

LCRA Transmission Services Corporation

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/>

Items From the Chair

1. Comments From the Public 3

Items From the Chief Operating Officer

Chief Operating Officer Update

Items From the Chief Financial Officer

2. Financial Highlights 4

Consent Items

- *3. Sale of Land in Kendall County 5
4. Minutes of Prior Meetings 8

Action Items

5. Capital Improvement Projects Approval 17

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

Executive Session

The Board may go into Executive Session to receive advice from legal counsel on any item listed above and discuss any real estate-related item 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.state.tx.us/open/.

OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

In connection with the implementation of retail competition in the electric utility industry in the state of Texas, LCRA was required by the Texas Legislature in its amendments to the Public Utility Regulatory Act (enacted in 1999 under state legislation known as Senate Bill 7, and referred to as SB 7) to unbundle its electric generation assets from its electric transmission and distribution assets. LCRA conveyed, effective Jan. 1, 2002, all of its existing electric transmission and transformation assets (collectively, the Transferred Transmission Assets) to the LCRA Transmission Services Corporation (LCRA TSC) pursuant to the terms of an Electric Transmission Facilities Contract (the Initial Contractual Commitment), dated Oct. 1, 2001.

LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and the right to collect revenues for, electric transmission and transformation services. LCRA TSC is an electric transmission service provider (a TSP) under the state's open-access electric transmission regulatory scheme within the approximately 85 percent area of the state covered by the Electric Reliability Council of Texas (ERCOT). In such capacity, LCRA TSC is entitled to receive compensation from all electric distribution service providers using the electric transmission system within ERCOT. As a TSP in the ERCOT region of the state, the rates that LCRA TSC will charge for transmission services are regulated by the Public Utility Commission of Texas (PUC) and determined pursuant to transmission cost of service rate proceedings filed with and approved by the PUC.

Within the framework of SB 7, LCRA TSC implements the electric transmission business of LCRA, including the expansion of electric transmission services outside of LCRA's traditional electric service territory. LCRA personnel are responsible for performing all of LCRA TSC's activities pursuant to a services agreement between LCRA TSC and LCRA. This includes procuring goods and services on behalf of LCRA TSC and is reflected in the LCRA Board agenda contracts.

Under the LCRA Master Resolution, defined as the LCRA Board resolution governing LCRA's outstanding debt, and certain provisions of state law, the LCRA Board is required to exercise control over all operations of LCRA TSC. This control includes approval of LCRA TSC's business plan and of the sale or disposition of any significant assets of LCRA TSC. The Board of Directors of LCRA TSC (LCRA TSC Board) is appointed by and serves at the will of the LCRA Board. The current membership of LCRA TSC Board is made up entirely of the existing LCRA Board.

The LCRA TSC Board Policy on Authority and Responsibilities directs that the business plan of the affiliated corporation include for approval a schedule of capital projects proposed for the fiscal year. The policy also states that only deviations from the approved plan will be brought before the LCRA TSC Board. As such, the LCRA TSC Board agenda will not include consent items to approve specific capital projects, unless the project scope or budget changes significantly from what was originally approved.

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 Transmission Services Corporation covering the month and fiscal year to date.

Presenter(s)

Julie Rogers
Controller

LCRA Transmission Services Corporation
Financial Highlights
September 2020

LCRA Transmission Services Corporation
Table of Contents

Budget-to-Actual Highlights.....	1
Capital Forecast	2
Board Metrics and Income Statement Trends	4
Condensed Balance Sheets.....	5
Condensed Statements of Revenues, Expenses and Changes in Equity	6
Condensed Statements of Cash Flows	7
Investments and Debt	8

Key term:

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

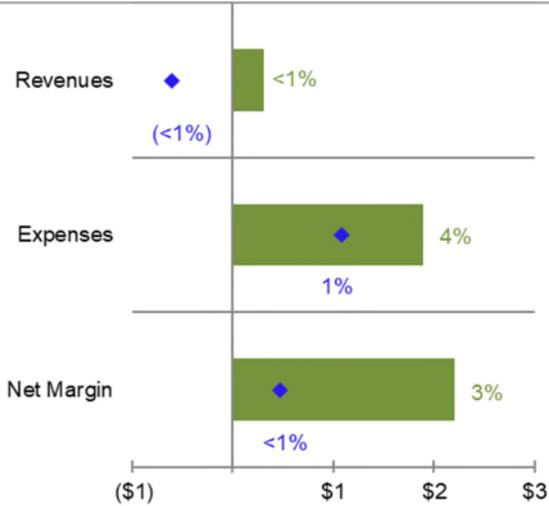
LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

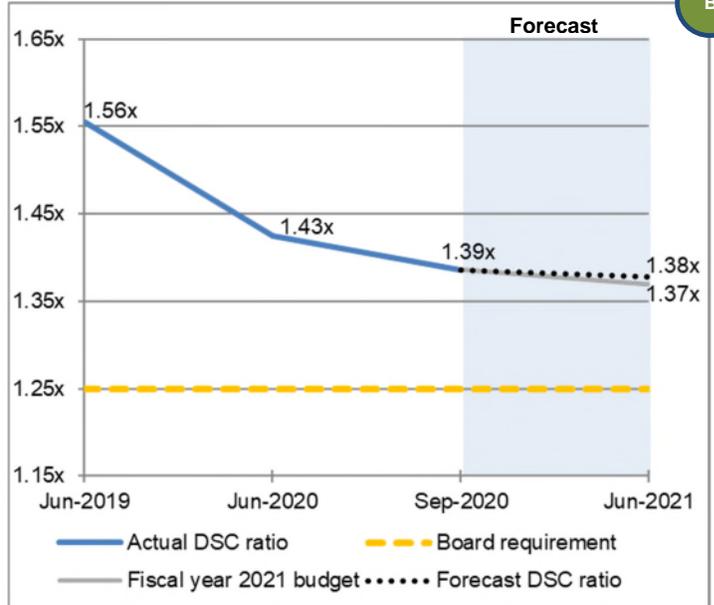
Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



% = Variance from budget ♦ FY 2021 fiscal year-end forecast

Debt Service Coverage



Key takeaways:

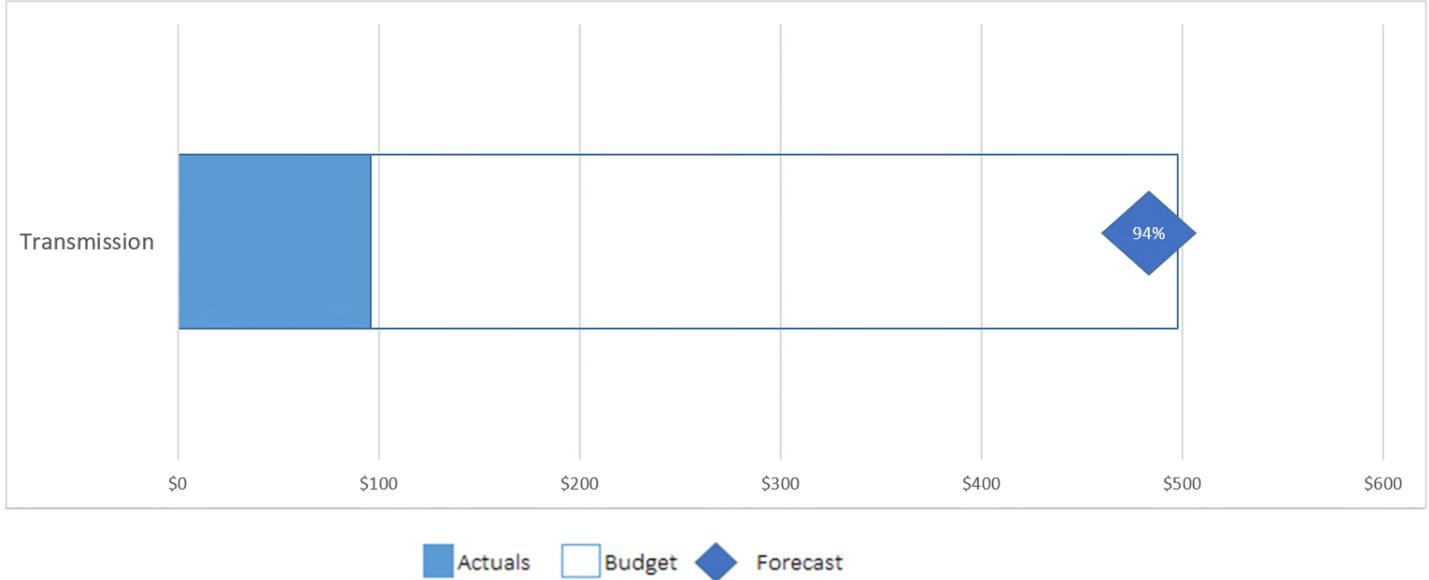
- Lower-than-budgeted expenses and higher-than-budgeted miscellaneous and cost of service revenues primarily drove year-to-date performance.
- Lower-than-budgeted expenses offset by lower-than-budgeted cost of service revenues are primarily driving the year-end forecast.
- Better-than-budgeted performance and slightly lower-than-budgeted debt service are primarily driving the higher-than-budgeted debt service coverage projection.

LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

Capital Forecast



Key takeaways:

- LCRA TSC currently is projecting capital spending for FY 2021 will be \$23.8 million under the capital plan budget of \$497.7 million.
- The primary drivers for the current FY 2021 favorable forecast variance are:
 - The addition of the Hornsby project (\$52 million).
 - Shifts in active projects (\$17 million).
 - Hilltop projects cost shifts (\$19 million).
 - Possible generation interconnection reductions (\$18 million).
 - Cancelled acquisitions (\$16 million).
 - Other changes to future projects (\$6 million).

General Manager Project Approvals:

- For any project not previously authorized by the Board in the capital plan, authority is delegated to the president and chief executive officer to approve any capital project with a lifetime budget not to exceed \$1.5 million, according to LCRA TSC Board Policy T301 – Finance. Additionally, the LCRA TSC Board delegated authority to the president and CEO to approve new generation interconnection projects and additional funding for capital projects expected to exceed a lifetime budget by 10% and \$300,000. The president and CEO approved the following six budget resets this quarter:
 - Bellville South to Glidden Transmission Line Storm Hardening from \$10.3 million to \$11.5 million.
 - Fayette Area Transmission Line Upgrades from \$25.7 million to \$31.3 million.
 - Goldthwaite to Lampasas Transmission Line Overhaul from \$6.1 million to \$11.1 million.
 - Kimbro Substation Addition from \$4.5 million to \$7.5 million.
 - Rim Rock to Turtle Creek Transmission Line Storm Hardening from \$8.6 million to \$11.8 million.
 - Turtle Creek Substation Upgrade from \$5.3 million to \$7 million.

LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

General Manager Project Approvals (continued):

The president and CEO approved the following 13 new projects this quarter:

- Austrop to Sim Gideon Structure 7 Transmission Line Storm Hardening for \$324,000.
- Crane Protective Relay for \$367,000.
- Instrument Transformer – FY 2021 Substation Upgrade for \$1.3 million.
- Multiprotocol Label Switching Protective Relay – FY 2021 Telecommunications Upgrade for \$342,000.
- Out-of-Band Management Switch Replacement – FY 2021 Telecommunications Upgrade for \$1.2 million.
- Remote Terminal Unit Multiprotocol Label Switching Migration – FY2021 Telecommunications Upgrade for \$1.4 million.
- Sandstone Mountain System Upgrade for \$1.3 million.
- Sim Gideon – Structure 13 Transmission Line Upgrade for \$1.3 million.
- SubWAN Firewall – FY 2021 Telecommunications Upgrade for \$227,000.
- Switch Automation – FY 2021 Substation Upgrade for \$1.4 million.
- System Operations Control Center Security Information and Event for \$480,000.
- T389, T414 and T656 Transmission Line Upgrade for \$527,000.
- Transport Network Power – FY 2021 Telecommunications Upgrade for \$531,000.

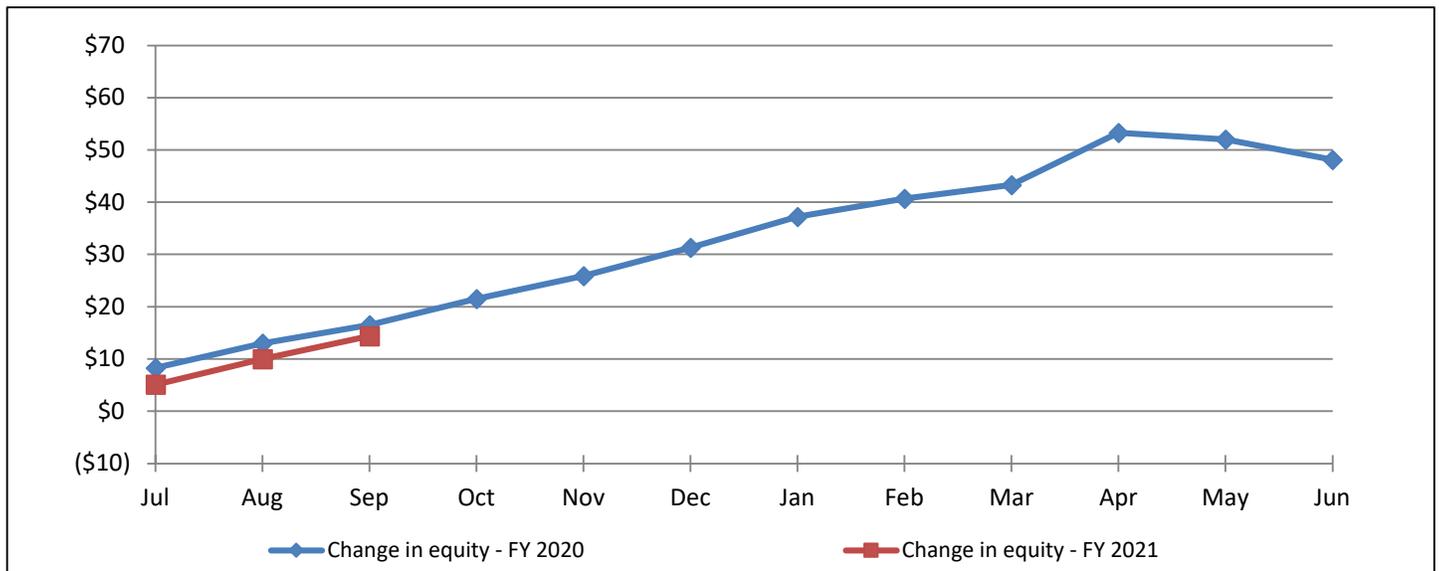
LCRA Transmission Services Corporation

Sept. 30, 2020
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	LCRA TSC 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.	✓
Debt Service Reserves	LCRA TSC will covenant debt service reserves in the amount of six months of maximum annual debt service requirements on outstanding debt. Debt service reserves may be collected through rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.	✓
Operating Reserves	LCRA TSC will build and maintain appropriate target levels of operating reserves as follows: Six months of average debt service on all outstanding LCRA TSC debt and other obligations to LCRA; and two months of average operating and maintenance expenses, including those billed by LCRA. If at any time the level of reserves are less than the target levels set forth in 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 reserves to such target levels within 12 months.	✓

Income Statement Trends Cumulative Fiscal Year to Date



Key takeaway:

- Year-to-date net income in FY 2021 is in line with FY 2020.

LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

Condensed Balance Sheets

	<u>Sept. 30, 2020</u>	<u>Sept. 30, 2019</u>
Assets		
Cash and cash equivalents	\$ 199.0	\$ 94.1
Current assets	<u>157.9</u>	<u>267.9</u>
Total current assets	<u>356.9</u>	<u>362.0</u>
Capital assets	3,202.6	2,897.8
Long-term assets	<u>215.9</u>	<u>202.8</u>
Total long-term assets	<u>3,418.5</u>	<u>3,100.6</u>
Total Assets	\$ <u>3,775.4</u>	\$ <u>3,462.6</u>
Liabilities		
Bonds, notes and loans payable	\$ 312.4	\$ 325.8
Current liabilities	<u>129.2</u>	<u>103.1</u>
Total current liabilities	<u>441.6</u>	<u>428.9</u>
Bonds, notes and loans payable	2,477.5	2,231.5
Long-term liabilities	<u>57.6</u>	<u>49.5</u>
Total long-term liabilities	<u>2,535.1</u>	<u>2,281.0</u>
Equity		
Total equity	<u>798.7</u>	<u>752.7</u>
Total Liabilities and Equity	\$ <u>3,775.4</u>	\$ <u>3,462.6</u>

Key takeaway:

- Assets and liabilities are trending higher compared with September 2019 due to construction activities related to the capital plan.

LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

	Fiscal Year to Date	
	2021	2020
Operating Revenues		
Transmission	\$ 114.5	\$ 108.2
Transformation	3.5	3.6
Other	0.4	0.5
Total Operating Revenues	118.4	112.3
Operating Expenses		
Operations	39.9	39.5
Maintenance	3.3	3.5
Depreciation and amortization	17.4	18.4
Total Operating Expenses	60.6	61.4
Operating Income	57.8	50.9
Nonoperating Revenues (Expenses)		
Interest on debt	(22.7)	(24.4)
Other expenses	(20.7)	(10.0)
Total Nonoperating Revenues (Expenses)	(43.4)	(34.4)
Change in Equity	14.4	16.5
Equity - Beginning of Period	784.3	736.2
Equity - End of Period	\$ 798.7	\$ 752.7

LCRA Transmission Services Corporation

Sept. 30, 2020

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2021	2020
Cash Flows From Operating Activities		
Received from customers	\$ 111.3	\$ 105.9
Payments	(53.1)	(70.6)
Net cash provided by operating activities	58.2	35.3
Cash Flows From Noncapital Financing Activities	(5.9)	(5.7)
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(94.8)	(62.5)
Debt principal payments	-	-
Other capital and financing activities	48.1	91.0
Net cash provided by (used in) capital and financing activities	(46.7)	28.5
Cash Flows From Investing Activities		
Sale and maturity of investment securities	24.8	29.5
Purchase of investment securities	(15.5)	(123.5)
Note payments and interest received	1.1	2.1
Net cash provided by (used in) investing activities	10.4	(91.9)
Net Increase (Decrease) in Cash and Cash Equivalents	16.0	(33.8)
Cash and Cash Equivalents - Beginning of Period	183.0	127.9
Cash and Cash Equivalents - End of Period	\$ 199.0	\$ 94.1

LCRA Transmission Services Corporation

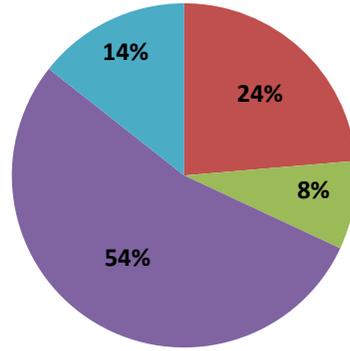
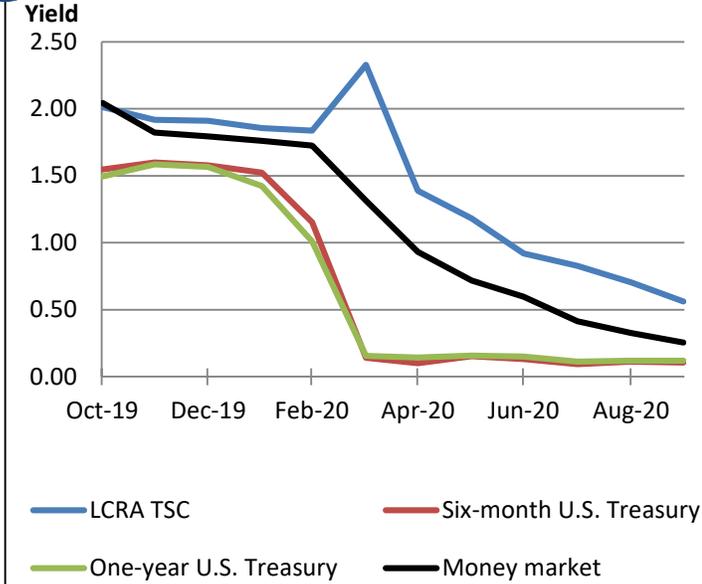
Sept. 30, 2020

(Dollars in Millions)

Investments and Debt

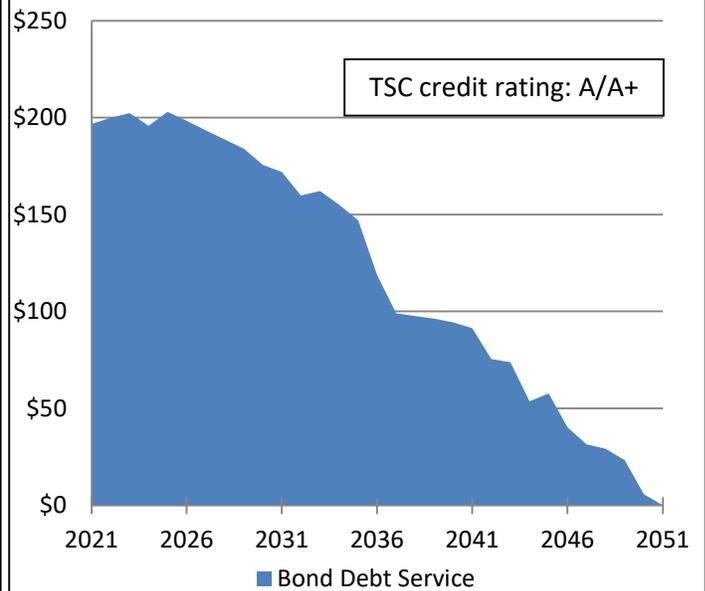
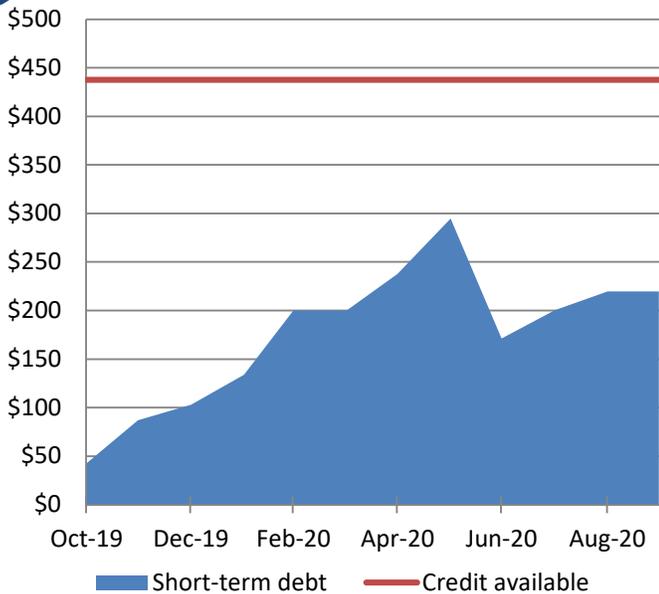
Investment Portfolio Yield

Investment Portfolio Composition



Short-Term Debt

Bond Debt Service



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.

FOR ACTION (CONSENT)

3. Sale of Land in Kendall County

Proposed Motion

Declare a 0.276-acre tract in Kendall County nonessential and authorize the president and chief executive officer or his designee to sell the property to the City of Boerne.

Board Consideration

LCRA Transmission Services Corporation Board Policy T401 – Land Resources requires at least 12 members of the LCRA TSC Board to declare the land no longer necessary or of beneficial use to the business of LCRA TSC before conveyance. Additionally, LCRA TSC Board Policy T401 requires LCRA TSC Board approval of the terms of all land sales before conveyance.

Budget Status and Fiscal Impact

The fiscal year 2021 business plan contains the administrative costs associated with the sale of this land. Proceeds from the sale of land will benefit LCRA TSC.

Summary

In 1972, LCRA acquired the 0.276-acre Boerne City Substation from the City of San Antonio. Prior to 2004, the substation was decommissioned and the equipment was removed. In 2005, LCRA TSC executed a 15-year lease of this tract to Boerne for use as a public parking lot. Boerne has requested to purchase the 0.276-acre tract and agreed to a sale price of \$116,000.

LCRA TSC representatives will complete environmental and cultural resource due diligence assessments in accordance with Board Policy T401.403 before the sale of the property. LCRA TSC will reserve all presently held oil, gas and other mineral rights but will not be permitted to drill or excavate on the surface of the property.

Exhibit(s)

- A – Vicinity Map
- B – Site Map

EXHIBIT A

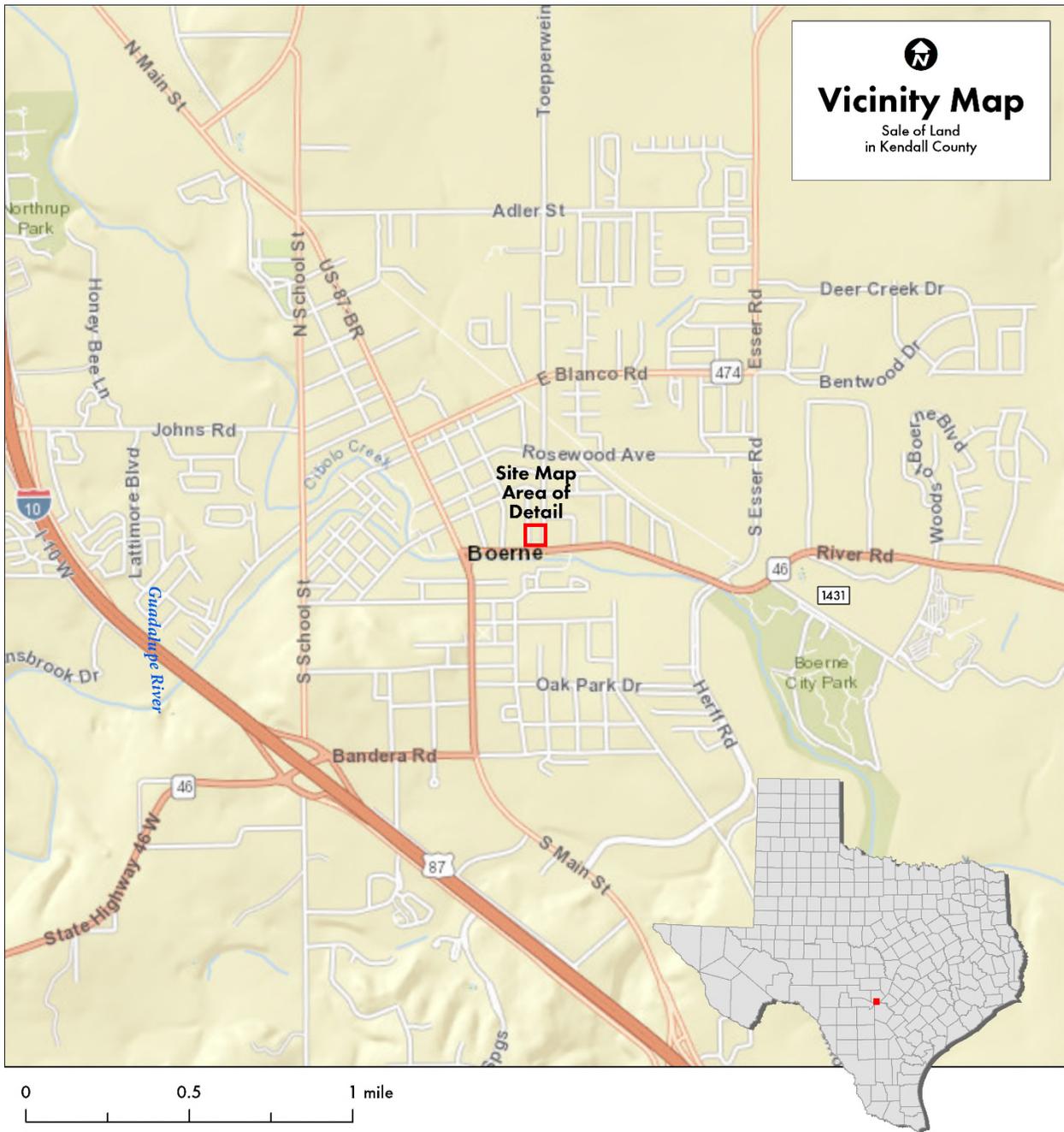


EXHIBIT B



FOR ACTION (CONSENT)

4. Minutes of Prior Meetings

Proposed Motion

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

Board Consideration

Section 4.06 of the LCRA Transmission Services Corporation 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

- 20-21 Authorization for the president and chief executive officer or his designee to convey to the City of Seguin a 0.0585-acre permanent sanitary sewer line easement and a 0.1171-acre temporary construction easement across a portion of the LCRA TSC Geronimo Tie property in Guadalupe County to install an underground sewer line.
- 20-22 Authorization for the president and chief executive officer or his designee to convey to Travis County an easement containing approximately 1.83 acres across the Kimbro Substation property in Travis County.
- 20-23 Approval of the minutes of the May 20, 2020, and June 17, 2020, meetings.
- 20-24 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Georgetown Power Transformer Additions and Kent Street Capacitor Bank Addition.
- 20-25 Adoption of a resolution authorizing the use of the power of eminent domain in Williamson County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments for the Gabriel to Rivery Transmission Line Storm Hardening project.
- 20-26 Adoption of a resolution authorizing the use of the power of eminent domain in Burnet County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments for the Burnet to Lampasas Transmission Line Overhaul project.
- 20-27 Authorization for the president and chief executive officer or his designee to negotiate and acquire an electric transmission line easement for the Cooks Point Substation and Transmission Line Addition project in Burleson County; and further authorization for the president and chief executive officer or his designee to do all things reasonably necessary to accomplish the purposes hereof.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Aug. 19, 2020

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a regular meeting at 1:43 p.m. Wednesday, Aug. 19, 2020, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 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
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 1:43 p.m.

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

Vice President and Chief Operating Officer Kristen Senechal gave an update on Transmission's safety performance for fiscal year 2020, noting positive safety trends, as staff completed significant capital plan projects through months of pandemic-induced impacts without project delays. She provided updates on the following top three projects: Leander to Round Rock Transmission Line Addition, Winchester Autotransformer Additions and the Boerne Cico to Comfort to Kendall Transmission

Line Upgrade. Senechal highlighted other achievements from FY 2020, including successful interim transmission cost of service rate applications filed with the Public Utility Commission of Texas; issuance of LCRA TSC bonds at rates that meet business plan objectives; and completion of the acquisition of Central Texas Electric Cooperative's transmission facilities. She gave an update on LCRA TSC's operational performance, including reliability metrics for transmission and telecommunications systems. Senechal said, overall, LCRA TSC met or exceeded its goals for the metrics.

Senechal gave an update on the following LCRA TSC growth and reliability projects: Leander to Round Rock Transmission Line Addition, which has been placed into service; Bakersfield to Solstice Transmission Line Addition and Cooks Point Substation and Transmission Line Addition, which are in their acquisition and construction phases; and the Mountain Home Substation and Transmission Line Addition, which achieved a PUC approval milestone. She also highlighted LCRA TSC's focus on the use of technology, noting LCRA TSC has rejoined the Electric Power Research Institute and also completed the LCRA TSC technology road map. Senechal said overall, FY 2020 was an excellent year operationally.

The Board next took action on the consent agenda.

Upon motion by Director Lewis, seconded by Director Berger, the Board unanimously approved consent items 3, 4 and 5 included on the Aug. 19, 2020, consent agenda by a vote of 12 to 0 as follows:

20-21 Authorization for the president and chief executive officer or his designee to convey to the City of Seguin a 0.0585-acre permanent sanitary sewer line easement and a 0.1171-acre construction easement across a portion of the LCRA TSC Geronimo Tie property in Guadalupe County to install an underground sewer line, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

20-22 Authorization for the president and chief executive officer or his designee to convey to Travis County an easement containing approximately 1.83 acres across the Kimbro Substation property in Travis County, as recommended by staff in Consent Item 4 [attached hereto as Exhibit B].

20-23 Approval of the minutes of the May 20, 2020, and June 17, 2020, meetings [Consent Item 5].

[Director Berger left the meeting after the vote on the consent agenda.]

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

20-24 Vice President of Transmission Asset Optimization Kristian M. Koellner presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit C], that the Board approve the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets as described in Exhibit A of Agenda Item 6: Georgetown Power Transformer Additions and Kent Street Capacitor Bank Addition. Upon motion by Director Russell, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 11 to 0.

20-25 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 7 – Acquisition of Interests in Real Property – Use of Eminent Domain in Williamson County [attached hereto as Exhibit D]. Director Yeary moved, seconded by Director Russell, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments for the Gabriel to Rivery Transmission Line Storm Hardening project to ensure the continued reliable transmission of electric energy on the Gabriel to Rivery (T457) transmission line, and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 11 to 0.

20-26 Director of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 8 – Acquisition of Interests in Real Property – Use of Eminent Domain in Burnet County [attached hereto as Exhibit E]. Director Gill moved, seconded by Director Whitten, that the Board adopt a resolution authorizing the use of the power of eminent domain to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement amendments for the Burnet to Lampasas Transmission Line Overhaul project to ensure the continued reliable transmission of electric energy on the Burnet to Lampasas (T219) transmission line, and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 11 to 0.

Chair Timmerman declared the meeting to be in executive session at 2:05 p.m., pursuant to sections 551.071 and 551.072 of the Texas Government Code (Open Meetings Act). Executive session ended, and Chair Timmerman declared the meeting to be in public session at 2:11 p.m., with all directors present except Directors Berger, Crane, Johnson and Kelley.

20-27 Director Gill moved, seconded by Director Whitten, that the Board authorize the president and chief executive officer or his designee to negotiate and acquire an electric transmission line easement for the Cooks Point Substation and Transmission Line Addition project in Burleson County as discussed in executive session; and further authorize the president and chief executive officer or his designee to do all things reasonably necessary to accomplish the purposes hereof. The Board unanimously approved the motion by a vote of 11 to 0.

There being no further business to come before the Board, the meeting was adjourned at 2:12 p.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation
Approved: Oct. 21, 2020

EXHIBIT B

Minutes Digest
Sept. 23, 2020

- 20-28 Approval of the adoption of the 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 debt service reserve funds for the Bonds; and (iii) paying for issuance costs.

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
LCRA TRANSMISSION SERVICES CORPORATION
Austin, Texas
Sept. 23, 2020

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation (LCRA TSC) convened in a special meeting at 11:10 a.m. Wednesday, Sept. 23, 2020, in the Board Room of the Hancock Building, at the principal office of the Lower Colorado River Authority, 3700 Lake Austin Blvd., Austin, Travis County, Texas. The following directors were present, constituting a quorum:

Timothy Timmerman, Chair
Stephen F. Cooper, Vice Chair
Michael L. "Mike" Allen
Lori A. Berger
Joseph M. "Joe" Crane
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 11:10 a.m. and led the Board in pledges of allegiance to the American and Texas flags. Director Whitten provided an invocation.

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

20-28 Treasurer and 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 adoption of the 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 debt service reserve funds 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/registrars agreement, the Preliminary Official Statement 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 president and chief executive officer, and/or the treasurer and chief financial officer 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 Russell, the recommendation was unanimously approved by a vote of 15 to 0.

There being no further business to come before the Board, the meeting was adjourned at 11:16 a.m.

Thomas E. Oney
Secretary
LCRA Transmission Services Corporation

Approved: Oct. 21, 2020

FOR ACTION

5. Capital Improvement Projects Approval

Proposed Motion

Approve the Capital Improvement Project Authorization Request for the projects and associated lifetime budgets as described in Exhibit A.

Board Consideration

LCRA Transmission Services Corporation Board Policy T301 – Finance requires Board of Directors approval for any project exceeding \$1.5 million or any previously approved project expected to exceed its lifetime budget by 10% and \$300,000.

Budget Status and Fiscal Impact

- All projects recommended for Board approval are within the total annual budget approved in the fiscal year 2021 capital plan.
- Staff will monitor the FY 2021 forecast and will request a fiscal year budget increase if needed. The treasurer and chief financial officer will release funds as needed.
- Project costs will be funded through LCRA TSC regulated rates, subject to approval by the Public Utility Commission of Texas.

Summary

Staff recommends approval of the capital projects described in Table 1 and Exhibit A. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

Project funds will pay for activities, including but not limited to project management, engineering, materials acquisition, construction and acquisition of necessary land rights. LCRA TSC representatives also will perform all necessary regulatory, real estate, environmental and cultural due diligence activities.

Table 1

Dollars in millions

Project Name	Previous						Lifetime	
	Fiscal Years	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025		
Service Reliability Projects								
Eckert-Nebo Transmission Line Overhaul	0.108	2.754	.	.	.	.	2.862
Flood Mitigation – FY 2021 System Upgrade	0.083	2.089	.	.	.	.	2.172
Lockhart Circuit Breaker Addition	0.241	1.901	.	.	.	.	2.142
Obsolete Circuit Breaker Replacement – FY 2021 Substation Upgrade	0.299	2.069	6.089	.	.	.	8.457	
Requested Total		\$ 0.732	\$ 8.812	\$ 6.089	\$.	\$.	\$.	\$ 15.633

Presenter(s)

Kristian M. Koellner
Vice President, Transmission Asset Optimization

Exhibit(s)

A – Project Details

EXHIBIT A

Project Approvals Sought

Project Name: Eckert-Nebo Transmission Line Overhaul

Project Number: 1020377

Lifetime Budget: \$2.862 million

Description: The project will improve transmission system reliability on the 0.7-mile, 69-kilovolt T126 Eckert to Nebo transmission line in Gillespie County by replacing aging conductor and structures with 138-kilovolt-capable components that meet the latest design standards and installing 72-count optical ground wire. The recommended project completion date is May 15, 2021.

Project Name: Flood Mitigation – FY 2021 System Upgrade

Project Number: 1023189

Lifetime Budget: \$2.172 million

Description: The project will improve transmission system reliability and reduce the risk of flood damage along the 8.4-mile, 69-kV T547 Altair to Eagle Lake transmission line where the line spans across the Colorado River in Colorado County by relocating and replacing four wood structures and associated conductors with pier-mounted steel structures to address encroaching erosion from the Colorado River. The recommended project completion date is June 30, 2021.

Project Name: Lockhart Circuit Breaker Addition

Project Number: 1023195

Lifetime Budget: \$2.142 million

Description: The project will improve transmission service reliability to the Lockhart Substation in Caldwell County by adding two 4,000A circuit breakers and associated terminal equipment to mitigate potential system overloads due to the loss of multiple transmission elements serving the Lockhart Substation. The recommended project completion date is May 15, 2021.

Project Name: Obsolete Circuit Breaker Replacement – FY 2021 Substation Upgrade

Project Number: 1022802

Lifetime Budget: \$8.457 million

Description: The project will increase the safety and reliability of substation equipment at the Austrop, FPP-138, Gillespie, Kendall, La Grange and Wirtz substations located in Burnet, Fayette, Gillespie, Kendall and Travis counties by replacing obsolete oil and gas circuit breakers, surge arrestors, and associated equipment with properly rated gas circuit breakers and associated equipment. The recommended project completion date is May 15, 2022.