



Board Agenda

Wednesday, Jan. 24, 2024
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: 9 a.m.

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

Executive Session

1. Enterprise Risk Management Update
2. Litigation Update

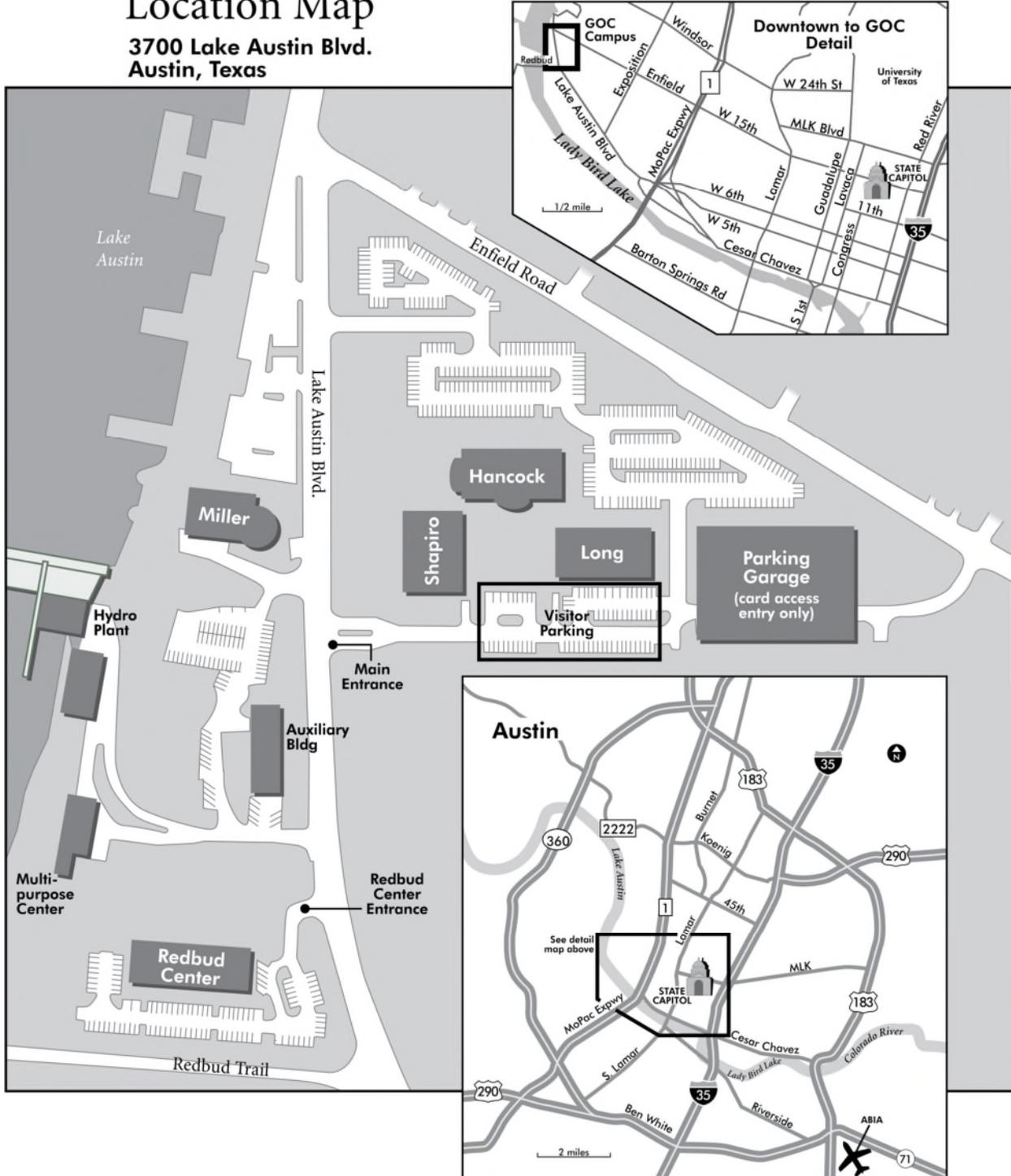
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

Legal Notice

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

LCRA General Office Complex Location Map

3700 Lake Austin Blvd.
Austin, Texas



FOR DISCUSSION

1. Comments From the Public

Summary

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

In order to address the Board, a member of the public is required to sign and complete the registration form at the entrance to the meeting room. Please see the Protocols for Public Communication at Board and Committee Meetings as shown in Exhibit A for details.

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

Exhibit(s)

A – Protocols for Public Communication at Board and Committee Meetings

EXHIBIT A

PROTOCOLS FOR PUBLIC COMMUNICATION AT BOARD AND COMMITTEE MEETINGS

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

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

FOR ACTION

2. Resolutions

Proposed Motion

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

Board Consideration

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

Summary

LCRA recognizes longtime employees who have retired from the organization with a retiree resolution. Other individuals may be recognized from time to time with an honorary resolution.

Presenter(s)

Phil Wilson
General Manager

Timothy Timmerman
LCRA Board Chair

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

Honoring Amy Elizondo

Whereas, Amy Elizondo retired from the Lower Colorado River Authority on Dec. 1, 2023, as Meeting Services manager after 30 years of service to LCRA; and

Whereas, Amy first began work at LCRA as an administrative associate in building maintenance, embarking on a career that showed her many talents and exemplary work ethic. Her duties evolved from handling General Office Complex maintenance calls and pool vehicle reservations to corporate event planning, and Amy became known for representing LCRA's service-oriented culture by going above and beyond to help ensure events ran smoothly. She worked diligently to coordinate all the pieces needed to host events across LCRA's service area. Amy's problem-solving and troubleshooting skills, patience, and focus have been instrumental in planning and delivering high-quality events; and

Whereas, Amy's planning efforts spanned across LCRA to a wide variety of events – from Board of Directors meetings to transmission project open houses to LCRA Veterans Recognition Day – and she made sure each event received the same level of attention and detail. Her kind, honest and direct communication with her customers created confidence in Meeting Services products, and it also forged long-lasting friendships with LCRA employees and directors. Amy embraces teamwork and formed close relationships with other work groups to create the best possible events; and

Whereas, Amy has a wonderfully tenacious spirit and a gift for bringing out the best in people. She demonstrates sound judgment and possesses extensive knowledge about LCRA, which she freely shared. Her former team members will miss her laugh, smile and perfectly manicured fingernails. Amy is fun, trustworthy and an unwavering beacon of light who prepared her team to carry the torch for Meeting Services; and

Whereas, in addition to her commitment to LCRA and her responsibilities to her team and the Board, Amy is passionate about spending time with her family, especially her mother, husband and daughter, and she prioritizes accompanying her daughter to athletic events and livestock shows;

Now, Therefore, Be It Resolved that the LCRA Board of Directors and Amy's many friends across LCRA express their appreciation to Amy Elizondo for her years of dedication to LCRA, its employees and its Board members, and they wish her well in all of her future endeavors.

Approved this 24th day of January 2024.

Timothy Timmerman, Board Chair

Phil Wilson, General Manager

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FOR DISCUSSION

3. Financial Report

Summary

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

Presenter(s)

Jim Travis

Chief Financial Officer

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Lower Colorado River Authority
Financial Highlights
December 2023

Lower Colorado River Authority
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Key term:

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

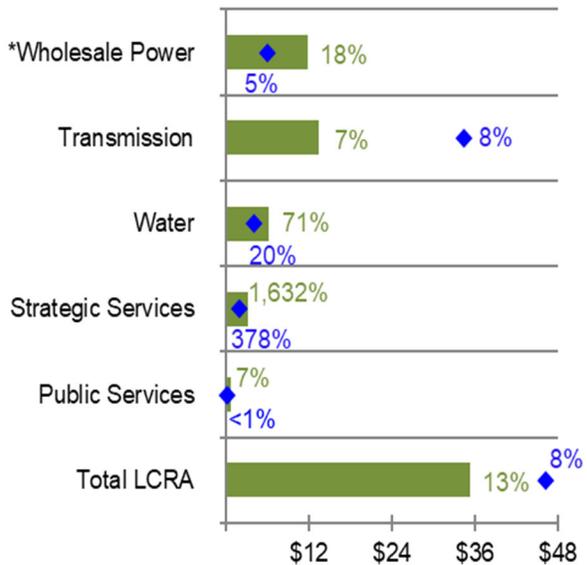
Lower Colorado River Authority

Dec. 31, 2023

(Dollars in Millions)

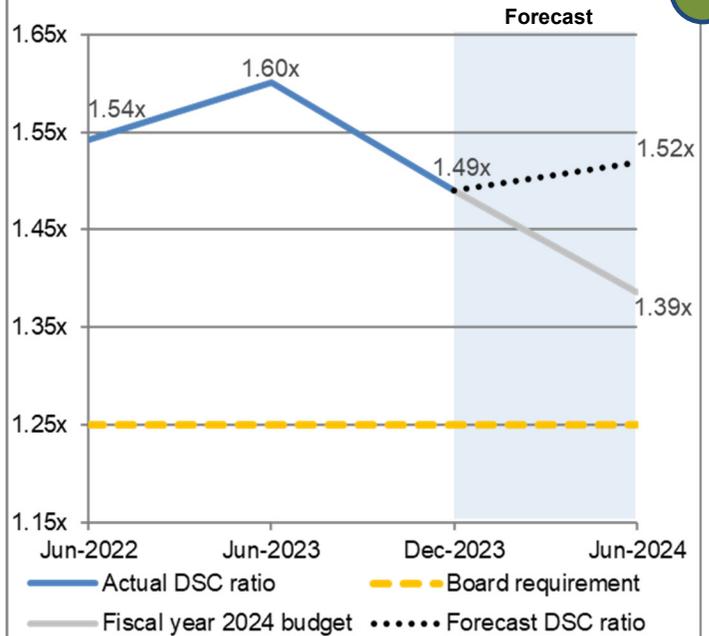
Budget-to-Actual Highlights

Net Margin Fiscal Year-to-Date Variances



% = Variance from budget ♦ FY 2024 fiscal year-end forecast
*Wholesale Power includes nonprofit corporations

Debt Service Coverage



Key takeaways:

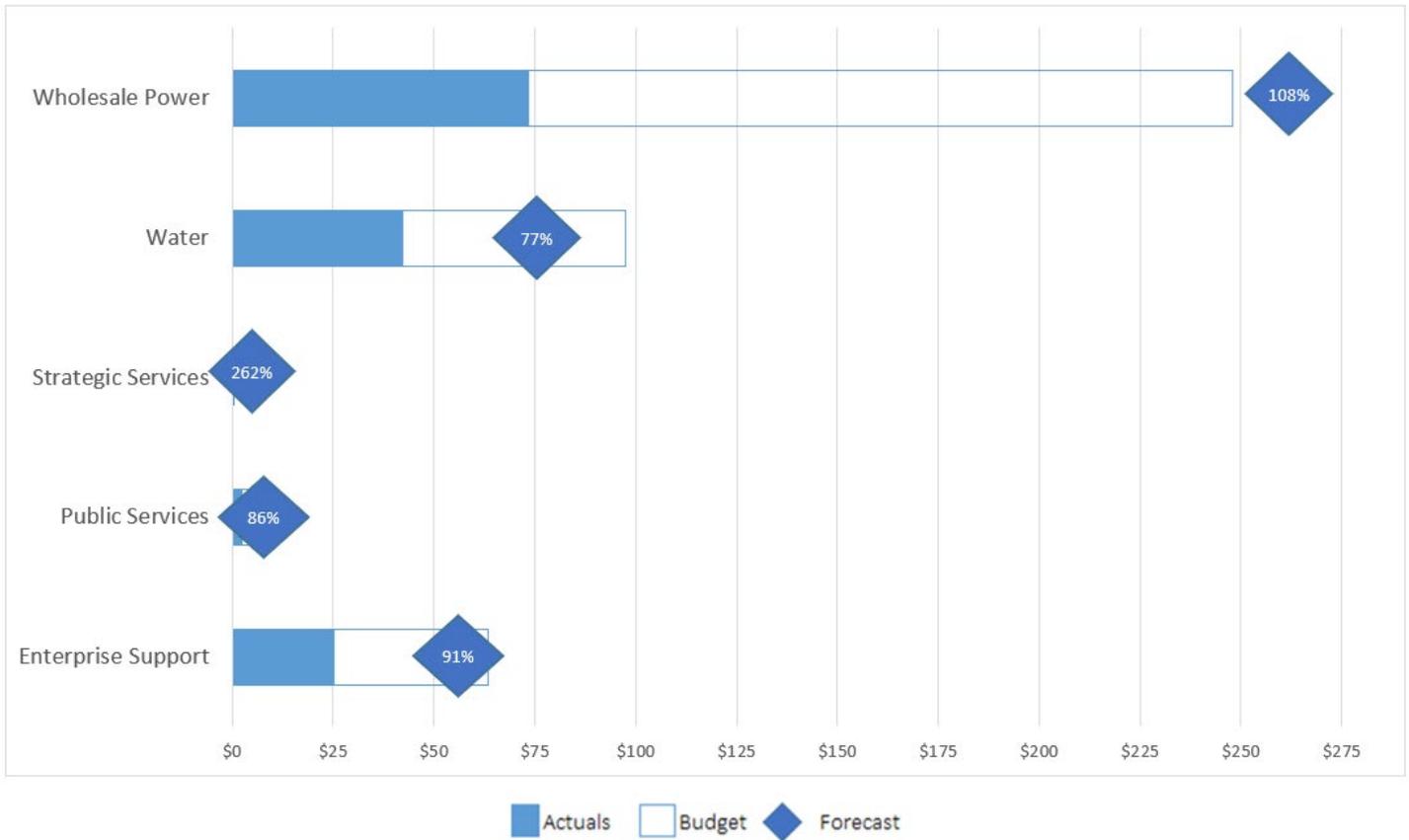
- Higher-than-budgeted billing units and lower-than-budgeted nonfuel expenses primarily drove Wholesale Power's year-to-date performance. Higher-than-budgeted billing units primarily drove the year-end forecast.
- Lower-than-budgeted expenses, combined with higher-than-budgeted interest income and other revenues, primarily drove Transmission's year-to-date performance. Higher-than-budgeted cost of service and other revenues primarily drove the year-end forecast.
- Higher-than-budgeted river management revenues and lower-than-budgeted expenses primarily drove Water's year-to-date performance and year-end forecast.
- The timing of Telecommunications billings for radio sales and services and greater-than-budgeted Environmental Laboratory Services revenues primarily drove Strategic Services' year-to-date performance and year-end forecast.
- Public Services' year-to-date and year-end performances are on target.
- The debt service coverage ratio is forecast to be higher than budgeted primarily due to higher-than-budgeted LCRA net margin and slightly lower debt service.

Lower Colorado River Authority

Dec. 31, 2023

(Dollars in Millions)

Capital Forecast



Key takeaway:

- LCRA currently is projecting capital spending for FY 2024 will be \$7.2 million under the capital plan budget of \$413.7 million primarily due to lower-than-planned spending for the Lane City Dam and Hurricane Harvey Rehabilitation project and the Arbuckle Reservoir project, offset by a new Wholesale Power project.

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 – Finance. Additionally, the LCRA Board delegated authority to the general manager to approve additional funding for capital projects expected to exceed their lifetime budgets by 10% and \$300,000.

The general manager did not approve any new budget resets this quarter.

The general manager did not approve any new projects this quarter.

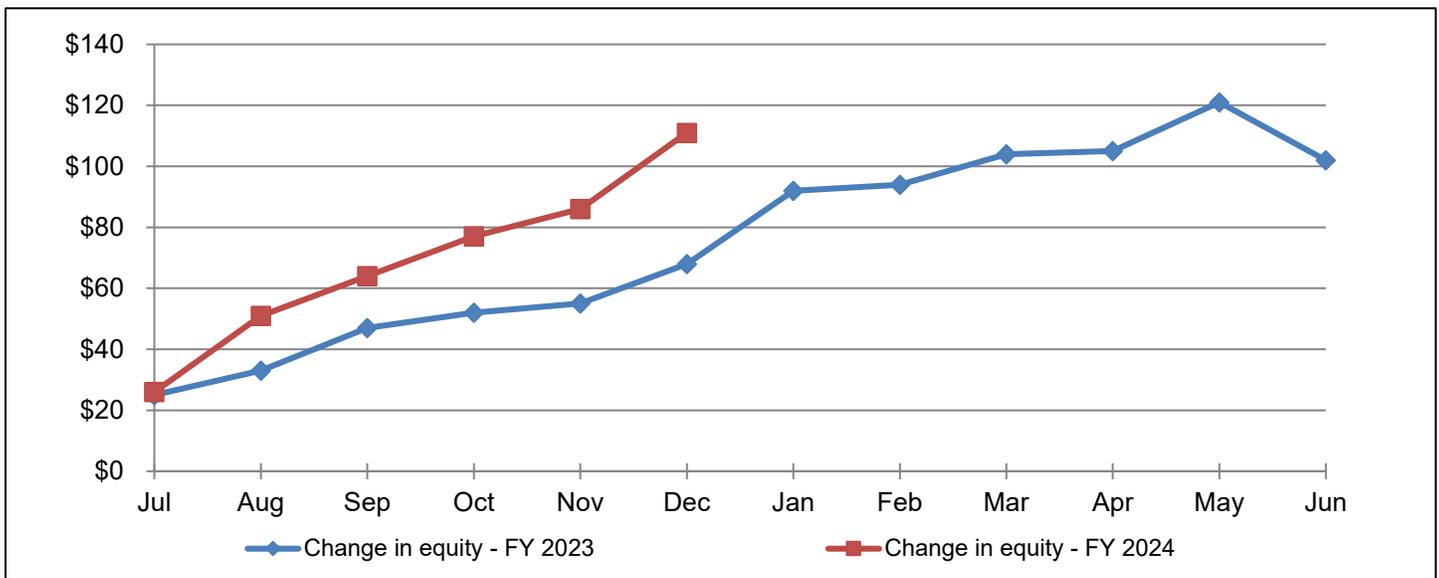
Lower Colorado River Authority

Dec. 31, 2023
(Dollars in Millions)

Board Metrics

Board Metric	Description	Compliant
Equity Ratio	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.	✓
Debt Service Reserves	LCRA will covenant debt service reserves in the amount of six months of average annual debt service requirements on outstanding debt. Debt service reserves may be collected through nonfuel rates or met with proceeds from additional debt or through the use of a surety to mitigate rate impacts.	✓
Operating Reserves	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 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 operating reserves to such target levels within 12 months.	✓

Income Statement Trends Cumulative Fiscal Year to Date



Key takeaway:

- Net income increased year over year primarily due to an increase in interest income and transmission revenue, combined with a decrease in fuel and purchased power expense, partially offset by a decrease in generation revenue.

Lower Colorado River Authority

Dec. 31, 2023

(Dollars in Millions)

Condensed Balance Sheets

	Dec. 31, 2023	Dec. 31, 2022
Assets		
Cash and cash equivalents	\$ 301	\$ 326
Current assets	507	518
Total current assets	808	844
Capital assets	6,438	5,720
Long-term assets	1,113	1,057
Total long-term assets	7,551	6,777
Total Assets	\$ 8,359	\$ 7,621
Liabilities		
Bonds and notes payable	\$ 1,329	\$ 701
Current liabilities	288	291
Total current liabilities	1,617	992
Bonds and notes payable	3,962	4,082
Pension liability	215	120
Long-term liabilities	487	495
Total long-term liabilities	4,664	4,697
Equity		
Total equity	2,078	1,932
Total Liabilities and Equity	\$ 8,359	\$ 7,621

Key takeaway:

- Assets and liabilities are trending higher compared with December 2022 due to construction activities related to the capital plan.

Lower Colorado River Authority

Dec. 31, 2023

(Dollars in Millions)

Condensed Statements of Revenues, Expenses and Changes in Equity

Fiscal Year to Date

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Electric	\$ 710	\$ 726
Water and irrigation	21	18
Other	23	21
Total Operating Revenues	<u>754</u>	<u>765</u>
Operating Expenses		
Fuel and purchased power	244	293
Operations	172	172
Maintenance	36	35
Depreciation, depletion and amortization	111	106
Total Operating Expenses	<u>563</u>	<u>606</u>
Operating Income	<u>191</u>	<u>159</u>
Nonoperating Income (Expenses)		
Interest on debt	(85)	(70)
Other nonoperating income (expenses)	5	(21)
Total Nonoperating Expenses	(80)	(91)
Change in Equity	111	68
Equity - Beginning of Period	<u>1,967</u>	<u>1,864</u>
Equity - End of Period	<u>\$ 2,078</u>	<u>\$ 1,932</u>

Lower Colorado River Authority

Dec. 31, 2023

(Dollars in Millions)

Condensed Statements of Cash Flows

	Fiscal Year to Date	
	2024	2023
Cash Flows From Operating Activities		
Received from customers	\$ 799	\$ 773
Payments	(539)	(535)
Net cash provided by operating activities	260	238
Cash Flows From Capital and Related Financing Activities		
Purchase of property, plant and equipment	(446)	(324)
Other capital and financing activities	118	240
Net cash used in capital and financing activities	(328)	(84)
Cash Flows From Investing Activities		
Sale and maturity of investment securities	79	50
Purchase of investment securities	(165)	(179)
Note payments and interest received	17	1
Net cash used in investing activities	(69)	(128)
Net Increase / (Decrease) in Cash and Cash Equivalents	(137)	26
Cash and Cash Equivalents - Beginning of Period	498	415
Cash and Cash Equivalents - End of Period	<u>\$ 361</u>	<u>\$ 441</u>

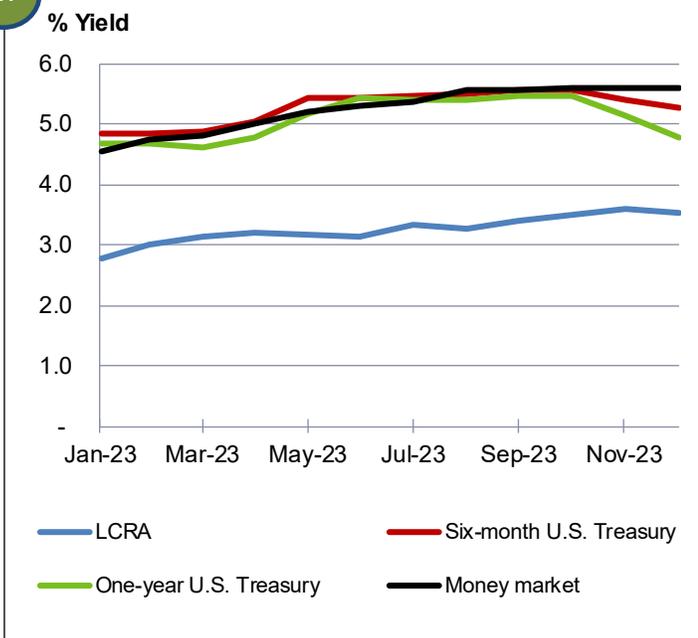
Lower Colorado River Authority

Dec. 31, 2023

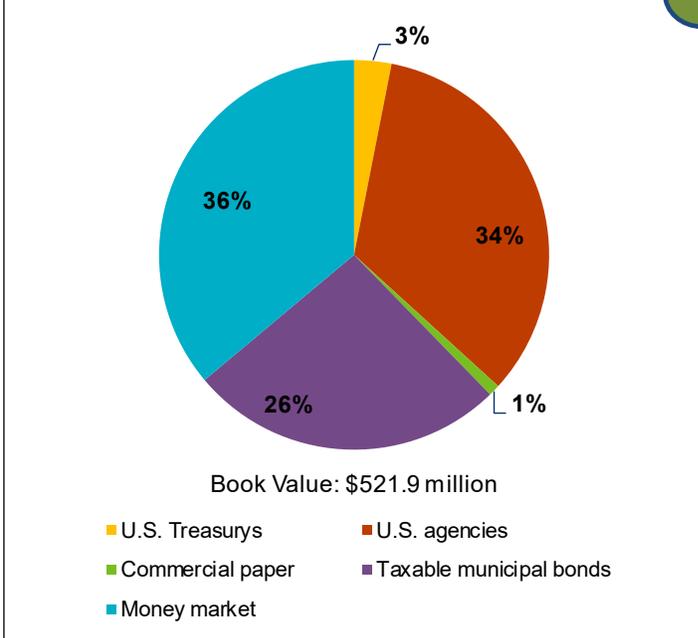
(Dollars in Millions)

Investments and Debt

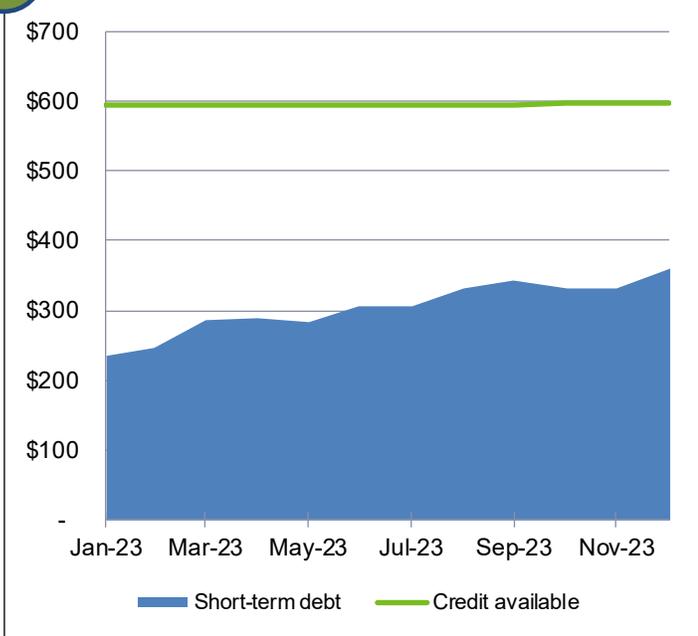
Investment Portfolio Yield



Investment Portfolio Composition



Short-Term Debt



Bond Debt Service



Key takeaways:

- The Federal Open Market Committee continued its monetary policy pause at its December 2023 meeting.
- The federal funds rate range is 5.25%-5.50%.
- The Consumer Price Index (year over year) as of November 2023 was at 3.1%, a decrease of 0.1% from October 2023.

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

FOR ACTION (CONSENT)

4. Conveyance of Easement in Caldwell County

Proposed Motion

Authorize the general manager or his designee to convey an overhead 30-foot-wide easement and an underground 20-foot-wide easement over LCRA Parcel MPP-01 to Bluebonnet Electric Cooperative in Caldwell County.

Board Consideration

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

Budget Status and Fiscal Impact

The fiscal year 2024 business plan contains the administrative costs associated with the conveyance of this easement.

Summary

LCRA acquired Parcel MPP-01 in February 2023 for the construction of a peaker power plant. Construction activities at the site require that distribution electric power be provided by BBEC. The easement will authorize BBEC to place distribution facilities in the approximately 0.10-acre easement area. There will be no charge to BBEC for the easement as the distribution power is required for the LCRA project.

LCRA representatives will complete environmental and cultural resource due diligence in accordance with Board Policy 401.403 – Land Disposition prior to conveying the easement.

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FOR ACTION (CONSENT)

5. Resolution and Amendment No. Eight to the Lower Colorado River Authority 401(k) Plan

Proposed Motion

Approve and authorize the Board of Directors chair or his designee to execute Amendment No. Eight to the Lower Colorado River Authority 401(k) Plan (401(k) Plan) to incorporate legislative updates, including mandatory cash-out limits for terminated or retired participants.

Board Consideration

The 401(k) Plan requires Board approval of any changes to its design or benefits, such as the proposed amendment.

Budget Status and Fiscal Impact

The 401(k) Plan amendments are within the approved budget allocated for benefit costs in the fiscal year 2024 business plan.

Summary

The 401(k) Plan is a qualified plan, which means the Internal Revenue Service has approved the plan as meeting certain requirements enabling employees to defer taxation of their benefit until it is received. The 401(k) Plan enables LCRA employees, as defined in the 401(k) Plan, to contribute to their retirement benefits. LCRA makes contributions on behalf of employees participating in the 401(k) Plan.

The proposed 401(k) Plan Amendment No. Eight includes legislative updates related to the age required for minimum distributions, an increase in the mandatory cash-out limit for terminated or retired participants from \$5,000 to \$7,000, and other changes as deemed appropriate.

Exhibit(s)

A – Amendment No. Eight to Lower Colorado River Authority 401(k) Plan

EXHIBIT A

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. EIGHT

TO

LOWER COLORADO RIVER AUTHORITY

401(k) PLAN

WHEREAS, the Lower Colorado River Authority (the "Authority") maintains the Lower Colorado River Authority 401(k) Plan (the "Plan") for the exclusive benefit of eligible employees and their beneficiaries, which Plan was effective April 1, 1984, and subsequently amended and restated effective April 1, 2001, June 1, 2010, and January 1, 2014, and as subsequently amended thereafter;

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") is authorized to amend the Plan to the extent deemed advisable;

WHEREAS, the Authority desires to amend the Plan to comply with recently enacted legislation applicable to required minimum distributions and to increase the Plan's involuntary cash-out limit as permissible under applicable legislation;

NOW, THEREFORE, the Plan is hereby amended in the following respects only, effective as of the dates specified below:

(1) Effective January 1, 2024, Article VII, Section 7.3, is hereby amended in its entirety, to read as follows:

"Section 7.3 Termination of Employment. Upon termination of Employment for any reason, the Participant shall continue to participate in the Plan until complete distribution of his vested Accounts, except that his Accounts will not thereafter be credited with any portion of 401(k) Contributions, Matching Contributions, Supplemental Contributions, or Roth Deferral Contributions. All payments shall be made as soon as

practicable after the Valuation Date next following the date of termination; provided, however, that if the amount of the distribution, as determined under Section 7.5 hereof, is in excess of Seven Thousand Dollars (\$7,000.00), determined at the time of commencement of any distribution hereunder, any such distribution shall be delayed until the Participant's Required Beginning Date, as defined in Section 7.9(b)(iii) hereof, unless the Participant shall consent to an earlier distribution, and, provided further, in the event of a mandatory distribution the amount of which is greater than One Thousand Dollars (\$1,000.00) but does not exceed Seven Thousand Dollars (\$7,000.00), if a Participant does not elect to have such distribution paid as a direct rollover directly to an 'eligible retirement plan,' as defined in Section 7.8 hereof, specified by the Participant or to receive the distribution directly, then such distribution shall be paid as a direct rollover to an individual retirement plan designated by the Board of Trustees. Finally, in the event of the Participant's death, or his total and permanent disability, as defined in Section 72(m)(7) of the Code, if the amount of the distribution, as determined under Section 7.5 hereof, is in excess of Seven Thousand Dollars (\$7,000.00), then, subject to the provisions of Section 7.9(a), distribution shall be delayed only until the fifth (5th) anniversary of the Participant's date of death or his termination of Employment following such total and permanent disability unless the Participant or, in the event of the Participant's death, his Beneficiary shall consent to an earlier distribution."

(2) Effective January 1, 2020, Article VII, Section 7.9, is hereby amended in its entirety, to read as follows:

"Section 7.9 Required Minimum Distributions. All distributions required under this Section 7.9 will be determined and made in accordance with the Treasury Regulations under Section 401(a)(9) of the Code. The requirements of this Section 7.9 will take precedence over any inconsistent provisions of the Plan.

(a) Time and Manner of Distribution.

(i) Required Beginning Date. The Participant's entire interest will be distributed to the Participant no later than the Participant's Required Beginning Date.

(ii) Death of Participant Before Distributions Begin. Subject to the provisions of Section 7.9(a)(iii), if the Participant dies before distribution of the Participant's Accounts has been made, the Participant's entire interest will be distributed no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then, subject to the provisions of (D) below, the Participant's entire interest will be distributed to the surviving spouse by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½ (or in the case of distributions to be made after December 31, 2019, with respect to individuals who attain age 70½ after such date, age 72), if later.

(B) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then the Participant's entire interest will be distributed to the Designated Beneficiary, if any, by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, the provisions of subparagraphs (B) and (C) above will apply as if the surviving spouse were the Participant.

(iii) Modification of Minimum Distribution Requirements.

(A) Death of Participant Before Distribution of Entire Interest. Notwithstanding the foregoing provisions of this Section 7.9(a), for distributions with respect to a Participant whose date of death is after December 31, 2019, and who dies before the distribution of his entire interest, the following rules will apply:

(1) Participant Survived by Designated Beneficiary. If the Participant dies before his entire interest has been distributed and there is a Designated Beneficiary, the Participant's entire interest will be distributed by December 31 of the calendar year containing the tenth anniversary of the Participant's death, regardless of whether or not distributions of the Participant's interest have begun.

(2) No Designated Beneficiary. If the Participant dies on or after the date on which distributions begin but before his entire interest has been distributed and there is no Designated Beneficiary, distribution of the Participant's entire interest will be completed in accordance with Section 7.9(a)(ii)(C). If the Participant dies before the date on which distributions begin and there is no Designated Beneficiary, distribution of the Participant's entire interest will be completed in accordance with Section 7.9(a)(ii)(C).

(3) Participant Survived by Eligible Designated Beneficiary. If the Participant dies before his entire interest has been distributed and any portion of the Participant's interest is payable to (or for the benefit of) an Eligible Designated Beneficiary, such portion will be distributed over the life of such Eligible Designated Beneficiary (or over a period not extending beyond the Life

Expectancy of such Beneficiary) and will be treated as distributed on the date on which such distributions begin, provided that such distributions begin not later than one year after the date of the Participant's death (or such later date as the Secretary of the Treasury may by regulations prescribe).

(B) Death of Eligible Designated Beneficiary Before Distribution of Entire Interest. If an Eligible Designated Beneficiary dies before the portion of the Participant's interest to which Section 7.9(iii)(A)(3) applies is entirely distributed, the remainder of such portion shall be distributed in accordance with Section 7.9(iii)(A)(1) after the death of such Eligible Designated Beneficiary.

(b) Definitions.

(i) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 2.5 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4, Q&A-1, of the Treasury Regulations.

(ii) Eligible Designated Beneficiary. Any Designated Beneficiary who is:

(A) the surviving spouse of the Participant;

(B) a child of the Participant who has not reached majority (provided that such individual shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches majority, and any remainder of the portion of the individual's interest to which this Section 7.9(b)(ii)(B) applies shall be distributed within ten (10) years after such date);

(C) disabled (within the meaning of Section 72(m)(7) of the Code);

(D) a chronically ill individual (within the meaning of Section 7702(B)(c)(2) of the Code, except that the requirements of subparagraph (A) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature); or

(E) an individual not described in any of the preceding clauses who is not more than ten (10) years younger than the Participant.

(iii) Required Beginning Date. April 1 of the calendar year following the later of: (a) the calendar year in which the Participant attains age 70½

(age 72 for Participants who attain age 70½ after December 31, 2019), or (b) the calendar year in which the Participant retires."

(3) Effective January 1, 2023, Article VII, Section 7.9(a)(ii)(A), is hereby amended in its entirety, to read as follows:

"(A) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then, subject to the provisions of (D) below, the Participant's entire interest will be distributed to the surviving spouse by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½ (or in the case of distributions to be made after December 31, 2019, with respect to individuals who attain age 70½ after such date, age 72 , and age 73 for such individuals who attain age 72 after December 31, 2022), if later."

(4) Effective January 1, 2023, Article VII, Section 7.9(b)(iii), is hereby amended in its entirety, to read as follows:

"(iii) Required Beginning Date. April 1st of the calendar year following the later of: (a) the calendar year in which the Participant attains age 70½ (age 72 for Participants who attain age 70½ after December 31, 2019, and age 73 for such Participants who attain age 72 after December 31, 2022), or (b) the calendar year in which the Participant retires."

[Signature page follows]

IN WITNESS WHEREOF, on this _____ day of _____, 2024, this Amendment No. Eight to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Lower Colorado River Authority.

LOWER COLORADO RIVER AUTHORITY

By: _____
Timothy T. Timmerman
Chair, LCRA Board of Directors

ATTEST:

Leigh Sebastian
Assistant Secretary, LCRA Board of Directors

FOR ACTION (CONSENT)

6. Amendment No. Six to the LCRA Retirement Plan and Trust Agreement

Proposed Motion

Approve Amendment No. Six to the Lower Colorado River Authority Retirement Plan and Trust Agreement (Retirement Plan) to clarify Board of Trustee selection and terms and incorporate legislative updates, including mandatory cash-out limits for terminated or retired participants.

Board Consideration

Amendments to the Retirement Plan require Board approval of any changes to the plan such as the proposed amendment.

Budget Status and Fiscal Impact

The LCRA Retirement Plan and Trust Agreement is within the approved budget allocated for benefit costs in the fiscal year 2024 business plan.

Summary

The Retirement Plan is a qualified plan, which means the Internal Revenue Service has approved the Retirement Plan as meeting certain requirements enabling employees to defer taxation of their benefit until it is received.

The proposed Retirement Plan Amendment No. Six includes legislative updates related to the age required for minimum distributions, an increase in the mandatory cash-out limit for terminated or retired participants from \$5,000 to \$7,000, and other changes as deemed appropriate.

The proposed Retirement Plan Amendment No. Six includes clarifying language regarding the selection of the Board of Trustees and the filling of unfulfilled vacancies.

Exhibit(s)

A – Amendment No. Six to Lower Colorado River Authority Retirement Plan and Trust Agreement

EXHIBIT A

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

KNOW ALL MEN BY THESE PRESENTS:

AMENDMENT NO. SIX

TO

LOWER COLORADO RIVER AUTHORITY

RETIREMENT PLAN AND TRUST AGREEMENT

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

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

WHEREAS, the Authority desires to amend the Plan to comply with recently enacted legislation applicable to required minimum distributions, to increase the Plan's involuntary cash-out limit as permissible under applicable legislation, to provide clarifying language regarding the appointment of employees to serve as members of the Board of Trustees, and to make such other changes as are deemed appropriate;

NOW, THEREFORE, the Board of Directors hereby amends the Plan as follows, effective as the dates specified below:

Effective January 1, 2020, Article 5, Section 5.08(b), shall be amended in its entirety, to read as follows:

"(b) Notwithstanding any other provision of this Plan, distribution of the Vested Accrued Retirement Benefit of any Participant will commence no later than the Required Beginning Date, as defined herein. The minimum distribution required for the calendar year immediately preceding the Participant's Required Beginning Date must be made on or before the Participant's Required Beginning Date. The minimum distribution for other calendar years, including the minimum distribution for the calendar year in which the Participant's Required Beginning Date occurs, must be made on or before December 31 of such calendar year. Distributions received in the form of a nontransferable annuity contract will satisfy the minimum distribution requirements if such contract complies with the requirements of Section 401(a)(9) of the Code and applicable Treasury Regulations. All distributions shall be determined and made in accordance with the minimum distribution requirements of Section 401(a)(9) of the Code, and in accordance with the Treasury Regulations under Section 401(a)(9) that were proposed on January 17, 2001. This provision shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under Section 401(a)(9) of the Code, or such other date as may be specified in guidance published by the Internal Revenue Service."

Effective January 1, 2020, Article 5, Section 5.08(c)(vi), shall be amended in its entirety, to read as follows:

"(vi) if the annuity is a life annuity (or a life annuity with a period certain not exceeding 20 years), the amount which must be distributed on or before the Participant's Required Beginning Date, as defined in Section 5.12(e)(v), (or, in the case of distributions after the death of the Participant, the date distributions are required to begin pursuant to Section 5.12 hereof) shall be the payment which is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bimonthly, monthly, semi-annually, or annually.

If payments under an annuity which complies with this paragraph (c) begin prior to January 1, 1989, the minimum distribution requirements in effect as of July 27, 1987, shall apply to distributions from this Plan, regardless of whether the annuity form of payment is irrevocable. This transitional rule also applies to deferred annuity contracts distributed to or owned by the Employee prior to January 1, 1989, unless additional contributions are made under the Plan by the Employer with respect to such contract.

If the form of distribution is an annuity made in accordance with this paragraph (c), any additional benefits accruing to the Participant after his or her Required Beginning Date shall be distributed as a separate and identifiable component of the annuity beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues."

Effective January 1, 2024, Article 5, Section 5.11, shall be amended in its entirety, to read as follows:

"Section 5.11 Cash Out of Accrued Retirement Benefits. Notwithstanding provisions to the contrary in Section 5.10 regarding deferral of distribution of benefits

attributable to Employer Contributions, an amount equal to the present value of a severed Participant's Vested Accrued Retirement Benefit attributable to Employer contributions shall be paid to the Participant or his named Beneficiary as soon as practicable following the date of the Participant's termination of employment, if the present value of such benefit is less than \$7,000.00."

Effective January 1, 2020, Article 5, Section 5.12(e), shall be amended in its entirety, to read as follows:

"(e) Timing Requirements for Distribution:

(i) If distributions have commenced so that payments are being made over the life of the Participant, and the Participant dies before his entire interest has been distributed, then the remaining portion of such interest shall be distributed at least as rapidly as under the method of distribution being used as of the date of his death.

(ii) Subject to the provisions of Section 5.12(e)(iii), if the Participant dies before the distribution of any of his benefits has begun, then the entire interest of the Participant must be distributed no later than December 31 of the calendar year containing the fifth anniversary of his death; except that:

(1) If any portion of the Participant's interest is payable to a Designated Beneficiary, such portion may be distributed over the life of such Designated Beneficiary (or over a period not extending beyond the life expectancy of such Designated Beneficiary); provided that such distributions must begin not later than December 31 of the calendar year immediately following the calendar year of the Participant's death.

(2) If the Designated Beneficiary is the Participant's surviving spouse and such surviving spouse dies after the Participant, but before payments to such surviving spouse begin, then the provisions of the preceding sentence shall be applied as if the surviving spouse were the Participant. Furthermore, if the Designated Beneficiary is the surviving spouse of the Participant, then distributions to such surviving spouse will not be required to begin earlier than the later of (a) December 31 of the calendar year immediately following the calendar year of the Participant's death and (b) December 31 of the calendar year in which the Participant would have attained age 70½ (age 72 for Participants who attain age 70½ after December 31, 2019).

(3) If the Participant has not elected a method of distribution prior to his death, then the Designated Beneficiary must elect the method of distribution no later than the earlier of (a) December 31 of the calendar year in which distributions would be required to begin under the preceding provisions of this paragraph, or (b) December 31 of the calendar year which contains the fifth anniversary of the Participant's date of death.

(4) If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) Modification of Minimum Distribution Requirements.

(1) Death of Participant Before Distribution of Entire Interest. Notwithstanding the foregoing provisions of this Section 5.12(e), for distributions with respect to a Participant whose date of death is after December 31, 2019, and who dies before the distribution of his entire interest, the following rules will apply:

(A) Participant Survived by Designated Beneficiary. If the Participant dies before his entire interest has been distributed and there is a Designated Beneficiary, the Participant's entire interest will be distributed by December 31 of the calendar year containing the tenth anniversary of the Participant's death, regardless of whether or not distributions of the Participant's interest have begun.

(B) No Designated Beneficiary. If the Participant dies on or after the date on which distributions begin but before his entire interest has been distributed and there is no Designated Beneficiary, distribution of the Participant's entire interest will be completed in accordance with Section 5.12(e)(ii)(3). If the Participant dies before the date on which distributions begin and there is no Designated Beneficiary, distribution of the Participant's entire interest will be completed in accordance with Section 5.12(e)(ii)(3).

(C) Participant Survived by Eligible Designated Beneficiary. If the Participant dies before his entire interest has been distributed and any portion of the Participant's interest is payable to (or for the benefit of) an Eligible Designated Beneficiary, such portion will be distributed over the life of such Eligible Designated Beneficiary (or over a period not extending beyond the Life Expectancy of such Beneficiary) and will be treated as distributed on the date on which such distributions begin, provided that such distributions begin not later than one year after the date of the Participant's death (or such later date as the Secretary of the Treasury may by regulations prescribe).

(2) Death of Eligible Designated Beneficiary Before Distribution of Entire Interest. If an Eligible Designated Beneficiary dies before the portion of the Participant's interest to which Section 5.12(e)(iii)(1)(C) applies is entirely distributed, the remainder of such portion shall be distributed in accordance with Section 5.12(e)(iii)(1)(A) after the death of such Eligible Designated Beneficiary.

(iv) Definitions.

(1) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 2.5 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4, Q&A-1, of the Treasury Regulations.

(2) Eligible Designated Beneficiary. Any Designated Beneficiary who is:

(A) the surviving spouse of the Participant;

(B) a child of the Participant who has not reached majority (provided that such individual shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches majority, and any remainder of the portion of the individual's interest to which this Section 5.12(iv)(2)(B) applies shall be distributed within ten (10) years after such date);

(C) disabled (within the meaning of Section 72(m)(7) of the Code);

(D) a chronically ill individual (within the meaning of Section 7702(B)(c)(2) of the Code, except that the requirements of subparagraph (A) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature); or

(E) an individual not described in any of the preceding clauses who is not more than ten (10) years younger than the Participant.

(v) Required Beginning Date. April 1 of the calendar year following the later of: (a) the calendar year in which the Participant attains age 70½ (age 72 for Participants who attain age 70½ after December 31, 2019), or (b) the calendar year in which the Participant retires.

(vi) Distribution of a Participant's benefits is considered to have begun, for purposes of this paragraph (e), on the Participant's Required Beginning Date, as defined above; provided that if the Participant's Designated Beneficiary is his surviving spouse, and such surviving spouse dies after the Participant but before payments to such surviving spouse have begun, then distribution of benefits is considered to have begun on the date distribution to the surviving spouse is required to begin pursuant to the provisions of this paragraph. If distribution in the form of an annuity described in Section 5.08(c) irrevocably commences to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually commences.

(vii) For purposes of applying these rules in the event of the Participant's death, the expected return multiples in Tables V and VI of Treasury Regulation Section 1.72-9 shall be utilized. The life expectancy of a surviving spouse may not be recalculated annually. Any amount paid to the child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable when the child reaches the age of majority.

(viii) Notwithstanding the other requirements of this Section 5.12, distribution on behalf of any Participant may be made in accordance with the transitional requirements of Section 5.08(d)."

Effective January 1, 2023, Article 5, Section 5.12(e)(ii)(2), shall be amended in its entirety, to read as follows:

"(2) If the Designated Beneficiary is the Participant's surviving spouse and such surviving spouse dies after the Participant, but before payments to such surviving spouse begin, then the provisions of the preceding sentence shall be applied as if the surviving spouse were the Participant. Furthermore, if the Designated Beneficiary is the surviving spouse of the Participant, then distributions to such surviving spouse will not be required to begin earlier than the later of (a) December 31 of the calendar year immediately following the calendar year of the Participant's death and (b) December 31 of the calendar year in which the Participant would have attained age 70½ (age 72 for Participants who attain age 70½ after December 31, 2019, and age 73 for Participants who attain age 72 after December 31, 2022)."

Effective January 1, 2023, Article 5, Section 5.12(e)(v), shall be amended in its entirety, to read as follows:

"(v) Required Beginning Date. April 1st of the calendar year following the later of: (a) the calendar year in which the Participant attains age 70½ (age 72 for Participants who attain age 70½ after December 31, 2019, and age 73 for such Participants who attain age 72 after December 31, 2022), or (b) the calendar year in which the Participant retires."

Effective January 1, 2024, Article 9, Section 9.01(b), shall be amended in its entirety, to read as follows:

"(b) Three of the members of the Board of Trustees shall be appointed by a group of employee representatives appointed by the General Manager of the Authority. Such members of the Board of Trustees shall be employees of the Authority, shall be participants of either the Plan or the Lower Colorado River Authority 401(k) Plan, and shall be appointed to service for a period of four (4) years with the term of one such member expiring after each year; provided, however, that in the event a shorter term shall be necessary to preserve the staggering of such terms, the group of employee representatives shall be authorized to appoint a member or members for such shorter term or terms. Such members shall serve in such capacity only during their continued employment by the Authority. Should a vacancy occur during the term of an appointed member, the Chair of the Board of Trustees shall be authorized to appoint a member to fill such vacancy until the expiration of such term."

[Signature page follows]

IN WITNESS WHEREOF, on this _____ day of _____, 2024, this Amendment No. Six to the Plan, effective as of the date specified herein, has been properly authorized and adopted by the Board of Directors of the Lower Colorado River Authority.

LOWER COLORADO RIVER AUTHORITY

By: _____

Timothy T. Timmerman
Chair, LCRA Board of Directors

ATTEST:

Leigh Sebastian
Assistant Secretary, LCRA Board of Directors

FOR ACTION (CONSENT)

7. 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)

8. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Dec. 12, 2023, meeting.

Board Consideration

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

Budget Status and Fiscal Impact

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

Summary

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

Exhibit(s)

A – Minutes of Dec. 12, 2023, meeting

EXHIBIT A

Minutes Digest
Dec. 12, 2023

- 23-65 Reappointment of Michael L. “Mike” Allen and Stephen F. Cooper to serve on the LCRA Retirement Benefits Board of Trustees for a term ending Dec. 31, 2026.
- 23-66 Appointment or reappointment of directors to the GenTex Power Corporation Board of Directors to serve as follows: Two LCRA non-officer directors (Robert “Bobby” Lewis” and Michael L. “Mike” Allen) to serve one-year terms expiring Dec. 31, 2024. Four customer directors (Matt Bentke, Wayne Berger, Robert Lindsey III and David Thompson) to serve two-year terms expiring Dec. 31, 2024.
- 23-67 Appointment of Baker Tilly US, LLP, as LCRA’s independent auditor to perform the external audits of the fiscal year 2024 financial statements of LCRA and its nonprofit corporations.
- 23-68 Approval of directors’ attendance at seminars or conferences for calendar year 2024.
- 23-69 Approval and authorization for the Board of Directors chair or his designee to execute Amendment No. Seven to the Lower Colorado River Authority 401(k) Plan.
- 23-70 Authorization for the general manager or his designee to convey four pipeline easements, including a 0.08-acre easement, a 0.1-acre easement, a 0.15-acre easement and a 0.17-acre easement across LCRA-owned irrigation canals in the Gulf Coast Agricultural Division in Matagorda County, to BANGL, LLC.
- 23-71 Authorization for the general manager or his designee to grant a 0.25-acre access easement across an LCRA-owned irrigation canal in the Gulf Coast Agricultural Division in Matagorda County to the adjoining landowner.
- 23-72 Authorization for the general manager or his designee to grant a 0.0565-acre easement across a portion of the LCRA-owned Celanese Canal in Matagorda County to Roehm America, LLC for two pipelines and one electric line.
- 23-73 Approval of the minutes of the Nov. 15, 2023, meeting.

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Dec. 12, 2023

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 2:19 p.m. Tuesday, Dec. 12, 2023, 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
Matthew L. "Matt" Arthur
Melissa K. Blanding
Thomas L. "Tom" Kelley
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Absent: Carol Freeman

Chair Timmerman convened the meeting at 2:19 p.m.

[Hatch C. Smith Jr. resigned from the LCRA Board of Directors effective Nov. 21, 2023.]

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

General Manager Phil Wilson gave an update on safety, including tips for holiday driving safety, decorating safety and the recent LCRA Safety Week; generation operations and winter weather preparedness; the recent LCRA Veterans Recognition Day event; and employee giving and volunteering during the holidays.

The Board next took action on the consent agenda. Upon motion by Director Lewis, seconded by Director Arthur, the Board unanimously approved consent items 2, 3, 4, 5, 6, 7, 8, 9 and 10 by a vote of 13 to 0 as follows:

23-65 Reappointment of Michael L. “Mike” Allen and Stephen F. Cooper to serve on the LCRA Retirement Benefits Board of Trustees for a term ending Dec. 31, 2026, as recommended by staff in Consent Item 2 [attached hereto as Exhibit A].

23-66 Appointment or reappointment of directors to the GenTex Power Corporation Board of Directors to serve as follows: Two LCRA non-officer directors (Robert “Bobby” Lewis” and Michael L. “Mike” Allen) to serve one-year terms expiring Dec. 31, 2024, and four customer directors (Matt Bentke, Wayne Berger, Robert Lindsey III and David Thompson) to serve two-year terms expiring Dec. 31, 2024, as recommended by staff in Consent Item 3 [attached hereto as Exhibit B].

23-67 Appointment of Baker Tilly US, LLP, as LCRA’s independent auditor to perform the external audits of the fiscal year 2024 financial statements of LCRA and its nonprofit corporations, as recommended in Consent Item 4 [attached hereto as Exhibit C].

23-68 Approval of directors’ attendance at seminars or conferences for calendar year 2024, as recommended in Consent Item 5 [attached hereto as Exhibit D].

23-69 Approval and authorization for the Board of Directors chair or his designee to execute Amendment No. Seven to the Lower Colorado River Authority 401(k) Plan, as recommended by staff in Consent Item 6 [attached hereto as Exhibit E].

23-70 Authorization for the general manager or his designee to convey four pipeline easements, including a 0.08-acre easement, a 0.1-acre easement, a 0.15-acre easement and a 0.17-acre easement across LCRA-owned irrigation canals in the Gulf Coast Agricultural Division in Matagorda County, to BANGL, LLC, as recommended by staff in Consent Item 7 [attached hereto as Exhibit F].

23-71 Authorization for the general manager or his designee to grant a 0.25-acre access easement across an LCRA-owned irrigation canal in the Gulf Coast Agricultural Division in Matagorda County to the adjoining landowner, as recommended by staff in Consent Item 8 [attached hereto as Exhibit G].

23-72 Authorization for the general manager or his designee to grant a 0.0565-acre easement across a portion of the LCRA-owned Celanese Canal in Matagorda County to Roehm America, LLC for two pipelines and one electric line, as recommended by staff in Consent Item 9 [attached hereto as Exhibit H].

23-73 Approval of the minutes of the Nov. 15, 2023, meeting [Consent Item 10].

Chair Timmerman declared the meeting to be in executive session at 2:30 p.m. pursuant to sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code. Following a tour of LCRA’s Cybersecurity facilities, executive session ended at 3:52 p.m.

There being no further business to come before the Board, the meeting adjourned at 3:52 p.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Jan. 24, 2024

FOR ACTION

9. Authorize the Forty-third Supplemental Resolution to the LCRA Transmission Contract Revenue Financing Program Regarding the LCRA Transmission Services Corporation Commercial Paper Program Tax-Exempt Series, and Authorize Related Agreements

Proposed Motion

Staff recommends the Board of Directors adopt and approve the Forty-third Supplemental Resolution (Forty-third Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) authorizing a \$150 million Transmission Services Tax-Exempt Commercial Paper Program (Tax-Exempt Series CP) credit facility, and authorize the general manager, chief financial officer and/or treasurer to negotiate and execute certain related agreements, including through an amendment to the Amended and Restated Letter of Credit Reimbursement Agreement among LCRA; LCRA Transmission Services Corporation (LCRA TSC); JPMorgan Chase Bank, National Association (JPMorgan Chase) and State Street Bank and Trust Company (State Street) or through a similar reimbursement agreement with either such banks individually and/or with other financial institutions, if acceptable terms cannot be reached with JPMorgan Chase and State Street (in each case, the Reimbursement Agreement), setting forth the terms and conditions governing the issuance of the direct-pay letter of credit securing the tax-exempt commercial paper program for LCRA TSC (Letter of Credit) for a term of three to five years and in the amount of \$150 million. This item requires approval of at least 12 members of the Board.

Board Consideration

The Forty-third Supplement, which approves a credit facility for the Tax-Exempt Series CP and authorizes the Reimbursement Agreement and the related Letter of Credit, requires Board authorization. The three-to-five-year term of the Reimbursement Agreement will comply with the covenants of the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program and LCRA Board Policy 301 – Finance. Section 8503.004(p) 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 approve this action.

Budget Status and Fiscal Impact

Staff anticipates the proposed agreements will allow LCRA to issue the Tax-Exempt Series CP on behalf of LCRA TSC to finance the construction of facilities and delay the issuance of long-term bonds, which have higher interest rates in the current market. As

a result, staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued.

Summary

With this action, the Board will adopt and approve the Forty-third Supplement and the negotiation and execution of the Reimbursement Agreement with JPMorgan Chase, State Street and/or other financial institutions. The amount of the commitment will remain \$150 million. The Board also will authorize the general manager, chief financial officer and/or treasurer to negotiate and execute such Reimbursement Agreement and all related documents.

Background

In March 2003, the LCRA Board, on behalf of LCRA TSC, adopted the Fourth Supplemental Resolution, which authorized the issuance of the commercial paper notes in an amount of principal and interest not to exceed \$150 million and a reimbursement agreement and letter of credit to secure such commercial paper. In April 2012, the Fourth Supplemental Resolution was amended to allow an increase in the program up to \$200 million. The credit facility has been amended several times over the years, in different amounts and with different banks participating. JPMorgan Chase is the acting agent under the current reimbursement agreement.

The Forty-third Supplement extends the commercial paper notes program at \$150 million for three to five years to the spring of 2027 to 2029 to give LCRA TSC capacity in its short-term debt facility, delaying long-term financing of outstanding commercial paper notes, and also authorizes certain related agreements. The Reimbursement Agreement supporting the Tax-Exempt Series CP will specify the current bank group, market pricing and amount of the credit facility of \$150 million. With this action, the Board will authorize the general manager, chief financial officer and/or treasurer to negotiate and execute the Reimbursement Agreement and all related documents.

LCRA issues the Tax-Exempt Series CP on behalf of LCRA TSC to reimburse for eligible expenses and maintains a level of short-term debt until such time as market conditions are favorable for refunding that short-term debt with long-term bonds. BofA Securities, Inc. is the LCRA dealer for the commercial paper program. The Bank of New York Mellon Trust Company is the paying agent for the Tax-Exempt Series CP.

Presenter

Jim Travis
Chief Financial Officer

FOR ACTION

10. LCRA Board of Directors Reservation of Firm Water

Proposed Motion

Reduce the LCRA Board of Directors reservation of firm water from lakes Buchanan and Travis from 31,000 acre-feet per year to 10,000 acre-feet per year.

Budget Status and Fiscal Impact

The proposed action has no impact on the fiscal year 2024 budget. The proposed action will allow LCRA to continue to enter into new firm water contracts for available firm supply that, after executed, will contribute increased revenues in the form of reservation fees and water use fees.

Summary

Since 1989, the LCRA Board has reserved a portion of the combined firm yield of lakes Buchanan and Travis for the future needs of the many areas in LCRA's 35-county water service area. The current Board reservation is 31,000 acre-feet per year.

LCRA currently has about 33,000 acre-feet per year of firm water inventory available from lakes Buchanan and Travis or other sources, including run-of-river rights, of which 31,000 acre-feet is set aside under the current Board reservation. LCRA has four pending water contract applications scheduled for Board consideration this month, and one pending water contract application planned for Board consideration next month. The five contracts would result in a net increase in contracted quantity of 20,786 acre-feet per year.

Staff recommends reducing the Board reservation to 10,000 acre-feet per year to make inventory available to meet these pending requests. With that reduction, and after contracting for the five pending requests, about 1,995 acre-feet would remain available for additional contracting. Staff will continue to bring contracts to the Board for approval, consistent with LCRA's water contract rules, including contracts for 1,000 acre-feet per year or more, contracts for increases in amounts greater than 500 acre-feet per year, and nonstandard contracts.

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

11. HIF USA – Firm Water Contract for Industrial Use

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a new standard firm raw water contract with HIF USA, LLC for industrial use of LCRA's firm water supply of up to 12,642 acre-feet per year for a term of 40 years.

Board Consideration

Consistent with the LCRA water contract rules, contracts with a maximum allowable quantity of 500 acre-feet per year or more that are not replacement contracts require Board approval.

Budget Status and Fiscal Impact

Water revenues from reservation fees under this contract will generate \$979,755 of revenue annually based on the contract amount of 12,642 acre-feet per year. Revenue will increase as water is used under the contract.

Summary

HIF USA submitted a 40-year industrial use application for 12,642 acre-feet of water per year for use in an electrofuel (e-fuel) production facility in Matagorda County. The process, developing a carbon-neutral fuel by combining green hydrogen with recycled carbon dioxide, is expected to produce approximately 1.4 million tons of e-methanol while capturing 2 million tons of carbon dioxide per year. Water for this project will be diverted from the Colorado River and transported to the customer via canals operated by LCRA.

Staff recommends the approval of this new contract. HIF USA's water conservation and drought contingency plans meet LCRA's requirements. These plans include using process water through a closed-loop system, recovery and reuse of wastewater streams, and drought response education.

Staff has determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the amount requested.

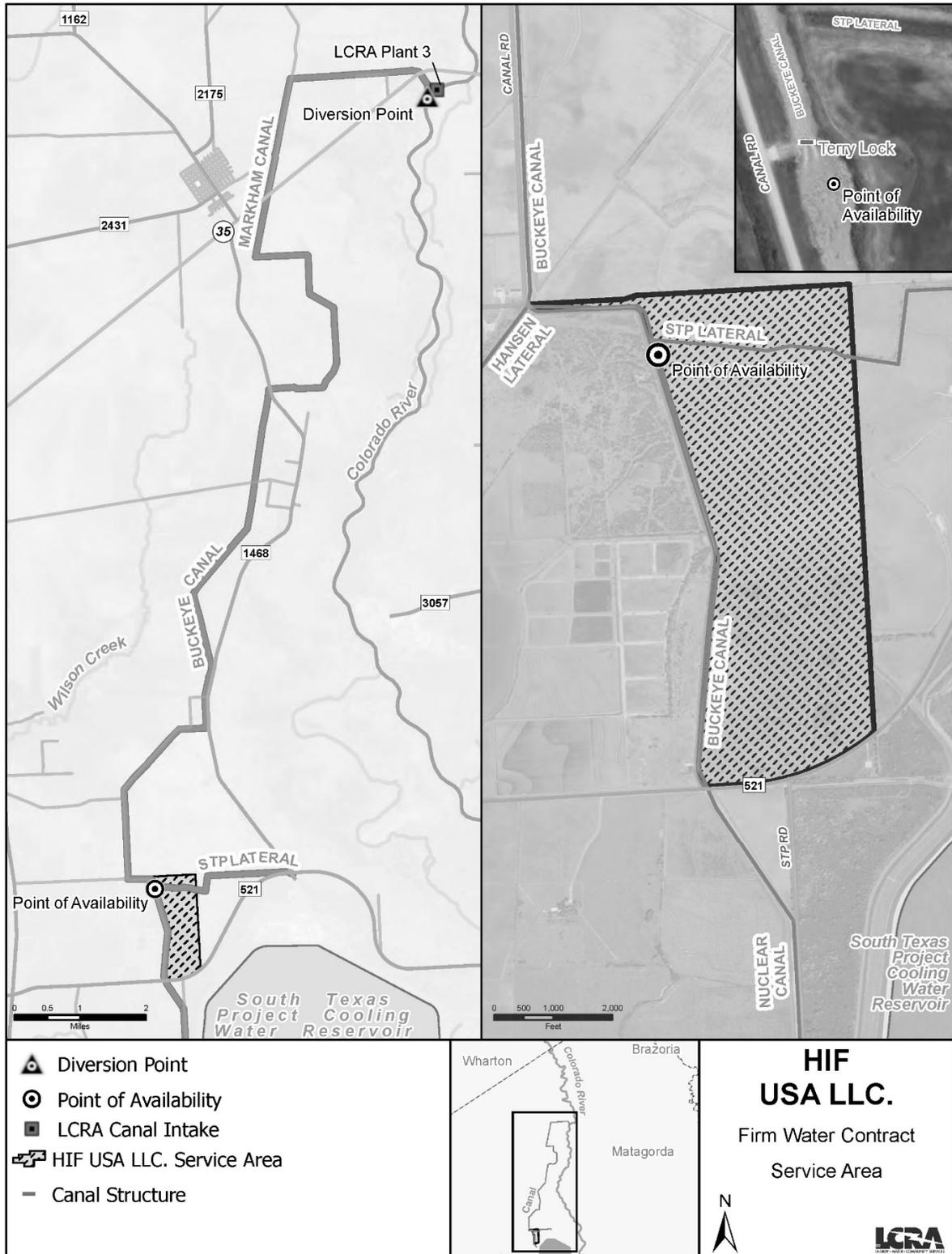
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

12. Firm Water Contract Renewal for Municipal Use – City of Lago Vista

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a renewal of a firm raw water contract with the City of Lago Vista for municipal use of LCRA's firm water supply. The new contract will be for a term of 20 years for a supply of up to 4,500 acre-feet per year, which is a decrease of 2,000 acre-feet from the current contract amount of 6,500 acre-feet per year.

Board Consideration

Consistent with the LCRA water contract rules, replacement contracts or amendments with a maximum allowable quantity of 1,000 acre-feet per year or more require Board approval.

Budget Status and Fiscal Impact

The new contract will include reservation fees that were not included in the current contract. Based on recent water use, reservation fee revenue will increase by approximately \$200,000 per year.

Summary

The City of Lago Vista submitted an application to renew its raw water contract with LCRA with a decrease in the contracted amount from 6,500 acre-feet per year to 4,500 acre-feet per year. The city provides treated surface water within its service area, which covers about 10,280 acres in Travis County. Lago Vista's 2022 population was estimated to be 13,500, and the population is expected to increase to 25,867 by 2044.

Staff has reviewed and approved Lago Vista's conservation and drought contingency plans, which include reducing water loss through leak detection and repairing water line leaks, using an advanced metering infrastructure system to remotely collect and analyze water use data in real time, and providing reuse water for the irrigation of golf courses and common areas.

Staff recommends the Board approve the contract for 4,500 acre-feet per year of firm water supply. Staff also determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the recommended amount.

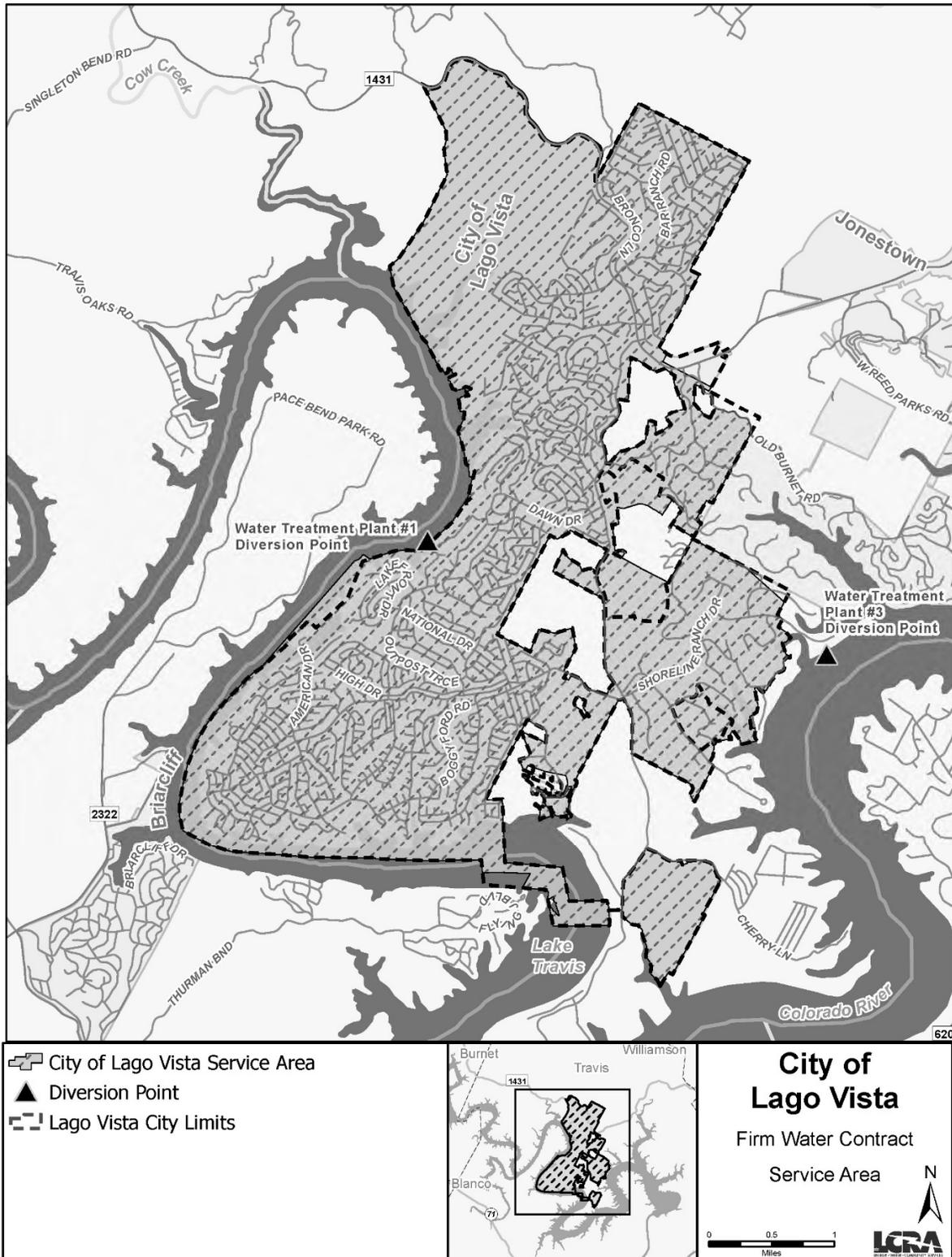
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

13. Firm Water Contract Renewal and Contract Amendment for Municipal Use – City of Marble Falls

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a replacement firm raw water contract and a contract amendment with the City of Marble Falls for municipal use of LCRA's firm water supply. The replacement contract, in combination with the amendment of an existing contract, will be for a total supply of up to 7,000 acre-feet per year. This reflects an increase of 4,000 acre-feet from the current total contracted amount of 3,000 acre-feet per year.

Board Consideration

Consistent with the LCRA water contract rules, replacement contracts or amendments with a maximum allowable quantity of 1,000 acre-feet per year or more require Board approval.

Budget Status and Fiscal Impact

Reservation fees on the additional 4,000 acre-feet under the new contract will increase revenue by approximately \$310,000 per year.

Summary

The City of Marble Falls submitted an application to increase its overall current municipal raw water contracted amount from 3,000 acre-feet per year to 7,000 acre-feet per year. Marble Falls provides water utility service to more than 7,500 residents. Marble Falls, located in the southwest corner of Burnet County, is expected to increase in population to about 35,000 by 2053.

Marble Falls currently has two separate raw water contracts. The first contract is for 2000 acre-feet per year and was executed in 1991 as part of a settlement agreement. That contract provides Marble Falls with 1,000 acre-feet of water at no charge for as long as Marble Falls operates as a municipal corporation and does not return effluent to the Highland Lakes. The second 1,000 acre-feet was provided with no reservation fees until 2015. The second contract, executed in 2001, provides an additional 1,000 acre-feet per year under the then-standard contract terms.

The proposed action would include a replacement standard form contract for 6,000 acre-feet per year for a term of 40 years, while maintaining 1,000 acre-feet of water without charge under the 1991 contract.

Staff has reviewed and approved the city's water conservation and drought contingency plans, which include reducing water loss through leak detection and repairing water line leaks; maintaining advanced metering infrastructure technology to analyze and manage real-time customer water use; providing reuse water to golf courses, parks, and athletic fields; and providing conservation education and outreach to its customer base.

Staff recommends the Board approve the replacement contract and contract amendment for a total of 7,000 acre-feet per year of firm water supply.

Staff also determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the recommended amount.

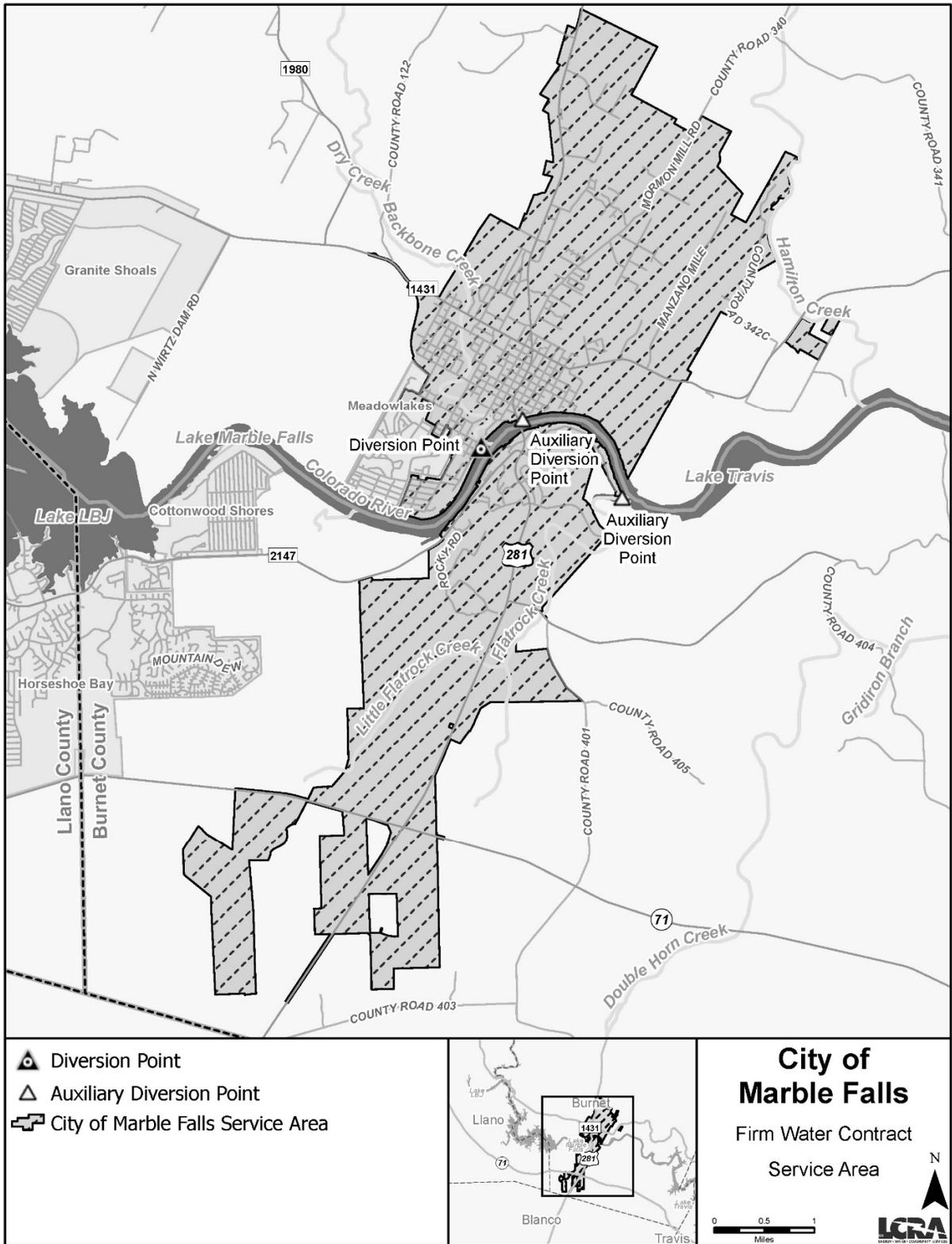
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

**14. Firm Water Contract for Municipal Use –
Travis County Water Control and
Improvement District No. 10**

Proposed Motion

Authorize the general manager or his designee to negotiate and execute a new standard firm raw water contract with Travis County Water Control and Improvement District No. 10 for municipal use of LCRA's firm water supply of up to 3,644 acre-feet per year for a term of 40 years.

Board Consideration

Consistent with the LCRA water contract rules, contracts with a maximum allowable quantity of 500 acre-feet per year or more that are not replacement contracts require Board approval.

Budget Status and Fiscal Impact

Based on the contract amount of 3,644 acre-feet per year, water revenues from reservation fees under this contract will generate \$282,410 of revenue annually. Revenue will increase as water is used under the contract.

Summary

Travis County Water Control and Improvement District No. 10 submitted a 40-year municipal use application for 3,644 acre-feet of water per year. The district is located in western Travis County and includes West Lake Hills and the subdivisions of Westwood, Rolling Hills West, Knollwood, Westlake Highlands, Sundown Parkway, Camelot and Rob Roy Ranch. The district has a service area of approximately 5,000 acres. The current population is estimated to be around 10,000 and is expected to increase to 20,000 by 2060. The district currently receives water from the City of Austin.

Staff recommends the approval of this new contract. The district's water conservation and drought contingency plans meet LCRA's requirements. These plans include reducing water loss through leak detection and repairing water line leaks, as well as using an advanced metering infrastructure system to remotely collect and analyze water use data.

Staff has determined there are sufficient firm water supplies in lakes Buchanan and Travis or other sources of supply, including LCRA run-of-river water rights, to meet the amount requested.

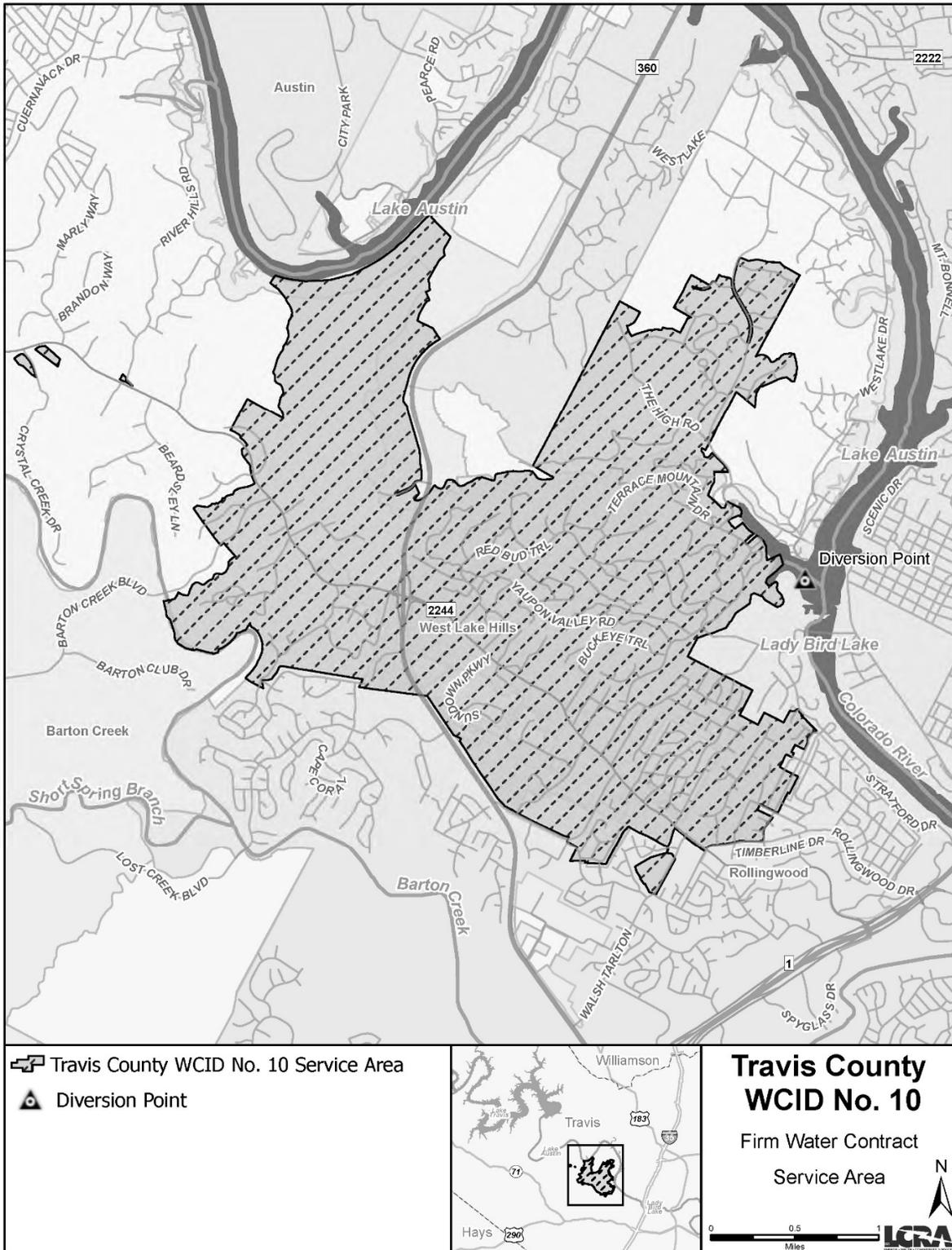
Presenter(s)

Monica Masters
Vice President, Water Resources

Exhibit(s)

A – General Location Map

EXHIBIT A



FOR ACTION

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

Proposed Motion

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

Board Consideration

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

Budget Status and Fiscal Impact

The proposed contract rules and rates have no impact on the fiscal year 2024 budget.

The proposed interruptible rates are based on full cost recovery of the physical delivery of water through LCRA's canal system for each division, with an adjustment to the Gulf Coast and Lakeside rates to mitigate the degree of rate increase in those divisions. The resulting rate increase for Gulf Coast and Lakeside is 2.3% (9.5% higher than the calendar year 2022 rate, the last year customers in these divisions received water). The rates for Gulf Coast and Lakeside include a portion of river management costs that represents the full share of river management costs attributed to these interruptible customers.

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

Summary

LCRA staff proposes updates to the interruptible agricultural water service contract rules and rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.

Proposed changes include: additional rules regarding field preparation to help ensure substantial water flow so as not to slow water delivery for prolonged periods of time; a requirement for customers to order water a minimum of four days before water is requested at the customer's field; clarification of the days to deliver water after an order is made; rules to reset orders after a significant rainfall event that caused the system to be shut down; and updates to the water rates, including the use rates, surcharge rates and minimum charge.

As in prior years, the proposed rates vary by division and reflect the unique costs associated with operating each division. The proposed surcharge rates for higher water use would continue to be tiered with rates that are 40%, 80% and 150% of the volumetric rate for the respective division. The proposed rates are shown as Exhibit A.

Following Board action on this item, staff will update the water contract forms for the agricultural divisions to reflect the approved changes consistent with Board policies and rules. The proposed contract rules and rates were available for comment through the LCRA website, and LCRA in November 2023 met with interruptible water customers to discuss the upcoming crop year. Copies of the proposed contract rules and rates have been submitted to the Board under separate cover.

Presenter(s)

Kelly D. Payne
Vice President, Water Operations

Exhibit(s)

A – Proposed Calendar Year 2024 Interruptible Water Rates

EXHIBIT A

**Proposed Calendar Year 2024 Interruptible Water Rates
(per acre-foot)**

Division	Rice/Turf and Supplemental	Excess Use Surcharge		
		Tier 1	Tier 2	Tier 3
Gulf Coast	\$76.04	\$30.42	\$60.83	\$114.06
Lakeside	\$76.04	\$30.42	\$60.83	\$114.06
Garwood – one lift	\$42.32	\$16.93	\$33.86	\$63.48
Garwood – two lifts	\$50.17			

Gulf Coast and Lakeside agricultural divisions: Minimum charge of \$34.22 per acre-foot of interruptible stored water allocated under contract (45% of the interruptible water rate).
Garwood Agricultural Division: Minimum charge of \$25.00 per acre of rice under contract.
Minimum charges at all divisions are applicable to first season contracts and second season contracts.

Application Fee: \$100 per contract

Irrigation Coordinator Cost Recovery Fee: \$75 per hour

Canceled Order Surcharge: \$5 per acre applicable to the individual field for which water was ordered

Early Drainage Surcharge: \$10 per acre

Groundwater Delivery Fee: \$30 per day for first structure; \$15 per day for each additional structure

FOR ACTION

16. Firm Water Industrial Customer Canal Distribution Rate

Proposed Motion

Approve the distribution rate for long-term industrial customers receiving firm water delivered through the Gulf Coast Agricultural Division canals.

Board Consideration

LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code require the Board of Directors to adopt rates associated with water contracts.

Budget Status and Fiscal Impact

The Gulf Coast industrial distribution rate reflects the full cost recovery of delivering firm water to two industrial customers receiving water on a year-round basis from the Gulf Coast Agricultural Division canal system.

Summary

Staff proposes an updated firm customer rate for delivering water from Gulf Coast Agricultural Division canals to become effective in the March 2024 billing period. The proposed Gulf Coast industrial distribution rate of \$85.05 per acre-foot applies at the delivery point for two industrial customers that divert water from the Gulf Coast Agricultural Division irrigation canals – Underground Services Markham and OQ Chemicals. Because the customers take water from the irrigation canals and not directly from the river, they pay a share of the costs to operate and maintain the canal system, and thus reduce the costs Gulf Coast Agricultural Division farmers pay. The current rate of \$76.58 per acre-foot has been in place since February 2021. The proposed rate reflects the relative use of water by the two industrial customers compared with the agricultural use. These two customers pay the Gulf Coast industrial distribution rate in addition to the standard firm water rate.

LCRA posted on its website the proposed rate for public comment. LCRA also provided information regarding the proposed rate change to customers with current contracts subject to the proposed rate change.

Presenter

Kelly D. Payne
Vice President, Water Operations

FOR ACTION

17. Temporary Firm Water Customer Canal Distribution Rate

Proposed Motion

Approve the distribution rate for temporary customers receiving firm water delivered through the Gulf Coast Agricultural Division canals.

Board Consideration

LCRA Board Policy 501 – Water Resources and Section 8503.011 of the Texas Special District Local Laws Code require the Board of Directors to adopt rates associated with water contracts.

Budget Status and Fiscal Impact

The Gulf Coast temporary firm customer distribution rate reflects the full cost recovery of delivering firm water to temporary firm customers receiving water from the Gulf Coast Agricultural Division canal system.

Summary

Staff proposes an updated temporary firm customer rate for delivering water from Gulf Coast Agricultural Division canals to become effective in the March 2024 billing period. The proposed Gulf Coast temporary firm customer distribution rate of \$73.90 per acre-foot applies at the delivery point for three existing firm customers that divert water from the Gulf Coast Agricultural Division irrigation canals. Because the customers take water from the irrigation canals and not directly from the river, they pay a share of the costs to operate and maintain the canal system. These customers only take deliveries during the agricultural season or take deliveries from canals that already are being maintained for LCRA's long-term firm water customers, Underground Services Markham and OQ Chemical. The rate is based on the cost of service of operating the canals during the agricultural irrigation season. The current rate of \$60.53 per acre-foot has been in place since January 2021. The customers subject to this rate also pay the standard firm water rate.

LCRA posted on its website the proposed rate for public comment. LCRA also provided information regarding the proposed rate change to customers with current contracts subject to the proposed rate change.

Presenter

Kelly D. Payne
Vice President, Water Operations

FOR ACTION

18. Contracts and Contract Changes

Proposed Motion

Authorize the general manager or his designee to negotiate and execute the following contracts and contract changes as described in the attached exhibit(s).

Board Consideration

LCRA Board Policy 308 – Purchasing Contracts requires Board of Directors approval for:

- Any contract for consulting services with projected expenditures exceeding \$250,000, whether under the original contract or as a result of a change.
- Any contract for goods, services (excluding consulting services), construction or software with projected expenditures exceeding \$5 million, whether under the original contract or as a result of a change.

Budget Status and Fiscal Impact

Board of Directors approval of contracts and contract changes does not create a commitment to spend funds. All commitments made under these contracts will be for budgeted items contained in separately authorized operations and capital budgets or pre-spending requirements as outlined in LCRA Board Policy 301 – Finance.

Summary

Each month the Board approves the contracts and contract changes in accordance with LCRA Board Policy 308.

Presenter(s)

Matt Chavez
Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Administration

EXHIBIT A

New Contracts

Contract Number: 6423

Supplier Name: AECOM

Contract Amount: \$10 million

Description: This one-time contract is for engineering services for the Lake Bastrop water development project to develop LCRA's water supply system in the area.

EXHIBIT B

Contract Changes

Contract Number: 5080

Supplier Name: B D HOLT CO

Current Approved Contract Amount: \$3.7 million

Requested Change: \$4 million

New Contract Amount: \$7.7 million

Description: This master contract is for the purchase of Caterpillar heavy equipment, including bulldozers and road graders, used for maintenance and construction throughout LCRA. Historical expenditures under this contract are about \$3 million. Staff is requesting Board approval to add an additional \$4 million to the existing approved contract amount to cover forecast demand through the remaining term of the contract.