



Board Agenda

Wednesday, Jan. 22, 2020
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 9 a.m.

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

Executive Session

1. Litigation Report
2. General Manager's Midyear Performance Evaluation

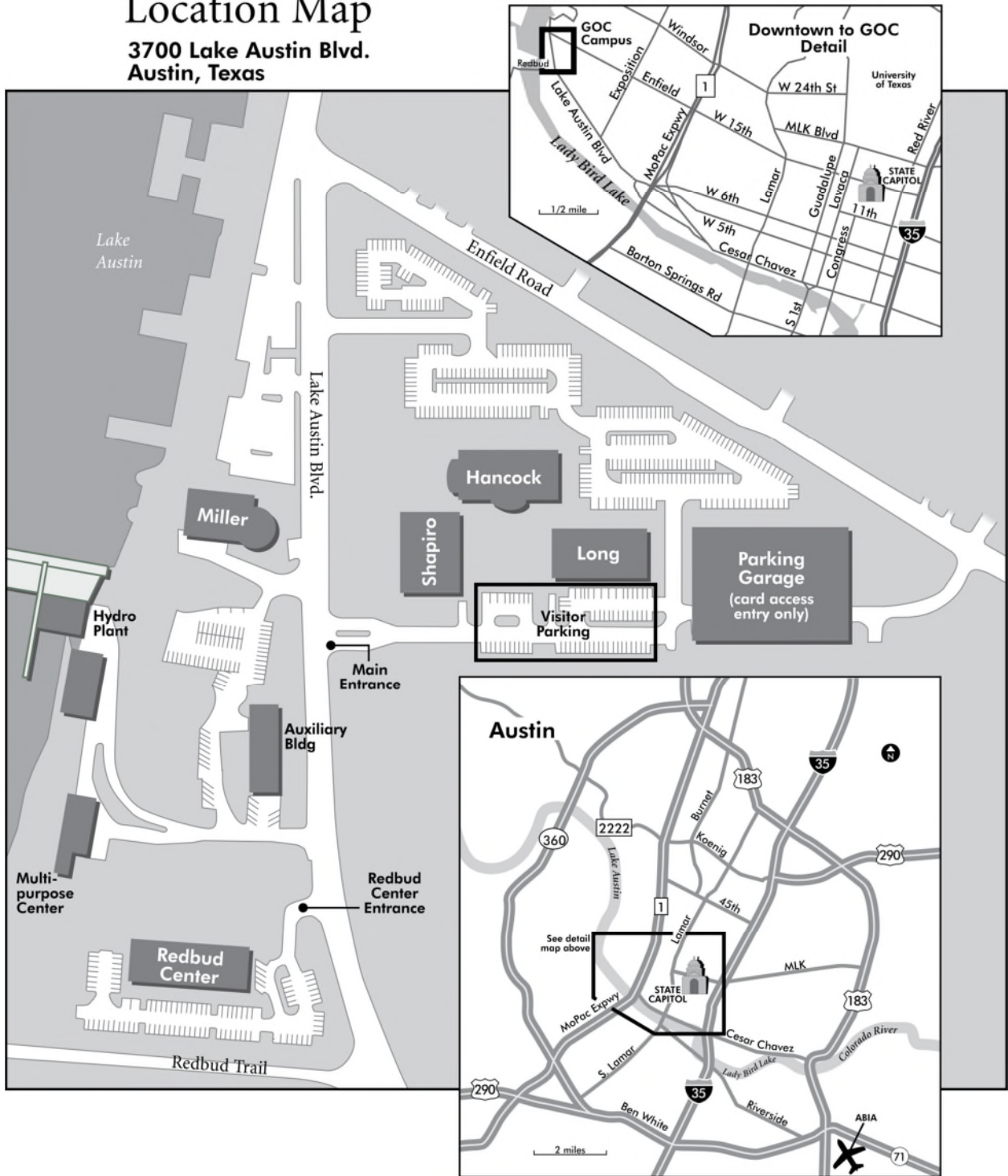
The Board also may go into executive session for advice from legal counsel on any item(s) listed above, pursuant to Chapter 551 of the Texas Government Code.

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.

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

This part of the meeting is intended for comments from the public on topics under LCRA's jurisdiction but not related to an item on the Board of Directors agenda. No responses or action may be taken by the Board 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

2. Resolution

Proposed Motion

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

Board Consideration

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

Summary

LCRA recognizes individuals from time to time with Board resolutions.

Presenter(s)

Phil Wilson
General Manager

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

Honoring Helen Miles and Her Family

Whereas, Helen Miles was the first participant in a 1990 pilot study that eventually developed into the Lower Colorado River Authority Creekside Conservation Program, which helps private landowners plan, implement and fund soil and water conservation projects. The program is a partnership among the U.S. Department of Agriculture, Natural Resources Conservation Service, the Texas State Soil and Water Conservation Board, LCRA, local soil and water conservation districts, and landowners. Helen recently enrolled her Oxford Ranch in Llano County for its third project as the program celebrates its 30th anniversary; and

Whereas, the roots of Helen's family and the ranch where she grew up run deep in the heart of the Oxford community. Helen's great-grandfather, Matthew "Mark" Moss, acquired the land in 1836 through a governor's land grant for serving alongside Sam Houston at San Jacinto during the Texas Revolution. Her family was among the first settlers in Oxford after Texas became a state, and Helen takes pride in perpetuating their heritage; and

Whereas, Helen's hands-on ranching and farming upbringing on her family's 4,200 acres instilled in her the importance of conserving the natural resources that are vital to the health and prosperity of Texas ranchlands. The additional skills she acquired while earning her journalism degree from The University of Texas at Austin and later as a writer in San Antonio made Helen a highly capable ranch owner and operator when she returned to Oxford as the ranching enterprise's matriarch. She carried on her family's pioneering spirit to establish herself as an astute businesswoman at a time when the ranching industry was dominated by men; and

Whereas, Helen's participation in the program has helped her manage the family ranch where she grew up, maintain the land in an ecologically sustainable state and preserve her family's Oxford Ranch legacy – down to the remnants of an old schoolhouse and a trail that is still visible where the ranch's early settlers drove ox carts to and from a gristmill along Lost Hollow Creek;

Now, Therefore, Be It Resolved that the Lower Colorado River Authority Board of Directors and employees thank Helen Miles and her family for their participation in LCRA's Creekside Conservation Program and for acting as outstanding stewards of their land, helping to protect the land and water resources of the lower Colorado River basin for future generations.

Approved this 22nd day of January 2020.

Timothy Timmerman, Board Chair

Phil Wilson, General Manager

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FOR DISCUSSION

3. Financial Report

Board Consideration

Staff presents this report monthly to the Board of Directors for discussion.

Summary

The financial report for LCRA covers the month and fiscal year to date. This report will be handed out at the meeting.

Presenter(s)

Julie Rogers
Controller

4. Grant Subsurface Petrochemical Pipeline Easement in Colorado County – Kinder Morgan

Proposed Motion

Authorize the general manager or his designee to grant a permanent subsurface easement to Kinder Morgan Tejas Pipeline LLC for approximately 0.11 acre and a temporary construction easement for approximately 0.17 acre, for a pipeline which will cross under an LCRA canal in the Garwood Irrigation District in Colorado County.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code and LCRA Board Policy 401 – Land Resources require the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2020 business plan. The proceeds of \$5,000 from the sale of the easement will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Kinder Morgan plans to construct a new petrochemical pipeline that will cross under an LCRA-owned canal in Colorado County. The canal is part of the Garwood Irrigation District's canal system. Kinder Morgan requested a 50-foot-wide permanent subsurface easement and a 75-foot-wide temporary construction easement for the project and agreed to bore 6 feet below the lowest point of the canal.

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

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

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A



EXHIBIT B



FOR ACTION (CONSENT)

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

5. Grant Transmission Line Easement in Matagorda County – CenterPoint Energy

Proposed Motion

Authorize the general manager or his designee to grant an approximately 0.3455-acre transmission line easement to CenterPoint Energy Houston Electric LLC that will cross an LCRA canal in the Gulf Coast Irrigation District in Matagorda County.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code and LCRA Board Policy 401 – Land Resources require the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of this easement are contained in the fiscal year 2020 business plan. The proceeds of \$5,000 from the sale of the easement will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

CenterPoint plans to construct a transmission line that will cross an LCRA-owned canal that is part of the Gulf Coast Irrigation District's canal system in Matagorda County. CenterPoint requested a 100-foot-wide easement for the project.

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

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

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A



EXHIBIT B



6. Grant Subsurface Petrochemical Pipeline Easements in Matagorda County – Phillips 66

Proposed Motion

Authorize the general manager or his designee to grant two permanent subsurface easements to Phillips 66, one being approximately 0.14 acre and one being approximately 0.17 acre, for a pipeline which will cross under two LCRA canals in the Gulf Coast Irrigation District in Matagorda County.

Board Consideration

Section 8503.020(b) of the Texas Special District Local Laws Code and LCRA Board Policy 401 – Land Resources require the approval of at least 12 members of the LCRA Board of Directors to convey any interest in real property.

Budget Status and Fiscal Impact

The administrative costs associated with the conveyance of these easements are contained in the fiscal year 2020 business plan. The proceeds of \$10,000 from the sale of the easements will be placed in the Water Strategic Reserve Fund for use in water-related capital projects.

Summary

Phillips 66 plans to construct a new petrochemical pipeline that will cross under two LCRA-owned canals in Matagorda County. The canals are part of the Gulf Coast Irrigation District's canal system. Phillips 66 requested two 30-foot-wide subsurface easements for the project and agreed to bore 6 feet below the lowest point of the canals.

Phillips 66 has agreed to pay \$5,000 for each easement, totaling \$10,000. LCRA staff reviewed available market data and determined this price is at or above the market value of the easements being conveyed.

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

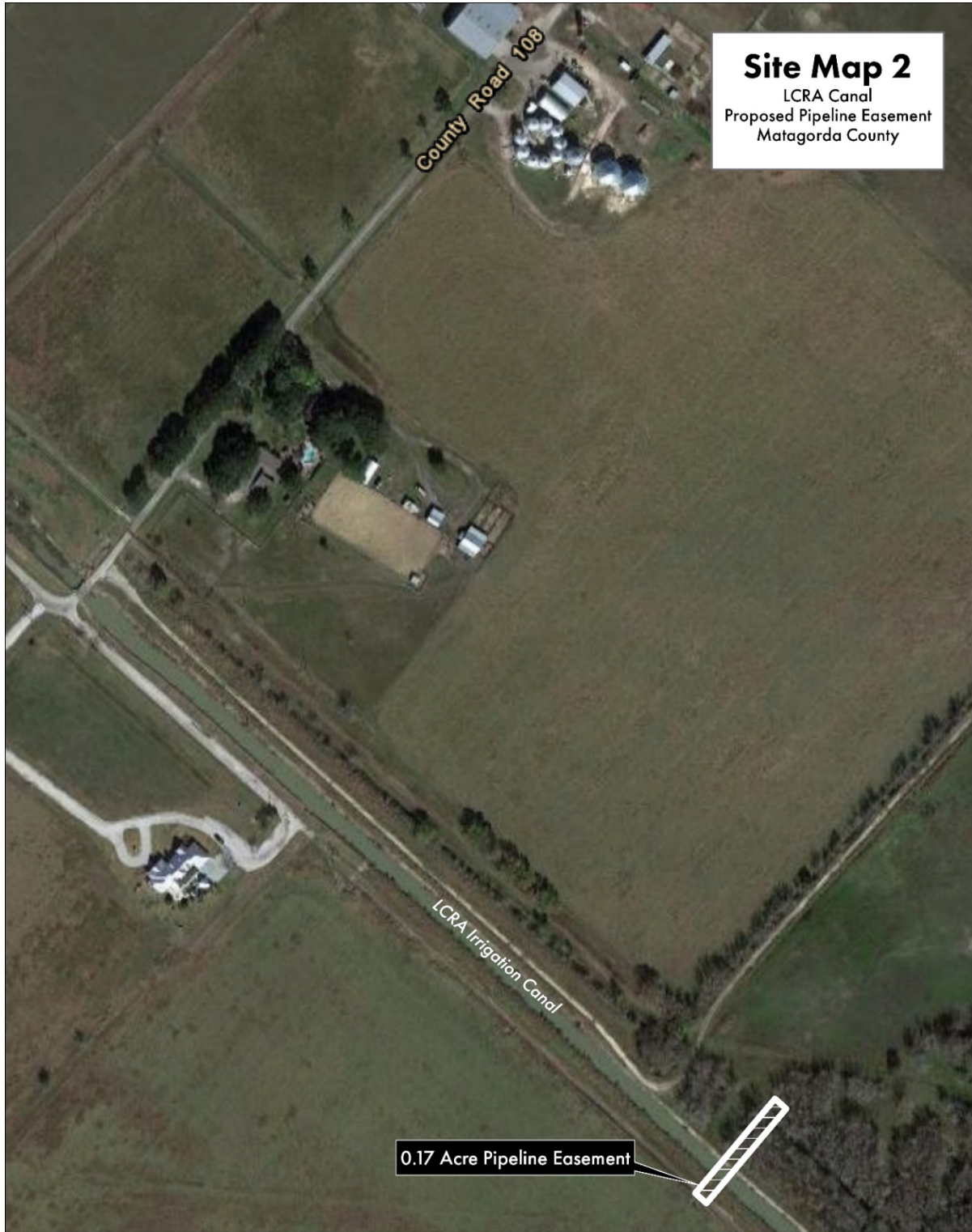
Exhibit(s)

- A – Vicinity Map
- B – Site Maps

EXHIBIT A







FOR ACTION (CONSENT)

7. LCRA Board Policy 303 – Banking and Investments

Proposed Motion

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

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

Due to a change in personnel, staff recommends an update to the list of individuals authorized to purchase and sell securities in Appendix A to Board Policy 303.

Exhibit(s)

A – LCRA Board Policy 303 – Banking and Investments

EXHIBIT A

LCRA BOARD POLICY

303 – BANKING AND INVESTMENTS

~~Oct. 23, 2019~~ Jan. 22, 2020

303.10 PURPOSE

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

303.20 POLICY

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

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

303.30 Banking Procedures

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

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

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

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

303.40 Investment Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

303.407 Safekeeping of Investments. LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a "delivery-versus-payment" basis.

Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

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

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

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

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

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

All designated investment officers must sign the quarterly reports.

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

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

Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Fund; however, should they be necessary, the short-term

nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

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

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

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

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

303.414 Periodic Review and Approval of Policy. This investment policy and its investment strategies will be reviewed and approved by the Board on at least an annual basis, as required by the TPFIA. The Board will record in writing its approval of existing policy and any changes to the LCRA investments policy and investment strategies.

303.50 AUTHORITY

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

EFFECTIVE: December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; April 18, 2018; Oct. 17, 2018; Dec. 11, 2018; ~~and Oct. 23, 2019;~~ and Jan. 22, 2020.

APPENDIX A

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

**Staff Authorized to Purchase and Sell Securities:
Amended ~~Oct. 23, 2019~~ Jan. 22, 2020**

Chief Financial Officer (Unlimited)	James D. Travis
Treasurer (\$100 million per day)	David J. Smith
Treasury Analyst <u>Supervisor</u> (\$75 million per day)	Keri J. Whipple
Treasury Analyst (\$75 million per day)	Drew Ritchey
Treasury Analyst (\$75 million per day)	Russell Holloway
Treasury Analyst (\$75 million per day; Money Market trades only)	Tom Bowen

**APPENDIX B
APPROVED BROKERS/DEALERS**

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

APPENDIX C
APPROVED INVESTMENTS OF PUBLIC FUNDS
AS OF Oct. 23, 2019
(SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)

DESCRIPTION

1. Obligations of, or guaranteed by, Governmental Entities (Section 2256.009 of the Texas Public Funds Investment Act) Maturity Limit: 30 years
2. Certificates of Deposit and Share Certificates (Section 2256.010 of the Texas Public Funds Investment Act) Maturity Limit: three years
3. Repurchase and/or Reverse Repurchase Agreements (Section 2256.011 of the Texas Public Funds Investment Act) Maturity Limit: one year
4. Securities Lending Program (Section 2256.0115 of the Texas Public Funds Investment Act) Maturity Limit: one year
5. Banker's Acceptances – Rating/Definition (Section 2256.012 of the Texas Public Funds Investment Act) Maturity Limit: 270 days
6. Commercial Paper – Rating/Definition (Section 2256.013 of the Texas Public Funds Investment Act) Maturity Limit: 365 days
7. Money Market Mutual Funds – Permissions/Restrictions (Section 2256.014 (a) of the Texas Public Funds Investment Act) Maturity Limit: 90 days
8. Guaranteed Investment Contracts (GICs) (Section 2256.015 of the Texas Public Funds Investment Act) Maturity Limit: three years
9. Investment Pools (Section 2256.016 of the Texas Public Funds Investment Act) Maturity Limit: 90 days

FOR ACTION (CONSENT)

8. Directors' Fees, Expenses

Proposed Motion

Approve directors' fees and expense reports.

Board Consideration

LCRA Board Policy 105 – Directors' Fees and Expense Reimbursement and the LCRA bylaws require Board approval for directors' fees and expenses.

Budget Status and Fiscal Impact

Directors' fees and expenses are provided for in the budget in the business plan.

Summary

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

FOR ACTION (CONSENT)

9. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Dec. 10, 2019, meeting.

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 Dec. 10, 2019, meeting

EXHIBIT A

Minutes Digest
Dec. 10, 2019

- 19-75 Appointment of Kevin Coleman to serve on the GenTex Power Corporation Board of Directors to complete the unexpired term of Michael Wolfe Sr.
- 19-76 Approval and authorization for the Board of Directors chair or his designee to execute Amendment No. Four to the Lower Colorado River Authority 401(k) Plan;
- Approval and authorization for the Board chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and
- Approval and authorization for the Board chair or his designee to execute Amendment No. Seven to the Lower Colorado River Authority Deferred Compensation Plan.
- 19-77 Approval of directors' attendance at seminars or conferences for calendar year 2020.
- 19-78 Approval of the minutes of the Oct. 23, 2019, and Nov. 19, 2019, meetings.
- 19-79 Approval of the increase to the lifetime budget for the Arbuckle Reservoir project.
- 19-80 Approval of 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.
- 19-81 Approval of revisions to LCRA Board Policy 301 – Finance.
- 19-82 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5420 (Airgas USA LLC); Contract numbers 5432, 5434, 5435, 5436 and 5437 (22nd Century Technologies, Cogent Infotech, The Judge Group, NEOS Consultants and Signature Consultants); Contract No. 5438 (Firetrol Protection Systems Inc.); Contract No. 5450 (Electroswitch Corporation); a contract for seepage mitigation for the Arbuckle Reservoir project (contract number and contract supplier to be determined); and Contract No. 4732 (Puffer Sweiven LP).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Horseshoe Bay, Texas
Dec. 10, 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 1:17 p.m. Tuesday, Dec. 10, 2019, in conference rooms E, F, G and H at the Horseshoe Bay Resort, 200 Hi Circle North, Horseshoe Bay, Llano 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
Michael L. "Mike" Allen
Lori A. Berger
Laura D. Figueroa
Raymond A. "Ray" Gill Jr.
Charles B. "Bart" Johnson
Thomas L. "Tom" Kelley
Thomas Michael Martine
George W. Russell
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. "Joe" Crane, Secretary
Robert "Bobby" Lewis

Chair Timmerman convened the meeting at 1:17 p.m.

There were no public comments on general topics under LCRA's jurisdiction (Agenda Item 1) during this meeting.

General Manager Phil Wilson began his update to the Board with a focus on holiday safety, especially when traveling by car. He noted tips given to employees to help them stay safe. Wilson highlighted examples of LCRA employee giving and volunteering during the holidays. He also shared a story of an employee demonstrating the Colorado Commitment: I will make every LCRA endeavor outstanding.

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Vice Chair Cooper, the Board unanimously approved consent items 2, 3, 4 and 5 included on the Dec. 10, 2019, consent agenda by a vote of 13 to 0 as follows:

19-75 Appointment of Kevin Coleman to serve on the GenTex Power Corporation Board of Directors to complete the unexpired term of Michael Wolfe Sr., as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

19-76 Approval and authorization for the Board of Directors chair or his designee to execute Amendment No. Four to the Lower Colorado River Authority 401(k) Plan;

Approval and authorization for the Board chair or his designee to execute Amendment No. Three to the Lower Colorado River Authority Retirement Plan and Trust Agreement; and

Approval and authorization for the Board chair or his designee to execute Amendment No. Seven to the Lower Colorado River Authority Deferred Compensation Plan, all as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

19-77 Approval of directors' attendance at seminars or conferences for calendar year 2020, as recommended in Consent Item 4 [attached hereto as Exhibit C].

19-78 Approval of the minutes of the Oct. 23, 2019, and Nov. 19, 2019, meetings [Consent Item 5].

Executive Vice President of Water John Hofmann presented an overview of the Arbuckle Reservoir project, including infrastructure construction matters. Hofmann referenced related agenda items 6 and 7 and a contract included in Agenda Item 9 (Contracts and Contract Changes).

Chair Timmerman recognized the following guests in attendance: Llano County Commissioner Peter Jones and Burnet County Commissioner Billy Wall.

Executive Vice President of Water John Hofmann presented for the Board's consideration Agenda Item 6 (Capital Improvement Project – Arbuckle Reservoir Project). Chief Financial Officer Jim Travis presented Agenda Item 7 (Fiscal Year 2020 Capital Plan Amendment). Staff responded to questions from Board members regarding items 6 and 7. Jo Karr Tedder, president of Central Texas Water Coalition (CTWC), addressed the Board regarding these items. Tedder expressed concerns about the sustainability of water resources basinwide.

Tedder addressed the Board regarding Agenda Item 8 (Revisions to LCRA Board Policy 301 – Finance). Jim Maury, a resident of Lake Buchanan, also addressed the Board regarding this item. He requested the Board postpone action on this item for 30 days. Maury also is a member of CTWC; however, he appeared in his individual capacity and not as a representative of CTWC.

General Manager Phil Wilson provided additional information regarding the source and use of funds for the proposed new Agriculture Reserve Fund in Agenda Item 8. Wilson reiterated that approval of this item would only authorize staff to set up the fund, and staff would need to return to the Board for approval of funding. [As stated in Item 8, all deposits to the fund and expenditures from it will require Board approval.]

[CTWC also submitted written comments and questions regarding items 6, 7 and 8.]

The Board took action on agenda items 6 and 7 as follows:

19-79 Upon motion by Director Martine, seconded by Director Berger, the Board unanimously approved the increase to the lifetime budget for the Arbuckle Reservoir project, as recommended by staff in Agenda Item 6 [attached hereto as Exhibit D] by a vote of 13 to 0.

19-80 Upon motion by Director Whitten, seconded by Director Yearly, the Board unanimously approved 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, as recommended by staff in Agenda Item 7 [attached hereto as Exhibit E] by a vote of 13 to 0.

19-81 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 8 [attached hereto as Exhibit F], that the Board approve revisions to LCRA Board Policy 301 – Finance. Upon motion by Director Kelley, seconded by Vice Chair Cooper, the recommendation was unanimously approved by a vote of 13 to 0.

19-82 Vice President of Supply Chain Michael McGann presented for consideration a staff recommendation, described in Agenda Item 9 [attached hereto as Exhibit G], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 5420 (Airgas USA LLC); Contract numbers 5432, 5434, 5435, 5436 and 5437 (22nd Century Technologies, Cogent Infotech, The Judge Group, NEOS Consultants and Signature Consultants); Contract No. 5438 (Firetrol Protection Systems Inc.); Contract No. 5450 (Electroswitch Corporation); a contract for seepage mitigation for the Arbuckle Reservoir project (contract number and contract supplier to be determined); and Contract No. 4732 (Puffer Sweiven LP). Upon motion by Director Berger, seconded by Director Martine, the recommendation was unanimously approved by a vote of 13 to 0.

Executive Vice President of Water John Hofmann presented an overview of calendar year 2020 draft projected firm and interruptible water rates, availability of water, and planned updates to the drought contingency plan and contract rules for interruptible agriculture customers (Discussion Item 10). Hofmann noted staff's plan to place the interruptible agricultural drought contingency plan, contract rules and rates on the January 2020 Board agenda for action.

General Manager Phil Wilson introduced Executive Vice President of Strategic Initiatives and Transformation Khalil Shalabi, who led a strategic planning process for LCRA. Wilson gave a presentation and update on LCRA's strategic planning efforts (Discussion Item 11).

Chair Timmerman declared the meeting to be in executive session at 2:38 p.m., pursuant to sections 551.071 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Vice Chair Cooper declared the meeting to be in public session at 2:55 p.m., with all directors present except Directors Crane and Lewis. Chair Timmerman returned shortly thereafter.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 2:56 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Jan. 22, 2020

FOR ACTION

10. LCRA Interruptible Agricultural Drought Contingency Plan

Proposed Motion

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

Board Consideration

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

Budget Status and Fiscal Impact

The proposed Drought Contingency Plan has no impact on the fiscal year 2020 budget.

Summary

In 2019, LCRA submitted to TCEQ an application to amend its Water Management Plan. The pending WMP may be approved before the start of the 2020 agricultural season. The pending WMP includes changes to the supply of interruptible stored water to agricultural customers, including a limit on interruptible stored water releases from lakes Buchanan and Travis and changes to the maximum amounts of interruptible stored water available for allocation. In the event TCEQ does not approve the pending WMP in time for it to be effective for the 2020 agricultural season, LCRA will operate under the current 2015 WMP.

LCRA staff proposes revisions to the Drought Contingency Plan to make the plan consistent with both the pending WMP and the 2015 WMP. The proposed revisions also allow for the allocation of uncontracted interruptible stored water from either the Gulf Coast division or Lakeside division to be made available to customers in the other division. LCRA staff further proposes various clarifications and editorial changes.

The draft plan was available for comment through the LCRA website. LCRA in December 2019 met with interruptible water customers regarding the supply of water for the upcoming crop year. The draft plan has been provided to the Board of Directors under separate cover.

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

Presenter(s)

John B. Hofmann
Executive Vice President, Water

FOR ACTION

11. LCRA Interruptible Agricultural Water Contract Rules and Rates for Garwood, Gulf Coast and Lakeside Agricultural Divisions

Proposed Motion

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

Board Consideration

Consistent with LCRA Board Policy 501 – Water Resources and Special District Local Laws Code § 8503.011, the LCRA Board of Directors is required to approve water contract rules and rates.

Budget Status and Fiscal Impact

The proposed contract rules and rates have no impact on the fiscal year 2020 budget.

The proposed interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division, with an adjustment to the Gulf Coast and Lakeside rates to mitigate the degree of rate increase in those divisions. The resulting rate increase for Gulf Coast and Lakeside is 5%. In addition, the rates for Gulf Coast and Lakeside include a portion of river management costs. Over a multiyear period when water is available, LCRA is increasing the portion of river management costs included in the interruptible rate. For 2020, the share of river management costs is proposed to increase, and there would be three subsequent years of adjustment to reach the full share of river management costs.

The full cost recovery rate for Garwood is consistent with the 1998 Purchase Agreement between LCRA and Garwood Irrigation Company.

Summary

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

LCRA staff proposes changes to the contract rules that modify the time frame for rice customers with allocations of interruptible stored water to enter into a first season contract. This rule change, in combination with proposed changes to the Drought Contingency Plan, will facilitate the reallocation of interruptible stored water among the Gulf Coast and Lakeside divisions to customers that are prepared to enter into contracts. LCRA staff also proposes dispute resolution procedure changes, which, among other things, remove the requirement for mandatory arbitration. LCRA staff further proposes various clarifications and editorial changes to the rules.

LCRA staff also proposes updates to the volumetric rates for interruptible water customers in the Garwood, Gulf Coast and Lakeside divisions. As in prior years, the updated rates vary by division and reflect the unique costs associated with operating

each division. LCRA staff further proposes updated surcharge rates, which would continue to be tiered with rates that are 40%, 80% and 150% of the volumetric rate for the respective division. The proposed volumetric rates and surcharges are shown as Exhibit A. Additional rates that would remain unchanged from 2019 include the early drainage surcharge, the irrigation coordinator cost recovery rate, the application fee and the groundwater transport rates.

Following Board action on this item, staff will update the water contract forms for the agricultural divisions to reflect the approved changes consistent with Board policies and rules. The proposed contract rules and rates were available for comment through the LCRA website, and LCRA in December 2019 met with interruptible water customers to discuss the upcoming crop year. Copies of the proposed contract rules and rates have been submitted to the Board under separate cover.

Presenter(s)

John B. Hofmann
Executive Vice President, Water

Exhibit(s)

A – Proposed 2020 Interruptible Water Rates

EXHIBIT A

**Proposed 2020 Interruptible Water Rates
(per acre-foot)**

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1	Tier 2	Tier 3
Gulf Coast	\$63.00	\$25.20	\$50.40	\$94.50
Lakeside	\$63.00	\$25.20	\$50.40	\$94.50
Garwood – 1 lift	\$37.44	\$14.98	\$29.95	\$56.16
Garwood – 2 lifts	\$44.38			

Gulf Coast and Lakeside Division: Minimum charge of \$20.00 per acre-foot of interruptible stored water allocated under contract.

Garwood Division: Minimum charge of \$25.00 per acre of rice under contract.

Application fee: \$100

Irrigation coordinator cost recovery fee: \$75 per hour

Early drainage surcharge: \$10 per acre

Groundwater delivery fee: \$30 per day for first structure; \$15 per day for each additional structure

FOR ACTION

12. Capital Improvement Project Ratification – Inks Dam Spillway Delamination Project

Proposed Motion

Ratify the increase to the lifetime budget for the Inks Dam Spillway Delamination 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 \$500,000.
- LCRA seeks approval to increase the lifetime budget from \$500,000 to \$875,000, an increase of \$375,000.
- LCRA will spend the additional funds in fiscal year 2020.
- Staff believes this additional spending can be managed within the existing FY 2020 capital budget and is not currently requesting additional fiscal year capital budget authorization.
- The additional project cost will be funded through LCRA's Strategic Reserve Fund.

Summary

This project was completed in December 2019. Staff expected additional costs – due to the factors noted below – not to exceed the project's lifetime budget by 10% and \$300,000. However, the final additional costs do meet the criteria for requiring Board ratification.

The original project scope was to provide limited minor concrete repairs to the face of the Inks Dam spillway.

Staff originally expected the concrete damage to be 4-6 inches deep. Upon beginning work, staff determined the concrete damage was 12 inches deep. Workers had to remove concrete at this deeper level using a deeper, anchored repair method instead of the originally expected shallow repair method.

Repair work also was hindered by:

- Flooding in October 2018, with up to 7 feet of water flowing over the spillway.
- Severe weather in May 2019, with up to 2 feet of water flowing over the spillway.
- Storm weather in October 2019.

Project Recap

Total Project Estimated Cost	<u>\$875,000</u>
Previous Project Lifetime Budget:	\$500,000
Additional Lifetime Budget Approval Sought:	\$375,000
FY 2020	\$375,000
Total:	<u>\$875,000</u>

Project Direction

Project Manager: John Laisy
Project Sponsor: Kelly Payne
Project Number: 1017876

Presenter(s)

Kelly Payne
Vice President, Water Operations

John B. Hofmann
Executive Vice President, Water

FOR ACTION

13. Fiscal Year 2020 LCRA Transmission Services Corporation Capital Plan Amendment

Proposed Motion

Approve an amendment to the Fiscal Year 2020 LCRA Transmission Services Corporation Capital Plan to increase authorization for capital spending in FY 2020 from \$341.9 million to \$443.2 million.

Board Consideration

Texas Water Code Chapter 152 requires the Board of Directors to approve LCRA TSC's budget and capital plan.

Budget Status and Fiscal Impact

The proposed amendment to increase LCRA TSC's capital budget authorization in FY 2020 will have no impact on LCRA TSC's existing rates for the provision of regulated transmission services. All of these costs will be recoverable in either a future interim capital addition or a full rate case filing. There is no impact to LCRA.

Summary

Because LCRA TSC anticipates exceeding the capital spending budget, staff is seeking approval to increase the FY 2020 capital budget. The additional FY 2020 funding will cover costs for materials and construction to keep approved projects on schedule.

The LCRA TSC Board approved the FY 2020 LCRA TSC capital plan in May 2019, establishing a capital spending limit of \$341.9 million for FY 2020. The current fiscal year-end forecast for capital spending is \$443.2 million. This is an increase of \$101.3 million or 30%.

The increase in FY 2020 capital spending is primarily the result of:

- New capital projects (\$30.2 million).
- Changes in project assumptions (\$26.4 million).
- Additional prespending on projects (\$14 million).
- Project spending delayed from FY 2019 (\$13.8 million).
- Weather impacts (\$5.2 million).
- Other project changes (\$11.7 million).

The Public Utility Commission of Texas establishes LCRA TSC's rates for regulated transmission services based on the actual costs of capital projects. This amendment does not increase the lifetime budget for any individual capital project, but amends the spending limit established for FY 2020 to reflect changes to LCRA TSC's expectation of spending within the current fiscal year. The additional capital spending in FY 2020 will be recovered in a future interim capital addition or full rate case filings.

Presenter(s)

Kristen Senechal
Executive Vice President, Transmission

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

Proposed Motion

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

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

LCRA currently has a \$100 million private placement program for the Series D Notes with JPMorgan Chase Bank. Staff recommends amending the Series D Agreement to extend it for another three years and provide advantageous updated fees, among other amendments.

Series D Notes will continue to allow LCRA to sell short-term debt directly to JPMorgan Chase Bank (up to \$100 million), until May 2023. The direct purchase facility

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

The Series D Notes will be issued on parity with LCRA revenue bonds and notes pursuant to the Master Resolution and in compliance with the variable debt limitations in LCRA Board Policy 301 – Finance (25 percent of total capitalization). LCRA's other short-term debt programs include: \$150 million commercial paper program supported by a letter of credit with State Street Bank and Trust Company; \$60 million private revolving notes program supported by a note purchase agreement with U.S. Bank N.A.; \$75 million private revolving notes program supported by a note purchase agreement with Bank of America; and a letter of credit with Wells Fargo Bank N.A. to provide credit to the Electric Reliability Council of Texas. Similar to LCRA's other short-term debt, Series D Notes will be secured by a pledge of LCRA revenues and may be refunded with long-term debt when it is advantageous.

Presenter(s)

Jim Travis
Chief Financial Officer

David Smith
Treasurer

FOR ACTION

15. 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
WLE LLC (5463)	\$2.5 million	Landscaping and groundskeeping services
The Babcock & Wilcox Company (5466), Leeco Energy Services (5467), GE Steam Power Inc. (5468), Riley Power (5469), P.A.R. Alloy Inc. (5470)	\$7 million	Pulverizer and boiler related parts

Presenter(s)

Michael McGann
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

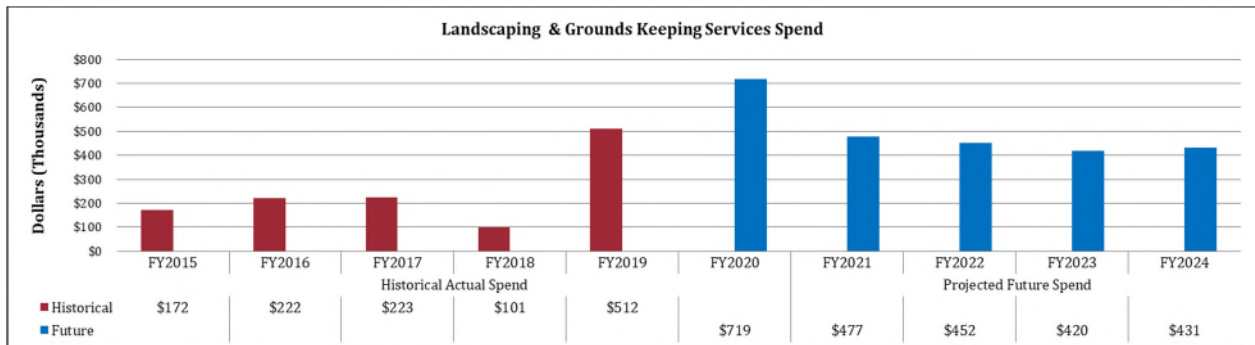
New Contracts

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

Contract No. 5463
Supplier: WLE LLC
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 landscaping and groundskeeping services used by LCRA.

Background:

- LCRA contracts with a service provider to perform landscaping, groundskeeping and irrigation maintenance services at the Dalchau Service Center, the General Office Complex and the Eastern Maintenance Facility.
- LCRA anticipates higher use of these services to accomplish needed, but previously delayed, activities.



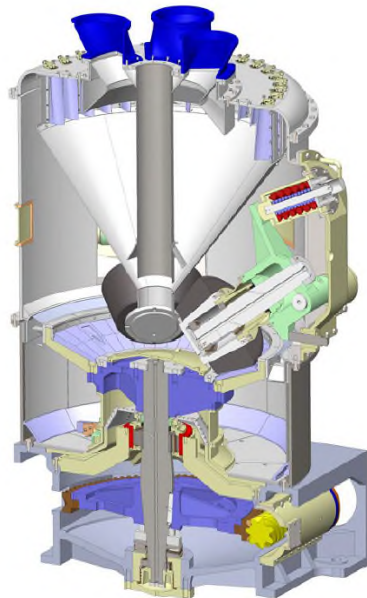
Actions:

- LCRA invited eight suppliers to participate. LCRA received four proposals and evaluated two.
- Qualifications, experience and service model were the highest-weighted criteria for the evaluation.
- The contract award amount is not to exceed \$2.5 million.
- Based on the evaluation and negotiations, LCRA recommends WLE LLC as the supplier for this contract.

Contract No. 5466, 5467, 5468, 5469, and 5470
Supplier: The Babcock & Wilcox Company, Leeco Energy Services, GE Steam Power Inc., Riley Power, and P.A.R. Alloy Inc.
Contract Amount: Not to exceed \$7 million
Contract Length: One year with four one-year options to extend
Description: These master contracts are for the provision of pulverizer and boiler related parts used by Generation.

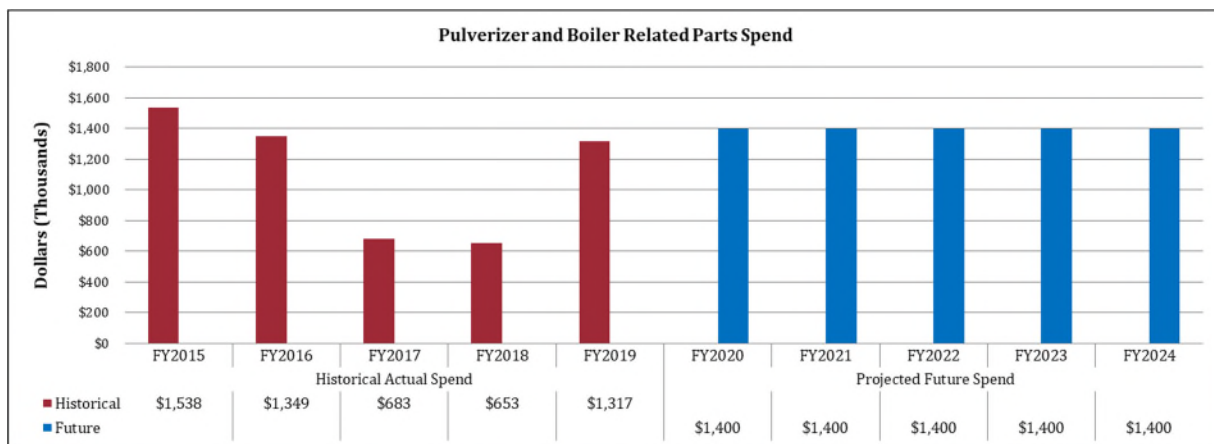
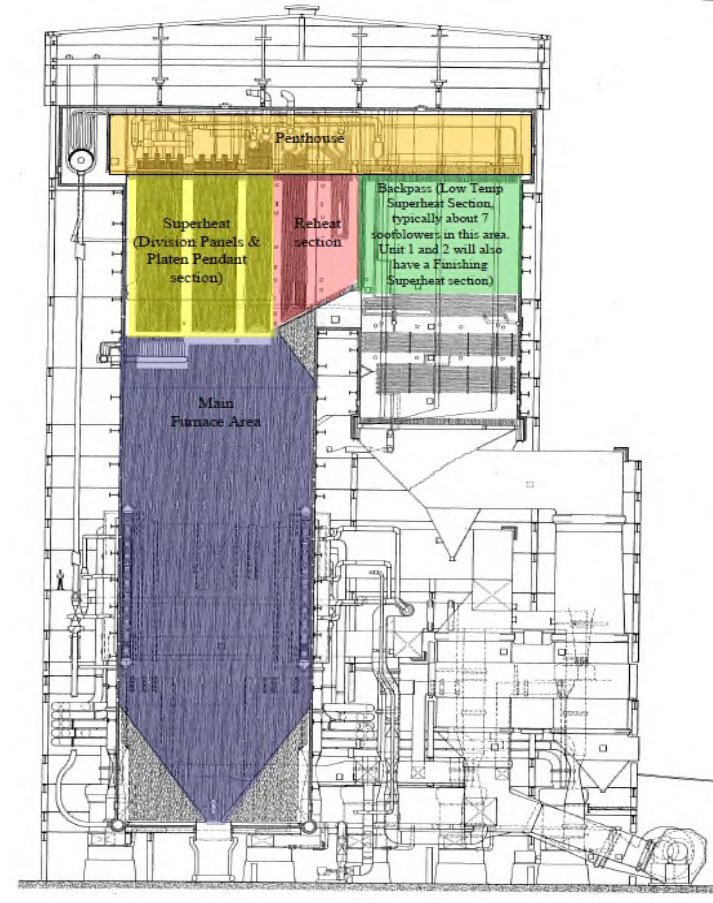
Background:

- These contracts will be used mainly during planned outages and for preventive maintenance of our boilers at the Fayette Power Project.
- A pulverizer mill is used to pulverize coal for combustion in the steam-generating boilers of fossil fuel power plants.
- Pulverizers prepare the raw fuel by grinding it to a desired fineness and mixing it with the just the right amount of air before sending the mixture to boiler burners for combustion.



- Coal-fired plants produce electricity by burning coal in a boiler to produce steam. The steam produced, under tremendous pressure, flows into a turbine, which spins a generator to create electricity. The steam is then cooled, condensed back into water and returned to the boiler to start the process over.

- Boiler-related parts are used to replace worn and/or broken parts during an outage or during an unplanned outage to allow the boiler to continue to run. If a boiler is down, the entire unit is down. Boiler tubes are an example of parts that are used during an outage.



Actions:

- LCRA invited 12 suppliers to participate. LCRA received and evaluated eight proposals.
- Ability to provide parts was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed \$7 million. This amount represents a shared sum from which the proposed contracts may draw.
- Based on the evaluation and subsequent negotiations to date, LCRA recommends The Babcock & Wilcox Company, Leeco Energy Services, GE Steam Power Inc., Riley Power and P.A.R. Alloy Inc. as suppliers for this category.

EXHIBIT B

Contract Administration

LCRA Board Policy 308 – Purchasing Contracts requires Board approval for contract changes when the accumulated changes are in excess of \$100,000 for consulting services and 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 C.

- 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. **4100**
Supplier: Texas Water Conservation Risk Management Fund
Contract Amount: Not to exceed amount of \$2.3 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of workers' compensation administration services.

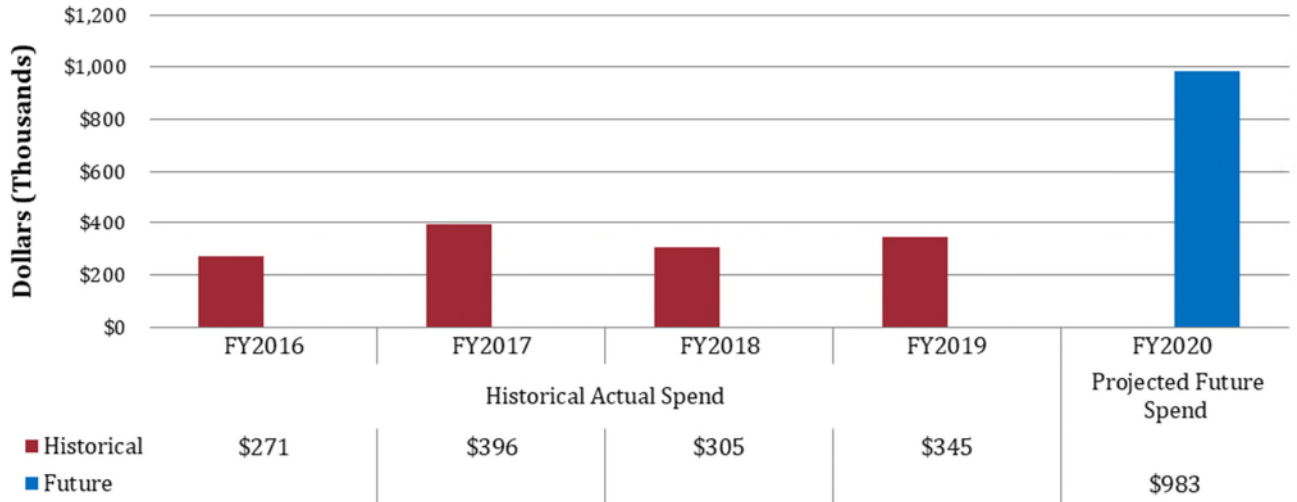
Background:

- LCRA entered into this contract in July 2015.
- LCRA reviewed available options and determined the services through the Texas Water Conservation Risk Management Fund represented the best value to LCRA.
- LCRA entered into the contract through an interlocal agreement. Based on the originally anticipated contract value of \$1.2 million, Board approval was not required.
- About \$33,000 of the contract spending is for annual administration with the remainder being self-insured claims expenses.

Contract History:

Original Contract (July 2015)	\$1,200,000
Increase in Estimate No. 1 (February 2018)	\$ 775,000
Increase in Estimate No. 2 (December 2019)	\$ 25,000
Proposed Increase in Estimate No. 3 (January 2020)	\$ 300,000
<u>Total</u>	<u>\$2,300,000</u>

Workers' Compensation Administration Services Spend



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