

# LCRA Transmission Services Corporation

## Board Agenda

Wednesday, June 18, 2025

LCRA General Office Complex  
Board Room – Hancock Building  
3700 Lake Austin Blvd.  
Austin, TX 78703

Earliest start time: 10:15 a.m.

### Item From the Chair

1. Comments From the Public ..... 4

### Consent Item

2. LCRA TSC Board Policies T102, T301, T401, T405 and T601 ..... 5
3. Minutes of Prior Meeting ..... 27

### Action Items

4. Approve the LCRA Transmission Services Corporation Transmission Contract  
Refunding Revenue Bonds Issuance and Forty-Ninth Supplemental  
Resolution..... 32
5. Capital Improvement Projects Approval ..... 35

### Executive Session

1. Legal Advice on Pending and Anticipated Litigation, Claims and Settlements
2. Legal Advice on Legal Matters

The Board 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>

## OVERVIEW OF LCRA TRANSMISSION SERVICES CORPORATION

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

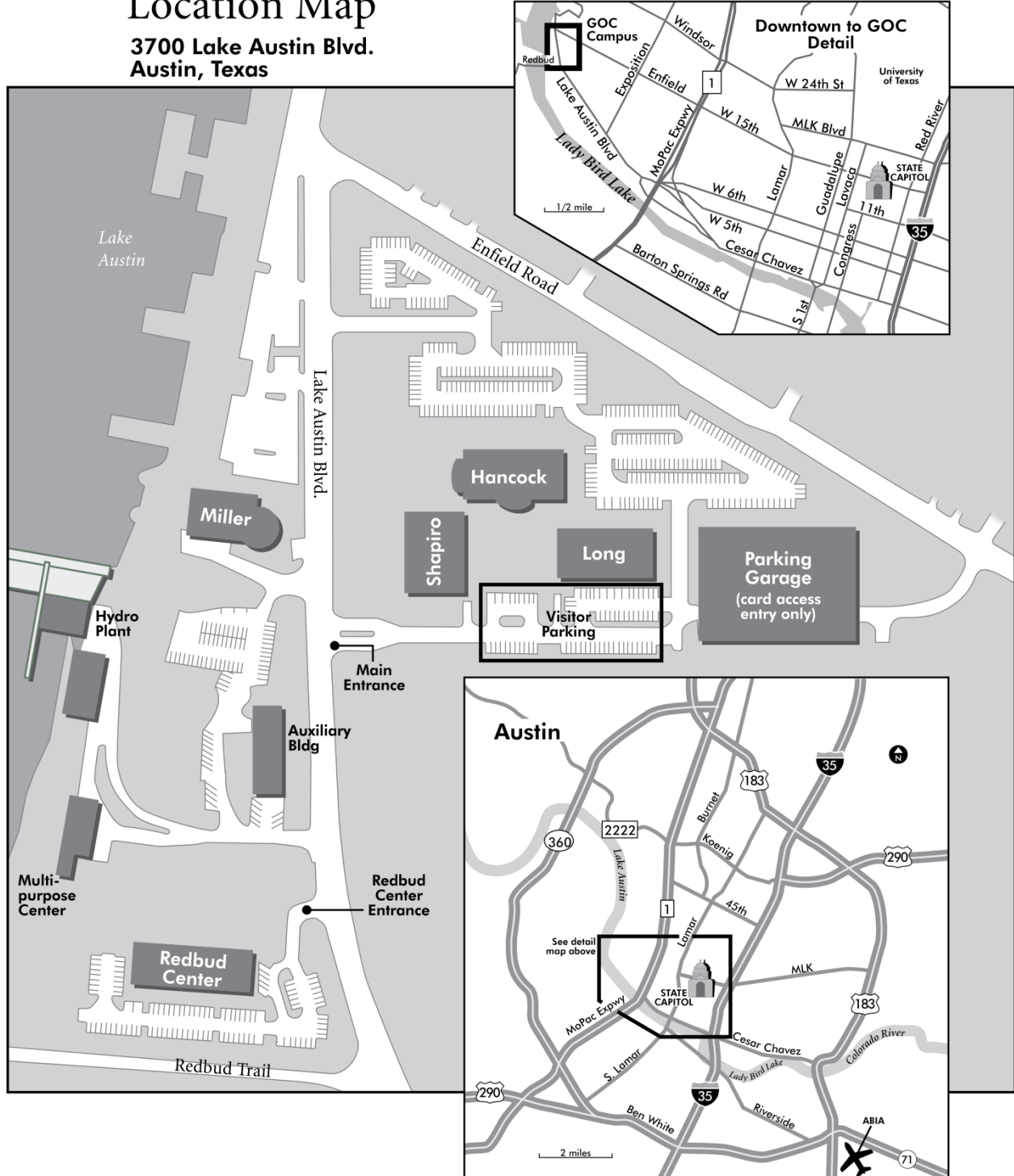
LCRA TSC is a nonprofit corporation created by LCRA to act on LCRA's behalf pursuant to Chapter 152, Texas Water Code, as amended. After Jan. 1, 2002, LCRA TSC engaged in the electric transmission and transformation activities previously carried out by LCRA and assumed LCRA's obligation to provide, and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

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

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

# 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 Transmission Services Corporation'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.

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.

## **FOR ACTION (CONSENT)**

# **2. LCRA TSC Board Policies T102, T301, T401, T405 and T601**

### **Proposed Motion**

Reaffirm without substantive changes LCRA TSC Board Policy T405; approve proposed revisions to LCRA TSC Board policies T102, T301, T401 and T601; and authorize the general counsel to approve minor, nonsubstantive or necessary conforming changes to policies throughout this project.

### **Board Consideration**

All Board policies currently are under review. LCRA TSC Board of Directors approval is required for any changes to policies.

### **Budget Status and Fiscal Impact**

Approval of these items will have no budgetary or fiscal impact.

### **Summary**

The Office of the General Counsel initiated a review of all LCRA Board policies and those of its nonprofit corporations in fall 2024 to streamline policies, update language and provide a higher level and more strategically directed set of policies. The policies have been divided into groups and will be brought to the Board for review and consideration about every two to three months with the goal of completing the review by the end of 2025.

Staff has reviewed the following policies for this agenda item:

- LCRA TSC Board Policy T102 – Authority and Responsibilities
- LCRA TSC Board Policy T301 – Finance
- LCRA TSC Board Policy T401 – Land Resources
- LCRA TSC Board Policy T405 – Property Rights
- LCRA TSC Board Policy T601 – Wholesale Electric Service Policy

The Office of the General Counsel recommends affirmation of LCRA TSC Board Policy T405 without substantive changes. The Office of the General Counsel recommends approval of the proposed amendments to LCRA TSC Board policies T102, T301, T401 and T601 as described below.

- Recommended changes to Board Policy T102 would conform to current delegation to the general manager (GM)/CEO similar to changes already approved to LCRA Board Policy 102.
- Recommended changes to Board Policy T301 would improve clarity and consistency with current practice and regulatory requirements.
- Recommended changes to Board Policy T401 would revise language to align with proposed changes to LCRA Board Policy 401, which include updating the dollar thresholds for various real estate transactions to align with GM

authority for capital projects and otherwise help streamline processes. Changes also reflect significant reorganization and edits to improve clarity and remove redundancy or unnecessary language. Additional revisions specific to T401 would allow acquisition of land rights without specific Board approval regardless of cost if the acquisition is part of a CEO-approved project under Policy T301.

- Recommended changes to Board Policy T601 would align with the Public Utility Commission of Texas-approved LCRA TSC tariff and remove obsolete language.

**Presenter(s)**

Leigh Sebastian  
General Counsel

**Exhibit(s)**

A – Proposed Amendments to LCRA TSC Board Policy T102 – Authority and Responsibilities  
B – Proposed Amendments to LCRA TSC Board Policy T301 – Finance  
C – Proposed Amendments to LCRA TSC Board Policy T401 – Land Resources  
D – LCRA TSC Board Policy T405 – Property Rights  
E – Proposed Amendments to LCRA TSC Board Policy T601 – Wholesale Electric Service Policy

## **EXHIBIT A**

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### **LCRA TRANSMISSION SERVICES CORPORATION BOARD POLICY**

#### **T102 – AUTHORITY AND RESPONSIBILITIES**

~~Feb. 15, 2017~~ June 18, 2025

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##### **T102.10 PURPOSE**

This policy defines the relationship between the LCRA Transmission Services Corporation (LCRA TSC) Board of Directors and the management of LCRA TSC through the description of responsibilities and expectations and through the establishment of guidelines for the delegation of certain powers and duties.

##### **T102.20 POLICY**

**T102.201 Responsibilities of the Board of Directors.** The Board of Directors (Board) will establish the overall goals and objectives of LCRA TSC, review them on an ongoing basis and adopt Board policies setting forth desired direction of management actions to attain such goals and objectives. The Board will approve an annual business plan that provides funding for the realization of those goals and objectives.

The Board will consider and establish policies in the public interest. The Board will faithfully discharge its public trust by conducting its affairs in a highly moral, ethical and sound business manner. The Board members, collectively and severally, will not direct the policies and actions of LCRA TSC from perspectives of private gain or personal advantage.

**T102.202 Delegations to the Chief Executive Officer.** The Board delegates to the CEO all general powers and duties in the LCRA TSC Articles of Incorporation, bylaws and Board policies necessary to accomplish LCRA TSC's purpose, plans and objectives as approved by the Board, except for those specifically reserved for the Board by provisions of applicable laws, bylaws, bond resolutions and other Board policies. Such exceptions include:

A. Authorization to borrow money or approve bond resolutions.

~~B. Establishment of rates charged for transmission.~~

~~C.B.~~        Approval of sale of any real property.

~~D.C.~~        Approval of any services agreement or modification thereof between LCRA TSC and LCRA.

~~E.D.~~ Authorization to acquire land rights as provided in Board Policy T401 – Land Resources.

~~F. Approval of any contracts and purchase orders for consultant services costing in excess of \$100,000 that are not acquired through the services agreement between LCRA TSC and LCRA.~~

~~G. Approval of certain contracts and purchase orders for the acquisition of materials, supplies, equipment and related services, costing in excess of \$2 million that are not acquired through the services agreement between LCRA TSC and LCRA.~~

Surplus personal property with a fair market value of less than \$500,000 that is no longer necessary, convenient or of beneficial use to the business of LCRA TSC may be sold, transferred or conveyed by the CEO for appropriate consideration.

The Board will articulate clear and coherent goals and statements of its expectations through its policies and plans. The CEO is responsible for fulfilling these commitments and managing the organization.

**T102.203 Responsibilities of the CEO.** The CEO is responsible for carrying out the business and activities of LCRA TSC according to state law, LCRA TSC's bylaws and Board policies.

The CEO each year will present to the Board objectives, goals and priorities for its consideration. These goals will clearly establish the Board's direction in key areas of LCRA TSC affairs.

The CEO will present to the Board an annual business plan that will include operating and capital budgets to carry out the Board's goals and priorities. The business plan will include projections of LCRA TSC's overall financial performance and capital financing plans and describe the projects, programs, and associated revenues and expenditures for the next fiscal year.

Adoption of the business plan authorizes the CEO to complete work plans and make associated expenditures within budgets as provided in accordance with Board policies. The CEO will provide quarterly updates that include indicators of performance toward key goals, actual revenues and expenditures compared to budget, future financial performance projections, and status of major capital projects. The resolution adopting the business plan will establish the amount that may not be exceeded without Board approval.

The CEO will issue appropriate management procedures setting forth desired direction of staff to fulfill the policies, goals, objectives and directions of the Board.

The CEO may delegate in writing any general powers, duties and related authorities, as deemed appropriate, to officers and management staff members.

The CEO is responsible for bringing policy matters to the attention of the Board when its current policies give inadequate direction to LCRA TSC operations or leave LCRA TSC at a disadvantage because of changing conditions. The CEO will provide thorough, well-organized information to the Board in a timely manner. Communications to the Board will be made forthrightly and with candor in the evaluation of the conduct of business and operations of LCRA TSC.

**EFFECTIVE:** Aug. 22, 2001. Amended May 21, 2003; Nov. 19, 2003; Dec. 14, 2011; ~~and~~ Feb. 15, 2017; and June 18, 2025.

## **EXHIBIT B**

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### **LCRA TRANSMISSION SERVICES CORPORATION BOARD POLICY**

#### **T301 – FINANCE**

~~Dec. 15, 2020~~June 18, 2025

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##### **T301.10 PURPOSE**

This policy provides a framework from which the LCRA Transmission Services Corporation (LCRA TSC), an ~~affiliated instrumentality and non-profit~~ corporation of LCRA, will maintain financial integrity while serving the long-term interests of ratepayers and other constituencies. LCRA TSC recognizes that maintaining financial integrity is critical to accomplishing its goals and discharging its responsibilities. This policy establishes processes to be used by the LCRA TSC Board of Directors (Board) to define the strategic plan for LCRA TSC and to approve specific program goals, objectives and associated budgets.

##### **T301.20 DEFINITIONS**

Business Plan – The business plan is the document approved by the LCRA TSC Board annually that establishes the Board's goals and priorities. The business plan includes operating and capital budgets, as well as projections of LCRA TSC's overall financial performance and capital financing plans. It describes the categories of projects, products and services that support the associated revenues and expenditures over a five-year period.

Debt Service Coverage (Coverage) – Debt service coverage is the ratio of that fiscal year's ending total revenues minus total operating and maintenance expenses (net of depreciation, amortization, and other revenue and expense exclusions resulting from prior period funding), divided by scheduled debt service on all obligations as approved in the business plan.

Equity Ratio (Ratio) – The calculation is the ratio of total equity divided by total assets.

Fixed-Rate Debt – Fixed-rate debt consists of coupon securities that have a scheduled maturity or mandatory sinking fund redemption date. Fixed-rate debt that has been synthetically converted to variable-rate debt via a derivative instrument will be classified as variable-rate debt for the term of the derivative instrument.

Operating and Maintenance Expenses – Operating and maintenance expenses consist of all reasonable and necessary costs and expenses incurred in the operation and maintenance of the LCRA TSC system.

Variable-Rate Debt – Variable-rate debt consists of securities on which the interest rate varies over time (a) based on an index or formula ~~such as variable-rate demand notes or auction rate bonds~~, or (b) because the securities are sold in the short-term market (with a maturity not exceeding 270 days), such as commercial paper.

### **T301.30 FINANCIAL OBJECTIVES**

In seeking to fulfill its commitment to ratepayers and public service objectives, LCRA TSC will maintain a high level of financial stability and will not compromise long-term financial integrity to achieve short-term benefits.

The ~~chief executive officer (CEO)~~ is authorized to engage financial service providers and other related professional service providers if deemed necessary and appropriate by the CEO in consultation with the chief financial officer, considering the expertise and cost of any such service provider. The CEO will provide an annual report to the Board listing all contracts into which LCRA TSC entered pursuant to this paragraph.

**T301.301 Debt Service Coverage.** To provide a margin of safety in LCRA TSC's financial affairs, revenue levels will be set in accordance with rules and regulations of the Public Utility Commission of Texas to provide necessary funding of operating reserves and the capital program and to ensure that debt service coverage exceeds the minimum level of 1.25x required in the bond resolution. Higher levels of coverage will be appropriate in periods of rapid growth and capital investment and to mitigate possible regulatory lag. In the event that overall debt service coverage is projected to be below 1.25x for any fiscal year, the Board will promptly implement a plan, to be recommended by staff, which could include rate proceedings, cost reductions or other means to achieve a debt service coverage ratio of at least 1.25x.

This policy level of debt service coverage shall be reviewed each year in conjunction with the preparation of the business plan. Revenue levels will be evaluated in consideration of, but not limited to, bond ratings, capital funding requirements, current business conditions, economic projections and load-growth assumptions, delays inherent in the regulatory process, operating reserve requirements, and the projected size and frequency of necessary rate adjustments. Rates will be established to produce appropriate revenue levels commensurate with specific economic, regulatory, contractual and other risk factors that are adequate to cover operating and maintenance expenses, debt service, covenanted debt service reserves, liquidity requirements, and equity funding for the capital program.

**T301.302 Rates.** LCRA TSC will use commercially reasonable efforts to obtain regulatory approval of rates and prices that cover the cost of specific services, allow it to be self-supporting, and provide a stable and predictable flow of revenues. Rate adjustments, as needed to maintain appropriate levels of revenue, will be reasonably structured to achieve these goals and produce. ~~These~~ revenues ~~will be~~ adequate to cover operating and maintenance expenses (including funding statutory requirements of LCRA), debt service, equity funding for the capital program, and operating reserve requirements.

Rates for wholesale electric transmission, ~~and~~ transformation and metering services are regulated by the Public Utility Commission of Texas.

**T301.303 Sources of Financing.** LCRA TSC will use a combination of equity and debt to finance capital additions such that both current and future ratepayers are allocated an equitable portion of the costs. LCRA TSC may borrow for capital projects when it is appropriate to spread the cost of capital assets over their useful lives.

The issuance of debt requires an affirmative vote of a majority of the Board. LCRA TSC will not issue debt for working capital items. Pursuant to state law, the LCRA Board of Directors must approve any financing or other obligations.

As appropriate, LCRA TSC will evaluate mechanisms to restructure or refinance debt. LCRA TSC will continually evaluate alternatives to conventional financing to lower the overall cost of capital for ratepayers.

LCRA TSC may structure debt such that the average maturity of the debt approximates the average life of the assets financed; however, debt issues may be structured with a shorter average maturity if economically justified. LCRA TSC will build equity that will maintain appropriate access to capital markets and is consistent with regulatory guidance. While LCRA TSC may be highly leveraged during periods of rapid growth, LCRA TSC business plans will specifically address the accumulation of equity to achieve and maintain a minimum long-term equity position of 20%.

**T301.304 Variable-Rate Financing.** LCRA TSC may use variable-rate debt to provide flexibility in its overall capital program and to manage its overall interest rate exposure.

The variable-rate limit is 25% of total capitalization, long-term debt plus total equity as presented periodically in LCRA TSC's financial statements.

**T301.305 Operating Reserves.** In addition to any debt service reserve funds required by bond resolutions governing LCRA TSC's debt, LCRA TSC will build and maintain appropriate target levels of operating reserves as follows:

Six months of average debt service on all outstanding LCRA TSC debt and other obligations to LCRA, and two months of average operating and maintenance expenses, including those billed by LCRA.

~~The portion of operating reserves relating to debt service on LCRA TSC's contractual obligation to LCRA will be maintained on LCRA's books of record, and may be changed from time to time as the contractual commitment changes.~~ The portion of operating reserves relating to stand-alone financing by LCRA TSC may be funded with excess revenues or substituting such reserves with surety bonds or other insurance.

If at any time the level of reserves are less than the target levels set forth in this policy, the Board will promptly implement a plan, to be recommended by staff, to increase rates,

reduce costs, or otherwise cause there to be sufficient revenues to replenish the level of reserves to such target levels within 12 months.

To the extent that:

~~a) payments pursuant to contractual commitments are current;~~

~~ba)~~ debt service payments are current; and

~~eb)~~ operating and debt service reserves are funded,

the Board may declare and distribute remaining revenues to LCRA, subject to conditions and limitations agreed to by LCRA TSC in connection with regulatory proceedings of the Public Utility Commission of Texas.

**T301.306 Alternative Financing.** As appropriate, LCRA TSC will evaluate mechanisms to restructure or refinance debt. LCRA TSC will continually evaluate alternatives to conventional financing to obtain the lowest overall cost of capital for ratepayers.

**T301.307 Investment Policy.** LCRA TSC hereby adopts and incorporates by reference the Banking and Investments policy of LCRA with respect to all investments of LCRA TSC.

**T301.308 Insurance.** LCRA TSC acknowledges that property and casualty insurance may be unavailable for the facilities and operations of the transmission and transformation business. In this regard, LCRA TSC will use operating reserves held from time to time by LCRA TSC to provide self-insurance against these types of property and casualty risks. Additionally, LCRA TSC may use the proceeds of short-term borrowings to fund any such losses.

## **T301.40 PLANNING**

**Business Plan:** LCRA TSC will prepare a business plan to be submitted for LCRA TSC Board and LCRA Board approval before the start of each fiscal year. The business plan will include the organization's goals and objectives and will describe the project categories, products and services that comprise a five-year forecast for:

- Operating and maintenance expenses.
- Capital expenditures.
- Capital funding sources.
- Debt service requirements.

Adoption of the business plan authorizes the CEO to complete work plans and make associated expenditures within the budget as provided for in accordance with Board policies. The resolution adopting the business plan will authorize the capital and operating budgets for the upcoming fiscal year. The Board will approve lifetime budgets for individual projects throughout the fiscal year. The resolution adopting the business plan also will include guidelines for authorizing capital spending and reporting requirements for business plan results.

If annual expenditures for operations or capital are expected to exceed Board-authorized levels, additional approval from the Board will be required, except as otherwise provided below. Staff will provide sufficient support for the additional funding request and provide analysis for impacts on current and future rates.

For any project not previously authorized by the Board, authority is delegated to the CEO to approve any capital project with a lifetime budget not to exceed \$1.5 million. The CEO also is delegated authority to approve all capital projects associated with generation interconnection projects not previously authorized by the Board, in each case only after the generator has provided appropriate financial security to LCRA TSC for its expenses. Prior to the approval of any generation interconnection capital project, the CEO shall consult with the chief financial officer and chief operating officer. Such approval by the CEO will meet the official intent requirements set forth in Section 1.150-2 of the IRS Treasury Regulations. These delegations will apply only when such approval does not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions. In such a situation, Board approval will be required. Staff will communicate any CEO-approved projects to the Board on a quarterly basis. If Board approval is required, staff will communicate to the Board the funding source and rate impact of any new project when Board approval is requested. A new project may require an amendment to the existing capital plan or be managed within the previously authorized annual spending limits.

The CEO may approve additional funding for an approved capital project that is expected to exceed its lifetime budget, so long as such additional funding does not cause total capital expenditures to exceed the approved capital plan or materially adversely impact business planning assumptions.

**Quarterly Business Plan Update:** The CEO will provide quarterly updates that include indicators of year-to-date operational and financial performance, progress toward key goals, CEO-approved additional capital project funding, and financial performance projections.

**EFFECTIVE:** Aug. 22, 2001. Amended Oct. 16, 2001; June 12, 2002; March 19, 2003; Oct. 21, 2003; Feb. 15, 2017; Feb. 19, 2020; ~~and Dec. 15, 2020;~~ and June 18, 2025.

## EXHIBIT C

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### LCRA TRANSMISSION SERVICES CORPORATION BOARD POLICY

#### T401 – LAND RESOURCES

~~May 19, 2021~~ June 18, 2025

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##### T401.10 PURPOSE

This policy establishes guidelines for the acquisition, disposition, use and management of all LCRA Transmission Services Corporation land rights.

##### T401.20 DEFINITIONS

Land Rights – Interests in real property including, but not limited to, easements, leases, and fee simple ownership and aerial, subsurface, land and water surface rights.

LCRA TSC – LCRA Transmission Services Corporation.

LCRA TSC Board – The Board of Directors of LCRA TSC.

##### T401.30 POLICY

LCRA TSC will acquire, develop, use, manage, operate and dispose of its land resources to fulfill its essential corporate purposes and responsibilities prescribed by state law and LCRA TSC policies.

~~LCRA TSC may dispose of land that has been declared by the LCRA TSC Board to be “nonessential” (not necessary or convenient or of beneficial use to the business of LCRA TSC).~~

##### T401.40 PROCEDURES: LAND ACQUISITION, MANAGEMENT, DISPOSITION

**T401.401 Land Acquisition.** LCRA TSC will acquire sufficient land rights to complete approved projects and programs. In selecting land, LCRA TSC will consider, as appropriate, the effects on environmental integrity, community values, parks and recreation areas, historical and aesthetic values, applicable regulatory constraints and costs, and the cost of the project or program.

LCRA TSC may acquire land rights in excess of the rights required for projects or programs in those instances when the property owner and LCRA TSC both agree to such conditions, or when it is in LCRA TSC’s best economic interest to do so. Mineral rights may be acquired for the protection of the improvements to be constructed or to prevent interference with the surface use.

~~In acquiring land rights, LCRA TSC will attempt to minimize adverse effects upon property owners and will use due diligence to adequately compensate property owners.~~

~~Property owners contacted by representatives of LCRA TSC will be treated courteously and dealt with in a forthright manner. Contacts and negotiations will be initiated in a timely fashion to allow the property owner to consult with legal, tax and other advisors as may be necessary.~~

- A. LCRA TSC Board Authorization: LCRA TSC Board approval of the business plan, capital plan, or capital improvement project, or CEO approval of a project pursuant to authority delegated to the CEO in Board Policy T301 – Finance, ~~will constitute~~ constitutes authorization for the acquisition of land rights ~~as necessary~~ and ~~will authorize~~ authorizes the ~~chief executive officer (CEO)~~ of LCRA TSC or his or her designee to acquire the land rights ~~necessary~~ to complete the approved projects or programs, ~~subject to the following conditions:~~

~~B. —~~

~~Land rights for an approved project or program that may be purchased or leased for \$600,000 or less per parcel, where the purchase or lease price is within the amount budgeted for the project or program, may be finalized by the CEO or his or her designee without further LCRA TSC action.~~

Prior specific Board approval is required for:

1. Acquisitions of land rights that have a purchase ~~price~~ or lease price exceeding ~~\$1.5 million, 600,000~~ per parcel ~~require the LCRA TSC Board's specific approval, other than land rights that are acquired as part of a CEO-approved project under the authority delegated in Board Policy T301 – Finance (, which do not require specific LCRA TSC Board approval).~~ LCRA TSC may acquire land rights in excess of the rights required for projects or programs in those instances when the property owner and LCRA TSC both agree to such conditions, or when it is in LCRA TSC's best economic interest to do so.
2. A purchase or lease option for any parcel, tract, or interest that exceeds \$150,000 or two years in length. Any option payment must be applied toward the purchase or lease price if the purchase or lease is consummated.

Board authorization is not required for the acquisition of land rights when the land rights are acquired at no cost to LCRA TSC.

- ~~B. —~~ Method of Acquisition: Staff will determine whether acquisition of particular land rights is in the best interest of LCRA TSC, its customers and the public. In determining the method of land acquisition, LCRA TSC will consider (a) the purpose, type and life of the facilities to be located on the land; (b) how the surface of the land will be used; (c) the significance of mineral rights to the

~~integrity of the facility; and (d) the present or future use of the land by the property owner.~~

~~— Consideration paid by LCRA TSC to secure a purchase or lease option may not exceed \$60,000 per parcel, tract or interest nor may the term of the option exceed two years, unless specifically approved by the LCRA TSC Board. Such payment must be applied toward the purchase or lease price if the purchase or lease is consummated.~~

B. Market Value: LCRA TSC negotiates for land right acquisitions based on a reasonable opinion of market value. An appraisal completed by an independent appraiser holding a valid license from the state of Texas is required if: (i) the area of the land rights being acquired is larger than 100 acres; (ii) the value of the land rights may exceed \$1.5 million; (iii) otherwise required to comply with applicable law or LCRA policies; or (iv) the CEO or his designee determines it is appropriate under the circumstances.

C. Environmental Diligence: An environmental due diligence assessment will be prepared on all land and considered for all land prior to final acquisition. For the acquisition of leases and property in fee simple, an assessment for the potential presence of environmental contamination will be performed in accordance with U.S. Environmental Protection Agency (EPA) “all appropriate inquiries” regulations (40 C.F.R. Part 312) and related Society for Testing and Materials International (ASTM) standards, unless a variance is granted by LCRA’s general counsel. For the acquisition of easements, the assessment may follow less stringent standards and practices provided the standards and practices followed are consistent with industry practice and are documented, except that in the case of easement acquisitions where prior or future land use may present risks that, in the opinion of the environmental professional, warrant a full assessment, the more stringent “all appropriate inquiries” regulations will be followed.

~~Information obtained during the due diligence and on-site assessments will be evaluated prior to final acquisition.~~

~~C. Appraisals: LCRA TSC will base all negotiations on a reasonable opinion of market value on all land right acquisitions. Staff will have the discretion to either prepare an opinion based on available market data or employ an independent appraiser, based on the size and complexity of the acquisition; however staff will be required to employ an independent appraiser if (i) the area of the land rights being acquired is larger than 100 acres; (ii) staff has reason to believe the value of such land rights exceeds \$600,000; or (iii) employing an independent appraiser is necessary to avoid the appearance of a conflict of interest.~~

~~— Any independent appraiser engaged by or on behalf of LCRA TSC must hold a valid license or certification from the state of Texas.~~

- D. Eminent Domain Proceedings: ~~Prior Board approval and a formal written offer are required prior to initiating eminent domain proceedings for the acquisitions of land rights.~~ LCRA TSC may use its power of eminent domain to acquire land rights if: (i) ~~a~~LCRA and the landowner has been unable and are unlikely to reach agreement through continued negotiation; to agree with LCRA TSC on the fair market value of the land rights being acquired by LCRA TSC and further negotiations for settlement have become futile; (ii) ~~the~~ title cannot be conveyed without a court judgment; or (iii) ~~the CEO or his designee determines it is appropriate under the circumstances.~~ there is a conflict of interest of the owner(s). LCRA TSC may initiate eminent domain proceedings only after an official written offer to purchase the land rights has been sent to the landowner. In any event, LCRA TSC Board authorization is required prior to initiation of eminent domain proceedings for the acquisition of land rights.

#### **T401.402 LAND ~~USE, DEVELOPMENT, CONSERVATION AND MANAGEMENT~~**

- A. Land Use Agreements: ~~LCRA TSC may enter into permits, leases, easements or other legally binding land use agreements with public, private or nonprofit entities. To ensure that LCRA TSC's land resources are appropriately managed, protected, and maintained, land use agreements will conform to the following criteria:~~

~~land use agreements will conform to the following criteria:~~

1. a.—Monetary consideration for the following uses will be full fair market rental value as determined pursuant to this policy: agriculture/grazing, commercial and private uses. ~~agriculture/grazing, commercial and private uses.~~ An appraisal completed by an independent appraiser holding a valid license from the state of Texas is required if: (i) the revenue generated over the term of the land use agreement may exceed \$1.5 million; (ii) otherwise required to comply with applicable law or LCRA policies; or (iii) the CEO or his designee determines it is appropriate under the circumstances.
- ~~b.~~—~~LCRA TSC's leases will be managed to conserve, protect and maintain LCRA TSC's land resources.~~
- ~~c.~~—2. Land use agreements may be granted for non-monetary consideration to governmental entities ~~or~~, nonprofit organizations, or utility service providers, when the use of the property furthers LCRA TSC's ability to meet its statutory responsibilities or is deemed to be in LCRA TSC's best interest.
- ~~d.~~—3. Staff will develop procedures to ensure all land use agreements require the user to undertake ~~include, as appropriate, provisions addressing the following:~~

~~a. the user maintains~~ full financial responsibility for proper maintenance, ~~use, and use of risk to~~ the land and/or ~~the~~ facility; ~~as may be appropriate under the circumstances. Such financial responsibility may include liability insurance coverage protecting LCRA TSC.~~

~~e. Land use agreements will include provisions allowing~~

~~b. periodic adjustments of monetary consideration, except for easements, where monetary consideration is in the form of a one-time payment;~~

~~c. f. The term of any land use agreement will be~~ commensurate with the use of the land, ~~the~~ purposes of the agreement, ~~the~~ amount of capital to be invested ~~by LCRA TSC and/or the user,~~ the anticipated capital payback period, and the projected revenue to LCRA TSC; ~~and.~~

~~d. g. Land use agreements will contain, as appropriate and necessary, provisions for~~ environmental protection and compliance with applicable laws and regulations and LCRA TSC policies.

~~42. The following types of land use agreements may be executed by the CEO or his or her designee without LCRA TSC Board approval; all other land use agreements must be specifically approved by LCRA TSC Board: Board approval is required for all easements on LCRA TSC land and all land use agreements, except for the following:~~

~~a. Leases, temporary use permits, licenses and, construction permits, and other land use agreements~~ with terms of 15 years or less.

~~b. Agreements for the co-location of electric or communication facilities on LCRA TSC land, easements or leases.~~

~~B. Easements: LCRA TSC may grant easements across land it owns, may permit easements to occupy the same easement corridor it has acquired, and may release its easement rights or assign its easements or portions thereof when the best interests of LCRA TSC and the public are served.~~

~~1. Requests for easements across LCRA TSC land will conform to the following criteria and must be specifically approved by LCRA TSC Board:~~

~~a. Monetary consideration for easements that serve a private or commercial use will be the full fair market value as determined pursuant to this policy.~~

- ~~b. Consideration for easements that serve a public or nonprofit use may be non-monetary at the discretion of LCRA TSC Board.~~
  - ~~c. Easements will contain, as appropriate and necessary, provisions for environmental protection and compliance with existing laws, regulations and LCRA TSC policies.~~
- ~~2. Requests to occupy a portion of an LCRA TSC easement across lands that are not owned by LCRA TSC may be approved by the CEO or his or her designee if they meet the following criteria:~~
  - ~~a. The requesting entity first must obtain the written statement of LCRA TSC's non-objection to the proposed easement/use. Such statement of non-objection only will be granted if the proposed joint use of the easement corridor will not interfere with LCRA TSC's superior easement rights, safety and efficient operations within the easement area.~~
  - ~~b. The requesting entity must obtain the easement rights, subordinate to LCRA TSC's superior easement rights, from the landowner(s).~~
- ~~3. LCRA TSC's easements on private lands that are not necessary to the operation of LCRA TSC may be released by the CEO or his or her designee, subject to the following:~~
  - ~~a. Staff has determined that LCRA TSC has no further or anticipated need for easement rights in the area to be released.~~
  - ~~b. Any processing costs, including the cost of a survey, if required, will be at the expense of the property owner or party requesting the release.~~
  - ~~c. Easement rights that are considered unnecessary due to an abandonment of a line or facility by LCRA TSC may be released to the current landowner(s).~~

**CB. Encroachments:**

1. **LCRA TSC Lands:** Public or private use of (including aerial use above or over) LCRA TSC land, except where expressly authorized by LCRA TSC, will be considered an encroachment. Those encroaching on or over LCRA TSC lands will be required to either purchase the land from LCRA TSC on terms approved by the Board, remove the encroachment, or secure rights to use the land by entering into an acceptable land use agreement with LCRA TSC. The CEO or his or her designee may institute appropriate legal action to remove any non-conforming encroachments.

2. LCRA TSC Easements: The CEO may agree to allow an entity to occupy a portion of an LCRA TSC easement only if: (i) LCRA TSC has no objection to the requesting entity's proposed use because it will not interfere with LCRA TSC's superior easement rights, safety and efficient operations within the easement area; and (ii) the requesting entity obtains sufficient rights, subordinate to LCRA TSC's superior easement rights, from the landowner(s) if the CEO determines it is necessary.

## **T401.403 LAND DISPOSITION**

~~A. — Nonessential Lands: Lands identified as nonessential may be sold, traded or exchanged if declared by the LCRA TSC Board to be LCRA TSC may dispose of land the Board has declared as nonessential (not necessary, or convenient or of beneficial use to the business of LCRA TSC). The Board's Such declaration of land as nonessential and the terms of any suchresulting sale or exchange will requires the affirmative vote of at least three-fourths vote of the statutory membership of the LCRA TSC Board.~~

~~A. AppraisalsMarket Value: LCRA TSC will base all negotiations for land right dispositions on a reasonable opinion of market value on all land right dispositions. Staff will have the discretion to either prepare an opinion based on available market data or employAn appraisal completed by an independent appraiser, based on holding a valid license from the state of Texas is required if: size and complexity of the transaction; however staff will be required to employ an independent appraiser if (i) the area of the land rights being sold, leased or exchanged is larger than 100 acres; (ii) staff has reason to believe that the the value of suchthe land rights may exceeds \$600 \$1.5 million; (iii) otherwise required to comply with applicable law or LCRA policies; or (iv) the CEO or his designee determines it is appropriate under the circumstances (iii) employing an independent appraiser is necessary to avoid the appearance of a conflict of interest.~~

~~G.B. Environmental Diligence: An environmental due diligence assessment will be prepared and considered on all land considered forprior to final disposition. For the disposition of leases, easements and property in fee simple, the assessment may follow standards and practices less stringent than "all appropriate inquiries" described above, provided the standards and practices used are consistent with industry practice and are documented. However, for disposition of leases, easements and property in fee simple, when prior or future land use may present risks that, in the opinion of the environmental professional, warrant a full assessment, the more stringent "all appropriate inquiries" regulations will be followed. Information obtained during the due diligence and on-site assessments will be evaluated prior to final disposition.~~

~~C. Easement Release: LCRA TSC easements on private lands that are not necessary to LCRA TSC's operations may be released by the CEO or his or her designee to the current landowner when the best interests of LCRA TSC~~

and the public are served. Releases are subject to a staff-developed procedure that ensures sufficient review of LCRA's anticipated needs in the area to be released. The party requesting the release must pay any associated costs.

- D. Disposition or Encumbrance Requiring LCRA Board Approval: LCRA TSC shall not dispose of or encumber all or a substantial portion of its assets without the approval of the Lower Colorado River Authority Board of Directors.

**EFFECTIVE:** Feb. 20, 2002. Amended Oct. 14, 2008; Aug. 26, 2009; June 16, 2010; Feb. 15, 2017; Oct. 17, 2018; ~~and~~ May 19, 2021; and June 18, 2025.

## **EXHIBIT D**

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### **LCRA TRANSMISSION SERVICES CORPORATION BOARD POLICY**

#### **T405 – PROPERTY RIGHTS**

~~Feb. 15, 2017~~ June 18, 2025

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##### **T405.10 PURPOSE**

LCRA Transmission Services Corporation (LCRA TSC) activities performed in the best interest of the general public may affect the manner in which people use their private property and may require that LCRA TSC use or acquire private property for public purposes.

The purpose of this policy is to ensure the protection of private property rights in the course of LCRA TSC business and completion of LCRA TSC business in the manner least disruptive to private property rights and the general public.

##### **T405.20 POLICY**

In order to serve the public and fulfill its statutory mission, LCRA TSC will strive to earn public support for its programs, construction projects, ordinances and other projects and work to:

1. Minimize disruptions to business and intrusions into private lives caused by LCRA TSC activities;
2. Provide appropriate notification of LCRA TSC activities to affected parties, and provide opportunity for affected parties to provide input to LCRA TSC;
3. Respond to requests for information about LCRA TSC projects and programs in compliance with the Texas Open Records Act; and
4. Identify LCRA staff and agents as representing LCRA TSC in interactions with owners and occupiers of private property affected by LCRA TSC projects and programs.

The LCRA TSC Board of Directors recognizes that not every person's expectations can be fully met by an organization entrusted with the job of constructing large-scale public facilities and performing other tasks that have substantial public impact. In each case, LCRA TSC shall consider the impact on property owners and the public in determining whether planned actions are in the public interest.

In no case should this policy prevent LCRA TSC from responding to electric system emergencies, environmental emergencies, fires, floods or other instances in which prompt action to protect property, health or human safety is required.

**EFFECTIVE:** Sept. 18, 2002. Amended Dec. 16, 2008; Dec. 19, 2012; and Feb. 15, 2017.  
Affirmed June 18, 2025.

## **EXHIBIT E**

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### **LCRA TRANSMISSION SERVICES CORPORATION BOARD POLICY**

#### **T601 – WHOLESALE ELECTRIC SERVICE POLICY**

~~Feb. 15, 2017~~ June 18, 2025

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##### **T601.10 PURPOSE**

The purpose of this policy is to provide direction to LCRA Transmission Services Corporation (LCRA TSC) in providing wholesale electric services within Texas.

##### **T601.20 DEFINITIONS**

Customer – Any customer of LCRA TSC, including transmission service providers, distribution service providers, river authorities, municipally-owned utilities, electric cooperatives, power generation companies, retail electric providers, federal power marketing agencies, exempt wholesale generators, qualifying facilities, power marketers, or other person.

ERCOT – Electric Reliability Council of Texas.

Metering Facilities – Facilities planned, designed, constructed and/or operated necessary to meter the amount of energy delivered.

NERC – North American Electric Reliability Corporation.

PUC – Public Utility Commission of Texas.

Transformation Facilities – Facilities planned, designed, constructed and/or operated at voltage levels below 60 kilovolts necessary to transform electric power and energy from LCRA TSC's standard transmission voltages to voltages below 60 kV, or from voltages below 60 kV to LCRA TSC's standard transmission voltage. ~~deliver wholesale power to distribution voltages.~~

Transmission Facilities – Facilities planned, designed, constructed and/or operated at voltage levels above 60 kilovolts necessary to allow economical and efficient use of generation resources to reliably serve loads.

Wholesale Electric Service – The provision of transmission, transformation and/or metering facilities to provide one or more of the following types of service to a customer:

1. Service to a requesting customer, including a load interconnection requested by a load-serving entity and a generation interconnection requested by a generation entity.

2. Service to improve electric system reliability.
3. Service to relieve ERCOT-identified transmission constraints.
4. Delivery of wholesale electricity at distribution voltages within a substation.
5. Service in response to a PUC order or directive.

## **T601.30 POLICY**

LCRA TSC shall furnish nondiscriminatory wholesale electric service and open access in accordance with PUC rules, applicable tariffs, ERCOT requirements, applicable NERC Reliability Standards and other LCRA TSC requirements.

In addition, LCRA TSC shall ensure the following:

1. Costs for ~~wholesale electric service facilities~~ desired by a customer in excess of that recommended by the applicable criteria will be the responsibility of the customer.
2. Appropriate financial security is furnished in accordance with LCRA TSC's LCRA's Financial Security Standards when a customer asks LCRA TSC to provide wholesale electric service or modification to existing facilities.
3. Facilities will be jointly constructed with a customer only if joint construction:
  - a) will result in significant economic and/or environmental benefits;
  - b) does not adversely impact transmission line construction, operation or maintenance; and
  - c) is agreed upon by both LCRA TSC and the customer.
- ~~4. Project plans for the addition of customer facilities that are to be included in the Transmission Facilities and Premises Lease shall be reviewed through LCRA TSC's annual transmission system planning process.~~

**EFFECTIVE:** Dec. 18, 2002. Amended March 23, 2011; Jan. 16, 2013; ~~and~~ Feb. 15, 2017; and June 18, 2025.

**FOR ACTION (CONSENT)**

### **3. Minutes of Prior Meeting**

**Proposed Motion**

Approve the minutes of the May 21, 2025, LCRA Transmission Services Corporation Board of Directors meeting.

**Board Consideration**

Section 4.06 of the LCRA TSC bylaws requires the secretary to keep minutes of all meetings of the Board.

**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 May 21, 2025, LCRA TSC Board meeting

## **EXHIBIT A**

LCRA Transmission Services Corporation Board of Directors  
Minutes Digest  
May 21, 2025

- 25-18 Approval of the minutes of the April 22, 2025, LCRA Transmission Services Corporation Board of Directors meeting.
- 25-19 Adoption of a resolution approving the LCRA Transmission Services Corporation Fiscal Year 2026 Business and Capital Plans.
- 25-20 Approval of the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Battery Systems – FY 2025 Substation Upgrade; Bluffton to Buchanan Transmission Line Overhaul; Fredonia to Mason Transmission Line Overhaul; and LCRA Transmission Services Corporation – FY 2026 General Additions.
- 25-21 Adoption of a resolution authorizing the use of the power of eminent domain in Mason County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Fredonia to Mason Transmission Line Overhaul project to provide for the continued safe and reliable transmission of electric energy on the Fredonia to Mason (T289) transmission line.
- 25-22 Adoption of a resolution authorizing the use of the power of eminent domain in Gillespie County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Doss to Headwaters Transmission Line Addition project to provide for the continued safe and reliable transmission of electric energy on the Doss to Headwaters (T508) transmission line.

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
LCRA TRANSMISSION SERVICES CORPORATION  
Austin, Texas  
May 21, 2025

Pursuant to notice posted in accordance with the Texas Open Meetings Act, the Board of Directors (Board) of LCRA Transmission Services Corporation convened in a regular meeting at 9:13 a.m. Wednesday, May 21, 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, Chair  
Michael L. "Mike" Allen  
Matthew L. "Matt" Arthur  
Melissa K. Blanding  
Joseph M. "Joe" Crane  
Carol Freeman  
Thomas L. "Tom" Kelley  
Robert "Bobby" Lewis  
Thomas Michael Martine  
Margaret D. "Meg" Voelter  
Martha Leigh M. Whitten  
David R. Willmann  
Nancy Eckert Yeary [arrived at 10:05 a.m.]

Chair Cooper convened the meeting at 9:13 a.m.

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

Vice President and Chief Operating Officer Kristian M. Koellner provided an update on LCRA Transmission Services Corporation's successful Electric Reliability Council of Texas winter weatherization inspections. Koellner also provided an update on the Permian Basin Reliability Plan and related transmission system build-out.

Treasurer and Chief Financial Officer Jim Travis presented financial highlights for LCRA Transmission Services Corporation covering April 2025 and the fiscal year to date [Agenda Item 2].

The Board next took action on the consent agenda.

25-18 Upon motion by Director Crane, seconded by Director Whitten, the Board unanimously approved the minutes of the April 22, 2025, LCRA Transmission Services Corporation Board meeting [Consent Item 3] by a vote of 12 to 0.

General Counsel Leigh Sebastian gave an update on the review and recommended changes to the following LCRA Transmission Services Corporation Board policies [Discussion Item 4]: T102 – Authority and Responsibilities; T301 – Finance; T401 – Land Resources; T405 – Property Rights; and T601 – Wholesale Electric Service Policy.

25-19 Treasurer and Chief Financial Officer Jim Travis presented for consideration a staff recommendation, described in Agenda Item 5 [attached hereto as Exhibit A], that the Board adopt a resolution approving the LCRA Transmission Services Corporation Fiscal Year 2026 Business and Capital Plans. The Board had a detailed discussion on the FY 2026 business and capital plans during a work session on April 22. Upon motion by Director Voelter, seconded by Director Whitten, the recommendation was unanimously approved by a vote of 12 to 0.

25-20 Senior Vice President of Transmission Asset Optimization Joshua Cole presented for consideration a staff recommendation, described in Agenda Item 6 [attached hereto as Exhibit B], that the Board approve the Capital Improvement Project Authorization Request for the following projects and associated lifetime budgets: Battery Systems – FY 2025 Substation Upgrade; Bluffton to Buchanan Transmission Line Overhaul; Fredonia to Mason Transmission Line Overhaul; and LCRA Transmission Services Corporation – FY 2026 General Additions. Upon motion by Director Kelley, seconded by Director Willmann, the recommendation was unanimously approved by a vote of 12 to 0.

25-21 Vice President of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 7 – Acquisition of Interests in Real Property – Use of Eminent Domain in Mason County [attached hereto as Exhibit C]. Director Crane moved, seconded by Director Lewis, that the Board authorize by record vote the use of the power of eminent domain County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Fredonia to Mason Transmission Line Overhaul project to provide for the continued safe and reliable transmission of electric energy on the Fredonia to Mason (T289) transmission line; and that the first record vote applies to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 12 to 0.

25-22 Vice President of Real Estate Services Mark Sumrall presented for consideration a staff recommendation, described in Agenda Item 8 – Acquisition of Interests in Real Property – Use of Eminent Domain in Gillespie County [attached hereto as Exhibit D]. Director Whitten moved, seconded by Director Martine, that the Board authorize by record vote the use of the power of eminent domain in Gillespie County to acquire rights in the properties described in Exhibit 1 to the resolution for the acquisition of easement rights for the Doss to Headwaters Transmission Line Addition project to provide for the continued safe and reliable transmission of electric energy on the Doss to Headwaters (T508) transmission line; and that the first record vote applies

to all units of property to be condemned. The Board unanimously approved the motion by a record vote of 12 to 0.

Chair Cooper declared the meeting to be in executive session at 9:42 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. Director Yeary arrived at 10:05 a.m. Executive session ended, and Chair Cooper declared the meeting to be in public session at 10:29 a.m.

There being no further business to come before the Board, the meeting was adjourned at 10:29 a.m.

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Leigh Sebastian  
Secretary  
LCRA Transmission Services Corporation  
Approved: June 18, 2025

## **FOR ACTION**

### **4. Approve the LCRA Transmission Services Corporation Transmission Contract Refunding Revenue Bonds Issuance and Forty-Ninth Supplemental Resolution**

#### **Proposed Motion**

Staff recommends the Board of Directors approve the adoption of the Forty-Ninth Supplemental Resolution (Forty-Ninth Supplement) to the Controlling Resolution establishing the LCRA Transmission Contract Revenue Financing Program (Controlling Resolution) authorizing the issuance of Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project) in one or more series (Series of Bonds) in an aggregate amount not to exceed \$550 million for the following purposes: (i) current refunding of certain LCRA Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) Tax-Exempt Series and any series of LCRA Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project); (ii) funding certain capital projects of LCRA TSC, if necessary; (iii) funding debt service reserve funds for any Series of Bonds; and (iii) paying for issuance costs.

This motion also will:

1. Approve related documents, in substantially final form, including, if required, an escrow agreement, a paying agent/registrars agreement, a preliminary and final official statement and a Transmission Contract Revenue Debt Installment Payment Agreement Supplement related to the Series of Bonds (Installment Payment Agreement Supplement). If the Bonds are determined to also fund capital projects of LCRA TSC, the Forty-Ninth Supplement authorizes “and Improvement” to be added to the name of the Bonds. Bond counsel has prepared or reviewed all documents.
2. Delegate authority to the president and chief executive officer, and/or the treasurer and chief financial officer to:
  - a. Select all or a portion of LCRA TSC’s outstanding short-term debt to be refunded by the particular Series of Bonds and provide for appropriate notices of redemption/prepayment/defeasance;
  - b. Approve any final changes to said documents necessary to facilitate proper issuance of such Series of Bonds;
  - c. Establish the terms of each Series of Bonds as provided in the Forty-Ninth Supplement (including issuing such bonds in one or more separate Series of Bonds, issuing the Series of Bonds as tax-exempt or taxable, principal amounts and maturity schedules, interest rates, redemption provisions and terms of any reserve funds);
  - d. Determine whether to fund certain capital projects of LCRA TSC with a Series of the Bonds in an amount not to exceed \$200 million; and

- e. Approve the terms of the sale of each Series of Bonds to an underwriting team and execute a bond purchase agreement for such Series of Bonds.

### **Board Consideration**

In 2003, the LCRA Board, at the request of LCRA TSC, adopted an amended and restated Controlling Resolution establishing a contract revenue financing program whereby LCRA issues debt on behalf of LCRA TSC that is secured by a lien on and a pledge of revenues paid by LCRA TSC to LCRA. The amended and restated Controlling Resolution requires the Board to deliver a resolution to LCRA approving the Bonds.

### **Budget Status and Fiscal Impact**

The fiscal year 2026 LCRA TSC business plan anticipates the refunding of a portion of LCRA TSC's short-term obligations. Based on current market conditions, the refunding will be advantageous, increase flexibility on the timing of future financings, and provide low-cost and long-term funds. The FY 2026 LCRA TSC business plan anticipates the issuance of about \$1.25 billion of short-term obligations to fund LCRA TSC's ongoing capital plan in FY 2026. The issuance of up to \$200 million of Bonds for capital projects of LCRA TSC will avoid the issuance of short-term debt for such projects.

### **Summary**

With this action, the Board will approve one or more Series of Bonds issued for the purpose of current refunding of certain LCRA TSC commercial paper and revolving notes in an amount not to exceed \$550 million, funding certain capital projects of LCRA TSC, if necessary, establishing one or more debt service reserve funds for a particular Series of Bonds, and paying for the issuance costs related to such bonds. The Board also will approve the execution of documents necessary for the sale of each Series of Bonds further described below.

### **Background**

The Forty-Ninth Supplement is a supplemental resolution to the Controlling Resolution adopted by the Board in 2001 and readopted in 2003. The Forty-Ninth Supplement authorizes the bonds to be issued in one or more Series of Bonds, approves the forms of the ancillary agreements relating to such bonds, and delegates to the president and chief executive officer and/or the treasurer and chief financial officer authority to set the specific terms of each such Series of Bonds (including obligations to be refunded, maturity, amortization, interest rates, redemption provisions, etc.) according to parameters set forth in the Forty-Ninth Supplement. State law authorized the Forty-Ninth Supplement to delegate authority to sell and deliver multiple Series of Bonds within the parameters set forth in such supplement at different times during a 12-month period. The Forty-Ninth Supplement also requires an officer of LCRA TSC to agree to the specific terms of each Series of Bonds. The Controlling Resolution, the Forty-Ninth Supplement, and the relevant pricing certificate of the LCRA officer and the LCRA TSC officer establishing the terms of the particular Series of Bonds together constitute the authorization of such Series of Bonds.

The Installment Payment Agreement Supplement is a supplemental agreement to the Transmission Installment Payment Agreement between LCRA and LCRA TSC executed in 2003 and provides for the arms' length obligation of LCRA TSC to pay

LCRA the debt service associated with the Series of Bonds and LCRA TSC's ownership of the projects financed or refinanced with the proceeds of the Series of Bonds.

A bond purchase agreement is the contract among LCRA, LCRA TSC and the underwriters of the Series of Bonds that establishes the terms of the sale and delivery of such Series of Bonds from LCRA and LCRA TSC to such underwriters. This agreement provides for the conditions for closing on the Series of Bonds, including required legal opinions, and provides for certain limited events that may terminate LCRA's obligation to deliver and/or the underwriters' obligation to accept the Series of Bonds at closing.

The paying agent/registrar agreement is the contract among LCRA, LCRA TSC, and a company to be chosen at the discretion of LCRA and LCRA TSC, setting forth the rights, duties and obligations of the parties under which such bank will act as the paying agent and registrar for the particular Series of Bonds. The bank will provide paying agent and transfer agent services, maintain registration books, and facilitate providing certain notices for the Series of Bonds, among other services.

A preliminary and final official statement is the document that provides disclosure to prospective investors regarding the terms of a Series of Bonds, security, risk factors, and financing and operating information of LCRA TSC.

### **Use of Proceeds**

Proceeds from each Series of Bonds will be used to refund certain LCRA TSC commercial paper notes and revolving notes, fund certain capital projects of LCRA TSC, if necessary, establish a debt service reserve fund for the particular Series of Bonds, and pay for issuance costs.

LCRA and LCRA TSC have authorized the issuance of commercial paper and revolving notes under programs backed by four separate credit facilities. Periodically, staff recommends refunding short-term, variable-rate debt with long-term, fixed-rate debt when market conditions are favorable and the short-term debt credit facilities approach their maximum capacity. In addition, staff periodically recommends refunding existing long-term debt with new long-term debt to capture interest rate savings and/or adjust the debt structure to benefit LCRA TSC customers.

Staff currently expects the bonds to be sold and delivered in a Series of Bonds, in the summer of 2025, subject to the approving opinions of the Office of the Attorney General and bond counsel.

### **Presenter(s)**

Jim Travis

Treasurer and Chief Financial Officer

## **FOR ACTION**

# **5. Capital Improvement Projects Approval**

### **Proposed Motion**

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

### **Board Consideration**

LCRA Transmission Services Corporation Board Policy T301 – Finance requires LCRA TSC Board of Directors approval for any project exceeding \$1.5 million.

### **Budget Status and Fiscal Impact**

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

### **Summary**

Staff recommends approval of the service reliability and system capacity capital projects described in exhibits A and B. These projects meet legal requirements in the Public Utility Regulatory Act and PUC rules.

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

### **Presenter(s)**

Joshua Cole

Senior Vice President, Transmission Asset Optimization

### **Exhibit(s)**

A – Project Cost Estimates and Cash Flow

B – Project Details

## **EXHIBIT A**

### **Project Cost Estimates and Cash Flow**

*Dollars in millions*

<b>Project Name</b>	<b>FY 2024 and Prior</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>Lifetime</b>
<b>Service Reliability Projects</b>						
Buchanan to Burnet Transmission Line Overhaul	1.1	4.6	30.5	-	-	36.2
Kingsland 1 to Sandy Creek Transmission Line Overhaul	1.4	3.6	12.2	-	-	17.2
Transmission Metering – FY 2025 Substation Upgrade	0.0	1.0	1.4	-	-	2.4
<b>System Capacity Projects</b>						
Bastrop Colony Substation Property Acquisition	-	-	2.7	-	-	2.7
Caldwell Substation Addition	0.1	0.8	16.9	-	-	17.8
Henne to Kohlenberg Transmission Line Addition	0.1	1.3	9.5	11.5	-	22.4
Hornsby Substation Upgrade	0.0	1.0	39.3	-	-	40.3
<b>Total</b>	<b>2.6</b>	<b>12.2</b>	<b>112.6</b>	<b>11.5</b>	<b>0.0</b>	<b>139.0</b>

## **EXHIBIT B**

<b>Project Details</b>
------------------------

**Project Name:** Buchanan to Burnet Transmission Line Overhaul

**Project Number:** 1029122

**Lifetime Budget:** \$36.2 million

**Description:** The project will overhaul the 11.4-mile Buchanan to Burnet 69-kilovolt transmission line in Burnet and Llano counties and convert it to 138-kV operation by terminating the line at the 138-kV bus at Coronado Substation. The project scope includes replacing structures, conductor and related equipment at each substation, as well as installing new optical ground wire along the transmission line. The recommended project completion date is June 30, 2026.

**Project Name:** Kingsland 1 to Sandy Creek Transmission Line Overhaul

**Project Number:** 1024904

**Lifetime Budget:** \$17.2 million

**Description:** The project will overhaul the 4.7-mile portion of Kingsland 1 to Sandy Creek 69-kV transmission line from Kingsland 1 Substation to Sunrise Beach Substation in Llano County. The scope of work includes replacing structures and conductor, adding optical ground wire along the transmission line, and replacing related equipment at each substation. The recommended project completion date is Jan. 15, 2026.

**Project Name:** Transmission Metering – FY 2025 Substation Upgrade

**Project Number:** 1031044

**Lifetime Budget:** \$2.4 million

**Description:** The project will increase reliability of the metering equipment by replacing obsolete meters at 15 substations and current transformers at five substations in Burnet, Caldwell, Edwards, Fayette, Kendall, Kerr, Llano, Mason, Travis and Washington counties. The scope of work includes replacing meters and related equipment at each substation. The recommended project completion date is Nov. 30, 2025.

**Project Name:** Bastrop Colony Substation Property Acquisition

**Project Number:** 1033687

**Lifetime Budget:** \$2.7 million

**Description:** The project's purpose is to purchase property in Bastrop County for the Bastrop Colony Substation Addition project. The scope of work includes due diligence, survey work and purchasing the land and site-related permits. LCRA TSC Board Policy T401 – Land Resources requires Board authorization for land rights acquisitions with a purchase price exceeding \$600,000 per parcel. Based on available information, staff expects the acquisition price for the necessary property rights to exceed \$600,000 per parcel and seeks approval to proceed with the acquisition. The recommended project completion date is Dec. 31, 2025.

**Project Name:** Caldwell Substation Addition

**Project Number:** 1027396

**Lifetime Budget:** \$17.8 million

**Description:** The project will provide transmission services and metering facilities and provide a point of interconnection at Caldwell Substation in Burleson County. The scope of work includes constructing a new 138-kV substation and installing a power transformer, structures and equipment necessary to interconnect to the Cooks Point to Lyle Wolz 138-kV transmission line. The recommended project completion date is March 16, 2026.

**Project Name:** Henne to Kohlenberg Transmission Line Addition

**Project Number:** 1027403

**Lifetime Budget:** \$22.4 million

**Description:** The project will construct a new 138-kV Kohlenberg Substation and a new transmission line between the existing Henne Substation and the new Kohlenberg Substation in Comal County. The scope of work includes installing structures, conductor and optical ground wire along the transmission line and related equipment at each substation. The recommended project completion date is May 15, 2026.

**Project Name:** Hornsby Substation Upgrade

**Project Number:** 1032011

**Lifetime Budget:** \$40.3 million

**Description:** The project will increase the transformation capacity of the Hornsby Substation in Travis County. The scope of work includes adding two power transformers and installing switches, circuit breakers and all supporting equipment. The recommended project completion date is May 31, 2026.