Board Agenda
Wednesday, Oct. 21, 2020

Earliest start time: 1 p.m.

MEMBERS OF THE PUBLIC WILL NOT BE PERMITTED TO ATTEND IN PERSON.
THE MEETING WILL BE LIVESTREAMED AT
https://www.lcra.org/about/leadership/stream/

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*10. Fifty-seventh Supplemental Resolution and Issuance
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11. Contracts and Contract Changes ........................................................ 33

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

Executive Session
1. Competitive Electric Matters
2. Litigation Report

The Board also may meet in Executive Session as authorized by, as applicable, provisions of Chapter 551 of the Texas Government Code, to receive advice from legal counsel under Section 551.071; discuss any real estate-related matters under Section 551.072; and discuss competitive electric matters under Section 551.086.

Legal Notice
Legal notices are available on the Texas secretary of state website 72 hours prior to the meeting at www.sos.state.tx.us/open/.
FOR DISCUSSION

1. Comments From the Public

Summary
Consistent with Gov. Abbott’s March 16, 2020, temporary suspension of various provisions of the Open Meetings Act, the public will not be able to attend the meeting in person but may view the open session portions of the meeting via livestream at: https://www.lcra.org/about/leadership/stream/ and make comments to the Board of Directors via telephone.

The Board will take all public comments at the beginning of the meeting. Members of the public who would like to address the Board must register by calling the number below between noon and 12:45 p.m. on the day of the meeting.

Phone number: 833-548-0282 (toll free)
Meeting ID: 6442096404##
FOR DISCUSSION

2. Financial Highlights

Summary
Staff will present financial highlights for LCRA covering the month and fiscal year to date.

Presenter(s)
Julie Rogers
Controller
Lower Colorado River Authority
Financial Highlights
September 2020
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<th>Page</th>
</tr>
</thead>
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<td>2</td>
</tr>
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</tr>
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<td>Condensed Statements of Cash Flows</td>
<td>6</td>
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<tr>
<td>Investments and Debt</td>
<td>7</td>
</tr>
</tbody>
</table>

**Key term:**

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

- Higher-than-budgeted load, miscellaneous revenues and interest income, combined with lower-than-budgeted nonfuel expenses, primarily drove Wholesale Power’s year-to-date performance. Higher-than-budgeted load and higher-than-budgeted interest income offset by higher-than-budgeted nonfuel expenses drove the year-end forecast.
- Lower-than-budgeted expenses and higher-than-budgeted miscellaneous and cost of service revenues primarily drove Transmission’s year-to-date performance. Lower-than-budgeted expenses offset by lower-than-budgeted cost of service revenues are primarily driving the year-end forecast.
- Higher-than-budgeted river management revenues and lower-than-budgeted river management expenses primarily drove Water’s year-to-date performance and year-end forecast.
- Lower-than-budgeted transmission strategic revenues due to the loss of anticipated substation construction customer projects is driving Strategic Services’ year-to-date performance and year-end forecast.
- Lower-than-budgeted park and water quality expenses primarily drove Public Services’ year-to-date performance. Higher-than-budgeted park revenues are primarily driving the year-end forecast.
- The positive performance in Wholesale Power and lower-than-budgeted debt service are primarily driving the higher-than-budgeted debt service coverage forecast.
Key takeaways:

- LCRA currently is projecting capital spending for FY 2021 will be $2.4 million under the capital plan budget of $99.4 million.
- The primary driver for the current FY 2021 favorable variance is reduced fiscal year spending on multiple projects.

General Manager Project Approvals:

- For any project not previously authorized by the Board in the capital plan, authority is delegated to the general manager to approve any capital project with a lifetime budget not to exceed $1.5 million, according to LCRA Board Policy 301. The GM approved the following two new projects this quarter:
  - Government Accounting Standards Board 87 Lease Software for $475,000.
  - Sim Gideon Unit 2 Replace 480-Volt Cable to Intake Motor Control Center for $367,000.
**Board Metrics**

<table>
<thead>
<tr>
<th>Board Metric</th>
<th>Description</th>
<th>Compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity Ratio</strong></td>
<td>LCRA will attempt to maintain a long-term average 30% equity ratio. At no time will the equity ratio fall below 20% without specific Board approval in the business plan.</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Debt Service Reserves</strong></td>
<td>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.</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Operating Reserves</strong></td>
<td>LCRA will target three months of average operating and maintenance expense for the purposes of operating liquidity and maintaining 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.</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Income Statement Trends**

*Cumulative Fiscal Year to Date*

<table>
<thead>
<tr>
<th>Month</th>
<th>Change in equity - FY 2020</th>
<th>Change in equity - FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>$20</td>
<td>$0</td>
</tr>
<tr>
<td>Aug</td>
<td>$40</td>
<td>$20</td>
</tr>
<tr>
<td>Sep</td>
<td>$60</td>
<td>$40</td>
</tr>
<tr>
<td>Oct</td>
<td>$80</td>
<td>$60</td>
</tr>
<tr>
<td>Nov</td>
<td>$100</td>
<td>$80</td>
</tr>
<tr>
<td>Dec</td>
<td>$120</td>
<td>$100</td>
</tr>
<tr>
<td>Jan</td>
<td>$140</td>
<td>$120</td>
</tr>
<tr>
<td>Feb</td>
<td>$160</td>
<td>$140</td>
</tr>
<tr>
<td>Mar</td>
<td>$180</td>
<td>$160</td>
</tr>
<tr>
<td>Apr</td>
<td>$200</td>
<td>$180</td>
</tr>
<tr>
<td>May</td>
<td>$220</td>
<td>$200</td>
</tr>
<tr>
<td>Jun</td>
<td>$240</td>
<td>$220</td>
</tr>
</tbody>
</table>

**Key takeaway:**
- Year-to-date net income is higher in FY 2021 compared with FY 2020 due to a decrease in debt interest, fuel and purchased power expense. This was offset by a decrease in electric revenues.
Lower Colorado River Authority  
Sept. 30, 2020  
(Dollars in Millions)

Condensed Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>Sept. 30, 2020</th>
<th>Sept. 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 406.6</td>
<td>$ 267.0</td>
</tr>
<tr>
<td>Current assets</td>
<td>338.2</td>
<td>440.3</td>
</tr>
<tr>
<td></td>
<td>744.8</td>
<td>707.3</td>
</tr>
<tr>
<td>Capital assets</td>
<td>5,000.9</td>
<td>4,729.7</td>
</tr>
<tr>
<td>Long-term assets</td>
<td>894.6</td>
<td>1,082.7</td>
</tr>
<tr>
<td></td>
<td>5,895.5</td>
<td>5,812.4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 6,640.3</td>
<td>$ 6,519.7</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds, notes and loans payable</td>
<td>$ 487.4</td>
<td>$ 515.4</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>222.4</td>
<td>199.7</td>
</tr>
<tr>
<td></td>
<td>709.8</td>
<td>715.1</td>
</tr>
<tr>
<td>Bonds, notes and loans payable</td>
<td>3,610.3</td>
<td>3,496.5</td>
</tr>
<tr>
<td>Pension liability</td>
<td>207.6</td>
<td>232.3</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>405.8</td>
<td>407.4</td>
</tr>
<tr>
<td></td>
<td>4,223.7</td>
<td>4,136.2</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>1,706.8</td>
<td>1,668.4</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>$ 6,640.3</td>
<td>$ 6,519.7</td>
</tr>
</tbody>
</table>

**Key takeaway:**  
- Assets and liabilities have trended steadily upward over the past year due to construction activities related to Transmission’s capital plan.
Lower Colorado River Authority  
Sept. 30, 2020  
(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity  
Fiscal Year to Date

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>$238.6</td>
<td>$268.6</td>
</tr>
<tr>
<td>Water and irrigation</td>
<td>8.9</td>
<td>7.9</td>
</tr>
<tr>
<td>Other</td>
<td>14.1</td>
<td>33.8</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>261.6</td>
<td>310.3</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>50.9</td>
<td>84.6</td>
</tr>
<tr>
<td>Purchased power</td>
<td>20.3</td>
<td>49.1</td>
</tr>
<tr>
<td>Operations</td>
<td>46.8</td>
<td>43.3</td>
</tr>
<tr>
<td>Maintenance</td>
<td>9.0</td>
<td>14.5</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>42.9</td>
<td>43.8</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>169.9</td>
<td>235.3</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>91.7</td>
<td>75.0</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on debt</td>
<td>(33.3)</td>
<td>(41.2)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(6.7)</td>
<td>(1.5)</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues (Expenses)</strong></td>
<td>(40.0)</td>
<td>(42.7)</td>
</tr>
<tr>
<td><strong>Change in Equity</strong></td>
<td>51.7</td>
<td>32.3</td>
</tr>
<tr>
<td><strong>Equity - Beginning of Period</strong></td>
<td>1,655.1</td>
<td>1,636.1</td>
</tr>
<tr>
<td><strong>Equity - End of Period</strong></td>
<td>$1,706.8</td>
<td>$1,668.4</td>
</tr>
</tbody>
</table>
### Condensed Statements of Cash Flows

<table>
<thead>
<tr>
<th>Fiscal Year to Date</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received from customers</td>
<td>$253.6</td>
<td>$338.0</td>
</tr>
<tr>
<td>Payments</td>
<td>(175.6)</td>
<td>(253.8)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>78.0</td>
<td>84.2</td>
</tr>
<tr>
<td><strong>Cash Flows From Noncapital Financing Activities</strong></td>
<td></td>
<td>(0.8)</td>
</tr>
<tr>
<td><strong>Cash Flows From Capital and Related Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(106.8)</td>
<td>(57.5)</td>
</tr>
<tr>
<td>Debt principal payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other capital and financing activities</td>
<td>51.3</td>
<td>91.5</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) capital and financing activities</strong></td>
<td>(55.5)</td>
<td>34.0</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale and maturity of investment securities</td>
<td>131.8</td>
<td>123.5</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(128.2)</td>
<td>(279.0)</td>
</tr>
<tr>
<td>Note payments and interest received</td>
<td>2.6</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>6.2</td>
<td>(150.5)</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>28.7</td>
<td>(33.1)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents - Beginning of Period</strong></td>
<td>449.1</td>
<td>408.3</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents - End of Period</strong></td>
<td>$477.8</td>
<td>$375.2</td>
</tr>
</tbody>
</table>
Key takeaway:

- The Federal Open Market Committee (FOMC) reiterated its intention to keep interest rates near zero through 2022. Reserve Chair Powell underscored the need for further monetary and fiscal stimulus to get the economy back on track before raising interest rates. The FOMC meets again on Nov. 4.
3. Conveyance of Utility Easement in Burnet County (Parcels JE-01 and JW-01)

Proposed Motion
Authorize the general manager or his designee to convey to Pedernales Electric Cooperative a permanent transmission line easement, being an approximately 2.83-acre tract and an approximately 5.54-acre tract for a total of 8.37 acres, across portions of LCRA parcels JE-01 and JW-01 in Burnet 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 fiscal year 2021 business plan contains the administrative costs associated with the conveyance of this easement. Proceeds from this conveyance will be credited to the Strategic Reserve Fund.

Summary
LCRA acquired JE-01 and JW-01 (Lacy and Hedges tracts) in 1949 for the purpose of creating Wirtz Dam and Lake LBJ. This property has frontage on both the north and south sides of Lake Marble Falls and is located just downstream of Wirtz Dam.

In 2017, PEC requested a 6.14-acre easement across the LCRA land to document its right to maintain its transmission line, which PEC has been operating on the property since the 1950s. The Board approved this request at no cost to PEC, as the transmission line has been in place for over 50 years and an easement should have been recorded at the time of construction.

PEC recently revised its request to include an additional 2.23-acre area so another circuit could be built in the easement. LCRA will charge PEC $71,965 for the additional 2.23-acre easement. This value was determined using Burnet County Appraisal District property values for the subject tract and adjoining properties.

The appropriate departments within LCRA reviewed the conveyance of this easement and determined the easement would have no adverse impact on LCRA operations. LCRA staff will complete environmental and cultural resource due diligence assessments in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the easement.

Exhibit(s)
A – Vicinity Map
B – Site Map
EXHIBIT B

Site Map
LCRA Parcels JE-01 & JW-01
Pedernales Electric Coop
T-Line easement
Burnet County

Lake LBJ

Area of Interest
2.83 Acres

Area of Interest
5.54 Acres

Colorado River
(Lake Marble Falls)

LCRA Wirtz Dam

GC Wirtz Substation

LCRA Parcel JE-01

LCRA Parcel JW-01

LCRA Parcel JW-02
FOR ACTION (CONSENT)

4. Conveyance of Tower Easement in Burnet County (Parcel ME-03)

Proposed Motion
Authorize the general manager or his designee to convey to Vertical Bridge AM LLC an approximately 0.25-acre permanent telecommunications tower easement and a 30-foot-wide access easement across a portion of LCRA Parcel ME-03 in Burnet 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 fiscal year 2021 business plan contains the administrative costs associated with the conveyance of this easement. The annual revenue from this conveyance will be used to offset LCRA Enterprise Support Telecommunications costs.

Summary
LCRA acquired Parcel ME-03 (Shifflett Tract) in 1992 for the purpose of allowing the City of Marble Falls to discharge its wastewater onto the tract. LCRA granted an irrigation easement to Marble Falls, which has no objection to the proposed tower easement.

Vertical Bridge has requested an easement to construct a telecommunications tower on a portion of the Shifflett Tract pursuant to a 2017 agreement executed by LCRA and Vertical Bridge in connection with the 2017 sale of telecommunications towers to Vertical Bridge. If the easement is granted, the 2017 agreement requires Vertical Bridge to pay LCRA 22.5% of rents received from third-party carriers that lease space on the tower from Vertical Bridge. Vertical Bridge has agreed to provide a survey of the tower easement area.

The appropriate departments within LCRA reviewed the conveyance of this easement and determined the easement would have no adverse impact on LCRA operations. LCRA staff will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403 – Land Disposition before the conveyance of the easement.

Exhibit(s)
A – Vicinity Map
B – Site Map
EXHIBIT A

Vicinity Map
LCRA Parcel ME-03
Tower Site
Burnet County
Site Map
LCRA Parcel ME-03
Tower Site
Burnet County

Note: All acreages are approximate.
FOR ACTION (CONSENT)

5. **December 2020 LCRA Board Meeting Date**

**Proposed Motion**
- Approve changing the date of the December 2020 LCRA Board of Directors meeting to Tuesday, Dec. 15.

**Board Consideration**
- The LCRA bylaws provide that the regular meeting of the Board takes place on the last Wednesday before the 25th day of each month. Any deviation from that schedule requires Board approval.

**Budget Status and Fiscal Impact**
- Approval of this item will have no budgetary or fiscal impact.

**Summary**
- The Board approved its calendar year 2020 Board and committee meetings schedule on Aug. 21, 2019. The proposed change would move the December 2020 Board meeting from Dec. 16 to Dec. 15.
FOR ACTION (CONSENT)

6. April 2021 LCRA Board Meeting Date

Proposed Motion
Approve changing the date of the April 2021 LCRA Board of Directors meeting to Wednesday, April 28, 2021.

Board Consideration
The LCRA bylaws provide that the regular meeting of the Board takes place on the last Wednesday before the 25th day of each month. Any deviation from that schedule requires Board approval.

Budget Status and Fiscal Impact
Approval of this item will have no budgetary or fiscal impact.

Summary
The Board approved its calendar year 2021 Board and committee meetings schedule on Aug. 19, 2020. The proposed change would move the April 2021 Board meeting from April 14 to April 28.
FOR ACTION (CONSENT)

7. LCRA Board Policy 603 – Energy Transactions

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

Board Consideration
Section 603.80 of Board Policy 603 – Energy Transactions requires the Board of Directors to review the policy annually.

Budget Status and Fiscal Impact
Approval of this item will have no budgetary or fiscal impact.

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

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

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

LCRA BOARD POLICY

603 – ENERGY TRANSACTIONS

Oct. 21, 2020

603.10 PURPOSE

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

603.20 OVERVIEW

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

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

603.30 RISK MANAGEMENT OBJECTIVES

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

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

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

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

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

### 603.40 DELEGATION OF AUTHORITY

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

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

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

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

#### 603.403 Chief Financial Officer. The chief financial officer (CFO) is charged with the daily administration and management of the program and will serve as the chair of the RMC. The CFO, in addition to other duties, will report periodically to the GM/CEO and the LCRA Board of Directors. The CFO will maintain appropriate financial controls, maintain a separation of duties between individuals authorized to execute commodity transactions and those who monitor and report on such transactions, and ensure documents and procedures developed to execute this policy are reviewed periodically.
603.50 ENERGY TRANSACTING AND RISK MANAGEMENT ACTIVITIES

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

1. **Commodity-related transactions** – LCRA may enter into transactions as needed to effectively manage its fuel and power portfolio position. Commodity-related transactions include financial and physical transactions related to the purchase and sale of power and related services, natural gas and associated transportation, coal and associated transportation, instruments necessary to manage transmission and transportation risks, instruments to manage full load requirement risk including load following and weather products, and transactions related to emissions and renewable energy.

2. **Physical resources** – Consistent with Board Policy 401 – Land Resources, LCRA may construct, purchase, dispose, retire, exchange and/or lease wholesale power resources, including generation resources, energy and fuel storage facilities, transportation systems, pipelines and related equipment, railcars and related equipment, and other facilities.

3. **Credit risk management** – LCRA will integrate credit provisions into contracts as appropriate, evaluate counterparty risk, require collateral as needed and monitor credit-related financial exposure with the goal of preserving LCRA’s financial integrity.

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

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

603.504 Transactions Related to Affiliated Corporations. LCRA may enter into energy and risk management transactions on behalf of affiliated corporations, provided that LCRA does so pursuant to an agreement between LCRA and such affiliated corporation, and provided that the GM/CEO or his or her designee determines that such transactions do not materially increase risks to LCRA or otherwise conflict with the objectives of this policy.
603.60  DELEGATION AND PROCUREMENT LIMITS

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

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

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

603.70  STANDARDS

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

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

603.80  REPORTING AND INTERNAL CONTROLS

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

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

EFFECTIVE: April 19, 1990. Amended July 17, 1991; May 20, 1993; May 18, 1995;
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 Meetings

Proposed Motion
Approve the minutes of the Aug. 19, 2020, and Sept. 23, 2020, meetings.

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

Budget Status and Fiscal Impact
Approval of this item will have no budgetary or fiscal impact.

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

Exhibit(s)
A – Minutes of Aug. 19, 2020, meeting
B – Minutes of Sept. 23, 2020, meeting
EXHIBIT A

Minutes Digest
Aug. 19, 2020

20-34 Approval of the proposed LCRA Board and committee meeting dates for calendar year 2021.

20-35 Adoption of the LCRA Board Resolution Designating Records Management Officer.

20-36 Authorization for the general manager or his designee to grant an approximately 0.45-acre subsurface fiber optic easement to AEP Texas Inc. to cross under an LCRA canal in the Gulf Coast Irrigation District in Wharton County.

20-37 Authorization for the general manager or his designee to grant an approximately 0.06-acre permanent transmission easement and a 0.2541-acre temporary construction easement to CenterPoint Energy Houston Electric LLC to cross an LCRA tract, formerly a canal, in the Gulf Coast Irrigation District in Wharton County.

20-38 Declaration of an approximately 0.396-acre tract of land, being a portion of LCRA Parcel TS-21 in Burnet County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.

20-39 Declaration of an approximately 0.434-acre tract of land, being a portion of LCRA Parcel TS-21 in Burnet County, nonessential and authorization for the general manager or his designee to sell the property to the adjoining landowner.

20-40 Approval of directors’ fees and expense reimbursements.

20-41 Approval of the minutes of the May 20, 2020, and June 17, 2020, meetings.

20-42 Adoption of the LCRA Board resolution authorizing the reservation from LCRA’s firm water supplies of 300 acre-feet annually through calendar year 2022 and the reservation of 100 a-f annually beginning in calendar year 2023 to be used for industrial and irrigation purposes at LCRA facilities and projects.

20-43 Approval of the increase to the lifetime budget for the Lakeside River Plant Bank Erosion Hurricane Harvey Recovery project.
20-44 Authorization for the general manager or his designee to publish notice, accept bids, select the highest and best bid, and negotiate and execute oil and gas mineral leases on three properties in Fayette County.

20-45 Approval and ratification of an amendment to the fiscal year 2020 LCRA business plan to increase authorization for spending in fiscal year 2020 from $366.5 million to $392.4 million.

20-46 Approval of funding of the Agricultural [Agriculture] Reserve Fund with $13 million from management reserves.

20-47 Authorization for the general manager or his designee to negotiate and execute the following contracts: Contract numbers 5601, 5605 and 5657 (Brace Integrated Services, Inc., Travis Industries, LLC and Performance Contracting, Inc.); Contract numbers 5611 and 5660 (Opifex, LLC and Harris County Rentals, LLC dba Texas State Rentals); and Contract No. 5665 (Cajun Industries, LLC).

20-48 Adoption of a resolution approving the fiscal year 2020 performance evaluation, compensation and FY 2021 performance goals for General Auditor Gerry Garcia.

20-49 Adoption of a resolution approving the fiscal year 2020 performance evaluation, compensation and FY 2021 performance goals for General Manager Phil Wilson.
MINUTES OF THE REGULAR MEETING OF THE 
BOARD OF DIRECTORS OF THE 
LOWER COLORADO RIVER AUTHORITY 
Austin, Texas 
Aug. 19, 2020

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 11:43 a.m. Wednesday, Aug. 19, 2020, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair [attended via videoconference]
Michael L. “Mike” Allen
Lori A. Berger
Laura D. Figueroa [attended via videoconference]
Raymond A. “Ray” Gill Jr.
Robert “Bobby” Lewis
Thomas Michael Martine
George W. Russell
Margaret D. “Meg” Voelter
Martha Leigh M. Whitten
Nancy Eckert Yeary

Absent: Joseph M. “Joe” Crane, Secretary
Charles B. “Bart” Johnson
Thomas L. “Tom” Kelley

Due to health and safety concerns related to the COVID-19 pandemic, and in accordance with the governor’s disaster declaration and subsequent temporary suspension of certain provisions of the Texas Open Meetings Act, the public was not allowed to attend this meeting in person but had access to the open session portions of this meeting via livestream and via telephone for comment.

Chair Timmerman convened the meeting at 11:43 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

The Board heard public comments (Agenda Item 1). Attorney Cindy Smiley, on behalf of the Central Texas Water Coalition (CTWC), addressed the Board regarding Agenda Item 15 – funding of the Agriculture Reserve Fund. CTWC also submitted written comments regarding this item.

General Manager Phil Wilson gave the Board an update. Focusing on safety, he spoke on LCRA’s efforts, including operational changes, in working to help keep employees safe during the pandemic. On another safety topic, he said LCRA is continuing to execute its Safety Training Observation Program known as STOP. He
shared examples of LCRA employees demonstrating two of LCRA’s core values, taking initiative and focusing on safety, and the Colorado Commitment: I will make every LCRA endeavor outstanding. Wilson shared highlights of some of LCRA’s accomplishments in fiscal year 2020. Wilson concluded his update, emphasizing LCRA’s commitment to continue to serve fellow Texas during the pandemic.

Chief Financial Officer Jim Travis presented financial highlights for July 2020 and fiscal year-to-date [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Berger, seconded by Director Whitten, the Board unanimously approved consent items 3, 4, 5, 6, 7, 8, 9 and 10 included on the Aug. 19, 2020, consent agenda by a vote of 12 to 0 as follows:

20-34 Approval of the proposed LCRA Board and committee meeting dates for calendar year 2021, as recommended in Consent Item 3 [attached hereto as Exhibit A].

20-35 Adoption of the LCRA Board Resolution Designating Records Management Officer, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

20-36 Authorization for the general manager or his designee to grant an approximately 0.45-acre subsurface fiber optic easement to AEP Texas Inc. to cross under an LCRA canal in the Gulf Coast Irrigation District in Wharton County, as recommended by staff in Consent Item 5 [attached hereto as Exhibit C].

20-37 Authorization for the general manager or his designee to grant an approximately 0.06-acre permanent transmission easement and 0.2541-acre temporary construction easement to CenterPoint Energy Houston Electric LLC to cross an LCRA tract, formerly a canal, in the Gulf Coast Irrigation District in Wharton County, as recommended by staff in Consent Item 6 [attached hereto as Exhibit D].

20-38 Declaration of an approximately 0.396-acre tract of land, being a portion of LCRA Parcel TS-21 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 7 [attached hereto as Exhibit E].

20-39 Declaration of an approximately 0.434-acre tract of land, being a portion of LCRA Parcel TS-21 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 8 [attached hereto as Exhibit F].

20-40 Approval of directors’ fees and expense reimbursements, as recommended in Consent Item 9 [attached hereto as Exhibit G].
20-41 Approval of the minutes of the May 20, 2020, and June 17, 2020, meetings [Consent Item 10].

20-42 Executive Vice President of Water John B. Hofmann presented for consideration a staff recommendation, described in Agenda Item 11 [attached hereto as Exhibit H], that the Board adopt the LCRA Board resolution authorizing the reservation from LCRA’s firm water supplies of 300 acre-feet annually through calendar year 2022 and the reservation of 100 acre-feet annually beginning in calendar year 2023 to be used for industrial and irrigation purposes at LCRA facilities and projects. Upon motion by Director Martine, seconded by Director Berger, the recommendation was unanimously approved by a vote of 12 to 0.

20-43 Executive Vice President of Water John B. Hofmann presented for consideration a staff recommendation, described in Agenda Item 12 [attached hereto as Exhibit I], that the Board approve the increase to the lifetime budget for the Lakeside River Plant Bank Erosion Hurricane Harvey Recovery project. Upon motion by Director Whitten, seconded by Director Russell, the recommendation was unanimously approved by a vote of 12 to 0.

20-44 Senior Vice President of Commercial Asset Management Glenn Williams presented for consideration a staff recommendation, described in Agenda Item 13 [attached hereto as Exhibit J], that the Board authorize the general manager or his designee to publish notice, accept bids, select the highest and best bid, and negotiate and execute oil and gas mineral leases on three properties in Fayette County. Upon motion by Director Berger, seconded by Director Yeary, the recommendation was unanimously approved by a vote of 12 to 0.

20-45 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 14 [attached hereto as Exhibit K], that the Board approve and ratify an amendment to the fiscal year 2020 LCRA business plan to increase authorization for spending in fiscal year 2020 from $366.5 million to $392.4 million. Upon motion by Director Gill, seconded by Director Russell, the recommendation was unanimously approved by a vote of 12 to 0.

20-46 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 15 [attached hereto as Exhibit L], that the Board approve funding of the Agriculture Reserve Fund with $13 million from management reserves. Travis responded to questions from the Board regarding this item. He explained that the sources of funding for this one-time contribution are from the sale of certain LCRA telecommunications towers and land, as well as the refinancing of LCRA debt. He said no revenues from firm water customers are part of the contribution, and approval of this item will have no impact on firm water rates. Upon motion by Director Berger, seconded by Director Martine, the recommendation was unanimously approved by a vote of 12 to 0.
20-47 Chief Financial Officer Jim Travis 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 the following contracts: Contract numbers 5601, 5605 and 5657 (Brace Integrated Services, Inc., Travis Industries, LLC and Performance Contracting, Inc.); Contract numbers 5611 and 5660 (Opifex, LLC and Harris County Rentals, LLC dba Texas State Rentals); and Contract No. 5665 (Cajun Industries, LLC). Upon motion by Vice Chair Cooper, seconded by Director Voelter, the recommendation was unanimously approved by a vote of 12 to 0.

Chair Timmerman declared the meeting to be in executive session at 12:25 p.m., pursuant to sections 551.071, 551.072, 551.074 and 551.086 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 1:42 p.m., with all directors present except Directors Crane, Johnson and Kelley.

Chair Timmerman next recessed the meeting at 1:42 p.m. Following an LCRA Transmission Services Corporation Board meeting, Chair Timmerman reconvened the LCRA Board meeting at 2:13 p.m., and then declared the meeting to be in executive session. Executive session ended, and Chair Timmerman declared the meeting to be in public session at 2:59 p.m., with all directors present except Directors Berger, Crane, Johnson, Kelley and Lewis.

20-48 Upon motion by Director Whitten, seconded by Director Russell, the Board unanimously adopted a resolution [attached hereto as Exhibit N] approving the fiscal year 2020 performance evaluation, compensation and FY 2021 performance goals for General Auditor Gerry Garcia by a vote of 10 to 0.

20-49 Upon motion by Director Gill, seconded by Director Yeary, the Board unanimously adopted a resolution [attached hereto as Exhibit O] approving the fiscal year 2020 performance evaluation, compensation and FY 2021 performance goals for General Manager Phil Wilson by a vote of 10 to 0.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 3:02 p.m.

____________________________________
Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Oct. 21, 2020
EXHIBIT B

Minutes Digest
Sept. 23, 2020

20-50 Approval of the fiscal year 2020 audited financial statements and authorization of the filing of the audited financial statements with the executive director of the Texas Commission on Environmental Quality.

20-51 Adoption and approval of a Thirty-third Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2020A (the Bonds) in an amount not to exceed $250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying for issuance costs.
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 11:21 a.m. Wednesday, Sept. 23, 2020, in the Board Room of the Hancock Building, at the principal office of LCRA, 3700 Lake Austin Blvd., Austin, Travis County, Texas. 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 [attended via videoconference]
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

Due to health and safety concerns related to the COVID-19 pandemic, and in accordance with the governor’s disaster declaration and subsequent temporary suspension of certain provisions of the Texas Open Meetings Act, the public was not allowed to attend this meeting in person but had access to the open session portions of this meeting via livestream and via telephone for comment.

Chair Timmerman convened the meeting at 11:21 a.m.

There were no public comments during the meeting [Agenda Item 1].

Board members shared remarks honoring Haskell Simon for his service in the interest of the Colorado River basin, including water management and conservation, and then observed a moment of silence to honor him.

20-50 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 2 [attached hereto as Exhibit A], that the Board approve the fiscal year 2020 audited financial statements and authorize the filing of the audited financial statements with the executive director of the Texas Commission
on Environmental Quality. Upon motion by Director Whitten, seconded by Director Gill, the recommendation was unanimously approved by a vote of 15 to 0.

20-51 Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 3 [attached hereto as Exhibit B], that the Board adopt and approve a Thirty-third Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series 2020A (the Bonds) in an amount not to exceed $250 million for the following purposes: (i) current refunding of portions of the LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding a debt service reserve fund for the Bonds; and (iii) paying for issuance costs.

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

Upon motion by Director Gill, seconded by Director Berger, the recommendation was unanimously approved by a vote of 15 to 0.

There being no further business to come before the Board, Chair Timmerman adjourned the meeting at 11:28 a.m.

____________________________________
Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Oct. 21, 2020
FOR ACTION

10. Fifty-seventh Supplemental Resolution and Issuance of LCRA Revenue Bonds

Proposed Motion
Staff recommends the Board adopt and approve the Fifty-seventh Supplemental Resolution to the Master Resolution (Fifty-seventh Supplement) authorizing the issuance of revenue bonds (the Bonds), in one or more series in an amount not to exceed $600 million for the following purposes: (i) refund certain outstanding LCRA revenue bonds and other long-term obligations, (ii) refund outstanding LCRA commercial paper or notes, (iii) acquire system improvements, including prepayment of power and fuel agreements, (iv) fund a debt service reserve fund or purchase a reserve fund obligation for the Bonds, and (vi) pay for issuance costs of the Bonds.

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

The resolution also will:
1. Approve related documents, including the bond purchase agreement, escrow agreement, paying agent/registrar 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, including providing for the addition of improvement and/or refunding to the name 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 and the selection of an underwriting team for the Bonds and to execute a bond purchase agreement.

Board Consideration
Section 8503.013 of the Texas Special District Local Laws Code (LCRA Act) authorizes the Board to issue debt under certain conditions, including the requirement that 12 members must concur with the resolution.

Budget Status and Fiscal Impact
Based on current market conditions and continued low interest rates, moving forward with a refunding of a portion of the outstanding long-term debt and/or certain long-term obligations will be advantageous and provide cost savings. Additionally, current market conditions provide an opportunity to refund outstanding LCRA commercial paper and notes and lock in long-term favorable rates. Similarly, it is
expected that any acquisition of system improvements, including prepayment of power and fuel agreements, will reduce LCRA’s future costs.

Summary
With this action, the Board will authorize and approve the Bonds, issued for the purpose of refunding certain outstanding LCRA revenue bonds and other long-term obligations; refunding outstanding LCRA commercial paper and notes; acquiring system improvements, including prepayment of power and fuel agreements; establishing a debt service reserve fund or reserve fund obligation for the Bonds; and paying for the issuance costs related to the Bonds, in a total amount not to exceed $600 million. The Board also will approve the execution of documents necessary for the sale of the Bonds further described below.

Background. On Sept. 22, 1999, the Board adopted the Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program (the Master Resolution). The Master Resolution allows LCRA to enter into obligations, including bonds and other types of obligations, secured by and payable from a lien on and pledge of gross revenues received from LCRA’s operations and from other lawfully available funds.

The Fifty-seventh Supplement authorizes the Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the general manager, the chief financial officer and/or the treasurer authority to set the specific terms of such bonds (including maturity, amortization, interest rates, redemption provisions, etc.), according to parameters set forth in the Fifty-seventh Supplement. The Master Resolution, the Fifty-seventh Supplement and the pricing certificate of the LCRA officers establishing the terms of the Bonds together constitute the authorization of such bonds.

The Bond Purchase Agreement is the contract between LCRA and the underwriters of the Bonds that establishes the terms of the sale and delivery of such bonds from LCRA to such underwriters. This agreement provides for the conditions for closing on the Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA’s obligation to deliver and/or the underwriters’ obligation to accept the Bonds at closing.

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

The Escrow Agreement between LCRA and The Bank of New York Mellon Trust Company NA is the contract governing the escrow fund, in which proceeds of the Bonds will be deposited, that will provide the funds to pay the interest on and principal of the refunded bonds.

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

The general manager, chief financial officer and/or treasurer will select the underwriting team for the Bonds. PricewaterhouseCoopers LLP will perform certain procedures relating to the financial information disclosed in documents related to the
bonds and provide appropriate letters to the Board regarding those procedures. Public Finance Partners LLC will provide verification services to assure the escrow accounts have sufficient funds to satisfy the cash flow requirements to cover the interest and principal of the refunded bonds.

**Use of Proceeds.** Proceeds from the Bonds will be used to refund certain outstanding LCRA revenue bonds and other long-term obligations; refund outstanding LCRA commercial paper and notes; acquire system improvements, including prepayment of power and fuel agreements; establish one or more debt service reserve funds or reserve fund obligations for the Bonds; and pay for issuance costs.

Staff periodically recommends refunding existing long-term debt or other obligations with new long-term debt to capture interest rate savings, achieve other economic savings and/or adjust the debt structure to benefit LCRA customers. Additionally, staff looks for opportunities to refund short-term notes, acquire system improvements, including prepayment of power and fuel agreements, with new long-term debt in order to capture low long-term interest rates and lock in costs. Staff currently expects the Bonds to be sold and delivered in fiscal year 2021, subject to market conditions and the approving opinions of the Office of the Attorney General and bond counsel.

**Presenter(s)**
- Jim Travis
  - Chief Financial Officer
- David Smith
  - Treasurer
FOR ACTION

11. 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

<table>
<thead>
<tr>
<th>Supplier (Contract Number)</th>
<th>Spending</th>
<th>Supplying</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGriff, Seibels &amp; Williams, Inc. (5702)</td>
<td>$34 million</td>
<td>Property and casualty insurance broker services</td>
</tr>
<tr>
<td>Classic Connectors USA, LLC. (5552)</td>
<td>$5 million</td>
<td>Connector correction shunts</td>
</tr>
</tbody>
</table>

Presenter(s)
Matt Chavez
Vice President, Supply Chain

Exhibit(s)
A – New Contracts
B – Contract Administration
New Contracts
New contracts that require Board approval under Board Policy 308 are noted in Exhibit A.

Contract No. 5702
Supplier: McGriff, Seibels & Williams, Inc.
Contract Amount: Not to exceed $34 million
Contract Length: One year with four one-year options to extend
Description: This master contract is for the provision of property and casualty insurance broker services.

Background:
- LCRA is combining all casualty and property insurance coverages into one brokerage service contract. The strategy is to gain operational efficiencies, negotiate better terms, and hold or reduce current cost.

Actions:
- LCRA invited 20 suppliers to participate. LCRA received and evaluated six proposals.
- Depth of resources was the highest-weighted criterion for the evaluation.
- The contract award amount is not to exceed $34 million.
- Based upon the evaluation and subsequent negotiations, LCRA recommends McGriff, Seibels & Williams, Inc. as the supplier for this category.
EXHIBIT B

Contract Administration

LCRA Board Policy 308 – Purchasing Contracts requires Board approval for contract changes when the accumulated changes are in excess of $100,000 for consulting services and 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 previously were 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 originally were awarded with the intent to order specific work in subsequent orders, when the exact amount, quantity and work were required.

Contract No. 5552
Supplier: Classic Connectors USA, LLC.
Contract Amount: Not to exceed amount of $5 million
Contract Length: Four years beyond the original one-year term
Description: This master contract is for the provision of connector correction shunts.

Background:
- LCRA on April 1, 2020, entered into this contract through an emergency departure to address potential equipment failures.
- Connector correction shunts increase the reliability of the transmission facilities and provide necessary physical support at key locations on each circuit.
- Based on the originally anticipated contract value of $1.9 million, Board approval was not required.
- The Classic Connector product is the only product that is able to maintain both 100% electrical conductivity and full mechanical strength.
- This increase is intended to meet LCRA’s planned and unplanned equipment replacement needs.

Contract History:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Original Contract (April 2020)</td>
<td>$1,900,000</td>
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<tr>
<td>Proposed Increase in Estimate No. 1</td>
<td>$3,100,000</td>
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<tr>
<td>(October 2020)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$5,000,000</strong></td>
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