



Board Agenda

Wednesday, Feb. 19, 2025
LCRA General Office Complex
Board Room – Hancock Building
3700 Lake Austin Blvd.
Austin, TX 78703
Earliest start time: noon

Item From the Chair

- 1. Comments From the Public 3

Consent Item

- 2. Minutes of Prior Meeting..... 5

Action/Discussion Items

- 3. LCRA Board Policies 201, 207, 209, 220, 221, 222, 223, 303, 308 and 602..... 9
- 4. Release of Agricultural Water Conservation Funds for Land Leveling
Recertification Program 36
- *5. Authorize the LCRA Transmission Contract Revenue Notes Series F, and
Authorize a Note Purchase Agreement and Related Agreements..... 38
- 6. Contracts and Contract Changes 40

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

Executive Session

- 1. Procurement Contracts for Power Plants and Resource Planning, Options and
Agreements
- 2. Litigation Update
- 3. Legal Advice on Legal Matters
- 4. Legislative Update

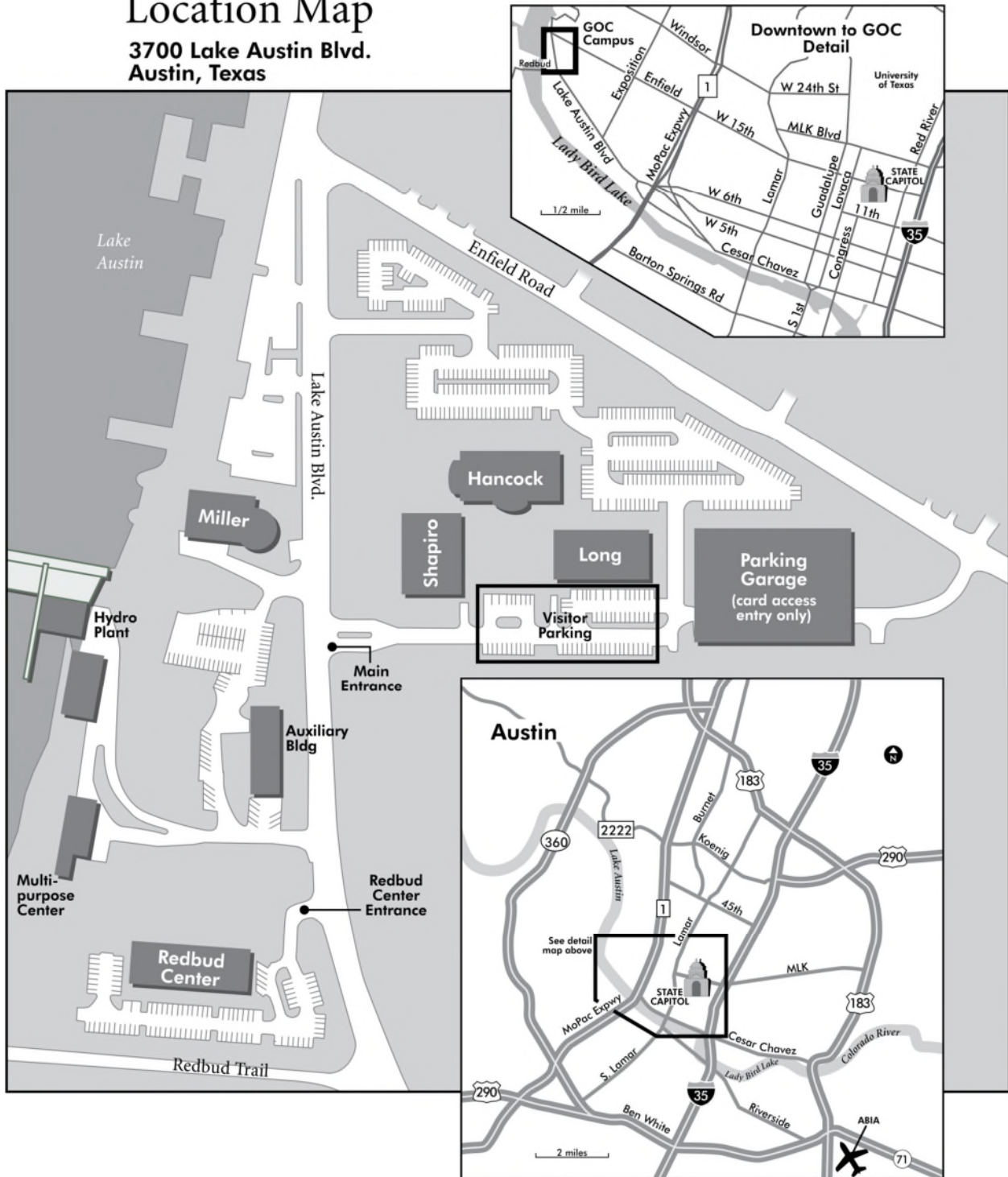
The Board also may go into executive session on any item listed above, pursuant to Chapter 551 of the Texas Government Code, including, but not limited to, sections 551.071, 551.072, 551.074, 551.076, 551.086, 551.089 and 418.183(f) of the Texas Government Code.

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 (CONSENT)

2. Minutes of Prior Meeting

Proposed Motion

Approve the minutes of the Jan. 22, 2025, LCRA Board 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 Jan. 22, 2025, LCRA Board meeting

EXHIBIT A

LCRA Board of Directors
Minutes Digest
Jan. 22, 2025

- 25-01 Authorization for the general manager or his designee to convey a transmission line easement over LCRA Parcel MPP-01 in Caldwell County to LCRA Transmission Services Corporation for the John Dumas Substation.
- 25-02 Approval of directors' fees and expense reimbursements.
- 25-03 Approval of the minutes of the Dec. 10, 2024, LCRA Board meeting.
- 25-04 Approval of updated interruptible agricultural water rates for the Garwood, Gulf Coast and Lakeside agricultural divisions.
- 25-05 Authorization for the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 6717 (DevBot, LLC); Contract No. 6736 (OneLayer, Inc); and Contract No. 4107 (Exterro).

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
LOWER COLORADO RIVER AUTHORITY
Austin, Texas
Jan. 22, 2025

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of the Lower Colorado River Authority (LCRA) convened in a regular meeting at 9:47 a.m. Wednesday, Jan. 22, 2025, 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:

Stephen F. Cooper, Vice Chair
Joseph M. "Joe" Crane, Secretary [attended via videoconference]
Michael L. "Mike" Allen
Matthew L. "Matt" Arthur
Melissa K. Blanding
Carol Freeman
Thomas L. "Tom" Kelley [attended via videoconference]
Robert "Bobby" Lewis
Thomas Michael Martine
Margaret D. "Meg" Voelter
Martha Leigh M. Whitten
David R. Willmann
Nancy Eckert Yeary

Absent: Timothy Timmerman, Chair

Vice Chair Cooper convened the meeting at 9:47 a.m.

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

General Manager Phil Wilson gave an update on safety, including LCRA's wildlife mitigation and response. Wilson also shared some highlights of how LCRA will continue serving Texans.

Chief Financial Officer Jim Travis presented financial highlights for LCRA covering December 2024 and the fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda. Upon motion by Director Voelter, seconded by Director Whitten, the Board unanimously approved consent items 3, 4 and 5 by a vote of 13 to 0 as follows:

25-01 Authorization for the general manager or his designee to convey a transmission line easement over LCRA Parcel MPP-01 in Caldwell County to

LCRA Transmission Services Corporation for the John Dumas Substation, as recommended by staff in Consent Item 3 [attached hereto as Exhibit A].

25-02 Approval of directors' fees and expense reimbursements, as recommended in Consent Item 4 [attached hereto as Exhibit B].

25-03 Approval of the minutes of the Dec. 10, 2024, LCRA Board meeting [Consent Item 5].

25-04 Vice President of Water Operations Kelly D. Payne presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit C], that the Board approve updated interruptible agricultural water rates for the Garwood, Gulf Coast and Lakeside agricultural divisions. [Staff discussed this item with the Water Operations Committee on Jan. 21.] Upon motion by Director Martine, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 13 to 0.

25-05 Senior Vice President of Supply Chain Matt Chavez presented for consideration a staff recommendation, described in Agenda Item 7 [attached hereto as Exhibit D], that the Board authorize the general manager or his designee to negotiate and execute the following contracts and contract changes: Contract No. 6717 (DevBot, LLC); Contract No. 6736 (OneLayer, Inc); and Contract No. 4107 (Exterro). Upon motion by Director Yeary, seconded by Director Freeman, the recommendation was unanimously approved by a vote of 13 to 0.

Vice Chair Cooper declared the meeting to be in executive session at 10:11 a.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. Executive session ended, and Vice Chair Cooper declared the meeting to be in public session at 10:50 a.m.

There being no further business to come before the Board, the meeting adjourned at 10:50 a.m.

Joseph M. Crane
Secretary
LCRA Board of Directors
Approved: Feb. 19, 2025

FOR DISCUSSION

3. LCRA Board Policies 201, 207, 209, 220, 221, 222, 223, 303, 308 and 602

Summary

The Office of the General Counsel currently is reviewing all Board policies to streamline policies, update language, and provide for a higher level and more strategically directed set of policies for the Board.

The general counsel will present an update on LCRA's review and recommended changes of the following policies:

- LCRA Board Policy 201 – Employment Practices
- LCRA Board Policy 207 – Legal Matters and Alternative Dispute Resolution
- LCRA Board Policy 209 – Environmental Stewardship
- LCRA Board Policy 220 – Telecommunications
- LCRA Board Policy 221 – Auditors
- LCRA Board Policy 222 – Risk Management
- LCRA Board Policy 223 – Cybersecurity
- LCRA Board Policy 303 – Banking and Investments
- LCRA Board Policy 308 – Purchasing Contracts
- LCRA Board Policy 602 – LCRA Wholesale Power Customer Input

The Board previously authorized the general counsel to approve minor, nonsubstantive or necessary conforming changes to Board policies throughout this project.

Presenter(s)

Leigh Sebastian
General Counsel

Exhibit(s)

- A – LCRA Board Policy 201 – Employment Practices
- B – Proposed Amendments to LCRA Board Policy 207 – Legal Matters and Alternative Dispute Resolution
- C – LCRA Board Policy 209 – Environmental Stewardship
- D – Proposed Amendments to LCRA Board Policy 220 – Telecommunications
- E – Proposed Amendments to LCRA Board Policy 221 – Independent and Internal Auditors
- F – Proposed Amendments to LCRA Board Policy 222 – Risk Management
- G – Proposed Amendments to LCRA Board Policy 223 – Cybersecurity
- H – LCRA Board Policy 303 – Banking and Investments
- I – Proposed Amendments to LCRA Board Policy 308 – Procurement
- J – Proposed Amendments to LCRA Board Policy 602 – LCRA Wholesale Power Customer Input

EXHIBIT A

LCRA BOARD POLICY

201 – EMPLOYMENT PRACTICES

~~Sept. 21, 2016~~ [Insert Date]

201.10 PURPOSE

This policy establishes broad guidelines for equal opportunity employment and other employment matters.

201.20 POLICY

It is the policy of LCRA to provide equal employment opportunity to all persons regardless of age, color, national origin, citizenship status, physical or mental disability, race, religion, creed, gender, pregnancy, genetic information, sexual orientation, marital status, status as a veteran or disabled veteran, or any other characteristic protected by applicable federal, state or local law. In addition, LCRA will provide reasonable accommodations for otherwise qualified disabled individuals. LCRA will only employ individuals legally authorized to work in the United States.

Employment and advancement opportunities will be provided based on qualifications, educational background, experience and job requirements. Employees are entitled to fair pay, reasonable hours of work, training and development opportunities, a drug-free workplace, and safe working conditions.

201.30 REPORTING

The general manager/CEO annually will submit a report to the LCRA Board of Directors that describes the organization's efforts to accomplish the policy set out above.

EFFECTIVE: Dec. 31, 1984. Amended July 23, 1992; Oct. 20, 1999; June 20, 2012; and Sept. 21, 2016. Reaffirmed [insert date].

EXHIBIT B

LCRA BOARD POLICY

207 – LEGAL MATTERS AND ALTERNATIVE DISPUTE RESOLUTION

~~Aug. 21, 2019~~ [Insert Date]

207.10 PURPOSE

This policy establishes requirements for the retention of outside legal counsel and related legal services, including retention of special counsel to the LCRA Board of Directors.

207.20 OUTSIDE LEGAL COUNSEL

207.201 Approval. ~~Except as provided in Section 207.30 below, t~~The general counsel is authorized to engage outside legal counsel when necessary to support the legal representation of LCRA; however, the general counsel will consider the expertise, the cost and the potential for conflicts of interest (as described in the Texas Disciplinary Rules of Professional Conduct) of any outside legal counsel firm or attorney being considered. No employee may request outside legal counsel or related legal services a written opinion from outside legal counsel or distribute copies of any such opinion outside legal counsel or related legal services work without prior approval from the general counsel or his or her designee.

207.202 Related Legal Services. When services other than outside legal counsel are necessary to support the legal representation of LCRA, the general counsel may engage such services ~~upon approval from the GM/CEO.~~

207.203 Written Agreements. No outside legal counsel or related legal services may be retained without a written contract.

207.204 Reporting to the Board. ~~Each time t~~The general counsel periodically enters into a contract for outside legal or related services, he or she will report to the Board the name of the firm and will provide the Board with the names of outside legal counsel the general counsel has engaged, including a general description of the type of work the outside legal counsel firm is hired to perform. ~~The report will be given no later than 30 days after the date of the contract.~~

207.30 SPECIAL COUNSEL TO THE BOARD

207.301 Special Counsel to the Board. The general counsel is the legal adviser to the Board, although the Board may at any time consult with or retain special counsel to the Board of their choice in the representation of the Board on any matter the Board

determines is warranted or advisable. The Board may consult with the general counsel in this regard, but such consultation is not required. Circumstances in which the Board may retain special counsel to the Board include but are in no way limited to circumstances in which the Board determines an independent legal review of any matter is merited or a conflict of interest exists or may exist between the interests of the Board and LCRA staff or one or more Board members and LCRA. Any Board member may consult directly with and request legal advice from special counsel to the Board relating to any matter for which special counsel has been retained.

207.302 Approval. Special counsel to the Board must be approved by a majority vote of the Board at a regular or special Board meeting, or if the Board chair determines that it is not practical to wait for a Board meeting, the chair may retain special counsel to the Board at any time subject to approval by the Board at the next scheduled Board meeting.

207.303 Conflicts. Special counsel to the Board promptly will disclose to the chair any conflicts or potential conflicts of interest between special counsel to the Board and LCRA. Special counsel to the Board also will consult with the general counsel regarding potential conflicts with LCRA. The Board may either waive any existing or potential conflict or terminate the representation.

207.304 Written Agreements. Special counsel to the Board may not be retained without a written agreement. After approval of the Board, or if the chair determines it is not practical to wait for a Board meeting, the chair will execute a written agreement regarding the representation. Except as otherwise provided by this Board policy or by the written agreement, special counsel to the Board must comply with the general terms of the standard ~~engagement letter and LCRA Guidelines for Outside Counsel typically~~ written contract used for retention of outside legal counsel under Section 207.20 above.

207.305 Reporting to the Board. Unless the written agreement with special counsel to the Board provides otherwise, special counsel to the Board will be supervised by the chair, or another Board member as authorized by the Board, and invoices and other administrative matters relating to special counsel to the Board will be routed through the general auditor. The general auditor will report the compensation and expenses paid for special counsel to the Board for each calendar quarter in which the special counsel has provided legal service to the Board.

207.40 ALTERNATIVE DISPUTE RESOLUTION

207.401 Policy. It is the policy of LCRA to encourage the use of appropriate alternative dispute resolution (ADR) procedures under Chapter 2009, Texas Government Code, to assist in the resolution of internal and external disputes under LCRA's jurisdiction.

207.402 Procedures. The general manager (GM)/CEO is directed to coordinate the implementation of this policy and shall ensure that appropriate procedural guidelines are developed, maintained and followed for the review of disputes on a case-by-case basis

to determine the appropriateness of ADR measures. The GM/CEO periodically shall provide the Board an update on the use of ADR procedures.

207.50 AUTHORITY

LCRA enabling legislation, Texas Special District Local Laws Code, Chapter 8503
LCRA Bylaws, Section 3.04

EFFECTIVE: Feb. 16, 2011. Amended Aug. 15, 2012; June 19, 2013; Sept. 21, 2016;
~~and~~ Aug. 21, 2019; and [insert date].

EXHIBIT C

LCRA BOARD POLICY

209 – ENVIRONMENTAL STEWARDSHIP

Sept. 21, 2016[Insert Date]

209.10 PURPOSE

The purpose of this policy is to affirm LCRA's long-standing commitment to environmental stewardship. LCRA recognizes that its mission to enhance the quality of life of the Texans we serve through water stewardship, energy and community service must be balanced with its responsibilities to preserve and protect natural resources. Accordingly, this policy directs LCRA to execute its responsibilities and perform its activities in full compliance with all applicable environmental laws and regulations.

209.20 POLICY

LCRA will use its authority to protect the Colorado River, its tributaries and other natural resources within LCRA's statutory district.

209.30 PROCEDURES

The general manager/CEO will take necessary and appropriate actions to implement this policy and will develop management practices intended to fully comply with all applicable environmental laws and regulations.

209.40 AUTHORITY

LCRA enabling legislation

EFFECTIVE: May 23, 2001. Amended Sept. 21, 2016. Reaffirmed [insert date].

EXHIBIT D

LCRA BOARD POLICY

220 – TELECOMMUNICATIONS

~~May 19, 2021~~ [Insert Date]

220.10 PURPOSE

To fulfill its statutory mission, LCRA requires reliable and secure telecommunications systems to cost-effectively support the delivery of electric services, flood control and communications for its day-to-day operations. Telecommunications technology also is an essential element of economic development and other public service goals. This policy establishes the framework for providing telecommunications services to LCRA and the customers and communities it serves.

220.20 POLICY

LCRA will satisfy its telecommunications requirements in the most cost-effective manner and may upgrade or construct new telecommunications systems as technology and business demands change.

If it will not interfere with LCRA's internal telecommunications needs, LCRA may provide capacity in its telecommunications systems to its customers, communities, utilities, electric transmission and distribution service providers, governmental entities, nonprofit organizations, internet service providers, and other third parties.

It is the policy of LCRA to use its resources to help satisfy a need for enhanced broadband connectivity within Texas. LCRA may provide fiber capacity and facilities for the purpose of facilitating broadband service connectivity but may not provide broadband service directly to retail customers. Fiber capacity and facilities only will be offered on a reasonable and nondiscriminatory basis.

LCRA may make available, on an individual contract and cost-shared basis, excess telecommunications system capacity ~~_, other than broadband,~~ to the extent no legal constraints exist; except that broadband and private long-term evolution services shall not be subject to the cost-shared basis requirement.

LCRA may contract with LCRA Transmission Services Corporation and other third parties for use of LCRA TSC or other third-party facilities to enable LCRA to fulfill its telecommunications goals.

LCRA will not offer telecommunications or broadband services as a common carrier.

220.30 STRATEGIC FOCUS

To help ensure LCRA implements its telecommunications policy effectively, LCRA will maintain a strategic plan for telecommunications infrastructure required to support LCRA's and LCRA's ~~nonprofit affiliated~~ corporation transmission, generation, water and other activities, as well as the infrastructure required to implement LCRA's third-party broadband and radio programs. The plan will include requirements to help ensure LCRA's telecommunications systems use appropriate technologies and methods to achieve, in a cost-effective manner, the appropriate levels of reliability and security.

220.40 AUTHORITY

Texas Special District Local Laws Code, Sections 8503.004 and 8503.032
Texas Water Code, Section 152.301

EFFECTIVE: April 20, 1995. Amended Aug. 6, 1998; Sept. 22, 1999; April 18, 2012; Sept. 21, 2016; ~~and~~ May 19, 2021; and [insert date].

EXHIBIT E

LCRA BOARD POLICY

221 – INDEPENDENT AND INTERNAL AUDITORS

~~Nov. 17, 2021~~ [Insert Date]

221.10 PURPOSE

This policy defines the relationship of LCRA's Board of Directors to both the independent auditors and the internal audit function.

221.20 POLICY

Independent auditors will be approved and retained by the Board of Directors, with the advice and recommendations of the Board's Audit and Risk Committee ~~and the general auditor~~. Following retention, the independent auditor will function in cooperation with, but independent of, executive management, the general auditor and staff.

Auditing Services is LCRA's internal audit function and consists of a general auditor, who is LCRA's chief audit executive, and audit personnel employed and/or contracted under the general auditor's supervision. To provide for the objectivity of its work, Auditing Services will report functionally to the LCRA Board and administratively to the general manager (GM)/CEO and maintain independence from any other department or office within LCRA.

221.30 INDEPENDENT AUDITOR

221.301 Scope of Services

The independent auditor is engaged to conduct an examination of the financial statements of LCRA in accordance with generally accepted auditing standards and to express an opinion as to the fairness of the financial statements in conformity with generally accepted accounting principles.

The independent auditor will meet with the Audit and Risk Committee at least ~~twice each year~~ annually to discuss the audit plan, audit results and other related matters.

The independent auditor also may be engaged to perform other audit and consulting and advisory services, unless those additional services would adversely impact the independent auditor's obligation of independence. To the extent these additional services are requested by and performed at management's request, the Audit and Risk Committee must approve such engagements before the work is assigned. Audit and Risk Committee

approval is not required for the use of the independent auditor for co-sourced or outsourced services or for services required for the issuance of LCRA debt.

221.302 Term of Service

~~The independent auditor will be appointed or reappointed annually by the Board. The Board may, at any time, choose to evaluate the performance of the independent auditor, and may consider selecting and appointing a new independent auditor. The Board may decide it is in LCRA's best interest to do so even if the current independent auditor is performing satisfactorily. In any engagement contract with the independent auditor, LCRA will retain the right to terminate the engagement at any time following reasonable notice to the independent auditor.~~

~~Auditing Services' purpose is to assist the LCRA Board, the GM/CEO, management and employees in the effective discharge of their responsibilities by providing audits, analyses, recommendations, counsel and information regarding whether LCRA's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning.~~

221.40 TERM OF SERVICE GENERAL AUDITOR

221.401 Scope of Services

~~Auditing Services' purpose is to assist the LCRA Board, the GM/CEO, management and employees in the effective discharge of their responsibilities by providing audits, analyses, recommendations, counsel and information regarding whether LCRA's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning.~~

221.402 Term of Service

~~The general auditor will be hired by the LCRA Board in consultation with the GM/CEO. The general auditor may be discharged only upon a majority vote of the Board following consultation with the GM/CEO.~~

~~The independent auditor will be evaluated and appointed annually by the Board. In connection with the annual evaluation, the Board may consider selecting and appointing a new independent auditor. The Board may decide it is in LCRA's best interest to do so even if the current independent auditor is performing satisfactorily. LCRA will retain the right to terminate the engagement at any time following due notice.~~

~~In connection with the annual evaluation, the Board may consider selecting and appointing a new independent auditor. The Board may decide it is in LCRA's best interest to do so even if the current independent auditor is performing satisfactorily.~~

~~The general auditor will be hired by the LCRA Board in consultation with the GM/CEO. The general auditor may be discharged only upon a majority vote of the Board following~~

~~consultation with the GM/CEO. The Board will approve and make any adjustment to the general auditor's compensation and will review his or her performance.~~ The general auditor may meet with the Board, Audit and Risk Committee or other designee without other LCRA staff present. The Board, or the Audit and Risk Committee to the extent delegated by the Board, will have final authority to review, discuss, require changes to, and approve the Auditing Services charter, resource plan, annual audit plan and all significant changes to the plan. The Audit and Risk Committee will have oversight of the Auditing Services budget. ~~The Board will make appropriate inquiries of management and the general auditor to determine whether there is inappropriate scope or resource limitations.~~

EFFECTIVE: November 1985. Republished March 19, 1987. Amended Oct. 22, 1992; June 21, 2000; April 16, 2008; and Aug. 25, 2010. Reaffirmed April 20, 2011. Amended Sept. 21, 2016; and Nov. 17, 2021. Amended and renamed [insert date].

EXHIBIT F

LCRA BOARD POLICY

222 – RISK MANAGEMENT

~~Sept. 21, 2016~~[Insert Date]

222.10 PURPOSE

This policy establishes risk management objectives for LCRA.

222.20 POLICY

LCRA will maintain a comprehensive risk management program that identifies, assesses, monitors and manages material risks to LCRA's mission and objectives. LCRA will pursue operational excellence and accept normal business risks while complying with all applicable laws and regulations, protecting the environment under its stewardship, and preserving its reputation.

222.30 OBJECTIVES

The objectives of LCRA's risk management program are to:

- A. Manage financial, market and business risks to ensure the financial integrity of LCRA;
- B. Manage, develop, use and protect LCRA assets to provide reliable, cost-effective services for its customers; and
- C. Manage LCRA operations in a manner to reduce or mitigate, to the extent feasible, the conditions, hazards and practices that may cause losses.

222.40 RESPONSIBILITIES

The general manager/CEO will design and implement a risk management program to meet the policy and objectives set out above and will provide to the LCRA Board of Directors an update on the program twice per year. At least one of these updates may be provided to the Audit and Risk Committee, with a copy of the update made available to the Board.

222.50 AUTHORITY

LCRA enabling legislation, Texas Special Districts Local Laws Code, Section 8503.004
Texas Government Code, Section 2259.001 et seq.

EFFECTIVE: August 1987. Amended Oct. 18, 1990; Feb. 20, 1992; Nov. 17, 1999; Sept. 23, 2009; March 23, 2011; ~~and~~ Sept. 21, 2016; and [insert date].

EXHIBIT G

LCRA BOARD POLICY

223 – CYBERSECURITY

~~Aug. 23, 2023~~ [Insert Date]

223.10 PURPOSE

This policy establishes cybersecurity objectives for LCRA. LCRA recognizes that the integrity and security of digital assets are critical to accomplishing LCRA's goals and discharging LCRA's primary customer and public service responsibilities. This policy provides guidance to LCRA and the LCRA Board of Directors regarding cybersecurity responsibilities.

223.20 POLICY

LCRA will maintain a comprehensive cybersecurity program to reduce the risk of a material impact on LCRA's safety, finances, operations and reputation due to a cyberattack. LCRA will develop and implement an enterprise-level, risk-based cybersecurity program designed to facilitate operational excellence, mitigate risk and build organizational resiliency.

223.30 OBJECTIVES

The objectives of LCRA's cybersecurity program are to reduce risk and protect LCRA's information systems, operational technology and data through the use of technical tools, organizational training and awareness, and the development and enforcement of sound security policies.

223.40 RESPONSIBILITIES

The general manager (GM)/CEO will ensure staff designs and implements a cybersecurity program to meet the policy and objectives set out above and will ensure LCRA provides to the LCRA Board of Directors an update on the program annually.

The Board of Directors delegates to the GM/CEO the authority to take all actions necessary to respond to an active cybersecurity incident or imminent cybersecurity threat ~~in the GM/CEO's discretion~~, including incident mitigation, response, regulatory reporting, law enforcement coordination, emergency expenditures and purchasing. The GM/CEO will provide ongoing updates as permitted by circumstances to the Board of Directors during any active or imminent cybersecurity event and any recovery operations, until the GM/CEO determines that LCRA has sufficiently recovered to return to normal operations.

In addition to the required annual program updates, the GM/CEO or his or her designee will update the LCRA Board of Directors, or a committee with appropriate oversight, with information related to LCRA's cybersecurity that he or she determines to be necessary for the directors to fulfill their duties and responsibilities, including updates regarding emerging cybersecurity threats to LCRA and/or new or significant cybersecurity risks within LCRA.

223.50 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special Districts Local Laws Code

EFFECTIVE: Aug. 23, 2023. Amended [insert date].

EXHIBIT H

LCRA BOARD POLICY

303 – BANKING AND INVESTMENTS

~~Aug. 21, 2024~~[Insert Date]

303.10 PURPOSE

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

303.20 POLICY

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

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

303.30 BANKING PROCEDURES

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

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

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

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

303.40 INVESTMENT PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

303.407 Safekeeping of Investments. LCRA will maintain safekeeping procedures to protect against potential loss or misapplication of investments. The chief financial officer or his or her designee will be responsible for procedures that secure LCRA assets. All investment activity will be accomplished on a “delivery-versus-payment” basis. Investment instruments will be held in the name of LCRA and the LCRA fund being invested.

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

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

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

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

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

All designated investment officers must sign the quarterly reports.

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

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

Revenue Funds – The Revenue Funds will include investments suitable for funds requiring a high degree of liquidity, and will be limited to an average maturity no greater than five years. Due to their short-term nature, involuntary investment liquidations are unlikely for the Revenue Funds; however, should they be necessary, the short-term nature of the instruments would make material losses highly unlikely. Revenue Funds investments will be compared against appropriately competitive and reasonable benchmarks, including money market funds of similar makeups and maturities.

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

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

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

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

Chapter 2257 of the Texas Government Code, as amended (the Public Funds Collateral Act).

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

303.50 AUTHORITY

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

EFFECTIVE: December 1986. Amended March 19, 1987 (republished); Dec. 14, 1991; Oct. 22, 1992; Oct. 17, 1995; Oct. 23, 1997; Oct. 22, 1998; Aug. 18, 1999; Dec. 13, 2000; June 13, 2001; Nov. 20, 2002; Nov. 19, 2003; Oct. 20, 2004; Nov. 16, 2005; Nov. 15, 2006; Nov. 14, 2007; Dec. 17, 2008; Dec. 16, 2009; Dec. 15, 2010; Oct. 19, 2011; Nov. 14, 2012; Nov. 20, 2013; Nov. 19, 2014; and Dec. 16, 2015. Amended and combined with Board Policy 306 Sept. 21, 2016. Amended Nov. 16, 2016; Oct. 18, 2017; April 18, 2018; Oct. 17, 2018; Dec. 11, 2018; Oct. 23, 2019; Jan. 22, 2020; Jan. 20, 2021; Jan. 19, 2022; Aug. 17, 2022; Aug. 23, 2023; and Aug. 21, 2024. Reaffirmed [insert date].

APPENDIX A

AUTHORIZATION TO PURCHASE AND SELL SECURITIES

**STAFF AUTHORIZED TO PURCHASE AND SELL SECURITIES:
AS OF ~~Aug. 21, 2024~~[Insert Date]**

Chief Financial Officer (Unlimited)	James D. Travis
Treasurer (\$100 million per day)	David J. Smith
Treasury Manager (\$75 million per day)	Keri J. Whipple
Treasury Coordinator (\$75 million per day)	Tom Bowen
Treasury Analyst (\$75 million per day; Money Market trades only)	Sara Zamora-Trevino
Treasury Analyst (\$75 million per day; Money Market trades only)	Ryan Vickery

APPENDIX B

APPROVED BROKERS/DEALERS AS OF ~~Aug. 21, 2024~~[Insert Date]

<u>Name of Firm</u>	<u>Headquarters</u>	<u>LCRA Trading Office</u>
Stifel Nicolaus & Company Inc.	St. Louis	Houston
RBC Capital Markets LLC	New York	Chicago
BofA Securities Inc.	Charlotte	Chicago
Raymond James & Associates Inc.	Memphis	Richmond
Wells Fargo Securities LLC	San Francisco	Dallas
Cantor Fitzgerald & Co	New York	Dallas
U.S. Bank N.A.	Minneapolis	Milwaukee
Jefferies LLC	New York	Atlanta
FHN Financial Capital Markets	Memphis	Houston
JP Morgan Securities LLC	New York	Chicago
PNC Capital Markets LLC	Pittsburgh	Pittsburgh

APPENDIX C

APPROVED INVESTMENTS OF PUBLIC FUNDS AS OF ~~Aug. 21, 2024~~[Insert Date] (SECTION 2256, PUBLIC FUNDS INVESTMENT ACT OF 1987, AMENDED)

DESCRIPTION

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

EXHIBIT I

LCRA BOARD POLICY

308 – ~~PURCHASING CONTRACTS~~PROCUREMENT

~~Jan. 18, 2023~~[Insert Date]

308.10 PURPOSE

This policy establishes requirements for procuring contracts for the purchase of goods, and services, ~~construction and software~~. This policy does not apply to ~~contracts transactions~~ authorized or addressed in Board Policy 603 – Energy Transactions or Board Policy 207 – Legal Matters and Alternative Dispute Resolution; contracts authorized and entered pursuant to Board Policy 301 – Finance or Board Policy 303 – Banking and Investments; and matters delegated by the LCRA Board of Directors to the LCRA Retirement Benefits Board of Trustees.

308.20 POLICY

It is the policy of LCRA that all procurement and contracting for ~~the purchase of~~ goods and , services, ~~construction and software will~~ take place in accordance with applicable legal requirements in a cost-effective, fair, competitive, ethical and inclusive manner.

308.30 BOARD APPROVAL REQUIREMENTS

Board approval is required for :

- ~~1. Any contract for consulting services with projected expenditures exceeding \$250,000, whether under the original contract or as a result of a change; and~~
- ~~2. Any contract for goods, or services (excluding consulting services), (including construction or software) with projected expenditures exceeding \$5 million, whether under the original contract or as a result of a change.~~

308.40 PROCEDURES

The general manager (GM)/CEO will ensure appropriate procurement and contracting procedures are developed and implemented.

308.50 REPORTING TO THE BOARD

The GM/CEO will provide an annual ~~expenditure~~ procurement report to the Board that gives an overview of supplier expenditures on all contracts subject to this policy, ~~exceeding \$250,000.~~

308.60 DISPOSAL OF SURPLUS MATERIALS

Materials no longer necessary, convenient or beneficial to LCRA may be sold, transferred or conveyed by the GM/CEO in accordance with applicable legal requirements and LCRA policies, and in a fair and ethical manner.

308.70 AUTHORITY

~~Texas Government Code, Chapter 2254~~

Texas Water Code, sections 49.211-49.232

Texas Health and Safety Code, Section 361.426 (Vernon's Supp. 1992)

LCRA enabling legislation

~~LCRA bylaws, sections 3.02, 3.04, 6.01 and 6.02~~

~~30 Texas Administrative Code, Section 292.13(4)~~

EFFECTIVE: July 1, 2002. Amended June 5, 2007; May 20, 2009; Feb. 16, 2011; Sept. 21, 2016; Dec. 15, 2020; and Jan. 18, 2023.; Amended and renamed [insert date]. Combined from Board Policy 209 – Purchasing effective April 1986. Amended March 19, 1987 (republished); Dec. 14, 1989; April 23, 1992; Feb. 18, 1993; Sept. 22, 1994; May 18, 1995; Oct. 20, 1999; and June 21, 2000; and Board Policy 204 – Contract Services effective Sept. 19, 1985. Republished June 23, 1988. Amended Dec. 12, 1991; May 20, 1993; Sept. 22, 1994; and March 22, 2000.

EXHIBIT J

LCRA BOARD POLICY

602 – LCRA WHOLESALE POWER CUSTOMER INPUT

Sept. 21, 2016[Insert Date]

602.10 PURPOSE

This policy establishes requirements for involving LCRA's wholesale power customers on actions that impact wholesale power service and prices charged by LCRA for such service and for collaboration between LCRA staff and wholesale power customers.

602.20 POLICY

602.201 Customer Input. LCRA will share information with its wholesale power customers, through the Rates and Resources Council (RRC) or individually, and work collaboratively with them on matters affecting wholesale power service and prices, either in accordance with the foundational agreement between LCRA and the RRC or to including the following:

- A. The acquisition, construction, ~~major expansion~~ sale, transfer, assignment or retirement of generation assets;
- B. Purchased power agreements with a term of ~~three~~10 years or longer;
- C. The impact on the rates by the addition by LCRA of a new wholesale electric customer;
- D. The preparation and adoption of budgets and business plans;
- E. Anticipated costs for fuel and related activities; and
- F. Cost allocation and rate design decisions affecting rates.

602.30 AUTHORITY

LCRA enabling legislation, Chapter 8503, Texas Special District Local Laws Code

EFFECTIVE: Nov. 19, 2008. Amended March 21, 2012; ~~and~~ Sept. 21, 2016; and [insert date].

FOR ACTION

4. Release of Agricultural Water Conservation Funds for Land Leveling Recertification Program

Proposed Motion

Approve the expenditure of up to \$500,000 from the Agricultural Water Conservation Fund for the land leveling recertification cost-share program and associated administration of the program.

Board Consideration

Texas Special District Local Laws Code Section 8503.029 and LCRA Board Policy 301 – Finance require approval by the LCRA Board of Directors before making expenditures from the Agricultural Water Conservation Fund.

Budget Status and Fiscal Impact

The proposed expenditure is consistent with the current business plan and is funded from the dedicated Agricultural Water Conservation Fund. This fund has a balance of about \$4.5 million, which is sufficient to cover the proposed expenditure of \$500,000. Additionally, money is added each year to the fund based on the surcharge paid under the water sale contract with Brazos River Authority.

Summary

Staff requests the Board approve the expenditure of up to \$500,000 from the Agricultural Water Conservation Fund, including about \$450,000 for the land leveling recertification cost-share program and about \$50,000 for ongoing costs related to the House Bill 1437 program through fiscal year 2027. The estimated ongoing costs include \$10,000 per year for administration of the program and \$15,000 per year for continued water savings verification studies from FY 2026 to FY 2027. (Funds previously have been released that cover ongoing costs for FY 2025).

HB 1437, passed by the Texas Legislature in 1999, authorized the transfer of up to 25,000 acre-feet of water per year outside the lower Colorado River basin for use in Williamson County. It stipulated there could be “no net loss” of water from the Colorado River basin and established the Agricultural Water Conservation Fund to mitigate adverse effects resulting from the water transfer. The water savings associated with the recertification program will contribute toward meeting the no net loss requirement.

Land leveling of agricultural fields used for rice includes leveling the fields themselves and installing appropriate levees to hold water at a consistent depth across the entire field. LCRA previously awarded cost-share grants for an agricultural land leveling program from 2006 to 2013. Leveled lands generally are expected to have a 15-year useful life as established by National Resources Conservation Service guidelines. With that time frame, the useful life of the LCRA-funded projects would have been exhausted starting in 2021.

LCRA began a land leveling recertification program in 2023. The recertification program includes surveying fields, a permanent levee design requirement and a maximum levee density per field. Qualifying fields are eligible for up to 50% of the land leveling project cost with a minimum producer contribution of 20%.

The original land leveling program covered about 30,000 acres and was estimated to produce annual water savings of about 5,000 acre-feet per year until 2020. In the first phase of the recertification program, from 2023 to 2024, LCRA funded about \$375,000 in land leveling projects on 3,019 acres or 38 fields. The second phase of the recertification program is expected to recertify or upgrade about 4,250 acres and produce continued average annual water savings of about 980 acre-feet per year for an additional 15 years. This project is consistent with LCRA’s current Water Conservation Plan approved by the Board in April 2024.

About \$6.41 million has been spent under the Agricultural Water Conservation Fund as of December 2024. Previously authorized expenditures from the fund are outlined in annual reports. The most recent report was issued in April 2024.

Project Recap

Total Project Estimated Cost	<u>\$1,000,000</u>
Previous Project Lifetime Budget	\$500,000
Additional Multiyear Program Budget Approval Sought	<u>\$500,000</u>
FY 2025	\$50,000
FY 2026	\$225,000
FY 2027	\$225,000
Total	<u>\$1,000,000</u>

Presenter(s)

Monica Masters
Vice President, Water Resources

FOR ACTION

5. Authorize the LCRA Transmission Contract Revenue Notes Series F, and Authorize a Note Purchase Agreement and Related Agreements

Proposed Motion

Adopt the Forty-eighth Supplemental Resolution to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) to authorize the LCRA Transmission Contract Revenue Notes, Series F and Taxable Series F (collectively, Series F Notes), and a note purchase agreement (the Series F Agreement) among LCRA, LCRA Transmission Services Corporation (LCRA TSC) and Frost Bank (the Bank) for the Series F Notes for a term not to exceed four years, and authorize the general manager, chief financial officer or treasurer to negotiate and execute such Series F Agreement and any related documents, setting forth the terms and conditions governing the issuance of the Series F Notes in an amount up to \$100 million, and authorize any other necessary agreements.

Board Consideration

The Forty-eighth Supplemental Resolution to the existing Controlling Resolution requires Board approval. The Series F Agreement complies with the covenants of the LCRA Controlling Resolution, the Forty-eighth Supplement that authorizes up to \$100 million for the Series F Notes and with 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 Board members must approve this action.

Budget Status and Fiscal Impact

Staff anticipates the Series F Notes and the Series F Agreement will allow LCRA to issue private bank debt on behalf of LCRA TSC to finance the construction of facilities, refund debt and delay the issuance of long-term bonds, which have higher interest rates in the current market. Staff anticipates LCRA TSC will experience lower debt service costs until long-term bonds are issued. The proposed fees for this facility are in line with current market pricing.

Summary

Staff recommends the Board approve the adoption of the Forty-eighth Supplemental Resolution authorizing the general manager, chief financial officer or treasurer to negotiate and execute the Series F Agreement and other related documents. In connection with the increase of the program size of the Series C Notes discussed below, LCRA and LCRA TSC in 2021 repealed and extinguished the prior LCRA Transmission Contract Revenue Notes, Series F. The Forty-eighth Supplement reestablishes the Series F Notes.

LCRA, as the conduit issuer for LCRA TSC, currently has authorized LCRA TSC to borrow from a \$150 million tax-exempt commercial paper program with JPMorgan Chase Bank, a \$200 million private placement Series C Notes program with Bank of America and a \$100 million private placement Series E Notes program with U.S. Bank.

Staff now seeks to enter into a new \$100 million Series F Notes program with the Bank. Each Series F Note issued will have a maximum one-year term.

The note purchases by the Bank will allow LCRA TSC to fund project costs and refund other LCRA TSC debt in a similar manner to the existing commercial paper and revolving note programs; however, the direct purchase facilities with the Bank provide an alternative structure that eliminates marketing and remarketing risk that can occur with a public commercial paper program. The private debt facilities do not require public credit ratings to be issued and maintained. The credit facilities allow LCRA TSC to choose the variable interest rate and period to effectively manage the debt.

The Series F Notes are issued on parity with LCRA TSC contract revenue bonds and notes pursuant to the LCRA Controlling Resolution and in compliance with the variable debt limitations in LCRA TSC Board Policy T301 – Finance (25% of the total long-term debt and total equity of LCRA TSC).

A supplement to the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and LCRA TSC, dated March 1, 2003, secures the Series F Notes by obligating LCRA TSC to make all payments related to the notes. The notes may be refunded into long-term debt when the conditions are advantageous to LCRA TSC.

Presenter(s)

Jim Travis

Chief Financial Officer

FOR ACTION

6. 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 exhibits.

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
Senior Vice President, Supply Chain

Exhibit(s)

A – New Contracts
B – Contract Changes

EXHIBIT A

New Contracts

Contract Number: 6748

Supplier Name: NextEdge Networks Holdings LLC

Contract Amount: \$10 million

Description: This master contract is for construction services related to building new private long-term evolution telecommunications towers, equipped with the fiber build-out, dress-out and power-up of new telecommunications shelters, cabinets, generators and fuel cells. The term of the contract is for one year with annual options to extend up to a total of five years.

Contract Number: 6746

Supplier Name: Deep South Communications LLC

Contract Amount: \$10 million

Description: This master contract will serve as an additional provider of construction services related to building new private LTE telecommunications towers, as described in the prior item, Contract No. 6748. The term of the contract is for one year with annual options to extend up to a total of five years.

Contract Number: 6750

Supplier Name: C A Bass Ventures

Contract Amount: \$10 million

Description: This master contract will serve as an additional provider of construction services related to building new private LTE telecommunications towers, as described in the prior item, Contract No. 6748. The term of the contract is for one year with annual options to extend up to a total of five years.

Contract Number: 6740

Supplier Name: Burns & McDonnell Engineering Company, Inc.

Contract Amount: \$75 million

Description: This master contract will provide professional engineering services used by LCRA Transmission Services Corporation for high-voltage electrical substations and transmission line projects. The term of the contract is one year with annual automatic renewal periods up to a total of five years. Total projected contract expenditures for this category of spend are forecast to increase from prior years due to the continued growth of the LCRA Transmission Services Corporations capital plan. This is one of four contracts that will replace nine existing contracts expiring in February 2025.

Contract Number: 6742

Supplier Name: Mott MacDonald USA LLC

Contract Amount: \$75 million

Description: This master contract will serve as an additional provider of engineering services used by LCRA TSC for high-voltage electrical substations and transmission line projects and other engineering services as described in the prior item, Contract No. 6740. The term of the contract is for one year with annual automatic renewal periods up to a total of five years.

Contract Number: 6743

Supplier Name: Power Engineers, Inc.

Contract Amount: \$75 million

Description: This master contract will serve as an additional provider of engineering services used by LCRA TSC for high-voltage electrical substations and transmission line projects and other engineering services as described in the prior item, Contract No. 6740. The term of the contract is for one year with annual automatic renewal periods up to a total of five years.

Contract Number: 6741

Supplier Name: Ulteig Operations LLC

Contract Amount: \$75 million

Description: This master contract will serve as an additional provider of engineering services used by LCRA TSC for high-voltage electrical substations and transmission line projects and other engineering services as described in the prior item, Contract No. 6740. The term of the contract is for one year with annual automatic renewal periods up to a total of five years.

Contract Number: 6757

Supplier Name: ILJIN Electric USA, Inc.

Contract Amount: \$70 million

Description: This master contract provides 138-kilovolt and 345-kilovolt substation power transformers used by LCRA Transmission Services Corporation. The term of the contract is for one year, with annual options to extend up to a total of seven years. This contract is for an additional provider to support LCRA's strategy for securing adequate production capacity for LCRA's long-term transformer requirements.

Contract Number: 6751

Supplier Name: PWC US Consulting LLP

Contract Amount: \$8.5 million

Description: This master contract provides general audit services for all of LCRA. The term of this contract is for one year with annual options to extend up to a total of five years.

EXHIBIT B

Contract Changes

Contract Number: 6393

Supplier Name: Alan Plummer and Associates, Inc.

Current Approved Contract Amount: \$2.7 million

Requested Change: \$7.3 million

New Contract Amount: \$10 million

Description: This master contract is for professional engineering services related to obtaining, renewing and complying with wastewater and stormwater discharge permits, rules and regulations as set by the Environmental Protection Agency and the Texas Commission on Environmental Quality. The term of the contract is for one year with annual options to extend up to a total of five years. Growth in the LCRA Transmission Services Corporation service territory and capital plan have contributed to increased environmental costs associated with ensuring compliance with state and federal regulations.

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