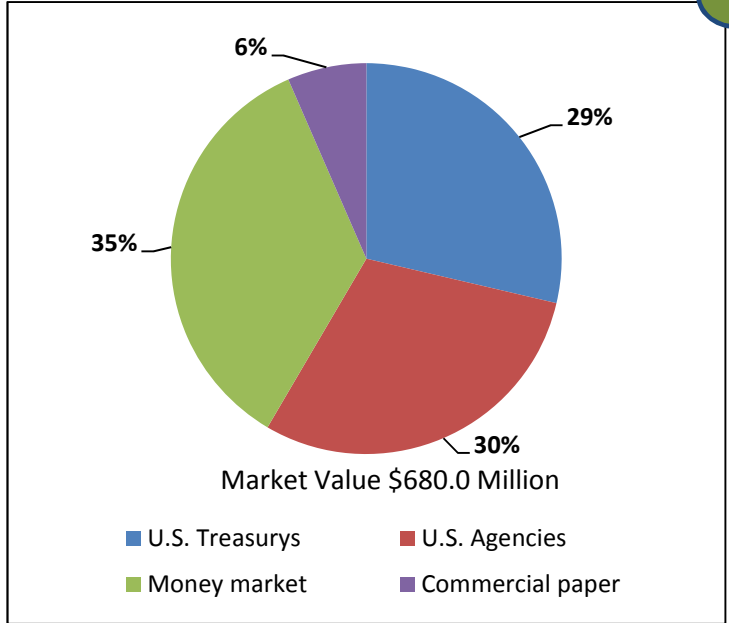
(Dollars in Millions)

## Investments and Debt

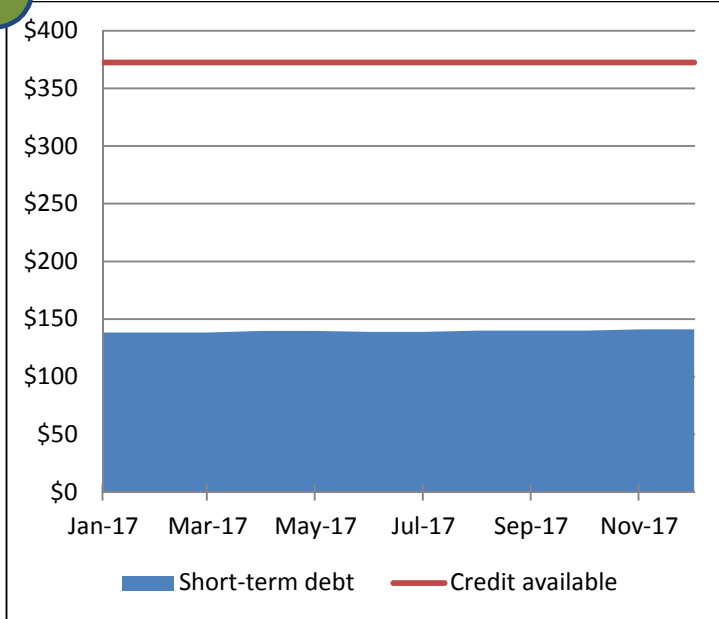
### Investment Portfolio Yield



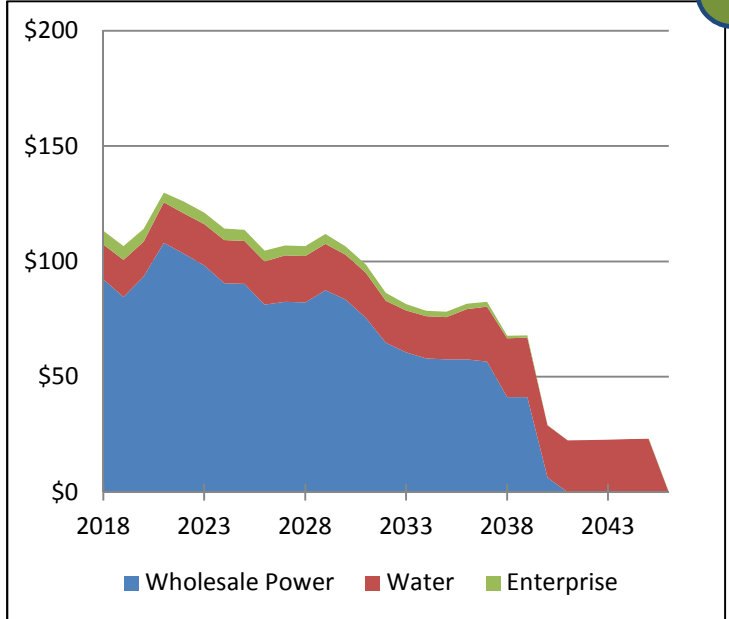
### Investment Portfolio Composition



### Short-Term Debt



### Bond Debt Service



### Key takeaway:

- The Federal Open Market Committee raised the federal funds target rate at its Dec. 13 meeting, becoming the fourth 25 basis point rate increase in 2017. The market is currently expecting, with a 30 percent probability, three additional 25 basis point hikes in calendar year 2018.

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**FOR ACTION (CONSENT)**

## **2. Conveyance of Electric Transmission Line Easement in Fayette County (Parcel A-18(05))**

### **Proposed Motion**

Authorize the general manager or his designee to convey a permanent electric transmission line easement, being approximately 5 acres out of LCRA parcel A-18(05) in Fayette County, to LCRA Transmission Services Corporation.

### **Board Consideration**

Section 8503.020(b) of the Texas Special District Local Laws Code requires the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property. LCRA Board Policy 401 – Land Resources establishes guidelines for the acquisition, disposition, use and management of all LCRA land rights.

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

The funding and administrative costs were included in the Board approved budget for the FPP Bus Tie Substation Upgrade project.

### **Summary**

LCRA and the City of Austin own approximately 261.76 acres within parcel A-18(05) as part of the Fayette Power Project. LCRA TSC has requested an easement on this land from LCRA and the City of Austin to upgrade the existing bus tie transmission line and install an additional transmission line between two existing substations (FPP Yard #1 and FPP Yard #2) located at FPP. The new easement will be used for the construction and maintenance of these transmission lines and will affect approximately 5 acres.

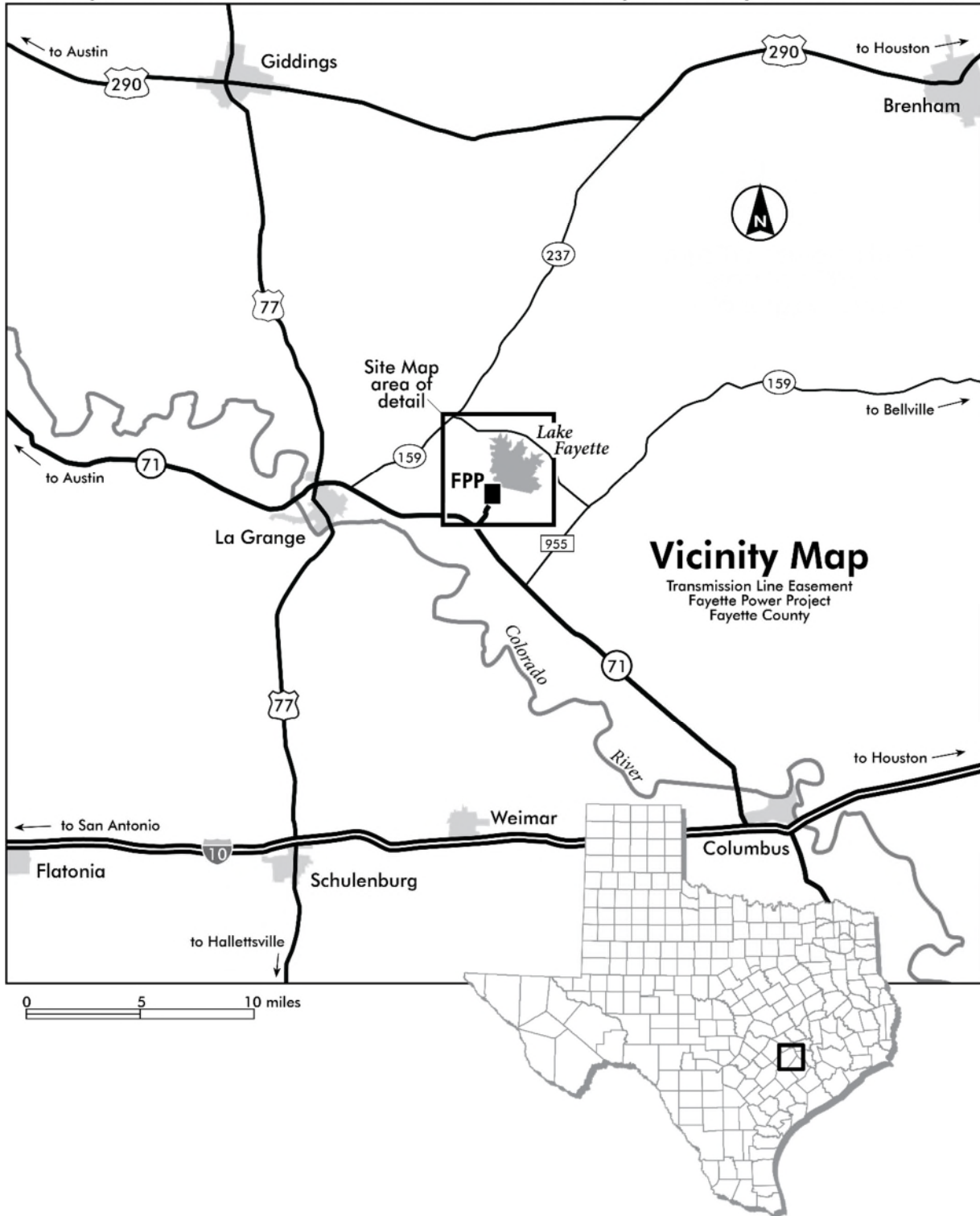
LCRA staff will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the easement.

### **Exhibit(s)**

- A – Vicinity Map
- B – Site Map

**EXHIBIT A**

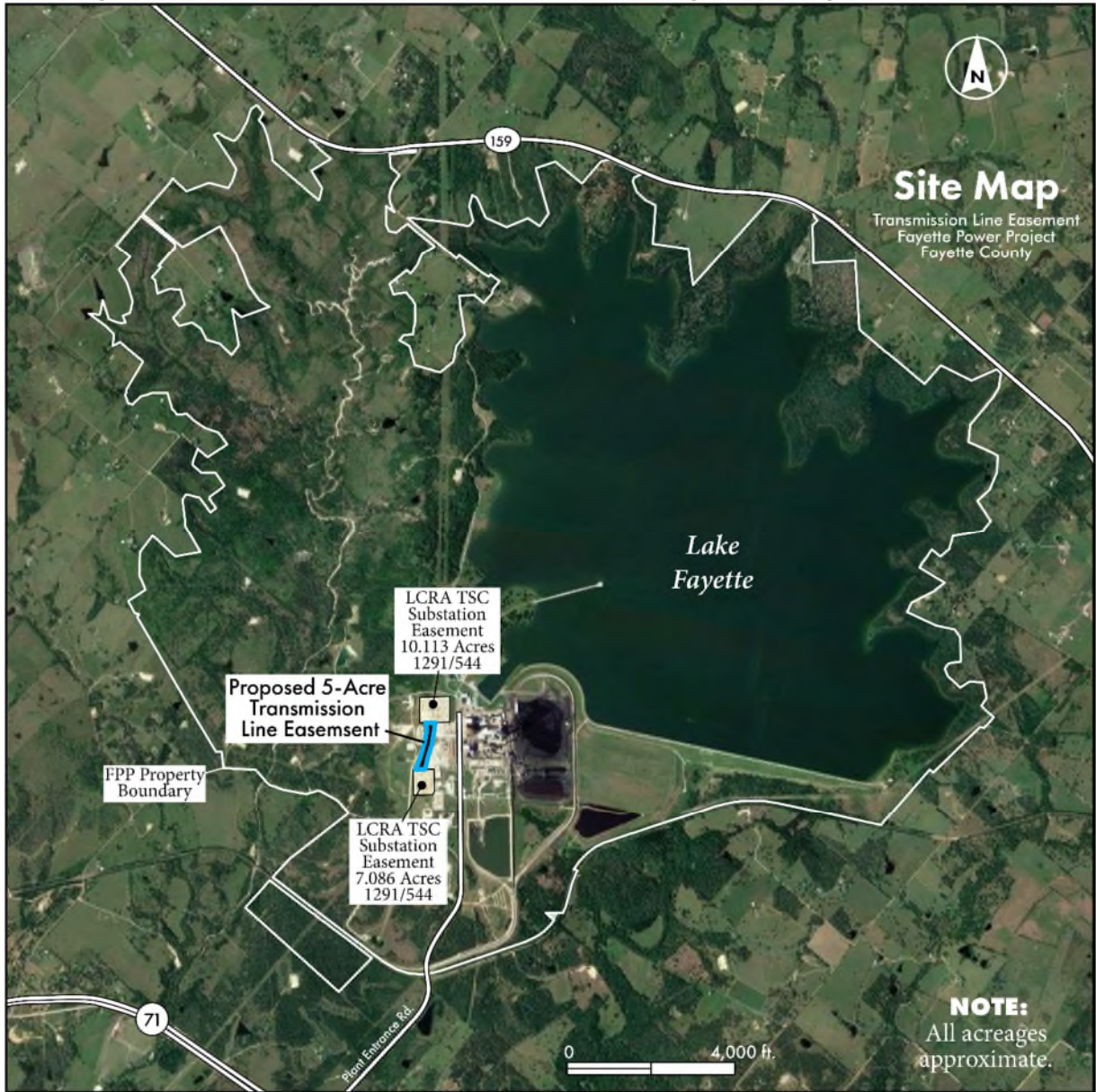
**Conveyance of Electric Transmission Line Easement in Fayette County (Parcel A-18(05))**





**EXHIBIT B**

**Conveyance of Electric Transmission Line Easement in Fayette County (Parcel A-18(05))**



**FOR ACTION (CONSENT)**

### **3. Directors' Attendance at Seminars, Conferences**

**Proposed Motion**

Approve an additional conference to include in 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**

The LCRA Board approved the directors' attendance at seminars or conferences for calendar year 2018 at its December 2017 Board meeting. There is one additional conference as shown in Exhibit A.

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 – Additional Conference and Travel for Board Approval

**EXHIBIT A**

**ADDITIONAL CONFERENCE AND TRAVEL  
FOR BOARD APPROVAL**

Feb. 22-23

Changing Face of Water Law Course, Hyatt Regency Hill  
Country Resort, San Antonio, Texas

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

**FOR ACTION (CONSENT)**

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

**Proposed Motion**

Approve directors' fees and expense reports.

**Board Consideration**

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require Board of Directors 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 ACTION (CONSENT)**

### **5. Minutes of Prior Meetings**

#### **Proposed Motion**

Approve the minutes of the Oct. 18, Nov. 15 and Dec. 13, 2017, meetings.

#### **Board Consideration**

Section 2.04 of the LCRA bylaws requires the secretary to keep minutes of all meetings of the Board of Directors.

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

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

#### **Summary**

Staff presents the minutes of each meeting to the Board for approval.

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

- A – Minutes of Oct. 18, 2017, meeting
- B – Minutes of Nov. 15, 2017, meeting
- C – Minutes of Dec. 13, 2017, meeting

## **EXHIBIT A**

### Minutes Digest

Oct. 18, 2017

- 17-29 Approval of the fiscal year 2017 audited financial statements and authorization of the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.
- 17-30 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a permanent transmission line easement, being a 1.85-acre tract and a 4.29-acre tract for a total of 6.14 acres, across a portion of LCRA parcels JE-01 and JW-01 in Burnet County.
- 17-31 Authorization for the general manager or his designee to amend an existing permanent American Electric Power distribution line easement across a portion of LCRA Parcel OCL-02 and extending it to include a portion of LCRA Gulf Coast Irrigation District land in Wharton County, thereby defining a 28.56-acre easement.
- 17-32 Approval of proposed amendments to LCRA Board Policy 303 – Banking and Investments.
- 17-33 Re-approval, with no changes, of LCRA Board Policy 603 – Energy Transactions.
- 17-34 Approval of directors' fees and expenses reimbursements.
- 17-35 Approval of the minutes of the Aug. 15 and 16, 2017, meetings.
- 17-36 Authorization of the expenditure of up to \$3.8 million from the Public Recreation and Conservation Land Acquisition (PRCLA) Fund for the repair and replacement of LCRA-owned park facilities in Bastrop, Fayette, Colorado, Wharton and Matagorda counties damaged due to Hurricane Harvey.
- 17-37 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 4694 (Mabry Public Affairs LLC); and Contract No. 4700 and No. 4701 (Woolery Custom Fence Company and Metalink LLC).
- 17-38 Declaration of an approximately 984.6-acre tract of land, being a portion of LCRA Parcel A-CR14 (1) in Matagorda County, nonessential, and authorization for the general manager or his designee to sell the property to the Colorado River Land Trust and to do all things reasonably necessary to accomplish the sale.

- 17-39 Authorization for the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 3.67 acres in Colorado County.
- 17-40 Authorization for the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 1.26 acres in Lavaca County.
- 17-41 Authorization for the general manager or his designee to negotiate and execute a contract for the purchase of approximately 116.4 acres of land in Travis and Burnet counties and to do all things reasonably necessary to accomplish the acquisition.
- 17-42 Adoption of a resolution authorizing the use of the power of eminent domain to acquire rights in the property described in exhibits A, B, A-1 and B-1 to the resolution for the acquisition of new easements on the LCRA Canal System in Matagorda County.
- 17-43 Adoption and approval of the Fifty-Third Supplemental Resolution to the Master Resolution to authorize the issuance of a taxable private placement note program in an amount not to exceed \$50 million principal amount, and also authorization for the general manager, the chief financial officer and/or the treasurer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants.
- 17-44 Authorization for the general manager or his designee to prepare and file permit applications with the Lost Pines Groundwater Conservation District for groundwater LCRA owns on the Griffith League Ranch; and to prepare and file any other applications for permits or authorizations that may be required to develop and use the groundwater owned by LCRA; and to do all things reasonably necessary to obtain the final permits or authorization.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Oct. 18, 2017

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 9:36 a.m. Wednesday, Oct. 18, 2017, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Thomas Michael Martine, Vice Chair  
Steve K. Balas, Secretary  
Lori A. Berger  
Stephen F. "Steve" Cooper  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
John M. Franklin  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Sandra Wright "Sandy" Kibby  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.  
Martha Leigh M. Whitten

Chair Timmerman convened the meeting at 9:36 a.m.

General Manager Phil Wilson described LCRA employees' commitment to keeping Texans safe and how that was reflected in employees' preparation for and response to Hurricane Harvey. Wilson provided some detail on the use of LCRA's Hydromet system during the storm. Chief of Public Safety Jason Hoffman gave a presentation on LCRA's efforts during the storm.

Wilson also discussed highlights of a trip that several members of LCRA's Board and staff took to tour the Powder River Basin in Wyoming, which produces the low-sulfur coal LCRA uses as the main fuel source for the Fayette Power Project.

Controller Julie Rogers presented the financial report for September 2017 [Agenda Item 1].

17-29 Controller Julie Rogers presented for consideration a recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board approve the fiscal year 2017 audited financial statements and authorize the filing of the audited



financial statements with the executive director of the Texas Commission on Environmental Quality. Rogers noted LCRA received a clean audit for FY 2017. Upon motion by Director Kibby, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 15 to 0.

The Board next took action on the consent agenda. Upon motion by Director Ellison, seconded by Director Berger, the Board unanimously approved consent items 3, 4, 5, 6, 7 and 8 included on the Oct. 18, 2017, consent agenda by a vote of 15 to 0 as follows:

17-30 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a permanent transmission line easement, being a 1.85-acre tract and a 4.29-acre tract for a total of 6.14 acres, across a portion of LCRA parcels JE-01 and JW-01 in Burnet County, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

17-31 Authorization for the general manager or his designee to amend an existing permanent American Electric Power distribution line easement across a portion of LCRA Parcel OCL-02 and extending it to include a portion of LCRA Gulf Coast Irrigation District land in Wharton County, thereby defining a 28.56-acre easement, as recommended by staff in Consent Item 4 [attached hereto as Exhibit C].

17-32 Approval of proposed amendments to LCRA Board Policy 303 – Banking and Investments, as recommended by staff in Consent Item 5 [attached hereto as Exhibit D].

17-33 Re-approval, with no changes, of LCRA Board Policy 603 – Energy Transactions, as recommended by staff in Consent Item 6 [attached hereto as Exhibit E].

17-34 Approval of directors' fees and expenses reimbursements, as recommended in Consent Item 7 [attached hereto as Exhibit F].

17-35 Approval of the minutes of the Aug. 15 and 16, 2017, meetings [Consent Item 8].

17-36 General Manager Phil Wilson presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit G], that the Board authorize the expenditure of up to \$3.8 million from the Public Recreation and Conservation Land Acquisition (PRCLA) Fund for the repair and replacement of LCRA-owned park facilities in Bastrop, Fayette, Colorado, Wharton and Matagorda counties damaged due to Hurricane Harvey. Upon motion by Director Berger, seconded by Director Balas, the recommendation was unanimously approved by a vote of 15 to 0.

17-37 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit H], that the Board authorize the general manager or his designee to negotiate

and execute the following contracts and contract changes: Contract No. 4694 (Mabry Public Affairs LLC); and Contract No. 4700 and No. 4701 (Woolery Custom Fence Company and Metalink LLC). Upon motion by Director Kibby, seconded by Director Johnson, the recommendation was unanimously approved by a vote of 15 to 0.

Chief Administrative Officer John Miri introduced Agenda Item 11 – annual update on the Colorado River Land Trust (CRLT). Jeff Crosby, executive director of CRLT, presented the update.

17-38 Chief Administrative Officer John Miri introduced Agenda Item 12, and Director of Real Estate Services Steven Brown presented for consideration the staff recommendation, described in the agenda item [attached hereto as Exhibit I], that the Board declare an approximately 984.6-acre tract of land, being a portion of LCRA Parcel A-CR14 (1) in Matagorda County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA), and authorize the general manager or his designee to sell the property to the Colorado River Land Trust and to do all things reasonably necessary to accomplish the sale. Upon motion by Vice Chair Martine, seconded by Director Balas, the recommendation was unanimously approved by a vote of 15 to 0.

17-39 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit J], that the Board authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 3.67 acres in Colorado County. Upon motion by Director Berger, seconded by Director Russell, the recommendation was unanimously approved by a vote of 14 to 0. (Vice Chair Martine was absent for voting on this item.)

17-40 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit K], that the Board authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 1.26 acres in Lavaca County. Upon motion by Director Whitten, seconded by Director Cooper, the recommendation was unanimously approved by a vote of 14 to 0. (Vice Chair Martine was absent for voting on this item.)

17-41 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 15 [attached hereto as Exhibit L], that the Board authorize the general manager or his designee to negotiate and execute a contract for the purchase of approximately 116.4 acres of land in Travis and Burnet counties and to do all things reasonably necessary to accomplish the acquisition. Upon motion by Director Spears, seconded by Director Berger, the recommendation was unanimously approved by a vote of 13 to 0. (Vice Chair Martine and Director Johnson were absent for voting on this item.)

17-42 Director of Real Estate Services Steven Brown presented for consideration a staff recommendation, described in Agenda Item 16 – Acquisition of Interests in Real Property – Use of Eminent Domain in Matagorda County [attached hereto as Exhibit M]. Director Berger moved, seconded by Director Ellison, that the Board adopt the attached resolution; that the Board authorize by record vote the use of the power of eminent domain to acquire rights in the properties described in exhibits A, B, A-1 and B-1 to the resolution for the acquisition of new easements on the LCRA Canal System in Matagorda County; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 15 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:45 a.m., pursuant to sections 551.071, 551.072 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 11:29 a.m.

17-43 Upon motion by Director Lewis, seconded by Director Gill, the Board unanimously, by a vote of 15 to 0, adopted and approved the Fifty-Third Supplemental Resolution to the Master Resolution [attached hereto as Exhibit N], as discussed in executive session, to authorize the issuance of a taxable private placement note program in an amount not to exceed \$50 million principal amount; and also authorized the general manager, the chief financial officer and/or the treasurer to execute a related note purchase agreement and all associated agreements necessary to support a letter of credit to the Electric Reliability Council of Texas to satisfy LCRA's financial security credit requirements pursuant to the ERCOT protocols for nodal market participants.

17-44 Upon motion by Director Spears, seconded by Director Balas, the Board unanimously, by a vote of 15 to 0, authorized the general manager or his designee to prepare and file permit applications with the Lost Pines Groundwater Conservation District for groundwater LCRA owns on the Griffith League Ranch; and to prepare and file any other applications for permits or authorizations that may be required to develop and use the groundwater owned by LCRA; and to do all things reasonably necessary to obtain the final permits or authorization.

There being no further business to come before the Board, the meeting was adjourned at 11:31 a.m.

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Steve K. Balas  
Secretary  
LCRA Board of Directors

## **EXHIBIT B**

Minutes Digest  
Nov. 15, 2017

- 17-45 Approval of a resolution of the Board of Directors naming LCRA's water supply reservoir in Wharton County, formerly known as the Lane City Reservoir, the Arbuckle Reservoir.

MINUTES OF THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
El Campo, Texas  
Nov. 15, 2017

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 12:52 p.m. Wednesday, Nov. 15, 2017, in the Main Hall of the El Campo Civic Center, 2350 N. Mechanic Street, El Campo, Wharton County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Thomas Michael Martine, Vice Chair  
Steve K. Balas, Secretary  
Lori A. Berger  
Stephen F. "Steve" Cooper  
Pamela Jo "PJ" Ellison  
John M. Franklin  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Sandra Wright "Sandy" Kibby  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.  
Martha Leigh M. Whitten

Absent: Joseph M. "Joe" Crane

Chair Timmerman convened the meeting at 12:52 p.m. and gave brief opening remarks regarding the dedication ceremony held Nov. 14 for the Arbuckle Reservoir. Chair Timmerman read comments from former LCRA Director J. Scott Arbuckle concerning the dedication of the Arbuckle Reservoir in his honor.

17-45 Upon motion by Director Cooper, seconded by Director Berger, the Board unanimously approved a resolution of the Board of Directors naming LCRA's water supply reservoir in Wharton County, formerly known as the Lane City Reservoir, the Arbuckle Reservoir by a vote of 14 to 0.

Chair Timmerman declared the meeting to be in executive session at 12:55 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 1:09 p.m.

Gina Jerram, executive assistant to the general manager and Board of Directors, laid out the schedule and details for the Board's holiday celebration event scheduled for December.

There being no further business to come before the Board, the meeting was adjourned at 1:14 p.m.

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Steve K. Balas  
Secretary  
LCRA Board of Directors

## **EXHIBIT C**

Minutes Digest  
Dec. 13, 2017

- 17-46 Reappointment of 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.
- 17-47 Reappointment of 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.
- 17-48 Appointment of PricewaterhouseCoopers LLP as LCRA’s independent auditor to perform the external audits of LCRA’s fiscal year 2018 financial statements.
- 17-49 Approval of directors’ attendance at seminars or conferences for calendar year 2018.
- 17-50 Authorization for the general manager or designee to negotiate and execute the following contracts and contract changes: Contract No. 4727 (AECOM Technical Services Inc.), Contract No. 3691 (Presidio Networked Solutions Inc.) and Contract No. 4271 (Phillips and Jordan Inc.).

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
LOWER COLORADO RIVER AUTHORITY  
Austin, Texas  
Dec. 13, 2017

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 9:14 a.m. Wednesday, Dec. 13, 2017, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The meeting was open to the public, and the following directors were present, constituting a quorum:

Timothy Timmerman, Chair  
Thomas Michael Martine, Vice Chair  
Steve K. Balas, Secretary  
Lori A. Berger  
Stephen F. "Steve" Cooper  
Joseph M. "Joe" Crane  
Pamela Jo "PJ" Ellison  
John M. Franklin  
Raymond A. "Ray" Gill Jr.  
Charles B. "Bart" Johnson  
Sandra Wright "Sandy" Kibby  
Robert "Bobby" Lewis  
George W. Russell  
Franklin Scott Spears Jr.

Absent: Martha Leigh M. Whitten

Chair Timmerman convened the meeting at 9:14 a.m.

The Board next took action on the consent agenda. Upon motion by Director Cooper, seconded by Director Lewis, the Board unanimously approved consent items 1, 2, 3, and 4 included on the Dec. 13, 2017, consent agenda by a vote of 14 to 0 as follows:

17-46 Reappointment of 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, as recommended in Consent Item 1 [attached hereto as Exhibit A].

17-47 Reappointment of 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, as recommended in Consent Item 2 [attached hereto as Exhibit B].



17-48 Appointment of PricewaterhouseCoopers LLP as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2018 financial statements, as recommended in Consent Item 3 [attached hereto as Exhibit C].

17-49 Approval of directors' attendance at seminars or conferences for calendar year 2018, as recommended in Consent Item 4 [attached hereto as Exhibit D].

17-50 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit E], that the Board authorize the general manager or designee to negotiate and execute the following contracts and contract changes: Contract No. 4727 (AECOM Technical Services Inc.), Contract No. 3691 (Presidio Networked Solutions Inc.) and Contract No. 4271 (Phillips and Jordan Inc.). Upon motion by Director Berger, seconded by Director Kibby, the recommendation was unanimously approved by a vote of 14 to 0.

Executive Vice President of Water John Hofmann presented for discussion Agenda Item 6 – an overview of anticipated water rates for calendar year 2018. Hofmann also gave an update on the process for updating LCRA's Water Management Plan to begin in 2018.

Chair Timmerman declared the meeting to be in executive session at 9:46 a.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 10:07 a.m.

There being no further business to come before the Board, the meeting was adjourned at 10:07 a.m.

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Steve K. Balas  
Secretary  
LCRA Board of Directors

## **FOR ACTION**

# **6. LCRA Interruptible Agricultural Drought Contingency Plan**

### **Proposed Motion**

Approve an updated interruptible agricultural Drought Contingency Plan for customers in the Garwood, Gulf Coast and Lakeside agricultural divisions and Pierce Ranch.

### **Board Consideration**

The Texas Commission on Environmental Quality requires that drought contingency plans be approved by the governing Board.

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

The proposed Drought Contingency Plan has no impact on the fiscal year 2018 budget.

### **Summary**

In 2015, the Texas Commission on Environmental Quality approved an updated Water Management Plan (2015 WMP) that imposes limits on the amount of interruptible stored water available to customers in the Gulf Coast and Lakeside divisions and to Pierce Ranch. LCRA previously has made changes to the interruptible agricultural Drought Contingency Plan that incorporate elements of the 2015 WMP.

LCRA staff proposes revisions to the Drought Contingency Plan to reflect the updated the canal loss percentage for each division using the average of the most recent three years in which interruptible stored water was not completely curtailed, and to clarify that subsequent updates to the canal loss percentage may be made by the general manager.

The draft plan was available for customer comment through the LCRA website. LCRA met with customers in November and December 2017 regarding the supply of water for the upcoming crop season.

A separate agenda item addresses the contract rules, forms and rates for customers in the LCRA agricultural divisions.

### **Presenter(s)**

John Hofmann  
Executive Vice President, Water

## **FOR ACTION**

# **7. LCRA Interruptible Agricultural Water Contract Rules, Standard Form Contracts and Rates for Gulf Coast, Lakeside and Garwood Irrigation Divisions**

### **Proposed Motion**

Approve updated interruptible agricultural water contract rules, standard form contracts and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

### **Board Consideration**

Consistent with LCRA Board Policy 501 – Water Resources and Special District Local Laws Code § 8503.011, the LCRA Board of Directors is required to approve terms and conditions for water contracts and any changes thereto, and to adopt rates associated with such contracts.

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

The proposed rules, contract forms and surcharge rates have no impact on the fiscal year 2018 budget.

The proposed interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division, with an adjustment to the Gulf Coast and Lakeside rates to mitigate the degree of rate increase in those divisions, with a resulting increase for Gulf Coast of 12 percent and for Lakeside of 7 percent. In addition, the rates for Gulf Coast and Lakeside include a portion of river management costs. Over a seven-year period when water is available, LCRA is increasing the portion of river management costs included in the interruptible rate. At the end of the seven-year period, the rates will include the full share of river management costs allocated to interruptible customers. 2018 will be the third year of the seven-year transition period. The full cost recovery rate for Garwood is consistent with the 1998 Purchase Agreement between LCRA and Garwood Irrigation Company.

### **Summary**

LCRA staff proposes updates to the interruptible agricultural water service contract rules, contract forms, and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions. The Board is considering updates to the Drought Contingency Plan under an accompanying agenda item.

LCRA staff proposes updates to the volumetric rates for interruptible water customers in the Garwood, Gulf Coast and Lakeside divisions. As in prior years, the updated rates vary by division and reflect the unique costs associated with operating each division. LCRA staff further proposes updated surcharge rates, which would continue to be tiered with rates that are 40, 80 and 150 percent of the volumetric rate for the respective division. LCRA staff proposes that the first tier surcharge rate in the Gulf Coast Division for first crop rice apply to water use above 3.75 acre-feet per acre. All other surcharge tiers would remain unchanged from 2017. The proposed volumetric

rates and surcharges are shown as Exhibit A. Additional rates that would remain unchanged from 2017 include the minimum charge of \$25 per acre contracted, the early drainage surcharge of \$10 per acre, the irrigation coordinator cost recovery rate of \$75 per hour, the \$100 application fee, and the groundwater transport rates of \$30 per day for one structure and \$15 per day for each additional structure.

Staff proposes updating the contract forms approved for 2017 with the proposed rates. The proposed contract rules and rates were available for customer comment through the LCRA website, and LCRA met with customers in November and December 2017 to discuss the upcoming crop year. Copies of the proposed rules and rates have been submitted to the Board under separate cover.

**Presenter(s)**

John Hofmann  
Executive Vice President, Water

**Exhibit(s)**

A – Proposed 2018 Interruptible Water Rates

**EXHIBIT A**

**Proposed 2018 Interruptible Water Rates  
(per acre-foot)**

<b>Division</b>	<b>Rice/Turf and Supplemental</b>	<b>Excess Use Surcharge</b>		
		<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
Gulf Coast	\$52.69	\$21.08	\$42.15	\$79.04
Lakeside	\$53.74	\$21.50	\$42.99	\$80.61
Garwood – 1 lift	\$37.16	\$14.86	\$29.73	\$55.74
Garwood – 2 lifts	\$44.05			

**FOR ACTION**

**8. Authorize the Twenty-Fifth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding the LCRA Transmission Services Corporation Commercial Paper Program Tax-Exempt Series and Authorize Related Agreements**

**Proposed Motion**

Staff recommends the Board of Directors adopt and approve the Twenty-Fifth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program to authorize the renewal of the \$150 million Transmission Services Tax-Exempt Commercial Paper Program (Tax-Exempt Series CP) credit facility, and authorizing the general manager, chief financial officer or treasurer to negotiate and execute certain related agreements, including the amendments to the Amended and Restated Letter of Credit Reimbursement Agreement among LCRA; LCRA Transmission Services Corporation (LCRA TSC); JPMorgan Chase Bank, National Association; and State Street Bank and Trust Company (the Amended and Restated Reimbursement Agreement), setting forth the terms and conditions governing the issuance of the direct-pay letter of credit securing the tax-exempt commercial paper program for LCRA TSC (the Letter of Credit) in the amount of \$150 million. This item requires approval of at least 12 members of the Board.

**Board Consideration**

The Twenty-Fifth Supplemental Resolution, which approves the extension of the credit facility for the Tax-Exempt Series CP and authorizes the supporting amendments to the Amended and Restated Reimbursement Agreement (and the related Letter of Credit), requires Board authorization. The three-year extension of the credit facility complies with the covenants of the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program and LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members must approve this action.

**Budget Status and Fiscal Impact**

Staff anticipates the proposed agreements will allow LCRA to issue commercial paper on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. As a result, staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

## Summary

Staff recommends Board approve the Twenty-Fifth Supplemental Resolution and the negotiation and execution of the related amendments to the Amended and Restated Reimbursement Agreement and Letter of Credit. The amount of the banks' commitment will be reduced from the current level of \$200 million to \$150 million. The Board also is authorizing the general manager, chief financial officer or treasurer to negotiate and execute such an amendment.

*Background.* In March 2003, the LCRA Board, on behalf of LCRA TSC, adopted the Fourth Supplemental Resolution, which authorized the issuance of the commercial paper notes in an amount of principal and interest not to exceed \$150 million and a Reimbursement Agreement and Letter of Credit to secure such commercial paper. In April 2012, the Fourth Supplemental Resolution was amended to allow an increase in the program up to \$200 million. Over the years the credit facility has been amended several times, in different amounts and with different banks participating. JPMorgan Chase Bank is the acting agent under the Reimbursement Agreement.

The Twenty-Fifth Supplemental Resolution extends the commercial paper notes program at a reduced commitment of \$150 million for three years to spring of 2021, to give LCRA TSC capacity in its short-term debt facility, delaying long-term financing of outstanding commercial paper notes, and also authorizes certain related agreements. LCRA, LCRA TSC and the banks are proposing the amendments to the Amended and Restated Reimbursement Agreement supporting the commercial paper notes that will reflect the current terms of the agreement, and to specify the current bank group, market pricing and amount of the credit facility. The extended agreement will be in the amount of \$150 million, with JPMorgan Chase Bank and State Street Bank and Trust each having a \$75 million commitment. The Board is authorizing the general manager, chief financial officer or treasurer to negotiate and execute all necessary documents.

LCRA issues the commercial paper notes on behalf of LCRA TSC to reimburse for eligible expenses, and maintains a level of short-term debt until such time as market conditions are favorable for refunding that short-term debt with long-term bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated is the LCRA dealer for the commercial paper program. The Bank of New York Mellon Trust Company is the paying agent for the notes.

## Presenter

Richard Williams  
Chief Financial Officer

Jim Travis  
Treasurer

## FOR ACTION

# 9. Contracts and Contract Changes

### Proposed Motion

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

### Board Consideration

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

### 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 (dollars in thousands)

Supplier (Contract No.)	Spending	Savings	Supplying
Hays City Corp dba Texcon Oil (4739)	\$28,000	\$765	Fuel
A Stucki Company Inc. (4703) Progress Rail Services Inc. (4717)	\$5,000	\$1,000	Railcar wheel sets
Surveying and Mapping Inc. (4743) Gorrondona & Associates Inc. (4744) Chaparral Professional Land Surveying Inc. (4745) Civil Engineering Consultants (4746) LJA Engineering & Surveying Inc. (4749) Bowman Engineering & Consulting (4750)	\$11,000	\$880	Surveying services



<b>Supplier (Contract No.)</b>	<b>Spending</b>	<b>Savings</b>	<b>Supplying</b>
CWC Right of Way Inc. (4760) Paloma Blanca Enterprises Inc. (4761)	\$23,000	\$4,400	Vegetation management and right-of-way maintenance services
TransAmerica Power Poles Inc. (4756) Pinnacle Steel Inc. (4757) Trinity Industries De Mexico S De RI De CV (4758) Valmont Industries Inc. (4762) Valmont Industries Inc. (Microflect) (4763) CHM Industries Inc. (4765)	\$159,000	\$32,300	Steel, concrete and security camera poles  Substation steel structures
Control Panels USA (4764) Birmingham Control Systems Inc. (4767)	\$12,000		Substation relay control panels
AZZ Galvanizing – San Antonio (4759) Falcon Steel America, LLC (4766)	\$5,000	\$1,000	Galvanizing services
<b>TOTAL</b>	<b>\$243,000</b>	<b>\$40,345</b>	

**Presenter(s)**

Michael McGann  
Vice President, Supply Chain

**Exhibit(s)**

A – New Contracts

## EXHIBIT A

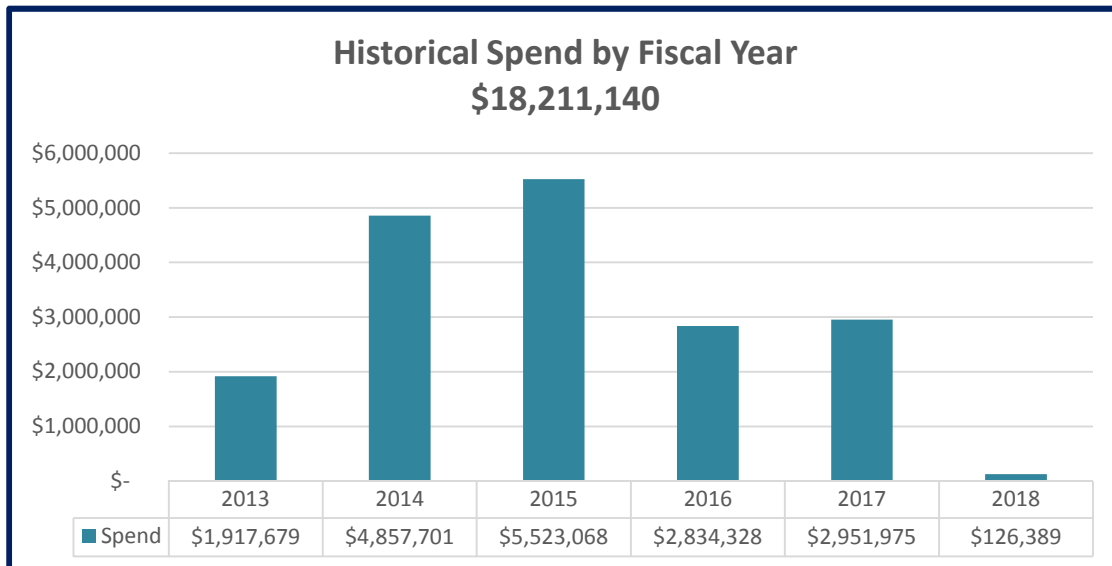
### **New Contracts**

New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

**Contract No.** 4739  
**Supplier:** Hays City Corp dba Texcon Oil  
**Contract Amount:** Not to exceed \$28 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** This is a master contract for diesel, unleaded gasoline and kerosene fuels used by various LCRA facilities supporting fleet vehicles, emergency generators, heavy equipment and operations at plant sites and hydroelectric facilities.

#### **Background:**

- LCRA owns or leases a total of 37 tanks ranging in size from 173 gallons to 230,000 gallons.
- Contract spending and ProCard spending during the previous contract life (from the third quarter of fiscal year 2013 to the first quarter of FY 2018) totaled \$22.8 million.
- The current contract with Pilot Thomas expires in February 2018.



- LCRA forecasts future use of more than 2 million gallons per year.
- The price structure is based on:
  - Oil Prices Information Services Austin Unbranded Low Rack (lowest supplier posted price for Austin at 10 a.m. Eastern Standard Time daily).
  - Market differential (based on Austin Flint Hills Rack Market) – this is fixed for the length of the contract.

**Actions:**

- LCRA invited 22 suppliers to participate. LCRA received and evaluated six proposals.
  - The cost criterion was the highest-weighted category for the evaluation.
  - The suppliers' proposed cost adder was the basis of the cost criterion for the evaluation.
  - Based on forecast need and proposed contract terms, LCRA expects to save \$765,000 over the life of the contract (compared to the previous contract terms).
  - The contract award amount is not to exceed \$28 million.
  - Based on the evaluation and negotiation, LCRA recommends Hays City Corporation dba Texcon Oil as the supplier for this category.
- 

**Contract No.** 4703 and 4717

**Supplier:** A. Stucki Company Inc. and Progress Rail Services Inc.

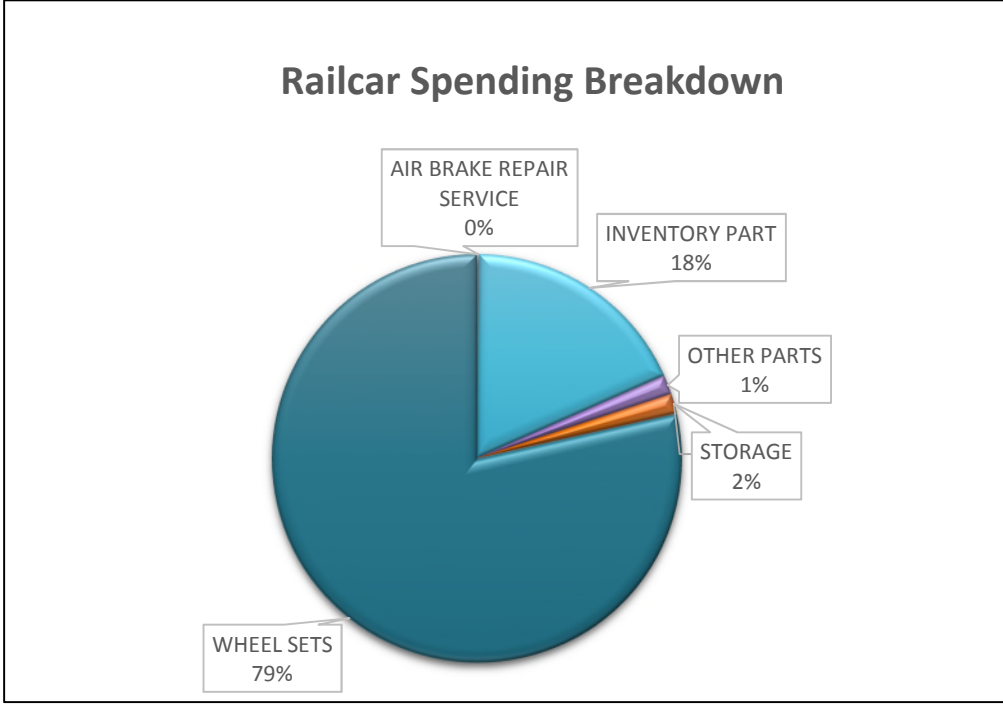
**Contract Amount:** Not to exceed \$5 million

**Contract Length:** One year with four one-year options to extend

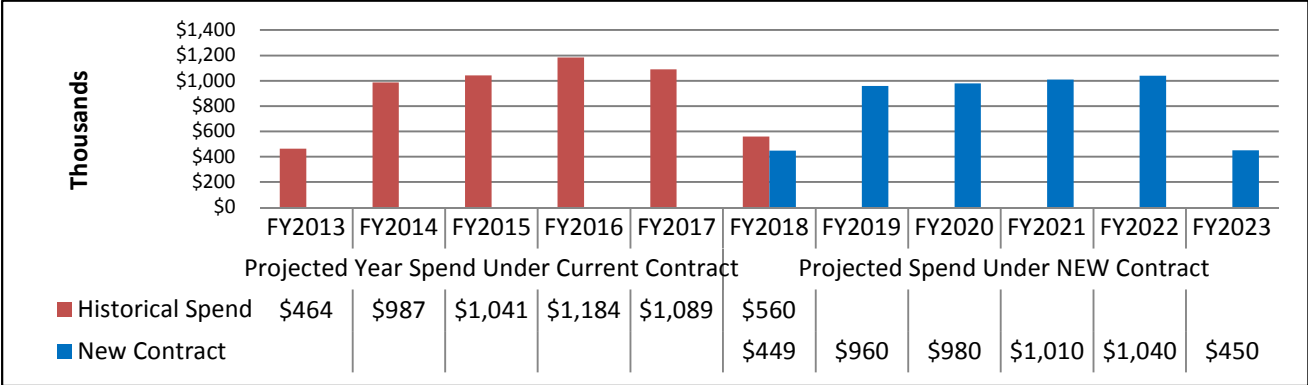
**Description:** These are master contracts for the provision of railcar wheel sets, parts and refurbishment services used by Smithville Railcar Facility.

**Background:**

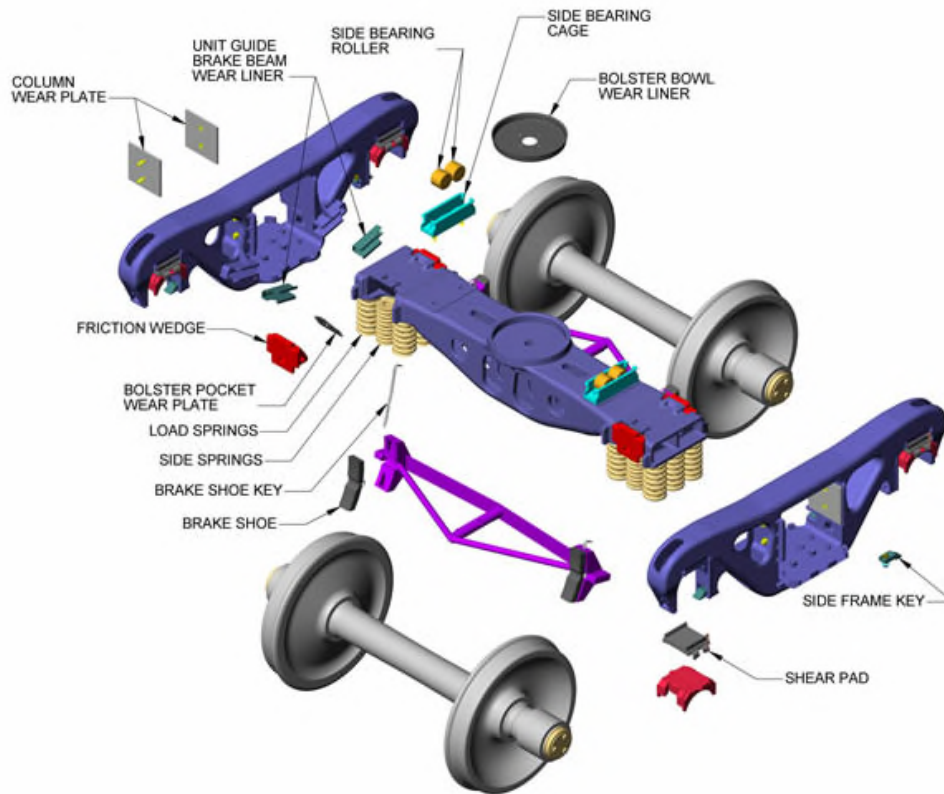
- LCRA operates 11 train sets; each set consists of 124 cars.
- LCRA owns eight train sets and leases three. Of the lease sets, LCRA is responsible for maintaining one while the other two are full-service leases. LCRA is responsible for all owned train sets.
- The train sets deliver about 14,500 tons per set to Fayette Power Project.
- To ensure safe operations, each railcar is inspected before leaving FPP, totaling almost 45,000 inspections annually.
- When a defect is found, the railcar is removed and sent to the Smithville Railcar Facility for maintenance and repair.
- Smithville repairs about 15-20 railcars each week.
- Historical spending has been \$7.1 million from FY 2012 through the second quarter of FY 2018.
- 79 percent of that spending has been for wheel sets.



- Historical and forecast spending is:



- The diagram below shows the parts that comprise wheel sets:



- The majority of that spending has been with Progress Rail Services, a subsidiary of Caterpillar.

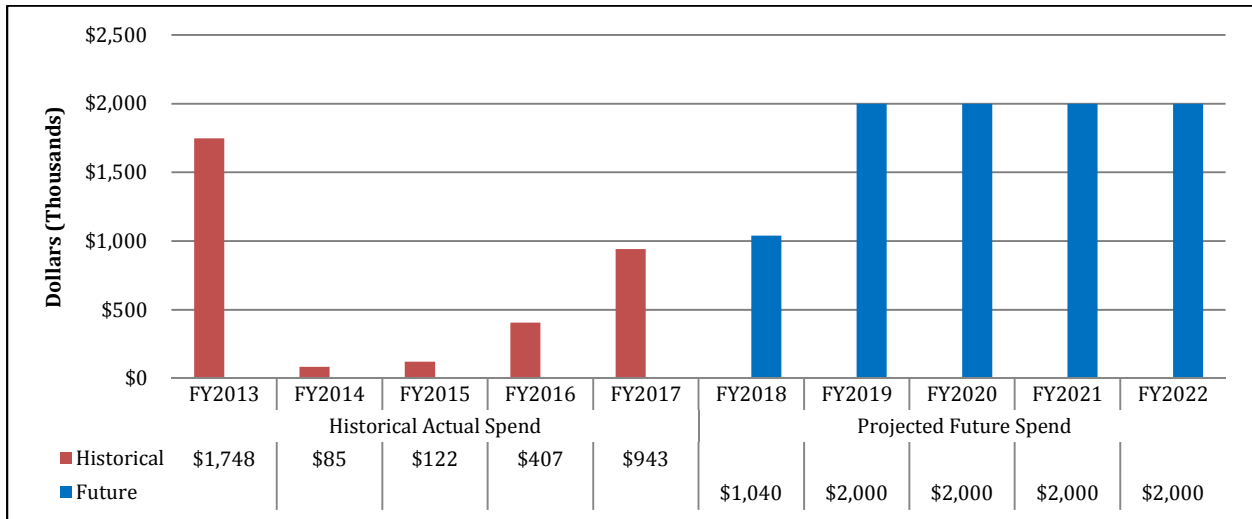
**Actions:**

- LCRA invited 16 suppliers to participate. LCRA received eight proposals and evaluated six proposals.
- The highest-weighted criteria were cost and ability. Cost was based on a comparison of proposed prices to last paid price. Ability was based on the supplier capability to provide in accordance to the statement of work.
- Based on forecast need and proposed terms, LCRA expects to save \$285,000 in the first year of the contract and a total of \$1 million over the life of the contract (compared to the previous contract terms).
- The contract award amount is not to exceed \$5 million. This amount represents a shared sum from which the two proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends A. Stucki Company Inc. and Progress Rail Services Inc. as the suppliers for this category.

**Contract No.** 4743, 4744, 4745, 4746, 4749 and 4750  
**Supplier:** Surveying & Mapping Inc., Gorrondona & Associates Inc., Chaparral Professional Land Surveying Inc., Civil Engineering Consultants, LJA Engineering & Surveying Inc. and Bowman Engineering & Consulting  
**Contract Amount:** Not to exceed \$11 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These are master contracts for professional land surveying services used by surveying and mapping.

**Background:**

- Surveying is an essential element to facilitate the LCRA capital plan. This has expanded from land surveying to include subsurface utility engineering.
- Subsurface utility engineering is a nonintrusive method to identify, locate and map underground utility lines.
- Historical five-year spending is \$4.1 million, with a significant increase expected during the next five years that reflects increased project work.



- The increased contract spending beginning in FY 2016 represents the capacity limits of internal resources.

**Actions:**

- LCRA invited 81 suppliers to participate. LCRA received 18 proposals and evaluated 17.
- The quality criterion was the highest-weighted category for the evaluation. The quality criterion consisted of firm experience, methodology and quality assurance/quality control.
- Based on forecast need and negotiated terms, LCRA expects savings of 8 percent savings compared to benchmark rates.
- The contract award amount is not to exceed \$11 million. This amount represents a shared sum from which the two proposed contracts may draw.

- Based on the evaluation and negotiation, LCRA recommends as the suppliers in this category:
    - Surveying and Mapping Inc.
    - Gorrondona & Associates Inc.
    - Chaparral Professional Land Surveying Inc.
    - Civil Engineering Consultants.
    - LJA Engineering & Surveying Inc.
    - Bowman Engineering & Consulting.
- 

**Contract No.** 4760 and 4761  
**Supplier:** CWC Right of Way Inc. and Paloma Blanca Enterprises Inc.  
**Contract Amount:** Not to exceed \$23 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These are master contracts for vegetation management and right of way maintenance services used by LCRA Transmission Services Corporation.

**Background:**

- LCRA TSC is responsible for inspecting and maintaining about 2,500 miles of right of way.



- ROW maintenance includes vegetation control (trimming, clearing, shredding, erosion control, emergency services after a storm, and the handling of tree and power line conflicts); small (less than bonding requirement) fencing and gates (repairs and installation); minor creek crossings; and roadwork.
- Previous ROW maintenance was divided between two suppliers on a geographic basis. However, due to higher-than-anticipated need in one geographic area, the funds in that contract were exhausted.
- To ensure continuity of service, the evaluation team structured this as a total contract value proposal.
- The historical spending in the last fiscal year was taken as indicative of the future spending. LCRA averages \$4.6 million per year in ROW maintenance.

- The forecast spending has been validated based on actual spending during the first quarter of FY 2018.

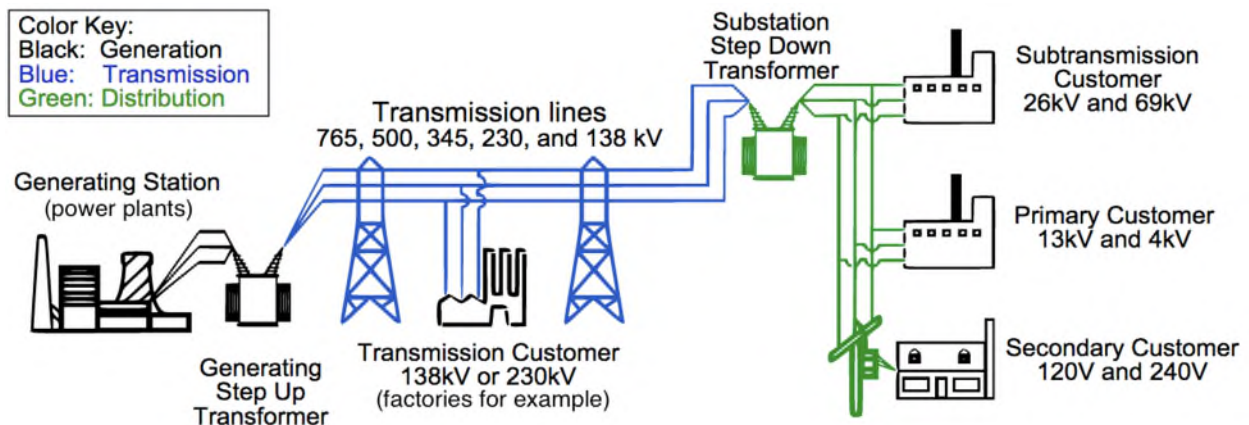
**Actions:**

- LCRA invited 11 suppliers to participate. LCRA received and evaluated five proposals.
- The highest-weighted criterion was cost. The cost criterion was based on labor rates, equipment rental rates and mobilization costs.
- Based on forecast need and negotiated terms, LCRA expects savings of \$4.4 million over the life of the contract (compared to the previous contract terms).
- The contract award amount is not to exceed \$23 million. This amount represents a shared sum from which the two proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends CWC Right of Way Inc. and Paloma Blanca Enterprises Inc. as the suppliers for this category.

**Contract No.** 4756, 4757, 4758, 4762, 4763, and 4765  
**Supplier:** TransAmerica Power Poles Inc., Pinnacle Steel Inc., Trinity Industries De Mexico S De RI De Cv, Valmont Industries Inc., Valmont Industries Inc. (Microflect) and CHM Industries Inc.  
**Contract Amount:** Not to exceed \$159 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These are master contracts for steel, concrete and security camera poles and substation steel structures used by LCRA Transmission Services Corporation.

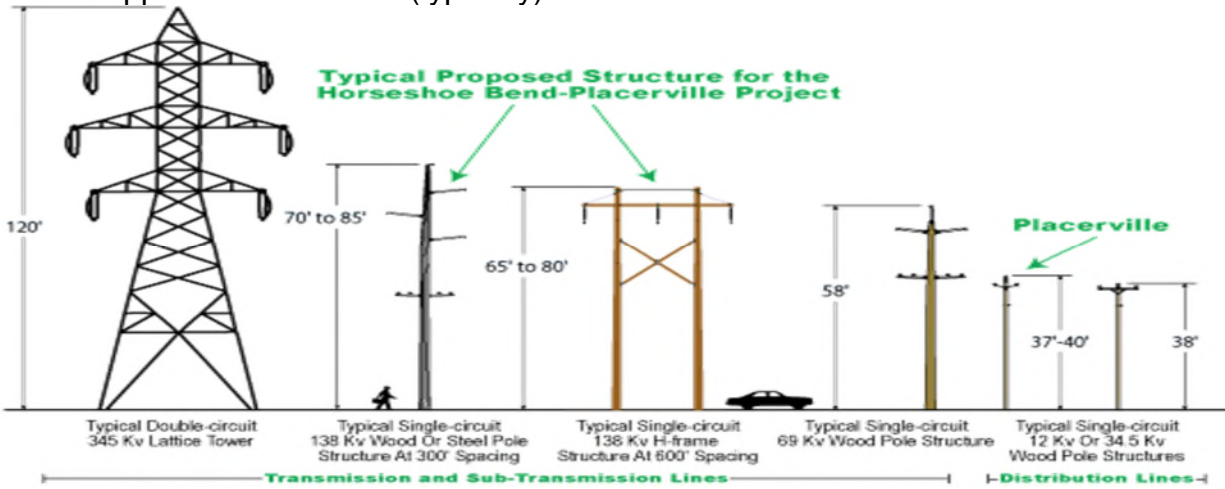
**Background:**

- Utilities are making considerable investments to replace, upgrade and expand new and existing transmission and distribution infrastructure.
- The primary driver of this investment is the need to improve reliability and capacity.
- These improvements and expansions cover LCRA TSC’s entire portfolio of structures:

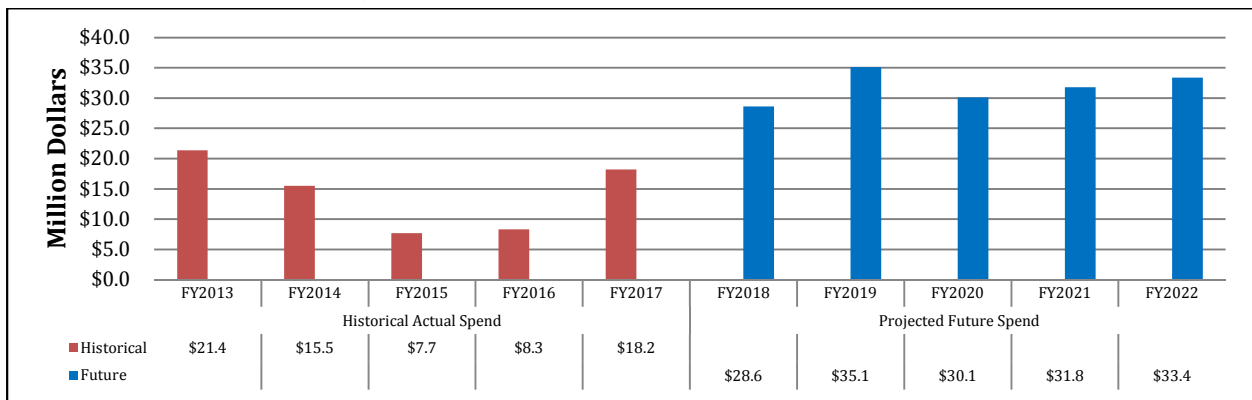




- Support structures are (typically):



- This sourcing event covered three main areas:
  - Engineered/tubular steel and concrete transmission poles.
  - Light duty (security camera) poles.
  - Substation steel structures.
- Historical spending is \$71.1 million, and forecast spending is \$159 million:



**Actions:**

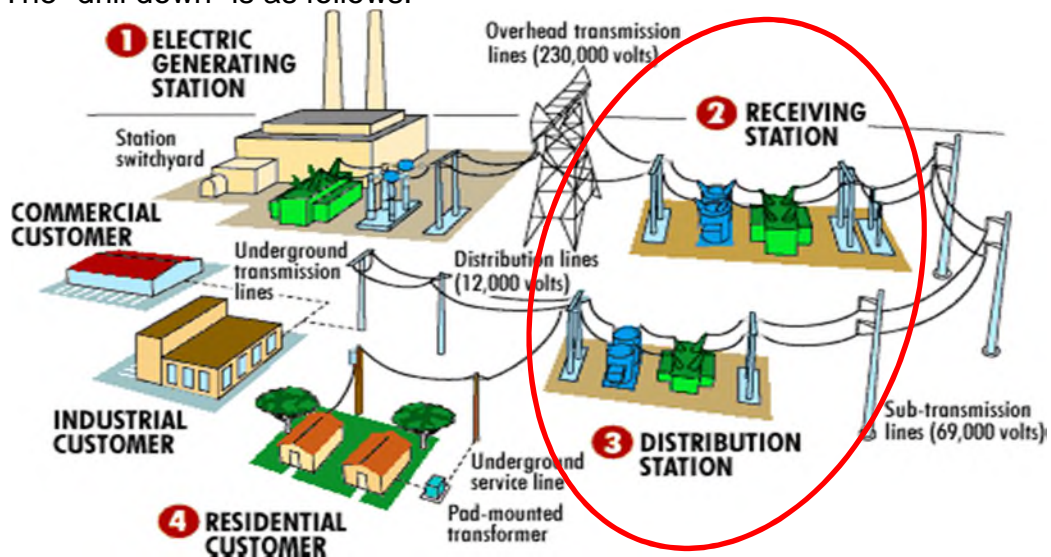
- LCRA invited 29 suppliers to participate. LCRA received 17 proposals and evaluated 16 proposals.
- The highest-weighted criterion was quality. The quality criterion was based on suppliers' quality control systems, reject rates and warranty claim rates.
- Based on forecast need and negotiated terms, LCRA expects savings of \$6.4 million per year and \$32.3 million over the life of the contract (compared to the previous contract terms).
- The contract award amount is not to exceed \$159 million. This amount represents a shared sum from which the proposed contracts may draw.

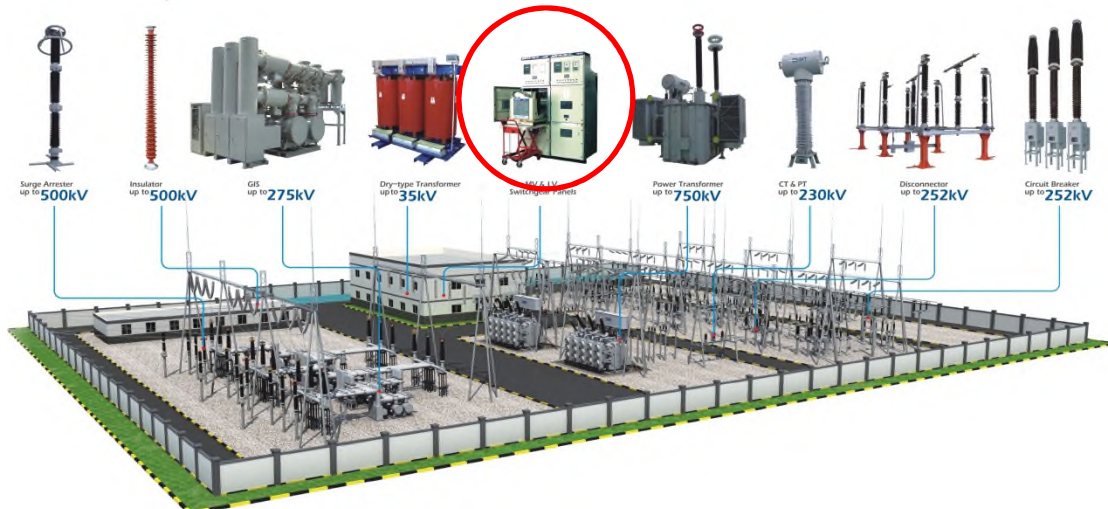
- Based on the evaluation and negotiation, LCRA recommends the following as the suppliers for this category:
  - TransAmerica Power Poles Inc. (steel poles #4756).
  - Pinnacle Steel Inc. (substation steel structures #4757).
  - Trinity Industries De Mexico S De RI De Cv (substation steel structures #4758).
  - Valmont Industries Inc. (steel and concrete poles #4762).
  - Valmont Industries (Microflect) Inc. (security camera poles #4763).
  - CHM Industries Inc. (steel poles #4765).

**Contract No.** 4764 and 4767  
**Supplier:** Control Panels USA and Birmingham Control Systems Inc.  
**Contract Amount:** Not to exceed \$12 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These are master contracts for substation relay control panels used by LCRA Transmission Services Corporation.

**Background:**

- Over the next five years, LCRA TSC will construct or upgrade transmission lines and add or upgrade substations.
- LCRA TSC has revised the capital plan, accelerating 25 percent of FY 2019 projects into FY 2018.
- Historically, LCRA fabricated all substation control panels internally.
- In order to meet FY 2018 LCRA TSC business objectives, staff is seeking additional panel production capacity from external suppliers.
- The “drill down” is as follows:





- There is no historical supplier spending in this category.

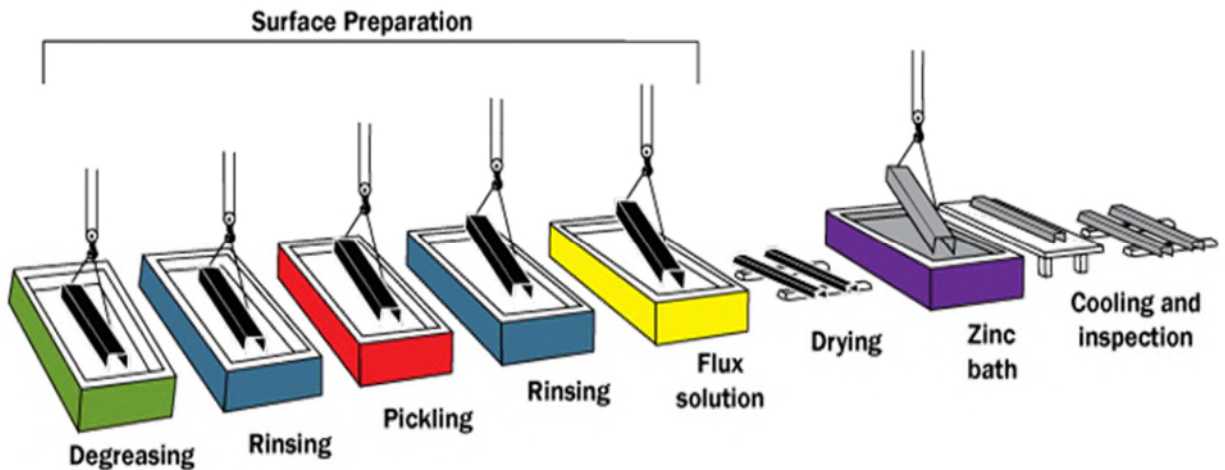
**Actions:**

- LCRA invited 15 suppliers to participate. LCRA received and evaluated three proposals.
- The highest-weighted criterion was service. The service criterion was based on lead time, on-time delivery and emergency response.
- Because there was no prior supplier spending, LCRA does not expect direct savings from these contracts. However, these contracts support LCRA TSC's business plan without adding to the internal workforce.
- The contract award amount is not to exceed \$12 million. This amount represents a shared sum from which the two proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends Control Panels USA and Birmingham Control Systems Inc. as the suppliers for this category.

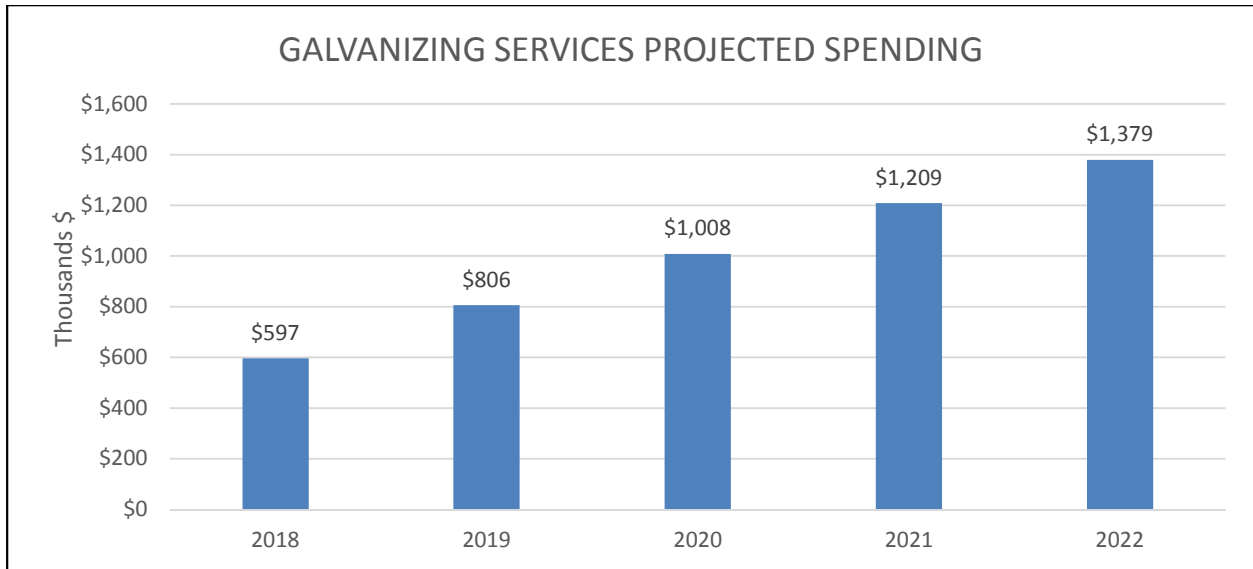
**Contract No.** 4759 and 4766  
**Supplier:** AZZ Galvanizing-San Antonio and Falcon Steel America LLC  
**Contract Amount:** Not to exceed \$5 million  
**Contract Length:** One year with four one-year options to extend  
**Description:** These are master contracts for galvanizing services used by LCRA Transmission Services Corporation.

**Background:**

- Galvanizing often is used to improve the longevity of steel structures by increasing resistance to corrosion.
- Hot-dip galvanizing is the process of immersing iron or steel in a bath of molten zinc to produce a corrosion resistant, multi-layered coating of zinc-iron alloy and zinc metal.
- While the steel is immersed in the zinc, a metallurgical reaction occurs between the iron in the steel and the molten zinc. This reaction is a diffusion process, so the coating forms perpendicular to all surfaces, creating a uniform thickness throughout the part.



- The historical five-year spending is about \$3 million.
- Forecast spend is about \$5 million.



**Actions:**

- LCRA invited seven suppliers to participate. LCRA received and evaluated three proposals.
- The highest-weighted criterion was service. The service criterion was based on lead time, on-time delivery and emergency response.
- Based on forecast need and negotiated terms, LCRA expects savings of \$1 million over the life of the contract (compared to the previous contract terms).
- The contract award amount is not to exceed \$5 million. This amount represents a shared sum from which the two proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends AZZ Galvanizing – San Antonio and Falcon Steel Company as the suppliers for this category.

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