



Board Agenda

Tuesday, Dec. 10, 2019

Horseshoe Bay Resort

Conference Rooms E, F, G and H

200 Hi Circle N.

Horseshoe Bay, TX 78657

Earliest start time: 1 p.m.

Items From the Chair

- 1. Comments From the Public 3

Items From the General Manager

General Manager’s Update

Consent Items

- 2. Appointment of Director to GenTex Power Corporation 5
- 3. Resolution and Amendment No. Four to the Lower Colorado River Authority 401(k) Plan; Resolution and Amendment No. Three to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and Resolution and Amendment No. Seven to the Lower Colorado River Authority Deferred Compensation Plan 6
- 4. Directors’ Attendance at Seminars, Conferences 30
- 5. Minutes of Prior Meetings 32

Action/Discussion Items

- 6. Capital Improvement Project – Arbuckle Reservoir Project 44
- 7. Fiscal Year 2020 LCRA Capital Plan Amendment..... 46
- 8. LCRA Board Policy 301 – Finance 47
- 9. Contracts and Contract Changes 58
- 10. Overview of Draft Projected Water Rates, Rules and Drought Contingency Plan for Calendar Year 2020 (*no agenda item*)
- 11. Strategic Planning Update (*no agenda item*)

Executive Session

- 1. Litigation Report

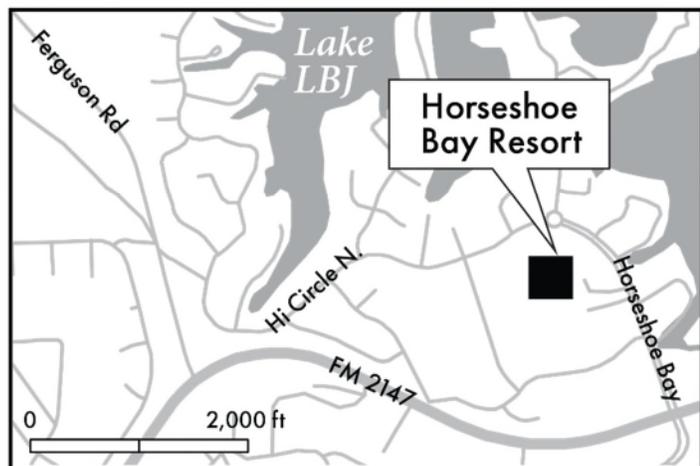
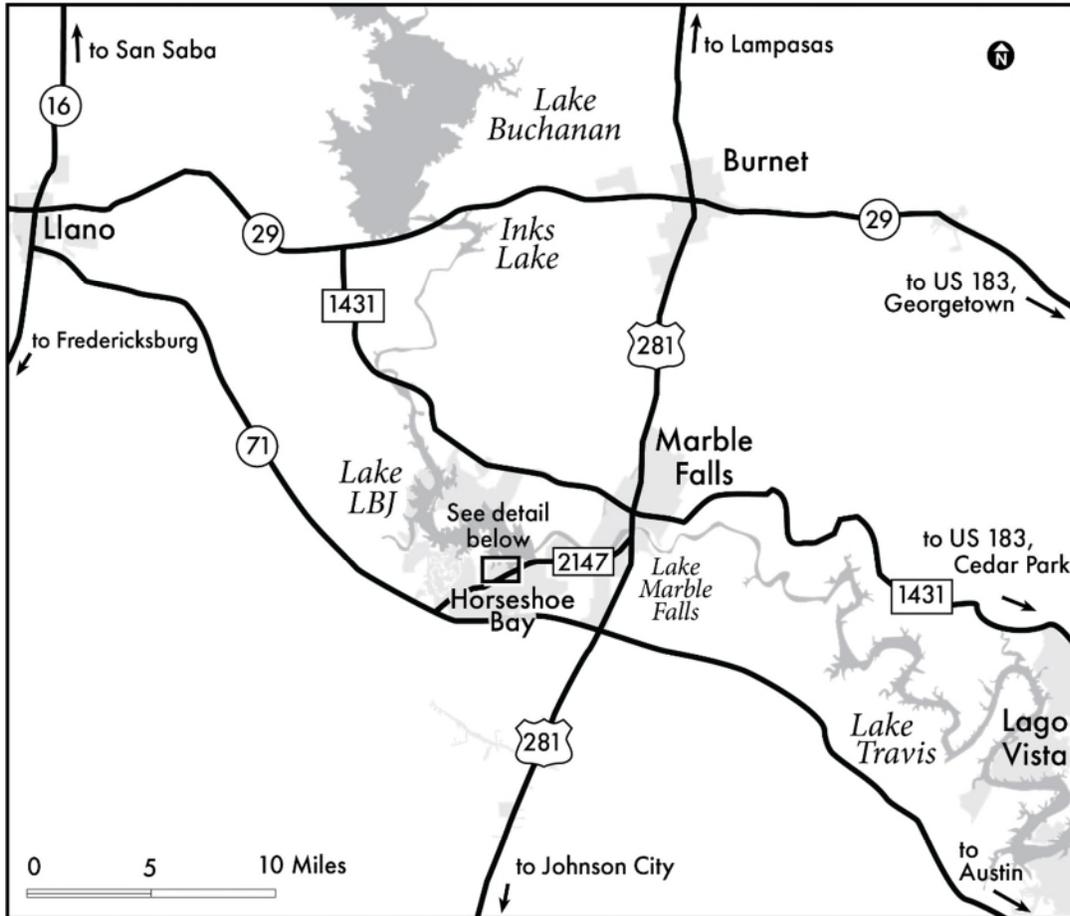
The Board also may go into executive session for advice from legal counsel on any item(s) listed above, pursuant to Chapter 551 of the Texas Government Code.

Legal Notice

Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at www.sos.texas.gov/open/index.shtml.

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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 of Directors agenda. The Board may not take action or provide responses 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. Please see the Protocols for Public Communication at Board and Committee Meetings as shown in Exhibit A for details.

Any member of the public wishing 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 (CONSENT)

2. Appointment of Director to GenTex Power Corporation

Proposed Motion

Appoint Kevin Coleman to serve on the GenTex Power Corporation (GenTex) Board of Directors to complete the unexpired term of Michael Wolfe Sr.

Board Consideration

Section 2.01 of the GenTex bylaws requires that the LCRA Board of Directors appoint two directors representing LCRA's municipal customers to serve two-year terms on the GenTex Board. Such directors shall serve at the will of the LCRA Board, and the LCRA Board may remove a director from the GenTex Board at any time without cause. Section 2.03 of the GenTex bylaws requires that the LCRA Board appoint successor directors to the GenTex Board to fill vacancies for unexpired terms on the GenTex Board.

Budget Status and Fiscal Impact

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

Summary

In August 2012, the LCRA Board appointed Michael Wolfe Sr., mayor of the City of Hempstead, to serve on the GenTex Board. His current term expires Dec. 31, 2020, however, Mayor Wolfe has resigned from the GenTex Board. Kevin Coleman, city manager of Yoakum, will replace Mayor Wolfe on the GenTex Board, representing LCRA's electric municipal customers. Coleman's appointment is effective immediately.

FOR ACTION (CONSENT)

3. Resolution and Amendment No. Four to the Lower Colorado River Authority 401(k) Plan; Resolution and Amendment No. Three to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and Resolution and Amendment No. Seven to the Lower Colorado River Authority Deferred Compensation Plan

Proposed Motion

Approve and authorize the Board of Directors chair or his designee to execute Amendment No. Four to the Lower Colorado River Authority 401(k) Plan (the "401(k) Plan");

Approve and authorize the Board chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority Retirement Plan and Trust Agreement (the "Retirement Plan"); and

Approve and authorize the Board chair or his designee to execute Amendment No. Seven to the Lower Colorado River Authority Deferred Compensation Plan (the "Deferred Compensation Plan").

Board Consideration

The 401(k) Plan, the Retirement Plan and the Deferred Compensation Plan require Board approval of any changes to their design or benefits, such as the proposed amendments.

Budget Status and Fiscal Impact

The 401(k) Plan, Retirement Plan and Deferred Compensation Plan Amendments are within the approved budget allocated for benefit costs in the fiscal year 2020 business plan.

Summary

The 401(k) Plan, the Retirement Plan and the Deferred Compensation Plan are qualified plans, which means the Internal Revenue Service has approved them 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 makes contributions on behalf of employees participating in the 401(k) Plan.

A participant in the 401(k) Plan is allowed to seek a hardship withdrawal from his or her account in response to a financial hardship. A participant who has an outstanding

loan from his or her account is currently required to repay the loan pursuant to a payroll deduction.

The proposed 401(k) Plan Amendment No. Four (a) conforms certain hardship withdrawal provisions in the 401(k) Plan to the final regulations published by the Internal Revenue Service; and (b) permits participants to continue to make payments on outstanding loans from the 401(k) Plan in accordance with the terms of the loans and the 401(k) Plan following termination of employment. The 401(k) Plan amendment clarifies that no distribution of a participant's vested accounts shall be made to the participant, a beneficiary or to the participant's estate unless all unpaid loans have been paid in full.

The proposed hardship withdrawal amendments to the 401(k) Plan will be effective in part on Jan. 1, 2019, and in part on Sept. 23, 2019, (the date on which final regulations were published by the Internal Revenue Service), and the proposed loan repayment amendments to the 401(k) Plan will be effective on Jan. 1, 2020.

Proposed Amendment No. Three to the Retirement Plan (a) adds spousal consent requirements for certain optional forms of benefit under the Retirement Plan such that the spousal consent requirements shall be consistent for all optional forms of benefit under the Plan, (b) clarifies the timing and form of certain optional forms of distribution, and (c) revises the requirements for selecting employee representatives to allow LCRA employees who are participants in the 401(k) Plan to be eligible to be on the Board of Trustees as employee representatives.

The proposed Amendment No. Three to the Retirement Plan will be effective on the date adopted by the Board.

Proposed Amendment No. Seven to the Deferred Compensation Plan permits LCRA, in its sole and absolute discretion, to make employer supplemental contributions to a participant's account, subject to the applicable limitations under Sections 457 and 414(v) of the Internal Revenue Code.

The proposed Amendment No. Seven to the Deferred Compensation Plan will be effective on Jan. 1, 2020.

Exhibit(s)

- A – Amendment No. Four to Lower Colorado River Authority 401 (k) Plan
- B – Amendment No. Three to Lower Colorado River Authority LCRA Retirement Plan and Trust Agreement
- C – Amendment No. Seven to Lower Colorado River Authority Deferred Compensation Plan

EXHIBIT A

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. FOUR

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 conform certain hardship withdrawal provisions to the final regulations published by the Internal Revenue Service; and (b) to permit participants to continue to make payments on outstanding loans from the Plan in accordance with the terms of the loans and the Plan following termination of employment;

NOW, THEREFORE, the Plan is hereby amended effective as of the dates set forth below, except as otherwise specifically stated herein, as follows:

(1) Effective January 1, 2019, 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 all or any portion of his 401(k) Account, ~~not to exceed the amount of~~ including accumulated earnings attributable to his 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,~~ determines that the Participant has taken all available distributions (other than financial hardship withdrawals) under the Plan and all other plans maintained by the Employer. In addition, a Participant must provide a representation (made in writing, in electronic medium or such other form as may be prescribed by the Commissioner of Internal Revenue) that he has insufficient cash or other liquid assets to satisfy the financial hardship. The Board of Trustees, or its delegee, may rely on such 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~~that 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, determined without regard to the limitations in Section 213(a) of the Code relating to the applicable percentage of adjusted gross income;

(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 Section 165(h)(5) of the Code and whether the loss exceeds 10% of adjusted gross income).~~;~~ and

(iv) Effective September 23, 2019, expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster."

(2) Effective January 1, 2020, Article VII, Section 7.10, is hereby amended by revising the last two paragraphs to read as follows:

"All loans shall be repaid pursuant to a payroll deduction procedure established by the Employer unless the Participant (a) is on an authorized leave of absence, or (b) effective January 1, 2020, has terminated Employment, in which case payment shall be made to the principal office of the Employer by check organization that performs recordkeeping services for the Plan, as designated by the Board of Trustees. All loans to Participants granted under this provision are to be considered a directed investment of such Participant. The loan shall remain an asset of the Trust, but to the extent of the outstanding

balance of any such loan at any time, the Accounts of the Participant to whom such loan is made alone shall share in any interest paid on such loan and alone shall bear any expenses or loss incurred in connection with such loan. Loans shall be made pro rata from and repaid pro rata to each investment fund with respect to which a Participant has directed the investment of his Accounts.

Each loan applicant shall receive a clear statement of the charges involved in each loan transaction. This statement shall include the dollar amount and annual interest rate of the finance charge. ~~No~~Notwithstanding the provisions of Section 7.1 hereof, no distribution of a Participant's vested Accounts shall be made to any Participant or to a Beneficiary or Beneficiaries, or the estate of a Participant unless and until all unpaid loans to the Participant from the Plan, together with interest, have been paid in full."

~~[Signatures on following page]~~

IN WITNESS WHEREOF, on this _____ day of _____, 2019, this Amendment No. Four 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

EXHIBIT B

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. THREE

TO

LOWER COLORADO RIVER AUTHORITY

RETIREMENT PLAN AND TRUST AGREEMENT

WHEREAS, the Lower Colorado River Authority (the “Authority”) maintains the Lower Colorado River Authority Retirement Plan and Trust Agreement (the “Plan”) for the benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1946, and was subsequently amended and restated thereafter, the most recent restatement of which is effective January 1, 2014, as subsequently amended;

WHEREAS, the Board of Directors of the Authority is authorized to amend the Plan at any time and to any lawful extent deemed advisable; and

WHEREAS, the Authority desires to amend the Plan to (a) add spousal consent requirements for certain optional forms of benefit under the Plan such that the spousal consent requirements shall be consistent for all optional forms of benefit under the Plan, ~~and~~ (b) clarify the timing and form of certain optional forms of distribution, and (c) revise the requirements for selecting employee representatives to the Board of Trustees to permit non-Plan participants who are participants in the Lower Colorado River Authority 401(k) Plan to become employee representatives;

NOW, THEREFORE, the Board of Directors hereby amends the Plan as follows, effective as of November 19, 2019, except as otherwise specifically provided below:

- (1) Article 2, Section 2.06, shall be amended in its entirety, to read as follows:

“Section 2.06 Beneficiary. Beneficiary means the person or persons, estate, or trust to whom the death benefit of a Participant, if any, is payable upon the death of a Participant.”

If a Participant is married on the date of his or her death, the Participant’s Beneficiary shall automatically be such Participant’s surviving spouse unless the Participant and such surviving spouse have previously consented in writing to the designation of another beneficiary, which consent must be witnessed by a Plan representative or a notary public. Notwithstanding the foregoing, consent of a Participant’s spouse shall not be required if the Participant establishes to the satisfaction of the Board of Trustees that such written consent may not be obtained because the spouse cannot be located, or under other similar facts that make the ability to obtain spousal consent unreasonable.”

- (2) Article 5, Section 5.01, shall be amended by revising the second to last paragraph to read as follows:

“The basic form of monthly retirement benefit payable hereunder with respect to a Pension Participant shall be a monthly benefit commencing at Normal Retirement Date payable for the life of such Participant with a guaranteed payment for one hundred twenty (120) months to the Participant, or in the event of the Participant’s death prior to receipt of 120 monthly payments, to the Participant’s designated Beneficiary. Unless the Participant and his spouse, if any, elect otherwise in writing on a form provided by the Board of Trustees and as described in Section 5.07(b) hereof, a Pension Participant who is married as of the date retirement benefits are to commence shall receive payment of such benefits in the form of a joint and fifty percent (50%) survivor annuity (‘Qualified Joint and Survivor Annuity’), which shall be the Actuarial Equivalent of the basic form of monthly retirement benefit. In lieu of such Qualified Joint and Survivor Annuity or the basic form of benefit prescribed herein, the Participant may elect an optional form of payment of retirement benefits, as provided in Section 5.07.”

- (3) Article 5, Section 5.02, shall be amended in its entirety, to read as follows:

“Section 5.02 Normal Retirement Benefit for Cash Balance Participants. The basic form of retirement benefit to be provided for each Cash Balance Participant who has reached his Normal Retirement Date shall be a single lump sum payment equal to the Participant’s Accrued Retirement Benefit. Unless the Participant and his spouse, if any, elect otherwise in writing on a form provided by the Board of Trustees and as described in Section 5.07(b) hereof, a Cash Balance Participant who is married as of the date retirement benefits are to commence shall receive payment of such benefits in the form of a ~~joint and fifty percent (50%) survivor annuity~~ Qualified Joint and Survivor Annuity, which shall be the Actuarial Equivalent of a single lump sum payment. In lieu of such ~~joint and survivor annuity~~ Qualified Joint and Survivor Annuity or the basic form of benefit prescribed herein,

the Participant may elect an optional form of payment of retirement benefits, as provided in Section 5.07.”

(4) Article 5, Section 5.05, subsection (b), shall be amended in its entirety, to read as follows:

“(b) Method of Payment of Early Retirement Benefit: A Participant electing an early retirement benefit payable under this Section may elect to receive such benefits payable in the basic form of benefit provided in Section 5.01 or 5.02, as applicable, or in an optional form of payment provided in Section ~~5.07-5.07,~~ subject to Section 5.07(b) hereof.”

(5) Article 5, Section 5.07, shall be amended in its entirety, to read as follows:

“Section 5.07 Optional Methods for Payment of Benefits.

(a) Actuarial Equivalent Benefits: ~~The Subject to Section 5.07(b), as applicable, and prior to the commencement of the payment of any benefit hereunder, the~~ following benefits, which shall be the Actuarial Equivalent of the basic ~~monthly form of~~ retirement benefit provided in Section 5.01, or ~~lump sum retirement benefit provided in, as applicable,~~ Section 5.02, may be elected by a Participant or Beneficiary over a period not to exceed the time set forth in Section 5.08 in lieu of the basic ~~monthly form of~~ retirement benefit, ~~single lump sum, or joint and survivor annuity~~ prescribed in Section 5.01 or Section 5.02, as applicable:

(i) A joint and survivor annuity payable throughout the lives of the Participant and spouse. Such joint and survivor annuity shall provide for receipt by the survivor annuitant of an amount equal to fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%), as elected by the Participant, of the full amount of the monthly annuity paid during the joint lives of the Participant and spouse. Any joint and survivor annuity on the lives of the Participant and spouse shall be reduced only upon the death of the Participant;

(ii) A joint and survivor annuity payable throughout the lives of the Participant and of an individual other than his spouse. Such joint and survivor annuity shall provide for the receipt by the survivor co-annuitant of an amount equal to fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%), as elected by the Participant, of the full amount of the monthly annuity paid during the joint lives of the Participant and non-spousal co-annuitant; provided that the actuarial value of the monthly retirement benefit payable to the Participant shall exceed fifty percent (50%) of the total actuarial value of the basic monthly retirement benefit to which such Participant is otherwise entitled in the absence of such option. Any joint and survivor annuity on the lives of the Participant and non-spousal survivor co-annuitant shall be reduced only upon the death of the Participant;

(iii) An annuity payable for the life of the Participant only;

(iv) An annuity payable for the life of the Participant, with a specified period certain equal to five (5) years, ten (10) years, fifteen (15) years or twenty (20) years, as elected by the Participant;

(v) An annuity payable during the joint lives of the Participant and his spouse providing for receipt by the survivor annuitant of an amount equal to one hundred percent (100%) of the full amount of the monthly annuity paid during the joint lives of the Participant and spouse, with a period certain equal to ten (10) years or twenty (20) years, as elected by the Participant;

(vi) An annuity payable during the joint lives of the Participant and an individual other than his spouse providing for receipt by the survivor co-annuitant of an amount equal to one hundred percent (100%) of the full amount of the monthly annuity paid during the joint lives of the Participant and non-spousal survivor co-annuitant, with a period certain equal to ten (10) years or twenty (20) years, as elected by the Participant;

(vii) A lump sum distribution to a Pension Participant ~~which~~that satisfies one of the following criteria:

(1) A distribution representing the return of Employee contributions plus interest;

(2) A distribution representing the present value of the Accrued Retirement Benefit which becomes available to a Participant, where such Participant has satisfied the Rule of 92, as such term was defined in Section 5.04(b) of the Plan, as in effect on June 30, 1994, within a future period of service equal to his past service as of March 31, 1984; where the Participant reaches the age of sixty-five (65) within a future period of service equal to his past service as of March 31, 1984; or where the Participant reaches the age of fifty-five (55) and otherwise qualifies for an early retirement benefit hereunder within a future period of service equal to his past service at March 31, 1984, and actually elects early retirement within such future period of service; or

(3) A distribution in accordance with Section 5.12(b) to the Beneficiary or Beneficiaries of a Participant who dies after reaching his Early Retirement Date and prior to the date of actual retirement; provided that such Participant was eligible under the provisions of subsection (1) or (2) above to elect a lump sum at the time of his death;

(viii) A lump sum distribution representing either fifty percent (50%) or one hundred percent (100%) of the present value of the Participant's Vested Accrued Retirement Benefit. Optional forms of

distribution under this subparagraph (viii) shall also be available to each individual entitled to a retirement benefit hereunder who is in pay status as of January 1, 2002 or, in the event of the death of such individual prior to January 1, 2002, his Beneficiary or Beneficiaries, provided that distribution was being made in a form pursuant to which distributions were to continue after the death of such individual. Such individual or, if applicable, his Beneficiary or Beneficiaries, shall have a one-time election to choose a lump sum distribution representing either fifty percent (50%) or one hundred percent (100%) of the present value of such individual's Vested Accrued Retirement Benefit determined as of January 1, 2002 (after reduction for previous payments), such election to be made within the time period established by, and in accordance with the method prescribed by, the Board of Trustees, in the case of a Participant or Beneficiary who elects a fifty percent (50%) lump sum distribution hereunder, the remaining fifty percent (50%) of the present value of such Participant's Vested Accrued Retirement Benefit shall be payable in the basic form of monthly retirement benefit ~~set forth in Section 5.01 hereof~~ or the ~~joint and survivor annuity~~ Qualified Joint and Survivor Annuity prescribed in Section ~~5.01, 5.01 or 5.02~~, as applicable, unless such Participant or Beneficiary elects an optional method for payment, as set forth in this Section 5.07 ~~and subject to Section 5.07(b) hereof~~; provided, however, that with respect to an individual who was in pay status as of January 1, 2002, or if applicable, his Beneficiary or Beneficiaries, said remaining fifty percent (50%) shall be payable in the form of payment previously elected and pursuant to which payments were being made prior to January 1, 2002;

(ix) For Pension Participants who made Employee contributions prior to April 1, 1984, and who are not eligible to receive a total lump sum distribution pursuant to ~~Subsections~~ subsection (vii) above:

(1) A lump sum payment equal to Employee contributions made prior to April 1, 1984, if any, plus interest thereon at the rate of two percent (2%) compounded annually through March ~~31, 1975~~ 31, 1975 and at the rate of five percent (5%) compounded annually after April 1, 1975; plus

(2) A monthly annuity in either the basic form of payment, the ~~joint~~ Qualified Joint and ~~survivor annuity~~ Survivor Annuity form of payment, ~~as prescribed in Section 5.01 or 5.02, as applicable~~, or an optional form of payment provided in ~~Subsections~~ subsections (i) through (vi) above, ~~subject to Section 5.07(b) hereof~~; provided that such monthly annuity shall be the Actuarial Equivalent of the Participant's total benefit if paid entirely in a monthly form (using the assumptions stated in Section 5.07 ~~(bc)~~ (3iii)) less the Actuarial Equivalent of the amount paid pursuant to ~~Subparagraph~~ subparagraph (1) above).

~~(b) — Assumptions for Computing Actuarial Equivalent Benefits: The actuarial assumptions used to compute benefits of equal value to the basic monthly retirement benefit in Section 5.01 or lump sum retirement benefit in Section 5.02, as applicable, shall be computed as follows: Required Spousal Consent: Notwithstanding the foregoing or any other provision in the Plan, unless an optional form of benefit is selected pursuant to a Qualified Election (as defined below) within the period prior to the annuity starting date that is established by the Board of Trustees, a Participant who is married as of the annuity starting date shall receive payment of such benefits in the form of a Qualified Joint and Survivor Annuity pursuant to Section 5.01 or 5.02, as applicable.~~

~~(i) Qualified Election: A Qualified Election for purposes of this Section shall mean a waiver of a Qualified Joint and Survivor Annuity. The waiver must be in writing and must be consented to by the Participant's spouse, which consent must be witnessed by a Plan representative or a notary public.~~

~~Notwithstanding this consent requirement, a waiver will not be necessary if the Participant establishes to the satisfaction of the Board of Trustees that such written consent may not be obtained because there is no spouse, the spouse cannot be located, or under other similar facts that, in the sole discretion of the Board of Trustees, make the ability to obtain spousal consent unreasonable. Any waiver by a spouse shall only be effective with respect to such spouse.~~

~~A revocation of a prior waiver may be made by a Participant without the consent of his spouse at any time before the commencement of benefits and the number of revocations of prior waivers shall not be limited.~~

~~The waiver shall include the consent to a specific designation of beneficiary (if other than the spouse) and the consent to receive a specific alternate form of benefit. The waiver shall also include the option for the Participant to select an alternative form of benefit as well as an alternative Beneficiary without spousal consent; however, the options to select an alternative form of benefit and alternative Beneficiary must be specifically consented to by the spouse on a consent form that acknowledges the spouse's right to limit consent to a specific Beneficiary and a specific form of benefit, and that states that the spouse voluntarily elects to give up either or both of those rights.~~

~~(ii) Notice Requirement. The Authority shall provide each Participant within a reasonable period prior to the commencement of benefits a written explanation of the following:~~

~~(1) The terms and conditions of a Qualified Joint and Survivor Annuity;~~

(2) The Participant's right to waive the Qualified Joint and Survivor Annuity form of benefit, subject to the consent of his or her spouse;

(3) The right of a Participant's spouse not to consent to a waiver of the Qualified Joint and Survivor Annuity; and

(4) The right to make, and the effect of, a revocation of a previous election to waive a Qualified Joint and Survivor Annuity.

(c) Assumptions for Computing Actuarial Equivalent Benefits: The actuarial assumptions used to compute benefits of equal value to the basic form of retirement benefit in Section 5.01 or 5.02, as applicable, shall be computed as follows:

(i) Determination of the amount of a lump sum distribution payable as an optional form of retirement benefit pursuant to ~~(vi)~~Section 5.07(a)(vii)(1) or (2) on or after a Participant's Normal Retirement Date shall be computed on the basis of the 1971 Individual Annuity Mortality Table and six percent (6%) interest for males and the male rate set back two (2) years for females, with respect to benefits accrued prior to August 1, 1983 and the 1984 Unisex Pension Mortality Table and a variable interest rate with respect to benefits which accrued subsequent to August 1, 1983. Such variable interest rate shall be determined by averaging the prime interest rate, as quoted by the Wall Street Journal as of the first day of each month over a twelve-month period ending six (6) months prior to the date of retirement, less two percent (2%) rounded to the nearest one-half (1/2) of one percent (.5%).

(ii) The amount of a lump sum distribution ~~which is~~ payable as an optional form of early retirement benefit pursuant to ~~(vi)~~Section 5.07(a)(vii)(1) or (2) shall be the sum of (a) plus (b), where (a) is the lump sum equivalent, determined using the assumptions and methodology described in paragraph (i) above, but applied only to that portion of the monthly early retirement benefit that would have been payable under the early retirement provisions of the Plan, as in effect on June 30, 1994 (disregarding, as applicable, the attainment of age fifty-five (55) as a condition for commencement of such early retirement benefit), and where (b) is the lump sum equivalent, determined using the assumptions described in subparagraph (iii) below, but applied only to that portion, if any, of the monthly early retirement benefit in excess of the amount valued in accordance with (a) above.

(iii) The actuarial assumptions used to determine Actuarially Equivalent monthly retirement benefits and lump sum distributions payable as an optional form of benefit pursuant to Section 5.07(a)(vii), and to determine the present value of benefits attributable to Employer

Contributions, shall be 75% of the RP-2000 Combined Healthy Male Mortality Table projected to 2018 plus 25% of the RP-2000 Combined Healthy Female Mortality Table projected to 2018 for Employees, and 25% of RP-2000 Combined Healthy Male Mortality Table projected to 2018 plus 75% of the RP-2000 Combined Healthy Female Mortality Table projected to 2018 for spouses, joint pensioners and Beneficiaries, and an interest rate determined at the beginning of each calendar year, where the interest rate shall be equal to eight percent (8%) plus the amount, if any, by which the 30-Year U.S. Bond Yield exceeds eleven percent (11%) and minus the amount, if any, by which the 30-Year U.S. Bond Yield is less than five percent (5%), with such result rounded to the nearest one-half (½) of one percent (0.5%), and where the 30-Year U.S. Bond Yield applied to a given calendar year is the twelve (12) month average of the 30-Year Treasury Constant Maturity Yield Percent, Average Daily Figures (Federal Reserve Bulletin) for the twelve (12) consecutive months ending with the November immediately preceding the calendar year.

In no event shall the present value of the Vested Accrued Retirement Benefit of a Participant in the Plan prior to July 1, 1994 be less than the present value of such Participant's Vested Accrued Retirement Benefit computed as of June 30, 1994 using the actuarial assumptions of the Plan as of that date.

It is specifically provided that in the event the Plan is amended to change the assumptions specified herein for determining Actuarially Equivalent benefits, the Actuarial Equivalent of a Participant's Accrued Retirement Benefit on or after the date of change shall be determined as the greater of (i) the Actuarial Equivalent of the Accrued Retirement Benefit as of the date of change computed on the old basis; or (ii) the Actuarial Equivalent of the total Accrued Retirement Benefit computed on the new basis.

(ed) Direct Rollover of Eligible Rollover Distributions: An individual who is entitled to a benefit hereunder (including a Participant's or former Participant's surviving spouse, spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, as well as a non-spouse Beneficiary of a Participant), the distribution of which would qualify as an "eligible rollover distribution," as such term is hereinafter defined, may, in lieu of receiving any payment or payments from the Plan, direct the Trustee to transfer all or any portion of his such payment or payments directly to the trustee of an "eligible retirement plan," as such term is hereinafter defined, that agrees to accept the distributee's "eligible rollover distribution." For purposes hereunder, the term "eligible rollover distribution" is defined as any distribution of all or any portion of the balance to the credit of the distributee, except that an "eligible rollover distribution" does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to

the extent such distribution is required under Section 401(a)(9) of the Code; and any hardship distribution described in Section 401(k)(2)(B)(i)(IV) of the Code. For purposes of this paragraph (ed), an "eligible retirement plan" shall mean (1) an individual retirement account described in Section 408(a) of the Code, (2) an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract), (3) a qualified trust described in Section 401(a) of the Code, (4) an annuity plan described in Section 403(a) of the Code, (5) an annuity contract described in Section 403(b) of the Code, (6) an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that agrees to separately account for amounts transferred into such plan from this Plan, and (7) a ROTH IRA described in Section 408A of the Code; provided, that, the plan accepts the individual's "eligible rollover distribution." Notwithstanding the foregoing, in the case of a non-spouse Beneficiary, the term "eligible retirement plan" shall refer only to a plan described in clauses (1) and (2) above that is established on behalf of the designated Beneficiary and that is required to be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Code. Also, in this case, the determination of any required minimum distribution under Section 401(a)(9) of the Code that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

An election under this paragraph (ed) must be made in the manner prescribed by the Board of Trustees prior to the date on which the distribution is to occur. Such election may be revoked at any time prior to the date that is five (5) business days preceding the date on which the distribution is to occur. If an individual who is so entitled has not elected a direct rollover within the time and in the manner set forth above, such distributee shall be deemed to have affirmatively waived a direct rollover. A distributee who wishes to elect a direct rollover shall provide to the Board of Trustees, within the time and in the manner prescribed by the Board of Trustees, such information as the Board of Trustees shall reasonably request regarding the "eligible retirement plan" to which the payment or payments are to be transferred. The Board of Trustees shall be entitled to rely on the information so provided, and shall not be required to independently verify such information. The Board of Trustees shall be entitled to delay the transfer of any payment or payments pursuant to this paragraph (ed) until it has received all of the information that it has requested in accordance with this paragraph (ed)."

(6) Article 5, Section 5.10, ~~subsection (b)~~, shall be amended ~~by revising the last paragraph in its entirety~~, to read as follows:

~~"Distribution of benefits to a Pension Participant attributable to Employee contributions, if any, and distribution to a Cash Balance Participant whose service is terminated prior to qualifying for an early retirement benefit or a disability retirement benefit shall be made within a reasonable period of time following the date of termination of employment and, in the case of such Cash Balance Participant, shall be made in a single lump sum. Except as provided in the preceding sentence, or as may otherwise be provided in Section 5.05 (pertaining to early retirement) or Section 5.11 (pertaining to cash out of~~

~~Accrued Retirement Benefits), payment of a Cash Balance Participant's Vested Accrued Retirement Benefit shall be deferred until the Cash Balance Participant reaches his Normal Retirement Date, at which time the benefit shall be payable in the basic form of benefit provided in Section 5.02, or in an optional form of payment provided in Section 5.07. Except as may otherwise be provided in Section 5.05 (pertaining to early retirement) or Section 5.11 (pertaining to cash-out of Accrued Retirement Benefits), payment of a Pension Participant's Vested Accrued Retirement Benefit attributable to Employer Contributions shall be deferred until the Pension Participant reaches his Normal Retirement Date, at which time the benefit shall be payable in the basic form of benefit provided in Section 5.01, or in an optional form of payment provided in Section 5.07.”“Section 5.10~~

Severance. Any Participant whose service with the Employer is terminated prior to qualifying for an early retirement benefit or for reasons other than death or disability shall have his severance benefit, if any, computed as follows:

That portion of the Participant’s Accrued Retirement Benefit attributable to Employee contributions made prior to April 1, 1984, if any, plus interest thereon at the rate of two percent (2%) compounded annually through March 31, 1975 and at the rate of five percent (5%) compounded annually after April 1, 1975; plus

That portion of the Participant’s Accrued Retirement Benefit attributable to Employer contributions to date of severance multiplied by the appropriate Vested percentage in accordance with the following schedule:

<u>Completed Years</u>	<u>Vested Percentage in</u>
<u>of Credited Service</u>	<u>Accrued Retirement Benefit</u>
<u>Less than 3 years</u>	<u>0%</u>
<u>3 or more years</u>	<u>100%</u>

Notwithstanding the foregoing schedule, a Participant’s Vested interest in his Accrued Retirement Benefit shall never be less than as determined on July 1, 1989, pursuant to the applicable Vested percentage under the vesting schedule in effect as of March 31, 1989.

Distribution to a Cash Balance Participant whose service is terminated prior to qualifying for an early retirement benefit or a disability retirement benefit shall be made within a reasonable period of time following the date of termination of employment in a single lump sum. A Pension Participant whose service is terminated prior to qualifying for an early retirement benefit or a disability retirement benefit may elect within the ninety (90) day period immediately following his termination of service to receive distribution of his Vested Accrued Retirement Benefit in the form of a single lump sum, subject to the Qualified Election requirements of Section 5.07(b)(i) and (ii) hereof. In the event that a Pension Participant has not elected payment of his Vested Accrued Retirement Benefit in a single lump sum within such ninety (90) day period, distribution shall be

deferred until the Pension Participant reaches his Normal Retirement Date or, as applicable, elects to receive an early retirement benefit, at which time the benefit shall be payable in the basic form of benefit provided in Section 5.01, or in an optional form of payment provided in Section 5.07, subject to Section 5.07(b) hereof.”

(7) Article 5, Section 5.11, is hereby amended in its entirety, to read as follows:

“Section 5.11 Cash Out of Accrued Retirement Benefits. Notwithstanding provisions to the contrary in Section 5.10 regarding deferral of distribution of benefits attributable to Employer Contributions, an amount equal to the present value of a severed Participant’s Vested Accrued Retirement Benefit attributable to Employer contributions shall be paid to the Participant or his named Beneficiary as soon as practicable following the date of the Participant’s termination of employment, if the present value of such benefit is less than \$5,000.00.”

(8) Article 5, Section 5.12, subsections (b) and (c), shall be amended in their entirety, to read as follows:

“(b) Death on or After Qualifying for Deferred Vested Benefit: In the event a Participant dies on or after the Effective Date while in active employment of the Employer, and after qualifying for a deferred Vested benefit but prior to qualifying for Early Retirement, the death benefit distributable to the Participant’s designated Beneficiary shall be actuarially equivalent to the present value of such Participant’s deferred Vested Accrued Retirement Benefit computed at date of death. Payment of such death benefit shall be made within a reasonable period of time following the Participant’s date of death in the basic form of benefit provided in Section 5.01 or 5.02 hereof (substituting the life of the Beneficiary for that of the Participant), or in an optional form of payment provided in Section 5.07, at the election of the Beneficiary. This paragraph shall apply to any former Participant who dies while performing Qualified Military Service, as if the former Participant had resumed employment on the day immediately preceding his death.

(c) Death on or After Qualifying for Early Retirement or Normal Retirement: In the event a Participant dies while in active employment of the Employer on or after qualifying for an early retirement benefit under Section 5.05 or for a retirement benefit subsequent to Normal Retirement Date under Section 5.06, the death benefit distributable to the Participant’s designated Beneficiary shall be actuarially equivalent to the present value of the retirement benefit that the Participant would have been entitled to receive had he elected retirement on the date of his death in accordance with Section 5.05 or Section 5.06. Payment of such death benefit shall be made within a reasonable period of time following the Participant’s date of death in the basic form of benefit provided in Section 5.01 or 5.02 hereof (substituting the life of the Beneficiary for that of the Participant), or in an optional form of payment provided in Section 5.07, at the election of the Beneficiary. This paragraph shall apply to any former Participant who dies while performing Qualified Military Service, as if the former Participant had resumed employment on the day immediately preceding his death.”

• (9) Article 9, Section 9.01, subsection (b), shall be amended in its entirety, to read as follows:

“(b) Three of the members of the Board of Trustees shall be appointed by a group of employee representatives appointed by the General Manager of the Authority. Such members of the Board of Trustees shall be employees of the Authority, shall be participants ~~under~~ of either the Plan or the Lower Colorado River Authority 401(k) Plan, and shall be appointed to service for a period of four (4) years with the term of one such member expiring after each year. Such members shall serve in such capacity only during their continued employment by the Authority.”

[Signature pages follow]

IN WITNESS WHEREOF, on this _____ day of _____, 2019, 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

IN WITNESS WHEREOF, on this _____ day of _____, 2019, this Amendment No. Three to the Plan, effective as of the date specified herein, has been properly executed and attested by State Street Bank and Trust Company, as Trustee.

STATE STREET BANK AND TRUST COMPANY

By: _____

ATTEST:

EXHIBIT C

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. SEVEN

TO

LOWER COLORADO RIVER AUTHORITY
DEFERRED COMPENSATION PLAN

WHEREAS, the Lower Colorado River Authority (the “Authority”) maintains the Lower Colorado River Authority Deferred Compensation Plan (the “Plan”) for the exclusive benefit of eligible employees and their beneficiaries, which Plan was previously amended and restated effective January 1, 1999, and subsequently amended and restated effective January 1, 2003;

WHEREAS, the Board of Directors of the Authority (the “Board”) is authorized to amend the Plan at any time and to any lawful extent deemed advisable; and

WHEREAS, the Board desires to amend the Plan to permit the Authority to provide supplemental contributions on behalf of participants in the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, such amendment to be effective January 1, 2020:

1. Article I, Sections 1.16, 1.17, 1.18 and 1.19, are hereby consecutively renumbered as Sections 1.17, 1.18, 1.19 and 1.20.

~~2.~~ Article I, Section 1.16, is hereby added, to read as follows:

~~2.~~ ““

• “1.16 Supplemental Contributions. Contributions that may, at the election of the Authority, be made to the Plan as provided in Section 3.8 hereof.”

3. Article III, Section 3.1, is hereby amended in its entirety, to read as follows:

“3.1 Elective Deferrals. Each Participant may elect to have contributed on his behalf to the Trust Fund, on a pre-tax basis, any whole percentage of his Includible Compensation that is not less than one percent (1%) and that does not exceed one hundred percent (100%); provided, however, that such amount, together with Supplemental Contributions, if any, made on behalf of the Participant, may not exceed the applicable dollar amount for such Participant’s taxable year, as provided in Code Section 457(e)(15)(A) (~~\$11,000~~19,500 for the Participant’s taxable year beginning in ~~2002~~2020), adjusted for taxable years of the Participant beginning after December 31, ~~2006~~2020 for increases in the cost of living as provided in Code Section 457(e)(15)(B). Elective Deferrals shall be made pursuant to a salary deferral election, in accordance with Section 3.6 hereof. Elective Deferrals made on behalf of a Participant shall be added to the Trust Fund as soon as practicable after deduction from a Participant’s paycheck, and shall be credited to the Participant’s Account.”

4. Article III, Section 3.2, is hereby amended in its entirety, to read as follows:

“3.2 Age 50 Catch-Up Contributions. Each Participant who has or would have attained age fifty (50) prior to the close of any Plan Year, may have Age 50 Catch-Up Contributions contributed on his behalf to the Trust Fund, on a pre-tax basis, in accordance with, and subject to the limitations of, Code Section 414(v). Age 50 Catch-Up Contributions shall be made either pursuant to a salary deferral election, in accordance with Section 3.6 hereof, or otherwise, in the sole discretion of the Authority as a Supplemental Contribution. Age 50 Catch-Up Contributions made on behalf of a Participant shall be added to the Trust Fund as soon as practicable after deduction from a Participant’s paycheck and shall be credited to the Participant’s Account.”

5. Article III, Section 3.3, is hereby amended in its entirety, to read as follows:

“3.3 Pre-Retirement Catch-Up Contributions. If the maximum amount of Pre-Retirement Catch-Up Contributions permitted under this Section 3.3 for a Participant’s taxable year would exceed the maximum amount of Age 50 Catch-Up Contributions permitted under Section 3.2 above for such year, the Participant or, as applicable, the Authority, may elect to have Pre-Retirement Catch-Up Contributions, instead of Age 50 Catch-Up Contributions, contributed on ~~his~~the Participant’s behalf to the Trust Fund on a pre-tax basis, for one (1) or more of the Participant’s last three (3) taxable years ending prior to his Normal Retirement Date, in an amount equal to the Participant’s ‘Underutilized Elective Deferral Limitation,’ as such term is defined below, for prior taxable years; provided, however, that such Pre-Retirement Catch-Up Contributions, together with the Participant’s Elective Deferrals under this Plan, for any of the Participant’s taxable years within such three (3) year period, shall not exceed the lesser of the Participant’s Includible Compensation or two (2) times the applicable dollar amount for such taxable year, as set forth in Section 3.1 above. For purposes of this Section 3.3, the Participant’s ‘Underutilized Elective Deferral Limitation’ is the Elective Deferral limitation, as set forth in Section 3.1 above (or under Code Section 457(b)(2) for any year prior to the applicability of Code Section 457(e)(15)), for each taxable year of such Participant during which he was eligible to participate in the Plan prior to the three (3) year period ending prior to the Participant’s Normal Retirement Date, less the amount of such Participant’s Elective

Deferrals under this Plan (without regard to any Age 50 Catch-Up Contributions permitted under Section 3.2 above) for such prior taxable year or years of such Participant. For purposes of determining the Underutilized Elective Deferral Limitation for prior taxable years beginning before January 1, 2002, the Elective Deferral limitation, as set forth in Section 3.1 above (or Code Section 457(b)(2), if applicable) shall be reduced by amounts excluded from the Participant's taxable income for such prior taxable year by reason of an elective deferral made to any other eligible Code Section 457(b) plan, Code Section 401(k) plan, Code Section 402(h)(1)(B) simplified employee pension, Code Section 403(b) annuity contract, and Code Section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Code Section 501(c)(18). Notwithstanding any provision herein to the contrary, a Participant ~~who elects to have on whose behalf~~ Pre-Retirement Catch-Up Contributions have been made to this Plan in accordance with this Section 3.3 may not ~~elect to~~ have Pre-Retirement Catch-Up Contributions made to any other Plan sponsored by the Authority, whether or not such Participant has elected Pre-Retirement Catch-Up Contributions in all of the Participant's three (3) taxable years ending prior to the year in which the Participant attains Normal Retirement Age, and whether or not he retires and later again becomes a Participant in this Plan."

6. Article III, Section 3.8, is hereby added to read as follows:

"3.8 Supplemental Contributions. The Authority may from time to time authorize a Supplemental Contribution to the Account of any Participant in lieu of or in addition to such Participant's Elective Deferrals, Age 50 Catch-Up Contributions, or Pre-Retirement Catch-Up Contributions, subject to the limitations in this Article III and Code Sections 457 and 414(v). The amount of Supplemental Contributions, if any, shall be determined in the sole and absolute discretion of the Authority."

IN WITNESS WHEREOF, on this _____ day of _____, 2019, this Amendment No. Seven 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)

4. Directors' Attendance at Seminars, Conferences

Proposed Motion

Approve directors' attendance at seminars or conferences for calendar year 2020.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

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

Exhibit(s)

A – 2020 Annual Conferences and Travel for Board Approval

EXHIBIT A

2020 ANNUAL CONFERENCES AND TRAVEL FOR BOARD APPROVAL

Feb. 20-21	Changing Face of Water Law Course, Hyatt Regency Hill Country Resort, San Antonio, Texas
Feb. 26-28	Texas Land Conservation Conference, Hilton Austin Airport, Austin, Texas
Feb. 27-March 4	National Rural Electric Cooperatives Association Annual Meeting, Ernest Morial Convention Center, New Orleans, Louisiana
March 4-6	Texas Water Conservation Association Annual Convention, Worthington Renaissance Hotel, Fort Worth, Texas
June 17-19	Texas Water Conservation Association Midyear Conference, The Woodlands Resort, The Woodlands, Texas
July 27-29	Texas Public Power Association Annual Meeting, Four Seasons Hotel, Austin, Texas
Aug. 2-5	Texas Electric Cooperatives Annual Meeting, JW Marriott San Antonio Hill Country Resort, San Antonio, Texas
Oct. 10-13	National Association of Corporate Directors – Global Board Leaders’ Summit, Gaylord National Resort and Convention Center, National Harbor, Maryland
Oct. 21-23	Texas Water Conservation Association Fall Conference, Wyndham Riverwalk Hotel, San Antonio, Texas
Oct. 1	Texas Conference for Women, Austin Convention Center, Austin, Texas
TBD	Texas Water Law Annual Conference, location TBD
TBD	National Association of Corporate Directors Texas Tricities, Austin-Houston-San Antonio Chapter Meetings

FOR ACTION (CONSENT)

5. Minutes of Prior Meetings

Proposed Motion

Approve the minutes of the Oct. 23, 2019, and Nov. 19, 2019, meetings.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

Exhibit(s)

- A – Minutes of Oct. 23, 2019, meeting
- B – Minutes of Nov. 19, 2019, meeting

EXHIBIT A

Minutes Digest
Oct. 23, 2019

- 19-51 Declaration of approximately 39 acres (6.5 miles) of irrigation canals, being a portion of LCRA's Lakeside Irrigation District in Colorado County, nonessential and authorization for the general manager or his designee to quitclaim the property to the neighboring landowner.
- 19-52 Authorization for the general manager or his designee to grant an approximately 0.14-acre subsurface fiber optic easement to American Electric Power Texas Inc. that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.
- 19-53 Authorization for the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to Baymark Pipeline LLC for a pipeline that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.
- 19-54 Authorization for the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to South Texas NGL Pipeline LLC for a pipeline that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.
- 19-55 Authorization for the general manager or his designee to grant an approximately 0.05-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.15-acre temporary construction easement to Epic Y-Grade Pipeline LP.
- 19-56 Authorization for the general manager or his designee to grant an approximately 0.03-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.10-acre temporary construction easement to Epic Y-Grade Pipeline LP.
- 19-57 Authorization for the general manager or his designee to grant an approximately 0.02-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.05-acre temporary construction easement to Epic Y-Grade Pipeline LP.

- 19-58 Authorization for the general manager or his designee to grant an approximately 0.09-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County together with a 0.26-acre temporary construction easement to Epic Y-Grade Pipeline LP.
- 19-59 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a 0.0563-acre permanent electric utility easement across a portion of LCRA Parcel TN-03 in Travis County to install an aboveground electric line.
- 19-60 Approval of proposed changes to LCRA Board Policy 303 – Banking and Investments.
- 19-61 Approval of a nonsubstantive revision to LCRA Board Policy 603 – Energy Transactions (except for Appendix A).
- 19-62 Approval of directors’ fees and expense reimbursements.
- 19-63 Approval of the minutes of the Aug. 21, 2019, and Sept. 18, 2019, Board meetings.
- 19-64 Authorization for the general manager or his designee to negotiate and execute a standard firm raw water contract with Jonestown Water Supply Corporation for municipal use of LCRA’s firm water supply for up to 750 acre-feet per year with a term of 40 years.
- 19-65 Authorization for the general manager or his designee to negotiate and execute a firm raw water contract with King Ranch Turfgrass LP for irrigation use of LCRA’s firm water supply for up to 750 acre-feet per year with a term of five years.
- 19-66 Reduction of the LCRA Board reservation of firm water from lakes Buchanan and Travis from 50,000 to 45,000 acre-feet per year.
- 19-67 Conditional approval for the release of the construction retainage related to the forthcoming final completion of work at Arbuckle Reservoir.
- 19-68 Adoption and approval of the Fifty-Sixth Supplemental Resolution to the Master Resolution authorizing the issuance of Refunding Revenue Bonds (the Bonds), in one or more series in an amount not to exceed \$250 million for the following purposes: (i) currently refund certain outstanding LCRA revenue bonds, (ii) fund the debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (iii) pay for issuance costs of the Bonds.

19-69 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contract Numbers 5318, 5319 and 5321 (Colorado Materials Ltd., Central Texas Stone and Aggregate LLC, and Heartland Quarries LLC); Contract Numbers 5341, 5342 and 5347 (Bobcat Heavy Civil LLC, Phillips & Jordan Incorporated and D. Grimm Inc.); Contract Numbers 5343, 5344 and 5346 (Techline Inc., KBS Electrical Distributors Inc. and Wesco Distribution Inc.); Contract Numbers 5348, 5349, 5350 and 5351 (Chancellor Inc., Energy Erectors Inc., Great Southwestern Construction Inc. and Irby Construction Company Inc.); and Contract Number 5359 (Loftin Equipment Co.).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Oct. 23, 2019

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the Lower Colorado River Authority (LCRA) convened in a regular meeting at 9:22 a.m. Wednesday, Oct. 23, 2019, 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
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Lori A. Berger
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Chair Timmerman convened the meeting at 9:22 a.m.

There were no public comments, neither on general topics under LCRA's jurisdiction (Agenda Item 1) nor on any specific agenda items, during this meeting.

General Manager Phil Wilson gave the Board an update. Focusing on safety, he discussed the investments in LCRA's dams and rigorous dam safety monitoring program to ensure the safe and effective operation of the dams. Wilson shared an example of employees' contributions and accomplishments demonstrating the Colorado Commitment: I will make every LCRA endeavor outstanding. He noted the annual Employee Service Awards luncheon held recently.

Controller Julie Rogers presented the financial report for September 2019 [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Martine, seconded by Director Whitten, the Board unanimously approved consent items 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 included on the Oct. 23, 2019, consent agenda by a vote of 15 to 0 as follows:

19-51 Declaration of approximately 39 acres (6.5 miles) of irrigation canals, being a portion of LCRA's Lakeside Irrigation District in Colorado 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 quitclaim the property to the neighboring landowner, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

19-52 Authorization for the general manager or his designee to grant an approximately 0.14-acre subsurface fiber optic easement to American Electric Power Texas Inc. that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

19-53 Authorization for the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to Baymark Pipeline LLC for a pipeline that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County, as recommended by staff in Consent Item 5 [attached hereto as Exhibit C].

19-54 Authorization for the general manager or his designee to grant an approximately 0.07-acre subsurface pipeline easement to South Texas NGL Pipeline LLC for a pipeline that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County, as recommended by staff in Consent Item 6 [attached hereto as Exhibit D].

19-55 Authorization for the general manager or his designee to grant an approximately 0.05-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.15-acre temporary construction easement to Epic Y-Grade Pipeline LP, as recommended by staff in Consent Item 7 [attached hereto as Exhibit E].

19-56 Authorization for the general manager or his designee to grant an approximately 0.03-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.10-acre temporary construction easement to Epic Y-Grade Pipeline LP, as recommended by staff in Consent Item 8 [attached hereto as Exhibit F].

19-57 Authorization for the general manager or his designee to grant an approximately 0.02-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County and a 0.05-acre

temporary construction easement to Epic Y-Grade Pipeline LP, as recommended by staff in Consent Item 9 [attached hereto as Exhibit G].

19-58 Authorization for the general manager or his designee to grant an approximately 0.09-acre permanent subsurface pipeline easement that will cross under an LCRA canal in the Gulf Coast Irrigation District in Matagorda County together with a 0.26-acre temporary construction easement to Epic Y-Grade Pipeline LP, as recommended by staff in Consent Item 10 [attached hereto as Exhibit H].

19-59 Authorization for the general manager or his designee to convey to Pedernales Electric Cooperative a 0.0563-acre permanent electric utility easement across a portion of LCRA Parcel TN-03 in Travis County to install an aboveground electric line, as recommended by staff in Consent Item 11 [attached hereto as Exhibit I].

19-60 Approval of proposed changes to LCRA Board Policy 303 – Banking and Investments, as recommended by staff in Consent Item 12 [attached hereto as Exhibit J].

19-61 Approval of a nonsubstantive revision to LCRA Board Policy 603 – Energy Transactions (except for Appendix A), as recommended by staff in Consent Item 13 [attached hereto as Exhibit K].

19-62 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 14 [attached hereto as Exhibit L].

19-63 Approval of the minutes of the Aug. 21, 2019, and Sept. 18, 2019, Board meetings [Consent Item 15].

19-64 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 16 [attached hereto as Exhibit M], that the Board authorize the general manager or his designee to negotiate and execute a standard firm raw water contract with Jonestown Water Supply Corporation for municipal use of LCRA's firm water supply for up to 750 acre-feet per year with a term of 40 years. Staff discussed this item with the Water Operations Committee on Oct. 22. Upon motion by Director Russell, seconded by Director Crane, the recommendation was unanimously approved by a vote of 15 to 0.

19-65 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 17 [attached hereto as Exhibit N], that the Board authorize the general manager or his designee to negotiate and execute a firm raw water contract with King Ranch Turfgrass LP for irrigation use of LCRA's firm water supply for up to 750 acre-feet per year with a term of five years. Staff discussed this item with the Water Operations Committee on Oct. 22. Upon motion by Director Whitten, seconded by Vice Chair Cooper, the recommendation was unanimously approved by a vote of 15 to 0.

19-66 Vice President of Water Resources Monica Masters presented for consideration a staff recommendation, described in Agenda Item 18 [attached hereto as Exhibit O], that the Board reduce the LCRA Board reservation of firm water from lakes Buchanan and Travis from 50,000 to 45,000 acre-feet per year. Staff discussed this item with the Water Operations Committee on Oct. 22. Upon motion by Director Martine, seconded by Director Johnson, the recommendation was unanimously approved by a vote of 15 to 0.

19-67 General Manager Phil Wilson presented for consideration a staff recommendation, described in Agenda Item 19 [attached hereto as Exhibit P], that the Board provide conditional approval for the release of the construction retainage related to the forthcoming final completion of work at Arbuckle Reservoir. Staff discussed this item with the Water Operations Committee on Oct. 22. Upon motion by Director Johnson, seconded by Vice Chair Cooper, the recommendation was unanimously approved by a vote of 15 to 0.

19-68 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 20 [attached hereto as Exhibit Q], that the Board adopt and approve the Fifty-Sixth Supplemental Resolution to the Master Resolution authorizing the issuance of Refunding Revenue Bonds (the Bonds), in one or more series in an amount not to exceed \$250 million for the following purposes: (i) currently refund certain outstanding LCRA revenue bonds, (ii) fund the debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (iii) pay for issuance costs of the Bonds. The resolution also will:

1. Approve related documents, including the bond purchase agreement, escrow agreement, paying agent/registrars agreement, and the Preliminary Official Statement in substantially final form. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the general manager, chief financial officer and/or treasurer:
 - a. To select all or a portion of LCRA's outstanding debt to be refunded and provide for appropriate notices of redemption/defeasance.
 - b. To approve any final changes to said documents necessary to facilitate proper issuance of the Bonds.
 - c. To establish the terms of the Bonds as provided in the resolution (including issuing such bonds in one or more separate series, the principal amounts and maturity schedules, interest rates, whether the bonds are taxable or tax-exempt and redemption provisions).
 - d. To approve the terms of the sale of the Bonds to an underwriting team led by Bank of America Merrill Lynch and to execute a bond purchase agreement.

Upon motion by Director Lewis, second by Director Whitten, the recommendation was unanimously approved by a vote of 15 to 0.

19-69 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 21 [attached hereto as Exhibit R], that the Board authorize the general manager or his designee to negotiate

and execute the following contracts: Contract Numbers 5318, 5319 and 5321 (Colorado Materials Ltd., Central Texas Stone and Aggregate LLC, and Heartland Quarries LLC); Contract Numbers 5341, 5342 and 5347 (Bobcat Heavy Civil LLC, Phillips & Jordan Incorporated and D. Grimm Inc.); Contract Numbers 5343, 5344 and 5346 (Techline Inc., KBS Electrical Distributors Inc. and Wesco Distribution Inc.); Contract Numbers 5348, 5349, 5350 and 5351 (Chancellor Inc., Energy Erectors Inc., Great Southwestern Construction Inc. and Irby Construction Company Inc.); and Contract Number 5359 (Loftin Equipment Co.). Upon motion by Director Lewis, seconded by Director Berger, the recommendation was unanimously approved by a vote of 15 to 0.

Chair Timmerman declared the meeting to be in executive session at 9:59 a.m., pursuant to sections 551.071 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 10:52 a.m., with all directors present.

There being no further business to come before the Board, the meeting was adjourned at 10:53 a.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Dec. 10, 2019

EXHIBIT B

Minutes Digest

Nov. 19, 2019

- 19-70 Appointment of PricewaterhouseCoopers LLP as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2020 financial statements.
- 19-71 Declaration of an approximately 0.0325-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet County, nonessential, and authorization for the general manager or his designee to sell the property to the adjoining landowner.
- 19-72 Declaration of an approximately 10-acre tract of land and an approximately 0.9-acre tract of land, each being a portion of LCRA Parcel CR-06 in Bastrop County, nonessential; approval of a real estate contract with Franklin Sapp for the sale of both tracts as discussed in executive session; and authorization for the general manager or his designee to do all things reasonably necessary to convey the property in accordance with the terms of the contract. Further authorization for the general manager or his designee to sell the properties using sealed bids, broker listings, or other public and private sale methods in the event the current contract fails to close, and to do all things reasonably necessary to accomplish the sale thereof.
- 19-73 Adoption of a resolution appointing Gerald G. Garcia to the position of general auditor of LCRA, subject to the negotiation of salary, benefits, start date and other terms of employment; and authorization for the Board chair to conduct such negotiations and to execute any and all documents necessary for such appointment, consistent with the terms and conditions discussed in executive session; and further authorization for the Board chair to do all things reasonably necessary to effectuate such appointment.

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Nov. 19, 2019

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 10:18 a.m. Tuesday, Nov. 19, 2019, 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
Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary
Michael L. "Mike" Allen
Lori A. Berger
Raymond A. "Ray" Gill Jr.
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

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

Chair Timmerman convened the meeting at 10:18 a.m.

The Board next heard public comments on general topics under LCRA's jurisdiction (Agenda Item 1).

David Greear, Comanche Trail Community Association, addressed the Board regarding fire safety in the Comanche Trail neighborhood on Lake Travis and the need for better LCRA land management practices.

The Board next took action on the consent agenda. Upon motion by Director Russell, seconded by Director Whitten, the Board unanimously approved consent items 2 and 3 included on the Nov. 19, 2019, consent agenda by a vote of 13 to 0 as follows:

19-70 Appointment of PricewaterhouseCoopers LLP as LCRA's independent auditor to perform the external audits of LCRA's fiscal year 2020 financial statements, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

19-71 Declaration of an approximately 0.0325-acre tract of land, being a portion of LCRA Parcel JE-03 in Burnet 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 3 [attached hereto as Exhibit B].

Executive Vice President of Water John Hofmann presented an update on LCRA's plan to temporarily lower Lake LBJ and Inks Lake in early 2020 [Discussion Item 4].

Chair Timmerman declared the meeting to be in executive session at 10:29 a.m., pursuant to Section 418.183(f) of the Texas Government Code (Texas Disaster Act) and sections 551.071, 551.072, 551.074 and 551.086 of the Texas Government Code (Texas Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 12:07 p.m., with all directors present except Directors Figueroa and Johnson.

19-72 Upon motion by Director Berger, seconded by Director Russell, by a vote of 13 to 0, the Board unanimously declared an approximately 10-acre tract of land and an approximately 0.9-acre tract of land, each being a portion of LCRA Parcel CR-06 in Bastrop County, nonessential (no longer necessary, convenient or of beneficial use to the business of LCRA); approved a real estate contract with Franklin Sapp for the sale of both tracts as discussed in executive session; and authorized the general manager or his designee to do all things reasonably necessary to convey the property in accordance with the terms of the contract. Further authorized the general manager or his designee to sell the properties using sealed bids, broker listings, or other public and private sale methods in the event the current contract fails to close, and to do all things reasonably necessary to accomplish the sale thereof.

19-73 Upon motion by Director Whitten, seconded by Director Martine, the Board unanimously approved the following resolution appointing Gerald G. Garcia to the position of general auditor of LCRA by a vote of 13 to 0:

RESOLVED that the Board of Directors hereby appoints Gerald G. Garcia to the position of general auditor of LCRA, subject to the negotiation of salary, benefits, start date and other terms of employment; and authorizes the Board chair to conduct such negotiations and to execute any and all documents necessary for such appointment, consistent with the terms and conditions discussed in executive session; and further authorizes the Board chair to do all things reasonably necessary to effectuate such appointment.

There being no further business to come before the Board, the meeting was adjourned at 12:10 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Dec. 10, 2019

FOR ACTION

6. Capital Improvement Project – Arbuckle Reservoir Project

Proposed Motion

Approve the increase to the lifetime budget for the Arbuckle Reservoir project.

Board Consideration

LCRA Board Policy 301 – Finance requires Board of Directors approval of any previously approved project that is expected to exceed its lifetime budget by 10% and \$300,000.

Budget Status and Fiscal Impact

- The Board previously approved this project with a lifetime budget of \$250 million.
- LCRA seeks approval to increase the lifetime budget from \$250 million to \$315 million, an increase of \$65 million.
- LCRA will spend the additional funds in fiscal year 2020, FY 2021 and FY 2022.
- Staff will seek Board authorization for an increase in the LCRA FY 2020 capital budget in a separate item.
- The original budget was funded as part of the \$250 million Texas Water Development Board bond sale and a \$2.4 million grant from the Texas Water Development Board.
- The debt service associated with the additional cost will be funded from the Resource Development Fund.

Summary

The Lower Colorado River Authority is building the first new water supply reservoir in the lower Colorado River basin in decades. The Arbuckle Reservoir is on 1,100 acres of land off the main channel of the Colorado River in Wharton County on the Texas Gulf Coast Prairie.

The Arbuckle Reservoir represents a massive new infrastructure project for Texas. Having a 5-mile circumference, the reservoir is about 2 miles long and 1 mile wide. The reservoir will be capable of storing 40,000 acre-feet of water at a time. Because water in the reservoir can be used and the reservoir refilled multiple times per year, it will add up to about 90,000 acre-feet per year to the region's water supply.

Building a new infrastructure project of this magnitude is highly complicated, and it is not uncommon for such an undertaking to take longer to complete and cost more than initially anticipated.

Given the soil characteristics of this area of Wharton County (intermixed layers of sand, sandy clays and pure clay), coupled with a high water table and the gentle east-to-west slope of the property on which the reservoir is located, LCRA was aware from the outset that groundwater seepage could be an issue. For this reason, an 80-foot-deep subsurface cutoff wall was constructed under the berm on the western side of the reservoir for the purpose of preventing groundwater transference.

In November 2018, reservoir construction was substantially complete, and initial filling and testing started. In March 2019, after approximately four months of filling, staff observed groundwater seepage appearing on the western exterior of the reservoir. LCRA Dam Safety staff and engineers stopped the filling and emptied the partially filled reservoir. Subsequent engineering analysis and testing have determined that an additional subsurface seepage cutoff wall will be required to control groundwater transference and allow the reservoir to be refilled. Approximately 15,000 feet in length, this new 125-foot-deep subsurface cutoff wall will be constructed inside the western, northern and southern portions of the reservoir berm. LCRA will use the requested additional budget to fund the construction of the new subsurface cutoff wall and other related items necessary to allow the reservoir to operate safely. Staff anticipates the construction will take up to 26 months, and following filling and testing, the reservoir should be fully operational in late spring 2022.

Project Recap

Total Project Estimated Cost	<u>\$315,000,000</u>
Previous Project Lifetime Budget:	\$250,000,000
Additional Lifetime Budget Approval Sought:	\$65,000,000
FY 2020	\$32,000,000
FY 2021	\$20,000,000
FY 2022	\$13,000,000
 Total:	 <u>\$315,000,000</u>

Project Direction

Project Manager: Antonio Quiroz
 Project Sponsor: John B. Hofmann
 Project Number: 1013543

Presenter(s)

John B. Hofmann
 Executive Vice President, Water

FOR ACTION

7. Fiscal Year 2020 LCRA Capital Plan Amendment

Proposed Motion

Approve an amendment to the fiscal year 2020 LCRA capital plan to increase authorization for capital spending in FY 2020 from \$435.3 million to \$467.3 million, an increase of \$32 million.

Board Consideration

LCRA Board Policy 301 – Finance requires annual approval of a capital plan by the LCRA Board of Directors. The policy states that if annual expenditures for operations or capital are expected to exceed Board-authorized levels, additional approval from the Board will be required. LCRA staff anticipates exceeding the capital spending budget and seeks approval to increase the FY 2020 capital budget.

Budget Status and Fiscal Impact

- Staff is requesting an increase to the LCRA FY 2020 capital budget of \$32 million.
- The increase is a result of additional capital spending on the Arbuckle Reservoir project.
- The proposed amendment to increase the LCRA capital budget authorization in FY 2020 will have no impact on current LCRA rates.

Summary

In May 2019, the LCRA Board approved the FY 2020 LCRA capital plan establishing a capital spending limit for FY 2020 of \$435.3 million. Staff seeks Board authorization to increase the capital spending limit for FY 2020 to \$467.3 million. This increase of \$32 million or 7.4% is a result of additional capital spending on the Arbuckle Reservoir project.

LCRA is seeking approval to increase the lifetime budget for the Arbuckle Reservoir project in a separate Board agenda item.

Presenter(s)

Jim Travis
Chief Financial Officer

FOR ACTION

8. LCRA Board Policy 301 – Finance

Proposed Motion

Approve revisions to LCRA Board Policy 301 – Finance 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

Staff recommends changes to LCRA Board Policy 301 – Finance to add Section 301.609 regarding the creation of a new reserve fund called the Agriculture Reserve Fund. The fund will be used to provide funds for the purposes of mitigating rate shock to customers while improving LCRA's flexibility and its ability to meet its customers' future needs. All deposits to this fund and expenditures from it will require Board approval.

Presenter(s)

Jim Travis
Chief Financial Officer

Exhibit(s)

A – Proposed Revisions to LCRA Board Policy 301 – Finance

EXHIBIT A

LCRA BOARD POLICY

301 – FINANCE

~~April 18, 2018~~ Dec. 10, 2019

301.10 PURPOSE

This policy provides a framework from which LCRA's financial integrity will be maintained while serving the long-term interests of its customers and other constituencies. LCRA recognizes that maintaining financial integrity is critical to accomplishing its goals and discharging LCRA's primary customer and public service responsibilities. This policy establishes processes to be used by the LCRA Board of Directors to define the strategic plan for LCRA and to approve specific program goals, objectives and associated budgets.

301.20 DEFINITIONS

Business Plan – The business plan is the document approved by the Board annually that establishes the Board's goals and priorities. The business plan includes operating and capital budgets as well as projections of LCRA's overall financial performance and capital financing plans. It describes the projects, products and services that support the associated revenues and expenditures over a five-year period.

Debt Service Coverage (Coverage) – Debt service coverage is the ratio of the fiscal year's ending total revenues minus total operating and maintenance expenses (net of depreciation, amortization, and other revenue and expense exclusions resulting from prior period funding), divided by scheduled debt service on all obligations as approved in the business plan.

Equity Ratio (Ratio) – The calculation is the ratio of total equity divided by total assets.

Fixed-Rate Debt – Fixed-rate debt consists of coupon securities that have a scheduled maturity or mandatory sinking fund redemption date. Fixed-rate debt that has been synthetically converted to variable rate debt via a derivative instrument will be classified as variable-rate debt for the term of the derivative instrument.

Long-Term Liabilities – Long-term liabilities are (1) principal amounts on long-term debt instruments, (2) pension liabilities, and (3) amounts owed on long-term obligations.

Operating and Maintenance Expenses – Operating and maintenance expenses consist of all reasonable and necessary costs and expenses incurred in the operation and maintenance of the LCRA system.

Variable-Rate Debt – Variable-rate debt consists of securities on which the interest rate varies over time (a) based on an index or formula such as variable-rate demand notes or auction-rate bonds, or (b) because the securities are sold in the short-term market (with a maturity not exceeding 270 days), such as commercial paper.

301.30 FINANCIAL OBJECTIVES

In seeking to fulfill its customer and public service objectives, LCRA will maintain a high level of financial stability and will not compromise long-term financial integrity to achieve short-term benefits.

The GM/CEO is authorized to engage financial service providers and other related professional service providers if deemed necessary and appropriate by the GM/CEO in consultation with the chief financial officer, considering the expertise and cost of any such service provider. The GM/CEO will provide an annual report to the Board listing all contracts into which LCRA entered pursuant to this paragraph.

301.301 Debt Service Coverage. To provide a margin of safety in LCRA's financial affairs, revenue levels will be set to target a debt service coverage ratio of 1.25x on the total debt service for all debt obligations. In the event overall debt service coverage is projected to be below 1.25x for any fiscal year, the Board will promptly implement a plan, to be recommended by staff, which could include rate increases, cost reductions or other means to achieve a debt service coverage ratio of 1.25x.

In the event actual LCRA system fiscal year debt service coverage ratio exceeds 1.25x, the financial performance of the wholesale power business will be evaluated to determine if actual wholesale power debt service coverage ratio exceeds 1.25x for the fiscal year. If such excess exists, staff will submit to the Board a plan to provide the existing long-term wholesale electric customers with appropriate credits or other rate relief in an amount equal to the excess, provided that after such credit or rate relief, LCRA will achieve an actual system debt service coverage ratio of 1.25x and be in compliance with any covenant requirement in any bond resolution or policy of LCRA. This policy will be applicable except in periods when funds are needed to provide equity for the generation capital program and meet operating reserve requirements.

Upon completion of the annual audit of fiscal year-end financial statements, the existing long-term wholesale electric customers will be provided an analysis of LCRA's financial performance for that period in order to provide a complete accounting of funds above a 1.25x debt service coverage ratio.

301.302 Rates and Prices. LCRA will design rates and prices that are intended to ensure LCRA meets its financial obligations, recover reasonable costs in a timely fashion, and maintain financial integrity as required by regulatory and contractual requirements. These rates will provide a stable and predictable flow of revenues to maintain appropriate levels of revenue to achieve LCRA's goals. Revenue levels will

be evaluated in consideration of, but not limited to, bond ratings, capital funding requirements, current business conditions, economic projections and load-growth assumptions, delays inherent in the regulatory process, and the projected size and frequency of necessary rate adjustments. These revenues will be adequate to cover operating and maintenance expenses, debt service, covenanted debt service reserves, liquidity requirements, and equity funding for the capital program.

Rates and prices for wholesale power services to existing long-term wholesale electric customers will be consistent with contractual commitments regarding rates and prices. Revenue collected from wholesale power rates, with the exception of contributions to the Public Service Fund (PSF), will be used for the benefit of the generation system. Rates and prices for service to other electric customers will be set, at a minimum, to recover the cost of providing the services.

Rates and prices for LCRA's raw water services will be based on criteria as specified in LCRA Board Policy 501 – Water Resources.

For other LCRA services for which rates are charged, LCRA may employ other appropriate pricing methods as approved by the GM/CEO.

301.303 Sources of Financing. LCRA will use a combination of equity and debt to finance capital additions to the system such that both current and future customers are allocated an equitable portion of the costs. LCRA may borrow for capital projects when it is appropriate to spread the cost of capital assets over their useful lives.

The issuance of debt requires an affirmative vote of three-fourths of the Board. LCRA will not issue debt for working capital items.

Capital market considerations require an equity base to support financing. LCRA will build equity during those periods when major capital projects are not being undertaken by financing capital projects from revenues. In this way, LCRA will build equity sufficient to maintain financial integrity, ensure access to the debt markets and provide for the growing needs of customers.

As appropriate, LCRA will evaluate mechanisms to restructure or refinance debt. LCRA will continually evaluate alternatives to conventional financing to lower the overall cost of capital for ratepayers. Separate system financing also will be considered.

LCRA may structure debt issues such that the average maturity of the debt funding the assets approximates the average life of the assets financed; however, debt issues may be structured with a shorter average maturity if economically justified. LCRA will attempt to maintain a long-term average 30 percent equity ratio. At no time will the equity ratio fall below 20 percent without specific Board approval in the business plan. Equity funding of the capital program will be approved in the business plan in compliance with this policy and taking into consideration the extent of contractual obligations of customers to provide the sources of revenue that will support the financing program.

301.304 Variable-Rate Financing. LCRA may use variable-rate debt to provide flexibility in its overall capital program and to manage its overall interest rate exposure.

The variable-rate limit is 25 percent of total capitalization, long-term debt plus capital employed as presented periodically in LCRA's financial statements.

301.305 Debt Service Reserves. LCRA will covenant debt service reserves in the amount of six months of average annual debt service requirements on outstanding debt.

Debt service reserves may be collected through nonfuel rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.

301.306 Operating Reserves. LCRA will target three months of average operating and maintenance expense for purposes of operating liquidity and maintain reserves for liquidity of two to three months. Compliance will be evaluated at the end of each fiscal year.

These reserves will be collected through nonfuel rates.

If at any time the level of the operating reserves are projected to fall below the minimum two months established by this policy, the Board will promptly implement a plan, to be recommended by staff, to increase rates, reduce costs or otherwise cause there to be sufficient revenues to replenish the level of operating reserves to such target levels within 12 months.

301.307 Management Reserves. The GM/CEO may establish reserves from time to time for management activities.

301.40 PLANNING

301.401 Business Plan. LCRA will prepare a business plan to be submitted for Board approval before the start of each fiscal year. The business plan will include the organization's goals and objectives and will describe the projects, products and services that comprise a five-year forecast for:

- Operating and maintenance expenses.
- Capital expenditures.
- Capital funding sources.
- Operating and other reserve requirements.
- Debt service requirements.

This information will be provided in appropriate detail for LCRA's lines of business, affiliated corporations and for LCRA as a whole.

Adoption of the business plan authorizes the GM/CEO to complete work plans and make associated expenditures within budgets as provided for in accordance with Board policies. The resolution adopting the business plan will establish the capital and operating budgets for the upcoming fiscal year. Such amounts may not be exceeded without Board approval. Approval of the business plan constitutes authorization to proceed with capital projects included in year one of the plan and establishes the projects' respective lifetime budgets. The resolution adopting the business plan also will include guidelines for authorizing capital spending and reporting requirements for business plan results.

If annual expenditures for operations or capital are expected to exceed Board-authorized levels, additional approval from the Board will be required. Staff will provide sufficient support for the additional funding request and provide analysis for impacts on current and future rates.

For any project not previously authorized by the Board in the capital plan, authority is delegated to the GM/CEO to approve any capital project with a lifetime budget not to exceed \$1.5 million. Such approval by the GM/CEO will meet the official intent requirements set forth in Section 1.150-2 of the IRS Treasury Regulations. This delegation will apply only when such approval does not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions. In such a situation, Board approval will be required. Staff will communicate any GM/CEO-approved projects to the Board on a quarterly basis. If Board approval is required, staff will communicate to the Board the funding source and rate impact of any new project when Board approval is requested. A new project may require an amendment to the existing capital plan or be managed within the previously authorized annual spending limits.

If an approved capital project is expected to exceed its lifetime budget by 10 percent and \$300,000, additional funding approval from the Board will be required. Approval of a new capital plan may reset the project's lifetime budget.

301.402 Quarterly Business Plan Update. The GM/CEO will provide quarterly updates that include indicators of year-to-date operational and financial performance, progress toward key goals, and financial performance projections.

301.403 Customer Involvement. LCRA will seek appropriate input from its customers before the Board's approval of the business plan.

301.50 AFFILIATED CORPORATIONS

Each LCRA affiliated corporation will implement a planning process similar to the process used by LCRA. However, each affiliated corporation should use a process appropriate for its level of activity. The business plan of the affiliated corporation submitted for Board approval will include the following components:

- A description of the affiliated corporation's major programs.

- Operating and capital budgets for the upcoming fiscal year.
- A summary of its annual goals and objectives.
- Five-year forecasts of operating and capital budgets.
- A summary of its rate plan, if applicable.

301.60 SPECIAL FUNDS

LCRA will establish a process to transfer a portion of its revenues derived from its various product lines into special funds to be used to support mission-based activities, long-term resource development, and other activities.

The Board may establish special funds with appropriate implementation policies and program guidelines in order to set aside funds for these various special purposes.

In the event LCRA's financial performance from non-electric operations exceeds the budget targets set forth in the business plan, the Board may approve the supplemental transfer of funds to the established special funds. Any funds approved for transfer by the Board will be subject to compliance with LCRA's bond resolutions.

To the extent established special funds, including accumulated interest earnings, are not disbursed for the special purposes described in the separate policy and program guidelines, LCRA may use the funds for any lawful purpose. In the event that LCRA net revenues are insufficient to satisfy bond obligations, the monies from the Public Service Fund (PSF), Infrastructure Reserve Fund, Resource Development Fund, Liability Reduction Fund, **Agriculture Reserve Fund** or Public Recreation and Conservation Land Acquisition Fund (PRCLA Fund) – with the exception of any loans, grants or gifts comprising a portion of the PRCLA Fund – may be applied to such deficiencies.

301.601 LCRA Public Service Fund. The LCRA enabling legislation, as amended, and other applicable state laws provide that LCRA has certain statutory duties in the area of community services. While these service activities produce some revenues, the level of their revenue potential is insufficient to provide LCRA the means of implementing effective service programs. LCRA will maintain the PSF to support those activities. The LCRA enabling legislation contemplates the use of revenues derived from LCRA's wholesale power, transmission and water operations for service activities as described in the business plan. Wholesale power, transmission and water rate tariffs will include, as an element of the cost of service, revenue transfers to community service activities.

The amount available to annually fund service activities through the PSF and the Resource Development Fund will equal a total of 5 percent of budgeted gross revenues of the LCRA transmission activities, accomplished through LCRA Transmission Services Corporation or LCRA's unregulated transmission product line, with the specific allocation of such funds between the two funds to be established by the Board in the LCRA business plan. Amounts available to fund service activities through the PSF from LCRA's raw water business activities will be 3 percent. Three percent of budgeted gross revenues of GenTex 1, the portion of Lost Pines 1 Power Project that is owned by GenTex Power

Corporation and from which electricity is sold to LCRA and wholesale customers, also will be available to fund PSF-supported activities. Hydroelectric activity does not contribute to the PSF because it is a component of electric generation rates and covered through the electric generation customer's contribution, described below.

Wholesale power customers will pay as a portion of the operation and maintenance component of the electric rates an amount established under the terms of wholesale power customer agreements, or as otherwise agreed by the parties. Such payments will be for the benefit of the PSF and will be used for the purposes described in this section.

301.602 Flood Recovery and Disaster Fund. LCRA will maintain a Flood Recovery and Disaster Fund (FRD Fund) of up to \$500,000 to aid in the response to a natural flood disaster that causes structural, environmental or navigational damage or creates a hazard to public health and safety along the Highland Lakes and Colorado River within LCRA's 10-county statutory district. LCRA intends the fund to be used to assist cities, counties and local communities in restoring essential services, mitigating public health hazards and ensuring public safety. LCRA expects that LCRA's assistance using this fund will be in support of the affected communities' self-help response to the disaster. Unless otherwise approved by the Board, expenditures from this fund for any single flood event will be limited to \$200,000 and will not extend past the expiration date of a state disaster declaration.

The types of activities that qualify under the FRD Fund are related to public health and safety and may include some or all of the following activities:

- (1) Inspection of septic systems.
- (2) Water quality assessments.
- (3) Emergency repair of water and wastewater treatment plants.
- (4) Removal of major navigational hazards within LCRA lakes and the Colorado River.
- (5) Use of heavy equipment to clear roadways and shorelines of major flood debris.
- (6) Assistance of LCRA personnel in public safety activities.

The following types of activities do not qualify under the FRD Fund:

- (1) The repair or improvement of private property.
- (2) The repair or improvement of LCRA facilities except those facilities that are for public use and enjoyment.

As monies in the FRD fund are used for eligible expenditures, the Board may approve additional transfers to replenish the fund.

301.603 Agricultural Water Conservation Fund. Section 8503.029, Texas Special District Local Laws Code (Section 8503.029), requires that a separate charge of at least 10 percent of LCRA's applicable water rates be applied for any new surface water transfers to the Brazos River watershed in Williamson County. LCRA may use money

from this fund only for the development of water resources or other water use strategies to replace or offset the amount of surface water to be transferred to Williamson County. The water development or water use strategies must take into consideration the surface water and groundwater needs of the affected Colorado River basin users and will benefit the water service areas of LCRA's irrigation operations. The Board may deposit other monies within its discretion in the Agricultural Water Conservation Fund.

The staff will consult, as required by Section 8503.029, with an advisory committee representing agricultural irrigation interests before using money from the Agricultural Water Conservation Fund. The Board must approve all expenditures from the Agricultural Water Conservation Fund, but will not consider using the funds to buy out the production of a second crop.

On or before the April Board meeting of each year, the general manager will submit to the Board a report summarizing activities related to the implementation of Section 8503.029, including management and use of the Agricultural Water Conservation Fund, the sufficiency of the separate charge to implement the requirements of Section 8503.029, and updated projections of anticipated water demands for customers subject to the requirements of Section 8503.029.

301.604 Infrastructure Reserve Fund. LCRA will maintain a fund in which the Board may set aside proceeds from above-budget performance from water, park and strategic services activities. Availability of these funds, if any, will be determined after completion of the annual financial audit. Additionally, PSF monies not identified for a specific purpose during the preparation of the annual business plan also may be set aside in this fund. The Board may use these funds at its discretion for purposes of improving existing or developing new infrastructure or any other lawful purpose. The Board must approve all expenditures from the Infrastructure Reserve Fund. The Infrastructure Reserve Fund is part of the revenue fund and accounted for separately.

301.605 Resource Development Fund. LCRA will maintain a fund to specifically support investment in and payment of debt service on borrowings that have been used to construct long-term capital assets that (i) provide for the development of water supply resources for the Colorado River basin, or (ii) otherwise support LCRA's mission activities. The deposit of monies into this fund will be pursuant to Board action authorizing a one-time transfer of funds or creating a program that creates periodic transfers from sources described in this policy. The Board must approve all expenditures from the Resource Development Fund. The Resource Development Fund is part of the revenue fund and accounted for separately.

301.606 Public Recreation and Conservation Land Acquisition Fund. LCRA has established a Public Recreation and Conservation Land Acquisition Fund (PRCLA Fund) to be used for non-utility land acquisition and/or the development of any project included in LCRA's Public Services or Enterprise Capital Improvement Plan. The PRCLA Fund is part of the revenue fund and accounted for separately.

LCRA intends to maintain a minimum balance in the PRCLA Fund of at least \$1 million. If the PRCLA Fund is drawn down below this level, the Board may direct staff to replenish it with an equal or greater amount from the approved sources within a reasonable time frame. At any time that it is anticipated that an expenditure will draw the balance below the \$1 million level, the source of funds, the process and the time period for replenishing the PRCLA Fund will be subject to approval by the Board.

The Board must approve all expenditures from the PRCLA Fund. The monies for the PRCLA Fund may come from the following sources:

- Proceeds from the sale of nonessential non-utility lands.
- Loans, grants or gifts allocated to the acquisition of non-utility lands.
- Revenues resulting from LCRA's agreements with the private sector for managing and operating park, recreation and natural science projects.
- Other sources as approved by the Board.

301.607 Community Assistance Fund. A Community Assistance Fund will be established to provide money for LCRA's Community Development Partnership Program (CDPP). The LCRA PSF will be the source of funds for the Community Assistance Fund. The Community Assistance Fund is part of the revenue fund and is accounted for separately.

The CDPP program operates as a grants program, and LCRA intends the CDPP program to support communities and economic growth by contributing to education, transportation, public safety, recreation, health care, training, community planning or employment efforts in LCRA's service area. Specific program guidelines governing the process, criteria and procedures for disbursements made from the Community Assistance Fund and PSF will be approved by the Board.

301.608 Liability Reduction Fund. LCRA will establish a fund specifically for the reduction of long-term liabilities. The purpose of this fund is to reduce LCRA's long-term cost structure by paying for liabilities when appropriate and funds are available. The Board will approve the source of funds for the Liability Reduction Fund and the disbursements from the Liability Reduction Fund.

The Liability Reduction Fund is part of the revenue fund and accounted for separately. Interest income attributable to the Liability Reduction Fund may be deposited into the fund periodically and no less frequently than once per fiscal year.

301.609 Agriculture Reserve Fund. LCRA will establish a fund specifically to be used for mitigating rate shock to customers. The monies for the Agriculture Reserve Fund may come from any source approved by the Board. The Board must approve all expenditures from the Agriculture Reserve Fund. The Agriculture Reserve Fund is part of the revenue fund and accounted for separately.

301.70 RESPONSIBILITIES

An annual report will be submitted to the Board on the activities of the Flood Recovery and Disaster Fund and the Agricultural Water Conservation Fund. It is the responsibility of the GM/CEO, chief financial officer and the Board to review this policy statement periodically and make recommendations for necessary revisions to ensure that LCRA maintains a high level of financial integrity.

301.80 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code
Texas Water Code, Chapter 152
Public Funds Investment Act, Chapter 2256, Texas Government Code
Treas. Reg. Sec. 1.150-2

EFFECTIVE: March 1984. Amended December 1988; Dec. 13, 1990; Aug. 20, 1992; March 19, 1998; Feb. 24, 1999; Aug. 18, 1999; Oct. 20, 1999; June 21, 2000; Dec. 13, 2000; Dec. 17, 2003; Nov. 17, 2004; Dec 13, 2006; June 3, 2009; March 31, 2010; Dec. 15, 2010; May 16, 2012; and May 21, 2014. Amended and combined with Board Policy 304 Sept. 21, 2016. Amended April 18, 2018; and Dec. 10, 2019.

FOR ACTION

9. 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

Supplier (Contract Number)	Spending	Supplying
Airgas USA, LLC (5420)	\$2.85 million	Bulk, industrial and specialty gases
22 nd Century Technologies (5432), Coghent Infotech (5434), The Judge Group (5435), NEOS Consultants (5436), Signature Consultants (5437)	\$25 million	Information Technology staff augmentation services
Firetrol Protection Systems, Inc. (5438)	\$2.5 million	Fire protection services
Electroswitch Corporation (5450)	\$3.5 million	Control switches and lockout relays
TBD (TBD)	Not to exceed the Board-approved project amendment	Seepage mitigation for Arbuckle Reservoir

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

New Contracts

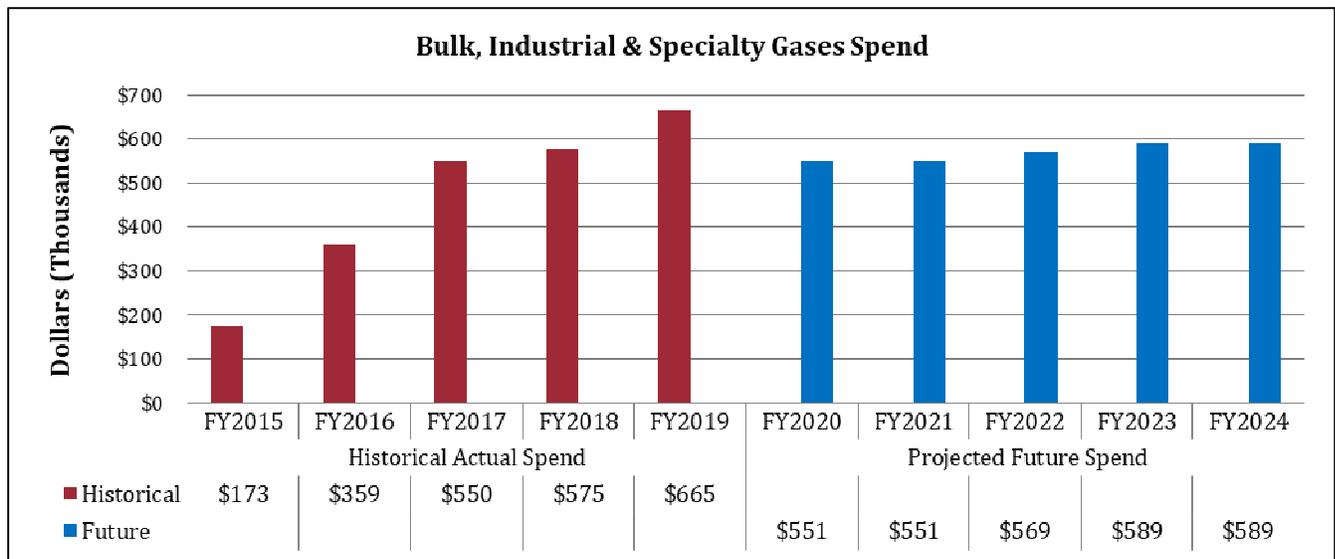
New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

Contract No. 5420
Supplier: Airgas USA, LLC
Contract Amount: Not to exceed \$2.85 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of bulk, industrial and specialty gases used by LCRA.

Background:

- Specialty gases include protocol (EPA) gases used for monitoring emissions.
- LCRA uses industrial and specialty gases for analytical laboratory testing, laser cutting, welding and fabrication.
- Helium is used by Environmental Testing and by Generation for leak detection.





Actions:

- LCRA invited nine suppliers to participate. LCRA received four proposals and evaluated two proposals.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$2.85 million.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$511,000 over the life of the contract (compared with the median of responses received).
- Based on the evaluation and negotiations, LCRA recommends Airgas USA, LLC as the supplier for this contract.

Contract No. 5432, 5434, 5435, 5436, 5437

Supplier: 22nd Century Technologies, Cogent Infotech, The Judge Group, NEOS Consultants, Signature Consultants

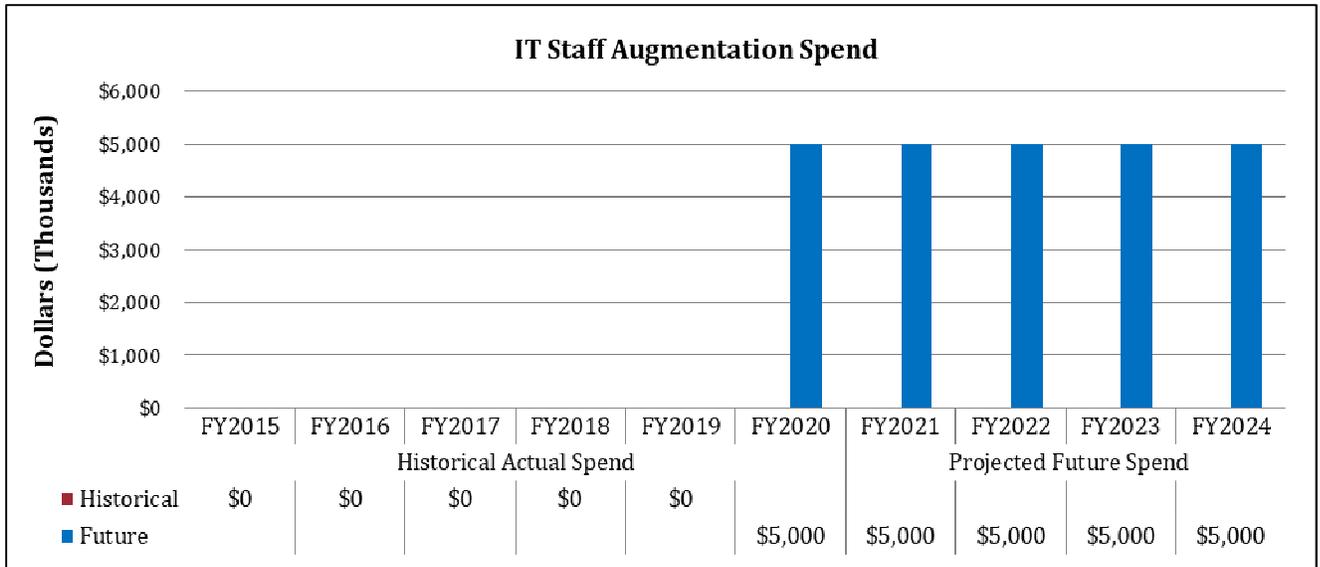
Contract Amount: Not to exceed \$25 million

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

Description: These master contracts are for the provision of IT staff augmentation services used by LCRA.

Background:

- Provision of higher skill-level IT temporary staff frequently involves independent contractors or business-to-business subcontracts.
- To attract a wider range of skills, LCRA intends to engage suppliers who will offer resources at a not-to-exceed rate versus a percentage markup rate.



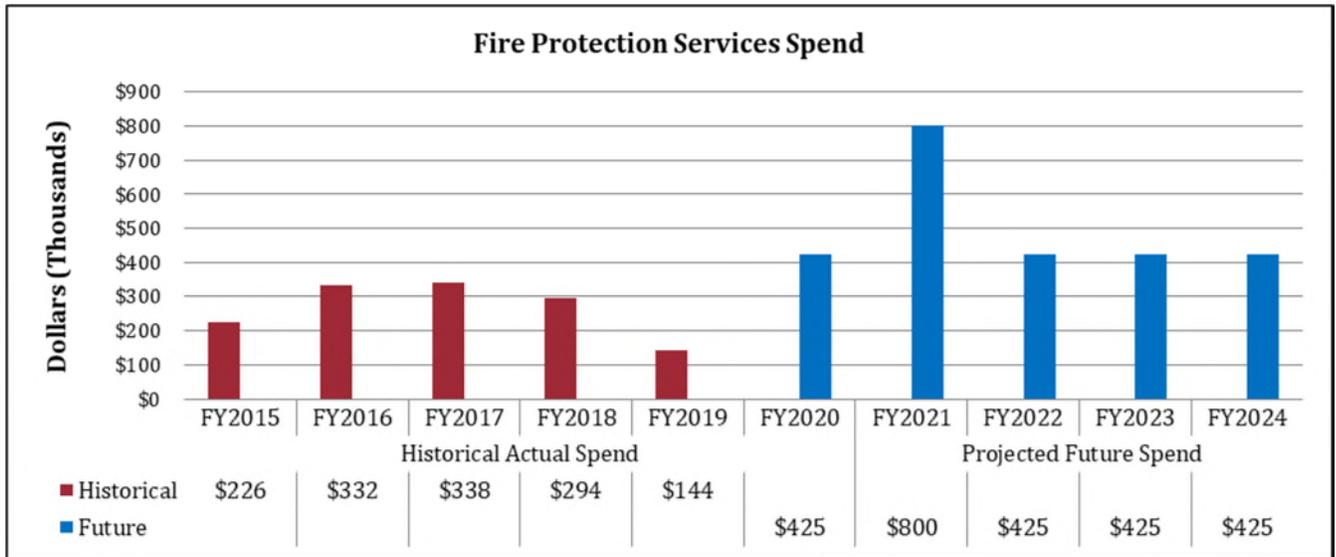
Actions:

- LCRA invited 105 suppliers to participate. LCRA received 47 proposals and evaluated 44 proposals.
- The quality of previously placed candidates (based on resumes) was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$25 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$414,000 over the life of the contracts (compared with the median of responses received).
- Based on the evaluation and negotiations, LCRA recommends 22nd Century Technologies, Cogent Infotech, The Judge Group, NEOS Consultants and Signature Consultants as the suppliers for these contracts.

Contract No. 5438
Supplier: Firetrol Protection Systems, Inc.
Contract Amount: Not to exceed \$2.5 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of fire protection services used by LCRA.

Background:

- Fire protection services include inspection, testing and recharging of fire extinguishers; system monitoring services; and planning, design, upgrade, repair and/or installation of fire protection systems within LCRA facilities.



Actions:

- LCRA invited six suppliers to participate. LCRA received two proposals and evaluated one proposal.
- Cost was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$2.5 million, based upon anticipated spending and upgrade projects.
- Based on the forecast need and proposed contract terms, LCRA expects to save \$25,000 over the life of the contract (compared with the previous price paid).
- Based on the evaluation and negotiations, LCRA recommends Firetrol Protection Systems, Inc. as the supplier for this contract.

Contract No. 5450

Supplier: Electroswitch Corporation

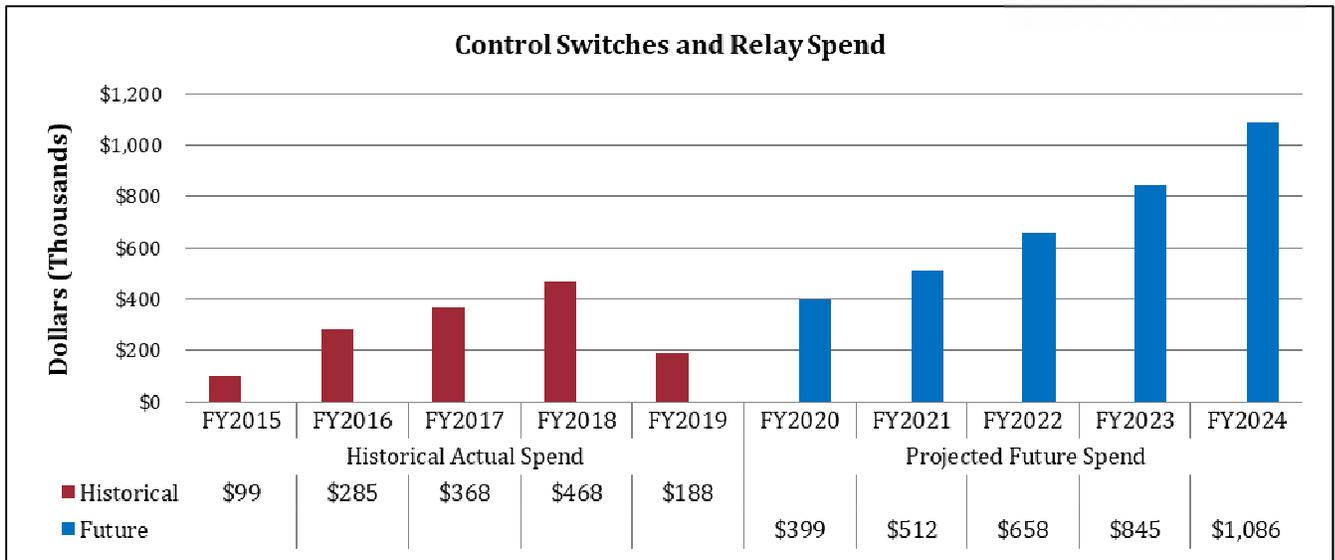
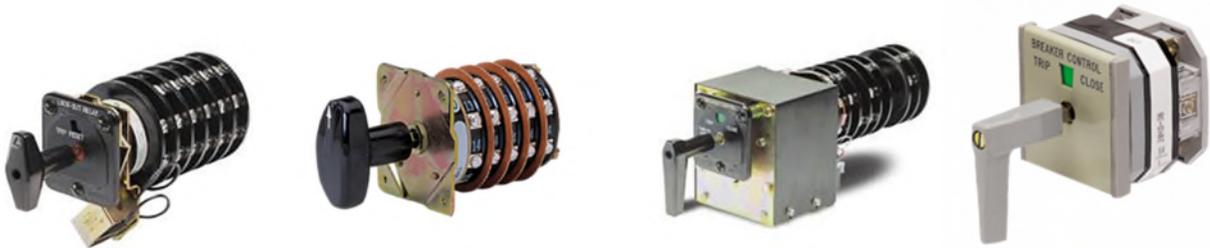
Contract Amount: Not to exceed \$3.5 million

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

Description: This master contract is for the provision of control switches and lock-out relays used by LCRA Transmission Services Corporation.

Background:

- A control switch is a manual switch with two or more positions for closing and opening electrical control circuits. They are usually mounted on control boards and panels and are used in automatic and remote control systems.
- A lockout relay is an electromechanical relay that latches its output contact. As the name suggests, once operated, this relay locks out the circuit.



Actions:

- LCRA invited three suppliers to participate. LCRA received and evaluated one proposal.
- Ability to meet specifications was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$3.5 million, based upon anticipated spending.

- Based on the forecast need and proposed contract terms, LCRA expects to save \$58,000 over the life of the contract (compared with the median of responses received).
- Based on the evaluation and negotiations, LCRA recommends Electroswitch Corporation as the supplier for this contract.

Contract No. **TBD**

Supplier: **TBD**

Contract Amount: Not to exceed the Board-approved project amendment

Contract Length: Until services are completed

Description: This one-time contract is for the provision of seepage mitigation services for the Arbuckle Reservoir project.

Background:

- The contract will provide a seepage barrier constructed for the existing Arbuckle Reservoir in Wharton County, Texas, adjacent to the Colorado River.

Actions:

- LCRA is in the process of conducting a request for proposal for these services.
- The team is currently evaluating proposals for conformance to specifications.
- Upon completion of the evaluation process and negotiation, the provider would be selected.
- The contract award amount is not to exceed the Board-approved project amendment.

EXHIBIT B

Contract Administration

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

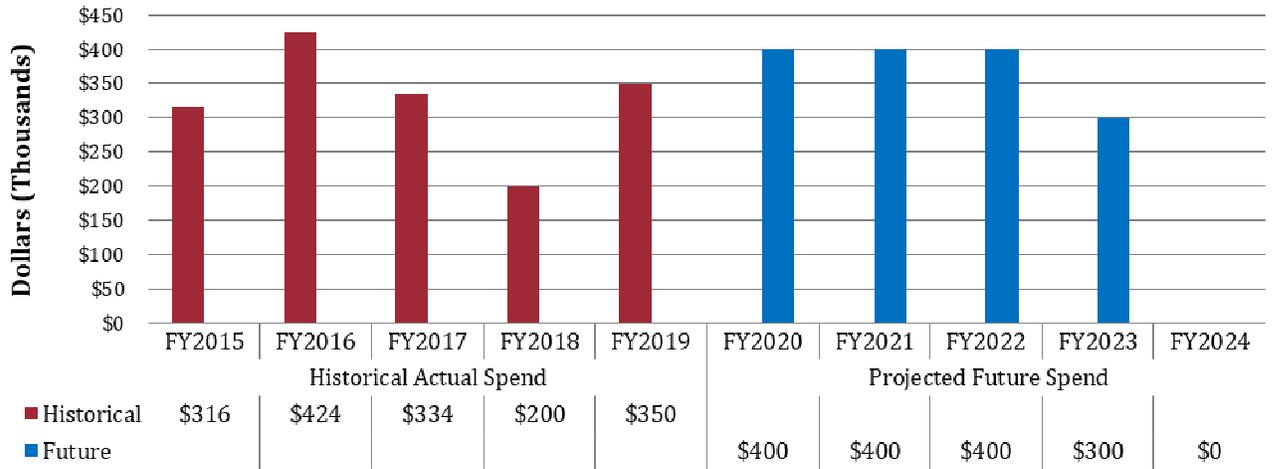
Contract No. 4732
Supplier: Puffer Sweiven, LP
Contract Amount: Not to exceed \$2.07 million
Contract Length: One year with four-year options to extend
Description: This is an increase in estimate for a master contract for the provision of parts and services of Fisher-brand valves used by LCRA.

Process Integrity: This contract was originally awarded through a departure from the competitive process, as original equipment manufacturer parts are required to maintain the valves. Fisher-brand valves are installed across the LCRA power generation fleet. Many of the valves are considered critical to the operation of the power plants. Emerson sells its Fisher-brand parts through a controlled supply channel. Puffer Sweiven, LP is the only authorized local business partner for Emerson in the Texas Gulf Coast area.

Contract History: The previous five-year spending for this contract was \$1.6 million.

Original Contract (03/2018)	\$475,000
Increase in Estimate No. 1 (05/2019)	\$95,000
Increase in Estimate No. 2 (12/2019)	\$1,500,000
Total	<u>\$2,070,000</u>

Fisher Valve Spend



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