



Board Agenda

Wednesday, Feb. 20, 2019
Wharton Civic Center
1924 N. Fulton Street
Wharton, Texas 77488

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***This agenda item requires the approval of at least 10 Board members.**

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

Legal Notice

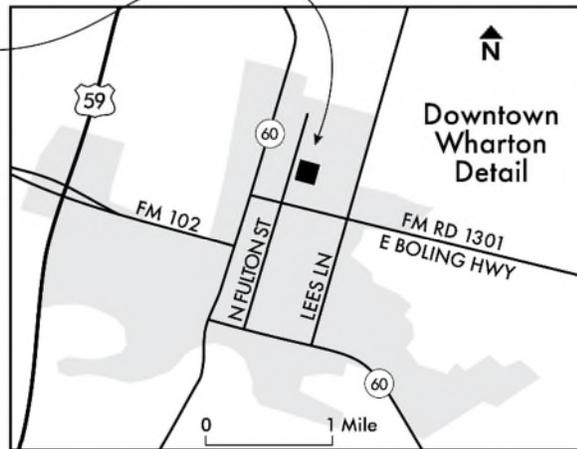
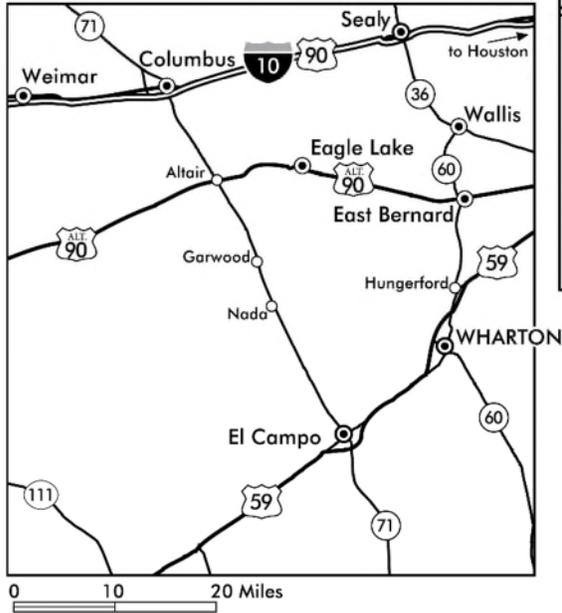
Although this is the expected agenda, the Board may discuss or take action on any item listed in the legal notice, which may include some items not currently on the Board agenda. Legal notices are available on the Texas Secretary of State website 72 hours prior to the meeting at sos.state.tx.us/open.

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.

**Wharton Community Center
1924 North Fulton Street
Wharton, Texas**



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board agenda. The Board cannot provide responses or take action during public comments.

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room.

Any member of the public who wants to comment on an item listed on this agenda will be called to make comments at the appropriate time.

Exhibit(s)

A – Protocols for Public Communication at Board and Committee Meetings

EXHIBIT A

PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

Approved by the LCRA Board of Directors on Dec. 11, 2018

- 1. Oral Presentations on Issues Under LCRA's Jurisdiction.** Any person wishing to make an oral presentation at a Board meeting on any matter under LCRA's jurisdiction must complete a registration form that indicates the agenda item or other topic on which they wish to comment, along with the speaker's name, address and other relevant information. Any person making an oral presentation to the Board may distribute related materials to the Board at the meeting.
- 2. Time Allocation.** The presiding officer may limit the length of time for each speaker. Speakers may not trade or donate time to other speakers without permission from the presiding officer, and repetitive testimony shall be minimized.
- 3. Rules of Decorum.** Speakers and members of the audience must avoid disruptive behavior that interferes with the orderly conduct of a public meeting. Placards, banners, and hand-held signs are not allowed in Board or committee meetings, and speakers and members of the audience must avoid personal affronts, profanity, booing, excessive noise, and other disruptive conduct. The presiding officer may direct that anyone who disrupts a meeting be removed from the room.
- 4. Recording.** Any person making an audio or video recording of all or any part of a Board meeting must do so in a manner that is not disruptive to the meeting. During a meeting, members of the public must remain in or behind the public seating area and are not permitted to record from any other area of the meeting room.
- 5. Committee Meetings.** The protocols outlined in 1-4 above also apply to members of the public wishing to address any LCRA Board committee whose membership comprises the entirety of the LCRA Board on matters within the scope of each of those committees.

FOR ACTION

2. Amendments to the LCRA Bylaws

Proposed Motion

Approve proposed amendments to the LCRA bylaws, creating a new standing committee to provide oversight of all electric transmission matters.

Board Consideration

Approval by the Board, with an affirmative vote of at least 10 directors, is required to amend the LCRA bylaws.

Budget Status and Fiscal Impact

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

Summary

Taking into consideration the nature of LCRA's electric transmission business, coupled with the rate of transmission's growth in recent years and projections for its continued rapid growth, staff believes LCRA would benefit from a committee dedicated to transmission operations and policies.

The Transmission Committee would be a standing committee of the Board with no more than six members. The committee would meet quarterly or as meetings may be called by the chair.

If the proposed bylaw changes are approved, the committee would be organized, with its chair and members appointed by the LCRA Board chair at LCRA's April Board meeting.

Written notice of the proposed changes to the bylaws was given to all Board members on Jan. 25, 2019, in satisfaction of the LCRA bylaws 21-day advance notice requirement for amendment of the bylaws.

Presenter(s)

Phil Wilson
General Manager

Kristen Senechal
Executive Vice President, Transmission

Exhibit(s)

A – Proposed Revisions to LCRA Bylaws

EXHIBIT A

AMENDED AND RESTATED BYLAWS

OF THE

LOWER COLORADO RIVER AUTHORITY

As Amended Through ~~Sept. 21, 2016~~ Feb. 20, 2019

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BYLAWS OF LOWER COLORADO RIVER AUTHORITY

ARTICLE 1 – GENERAL PROVISIONS

Section 1.01. Purpose and Statutory Authority. The purpose of these bylaws is to provide for the management and regulation of the affairs of the Lower Colorado River Authority (LCRA) in conformity with and pursuant to the enabling legislation creating a conservation and reclamation district known as "LOWER COLORADO RIVER AUTHORITY," appearing as Chapter 8503, Special District Local Laws Code, and other applicable law.

Section 1.02. Domicile. The domicile and principal office of LCRA will be in the City of Austin, Travis County, Texas, where the records of LCRA will be kept.

Section 1.03. Seal. LCRA will have a seal used as required to attest the official acts of the Board of Directors (Board) and of LCRA, or otherwise as the Board may direct. The seal of LCRA will be formed of two circles, one within the other, with the outer circle containing half-moon designations. The "LOWER COLORADO RIVER AUTHORITY" and five small stars will appear between the circles, and a star of five points encircled by olive and live oak branches will be in the center. This seal will be known as the official seal of LCRA, and such seal will be kept under the direction of the secretary of the Board in the principal office of LCRA.

Section 1.04. Records. The records of LCRA are open to the public at reasonable times. LCRA may from time to time restrict access to some records but only in strict accordance with Chapter 552, Texas Government Code, as such law may from time to time be amended or supplemented (Texas Public Information Act).

Section 1.05. Custodian of Official Records. The GM/CEO will designate an employee of LCRA to act as custodian of official records, who will be responsible for the filing, safekeeping and retrieval of all of the records of LCRA. The official records are to be kept at the principal office of LCRA in Austin, Texas.

The custodian of official records is authorized, on behalf of LCRA, to attest to the authenticity of any record, or photographic or photostatic copy thereof, under the custodian's control.

Section 1.06. Fiscal Year. The fiscal year of LCRA will start on July 1 of each calendar year and end on June 30 of the succeeding calendar year.

Section 1.07. Amendment. These bylaws may be amended at any time by the affirmative vote of a two-thirds majority of the membership of the Board, upon a 21-day prior, written notice of the proposed bylaw change or changes. The 21-day written notice requirement may be waived by a vote of four-fifths of the members of the Board.

Section 1.08. Effective Date. These amended and restated bylaws will become effective as of the date shown above the table of contents in this document.

ARTICLE 2 – BOARD OF DIRECTORS

Section 2.01. Responsibilities. Directors will represent the citizens of the district and LCRA’s service area in accordance with the provisions of the enabling legislation, the Constitution and laws of the United States and the state of Texas.

Directors will avoid conflicts of interest and conduct themselves so as to avoid even the appearance of a conflict of interest. Where a conflict of interest exists, a director will recuse himself or herself and neither participate in the deliberations nor vote.

Directors will keep informed in order to competently discuss issues that come before the Board. Directors will attend meetings regularly, be prepared, take an active part in discussions and maintain an active, diligent approach to Board responsibilities.

The Board will have the responsibility for and the authority to establish the policies of LCRA for the management of its affairs and to direct the GM/CEO and, through the GM/CEO, the other officers and employees of LCRA to carry out adopted policies. The Board will exercise reasonable diligence to be assured that its directives and policies are carried out.

Section 2.02. Board Officers. A director is designated as chair of the Board by the governor in accordance with the enabling legislation, and the chair of the Board will serve in that capacity at the pleasure of the governor. The term of office for vice chair and secretary will be 24 months commencing on July 1 in an odd-numbered year and terminating on June 30 of the next following odd-numbered year. However, when a new chair of the Board is designated by the governor, the new chair of the Board may call for elections to replace the sitting vice chair and secretary for the remainder of their terms. In the event either Board officer is replaced on the LCRA Board prior to the end of his or her term as a Board officer, the chair of the Board will name another sitting director to serve in that office for the remainder of the Board officer’s term.

Before an election of a vice chair and secretary, the chair of the Board will appoint a Nominations Committee of no fewer than three sitting directors. The Nominations Committee will be charged with evaluating candidates for the vice chair and secretary positions and nominating a candidate for each position. In the event of an unanticipated vacancy in one of the Board officer positions and the need for an immediate replacement, the chair of the Board may call for an election without the appointment of a Nominating Committee.

The Board will elect a vice chair and secretary at a regular meeting of the Board. The vice chair and secretary will continue in office until their successors are elected unless removed from office by a vote of at least eight directors.

Section 2.03. Chair and Vice Chair of the Board. The chair will preside at all meetings of the Board and will perform such other duties as the Board may from time to time direct. In case of the absence or inability of the chair to act, the vice chair will perform the duties of the chair. In the absence of both the chair and vice chair, the secretary will perform the duties of the chair. In the absence of the chair, vice chair and secretary, the members present will elect one of their number to preside.

Section 2.04. Secretary and Assistant Secretaries (Secretaries Pro Tem). The secretary will keep, or have kept under his or her direction, minutes of all meetings of the Board and will keep, or have kept under his or her direction, and have custody of all corporate books, seal, documents and records. The secretary or a designated assistant secretary will be authorized to attest to all appropriate documents. In the absence or inability of the secretary to act, the general counsel and treasurer are each authorized to perform any of the duties of the secretary (secretary pro tem). (See Sections 3.03 and 3.04.)

Section 2.05. Regular Board Meetings. Unless otherwise authorized by a vote of the Board, the Board will convene in regular session no less than once each quarter. The regular meeting of the Board will be on the last Wednesday prior to the 25th day of a calendar month. The Board will meet at the principal office of LCRA.

The regular meeting of the Board may be held at other times and places as may be determined by the chair or by the Board. Notice of a regular Board meeting to be held at a time or place other than that set forth in this Section 2.05 will be given to all Board members either by electronic mail or in writing posted not less than three days before the meeting. The regular meeting of the Board may be recessed by the chair or adjourned by action of a majority of the directors present.

The GM/CEO, the general counsel, the general auditor, a recording secretary and such other personnel of LCRA as may be designated by the chair of the Board, the majority of the Board or the GM/CEO will be present at regular Board meetings of LCRA.

Section 2.06. Special Board Meetings. Special meetings of the Board may be called by the chair to be held at such times and at such places as the chair may deem proper. The chair will call special meetings when requested in writing by any eight members of the Board.

The GM/CEO, the general counsel, the general auditor, a recording secretary and such other personnel of LCRA as may be designated by the chair of the Board, the majority of the Board or the GM/CEO will be present at special Board meetings of LCRA.

Section 2.07. Quorum. Eight directors will constitute a quorum for the conduct of business at any meeting. All action may be taken by the affirmative vote of a majority of the directors present at any such meeting, except as otherwise provided by Board policy, the enabling legislation or other applicable law.

A director who is present at a meeting of the Board at which action on any matter is taken will be presumed to have assented to the action unless his or her dissent, abstention or recusal will be entered in the minutes of the meeting or unless he or she will file his or her written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or will forward such dissent by certified mail to the secretary of LCRA immediately after the adjournment of the meeting. Such right to dissent will not apply to a director who voted in favor of such action.

Section 2.08. Per Diem and Expenses. Each director will receive a fee as established by state law and approved by the Board for each day spent attending meetings of the Board or any Board committee, or on LCRA business, together with actual expenses incurred in attending such meetings, including travel expenses.

Per diem and expenses also will be paid to members of the Board who attend association meetings, conventions and conferences that are directly related to the business of LCRA, provided such attendance is authorized by prior resolution of the Board. Where circumstances dictate the need for a director to attend to LCRA business without such prior resolution, the Board may approve payment of per diem and expenses at a subsequent meeting, provided that the chair of the Board, or in the chair's absence his or her designee, gives prior approval to the director's travel and attendance.

No director will be paid per diem in excess of 150 days in any one calendar year or as otherwise established by state law.

Section 2.09. Committees. The Board will be organized into seveneight standing committees, including the Executive, Planning and Public Policy, Water Operations, Energy Operations, Transmission, Audit and Risk, Finance, and Land and Community Resources committees. The chair of each standing committee, other than the Executive Committee and the Planning and Public Policy Committee, will be appointed by the chair of the Board with the approval of the Board. Each standing committee will elect its own committee vice chair.

(a) Term. The term of all committee officers will be 24 months commencing on July 1 in an odd-numbered year and terminating on June 30 of the next following odd-numbered year. However, when a new chair of the Board is designated by the governor, the new chair of the Board may appoint a new chair for each standing committee, other than the Executive Committee and the Planning and Public Policy Committee, subject to the approval of the Board. In the event a committee chair is replaced by the chair of the Board, the committee will call for an election of a new vice chair of the committee. Committee chairs and vice chairs will serve until their successors are seated.

(b) Duties and Responsibilities. The duties and responsibilities of each committee, within its areas of oversight, will be to:

1. Monitor management's operation of LCRA's business so as to ensure programs and policies adopted by the Board are implemented;
2. Evaluate, research and recommend programs and policies to the Board; and
3. Report to the Board on matters within its oversight.

(c) Committee Chair. No Board member may concurrently chair more than one standing committee.

(d) Power of Committees. In interpreting the powers of each standing committee, no committee will be prohibited from considering relevant and pertinent matters within its area of oversight. Committees will only vote on matters where a committee recommendation to the Board is required and to approve meeting minutes. Committees will not have authority to alter or direct the GM's/CEO's recommendations to the Board.

(e) Limitation of Authority. Notwithstanding anything to the contrary herein, the Board reserves the right, on its own motion and as permitted by law, to consider, deliberate and vote upon any matter.

(f) Committee Agenda. Any member of a standing committee may place an item on that committee's agenda through the Committee Chair or the Chair of the Board.

(g) Executive Committee. The Executive Committee will be composed of the Board officers and the chairs of the Audit and Risk Committee, the Finance Committee, the Water Operations Committee, and the Energy Operations Committee. Four committee members will constitute a quorum at any meeting of the Executive Committee.

(h) Planning and Public Policy, Water Operations, and Energy Operations Committees. Each member of the Board will be an ex officio voting member of the Planning and Public Policy Committee, the Water Operations Committee, and the Energy Operations Committee. Six committee members will constitute a quorum at any meeting of the Planning and Public Policy Committee, Water Operations Committee, and Energy Operations Committee.

(i) Transmission, Audit and Risk, Finance, and Land and Community Resources Committees. The Transmission, Audit and Risk, Finance, and Land and Community Resources committees each will have no more than six members, including at least one Board officer. The Board chair will appoint up to six

committee members, naming one of them as the chair of the committee, all subject to the approval of the Board. Three committee members will constitute a quorum at any meeting of the Transmission, Audit and Risk, Finance, and Land and Community Resources committees. Each of these committees will maintain a committee charter that describes the committee's purpose, authority, meetings and duties and responsibilities. Changes to committee charters will be approved by the Board.

(j) Ad Hoc Committees. Special committees, known as Ad Hoc Committees, may be appointed by the chair of the Board for specific purposes for a term not to extend beyond the term of the chair. The chair of the Board will determine quorum requirements for each Ad Hoc Committee, but in no event will a quorum include fewer than half of the total number of members of the committee.

Section 2.10. Standing Committees. Unless otherwise authorized by a vote of the Board or committee, the standing committees will meet at such times and at such places as the committee chair may deem proper.

Executive Committee. The Executive Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to the oversight of legal, personnel, employment, compensation plans, benefits programs, bylaw and Board policy revisions, and any other matters not expressly assigned to the other standing committees.

The committee confers with the Board chair and GM/CEO on agendas for Board meetings.

The chair of the committee will be the chair of the Board.

Transmission. The Transmission Committee is responsible for assisting the Board in discharging its statutory duty of continuing review and supervision of the LCRA transmission affiliated corporation. The committee has oversight of all aspects of the business of LCRA's affiliated electric transmission corporation and for related services provided to the corporation by LCRA, including the acquisition, permitting, planning, construction, modification, operation and maintenance of transmission lines and related facilities.

Audit and Risk Committee. The Audit and Risk Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to the oversight of scope and results of audits, including approval of audit plans, the adequacy and effectiveness of risk management and internal controls, LCRA's safety and security procedures, directors' expenses, accounting policy, insurance (excluding employee benefit programs), risk management processes, and information technology. The committee will meet with the independent auditors appointed by the Board and will approve any changes to the scope of the independent auditors' services.

Finance Committee. The Finance Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to oversight of all financial and budgetary matters, expenditures of funds, and employee pension plans.

The committee has oversight of the financial adequacy of LCRA's electric generation and water rates and the formation and performance of the annual business plan and budget.

Energy Operations Committee. The Energy Operations Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to oversight of energy generation and rate setting, supply, commercial operations, and wholesale electric customer relationships.

Water Operations Committee. The Water Operations Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to oversight of all aspects of the water operations of LCRA, including water rate setting, flood management within the Colorado River basin, and providing an adequate supply of clean water for municipal, agricultural, industrial, recreational and other uses.

The committee has oversight of water conservation and drought contingency matters and all environmental protection and pollution control matters within the jurisdiction of LCRA.

Land and Community Resources Committee. The Land and Community Resources Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to the efficient use and management of lands held by LCRA. The committee oversees LCRA's land management strategies and all recreational facilities, including the surface use of lakes. The committee also is responsible for overseeing LCRA's community assistance programs.

Planning and Public Policy Committee. The Planning and Public Policy Committee has responsibility for evaluating strategies and briefings for future Board approval and long-range trends that will affect LCRA's business operations and the services LCRA will provide to its customers over a 20- to 30-year planning horizon.

The chair of the committee will be the vice chair of the Board.

Section 2.11. Open Meetings, Notice, Agenda. All meetings of the Board and of all standing Board committees will be open to the public except as may be authorized by law.

The GM/CEO, after consultation with the chair of the Board, will prepare the agenda for all Board meetings. The agenda will give adequate notice of the item or items to be considered and discussed by the Board.

Section 2.12. Parliamentary Authority. The current edition of Robert's Rules of Order will govern meetings of the Board and Board committees.

ARTICLE 3 – EXECUTIVE OFFICERS

Section 3.01. Executive Officers. The executive officers of LCRA will be the GM/CEO, general auditor, general counsel, chief administrative officer, chief financial officer, chief commercial officer and executive vice presidents, who will serve upon such terms and conditions as provided herein. The GM/CEO may designate any executive officer, or other LCRA staff member, to serve in any capacity required by law or necessary for the conduct of the business of LCRA.

Section 3.02. General Manager/Chief Executive Officer. The GM/CEO will be the chief executive officer of LCRA. The Board will set the general policy of LCRA; the GM/CEO will be responsible for carrying out the business and activities of LCRA pursuant to the policy set by the Board and the purposes of LCRA as outlined in the enabling legislation and these bylaws.

The GM/CEO will be responsible for keeping the Board fully and currently informed of the business and activities of LCRA and for presenting policy issues to the Board for decision in a timely manner. The GM/CEO will be hired by and serve at the discretion of and for such term as the Board may determine.

With the exception of the general auditor, all employees of LCRA, including all executive officers, will serve under the direction and control of the GM/CEO. The GM/CEO will consult with the Board before hiring or discharging the general counsel. Pursuant to the authority and responsibility set forth herein, the GM/CEO will have exclusive authority and responsibility, without the approval or interference of the Board, committee, or any person, officer or employee of LCRA, to direct, control and fix the compensation of all officers and employees of LCRA, with the exception of the general auditor, within general levels approved by the Board, and to organize the staff as appropriate to efficiently carry out the work of LCRA and to contract for goods and services to or for LCRA; provided, however, that the contracting for goods and services will be subject to Board approval on such amounts as the Board may from time to time decide or as may be required by law.

The GM/CEO will be responsible for the development of policies, long-range goals and objectives for LCRA and will submit these at least annually to the Board in conjunction with the development of LCRA's business plan.

The GM/CEO will prepare a plan of organization and staffing levels, consistent with the budget, and delegate responsibilities and authorities to principal subordinates. The GM/CEO will promulgate position descriptions that define the duties and work to be performed by subordinate employees.

The GM/CEO will make or cause to be made such purchases of materials, supplies, property and equipment as will be necessary for the conduct of the business of LCRA.

The executive officers will assist the GM/CEO in an executive capacity in the management of LCRA. The GM/CEO will designate in writing an executive officer to act in his or her place during any temporary absence. In the event of incapacity of the

GM/CEO, the Board will designate an executive officer to serve as acting GM/CEO during the time of such incapacity.

The GM/CEO may not without Board approval award annual cash compensation to an executive officer where the executive officer's annual cash compensation would be greater than the GM/CEO's annual cash compensation. Any written employment agreement that could result in a cash payment to an executive officer that would exceed the GM/CEO's annual cash compensation requires Board approval before execution. Annual cash compensation is defined as base salary plus the total of any cash payments within a fiscal year, but excluding accrued vacation leave and any vested retirement plan payments. Incentive cash payments from the prior fiscal year should be used in the calculation when there is uncertainty as to the current year's potential incentive payment.

The GM/CEO may not without Board authorization implement a voluntary severance program that would lower LCRA's employed workforce by more than 10 percent.

Section 3.03. General Counsel. The general counsel will serve under the direction and control of the GM/CEO, who will review his or her performance and make any adjustments to his or her compensation. The general counsel represents LCRA, and not any individual employee or Board member, and has a fiduciary duty to act in the best interest of the organization.

The general counsel will have charge of and be responsible for all the legal affairs of LCRA, be the legal advisor and assistant secretary (secretary pro tem) to the Board, and be the chief legal officer of LCRA.

Section 3.04. Treasurer. The GM/CEO will appoint an LCRA staff member to act as treasurer. Under the direction of the chief financial officer in charge of the financial affairs of LCRA, the treasurer will be responsible for the custody, investment and management of LCRA's cash assets and will perform such other duties as specified by the GM/CEO.

ARTICLE 4 – AUDITORS

Section 4.01. Independent Auditors. The Board, after hearing a recommendation from the Audit and Risk Committee, will engage a firm of certified public accountants to serve as LCRA's independent auditors. The independent auditors will perform an audit of LCRA's financial statements as of the close of LCRA's fiscal year and render its audit report to management and the Audit and Risk Committee within 120 days following the close of the fiscal year. The audit will be performed in accordance with generally accepted auditing standards.

Section 4.02. General Auditor. The general auditor will report functionally to the Board and will serve at the pleasure of the Board. In consultation with the GM/CEO, the Board will hire and discharge the general auditor by majority vote, approve and make any adjustment to his or her compensation, and will review his or her performance. The

general auditor may meet with the Board or its designee without other LCRA staff present, and the Board or its designee will have final authority to review and approve audit plans and all major changes to those plans.

The general auditor will review and evaluate the adequacy and effectiveness of risk management and internal controls and will perform audits to test the systems of internal control and to identify areas in which policies or procedures have not been adequately defined and are not operating effectively. The general auditor also will perform operational audits as deemed appropriate or as directed by the Board for purposes of identifying areas where operating efficiencies and cost-saving opportunities may exist. The general auditor will report findings and recommendations to the Audit and Risk Committee of the Board. At least twice annually, the general auditor will report the scope and results of internal audit activities to the Audit and Risk Committee.

For administrative purposes, the general auditor will report to the GM/CEO. The general auditor will have access to any and all information necessary and on a timely basis concerning the activities, plans and business initiatives of the organization. Budgetary controls and considerations imposed by the GM/CEO will not impede the ability of the internal audit function.

ARTICLE 5 – LCRA FUNDS

Section 5.01. Funds. The funds of LCRA will be deposited only in such bank, or banks, as are approved by the Board. The moneys of LCRA will be disbursed only on checks, drafts, order requisitions, electronic transfers or other instruments authorized or signed by the GM/CEO, the chief financial officer in charge of the financial affairs of LCRA, or by such staff as will be so designated in writing by the GM/CEO and such chief financial officer from time to time.

Section 5.02. Surety Bonds. All officers, agents and employees charged with the collection, custody or disbursement of LCRA funds will be required to give bond in such sums and with sureties approved by the Board or will otherwise be insured as deemed appropriate by the GM/CEO.

ARTICLE 6 – CONTRACTS AND PURCHASE ORDERS

Section 6.01. Contracts. The GM/CEO or the GM's/CEO's authorized designees may make contracts on behalf of LCRA in accordance with policies and procedures adopted pursuant to resolution of the Board.

Section 6.02. Purchase Orders. The GM/CEO may delegate his or her authority to sign purchase orders and contracts to subordinate officers and employees. Such delegation will be in writing.

ARTICLE 7 – INDEMNITY OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 7.01. Indemnity. Any person made a party to or involved in any litigation (including any civil or administrative action, suit or proceeding) by reason of the fact that he or she is or was a director, officer or employee of LCRA (or any affiliated corporation of LCRA) or by reason of his or her alleged negligence or misconduct in the performance of his or her duties as such director, officer or employee will be indemnified by LCRA (to the extent funds are lawfully available and upon the conditions set forth below) against any liability (as limited by Section 7.04 herein) together with the reasonable expenses, including attorney's fees, actually and necessarily incurred by him or her in connection with any action therein, except in relation to matters as to which it will be adjudged in such litigation that such director, officer or employee is liable for gross negligence or willful misconduct in the performance of his or her duties. (A judgment entered in connection with a compromise or settlement of any such litigation will not by itself be deemed to constitute an adjudication of liability for such negligence or misconduct.)

Section 7.02. Legal Counsel. Any director, officer or employee made party to or involved in litigation arising out of his or her relationship with LCRA may select legal counsel to represent himself or herself and seek reimbursement for such legal expenses as provided herein. In the event the officer, director or employee does not hire such outside counsel, LCRA may provide legal counsel regularly employed by LCRA unless there is a potential conflict of interest between the defendant and LCRA. In the event that all of the members of the Board are made parties to such litigation, then a majority of the effective membership of the Board is authorized to pass a resolution to provide for legal expenses for the entire Board.

Section 7.03. Expenses. As used herein, the term expenses will mean all reasonable expenses such as legal fees and court costs and will include fines or penalties imposed and amounts paid in compromise or settlement of any such litigation only if (a) independent legal counsel designated by a majority of the members of the Board other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought has advised the Board that in the opinion of such counsel such director, officer or employee is not liable to LCRA for gross negligence or willful misconduct in the performance of his or her duties in respect to the subject of such litigation, and (b) a majority of such members of the Board have made a determination that such compromise or settlement was or will be in the interest of LCRA.

Section 7.04. Limitation of LCRA's Liability. Liability of LCRA hereunder is limited to \$100,000 to a single person and \$300,000 for a single occurrence, in the case of personal injury or death, and to \$10,000 for a single occurrence of injury of or damage to property.

Any amount payable by way of indemnity under this provision may be determined and paid pursuant to an order of or allowance by a court under the applicable provisions of the laws of the state of Texas in effect at the time; and pursuant to a resolution of a majority of the members of the Board other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought.

Section 7.05. Indemnification Not Exclusive. The right of indemnification under this provision will not be deemed exclusive of any right to which any director, officer or employee may be entitled as a matter of law and will extend and apply to the estates of deceased directors, officers or employees.

FOR ACTION

3. Consent to Conveyance of Assets and Release of Lien

Proposed Motion

Consent to the conveyance of transmission and transformation facilities and real property to be sold by LCRA Transmission Services Corporation and authorize the general manager or his designee to take such action as is necessary to release the lien on such assets.

Board Consideration

Pursuant to the documents by which LCRA transferred its transmission and transformation assets to LCRA TSC, LCRA retained a first lien as a security interest in such assets. LCRA must consent to the conveyance of assets by LCRA TSC when the proceeds exceed \$500,000 and release the lien before any transmission or transformation assets can be sold to a third party.

Budget Status and Fiscal Impact

This action will have no fiscal impact on LCRA.

Summary

LCRA TSC has proposed to sell certain transmission and transformation assets and associated real property at the Terry, Dutton, Camp San Saba, Hext and Camp Bowie substations to Oncor Electric Delivery Company LLC in exchange for purchasing certain transmission line assets and associated interests in real property from Oncor. The proceeds from the sale of the LCRA TSC assets will exceed \$500,000.

The LCRA TSC assets at the Terry, Dutton, Camp San Saba, Hext and Camp Bowie substations presently serve Oncor end-use customers. The sale of the assets will not impair LCRA TSC's ability to meet its obligations to LCRA.

Presenter(s)

Clint Harp
Vice President, Transmission Strategic Services

FOR ACTION

4. Grant to the Colorado River Land Trust

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a grant agreement with the Colorado River Land Trust, a 501(c)(3) nonprofit organization, setting out the terms of a grant program in support of CRLT, and authorize the grant of \$150,000 to CRLT for fiscal year 2019.

Board Consideration

LCRA Board Policy 403 – Community Services requires Board approval of any non routine grant of LCRA funds.

Budget Status and Fiscal Impact

The grant to CRLT will be funded from the Public Service Fund and will have no impact to the FY 2019 budget. Reduced departmental expenses that previously supported the program will offset the grant funding.

Summary

The Sunset Advisory Commission staff's report on the operations of LCRA made several management recommendations related to the Colorado River Land Trust, including a recommendation that the governance and management of the land trust be separated from LCRA and that the services agreement between the two entities be modified. Currently, LCRA and CRLT have a services agreement in place that provides the terms under which LCRA provides in-kind services to the land trust. Under the services agreement, LCRA provides two full-time employees who work exclusively on land trust business. LCRA also provides various other in-kind services to the land trust pursuant to the services agreement.

Staff recommends replacing the services agreement with a grant agreement to be negotiated between the two entities. As recommended by Sunset Advisory Commission staff, the grant agreement will establish performance goals for the land trust.

To accomplish the separation recommended in the Sunset Advisory Commission staff's report, the two employees will no longer be LCRA employees but instead will become full-time employees of the land trust, reporting directly to the land trust Board of Directors. The change will be effective April 1, 2019. To ensure a seamless transition, staff is recommending the Board make a grant to the land trust of \$150,000 to cover operating costs for the fourth quarter of FY 2019. Funding of the land trust in future years will be included in the business plans for those years, including a \$500,000 grant in the FY 2020 business plan.

Presenter(s)

John Miri
Chief Administrative Officer

Margo Richards
Vice President, Community Resources

FOR ACTION

5. Approve the LCRA Transmission Services Corporation Series 2019 Bond Issue and Twenty-Eighth Supplemental Resolution

Proposed Motion

Staff recommends the Board of Directors adopt and approve a Twenty-Eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2019 (the Bonds) in an amount not to exceed \$500 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project), Series C and Tax-Exempt Series D; (ii) current refunding of certain outstanding long-term Transmission Contract Debt; (iii) funding a debt service reserve fund for the Bonds; and (iv) paying for issuance costs.

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

The resolution also will:

1. Approve related documents, in substantially final form, including the escrow agreement, the paying agent/registrar agreement, the Preliminary Official Statement in substantially final form and the Transmission Contract Revenue Debt Installment Payment Agreement Supplement Related to the Bonds (the 2019 Installment Payment Agreement Supplement). Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer to:
 - a. Select all or a portion of LCRA TSC's outstanding debt to be refunded by the Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
 - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Bonds;
 - c. Establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series (tax-exempt and/or taxable), the principal amounts and maturity schedules, interest rates, redemption provisions, and terms of any reserve funds); and
 - d. Approve the terms of the sale of the Bonds to an underwriting team lead by Citigroup, and to execute a bond purchase agreement.

Board Consideration

Section 8503.013 of the Texas Special District Local Laws Code (LCRA Act) requires a resolution approved by at least 12 members of the Board for the issuance of

any bonds by LCRA. Section 152.054 of the Texas Water Code requires the LCRA Board to approve any debt issued by LCRA TSC.

Budget Status and Fiscal Impact

The fiscal year 2019 LCRA TSC business plan anticipates the refunding of LCRA TSC Series 2009 and a portion of the short-term debt. Based on current market conditions and continued low interest rates, the refunding will be advantageous and provide cost savings.

Summary

With this action, the Board will approve the Bonds, issued for the purpose of current refunding of certain LCRA TSC commercial paper, revolving notes and bonds in an amount not to exceed \$500 million, establishing a Debt Service Reserve Fund for the Bonds, and paying for the issuance costs related to the Bonds. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background. The Twenty-Eighth Supplement is a supplemental resolution to the Controlling Resolution establishing LCRA TSC's transmission revenue financing system adopted by the Board in 2001 and readopted in 2003. The Twenty-Eighth Supplement authorizes the Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the general manager, the chief financial officer and/or the treasurer authority to set the specific terms of such bonds (including maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the resolution. The Twenty-Eighth Supplement also requires an officer of LCRA TSC to agree to the specific terms of the Bonds. The Controlling Resolution, the Twenty-Eighth Supplement and the pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the Bonds together constitute the authorization of such bonds.

The 2019 Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003. The supplemental agreement provides for the arms-length obligation of LCRA TSC to pay LCRA the debt service associated with the Bonds and further provides for LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Bonds.

The Bond Purchase Agreement is the contract among LCRA, LCRA TSC and the underwriters of the Bonds that establishes the terms of the sale and delivery of such bonds from LCRA and LCRA TSC to such underwriters. This agreement provides for the conditions for closing on the Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA TSC's obligation to deliver and/or the underwriters' obligation to accept the Bonds at closing. Citigroup will be the senior manager of the underwriting team for the Bonds.

The Paying Agent/Registrar Agreement is the contract among LCRA, LCRA TSC and The Bank of New York Mellon Trust Company, NA, setting forth the rights, duties and obligations of the two parties under which such bank will act as the paying agent and registrar for the Bonds. The bank will provide paying agent and transfer agent services, maintain registration books and facilitate providing certain notices for the Bonds, among other services.

The Bank of New York also will act as Escrow Agent for the refunded LCRA TSC bonds under an Escrow Agreement that is a trust agreement between LCRA, LCRA TSC and The Bank of New York Mellon Trust Company that establishes trust accounts necessary to hold cash and securities, which will be sufficient to defease certain of the debt being refunded by the Bonds.

The Official Statement is the document that provides disclosure to prospective investors regarding the terms of the bonds, security, risk factors, and financing and operating information of LCRA TSC.

Pricewaterhouse Coopers LLP will perform certain procedures relating to the financial information disclosed in documents related to the Bonds and provide appropriate letters to the Board regarding those procedures.

Use of Proceeds. Proceeds from the Bonds will be used to: refund certain LCRA TSC commercial paper notes, revolving notes and tax-exempt bonds; fund capital projects; establish a Debt Service Reserve Fund for the Bonds; and pay for issuance costs.

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by three separate credit facilities. Periodically, staff recommends refunding short-term variable-rate debt with long-term fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, staff periodically recommends refunding existing long-term debt with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA TSC customers.

Staff currently expects the Bonds to be sold and delivered by March 28, 2019, subject to the approving opinions of the Office of the Attorney General and bond counsel.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

6. 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 Number)	Spending	Savings	Supplying
Pike Electric, LLC (5099) and Saber Power Services, LLC (5101)	\$300,000		Transmission substation construction services.
Total	\$300,000		

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts

EXHIBIT A

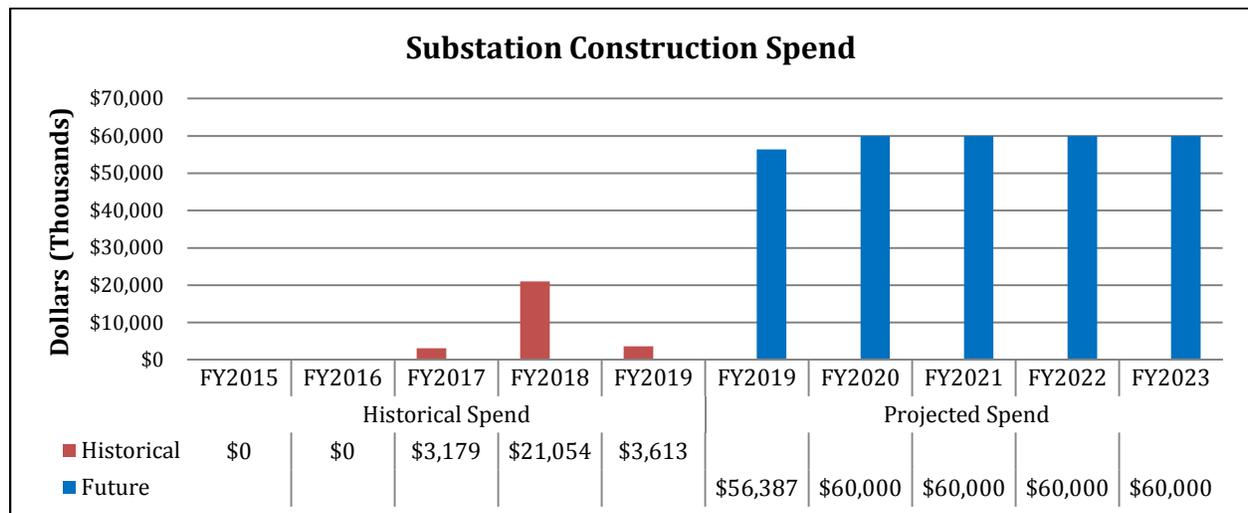
New Contracts

New contracts that require Board approval under Board Policy 308 are noted in Exhibit A. The amount reflects the projected spending need over the life of the contract(s).

Contract No. 5099 and 5101
Supplier: Pike Electric LLC and Saber Power Services LLC
Contract Amount: Not to exceed \$300 million
Contract Length: One base year with four one-year options to extend
Description: These master contracts are for the provision of transmission substation construction services used by Transmission.

Background:

- Before fiscal year 2017, Transmission performed substation construction in-house.
- Because of the increasing number of transmission substation projects, it became necessary to outsource some of this work.
- In May 2017, the Board approved a shared sum of \$45 million between Irby Construction Co, Saber Power Services LLC and RES America Construction Inc. for transmission substation construction service through June 30, 2019.
- Due to an increase in substation construction projects, the approved funds will be depleted before the end of April 2019.
- The historical three-year spending is about \$28 million.





Actions:

- LCRA invited 20 suppliers to participate. LCRA received 10 proposals and evaluated all 10.
- Project experience portfolio was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$300 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and negotiation, staff recommends Pike Electric LLC and Saber Power Services LLC as the suppliers for this category.

FOR ACTION

7. LCRA Drought Contingency Plan for Firm Water Customers

Proposed Motion

Approve the LCRA Drought Contingency Plan for Firm Water Customers, and authorize the general manager or his designee to submit the plan to the Texas Commission on Environmental Quality.

Board Consideration

TCEQ requires that drought contingency plans be approved by the governing Board.

Budget Status and Fiscal Impact

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

Summary

TCEQ rules require updates to drought contingency plans (DCPs) on a set cycle, with the next update required by May 2019. TCEQ rules require a DCP to address measures to be taken in the event of a water shortage caused by drought or other emergency, with at least three stages of response and target water use reductions for each stage.

Staff proposes an update to the 2015 Drought Contingency Plan for Firm Water Customers, which includes no substantive changes to the drought response stages. As with the 2015 DCP and WMP, LCRA would voluntarily include the DCP in the proposed WMP the Board approved at its December 2018 meeting. Further, LCRA will request TCEQ continue to allow LCRA to amend certain aspects of the DCP without being subject to a full WMP revision and contested case hearing process, so long as LCRA complied with TCEQ rules.

LCRA notified its firm water customers of the proposed update through email and at the firm water customer meeting on Jan. 15, 2019. LCRA posted the proposed DCP on lcra.org for review and comment from Jan. 16 to Feb. 18. Staff submitted to the Board a copy of the proposed update under separate cover.

Presenter(s)

Monica Masters
Vice President, Water Resources