



Board Agenda

Wednesday, Oct. 17, 2018
 LCRA Board Room
 Austin

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***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.

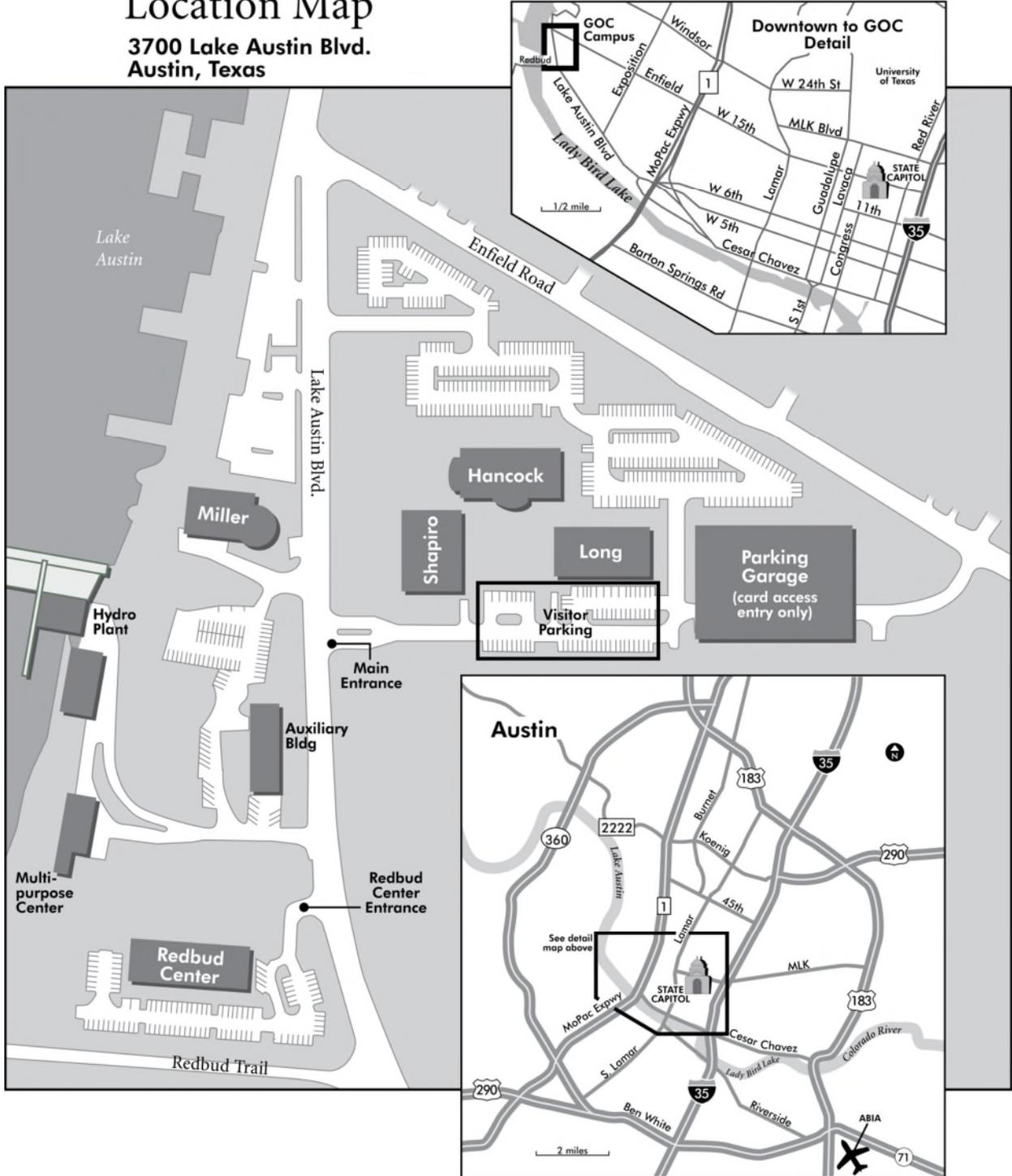
Executive Session

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

1. Resolution

Proposed Motion

Approve the LCRA Board of Directors resolution as presented to the Board.

Board Consideration

The Board will be asked to approve honorary and retiree resolutions as they occur.

Summary

LCRA recognizes long-time employees who have retired from the organization with a retiree resolution. Other individuals may be recognized from time to time with an honorary resolution.

Presenter(s)

Phil Wilson
General Manager

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

Honoring Karen Bondy

Whereas, Karen Bondy retired from the Lower Colorado River Authority on Sept. 1, 2018, as the senior vice president of Water Resources after 20 years of service to LCRA; and

Whereas, she began her career at LCRA on Aug. 31, 1998, as chief engineer. Karen then worked her way up to manager of River Services, executive manager of Water Resources and senior vice president of Water Resources; and

Whereas, Karen's knowledge of water issues, dedication to public service, and experience in engineering and utility work established her as a guiding voice in LCRA's efforts to preserve and increase the region's water supplies and maintain water quality for Texans. She played a key role in LCRA successfully updating its Water Management Plan; contributed to LCRA's efforts to expand the region's water supply with the Arbuckle Reservoir – the first new water supply reservoir in the lower Colorado River basin in decades; helped transform LCRA's Environmental Laboratory Services; and emphasized water conservation efforts; and

Whereas, her colleagues admire her creativity, composure and ability to solve problems. Several colleagues stated that her formidable intellect, easy recall of detailed technical information and ability to cultivate relationships made them want to perform better themselves when they were around her. Karen's wry sense of humor and ability to bring a touch of levity to otherwise quite serious meetings with a well-timed joke also were much appreciated; and

Whereas, Karen was known as a kind yet demanding manager who cared deeply for employees and put them in the right positions to succeed. Examples of Karen's success in this area abound. One person Karen hired went so far as to call Karen every year on the employee's service anniversary to thank Karen for hiring him. The Texas governor's office recognized Karen's leadership ability by awarding her the 2018 Outstanding Women in Texas Government Award in the category of Outstanding Management;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and employees, with extra emphasis from Water Resources, express their appreciation to Karen Bondy for her extraordinary service to LCRA and the people of Texas for two decades.

Approved this 17th day of October 2018.

Timothy Timmerman, Board Chair

Phil Wilson, General Manager

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FOR DISCUSSION

2. 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

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Lower Colorado River Authority
Financial Highlights
September 2018

Lower Colorado River Authority
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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.

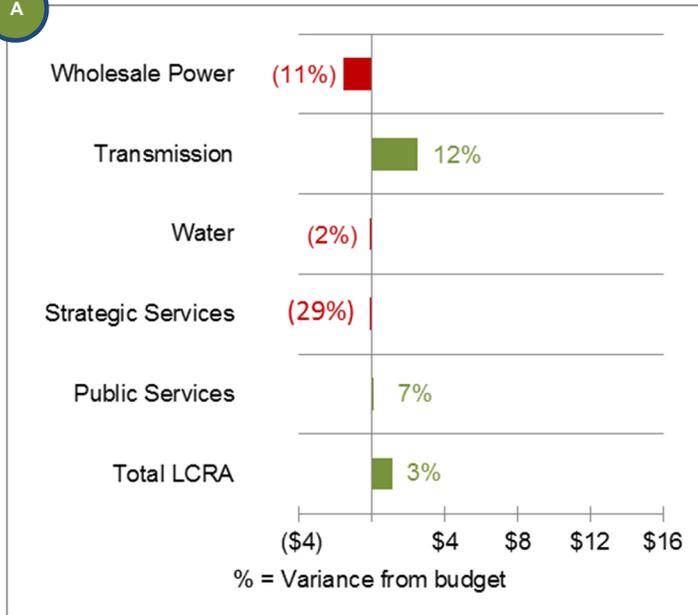
Lower Colorado River Authority

Sept. 30, 2018

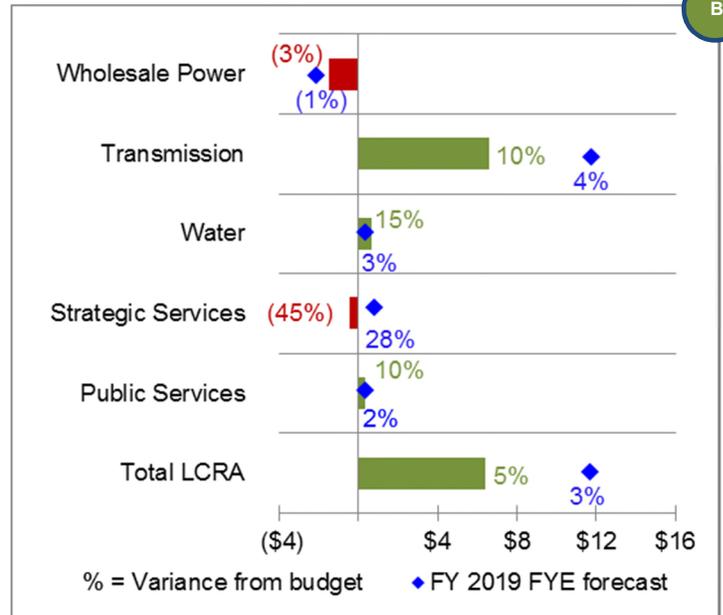
(Dollars in Millions)

Budget-to-Actual Highlights

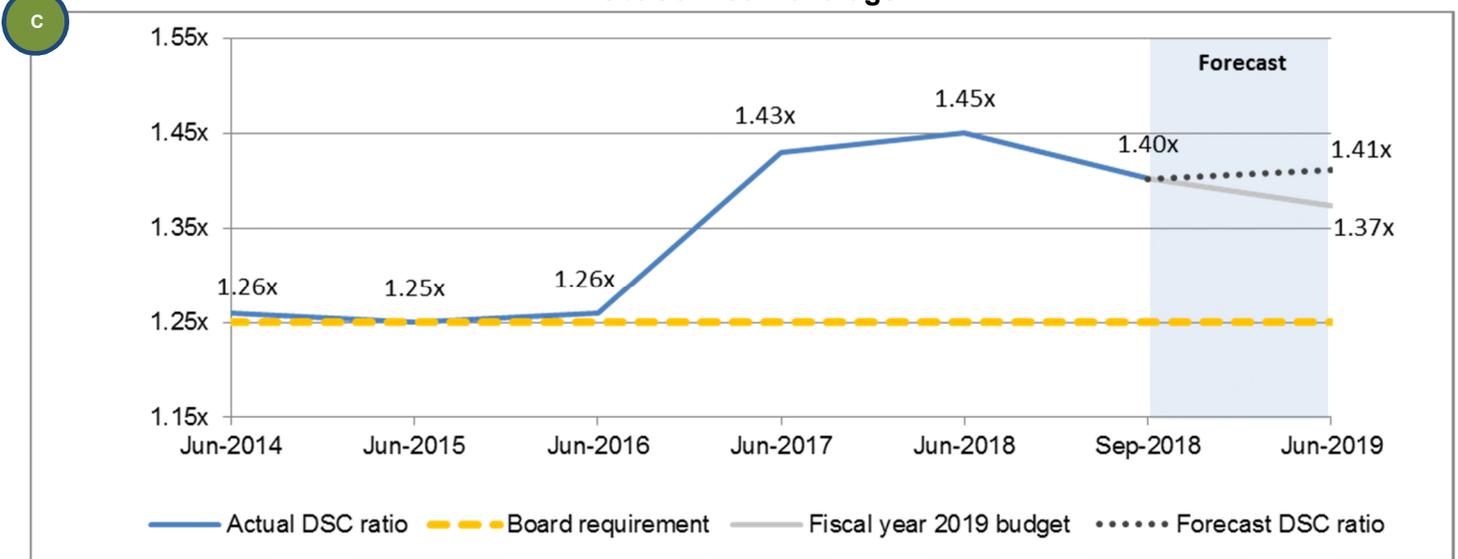
Net Margin Monthly Variances



Net Margin Fiscal Year-to-Date Variances



Debt Service Coverage



Key takeaways:

- Lower-than-budgeted load and higher-than-budgeted nonfuel expenses drove Wholesale Power's monthly performance. The timing of revenues primarily drove year-to-date performance. Higher-than-budgeted nonfuel expenses drove the year-end forecast.
- Lower expenses, including timing differences and higher miscellaneous revenues, drove Transmission's monthly performance. Higher miscellaneous, cost of service and interest income revenues, as well as lower expenses, including timing differences, drove year-to-date performance. Higher-than-budgeted Transmission revenues due to a higher-than-planned interim capital addition rate filing and an increased 4CP, as well as lower-than-budgeted expenses, drove the year-end forecast.
- Lower-than-budgeted irrigation revenues primarily drove Water's monthly performance. Higher-than-budgeted river management revenues and lower-than-budgeted river management expenses drove year-to-date performance and the year-end forecast.

Lower Colorado River Authority

Sept. 30, 2018

(Dollars in Millions)

Key takeaways (Continued):

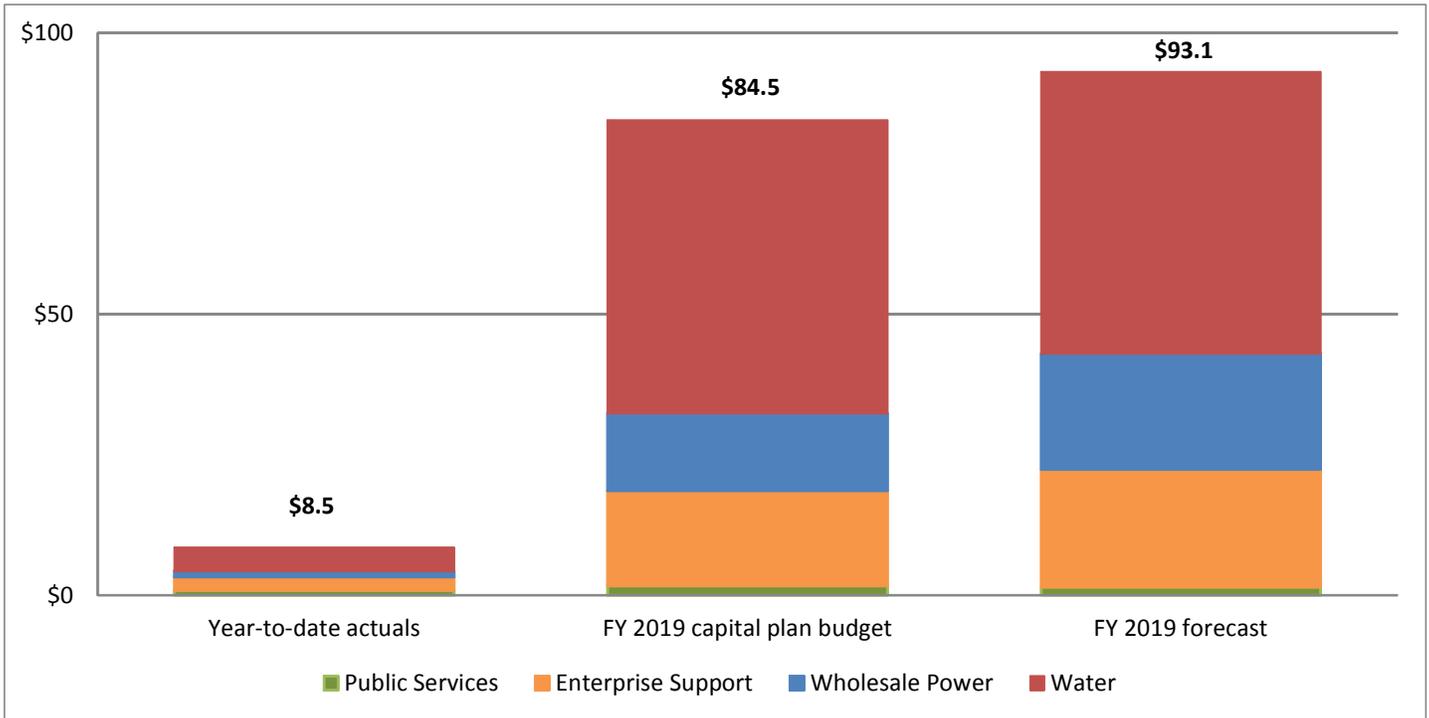
- The timing of transmission customer service work primarily drove Strategic Services' monthly and year-to-date performances. An increase in transmission customer service work primarily drove the year-end forecast.
- The timing of expenses drove Public Services' monthly and year-to-date performances. Lower-than-budgeted expenses drove the year-end forecast.
- The positive year-end forecast in Transmission is driving the higher-than-budgeted debt service coverage projection.

Lower Colorado River Authority

Sept. 30, 2018

(Dollars in Millions)

Capital Forecast



Business area	Year-to-date actuals	Percentage of budget spent	FY 2019 capital plan budget	FY 2019 capital forecast	Variance to forecast
Wholesale Power	\$ 1.1	8%	\$ 13.8	\$ 20.6	\$ (6.8)
Water	4.2	8%	52.1	50.1	2.1
Public Services	0.9	52%	1.7	1.5	0.2
Enterprise Support	2.4	14%	16.9	21.0	(4.1)
	<u>\$ 8.5</u>	<u>10%</u>	<u>\$ 84.5</u>	<u>\$ 93.1</u>	<u>\$ (8.6)</u>

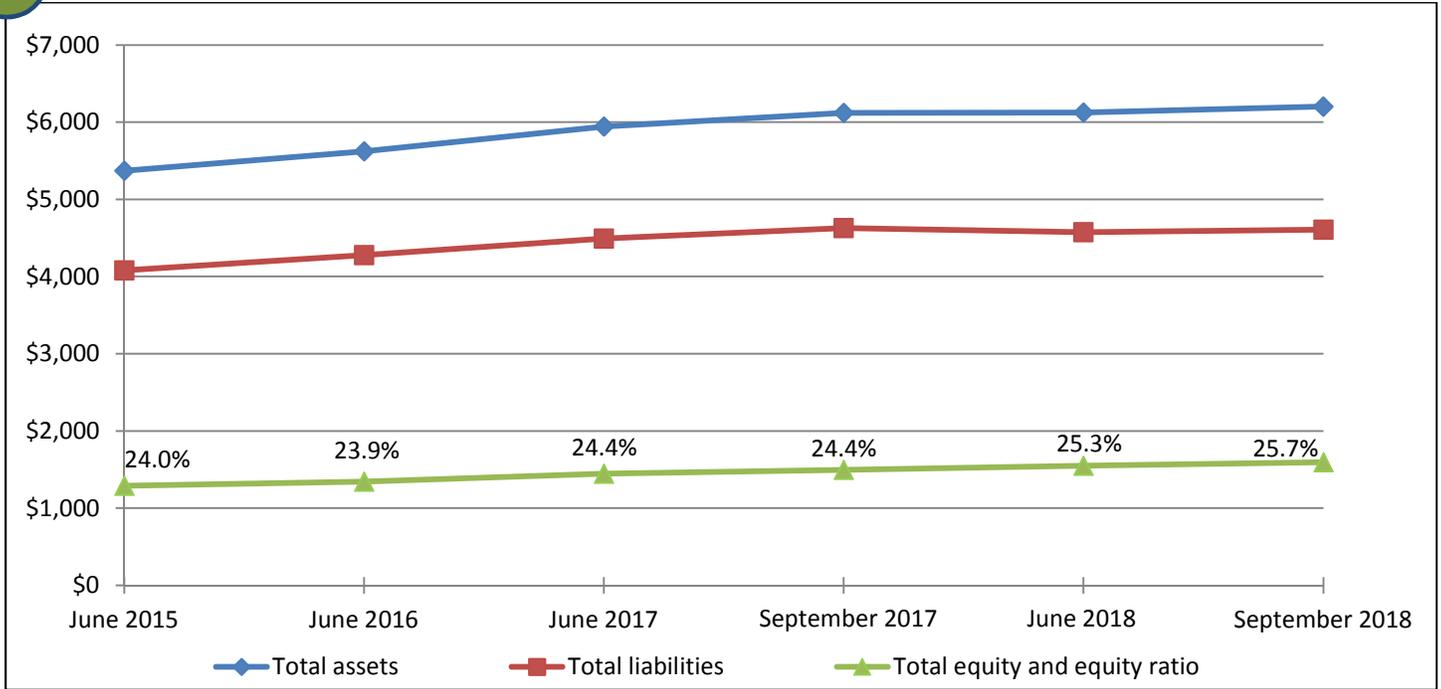
Note: Transmission Services' capital summary is found in the LCRA Transmission Services Corporation Financial Report.

Key takeaways:

- LCRA currently is projecting capital spending for FY 2019 to be \$8.6 million over the capital plan budget of \$84.5 million. The primary driver for the variance is due to new projects that were not in the capital plan. New projects include the \$6.8 million Lost Pines Combustion Turbine B Compressor Parts Replacement project that is being ratified at the October Board meeting, the \$1.5 million Enterprise Compliance Phase 1 project and the \$1.3 million Storage Hardware Upgrade project. Staff is in the process of filing a claim against LCRA's property insurance policy for the damage associated with the Lost Pines Combustion Turbine B Compressor Parts Replacement project. The insurance policy deductible is \$1 million. Staff will monitor the FY 2019 forecast and request a fiscal budget increase when required.
- 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 - Finance. The general manager approved two new projects this quarter.
 - Enterprise Compliance Phase 1 project for \$1.5 million.
 - Storage Hardware Upgrade project for \$1.3 million.

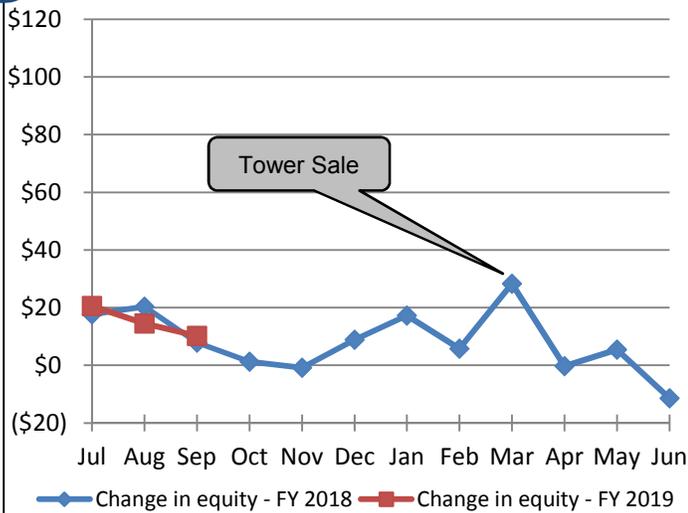
Lower Colorado River Authority
Financial Statement Trends
 Sept. 30, 2018
 (Dollars in Millions)

Balance Sheet Trends

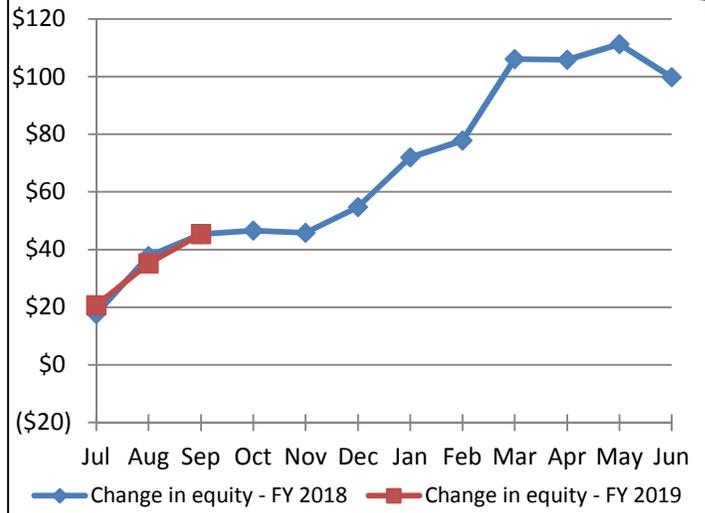


Income Statement Trends

Monthly



Cumulative Fiscal Year to Date



Key takeaways:

- Assets and liability balances are stable compared to September 2017.
- Year-to-date net income through September 2018 is trending steady compared to the prior year.

Lower Colorado River Authority

Sept. 30, 2018

(Dollars in Millions)

Condensed Balance Sheets

	Sept. 30, 2018	Sept. 30, 2017
<i>Assets</i>		
Total current assets	\$ 627.5	\$ 692.3
Total long-term assets	5,574.1	5,429.0
Total Assets	\$ 6,201.6	\$ 6,121.3
<i>Liabilities</i>		
Total current liabilities	\$ 655.5	\$ 594.8
Total long-term liabilities	3,952.2	4,032.4
Total liabilities	4,607.7	4,627.2
<i>Equity</i>		
Total equity	1,593.9	1,494.1
Total Liabilities and Equity	\$ 6,201.6	\$ 6,121.3

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2019	2018
Operating Revenues		
Electric	\$ 297.2	\$ 269.4
Water and irrigation	7.9	5.3
Other	13.9	6.5
Total Operating Revenues	319.0	281.2
Operating Expenses		
Fuel	102.6	93.0
Purchased power	42.8	15.1
Operations	41.7	41.8
Maintenance	9.1	7.9
Depreciation, depletion and amortization	42.2	40.8
Total Operating Expenses	238.4	198.6
Operating Income	80.6	82.6
Nonoperating Revenues (Expenses)		
Interest on debt	(40.3)	(39.7)
Other income	5.1	2.5
Total Nonoperating Revenues (Expenses)	(35.2)	(37.2)
Change in Equity	45.4	45.4
Equity - Beginning of Period	1,548.5	1,448.7
Equity - End of Period	\$ 1,593.9	\$ 1,494.1

Lower Colorado River Authority

Sept. 30, 2018

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2019	2018
Net cash provided by operating activities	\$ 113.7	\$ 124.4
Net cash provided by noncapital financing activities	0.5	5.3
Net cash provided by (used in) capital and financing activities	(14.9)	41.7
Net cash provided by (used in) investing activities	28.3	(23.7)
Net Increase in Cash and Cash Equivalents	127.6	147.7
Cash and Cash Equivalents - Beginning of Period	242.4	314.0
Cash and Cash Equivalents - End of Period	<u>\$ 370.0</u>	<u>\$ 461.7</u>

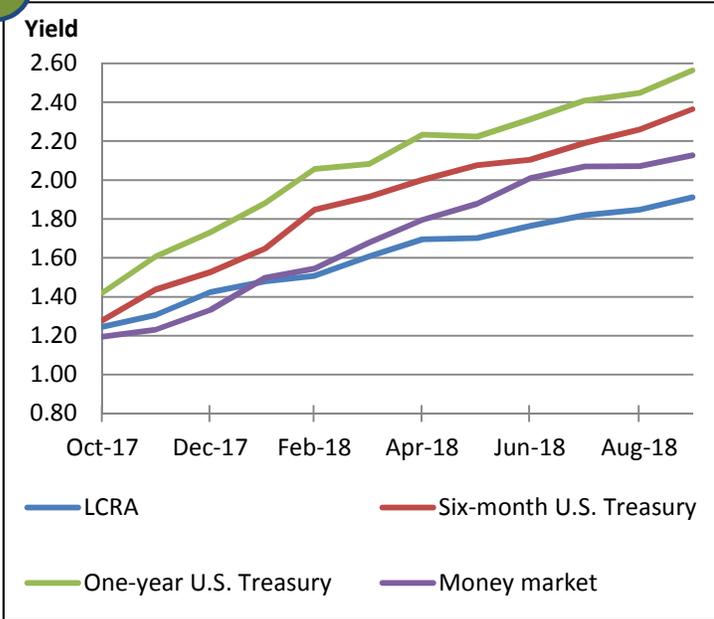
Lower Colorado River Authority

Sept. 30, 2018

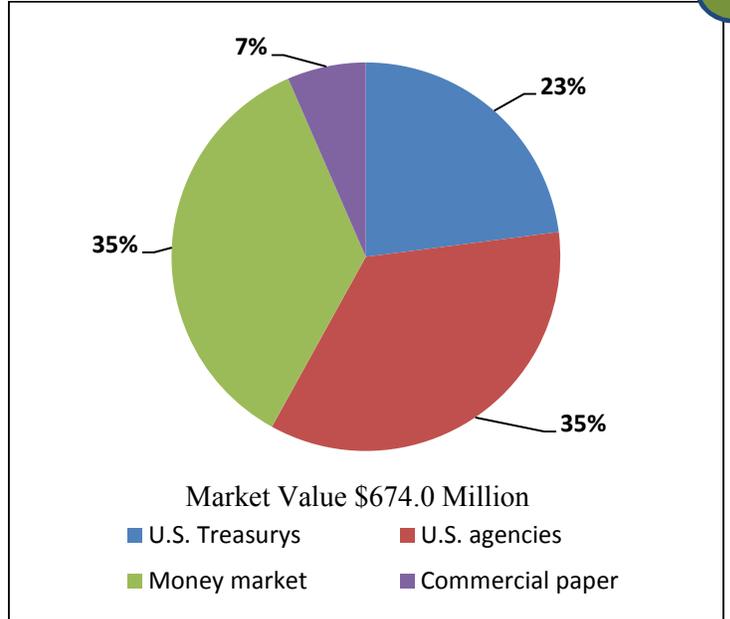
(Dollars in Millions)

Investments and Debt

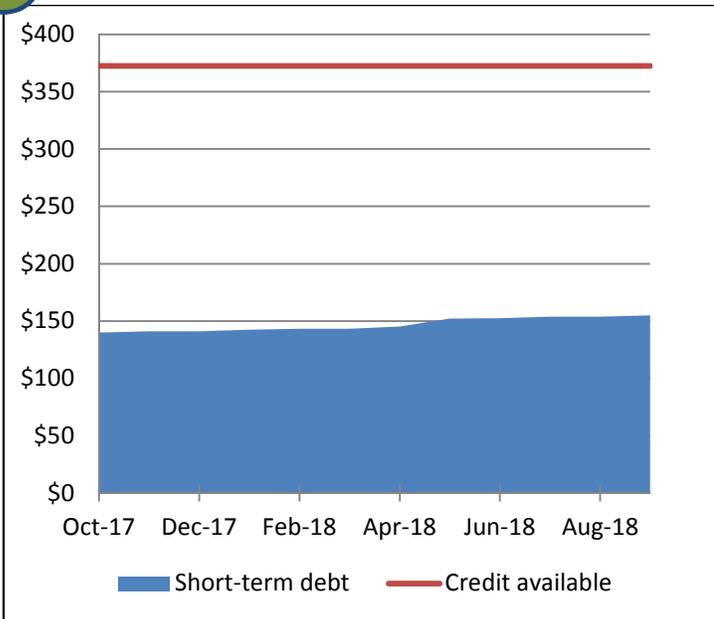
Investment Portfolio Yield



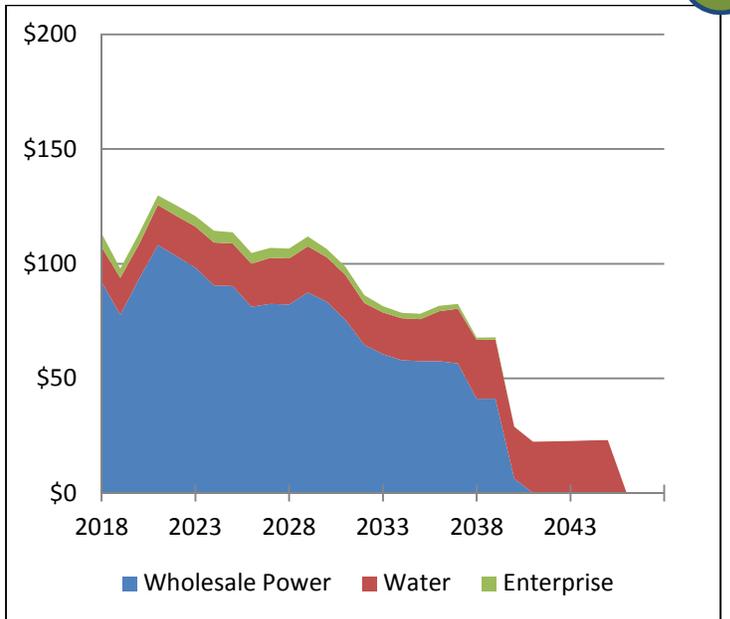
Investment Portfolio Composition



Short-Term Debt



Bond Debt Service



Key takeaway:

- As expected, the Federal Open Market Committee raised the federal funds target rate by 25 basis points at its September 26 meeting, representing the third such increase in 2018. The market is anticipating a fourth rate increase of 25 basis points at the December 2018 meeting.

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FOR ACTION

3. Fiscal Year 2018 Financial Statements and Independent Auditor's Report

Proposed Motion

Approve the fiscal year 2018 audited financial statements and authorize the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality (TCEQ).

Board Consideration

The TCEQ, under authority granted to it within Section 49.194 of the Texas Water Code, requires river authorities such as LCRA to file with the commission an annual audit report approved by the Board of Directors.

Budget Status and Fiscal Impact

None.

Summary

The Audit and Risk Committee reviewed the audited financials with the independent audit firm at the October meeting. The Board received the audited financial statements under separate cover.

Presenter(s)

Julie Rogers
Controller

FOR ACTION (CONSENT)

4. LCRA Board Policy 303 – Banking and Investments

Proposed Motion

Approve proposed changes to LCRA Board Policy 303 – Banking and Investments as shown in Exhibit A.

Board Consideration

Chapter 2256 of the Government Code (Texas Public Funds Investment Act or TPFIA) requires that a governing body of an investing entity review and adopt its investment policy and investment strategies annually.

Budget Status and Fiscal Impact

The fiscal year 2019 business plan anticipated this annual policy review.

Summary

The Board will fulfill its statutory requirements under the TPFIA for the annual review and adoption of the LCRA investment policy. Staff recommends approval of policy as modified, which includes:

- Changing the title of a staff, increasing trading limits for staff, and remove former employee (Appendix A),
- Changing the trading location for an approved broker/dealer, Bank of America (Appendix B), and
- Adding a new approved broker/dealer, FTN Financial (Appendix B)

Exhibit(s)

A – LCRA Board Policy 303 – Banking and Investments

EXHIBIT A

LCRA BOARD POLICY

303 – BANKING AND INVESTMENTS

~~April 18, 2018~~ Oct. 17, 2018

303.10 PURPOSE

This policy establishes procedures for authorizing employees to disburse, transfer and invest LCRA funds in accordance with the LCRA enabling act, LCRA bylaws and other legal requirements. It states objectives and guidelines for investing LCRA funds and defines the types of investments in which LCRA may invest. The policy applies to activity involving LCRA funds, excluding the LCRA Retirement Benefits Plan and the LCRA 401(k) and Deferred Compensation Plans, which are not LCRA funds.

303.20 POLICY

LCRA will maintain reasonable internal control and approval procedures for the disbursement, transfer and investment of funds consistent with legal requirements.

LCRA's investments will be made in accordance with applicable laws, the LCRA enabling legislation, the LCRA bylaws, Board policies and current LCRA bond resolutions. Selection of securities firms or financial institutions must be approved by the LCRA Board of Directors. All such firms must provide certification forms asserting they have read and are familiar with the LCRA investment policy and reasonable procedures and controls have been implemented to preclude unauthorized transactions. Effective cash management is recognized as a foundation of this policy. The chief financial officer is responsible for implementing and ensuring compliance with this policy.

303.30 Banking Procedures

303.301 Signature Authority. In establishing any bank account, signature authority on the account must be provided to the bank in writing with a specimen signature for each officer and employee authorized. Any check, draft or other instrument that authorizes the disbursement or transfer of funds from any account may be signed without countersignature unless countersignatures are required by the GM/CEO and chief financial officer. Designation of positions with authority to countersign will be made in writing and approved by the GM/CEO and chief financial officer.

A complete file of authorized signatures pursuant to the requirements of this policy and facsimile signature impressions for each active demand account will be maintained by the treasurer at all times.

303.302 General Manager/Chief Executive Officer and Chief Financial Officer Designations for Disbursement and Transfer of Funds, and Check Signers. The GM/CEO and chief financial officer will designate the individuals authorized to disburse and transfer funds and to sign checks. Written authorization may be in the form of certificates of incumbency, signature cards or other bank documentation enabling designated individuals to perform fund movement activities. Designations will include limitations as to dollar amounts authorized to the designees to ensure reasonable controls over financial transactions.

303.303 Facsimile Signatures. The use of facsimile signatures, in lieu of manual signatures, for bank transactions is authorized for the chief financial officer and the treasurer without countersignature, except as otherwise required. An authorized copy of the manual signature and the facsimile signature will be furnished to each bank from which checks will be drawn.

303.40 Investment Procedures

303.401 Investment Objectives. The LCRA investment portfolio will be managed in compliance with Chapter 2256 of the Texas Government Code, as amended (the Public Funds Investment Act or TPFIA), primarily to be consistent with LCRA's responsibilities as a steward of the public trust and to take advantage of investment interest as a source of income for all funds.

LCRA will emphasize the following objectives, listed in order of importance:

Standard of care – LCRA will ensure that all LCRA personnel involved in the investment process act responsibly as custodians of the public trust in the preservation of LCRA capital. LCRA investments will be made with the exercise of judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of principal as well as the probable income to be derived.

Suitability – LCRA will ensure the suitability of the investment to LCRA's financial requirements.

Safety – LCRA will give priority to ensuring the preservation and safety of principal.

Liquidity – LCRA will maintain sufficient liquidity to provide adequate and timely availability of funds necessary to pay obligations as they become due.

Marketability – LCRA will consider its ability to liquidate an investment prior to maturity.

Diversification – LCRA will diversify its investments on the basis of maturity, type of instruments, financial institutions and securities firms.

Return on investment – LCRA will optimize return on investments within the constraints of safety and liquidity.

Maturity – LCRA will invest its funds in maturities sufficiently diverse and, in consideration of maximum maturity limits, to achieve safety of principal and adequate liquidity.

303.402 Individuals Authorized to Invest Funds. The GM/CEO and chief financial officer will submit to the Board a list designating the individuals authorized to purchase and sell securities. The Board will approve the list of designated persons and their respective dollar limits. The approved list will be attached as Appendix A. Each investment transaction must be reviewed for compliance with this policy by a person other than the individual executing the trade. The investment transaction will be in accordance with specified dollar limits determined by the GM/CEO and chief financial officer.

303.403 Authorized Instruments and Securities Firms. LCRA will purchase, from securities firms or financial institutions approved by the Board and listed in Appendix B, only those investment instruments authorized under this policy and listed in Appendix C, such list being from the TPFIA as periodically amended, with LCRA maximum maturities.

303.404 Designated Investment Officers. Responsibility for LCRA's investments and investing activity, as provided for in this policy, will be the responsibility of the designated investment officers: the chief financial officer and the treasurer of LCRA.

303.405 Officer Training. All designated investment officers, as well as all personnel responsible for executing investment transactions, must attend an investment training session not less than once each state fiscal biennium (the state fiscal year runs Sept. 1-Aug. 31), from an independent source approved by the Board and receive not less than 10 training hours as required in the TPFIA. LCRA employees must take training provided by the University of North Texas Center for Public Management, the Government Treasurers' Organization of Texas, the Government Finance Officers Association of Texas, Texas Municipal League or Texas State University.

303.406 Disclosure of Personal Business Relationships. All designated investment officers, as well as all personnel responsible for executing investment transactions, who have a personal business relationship, as defined in the TPFIA, or are related within the second degree by affinity (marriage) or by consanguinity (descended from the same ancestor), as defined in Texas Government Code Chapter 573, with any representative offering to engage in an investment transaction with LCRA, will file a statement disclosing that personal business interest or relationship with the Texas Ethics Commission and the Board.

303.407 Safekeeping of Investments. LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer

or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a “delivery-versus-payment” basis. Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

303.408 Collateralization. To the extent not insured by federal agencies that secure deposits, LCRA funds must be secured by collateral securities as stated in the Texas Public Funds Collateral Act, as amended. The total market value of the collateral securities will be an amount at least equal to the amount of the deposits of public funds, increased by the amount of any accrued interest and reduced to the extent that the deposits are insured by an agency or instrumentality of the United States government. Notwithstanding the foregoing, securities described in Section 2256.009(b), Texas Government Code, may not be used to secure deposits of LCRA funds.

A collateral depository agreement will be executed by any bank anticipated to hold LCRA funds in excess of federal deposit insurance and by any collateral safekeeping bank. Safekeeping receipts will be furnished by the safekeeping bank indicating the pledge of the securities to LCRA.

303.409 Depository Restrictions and Security of Funds. Other than for paying agent purposes, LCRA will use as depositories for its funds and investments only federal- or state-chartered banks or trust companies with their main office or branch located in the state of Texas in which deposits up to the maximum allowable limit are insured by federal agencies. Such depositories will be approved by the Board.

303.410 Periodic Reporting. Investment reports will be made as required by the TPFIA and will be provided to the Board as follows:

<u>General Context of Report</u>	<u>Schedule</u>
Investment portfolio summary	Quarterly
Portfolio composition and performance (investment yield versus benchmarks)	Quarterly
External financial audit (investment holdings, compliance)	Annually

All designated investment officers must sign the quarterly reports.

A report on changes to the TPFIA that affect LCRA will be made to the Board within 180 days after the last day of the regular session of the Texas Legislature.

303.411 Investment Strategies. In addition to the above LCRA corporate investment objectives and guidelines, the following detailed investment strategies are provided to address various LCRA funds on issues, including the following:

Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater

than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Fund; however, should they be necessary, the short-term nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

Construction Funds – The Construction Funds will include investments suitable to meet construction payment requirements for which the related funds were acquired. Investment maturities will be structured to meet construction payment requirements and will comply with federal tax regulations on spending terms. These short-term investments are benchmarked by the same process as the Revenue Funds investments.

Debt Service Reserve Funds – The Debt Service Reserve Funds will include investments suitable to provide reserves to meet any shortfalls in funds available to make required debt service payments. As Debt Service Reserve Funds are not to be used except in the case of insufficient revenues, average maturities in these funds can range from six months to 10 years. However, in no instance should an investment maturity exceed the latest established debt service requirement/payment date. Debt Service Reserve Fund investments will be structured to achieve the most competitive yields attainable given appropriate diversification and safety requirements, and will be compared against appropriately competitive and reasonable benchmarks, considering limitations on yield provided by federal tax law.

303.412 Monitoring Market Prices. Monitoring will be done monthly and more often as economic conditions warrant by using appropriate reports, indices or benchmarks for the type of investment. Information sources may include financial/investment publications and electronic media, software for tracking investments, depository banks, investment banks, financial advisors, and representatives/advisors of investment pools or money market funds. Monitoring of credit ratings will be done on a regular, ongoing basis and as often as economic conditions, market news or credit rating agency news releases warrant review of any specific security, type of security or security issuer. If a credit rating for a security or security issuer falls below the minimum allowable rating set by the TPFIA, LCRA will take all prudent measures that are consistent with its investment policy and TPFIA Section 2256.021 to liquidate the security.

303.413 Required Policy Compliance Audits. A compliance audit of management controls and adherence to this policy as it relates to LCRA's investments and investing activity will be performed on an annual basis in conjunction with the organization's financial audit. The compliance audit also will cover LCRA's depository or custodian with respect to investment securities and records for pledged collateral, as required in Chapter 2257 of the Texas Government Code, as amended (the Public Funds Collateral Act).

303.414 Periodic Review and Approval of Policy. This investment policy and its investment strategies will be reviewed and approved by the Board on at least an annual

basis, as required by the TPFIA. The Board will record in writing its approval of existing policy and any changes to the LCRA investments policy and investment strategies.

303.50 AUTHORITY

LCRA enabling legislation, Chapter 8503, Special District Local Laws Code
Public Funds Investment Act, Chapter 2256, Texas Government Code
Public Funds Collateral Act, Chapter 2257, Texas Government Code

EFFECTIVE: December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; ~~and~~ April 18, 2018; and Oct. 17, 2018.

APPENDIX A

**Authorization to Purchase and Sell Securities
Individuals in Authorized Positions**

**Staff Authorized to Purchase and Sell Securities:
Amended ~~April, 18, 2018~~Oct. 17, 2018**

Chief Financial Officer (Unlimited)	James D. Travis
Director, Treasury <u>Treasurer</u> (\$75 <u>\$100</u> million per day)	David <u>J.</u> Smith
Treasury Analyst (\$50 <u>\$75</u> million per day)	Keri J. Whipple
Treasury Analyst (\$50 million per day) Michael Prins	

**APPENDIX B
APPROVED BROKER/DEALERS**

<u>Name of Firm</u>	<u>Headquarters</u>	<u>LCRA Trading Office</u>
Stifel Nicolaus & Company, Inc.	St. Louis	Houston
RBC Capital Markets	Minneapolis	Dallas
Merrill Lynch, Pierce, Fenner & Smith Inc.	Charlotte, N.C.	Chicago Dallas
Raymond James & Associates	Memphis	Austin
Wells Fargo Securities, LLC	San Francisco	Dallas
Cantor Fitzgerald & Co.	New York	Dallas
U.S. Bank N.A.	Minneapolis	Minneapolis
Jefferies LLC	New York	Los Angeles
<u>FTN Financial</u>	<u>Memphis</u>	<u>Houston</u>

APPENDIX C
APPROVED INVESTMENTS OF PUBLIC FUNDS
AS OF ~~April 18, 2018~~ Oct. 17, 2018
(SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)

DESCRIPTION

1. Obligations of, or guaranteed by, Governmental Entities (Section 2256.009 of the Texas Public Funds Investment Act) Maturity Limit: 30 years
2. Certificates of Deposit and Share Certificates (Section 2256.010 of the Texas Public Funds Investment Act) Maturity Limit: three years
3. Repurchase and/or Reverse Repurchase Agreements (Section 2256.011 of the Texas Public Funds Investment Act) Maturity Limit: one year
4. Securities Lending Program (Section 2256.0115 of the Texas Public Funds Investment Act) Maturity Limit: one year
5. Banker's Acceptances – Rating/Definition (Section 2256.012 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
6. Commercial Paper – Rating/Definition (Section 2256.013 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
7. Money Market Mutual Funds – Permissions/Restrictions (Section 2256.014 (a) of the Texas Public Funds Investment Act) Maturity Limit: 90 days
8. Guaranteed Investment Contracts (GICs) (Section 2256.015 of the Texas Public Funds Investment Act) Maturity Limit: three years
9. Investment Pools (Section 2256.016 of the Texas Public Funds Investment Act) Maturity Limit: 90 days

FOR ACTION (CONSENT)

5. LCRA Board Policy 603 – Energy Transactions

Proposed Motion

Review and approve LCRA Board Policy 603 - Energy Transactions (“Board Policy 603”) (except for Appendix A, which will be discussed in executive session) as attached in Exhibit A.

Board Consideration

Section 603.80 of Board Policy 603 requires the Board of Directors to review the policy annually.

Budget Status and Fiscal Impact

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

Summary

The Board will fulfill the requirement under Section 603.80 of Board Policy 603 to review said policy annually and will approve the policy with no changes from the prior version. Staff has reviewed Board Policy 603 in conjunction with its review of the LCRA Energy Commodity Risk Control Program Policy and recommends no changes to the policy.

An appendix to Board Policy 603 containing competitive electric information will be discussed separately in executive session.

Exhibit(s)

A – LCRA Board Policy 603 – Energy Transactions (without Appendix A)

EXHIBIT A

LCRA BOARD POLICY

603 – ENERGY TRANSACTIONS

~~Oct. 18, 2017~~ Oct. 17, 2018

603.10 PURPOSE

This policy will govern the management of LCRA's wholesale power portfolio to ensure the use of those assets, along with appropriate market products, provides a cost-effective, risk-managed supply portfolio for LCRA's wholesale electric customers.

603.20 OVERVIEW

The purchase and sale of fuels, power and other power-related products are necessary to satisfy LCRA's contractual obligations to its wholesale electric customers. These activities expose LCRA to the price fluctuations inherent in the fuel and power markets. LCRA strives to reduce its financial uncertainty driven by market volatility, within established risk tolerances. This policy articulates the objectives, framework and delegation of authorities necessary to govern LCRA's activities related to its energy risk management program (program).

LCRA will conduct energy risk management activities in a manner that supports the objectives stated herein. All program objectives, activities, controls and procedures will be conducted in accordance with this policy.

603.30 RISK MANAGEMENT OBJECTIVES

Activities conducted pursuant to the program are intended to decrease financial risks inherent in providing wholesale electrical power and related services in the Electric Reliability Council of Texas (ERCOT) market compared to the financial uncertainty present without a program. The program's objectives are: identifying exposures to movements in energy prices and related market prices; quantifying the impacts of these exposures on LCRA's financial objectives; and mitigating these exposures in line with LCRA's identified level of risk tolerance. LCRA will conduct its program activities solely for appropriate risk mitigation objectives herein and never for purposes of financial speculation.

Risk mitigating activities, including hedging activities permitted by Texas Water Code Section 152.251, include:

Market Risk Mitigation Activities: Given volatile energy markets, manage costs from energy and fuel purchases and revenues from LCRA's generation and purchased power assets, mitigating potentially unfavorable financial results and promoting financial results that fall within acceptable boundaries.

Transaction Risk Mitigation Activities: Mitigate transactional risk by monitoring execution of the program for compliance with risk program documentation approved by the GM/CEO and measuring the potential impact of commodity price movements with respect to the approved financial objectives of LCRA.

Subject to the program's objectives and risk mitigation activities, activities conducted pursuant to the program also may seek to improve upon LCRA's financial expectations.

603.40 DELEGATION OF AUTHORITY

603.401 General Manager/Chief Executive Officer. The GM/CEO is charged with administration of this policy and is granted authority and responsibilities:

1. To ensure all program activities of LCRA are in accordance with this policy.
2. To approve documentation for the administration of the program.
3. To approve initially, and from time to time modify, LCRA's tolerance for exposure to energy price volatility.
4. To delineate responsibilities and activities assigned to front, middle and back office functions to ensure a clear separation of duties.
5. To approve controls and periodically review the effectiveness of all aspects of the program.
6. To approve contracts and other transactions necessary to implement the program.

603.402 Risk Management Committee. The GM/CEO will create a Risk Management Committee (RMC) comprised of employees of LCRA to monitor program performance and compliance with the program documentation. The RMC will establish and from time to time modify program risk limits consistent with risk tolerances approved by the GM/CEO. Additionally, the RMC will advise the GM/CEO regarding:

1. Creation, amendment, approval and administration of program documentation.
2. Setting risk tolerances.
3. Ensuring all program activities are performed in accordance with the policy and approved program documentation.
4. Material violations or potential material violations of the policy or program requirements.

603.403 Chief Financial Officer. The chief financial officer (CFO) is charged with the daily administration and management of the program and will serve as the chair of the RMC. The CFO, in addition to other duties, will report periodically to the GM/CEO and the LCRA Board of Directors. The CFO will maintain appropriate financial controls,

maintain a separation of duties between individuals authorized to execute commodity transactions and those who monitor and report on such transactions, and ensure documents and procedures developed to execute this policy are reviewed periodically.

603.50 ENERGY TRANSACTING AND RISK MANAGEMENT ACTIVITIES

603.501 Energy Transacting and Risk Management Activities. LCRA's energy transacting and risk management activities will comply with this policy, other related Board directives, and all applicable laws, rules and requirements, including those of ERCOT, the Public Utility Commission of Texas (PUC), and the Commodity Futures Trading Commission (CFTC). Energy transacting and risk management activities will include:

1. **Commodity-related transactions** – LCRA may enter into transactions as needed to effectively manage its fuel and power portfolio position. Commodity-related transactions include financial and physical transactions related to the purchase and sale of power and related services, natural gas and associated transportation, coal and associated transportation, instruments necessary to manage transmission and transportation risks, instruments to manage full load requirement risk including load following and weather products, and transactions related to emissions and renewable energy.
2. **Physical resources** – Consistent with Board Policy 401 – Land Resources, LCRA may construct, purchase, dispose, retire, exchange and/or lease wholesale power resources, including generation resources, energy and fuel storage facilities, transportation systems, pipelines and related equipment, railcars and related equipment, and other facilities.
3. **Credit risk management** – LCRA will integrate credit provisions into contracts as appropriate, evaluate counterparty risk, require collateral as needed, and monitor credit-related financial exposure with the goal of preserving LCRA's financial integrity.

603.502 Power and Energy Not Immediately Needed. From time to time, LCRA produces power and energy that is not immediately needed. The Board delegates to the GM/CEO or his or her designee the authority to determine the available amount and to negotiate terms and conditions for the sale of such power and energy.

603.503 Posting of Collateral. The Board finds it is necessary and convenient to the exercise of LCRA's authority to enter into energy transacting and risk management activities for LCRA to be able to post collateral to counterparties to such transactions. The Board authorizes the use of designated reserves, debt or available revenues for such purposes as deemed appropriate by the GM/CEO.

603.504 Transactions Related to Affiliated Corporations. LCRA may enter into energy and risk management transactions on behalf of affiliated corporations, provided that LCRA does so pursuant to an agreement between LCRA and such affiliated corporation, and provided that the GM/CEO or his or her designee determines that such

transactions do not materially increase risks to LCRA or otherwise conflict with the objectives of this policy.

603.60 DELEGATION AND PROCUREMENT LIMITS

All transactions under the program will be conducted subject to the following delegation and procurement limits specified in Appendix A (confidential):

1. Approved transacting activities and products.
2. Term/tenor limits.
3. Approved product locations and sources.
4. Approved counterparties.

LCRA will not execute hedges that exceed 100 percent of forecast requirements and “unwinding” (closing a position by executing an offsetting transaction) will be permitted for the purpose of managing collateral risk and mark-to-market losses. Under no circumstances may transactions be executed that are not related to LCRA’s core business objectives.

603.70 STANDARDS

603.701 Standards of Conduct. All LCRA Wholesale Power personnel and others in the procurement, trading, risk management, information technology, and finance and accounting functions who are involved in any program activities will conduct themselves in a manner consistent with sound business practices and LCRA’s Code of Ethics, under standards established in the program documentation to avoid impropriety or the appearance of impropriety. All such employees will be required to annually read and attest in writing to compliance with this policy and the program documentation.

603.702 Standard of Care. The program will be managed in a way that a person of ordinary prudence, discretion and intelligence, exercising the judgment and care under the circumstances then prevailing, would follow in the management of the person’s own affairs, not in regard to speculation but in regard to the permanent disposition of the person’s money considering: (1) the probable income; and (2) the probable safety of the person’s capital.

603.80 REPORTING AND INTERNAL CONTROLS

The GM/CEO will update the Energy Operations Committee at least quarterly on the actions taken pursuant to the policy covering, at a minimum, risk tolerances, program impacts and material changes in program requirements. The Board will review this policy at least annually.

603.90 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code
Texas Water Code, Chapter 152
Texas Government Code, Chapter 1371
Texas Utilities Code, Title 2 (Public Utility Regulatory Act)
Clean Air Act, Acid Deposition Control, § 401 et seq.; 42 U.S.C.A. § 7651 et seq.
Code of Federal Regulations, Title 17
Code of Federal Regulations, Title 40, Parts 72, 73 and 75

EFFECTIVE: April 19, 1990. Amended July 17, 1991; May 20, 1993; May 18, 1995;
Oct. 28, 1998; Dec. 13, 2000; March 20, 2002; Jan. 22, 2003; Feb. 20, 2008;
Nov. 18, 2009; Dec. 15, 2010; and April 18, 2012. Replaced Sept. 17, 2014. Amended
Aug. 19, 2015; and Sept. 21, 2016. Re-approved Oct. 18, 2017; and Oct. 17, 2018.

FOR ACTION (CONSENT)

6. Resolution and Amendment No. Three to the Lower Colorado River Authority 401(k) Plan

Proposed Motion

Approve and authorize the Chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority 401(k) Plan (the “401(k) Plan”).

Board Consideration

The 401(k) Plan requires Board approval of any changes to its design or benefits, such as the proposed amendment.

Budget Status and Fiscal Impact

Amendment No. Three is within the approved budget allocated for benefit costs in the FY 2019 Business Plan.

Summary

The 401(k) Plan is a qualified plan, which means the Internal Revenue Service has approved the 401(k) Plan as meeting certain requirements enabling employees to defer taxation of their benefit until it is received.

The 401(k) Plan enables LCRA employees, as defined in the 401(k) Plan, to contribute to their retirement benefits. LCRA also makes contributions on behalf of employees participating in the 401(k) Plan.

The 401(k) Plan allows employee participants to make hardship withdrawals in the event of a financial hardship. Expenses which may warrant approval of a participant's request for a hardship withdrawal include: expenses for certain medical care; payments incurred for burial or funeral expenses for deceased parent, spouse, children or dependents; and expenses for the repair of damage to the participant's principal residence that would qualify for the casualty deduction under Section 165 of the IRS Code.

The proposed amendment to the 401(k) Plan is recommended as a result of IRS Guidance and recent federal legislation that permit victims of certain federal disasters, such as Hurricanes Harvey, Irma and Maria, to obtain hardship withdrawals under special rules that accelerate the process for obtaining those distributions.

The proposed amendment also incorporates certain changes to hardship withdrawal provisions resulting from the Bipartisan Budget Act of 2018 which contains certain changes that are effective on Jan. 1, 2019:

1. Participants are no longer required to take all permitted plan loans before taking a hardship withdrawal;
2. The 6-month suspension period following a hardship withdrawal has been eliminated; and
3. The types of funds that are available for a hardship withdrawal are expanded to include post-1988 earnings on pre-tax contributions, as well as safe harbor contributions and QNECs.

The proposed amendment is recommended as a result of changes to the Internal Revenue Code that affect victims of certain federal disasters and, in order to grant the relief for those victims, must be adopted by Dec. 31, 2018. Provisions of the proposed amendment resulting from the Bipartisan Budget Act of 2018 will be effective on Jan. 1, 2019.

Exhibit(s)

A – Amendment No. Three to Lower Colorado River Authority 401(k) Plan

EXHIBIT A

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE
PRESENTS:
COUNTY OF TRAVIS §

AMENDMENT NO. THREE

TO

LOWER COLORADO RIVER AUTHORITY

401(k) PLAN

WHEREAS, the Lower Colorado River Authority (the "Authority") maintains the Lower Colorado River Authority 401(k) Plan (the "Plan") for the exclusive benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1984, and subsequently amended and restated effective April 1, 2001, June 1, 2010, and January 1, 2014;

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") is authorized to amend the Plan to the extent deemed advisable;

WHEREAS, the Authority desires to amend the Plan: (a) to allow federal disaster relief hardship withdrawals by participants affected by Hurricanes Harvey and Irma, as well as any other federally declared disasters for which the Internal Revenue Service has provided specific relief; (b) effective for hardship withdrawals on and after January 1, 2019, to remove the six-month suspension requirement on participant contributions to the Plan following hardship withdrawals; and (c) effective for hardship withdrawals on and after January 1, 2019, to permit hardship withdrawals from the earnings on participant contributions and to remove the requirement that participants take all available loans from the Plan prior to taking a hardship withdrawal;

NOW, THEREFORE, the Plan is hereby amended effective August 23, 2017, except as otherwise specifically stated herein, as follows:

Article VII, Section 7.2, is hereby amended in its entirety, to read as follows:

"Section 7.2 Hardship Withdrawal. In the event of a financial hardship, a Participant may apply for payment of all or a portion of his Accounts as follows:

(a) A Participant may withdraw a portion of his 401(k) Account, not to exceed the amount of 401(k) Contributions and Catch-Up Contributions credited to such Account, and income allocable thereto which is credited to the Participant's 401(k) Account as of December 31, 1988, except as otherwise provided below.

(b) A Participant may withdraw, in addition to the amount described in (a) above, a portion or all of the vested amounts credited to his Matching Account.

(c) A Participant may withdraw, in addition to the amounts described in (a) and (b) above, a portion or all of the amounts credited to his ROTH Deferral Account.

(d) Effective January 1, 2019, notwithstanding any provision herein to the contrary, a Participant may withdraw any portion of his 401(k) Account, including accumulated earnings attributable to his 401(k) Contributions and Catch-Up Contributions.

(e) The Board of Trustees has the sole discretion to determine whether hardship exists and, if so, what portion of the Participant's Accounts may be withdrawn. However, the Board of Trustees may delegate its authority to review and approve hardship withdrawals to an organization that performs recordkeeping services for the Plan. The Board of Trustees, or its delegee, shall adopt uniform and nondiscriminatory rules regarding the granting of such requests and shall evaluate hardship requests made under this Section. Financial hardship means an immediate and heavy financial need of the Participant for which funds are not reasonably available from other resources of the Participant. If approved by the Board of Trustees, or its delegee, any withdrawal for financial hardship may not exceed the amount required to meet the immediate financial need created by the hardship, including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal. Furthermore, the Board of Trustees, or its delegee, shall not approve the request of any Participant for a hardship withdrawal, unless the Participant has theretofore taken all withdrawals, other than hardship

withdrawals, and, for hardship withdrawals prior to January 1, 2019, has theretofore obtained all loans permitted under all plans maintained by the Employer. The determination of whether a Participant suffers sufficient hardship to justify the granting of his written request and of the amount permitted to be withdrawn under this Section shall be made in the sole and absolute discretion of the Board of Trustees, or its delegee, after a full review of the Participant's written request and evidence presented by the Participant showing financial hardship.

A distribution will generally be treated as necessary to satisfy a financial hardship if the Board of Trustees, or its delegee, relies upon the Participant's written representation, unless the Board of Trustees, or its delegee, has actual knowledge to the contrary, that the hardship cannot reasonably be relieved:

- (i) Through reimbursement or compensation by insurance or otherwise;
- (ii) By liquidation of the Participant's assets;
- (iii) By cessation of 401(k) Contributions or ROTH Deferral Contributions under the Plan; or
- (iv) By other distributions or nontaxable (determined at the time of the loan) and, for hardship withdrawals prior to January 1, 2019, loans from plans maintained by the Employer, or any other employer of such Participant, or by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the financial hardship.

Notwithstanding any provision in this Section 7.2 to the contrary, a Participant: (i) whose principal residence on August 23, 2017 was located in one of the counties identified for individual assistance by the Federal Emergency Management Agency ("FEMA") because of the devastation caused by Hurricane Harvey or whose place of employment was located in one of these counties on that applicable date or whose lineal ascendant or descendant, dependent, or spouse had a principal residence or place of employment in one of these counties on that date; (ii) whose principal residence on September 4, 2017 was located in one of the counties identified for individual assistance by FEMA because of the devastation caused by Hurricane Irma or whose place of employment was located in one of these counties on that applicable date or whose lineal ascendant or descendant, dependent, or spouse had a principal residence or place of employment in one of these counties on that date; or (iii) whose principal residence is located in any county identified for individual assistance by FEMA because of the devastation caused by a federally declared disaster for which the Internal Revenue Service ("IRS") has provided specific relief or whose place of employment is located in any such county on such applicable date or whose lineal

ascendant or descendant, dependent, or spouse had a principal residence or place of employment in any such county on such date shall be entitled to request a withdrawal on account of financial hardship (a "Federal Disaster Relief Financial Hardship Withdrawal"); provided, however, that in the case of a Participant described in (i) above, such withdrawal shall be made no earlier than August 23, 2017 and no later than January 31, 2018; in the case of a Participant described in (ii) above, such withdrawal shall be made no earlier than September 4, 2017 and no later than January 31, 2018; and in the case of a Participant described in (iii) above, any such withdrawal shall be made in accordance with the dates specified in the applicable IRS guidance. The Committee may rely on such Participant's representation as to the need for and amount of such hardship distribution, unless the Committee has actual knowledge to the contrary.

Upon a Participant's receipt of a withdrawal for financial hardship prior to January 1, 2019, other than a Federal Disaster Relief Financial Hardship Withdrawal, such Participant shall be prohibited from making 401(k) Contributions, ROTH Deferral Contributions and Catch-Up Contributions for a period of at least six (6) months, beginning on the date on which the hardship withdrawal is made. A Participant may elect to resume such 401(k) Contributions, ROTH Deferral Contributions and Catch-Up Contributions, as applicable, as of the first day of the first payroll period beginning on or after the last day of such six (6) month period by making a new salary reduction election to be effective as of the first day of the first payroll period beginning thereafter, or such later payroll period specified by the Participant. No such six (6) month suspension shall apply in the case of a Federal Disaster Relief Financial Hardship Withdrawal. Effective for hardship withdrawals on or after January 1, 2019, a Participant shall no longer be prohibited from making 401(k) Contributions, ROTH Deferral Contributions or Catch-Up Contributions, as applicable, for any period subsequent to receipt of a withdrawal for financial hardship.

(e) For purposes of this Section 7.2, expenses which may warrant approval of a Participant's request for a hardship withdrawal include:

(i) Expenses for medical care, as described in Section 213(d) of the Code, previously incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Section 152 of the Code) or necessary for these persons to obtain medical care described in Section 213(d) of the Code;

(ii) Payments incurred for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Section 152 of the Code, without regard to Section 152 (d)(1)(B) of the Code); and

(iii) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under

Section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income)."

IN WITNESS WHEREOF, on this _____ day of _____, 2018, this Amendment No. Three to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Authority.

LOWER COLORADO RIVER AUTHORITY

By: _____
Timothy T. Timmerman
Chair, LCRA Board of Directors

ATTEST:

Thomas E. Oney
Assistant Secretary, LCRA Board of Directors

FOR ACTION (CONSENT)

7. Sale of Land in Llano County (Parcel JW-06)

Proposed Motion

Declare an approximately 0.0129-acre tract of land, being a portion of LCRA Parcel JW-06 in Llano County, nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner.

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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or of beneficial use to the business of LCRA before conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2019 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$40,608 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

Summary

The adjacent landowner, Hoe Ventures LLC, has agreed to purchase a 0.0129-acre fill encroachment, which will permanently resolve the encroachment. The total sale tract of 0.0129 of an acre is priced at \$40,608. Staff determined this price based on the Llano County Appraisal District's assessed values of Hoe Ventures LLC's adjacent lot and other nearby waterfront lots.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 before the sale of the property.

The property will be sold subject to the following reservations and restrictions:

1. LCRA will reserve all presently held oil, gas, and other mineral rights of every kind or character in, on, and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
2. LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of Lake LBJ for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
3. LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

Exhibit(s)

A – Vicinity Map

B – Site Map

EXHIBIT A

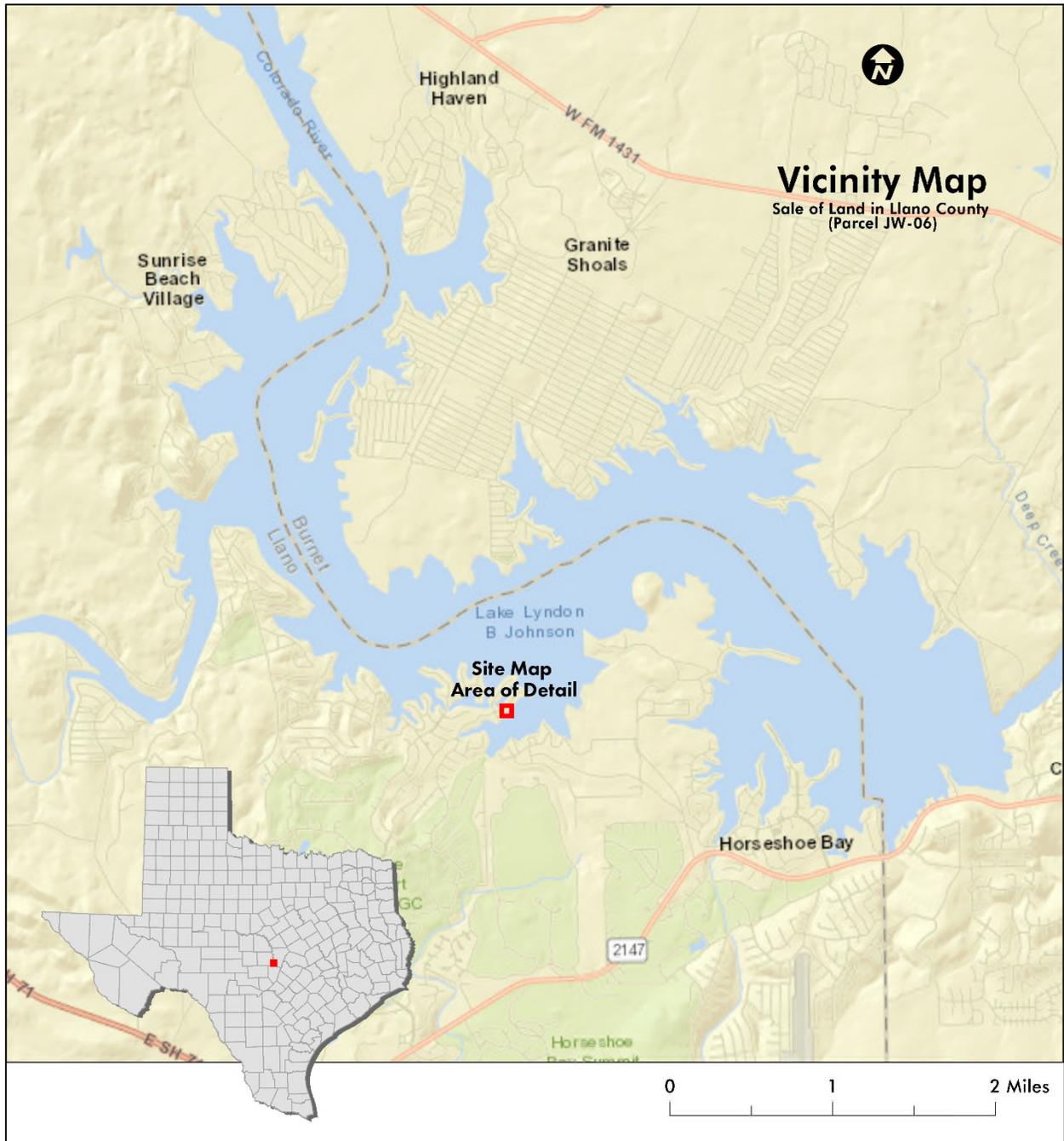


EXHIBIT B



FOR ACTION (CONSENT)

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

8. Sale of Land in Burnet County (Parcel JE-03)

Proposed Motion

Declare an approximately 0.12-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet County nonessential and authorize the general manager or his designee to sell the property to the adjoining landowner.

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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or of beneficial use to the business of LCRA before conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2019 business plan contains the administrative costs associated with the sale of this land. The proceeds of \$85,374 will be credited to the Public Recreation and Conservation Land Acquisition Fund.

Summary

The adjacent landowners, Jeffrey Dale Carter and Stacie Ann Carter, have agreed to purchase a 0.12-acre fill encroachment, which will permanently resolve the encroachment. The total sale tract of 0.12 of an acre is priced at \$85,374. Staff determined this price based on the Burnet County Appraisal District's assessed values of Jeffrey Dale and Stacie Anne Carter's adjacent lot and other nearby waterfront lots.

LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 before the sale of the property.

The property will be sold subject to the following reservations and restrictions:

1. LCRA will reserve all presently held oil, gas, and other mineral rights of every kind or character in, on, and under the property, provided that LCRA shall not be permitted to drill or excavate for minerals on the surface of the property.
2. LCRA will retain a 20-foot-wide recreation easement abutting the high-water line of Lake LBJ for use by the public as required by Section 8503.023(d) of the Texas Special District Local Laws Code.
3. LCRA will retain the right to inundate with water all or any part of the property from time to time without any compensation.

Exhibit(s)

A – Vicinity Map

B – Site Map

EXHIBIT A

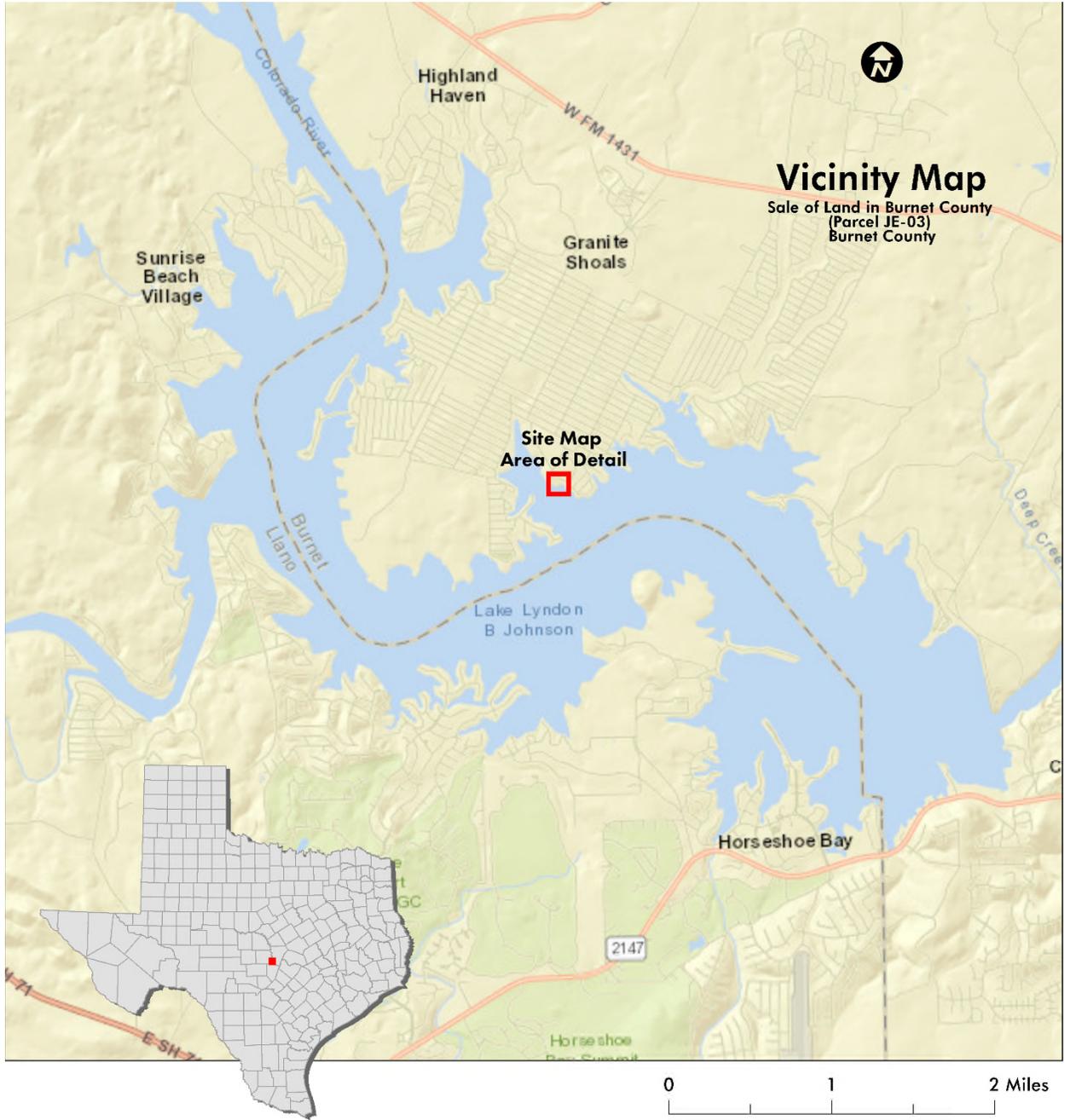


EXHIBIT B



FOR ACTION (CONSENT)

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

9. Grant Subsurface Petrochemical Pipeline Easement in Matagorda County

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.069-acre subsurface pipeline easement to Gray Oak Pipeline LLC for a pipeline that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.

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. Section 49.226 of the Texas Water Code authorizes LCRA to convey real property for fair market value without going through a bidding process. LCRA Board Policy 401 – Land Resources requires at least 12 members of the LCRA Board to declare the land no longer necessary or beneficial to the business of LCRA before conveyance. Additionally, Section 8503.020 of the Texas Special District Local Laws Code and LCRA Board Policy 401 require Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2019 business plan. The proceeds of \$5,000 from the sale of the easement will be used to fund capital water projects.

Summary

Gray Oak Pipeline LLC plans to construct a new petrochemical pipeline that will cross an LCRA-owned canal in Matagorda County. The canal is part of the Gulf Coast Irrigation District's canal system. Gray Oak Pipeline LLC requested a 20-foot-wide easement for the project. Gray Oak Pipeline LLC will be required to bore beneath the canal and will not be permitted to use the surface of the easement tract.

Gray Oak Pipeline LLC has agreed to pay LCRA \$5,000 for the easement. LCRA staff reviewed available market data and determined this price is at or above the market value of the easement being conveyed.

The easement will include provisions necessary to protect the canal. LCRA staff reviewed the construction and operation plans for the pipeline and found no adverse operational impacts from the sale of the easement. LCRA will complete and document environmental and cultural due diligence assessments in accordance with LCRA Board Policy 401.403.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

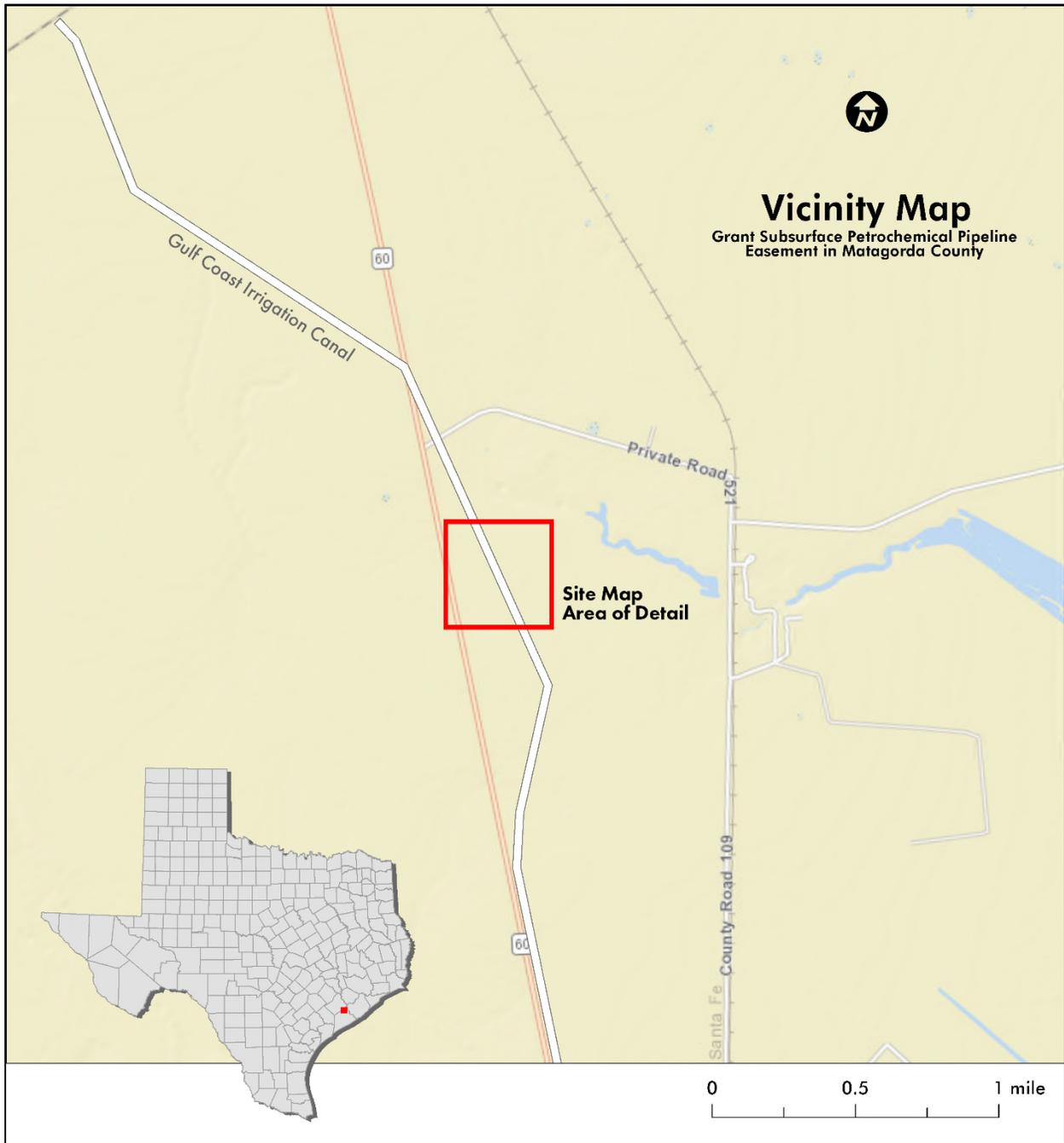


EXHIBIT B



FOR ACTION (CONSENT)

10. 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 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)

11. Minutes of Prior Meetings

Proposed Motion

Approve the minutes of the Aug. 21, Aug. 22, and Sept. 19, 2018, 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 Aug. 21, 2018, special meeting
- B – Minutes of Aug. 21, 2018, meeting
- C – Minutes of Aug. 22, 2018, meeting
- D – Minutes of Sept. 19, 2018, special meeting

EXHIBIT A

Minutes Digest
Aug. 21, 2018

18-30 Election of Stephen F. "Steve" Cooper as Board secretary for a term to expire June 30, 2019.

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Aug. 21, 2018

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 8:05 a.m. Tuesday, Aug. 21, 2018, 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
Stephen F. "Steve" Cooper, Secretary
Lori A. Berger
Pamela Jo "PJ" Ellison
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane
Laura D. Figueroa
Charles B. "Bart" Johnson

Chair Timmerman convened the meeting at 8:05 a.m. New Directors Kelley and Yeary were attending their first LCRA Board meeting (new Director Figueroa was not in attendance).

18-30 Chair Timmerman introduced Agenda Item 1 – Election of an LCRA Board Secretary [attached hereto as Exhibit A]. Director Spears, chair of the Nominating Committee, reported the committee's nomination of Director Cooper for Board secretary. Directors Crane and Gill also served on the committee. There were no other nominations for this position. Upon motion by Director Spears, seconded by Director Berger, the Board unanimously elected Director Steve Cooper as Board secretary for a term to expire June 30, 2019, by a unanimous vote of 12 to 0.

There being no further business to come before the Board, the meeting was adjourned at 8:09 a.m.

Stephen F. Cooper
Secretary
LCRA Board of Directors
Approved: Oct. 17, 2018

EXHIBIT B

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Aug. 21, 2018

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 meeting at 11:30 a.m. Tuesday, Aug. 21, 2018, in the Board Conference 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
Stephen F. "Steve" Cooper, Secretary
Lori A. Berger
Pamela Jo "PJ" Ellison
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane

Chair Timmerman convened the meeting at 11:30 a.m. and introduced state Sen. Kirk Watson.

Watson addressed the Board on issues concerning Central Texas, the lower Colorado River basin and the LCRA service area, including LCRA's role in the area.

There being no further business to come before the Board, the meeting was adjourned at 12:50 p.m.

Stephen F. Cooper
Secretary
LCRA Board of Directors
Approved: Oct. 17, 2018

EXHIBIT C

Minutes Digest
Aug. 22, 2018

- 18-31 Approval of the appointment of LCRA Board committee members and committee chairs.
- 18-32 Approval of changing the date of the December 2018 LCRA Board of Directors meeting to Tuesday, Dec. 11.
- 18-33 Approval of the proposed 2019 LCRA Board and committee meeting dates.
- 18-34 Approval of an amendment to the GenTex Power Corporation bylaws, changing the GenTex Board's quarterly meeting requirement to a semiannual meeting requirement.
- 18-35 Authorization for the general manager or his designee to grant an approximately 0.058-acre subsurface pipeline easement to Hilcorp Energy Company that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.
- 18-36 Authorization for the general manager or his designee to grant four easements in Travis County to Brushy Creek Regional Utility Authority consisting of the following: an approximately 2.791-acre subsurface easement, an approximately 3.422-acre surface easement, an approximately 1.379-acre temporary construction easement, and an approximately 0.523-acre subsurface easement for raw-water intake, tunnel and riser facilities.
- 18-37 Declaration of an approximately 0.023-acre tract of land, being a portion of LCRA parcel JW-06 in Llano County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 18-38 Approval of directors' fees and expense reimbursements.
- 18-39 Approval of the minutes of the May 15, and May 16, 2018, meetings.
- 18-40 Approval of the LCRA Board of Directors resolution reserving 500 acre-feet of water from LCRA's firm water supplies to be used for industrial (construction) purposes at Arbuckle Reservoir during fiscal year 2019.
- 18-41 Approval of a change to the agricultural interruptible water service contract rules.

- 18-42 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contract No. 4832 (Southwire Company LLC); Contract No. 4863 (ERP Analysts Inc.); Contract Numbers 4881, 4883, 4917, 4918 and 4919 (Woolpert Inc., McKim & Creed Inc., Quantum Spatial Inc., Geodigital International Corporation, and Surveying and Mapping LLC); Contract No. 4920 (Freese & Nichols Inc.); Contract No. 4921 (Irby Construction Company Inc.); Contract Numbers 4923 and 4924 (TransCanada Turbines Inc. and MTU Maintenance); Contract No. 4925 (UnitedHealthcare Insurance Company); Contract Numbers 4926 and 4927 (Trinity Industries de Mexico, S. de R.L. de C.V. and Falcon Steel America LLC); Contract No. 4931 (Presidio Network Solutions Group LLC); Contract Numbers 4940, 4941 and 4942 (Terracon Consultants Inc., Fugro USA Land Inc. and Kleinfelder Inc.); Contract Numbers 4932, 4933, 4934, 4935, 4943 and 4944 (Paul Hornsby & Company; Kokel-Oberrender-Wood Appraisal; Bierschwale Land Company LLC; Valbridge Property Advisors Inc.; Allen, Williford & Seale Inc. and CBRE Group Inc.); and Contract Numbers 4937, 4938, 4939, 4945, 4946, 4947, 4948, 4949 and 4950 (Morgan/Brooks Resources Inc., Coates Field Service Inc., Universal Field Services Inc., Electrical Consultants Inc., Contract Land Staff LLC, ORC Utility & Infrastructure Land Services LLC, Percheron Professional Services LLC, TRC Solutions Inc. and Volkert Inc.).
- 18-43 Adoption of a resolution approving the fiscal year 2018 performance evaluation, compensation and FY 2019 performance goals for General Manager Phil Wilson.
- 18-44 Adoption of a resolution approving the fiscal year 2018 performance evaluation, compensation and FY 2019 performance goals for General Auditor Charlie Johnson.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Aug. 22, 2018

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 10:08 a.m. Wednesday, Aug. 22, 2018, 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
Stephen F. "Steve" Cooper, Secretary
Lori A. Berger
Pamela Jo "PJ" Ellison
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane

Chair Timmerman convened the meeting at 10:08 a.m. and recognized the following guests in attendance: Bridget Headrick, Pedernales Electric Cooperative chief of staff, and Kirby Brown from Ducks Unlimited.

18-31 Chair Timmerman presented for consideration a recommendation, described in the agenda item attached hereto as Exhibit A, that the Board approve the appointment of LCRA Board committee members and committee chairs. Upon motion by Director Spears, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 14 to 0.

General Manager Phil Wilson gave the Board an update on LCRA's safety efforts and accomplishments from fiscal year 2018 that helped LCRA achieve its mission to enhance the quality of life of the Texans it serves through water stewardship, energy and community service. He also briefed the Board on LCRA employees who volunteered to work short-term assignments to support power generation operations at

the power plants this summer. Wilson concluded his update by asking Director Berger to provide an update on the Community Development Partnership Program.

Controller Julie Rogers presented the financial report for June 2018 and July 2018 [Agenda Item 1].

The Board next took action on the consent agenda. Upon motion by Director Russell, seconded by Director Berger, the Board unanimously approved consent items 2, 3, 4, 5, 6, 7, 8 and 9 included on the Aug. 22, 2018, consent agenda by a vote of 14 to 0 as follows:

18-32 Approval of changing the date of the December 2018 LCRA Board of Directors meeting to Tuesday, Dec. 11, as recommended in Consent Item 2 [attached hereto as Exhibit B].

18-33 Approval of the proposed 2019 LCRA Board and committee meeting dates, as recommended in Consent Item 3 [attached hereto as Exhibit C].

18-34 Approval of an amendment to the GenTex Power Corporation bylaws, changing the GenTex Board's quarterly meeting requirement to a semiannual meeting requirement, as recommended in Consent Item 4 [attached hereto as Exhibit D].

18-35 Authorization for the general manager or his designee to grant an approximately 0.058-acre subsurface pipeline easement to Hilcorp Energy Company that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County, as recommended by staff in Consent Item 5 [attached hereto as Exhibit E].

18-36 Authorization for the general manager or his designee to grant four easements in Travis County to Brushy Creek Regional Utility Authority consisting of the following: an approximately 2.791-acre subsurface easement, an approximately 3.422-acre surface easement, an approximately 1.379-acre temporary construction easement, and an approximately 0.523-acre subsurface easement for raw-water intake, tunnel and riser facilities, as recommended by staff in Consent Item 6 [attached hereto as Exhibit F].

18-37 Declaration of an approximately 0.023-acre tract of land, being a portion of LCRA parcel JW-06 in Llano County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA) and authorization for the general manager or his designee to sell the property to the adjoining landowner, as recommended by staff in Consent Item 7 [attached hereto as Exhibit G].

18-38 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 8 [attached hereto as Exhibit H].

18-39 Approval of the minutes of the May 15, and May 16, 2018, meetings [Consent Item 9].

18-40 Executive Vice President of Water John Hofmann introduced Vice President of Water Resources Monica Masters, who presented for consideration a staff recommendation, described in Agenda Item 10 [attached hereto as Exhibit I], that the Board approve the LCRA Board of Directors resolution reserving 500 acre-feet of water from LCRA's firm water supplies to be used for industrial (construction) purposes at Arbuckle Reservoir during fiscal year 2019. Staff presented an overview of this item to the Water Operations Committee on August 21. Upon motion by Director Spears, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 14 to 0.

18-41 Executive Vice President of Water John Hofmann presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit J], that the Board approve a change to the agricultural interruptible water service contract rules. Kirby Brown, from Ducks Unlimited, addressed the Board in support of this item. Staff presented an overview of this item to the Water Operations Committee on August 21. Upon motion by Director Spears, seconded by Director Cooper, the recommendation was unanimously approved by a vote of 14 to 0.

18-42 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit K], that the Board authorize the general manager or his designee to negotiate and execute the following contracts: Contract No. 4832 (Southwire Company LLC); Contract No. 4863 (ERP Analysts Inc.); Contract Numbers 4881, 4883, 4917, 4918 and 4919 (Woolpert Inc., McKim & Creed Inc., Quantum Spatial Inc., Geodigital International Corporation, and Surveying and Mapping LLC); Contract No. 4920 (Freese & Nichols Inc.); Contract No. 4921 (Irby Construction Company Inc.); Contract Numbers 4923 and 4924 (TransCanada Turbines Inc. and MTU Maintenance); Contract No. 4925 (UnitedHealthcare Insurance Company); Contract Numbers 4926 and 4927 (Trinity Industries de Mexico, S. de R.L. de C.V. and Falcon Steel America LLC); Contract No. 4931 (Presidio Network Solutions Group LLC); Contract Numbers 4940, 4941 and 4942 (Terracon Consultants Inc., Fugro USA Land Inc. and Kleinfelder Inc.); Contract Numbers 4932, 4933, 4934, 4935, 4943 and 4944 (Paul Hornsby & Company; Kokel-Oberrender-Wood Appraisal; Bierschwale Land Company LLC; Valbridge Property Advisors Inc.; Allen, Williford & Seale Inc. and CBRE Group Inc.); and Contract Numbers 4937, 4938, 4939, 4945, 4946, 4947, 4948, 4949 and 4950 (Morgan/Brooks Resources Inc., Coates Field Service Inc., Universal Field Services Inc., Electrical Consultants Inc., Contract Land Staff LLC, ORC Utility & Infrastructure Land Services LLC, Percheron Professional Services LLC, TRC Solutions Inc. and Volkert Inc.). Upon motion by Director Kelley, seconded by Director Ellison, the recommendation was unanimously approved by a vote of 14 to 0.

Chair Timmerman declared the meeting to be in executive session at 10:58 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 1:52 p.m., with all directors present except Directors Berger and Crane.

18-43 Upon motion by Director Spears, seconded by Director Ellison, the Board unanimously adopted a resolution [attached hereto as Exhibit L] approving the fiscal year 2018 performance evaluation, compensation and FY 2019 performance goals for General Manager Phil Wilson by a vote of 13 to 0.

18-44 Upon motion by Vice Chair Martine, seconded by Director Cooper, the Board unanimously adopted a resolution [attached hereto as Exhibit M] approving the fiscal year 2018 performance evaluation, compensation and FY 2019 performance goals for General Auditor Charlie Johnson by a vote of 13 to 0.

There being no further business to come before the Board, the meeting was adjourned at 1:55 p.m.

Stephen F. Cooper
Secretary
LCRA Board of Directors
Approved: Oct. 17, 2018

EXHIBIT D

Minutes Digest
Sept. 19, 2018

- 18-45 Approval of a resolution honoring Steve K. Balas for his service on the LCRA Board of Directors.
- 18-46 Approval of a resolution honoring John M. Franklin for his service on the LCRA Board of Directors.
- 18-47 Approval of a resolution honoring Sandra Wright “Sandy” Kibby for her service on the LCRA Board of Directors.

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Sept. 19, 2018

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 9:41 a.m. Wednesday, Sept. 19, 2018, 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
Stephen F. "Steve" Cooper, Secretary
Lori A. Berger
Joseph M. "Joe" Crane
Pamela Jo "PJ" Ellison
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
George W. Russell
Franklin Scott Spears Jr.
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Laura D. Figueroa
Charles B. "Bart" Johnson

Chair Timmerman convened the meeting at 9:41 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Spears provided an invocation.

Chair Timmerman recognized the following special guests in attendance: former LCRA Directors John Dickerson; Jett Johnson; Michael McHenry and wife, Lynn; Steve Balas and wife, Linda; John Franklin and Sandy Kibby. [Former Directors Balas, Franklin and Kibby recently completed their service on the Board in July.]

Chair Timmerman gave opening remarks, and thanked former Directors Balas, Franklin and Kibby for their service on the Board. General Manager Phil Wilson presented, and the Board took action on, resolutions honoring former Directors Balas, Franklin and Kibby as follows:

18-45 Upon motion by Director Berger, seconded by Director Spears, the Board unanimously approved a resolution [attached hereto as Exhibit A], honoring Steve K. Balas by a vote of 13 to 0.

18-46 Upon motion by Director Spears, seconded by Director Ellison, the Board unanimously approved a resolution [attached hereto as Exhibit B] honoring John M. Franklin by a vote of 13 to 0.

18-47 Upon motion by Director Berger, seconded by Director Ellison, the Board unanimously approved a resolution [attached hereto as Exhibit C] honoring Sandra Wright “Sandy” Kibby by a vote of 13 to 0.

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

Stephen F. Cooper
Secretary
LCRA Board of Directors
Approved: Oct. 17, 2018

12. Approve Amendment of the LCRA Transmission Contract Revenue Notes Series C Note Purchase Agreement and Authorize Related Agreements

Proposed Motion

Staff recommends the Board adopt the Twenty-Seventh Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (the “Controlling Resolution”) to authorize the amendment and the extension of the Amended and Restated Note Purchase Agreement among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Bank of America, N.A. (the “Series C RNP Agreement”) for the LCRA Transmission Contract Revenue Notes, Series C and Taxable Series C (the “Series C Notes”). Staff also seeks authorization of the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of the debt directly to Bank of America in an amount up to \$150 million for the Series C Notes.

Board Consideration

A supplemental resolution to the existing Controlling Resolution requires Board approval. The amendment to the Series C RNP Agreement complies with the covenants of the LCRA Controlling Resolution, the Amended and Restated Twentieth Supplement to the Controlling Resolution that authorized up to \$150 million for the Series C Notes, and with 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 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the extension of and an increase to the credit facility from \$100 million to \$150 million will allow LCRA to issue private bank debt 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. Further, the Series C RNP Agreement will include updated fees for the credit facility that is in line with current market pricing. This credit facility provides financing flexibility, more diversity in bank exposure, and lower carrying costs. Staff anticipates that LCRA TSC will experience lower debt service costs until long-term bonds are issued.

Summary

Staff recommends the Board approve the adoption of the Twenty-Seventh Supplemental Resolution authorizing the general manager or his designee to negotiate and execute amendments to the Series C RNP Agreement and other related documents.

LCRA, as the conduit issuer for LCRA TSC, adopted the Amended and Restated Twentieth Supplement to the Controlling Resolution in May 2017 authorizing the

issuance of the Series C Notes. Through amendments to the debt programs and bank credit facilities, LCRA TSC currently has a \$150 million tax-exempt commercial paper program with JPMorgan and State Street Bank, a \$100 million Series C Notes with Bank of America, and a \$100 million tax-exempt flexible drawdown notes Series D Notes with RBC Capital Markets, LLC (anticipated to be increased to \$150 million).

Staff now seeks to execute an amendment to the Series C RNP Agreement for another three-year term to allow for note maturity dates of 2021, updated fees and an increase in the facility size from \$100 million to \$150 million, among other amendments.

The note purchases by Bank of America allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are similar to the existing commercial paper credit facilities.

The Series C Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25 percent of the total long-term debt and total equity of LCRA TSC).

Supplements to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secure the Series C Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

Presenter(s)

Jim Travis
Chief Financial Officer

13. Adopt LCRA’s Restated Twenty-Fourth Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program to Amend the LCRA Transmission Contract Revenue Notes Tax-Exempt Series D and Authorize Related Agreements

Proposed Motion

Staff recommends the Board adopt the Amended and Restated Twenty-Fourth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (the “Controlling Resolution”) to authorize an increase in the capacity of the LCRA Transmission Contract Revenue Notes, Tax-Exempt Series D (“Series D Notes”) and other amendments. Staff also seeks authorization of the general manager or his designee to negotiate and execute all related documents setting forth the terms and conditions governing the issuance of such notes to RBC Capital Markets, LLC. in an amount up to \$150 million, including but not limited to, a new note purchase agreement and among LCRA, LCRA TSC and the RBC Capital Markets, LLC., (“the Series D RNP Agreement”), a new noteholder agreement between LCRA, LCRA TSC and the RBC Municipal Products, LLC., (“the Series D NH Agreement”) and an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC.

Board Consideration

A supplemental resolution to the existing Controlling Resolution requires Board approval. The amendment of the Series D Notes program complies with the covenants of the LCRA Controlling Resolution and with 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 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates that the credit facility agreements will increase LCRA’s ability to issue private placed debt 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. These credit facility agreements provide additional financing flexibility, more diversity in bank/private placement exposure, and lower carrying costs. Staff anticipates that LCRA TSC will experience lower debt service costs until long-term bonds are issued. The proposed fees for this facility are in line with current market pricing.

Summary

Staff recommends the Board adopt the Amended and Restated Twenty-Fourth Supplemental Resolution, in addition to authorizing the general manager or his designee to negotiate and execute the related note purchase and noteholder agreements, applicable paying agent agreements and other related documents or amendments to any such agreements as well as an amended and restated supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC related to the Series D Notes.

LCRA, as the conduit issuer for LCRA TSC, adopted the Twenty-Fourth Supplement to the Controlling Resolution in May 2017 authorizing the issuance of the Series D Notes. Through amendments to the debt programs and bank credit facilities, LCRA TSC currently has a \$150 million tax-exempt commercial paper program with JPMorgan and State Street Bank, a \$100 million taxable or tax-exempt private placement Series C Notes with Bank of America (anticipated to be increased to \$150 million), and a \$100 million tax-exempt private placement Series D Notes with RBC Capital Markets, LLC.

Staff now seeks an amendment to tax-exempt Series D Notes to increase the capacity from \$100 million to \$150 million, among other amendments. Staff recommends keeping the current maturity date of June 2020. A new Series D RNP Agreement and a new Series D NH Agreement will be required.

The note purchases by RBC Capital Markets allow LCRA TSC to fund project costs in a similar manner to the existing commercial paper programs. However, the direct purchase facilities with the banks provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. This private debt facility does not require public credit ratings to be issued and maintained. The credit facility allows LCRA TSC to choose the variable interest rate and period to effectively manage the debt. Credit terms and fees are similar to the existing commercial paper credit facilities.

The Series D Notes will be issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25 percent of the total long-term debt and total equity of LCRA TSC).

Supplements to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secure the Series D Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

Presenter(s)

Jim Travis
Chief Financial Officer

14. Authorize the Amendment and Extension of the Note Purchase Agreement Related to the LCRA Revenue Revolving Notes, Series C and Taxable Series C, and Authorize Related Agreements

Proposed Motion

Staff recommends the Board approve the Resolution amending and extending the note purchase agreement with U.S. Bank, N.A. ("U.S. Bank") (the Series C Agreement) related to LCRA Commercial Paper Notes, Series C and Taxable Series C (the "Series C Notes"), and authorizing the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Staff also seeks authorization of the general manager or his designee to negotiate and execute related documents. This agenda item requires the approval of at least 12 members of the Board.

Board Consideration

The extension of the credit facility supporting the Series C Notes requires Board authorization and complies with the covenants of the Master Resolution and with LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special Districts Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates that the amendment of the credit facility will allow LCRA to issue private bank debt either on a tax-exempt or taxable basis to finance eligible projects and delay the issuance of long-term bonds, which have higher interest rates in the current market. These new programs will provide additional financing flexibility, create more diversity in bank exposure and lower carrying costs. Staff anticipates that LCRA will experience lower debt service costs until long-term bonds are issued. The proposed fees for this new facility are in line with current market pricing.

Summary

Staff recommends the Board approve the Resolution and authorize the general manager, chief financial officer or treasurer to negotiate and execute an amendment to the Series C Agreement and authorize the general manager or his designee to negotiate and execute any other related documents.

LCRA currently has a \$60 million private placement program for the Series C Notes with US Bank. Staff recommends amending the Series C Agreement to extend it for another three years and provide advantageous updated fees, among other amendments.

Series C Notes will continue to allow LCRA to sell short-term debt directly to US Bank (up to \$60 million), until January 2022. The direct purchase facility with the bank

provides an alternative structure that eliminates marketing and remarketing risk that can occur with a public market commercial paper program. This private debt facility structure does not require public credit ratings to be issued and maintained. The credit facility allows LCRA to choose between taxable or tax-exempt debt, the variable interest rate, and period to effectively manage the debt.

The Series C Notes will be issued on parity with LCRA revenue bonds and notes pursuant to the Master Resolution and in compliance with the variable debt limitations in LCRA Board Policy 301 – Finance (25 percent of total capitalization). LCRA's other short-term debt programs include: \$150 million commercial paper program supported by a letter of credit with State Street Bank and Trust Company; \$75 million private revolving notes program supported by a note purchase agreement with Bank of America; \$100 million private revolving notes program supported by a note purchase agreement with JPMorgan Chase Bank; and a letter of credit with Wells Fargo Bank, N.A to provide credit to the Electric Reliability Council of Texas. Similar to LCRA's other short-term debt, Series C Notes will be secured by a pledge of LCRA revenues and may be refunded with long-term debt when it is advantageous.

Presenter(s)

Jim Travis
Chief Financial Officer

David Smith
Treasurer

15. Authorize the Amendment and Extension of the Note Purchase Agreement Related to the LCRA Revenue Revolving Notes, Series E and Taxable Series E, and Authorize Related Agreements

Proposed Motion

Staff recommends the Board approve the Resolution amending and extending the note purchase agreement with Bank of America, N.A. ("Bank of America") (the Series E Agreement) related to LCRA Commercial Paper Notes, Series E and Taxable Series E (the "Series E Notes"), and authorizing the general manager, chief financial officer or treasurer to negotiate and execute such amendment. Staff also seeks authorization of the general manager or his designee to negotiate and execute related documents. This agenda item requires the approval of at least 12 members of the Board.

Board Consideration

The extension of the credit facility supporting the Series E Notes requires Board authorization and complies with the covenants of the Master Resolution and with LCRA Board Policy 301 – Finance. Section 8503.004(p) of the Texas Special Districts Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the amended and restated credit facility will allow LCRA to issue private bank debt either on a tax-exempt or taxable basis to finance eligible projects and delay the issuance of long-term bonds, which have higher interest rates in the current market. These new programs will provide additional financing flexibility, create more diversity in bank exposure and lower carrying costs. Staff anticipates that LCRA will experience lower debt service costs until long-term bonds are issued. The proposed fees for this new facility are in line with current market pricing.

Summary

Staff recommends the Board approve the Resolution and authorize the general manager, chief financial officer or treasurer to negotiate and execute an amendment to the Series E Agreement and authorize the general manager or his designee to negotiate and execute any other related documents.

LCRA currently has a \$75 million private placement program for the Series E Notes with Bank of America. Staff recommends amending the Series E Agreement to extend it for another three years and provide advantageous updated fees, among other amendments.

Series E Notes will continue to allow LCRA to sell short-term debt directly to Bank of America (up to \$75 million), until November 2021. The direct purchase facility with the

bank provides an alternative structure that eliminates marketing and remarketing risk that can occur with a public market commercial paper program. This private debt facility structure does not require public credit ratings to be issued and maintained. The credit facility allows LCRA to choose between taxable or tax-exempt debt, the variable interest rate, and period to effectively manage the debt.

The Series E Notes will be issued on parity with LCRA revenue bonds and notes pursuant to the Master Resolution and in compliance with the variable debt limitations in LCRA Board Policy 301 – Finance (25 percent of total capitalization). LCRA's other short-term debt programs include: \$150 million commercial paper program supported by a letter of credit with State Street Bank and Trust Company; \$60 million private revolving notes program supported by a note purchase agreement with U.S. Bank, N.A.; \$100 million private revolving notes program supported by a note purchase agreement with JPMorgan Chase Bank; and a letter of credit with Wells Fargo Bank, N.A., to provide credit to the Electric Reliability Council of Texas. Similar to LCRA's other short-term debt, Series E Notes will be secured by a pledge of LCRA revenues and may be refunded with long-term debt when it is advantageous.

Presenter(s)

Jim Travis
Chief Financial Officer

David Smith
Treasurer

FOR ACTION

16. Criteria for Exiting Firm Water Customer Drought Response Stage 1

Proposed Motion

Authorize the general manager or his designee to lift drought response stage 1, when certain conditions are met.

Board Consideration

Consistent with the LCRA Drought Contingency Plan for Firm Water Customers, LCRA is currently in drought response stage 1. LCRA Board of Directors action is required to specify the criteria for exiting the stage.

Budget Status and Fiscal Impact

The proposed changes have no impact on the fiscal year 2019 budget.

Summary

Consistent with LCRA's Drought Contingency Plan for Firm Water Customers, LCRA entered drought response stage 1 in August because the combined storage in lakes Buchanan and Travis was less than 1.4 million acre-feet, and the supply of interruptible stored water was curtailed for the Lakeside, Gulf Coast and Pierce Ranch agricultural operations. In drought response stage 1, LCRA asks firm water customers to implement the voluntary drought response measures in each customer's individual drought contingency plan.

In September, total combined storage improved to more than 1.4 million acre-feet. Staff recommends the Board authorize the general manager or his designee to lift the current drought response stage 1 under either of the following conditions:

- a. The combined storage of lakes Buchanan and Travis has increased to at least 1.5 million acre-feet and there is less than a 20 percent chance of combined storage dropping below 1.4 million acre-feet within four months; or
- b. On the March 1 or July 1 evaluation date, interruptible stored water from lakes Buchanan and Travis for the downstream agricultural operations is not curtailed.

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

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

17. Oil, Gas and Mineral Lease in Colorado County

Proposed Motion

Authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 0.92 of a net mineral acre in Colorado County.

Board Consideration

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

Budget Status and Fiscal Impact

The administrative costs associated with the execution of this lease are contained within the fiscal year 2019 business plan. The lease bonus and royalty (if produced) will be credited to LCRA's Strategic Reserve. The projected lifetime revenue is anticipated to be up to \$4,623.

Summary

On Aug. 27, 1941, LCRA acquired 0.92 of an acre in Colorado County from Anton Dreitner, Joe Dreitner, Henry Dreitner, Edmund Dreitner, Anne Dreitner Wick and her husband Steven Wick. LCRA subsequently conveyed the surface to LCRA Transmission Services Corporation, but retained the minerals. LCRA is prohibited from drilling and conducting related surface activities on the tract. In June 2018, an agent of Riviera Exploration LLC contacted LCRA to make an initial offer to lease the oil, gas and minerals. The offer was negotiated and revised.

Staff recommends entering into a lease with the following terms:

- Prohibit surface activity.
- Market rate royalty.
- Bonus up front without rentals.
- Three-year lease term, but continue as long as production exists.

Appropriate due diligence assessments of the property will be conducted in accordance with Board Policy 401 prior to the execution of this lease.

Presenter(s)

John Miri
Chief Administrative Officer

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

A – Vicinity Map
B – Site Map

EXHIBIT A

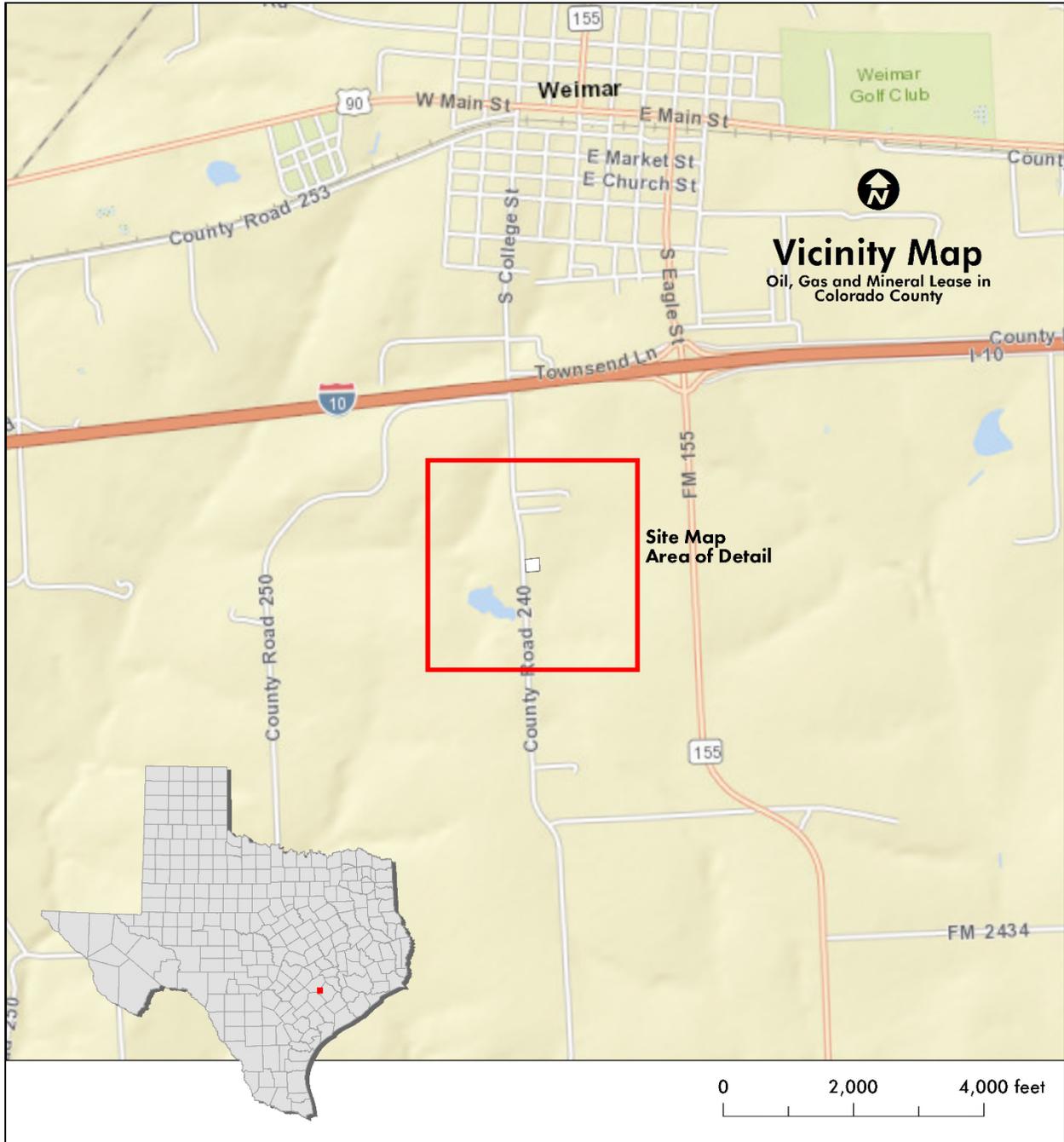


EXHIBIT B



FOR ACTION

18. Oil, Gas and Mineral Lease in Fayette County

Proposed Motion

Authorize the general manager or his designee to negotiate and execute an oil, gas and mineral lease on approximately 5.965 net mineral acres in Fayette County.

Board Consideration

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

Budget Status and Fiscal Impact

The administrative costs associated with the execution of this lease are contained within the fiscal year 2019 business plan. The lease bonus and royalty (if produced) will be credited to LCRA's Strategic Reserve. The projected lifetime revenue is anticipated to be up to \$30,274.

Summary

On April 19, 1967, LCRA acquired 11.93 gross acres in Fayette County from Antonie Mascheck and Royce Mascheck. LCRA subsequently conveyed the surface to LCRA Transmission Services Corporation, but retained its 50 percent mineral interest. LCRA is prohibited from drilling and conducting related surface activities on the tract. In June 2018, GeoSouthern Energy Partners LP contacted LCRA to make an initial offer to lease the oil, gas, and minerals. The offer was negotiated and revised.

Staff recommends entering into a lease with the following terms:

- Prohibit surface activity.
- Market rate royalty.
- Bonus up front without rentals.
- Three-year lease term, but continue as long as production exists.

Appropriate due diligence assessments of the property will be conducted in accordance with Board Policy 401 prior to the execution of this lease.

Presenter(s)

John Miri
Chief Administrative Officer

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

A – Vicinity Map
B – Site Map

EXHIBIT A

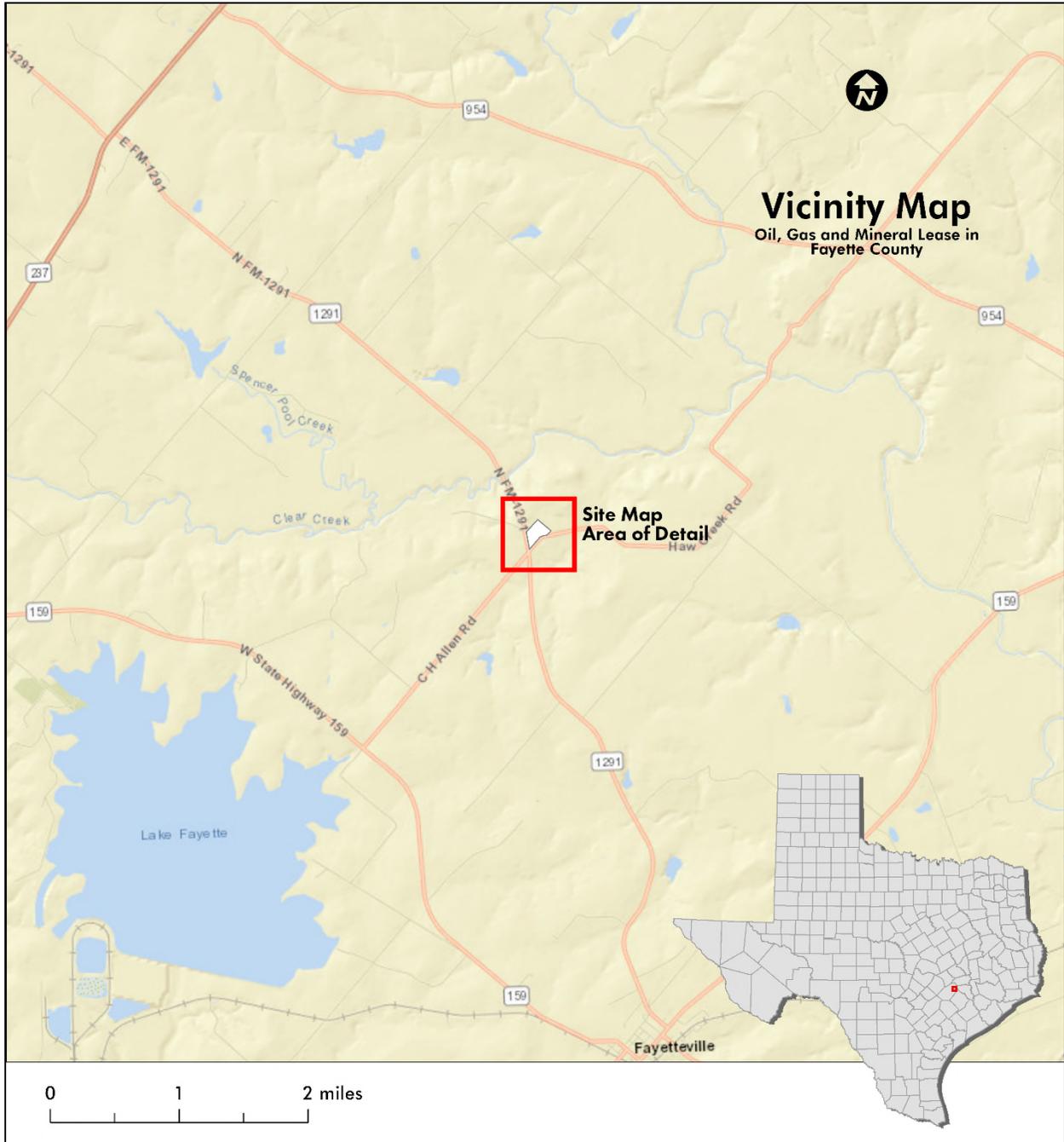


EXHIBIT B



FOR ACTION

19. LCRA Board Policy 401 – Land Resources

Proposed Motion

Approve revisions to LCRA Board Policy 401 – Land Resources as attached in Exhibit A.

Board Consideration

Board of Directors approval is required for any changes to LCRA Board policies.

Budget Status and Fiscal Impact

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

Summary

LCRA Board Policy 401 – Land Resources restricts the amount of consideration LCRA can pay to secure a purchase or lease option on a parcel of land without Board approval. Under Section 401.401 Land Acquisition, Section B, Method of Acquisition, the option amount may not exceed \$20,000 per parcel. Based on recent acquisitions and a review of land market values in the various counties serviced by LCRA, the current limit is not sufficient to keep up with rising values in the current real estate market. Increasing the limit on option payments to \$60,000 per parcel will expedite the process of acquiring land rights and allow LCRA to better meet project deadlines.

Due to current market demands staff also proposes extending the allowed option period from one to two years.

Staff recommends that the Board approve the proposed revisions to LCRA Board Policy 401.

Presenter(s)

John Miri
Chief Administrative Officer

Steven T. Brown
Director, Real Estate Services

Exhibit(s)

A – Proposed Revisions to LCRA Board Policy 401.401 – Land Resources Acquisition, Section B, Method of Acquisition

EXHIBIT A

LCRA BOARD POLICY

401 – LAND RESOURCES

~~Sept. 21, 2016~~ Oct. 17, 2018

401.10 PURPOSE

This policy establishes guidelines for the acquisition, disposition, use and management of all LCRA land rights.

401.20 DEFINITIONS

Land Rights – Interests in real property including, but not limited to, easements, leases, and fee simple ownership and aerial, subsurface, land and water surface rights.

Non-Utility Lands – All LCRA-owned lands other than utility-related lands and government administrative lands. These lands include, without limitation, lands acquired and/or managed for the public's benefit and/or use, such as land used for parks, campgrounds, lodging, food services, boat launching, water access or other public recreational use; land managed in its natural state for purposes of conservation, preservation or natural science programming; land surrounding and under the Highland Lakes; and land having significant archaeological, scenic or historical features managed for preservation.

Utility-Related Lands – Lands that are acquired and/or used for utility-related functions of LCRA. These lands include, for example, land used for locating electric facilities and water storage and distribution facilities, including irrigation canals and other irrigation-related facilities.

Government Administrative Lands – Lands that are developed, leased, or managed for LCRA's government offices or administrative or maintenance activities.

401.30 POLICY

LCRA will acquire, develop, use, manage, operate and dispose of its land resources to fulfill its essential purposes and responsibilities prescribed by state law and the Board's policies. LCRA may dispose of land that has been declared by the LCRA Board of Directors to be "nonessential" (not necessary or convenient or of beneficial use to the business of LCRA).

401.40 PROCEDURES

401.401 Land Acquisition. LCRA will acquire sufficient non-utility, utility-related, and government administrative land rights to complete approved projects and programs. In selecting land, LCRA will consider, as appropriate, the effects on environmental integrity, community values, parks and recreation areas, historical and aesthetic values, and the cost of the project or program.

LCRA may acquire land rights in excess of that required for projects or programs in those instances when the property owner and LCRA both agree to such conditions, or when it is in LCRA's best economic interest to do so. Mineral rights may be acquired for the protection of the improvements to be constructed or to prevent interference with the surface use.

In acquiring land rights, LCRA will attempt to minimize adverse effects upon property owners and will use due diligence to adequately compensate property owners.

Property owners contacted by representatives of LCRA will be treated courteously and dealt with in a forthright manner. Contacts and negotiations will be initiated in a timely fashion to allow the property owner to consult with legal, tax and other advisors as may be necessary.

- A. Board Authorization: Board approval of the business plan, capital plan and/or a capital improvement project will constitute authorization for the acquisition of land rights as necessary and will authorize the GM/CEO or his or her designee to acquire the land rights necessary to complete the approved projects or programs, subject to the following conditions:
 - 1. Acquisitions of land rights that may be purchased or leased for \$600,000 or less per parcel, where the purchase or lease price for the term is within the amount budgeted for the project or program, may be finalized by the GM/CEO or his or her designee without further Board action. Acquisitions of land rights that have a purchase price or lease price exceeding \$600,000 per parcel require the Board's specific prior approval.
 - 2. Board authorization is not required for the acquisition of land rights when the land rights are acquired at no cost to LCRA.
- B. Method of Acquisition: Staff will determine whether acquisition of particular land rights is in the best interest of LCRA, its customers and the public.

In determining the method of land acquisition, staff will consider (a) the purpose, type and life of the facilities to be located on the land; (b) how the surface of the land will be used; (c) the significance of mineral rights to the integrity of the facility; and (d) the present or future use of the land by the property owner.

Consideration paid by LCRA to secure a purchase or lease option may not exceed ~~\$20,000-\$60,000~~ per parcel, tract or interest, nor may the term of the option exceed ~~one year~~ two years, unless specifically approved by the Board. Such payment must be applied toward the purchase or lease price if the purchase or lease is consummated.

An environmental due diligence assessment will be prepared on all land considered for acquisition. For the acquisition of leases and property in fee simple, an assessment for the potential presence of environmental contamination will be performed in accordance with U.S. Environmental Protection Agency (EPA) "all appropriate inquiries" regulations (40 C.F.R. Part 312) and related Society for Testing and Materials International (ASTM) standards unless a variance is granted by LCRA's general counsel. For the acquisition of easements, the assessment may follow less stringent standards and practices provided the standards and practices followed are consistent with industry practice and are documented, except that in the case of easement acquisitions where prior or future land use may present risks that, in the opinion of the environmental professional, warrant a full assessment, the more stringent "all appropriate inquiries" regulations will be followed.

Information obtained during the due diligence and on-site assessments will be evaluated prior to final acquisition.

- C. Appraisals: LCRA will base all negotiations on a reasonable opinion of market value on all land right acquisitions. Staff will have the discretion to either prepare an opinion based on available market data or employ an independent appraiser, based on the size and complexity of the transaction; however staff will be required to employ an independent appraiser if (i) the area of the land rights being acquired is larger than 100 acres; (ii) staff has reason to believe the value of the such land rights exceeds \$600,000; or (iii) employing an independent appraiser is necessary to avoid the appearance of a conflict of interest.

Any independent appraiser engaged by LCRA must hold a valid license from the state of Texas.

- D. Eminent Domain Proceedings: LCRA may use its power of eminent domain to acquire land rights (i) if a landowner has been unable to agree with LCRA on the fair market value of the land rights being acquired by LCRA and further negotiations for settlement have become futile; (ii) if the title cannot be conveyed without a court judgment; or (iii) if there is a conflict of interest of the owner(s). LCRA may initiate eminent domain proceedings only after an official written offer to purchase the land rights has been sent to the landowner. In any event, LCRA Board authorization is required prior to initiation of eminent domain proceedings for the acquisition of land rights.

401.402 Land Use, Development, Conservation and Management. LCRA will maintain an inventory of all its land rights, including its non-utility related lands, utility-related lands,

and government administrative lands. Such inventory will be periodically reviewed and updated, as needed.

A. Agreements: LCRA may enter into permits, leases, easements, development agreements or other legally binding land use agreements with public, private or nonprofit entities.

1. Land use agreements will conform to the following criteria:

- a. Monetary consideration for the following uses will be market rental value: agriculture/grazing, commercial (recreation or non-recreation) and private uses.
- b. LCRA's leases will be managed to conserve, protect and maintain LCRA's land resources.
- c. Land use agreements may be granted for non-monetary consideration to governmental entities or nonprofit organizations when the use of the property furthers LCRA's ability to meet its statutory responsibilities or is deemed to be in LCRA's best interest.
- d. Land use agreements require the user to undertake full financial responsibility for proper maintenance and use of the land and/or facility, as may be appropriate under the circumstances. Such financial responsibility may include liability insurance coverage protecting LCRA.
- e. Land use agreements will include provisions allowing periodic adjustments of monetary consideration.
- f. The term of any land use agreement will be commensurate with the use of the land, the purposes of the agreement, the amount of capital to be invested by LCRA and/or the user, the anticipated capital payback period, and the projected revenue to LCRA.
- g. Land use agreements will contain, as appropriate and necessary, provisions for environmental protection and compliance with applicable laws and regulations, including LCRA ordinances and policies for water quality, nonpoint-source pollution prevention, and other environmental quality considerations, such as impacts to cultural resources, wetlands, and threatened or endangered species and their habitats.
- h. Every lease of LCRA property will include a provision obligating the lessee to pay all property taxes that may become due as a result of the lease or the lessee's use of the property.

2. The following types of land use agreements may be executed by the GM/CEO or his or her designee without LCRA Board approval; all other land use agreements must be specifically approved by the LCRA Board.
 - a. Leases, temporary use permits, licenses and construction permits with terms of 15 years or less.
 - b. Agreements for the temporary location of marinas during low lake levels.
 - c. Agreements for private, noncommercial boat piers, ramps or docks, swim platforms, and fishing piers or docks on or over LCRA-owned land.
 - i. The person requesting the agreement must own or control the real property abutting the LCRA-owned land and must be able to exercise direct control over land access to LCRA-owned land and any dock or pier on such land.
 - ii. There must be no apparent conflict with other adjacent or nearby real property owners. LCRA may require the person requesting the agreement to furnish written evidence of non-objection from real property owners identified by LCRA to be affected by the agreement.
 - d. Agreements for the co-location of electric, gas, water, wastewater, communication or other utility facilities on LCRA land, easements or leases.
- B. Easements: LCRA may grant easements across land it owns, may permit easements to occupy the same easement corridor it has acquired, and may release its easement rights or portions of land from easements when the best interests of LCRA, its customers and the public are served.
 1. Requests for easements across LCRA land will conform to the following criteria and must be specifically approved by the LCRA Board:
 - a. Monetary consideration for easements that serve a private or commercial use will be the market value as determined pursuant to this policy.
 - b. Consideration for easements that serve a public or nonprofit use may be non-monetary at the discretion of the LCRA Board.
 - c. The monetary consideration, if any, will be a one-time payment.
 - d. Easements will contain, as appropriate and necessary, provisions for environmental protection and compliance with existing laws, regulations and LCRA ordinances and policies for water quality, nonpoint-source pollution prevention and other environmental quality considerations, such

as impacts to cultural resources, wetlands, and threatened or endangered species and their habitats.

2. Requests to occupy a portion of an LCRA easement across lands that are not owned by LCRA may be approved by the GM/CEO or his or her designee if they meet the following criteria:
 - a. The requesting entity first will obtain the written statement of LCRA's non-objection to the proposed easement/use. Such statement of non-objection only will be granted if the proposed joint use of the easement corridor will not interfere with LCRA's superior easement rights, safety and efficient operations within the easement area.
 - b. The requesting entity may be required to obtain the easement rights, subordinate to LCRA's superior easement rights, from the landowner(s).
 3. LCRA's easements on private lands that are not necessary to the operation of LCRA may be released by the GM/CEO or his or her designee subject to the following:
 - a. Staff will determine that LCRA has no further or anticipated need for easement rights in the area to be released.
 - b. Any processing costs, including the cost of a survey, if required, will be at the expense of the property owner or party requesting the release.
 - c. Easement rights that are considered unnecessary due to an abandonment of a line or facility by LCRA may be released to the current landowner(s).
- C. Encroachment: Public or private use of (including aerial use above or over) LCRA land, except where expressly authorized by LCRA, will be considered an encroachment. Those encroaching on or over LCRA lands will be required to either purchase the land from LCRA on terms approved by the Board, remove the encroachment, or secure rights to use the land by entering into an acceptable land use agreement with LCRA. The GM/CEO or his or her designee may institute appropriate legal action to remove any nonconforming encroachments.
- D. Mitigation: Any use of land for mitigation purposes under the Endangered Species Act and associated regulations must be specifically approved by the Board. Staff will notify the Board upon receipt of any request for use of LCRA land for mitigation purposes or any proposal to donate land to LCRA for mitigation purposes.

401.403 Land Disposition. LCRA may dispose of land that has been declared by the Board to be nonessential (not necessary or convenient or of beneficial use to the business of LCRA). The proceeds from the sale of nonessential lands may be used to support LCRA activities. The Board's declaration of land as nonessential and the terms of any

resulting sale or exchange will require the affirmative vote of three-fourths of the statutory membership of the Board.

Appraisals: LCRA will base all negotiations on a reasonable opinion of market value on all land right dispositions. Staff will have the discretion to either prepare an opinion based on available market data or employ an independent appraiser, based on the size and complexity of the transaction; however staff will be required to employ an independent appraiser if (i) the area of the land rights being sold, leased or exchanged is larger than 100 acres; (ii) staff has reason to believe that the value of the such land rights exceeds \$600,000; or (iii) employing an independent appraiser is necessary to avoid the appearance of a conflict of interest.

An environmental due diligence assessment will be prepared on all land considered for disposition. For the disposition of leases, easements and property in fee simple, the assessment may follow standards and practices less stringent than “all appropriate inquiries” described in 401.401.B above, provided the standards and practices used are consistent with industry practice and are documented. However, for disposition of leases, easements and property in fee simple, when prior or future land use may present risks that, in the opinion of the environmental professional, warrant a full assessment, the more stringent “all appropriate inquiries” regulations will be followed.

Information obtained during the due diligence and on-site assessments will be evaluated prior to final disposition.

401.50 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code
Texas Local Government Code, Chapter 272
Texas Constitution, Article XVI, Section 59 and Article I, Section 17
U.S. Constitution, Art. V

EFFECTIVE: January 1985. Amended April 23, 1987; June 24, 1987; Sept. 24, 1987; Feb. 22, 1990; June 20, 1990; Aug. 23, 1990; Oct. 18, 1990; May 21, 1992; Jan. 18, 1996; April 24, 1997; Feb. 18, 1998; Nov. 19, 2003; Nov. 17, 2004; Sept. 17, 2008; ~~and~~ Sept. 21, 2016; and Oct. 17, 2018.

FOR ACTION

20. Contracts and Contract Changes

Proposed Motion

Authorize the general manager or his designee to negotiate and execute the following contracts as shown in the attached exhibit.

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
Applied High Voltage LLC (5006)	\$7,496	\$2,352	Twelvemile Substation design-build services
Ulteig Engineers Inc. (4961)	\$51,000 (Funds approved by Board in August 2017)	(Previously noted)	Substation design services
BuzzClan LLC (4988) CGBot LLC (4989) SoftHQ Inc. (4991) V-Soft Consulting Group Inc. (4992) Kanda Software Inc. (4994) Genesis Technology Solutions Inc. (4997) Capgemini America Inc. (4998)	\$5,000		IT managed services

Supplier (Contract No.)	Spending	Savings	Supplying
Schneider Engineering Ltd. (4981) McCurley Enterprises Inc. (4987) Techserv Consulting and Training (4990)	\$36,000	\$9,569	Field construction coordinator services
Baker Tilly Virchow Krause LLP (4974) Ernst & Young LLP (4985) Pricewaterhouse Coopers LLP (4986) Weaver and Tidwell LLP (4975)	\$2,500		Auditing services
PCMG Inc. (4983)	\$20,000		Software reseller services
SHI Government Solutions Inc. (4984)	\$12,000		Software reseller services
Walker and Associates Inc. (5001)	\$20,000	\$535	Dense wavelength division multiplexing system
Falcon Steel America LLC (4995) Valmont Industries Inc. (4996)	\$13,000	\$1,045	Substation static mast
AECOM Technical Services (5023) Wood Environment & Infrastructure Solutions Inc. (5022) TRC Environmental Corp. (5024) Anchor QEA LLC (5025) POWER Engineers Inc. (5026) CAMS eSparc LLC (5027)	\$2,350	\$56	Environmental engineering services

Supplier (Contract No.)	Spending	Savings	Supplying
Burns & McDonnell Engineering Company Inc. (5013) AECOM Technical Services (5012) POWER Engineers Inc. (5014) AmaTerra Environmental Inc. (5010) Prewitt and Associates Inc. (5011) Blanton & Associates Inc. (4993) SWCA Incorporated dba SWCA Environmental Consultants (4999) Terracon Consultants Inc. (5009)	\$4,200	\$317	Environmental services
Hyundai Power Transformers USA Inc. (5019)	\$16,000	\$250	Small and auto power transformers
Total	\$138,546	\$14,124	

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

- A – New Contracts
- B – Contract Administration

EXHIBIT A

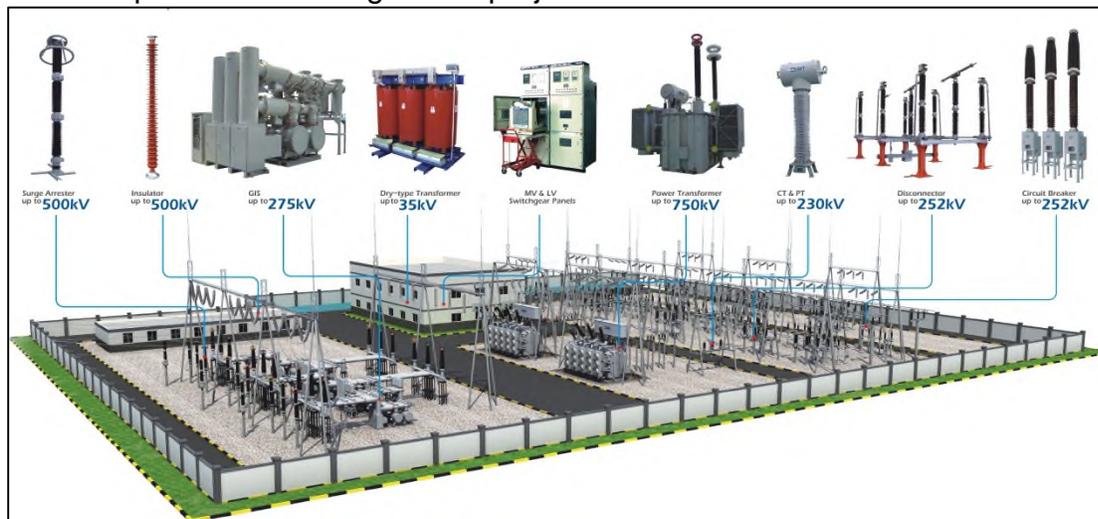
New Contracts

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

Contract No. 5006
Supplier: Applied High Voltage LLC
Contract Amount: Firm fixed \$7,496,000
Contract Length: Until the contract is fulfilled
Description: This is a one-time contract for the design and construction of the Twelvemile Substation used by Transmission Services.

Background:

- Twelvemile Substation was sourced as a design-build project to expedite the overall project schedule.
- LCRA will maintain control of real estate, regulatory, and final commissioning aspects of the design-build projects.



Actions:

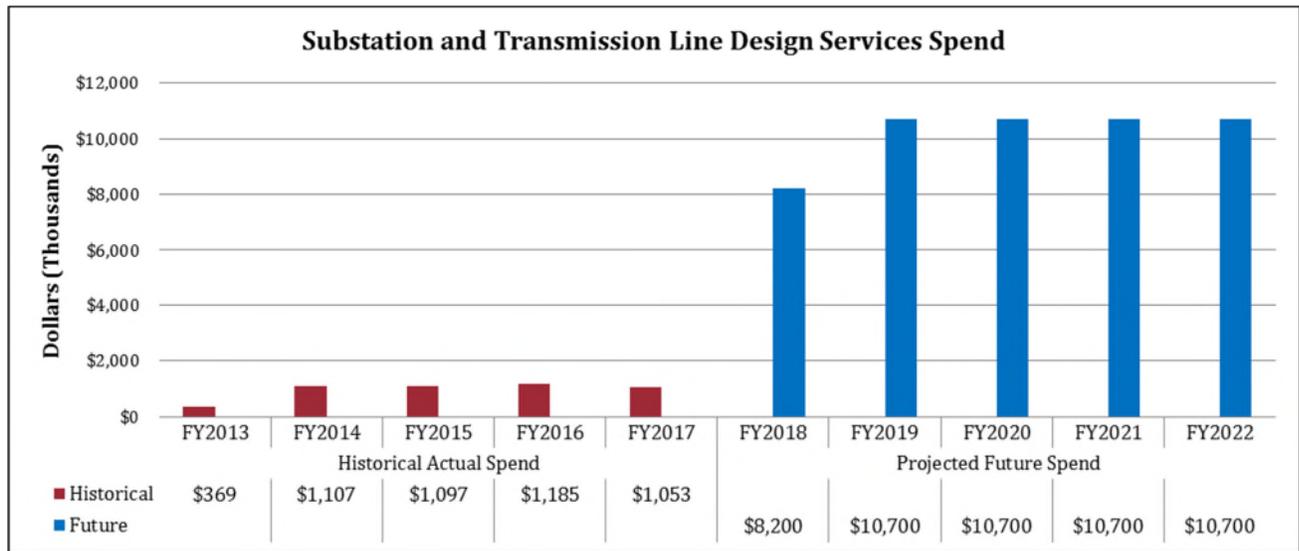
- Design-build sourcing is done in two phases: qualification phase, then proposal phase.
- LCRA invited 42 suppliers to participate in the qualification phase. LCRA received 17 responses and evaluated 15.
 - Experience was the highest-weighted criterion for the qualification phase.
- LCRA invited 11 suppliers to participate in the proposal phase. LCRA received and evaluated 10 proposals.
 - Cost was the highest-weighted criterion for the proposal phase.

- Based on forecast need and proposed contract terms, LCRA expects to save \$2,352,265 over the life of the contract (compared with the median of responses received).
- The contract award amount is firm fixed at \$7,496,000.
- Based on the evaluation and negotiation, LCRA recommends Applied High Voltage LLC as the supplier.

Contract No. 4961
Supplier: Ulteig Engineers Inc.
Contract Amount: Not to exceed \$51 million
Contract Length: Through Aug. 16, 2022
Description: This is a master contract for substation design services used by Transmission Services.

Background:

- In August 2017, the Board approved a \$51 million shared sum contract between Power Engineers Inc., Burns & McDonnell Engineering Inc., Stanley Consultants Inc., HDR Engineering Inc., Pickett and Associates Inc. and Kleinfelder Inc. for the provision of substation design and transmission line design services.
- Due to the volume of substation design work and capacity constraints among the awarded suppliers, staff recommends Ulteig as a seventh supplier for this category – adding a supplier, not adding funds.
- The historical five-year spending is approximately \$4.8 million.



Actions:

- During the solicitation for the awarded contracts, the opportunity was posted on LCRA's website. LCRA received 41 proposals and evaluated 40.
- The quality criterion was the highest-weighted category for the evaluation. The quality criterion consisted of supplier project experience, personnel resumes and methodology.
- The contract award amount is not to exceed the original approved \$51million. This amount represents a shared sum from which the awarded and additional proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends Ulteig Engineers Inc. as a seventh supplier for this category.

Contract Nos. **4988, 4989, 4991, 4992, 4994, 4997 and 4998**

Supplier: BuzzClan LLC, CGBot LLC, SoftHQ Inc., V-Soft Consulting Group Inc., Kanda Software Inc., Genesis Technology Solutions Inc. and Capgemini America Inc.

Contract Amount: Not to exceed \$5 million

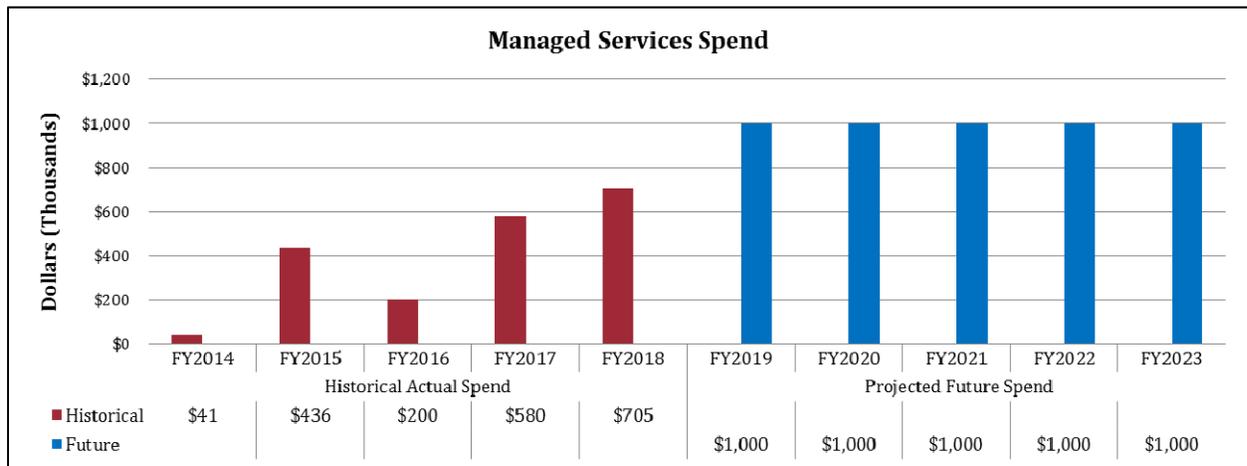
Contract Length: One year with four one-year options to extend

Description: These master contracts are for managed services used by Digital Services.

Background:

- Technology managed services is the management of software or hardware by a third party.
- Suppliers will work in the following technology software sets: SharePoint services, project management information systems services, IBM Maximo work asset services, identity management and integration services, custom application development, custom off-the-shelf implementation services, and cloud and infrastructure services.
- Suppliers will provide end-to-end technical support for the specific application or function, including application development, production support, application server management, web server management, performance monitoring, troubleshooting and resolution of end-user issues.

- The historical five-year spending is approximately \$2 million.



Actions:

- LCRA invited 47 suppliers to participate. LCRA received 19 proposals and evaluated 18.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$5 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends BuzzClan LLC, CGBot LLC, SoftHQ Inc., V-Soft Consulting Group Inc., Kanda Software Inc., Genesis Technology Solutions Inc. and Capgemini America Inc. as the suppliers for this category.

Contract Nos. **4981, 4987 and 4990**

Supplier: Schneider Engineering Ltd., McCurley Enterprises Inc. and Techserv Consulting and Training

Contract Amount: Not to exceed \$36 million

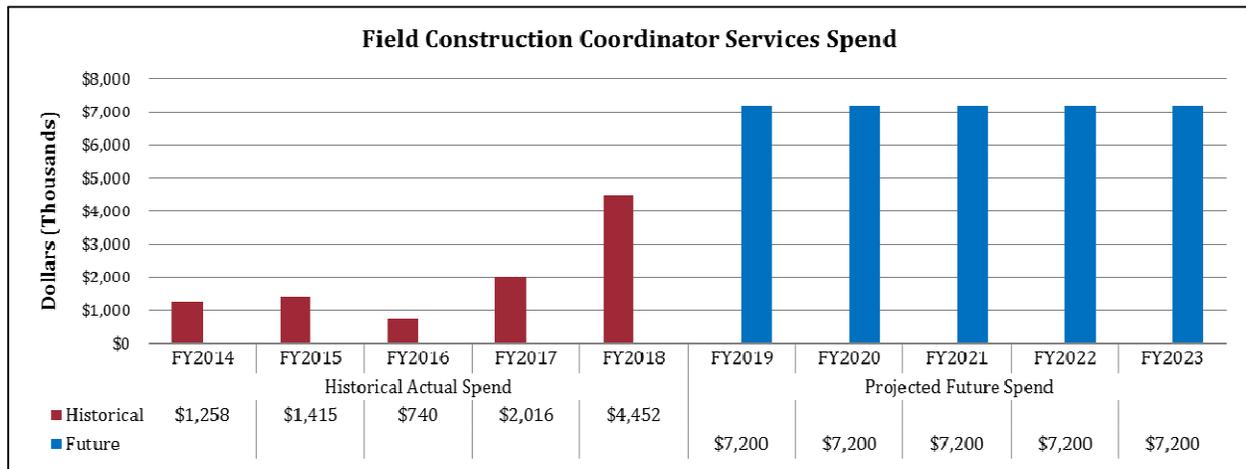
Contract Length: One year with four one-year options to extend

Description: These master contracts are for field construction coordinator services used across LCRA.

Background:

- FCCs provide inspection and coordination services for construction projects.
 - Transmission FCCs represent the majority of FCC services.
 - General FCCs may be used for construction projects not requiring T-FCC level of transmission experience. Examples include Community Resources and Water Operations construction projects.
- A \$300,000 contract was awarded to McCurley Enterprises Inc. as part of this solicitation for September-October 2018 needs.

- The historical five-year spending is \$9.8 million.



Actions:

- LCRA invited 32 suppliers to participate. LCRA received 10 proposals and evaluated 10.
- Safety, experience and cost were the highest-weighted criteria for the evaluation.
- Based on forecast need and proposed contract terms, LCRA expects to save approximately \$9.6 million over the life of the contract (compared with the median of responses received).
- The contract award amount is not to exceed \$36 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends Schneider Engineering Ltd., McCurley Enterprises Inc. and Techserv Consulting and Training as the suppliers for this category.

Contract Nos. **4974, 4975, 4985 and 4986**

Supplier: Baker Tilly Virchow Krause LLP, Weaver and Tidwell LLP, Ernst & Young LLP and Pricewaterhouse Coopers LLP

Contract Amount: Not to exceed \$2.5 million

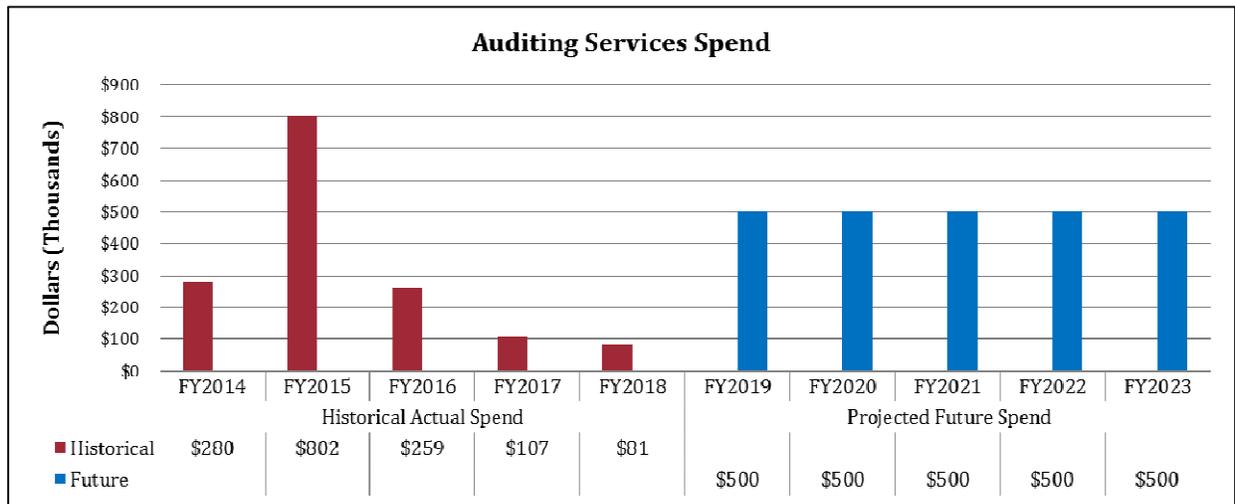
Contract Length: One year with four one-year options to extend

Description: These master contracts are for the internal auditing services used by the Auditing Services department.

Background:

- LCRA uses outside suppliers to supplement Auditing Services’ internal audit plan. This allows us to avoid additional hiring while accomplishing an increasing workload.
- These internal audit engagements may be outsourced or co-sourced with Auditing Services.

- The historical five-year spending is approximately \$1.5 million.



Actions:

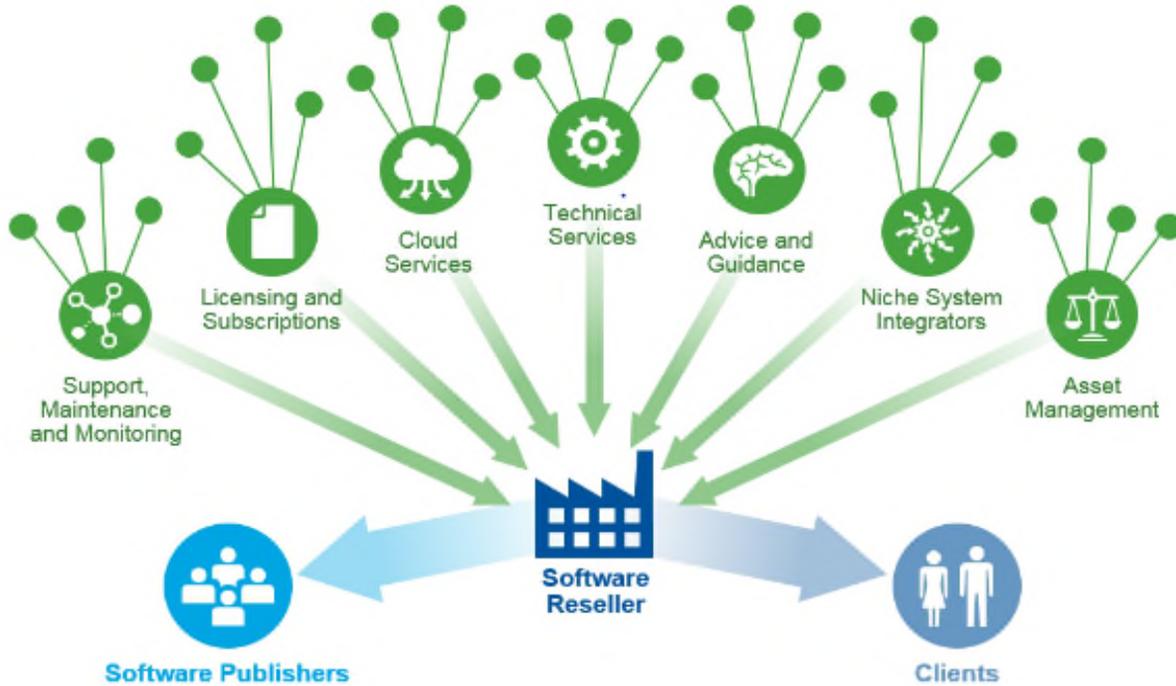
- LCRA invited 15 suppliers to participate. LCRA received seven proposals and evaluated seven.
- Ability to serve was the highest-weighted criterion for the evaluation. This related to the various types of audits (IT, Water Resources planning, etc.) that each firm can provide. Not all firms have expertise in all fields, but the broader the expertise the better.
- The contract award amount is not to exceed \$2.5 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends Baker Tilly Virchow Krause LLP, Weaver and Tidwell LLP, Ernst & Young LLP and Pricewaterhouse Coopers LLP as the suppliers for this category.

Contract No. 4983
Supplier: PCMG Inc.
Contract Amount: Not to exceed \$20 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for a value added reseller of software licenses, renewals, maintenance, support and services.

Background:

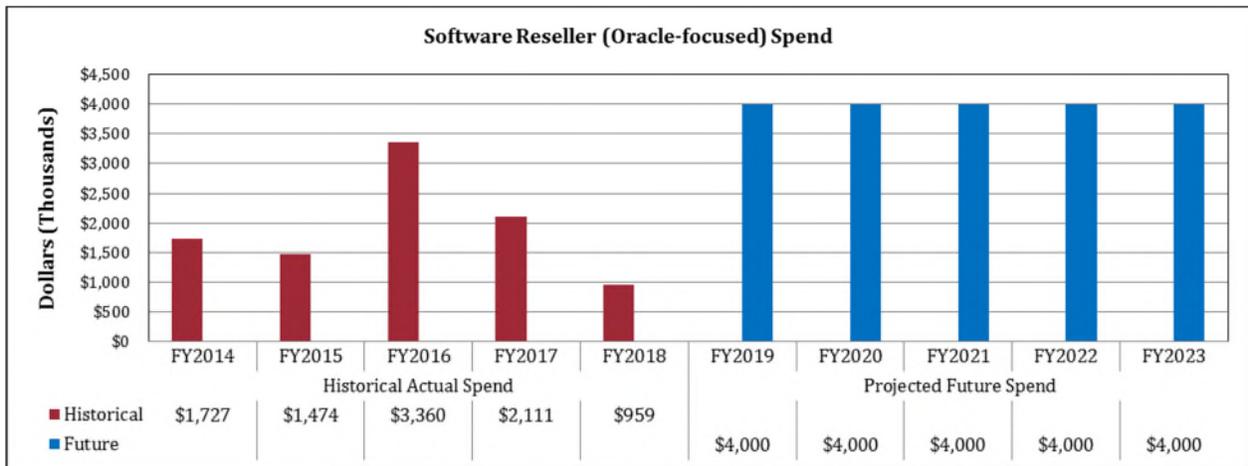
- Software applications at LCRA are currently managed through numerous contract agreements. Resellers act as a single point of contact between multiple IT software proprietors. This approach helps to streamline the process of purchasing and managing a variety of technologies.

- LCRA has over 100 active software applications running throughout the network that require annual maintenance and support renewals. Using a value-added reseller provides significant internal administrative relief.
- This is primarily for LCRA's Oracle licensing and support requirements.



Source: Gartner Inc., 2016

- The historical five-year spending is approximately \$9.6 million.



Actions:

- LCRA invited 11 suppliers to participate. LCRA received three proposals and evaluated three.
- Service was the highest-weighted criterion for the evaluation.
- While we did not calculate a savings number for this or the following item, we expect to realize internal efficiency savings.
- Based on the evaluation and negotiation, LCRA recommends PCMG Inc. as the supplier for this category.

Contract No. 4984

Supplier: SHI Government Solutions Inc.

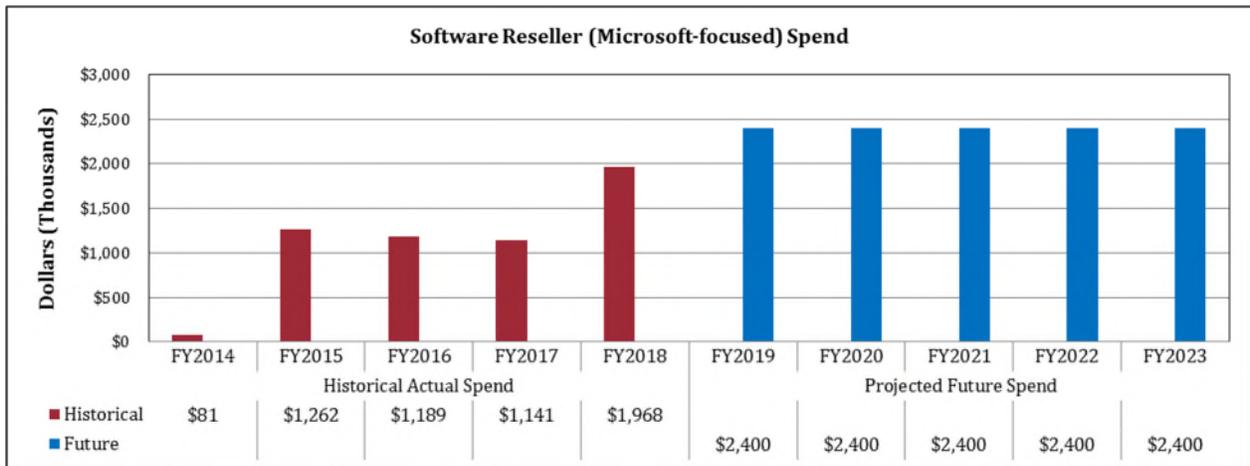
Contract Amount: Not to exceed \$12 million

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

Description: This master contract is for a value added reseller of software licenses, renewals, maintenance, support and services.

Background:

- This contract will be used primarily for LCRA’s Microsoft-related products.
- Resellers act as a single point of contact between multiple IT software proprietors. This approach helps to streamline the process of purchasing and managing a variety of technologies.
- The historical five-year spending is approximately \$5.6 million.



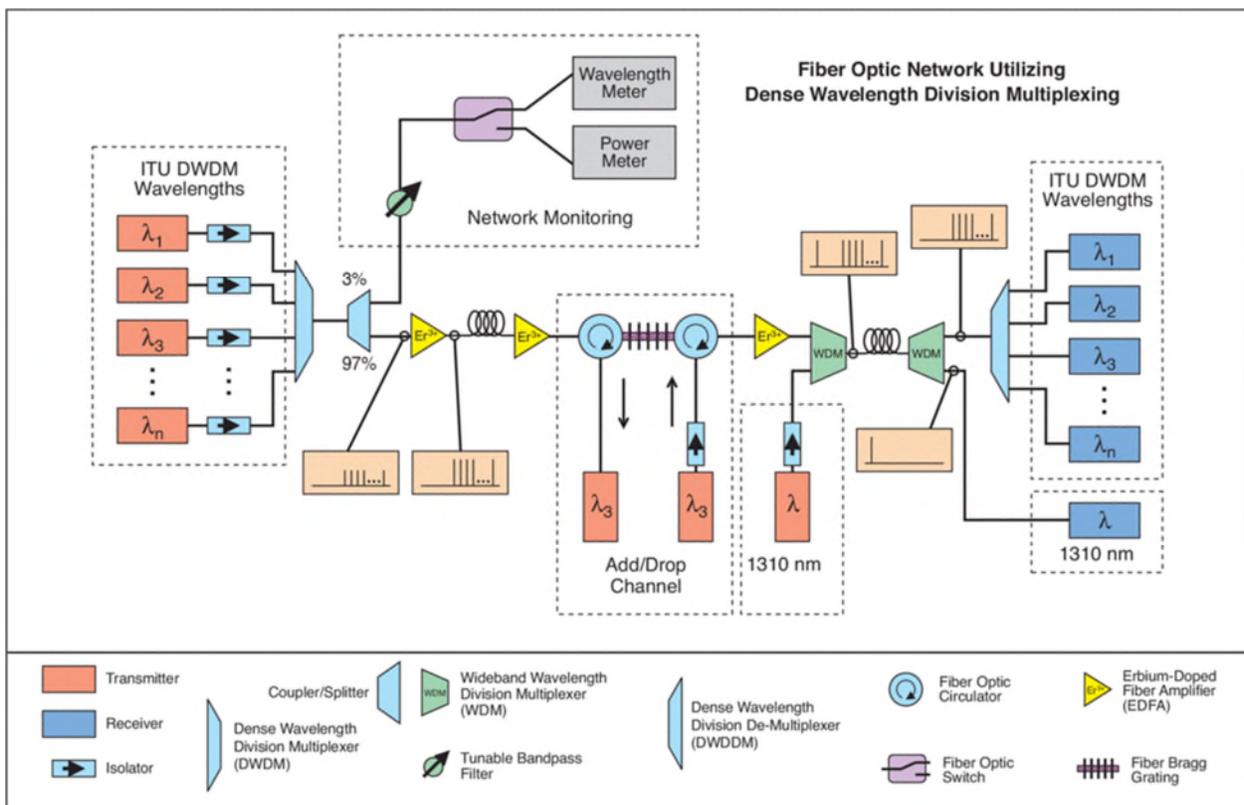
Actions:

- LCRA invited 11 suppliers to participate. LCRA received three proposals and evaluated three.
- Service was the highest-weighted category for the evaluation.
- Based on the evaluation and negotiation, LCRA recommends SHI Government Solutions Inc. as the supplier for this category.

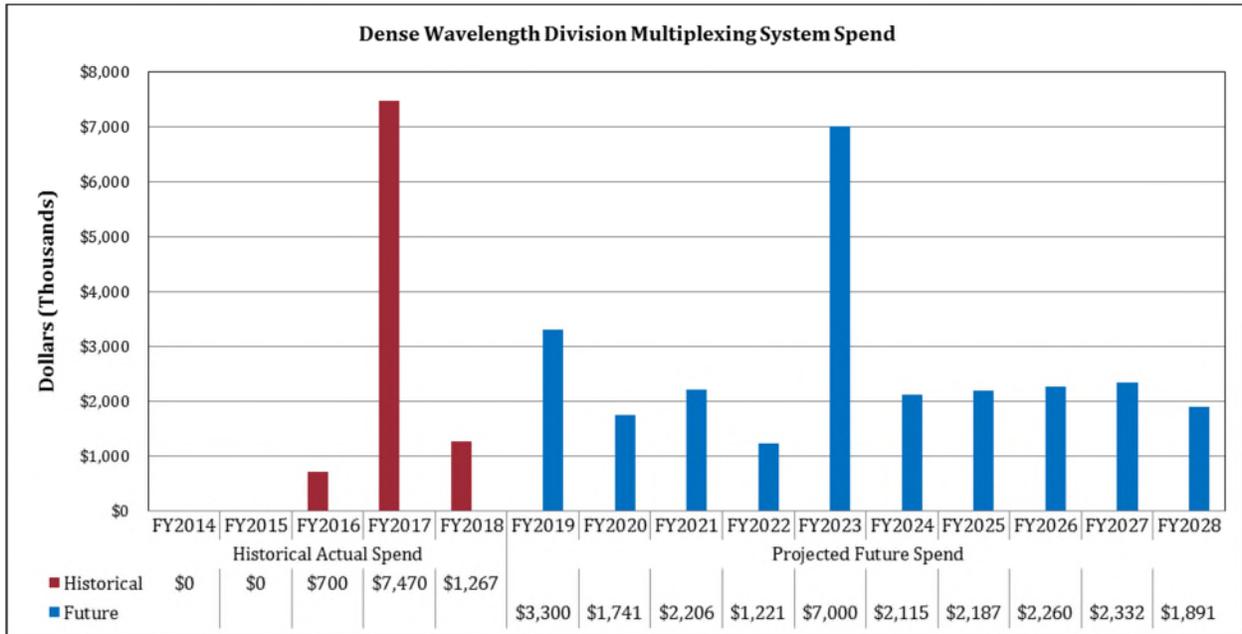
Contract No. 5001
Supplier: Walker and Associates Inc.
Contract Amount: Not to exceed \$20 million
Contract Length: One year with nine one-year options to extend
Description: These master contracts are for the provision of a dense wavelength division multiplexing system for LCRA telecommunications.

Background:

- LCRA is currently in a long-term contract with Coriant North America to provide dense wavelength division multiplexing equipment and ancillary services.
- DWDM is used to increase bandwidth and information flow over our fiber optic network.
- LCRA is looking to expand capacity of its existing dense wavelength division multiplexing equipment for future growth in an expanding market.
- DWDM allows channel space of 0.8 nanometers or 0.4 nanometers compared with coarse wavelength division multiplexing spacing of 20 nanometers.
- This contract is to support the DWDM build-out for LCRA and potential LCRA customers.
- This effort will include adding new nodes at specified locations, replacing obsolete equipment and upgrading the system to next-generation technology.



- The historical five-year spending is approximately \$9.4 million.



Actions:

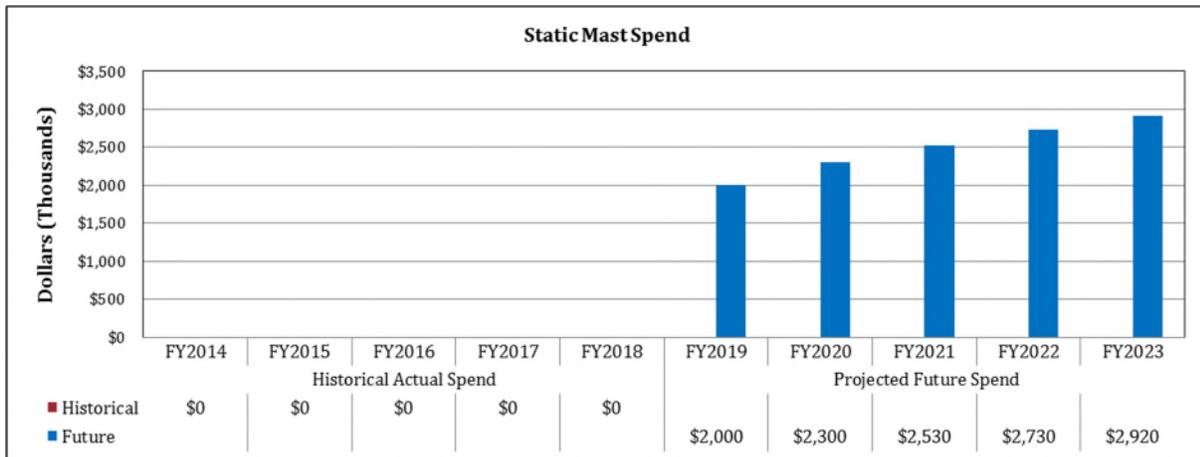
- LCRA invited three suppliers to participate. LCRA received and evaluated five proposals.
- Ability to perform and provide was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$20 million.
- LCRA expects to save \$535,000 over the life of the contract (compared with the median of responses received).
- Based on the evaluation and negotiation, LCRA recommends Walker and Associates Inc. as the supplier for this category.

Contract Nos. **4995 and 4996**
Supplier: Falcon Steel America LLC and Valmont Industries Inc.
Contract Amount: Not to exceed \$13 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of substation static mast units to be used by LCRA Transmission Services Corporation.

Background:

- A static mast is a single, free-standing pole that creates a shield to protect all of the equipment inside a substation from lightning. Static poles may or may not have overhead shield wires attached to enhance protection. Size of the substation determines how many static poles are needed.
- LCRA currently fabricates the square design of static poles in-house.

- LCRA’s Engineering group proposed the new pole design with 12-sided, tapered and tubular pole design.
- The new static pole would be applied to future LCRA substation projects and potentially replace the old design for existing substations.



Actions:

- LCRA invited 10 suppliers to participate. LCRA received and evaluated seven proposals.
- Cost was the highest-weighted criterion for the evaluation.
- LCRA expects to save \$1,024,000 over the life of the contract (compared to median of bids).
- The contract award amount is not to exceed \$13 million. This amount represents a shared sum from which the proposed contracts may draw.

- Based on the evaluation and negotiation, LCRA recommends Falcon Steel America LLC and Valmont Industries Inc. as the suppliers for this category.

Contract Nos. 5023, 5022, 5024, 5025, 5026 and 5027

Supplier: AECOM Technical Services, Wood Environment & Infrastructure Solutions Inc., TRC Environmental Corp., Anchor QEA LLC, POWER Engineers Inc. and CAMS eSparc LLC

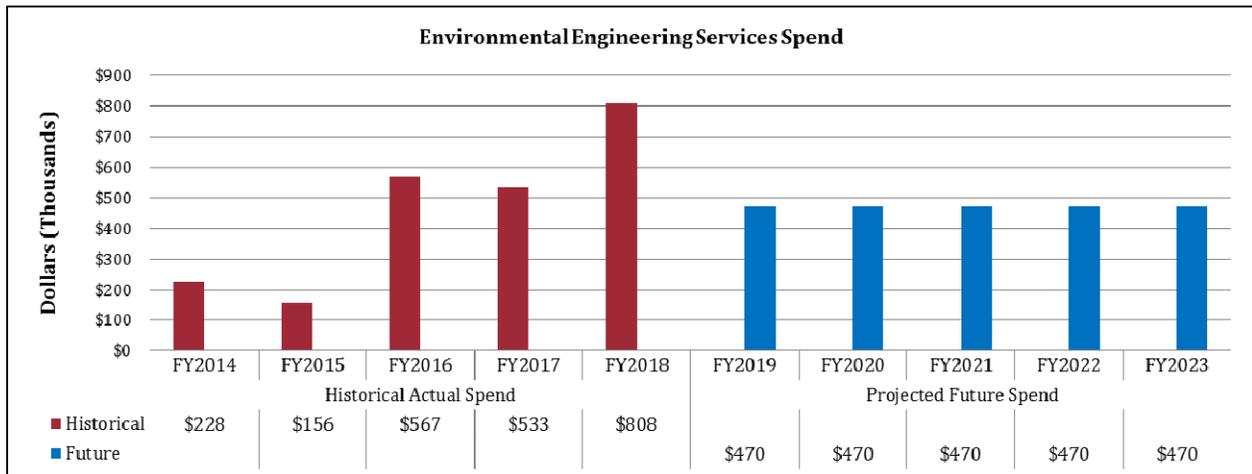
Contract Amount: Not to exceed \$2.35 million

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

Description: These master contracts are for the provision of environmental engineering services to be used by LCRA and LCRA Transmission Services Corporation.

Background:

- Environmental engineering services include air quality impact, emissions permitting and auditing, wastewater and stormwater engineering, environmental site investigation and remediation, and phase I and phase II environmental site assessments.
- The historical five-year spending is approximately \$2.3 million.



Actions:

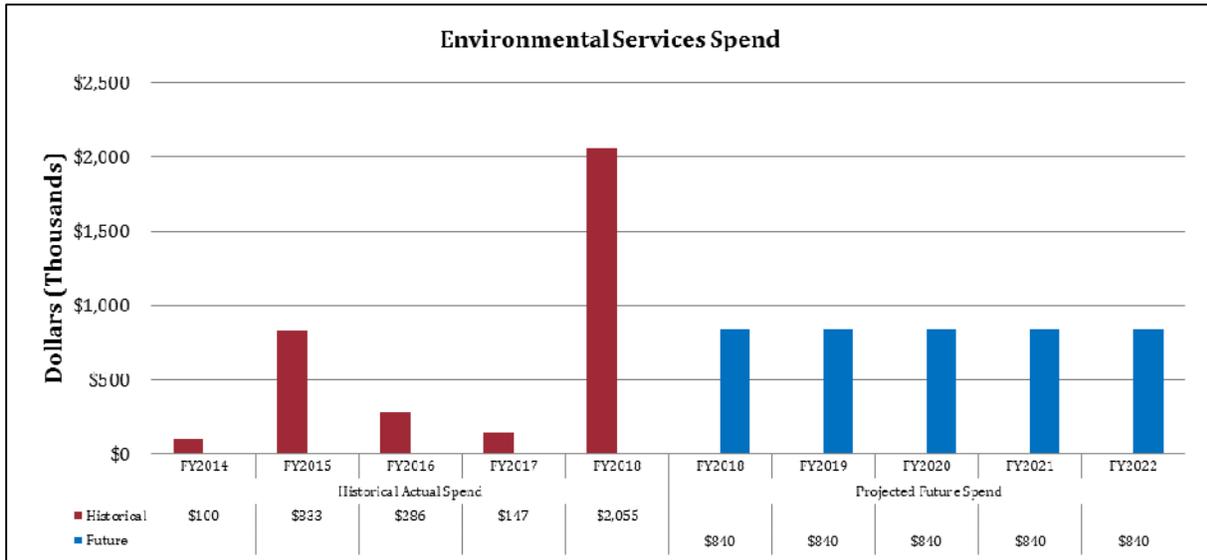
- LCRA invited 42 suppliers to participate. LCRA received 19 proposals and evaluated 19.
- Quality was the highest-weighted criterion for the evaluation.
- We expect to save \$56,000 over the life of the contract (compared to the median of responses received).
- The contract award amount is not to exceed \$2.35 million. This amount represents a shared sum from which the proposed contracts may draw.

- Based on the evaluation and negotiation, LCRA recommends AECOM Technical Services, Wood Environment & Infrastructure Solutions Inc., TRC Environmental Corp., Anchor QEA LLC, POWER Engineers Inc. and CAMS eSparc LLC as suppliers for this category.

Contract Nos. 5013, 5012, 5014, 5010, 5011, 4993, 4999 and 5009
Supplier: Burns & McDonnell Engineering Company Inc., AECOM Technical Services, POWER Engineers Inc., AmaTerra Environmental Inc., Prewitt and Associates Inc., Blanton & Associates Inc., SWCA Environmental Consultants and Terracon Consultants Inc.
Contract Amount: Not to exceed \$4.2 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of environmental services to be used by LCRA and LCRA Transmission Services Corporation.

Background:

- Environmental Services include asbestos, mold and lead abatement; aquatic biology; cultural resources; environmental assessments, impact statements and routing studies; and species of concern, waters of the United States and wetlands services.
- Aquatic biology services is a new scope of services being added.
- These services previously were subcontracted by prime suppliers.
- The historical five-year spending is approximately \$3.4 million.



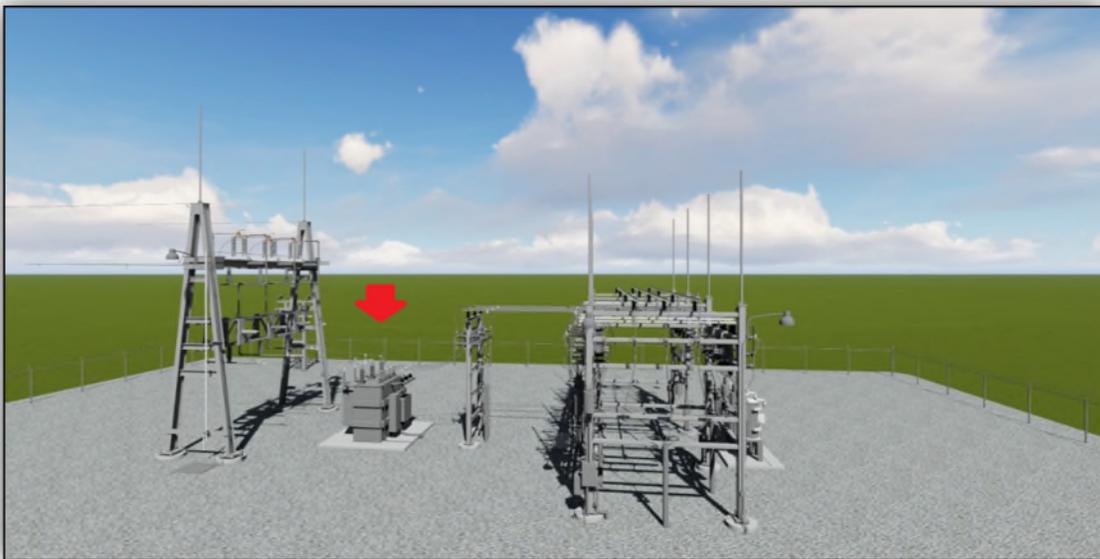
Actions:

- LCRA invited 42 suppliers to participate. LCRA received 39 proposals and evaluated 19.
- Quality was the highest-weighted criterion for the evaluation.
- LCRA expects to save \$317,000 over the life of the contract (compared to the median of responses received).
- The contract award amount is not to exceed \$4.2 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and negotiation, LCRA recommends Burns & McDonnell Engineering Company Inc., AECOM Technical Services, POWER Engineers Inc., AmaTerra Environmental Inc., Prewitt and Associates Inc., Blanton & Associates Inc., SWCA Environmental Consultants and Terracon Consultants Inc. as suppliers for this category.

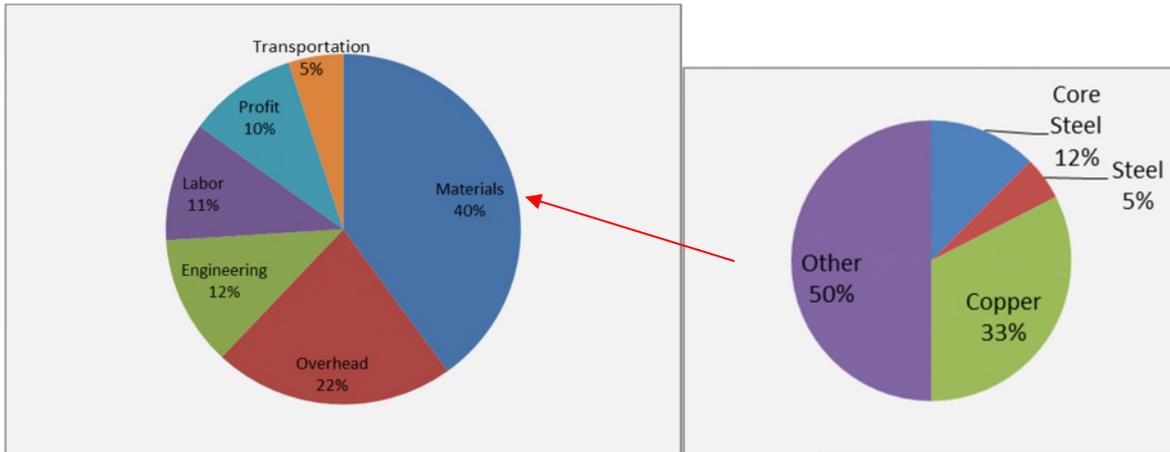
Contract No. 5019
Supplier: Hyundai Power Transformers USA Inc.
Contract Amount: Not to exceed \$16 million
Contract Length: One year with four one-year options to extend
Description: This is a master contract for small and auto power transformers used by Transmission.

Background

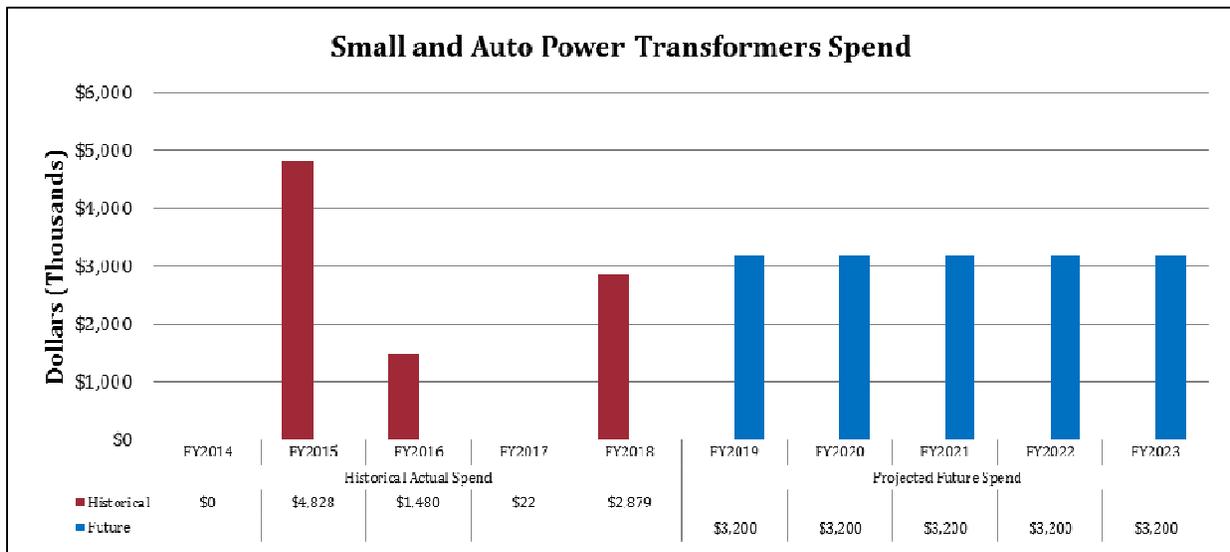
- Transformers are used to step up or down electrical power across long-distance power lines for commercial and residential applications.
- Between the generating station and consumer, electric power may flow through several substations at different voltage levels.
- Transformers change the voltage between high transmission voltages and lower distribution voltages, or at the interconnection of two different voltages.



- The cost makeup of a typical transformer is:



- The historical five-year spending is approximately \$9.2 million.
- Future spending is driven by forecasted projects from Transmission Line Services



Actions:

- LCRA invited 12 suppliers to participate. LCRA received 11 proposals and evaluated 10 proposals. One proposal did not meet the minimum requirements.
- The quality criterion was the highest-weighted category for the evaluation.
- Based on forecast need and proposed contract terms, LCRA expects to save \$250,000 over the life of the contract (compared with the last price paid).
- The contract award amount is not to exceed \$16 million.
- Based on the evaluation and negotiation, LCRA recommends Hyundai Power Transformers USA Inc. as the supplier for this category.

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 for contracts valued at more than \$2 million for goods, services (excluding consulting services), construction or software. Each month, 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 were originally awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

Contract No. **3537**
Supplier: Grid Solutions (US) LLC (formerly GE Energy Management Services)

Contract Amount: Not to exceed \$6.9 million

Contract Length: Ten years, expiring Dec. 1, 2024.

Description: This master contract is for the provision of upgrades, training, testing, installation, maintenance and support for LCRA's Energy Management System software, used by the System Operations Control Center.

Background:

- The EMS allows transmission operators to monitor and control energy flows on the transmission grid.
- This contract covers the full estimated lifecycle of the EMS software, including a 2013 upgrade from the GE XA/21 EMS software release 10 to version R17. This upgrade included training, testing, software installation, third-party software, maintenance and support.
- In 2013, as a result of full and open competition, this supplier was awarded the Instep Enterprise Historian project, also known as eDNA, for approximately \$900,000.
- In 2017, approximately \$2 million were added to cover the planned EMS upgrade.
- This increase in estimate is intended for eDNA renewals and the anticipated cost of the next EMS software upgrade.

Actions:

- LCRA invited four suppliers to participate. LCRA received and evaluated four proposals.
- Quality was the highest-weighted criterion for the evaluation.
- Based on the evaluation and negotiation, LCRA recommended Grid Solutions (US) LLC (formerly GE Energy Management Services) as the supplier for this category.

Contract History: The previous seven-year spend for this contract was \$5.2 million.

Original Contract (08/2012)	\$5,500,000
Increase in Estimate No. 1 (12/2017)	\$1,999,000
Increase in Estimate No. 2 (10/2018)	\$6,921,000
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Total	<u>\$14,420,000</u>

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