Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
January 14, 2015

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on January 14, 2015. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on November 25, 2014, at 1:46 p.m.; by posting the agenda with the Craig County Clerk's office on January 13, 2015 at 10:00 a.m.; by posting said agenda at www.grda.com; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Kimball called the meeting to order at 10:00 a.m. The Secretary called the roll. All members were present and Chair Kimball declared a quorum. Mr. Burget introduced guests.

BOARD MEMBERS

Tom Kimball, Chair	Present
Ed Townsend, Chair-Elect	Present
Chris Meyers	Present
Pete Churchwell	Present
James B. Richie	Present
Stephen R. Spears	Present
Joseph Vandevier	Present

ADMINISTRATIVE

Daniel S. Sullivan, General Manager/CEO/Director of Investments	Present
Tim Brown, Chief Operating Officer	Present
Ellen Edwards, General Counsel	Present
Charles J. Barney, AGM Fuel and Generation Projects	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Brian Edwards, AGM Chief of Law Enforcement/Homeland Security	Present
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Darrell Townsend II, AGM Ecosystems & Lake Operations	Present
John Goodwin, AGM Human Resources	Present
Sheila Allen, Secretary	Present

Others present were as follows: Mike Williams, Shangri-La; Cari Williams, Grand Lake Watershed Alliance Foundation; Carl Metcalf, Grand Lake Watershed Alliance Foundation; John Johnson, Black & Veatch; Gerry Darnell, Black & Veatch; Don Hawley, GRDA Retiree; Mr. and Mrs. Coy Davis, GRDA Retiree; Harold Robertson, NEO; Anthony Due, NEO; Gary Pruett, Municipal Utility Board in Pryor, OK; Michael Doublehead, TPWA; Ted Hilmes, KAMO Power; Rodney Ray, Grand

Lake Association; Joe Farris, Franden, Farris, Quillin, Goodnight and Roberts; Phil Richards, Richards & Connor PLLP; David Rountree, City of Miami; Justin Alberty, Tamara Jahnke, Lori Starks, Melanie Earl, Jeff Brown, Grant Burget, Holly Moore, Laura Townsend, GRDA.

Election of Officers

a. Nominations for Treasurer

b. Election of Treasurer

c. Nominations for Secretary

d. Election of Secretary

Chairman Kimball declared nominations for Treasurer and Secretary open. Chairman Kimball moved to nominate Carolyn Dougherty as Treasurer, seconded by Director Spears. There being no other nominations, the nomination was voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Spears moved to nominate Sheila Allen as Secretary, seconded by Director Churchwell. There being no other nominations, the nomination was voted on as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

CONSENT AGENDA

2. December Claims, $69,948,227.33

4.a. Resolutions of Commendation:

(1) Coy Davis, Jr.

(2) Don E. Hawley

(3) Chris A. Cornish

(4) Lovetta J. Hildebrand

(5) Lauren E. Starks

4.b. Declare Surplus and Not Necessary to the Business of the District:

(1) Ricoh Plotter/Copier – Aficio 240W, Graphtec Large Format Black/White Scanner – IS200-11

(2) Lexmark Printer – Optra W810

4.c. Power Cost Adjustment (PCA) of $0.00813 per kWh for February 2015

5.b. Purchase Order Report(* Denotes Addenda Items)

PO No.	Vendor/Description	Pursuant to	Amount
Standard Orders			
40805	AMERICAN REPROGRAPHICS COMPANY (ARC), TULSA, OK Maintenance for Canon OCE 350 Scanner/Plotter located at ETC	RFQ 17993	$12,000.00
40812	STANDLEY SYSTEMS INC, OKLAHOMA CITY, OK Purchase of Savin MPC5503 and a 3-Year Maintenance - GREC	ITSW171	$30,877.38
40817	MOTOROLA SOLUTIONS INC, WAGONER, OK Portable Radios and Accessories for GRDA Police	ITSW0402	$79,085.50
59258	BEARING DISTRIBUTORS INC - BDI, STRATFORD, CT U2 PA Fans, FD Fans and 1 ID Fan Kopflex Coupling Blocks - Fall Outage 2015	RFQ 17987	$57,032.96
59385	PELCO STRUCTURAL LLC, CLAREMORE, OK Purchase Tubular Steel Structures for Hulbert 69kV Station (W.O.#RF008-00287)	RFQ 18032	$94,409.00
59509	MEYLAN ENTERPRISES INC, OKLAHOMA CITY, OK Blasting Service Unit 1	Settlement agreement	$23,018.16
Total Standard			**$296,423.00**
Change Orders and Renewals			
40216	SBL STRATEGIES LLC, WASHINGTON, DC Consulting Services	OAC 300:20-1-1(d)	$90,000.00
40411	ABB INC, MOUNT PLEASANT, PA 345kV Breakers for Stock	RFQ 16339	$0.00
40434	TECHSICO ENTERPRISE SOLUTIONS, TULSA, OK Installation of cable at ETC	ITSW1025	$41,054.00
40491	JAMI M LONGACRE MARKETING & CONSULTING DBA LONGACR, KELLYVILLE, OK Consulting Services	OAC 300:20-1-1(d)	$48,000.00
40628	INTERIOR CONCEPTS INC, TULSA, OK Carpet for ETC	RFQ 16819	$12,493.81
40797	OKLAHOMA NATURAL GAS COMPANY,	OAC 300:20-1-1 (d)	$150,000.00

	OKLAHOMA CITY, OK Natural gas		
40816	OKLAHOMA GAS & ELECTRIC SERVICES, OKLAHOMA CITY, OK O&M	OAC 300:20-1-1-(d)	$40.000.000.00
49421	TEREX UTILITIES INC, OAK POINT, TX AERIAL DEVICE:Terex Hi-Ranger TCX65/100 insulated nonovercenter aerial device	RFQ 16256	-$2,929.00
59143	TOTAL RESOURCE MANAGEMENT INC, ALEXANDRIA, VA TRM RulesManager 2014 & 2015 for Maximo (see attachment)	RFQ 18007	$27,016.00
59399	PINNACLE BUSINESS SYSTEMS, TULSA, OK EMC Hardware\Software Maintenance Renewals	ITSW206E	$107,658.95
Total Change Orders and Renewals			**$40,473,293.76**
Emergency Orders			
59354	MIDWEST CRANE SERVICES LLC, TULSA, OK Emergency Crane Services for Transmission Line Installation	RFQ 18030	$121,380.00
58023	B & M OIL CO INC, TULSA, OK Emergency diesel purchase for unit 1 & 2 boilers	OAC 300-20-1-1-(6)	$105,950.00
Total Emergency Orders			**$227,330.00**

Grand Total All Orders:	**$40,997,046.76**

5.c. Work Order Report (* Denotes Addenda Items)

Number	*Title*	*Amount*
RF014-00667	Line Extension 960 CPP	$50,081.00
RF014-00671	Install Aerial Obstruction Lighting and Marking on transmission Lines and Shield Wires (L305B & L396A) as required by the FAA.	$184,924.00
Grand Total Work Orders		**$235,005.00**

Director Townsend moved to approve the consent agenda, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Minutes of December 10, 2014

Director Spears moved to approve the regular board minutes of December 10, 2014, seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball,

Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

3. Unfinished Business
3.a. Progress Reports

Mr. Sullivan stated it has not been as busy due to the holiday season and noted we have also had weather to help with our load factors.

Mr. Sullivan told the Board about a meeting between GRDA and BNSF Railroad recently. He said Mr. Barney and our Coal Superintendent Chris Cornett accompanied him to this meeting about a week ago and received very encouraging information. Mr. Sullivan explained their transit times on our coal trains had been decreased, as far as number of days, and BNSF has indicated a willingness and desire to meet all of our needs for 2015, without the need for the Union Pacific deliveries we have had over the past year. He told the Board this is positive news and, in November and December of 2014, we saw some significant improvements. We are in hopes they are able to continue in this direction.

Mr. Sullivan informed the Board Assistant General Counsel Heath Lofton will be leaving GRDA in a week to take a new position as a judge for the Social Security Administration and will be moving to St. Louis, MO. He expressed his appreciation for all of Mr. Lofton's hard work and service to GRDA, saying he also appreciates the more than 10 years he has had the opportunity to work with him. He will be sorely missed.

On our Ground Breaking Ceremony for GRDA Unit 3, January 23, 2015, at 11:00 a.m., Mr. Sullivan stated he hoped the Board members, partners and customers have received their invitations and will be able to attend. He said we expect Governor Fallin to attend as well. Mr. Sullivan described where the activities would be, with a tent set up on the property in the approximate location of the new facility for any outside activity

and lunch planned to be inside. He stated most activities would be held inside should the weather not cooperate. He expressed our excitement about this historic opportunity and our hopes for a great turnout from the different contractors and folks helping to support this effort.

Mr. Sullivan announced that the report we have been anticipating from the University of Oklahoma student on the effect of the lake level on upstream flooding has now been released. The Corps of Engineers is now doing their internal review, and we expect to hear back from them by the next Board meeting in February. He stated we feel very good about the direction this is going, laying the foundation for us to be able to make our application for a rule curve amendment very soon.

Mr. Sullivan explained GRDA is in the process of completing the security transition at the Grand River Energy Center, as discussed in our October Board meeting. He noted that everyone will see more of our own people handling security at the ground breaking event next week. The transition is scheduled to be complete the first part of February. Mr. Sullivan said the process is going quite well and we have had a great response from those wanting to work both full and part-time at this facility.

Mr. Sullivan introduced the new video project he has asked our Media Services personnel to work on, "I Am GRDA." The purpose of this video series is to highlight some of the talent we have across the Authority, giving samples of their background, job responsibilities and what they bring to the table for GRDA. He stated we intend to have a number of these throughout the year, but have 4 to show today.

The video was shown and this concluded Mr. Sullivan's report, with him telling the Board he hoped they found the video informational and saying he believes it is important to get the stories of our employees and find out more about what they do. He thanked the Board for their time.

Director Churchwell asked where the service garage was located. Mr. Sullivan stated it is located at our Transmission facility in Pryor, OK.

Chairman Kimball added that he and Mr. Sullivan had an opportunity to be in Claremore to tour 2 manufacturing facilities there recently. One of these facilities makes part of our truck bodies and were actually rolling one of our GRDA trucks off the line with an auto crane on it while they were there. The other company makes filter material, and this will actually be used in our new GRDA Unit 3 power plant with a very innovative technology. He also expressed his appreciation of these great GRDA customers.

Chairman Kimball recognized Mr. Sullivan for being on the front page of the Tulsa World recently, saying this is the first time he can remember there being a front page article with a photo of a GRDA employee.

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4. New Business
4.d. Renewal of Workers' Compensation Insurance Policy

Mrs. Edwards stated she brings good news today, as the Board could see from her presentation a decrease in our estimated annual workers' compensation premium for policy period February 1, 2015 to February 1, 2016. She stated the last year's estimated workers' compensation insurance annual premium was $1,494,335, and this year's estimated annual premium is $1,410,665. Mrs. Edwards said for the first time in approximately 5 years, we have a reduction in our premium due to GRDA's premium adjustment factor being down from last year's. This premium adjustment factor went down to 1.57 for 2015, in contrast from 1.85 in 2014 to 1.71 in 2013. She explained GRDA had a couple of bad experience years, but had an agreement with CompSource to increase the premium over the past few years based on our experience rating. Mrs.

Edwards credited being past this period of time and because of the hard work of our safety department, employees, managers and specifically Teresa Hicks in the Legal Department. She stated their system is working very smoothly. Mrs. Edwards stated, under OK law, insurers must give employers an opportunity to apply a medical benefits deductible, ranging from $500 to $2,500 per claim. She indicated, for the last 3 years, the Grand River Dam Authority has chosen a $500 per claim deductible, which has resulted in a 2.7 percent premium reduction, recognizing Assistant General Counsel Heath Lofton for looking over this carefully. Mrs. Edwards confirmed we have very good experience with this as far as getting our guys quickly treated when they report an injury.

Director Churchwell moved to renew the workers' compensation insurance policy with CompSource, elect the $500 per claim medical deductible option, and approve payments to CompSource in the amount of $1,410,665, seconded by Director Townsend, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

4.e. Recommendation for Continuing Services Agreement Task Authorization #3 award to Burns & McDonnell

Mr. Herron gave background information to the Board regarding finding an engineering firm and going through the state process, which under normal conditions could be over 3 months. He said this can cause GRDA a significant problem when we have a deadline to get a project online. Mr. Herron said a fix for this would be to do a multi-year agreement called a continuing services agreement (CSA) with an engineering firm, allowing GRDA to get the contract in writing, signed and documented. It would not include any actual scope of services or cost, but does include the engineers' hourly rates as a background. He stated GRDA chose to try this and received input from 13

different engineering firms, later narrowing these down to 4 firms after evaluation. This CSA does not include the definition of scope of services for a task, negotiated not to exceed price or the task authorization itself, as this would come afterward and come to the Board for approval. Mr. Herron said the maximum amount of work per year per firm would be $500,000, and each agreement would be for a 1-year term with the possibility of being extended annually four times for a 5-year total. He explained there is no requirement that work be awarded to any engineering firm and the intent of this was for staff to use GRDA engineers for as much as we could. The recommended firms that came out of this process were Black & Veatch, Burns & McDonnell, Garver and Stanley Consultants. Mr. Herron said during this last year, we have used Black & Veatch, Burns & McDonnell and Garver for projects under this particular agreement. Stanley Consultants was contacted, but did not have the staff to perform the work. Mr. Herron then transitioned to the purpose for the recommendation and request, the specifics on the Transmission Line Analysis Services. He provided information around GRDA installing fiber on our lines in 2007, saying the fiber is mainly to use the relays on each end of the line and to eliminate the need to put carrier signals on the line which can be labor and maintenance intensive. If carrier signals on a line cause problems, we must fix them right away or we become non-compliant with NERC standards. Mr. Herron told the Board that in the future we would like to use fiber for internal GRDA data traffic, SCADA and video monitoring at substations to increase our oversight there. He also said the fiber could provide redundant paths for GRDA's external data, phone lines and microwave paths. Mr. Herron showed a diagram of what the fiber or Optical Ground Wire (OPGW) is made up of, with the outside conductors being all steel with an aluminum coating on them for support, an inner aluminum tube with an interior stainless steel shield, and inside this is the actual fiber. The OPGW is 4.65 inches in diameter. He

then showed a photo of what the OPGW actually looks like and passed around a sample of this. Mr. Herron provided details on GRDA's current state of the system, having fiber that runs from Tonnece, OK to Siloam Springs, AR, and from Siloam Springs to Kansas, OK. He stated GRDA also has OPGW that starts at the Kerr Substation and runs to the Pensacola Dam, with a section of this fiber on both sides of the Ketchum Substation where we needed to go to meet junction points on the KAMO fiber system. Last year when GRDA was doing work on Feeder 39, we installed fiber there and now have fiber from Fairfax to the Pawnee 138 Substation. In MidAmerica Industrial Park in 2007, GRDA installed the line that feeds the West Main Substation and the Northwest MAID Substation which goes from GRDA 1 back to MAID. Mr. Herron explained the plan right now is to extend OPGW from GRDA 1 to MAID to Kerr Dam to the Salina Pump Station, approximately 12.3 miles, since these areas are the backbone of the system and all have external interconnections. He indicated GRDA would like to do this to provide for fiber communications for relaying between substations and to reduce the number of interconnections with external communications companies, which costs GRDA about $2,397 per connection per month. This path would remove 2 of these external connections, for a savings of $57,528 per year. Mr. Herron showed a photo of the line and one of the structures between Kerr Dam and the Salina Pump Station, saying that the static wire is in two of the top positions on the structure on each side and is 3/8 of an inch, 7-strand, high strength galvanized steel that is 0.360 inches in diameter and weighs 0.273 pounds per foot. He said GRDA would like to replace this with OPGW that is 0.465 inches in diameter and weighs 0.3136 pounds per foot, therefore putting a larger, heavier diameter conductor in a top position on this particular structure. Not only is there the increased weight of the fiber itself, but an increase in the wind loading, as well as the possibility of accumulating

more ice on the larger diameter wire. Mr. Herron explained this would require an engineering firm to analyze the lattice structures to determine if they will support the OPGW line without causing damage to the structure, with a needed future step to have the engineering firm prepare the actual design for bidding and installation of the fiber. He told the Board he had talked with Burns & McDonnell about all of this and have prepared a scope of services for this Step 1 work resulting in Task Authorization #3 with a not to exceed price of $82,100. Mr. Herron said there was discussion at the last GRDA Staff Meeting as to what the overall project cost would be. He clarified that, based on the Feeder 39 work done last year, he has estimated this 12.3 miles to be about $220,000 of expense to GRDA ending with a cost of around $330,000 after paying for the cost of the actual detailed design. However, with an almost $60,000 per year savings, GRDA would have a 5-year payback on this.

Director Churchwell asked about length of time the project would take. Mr. Herron said the actual construction, after fiber and any additional hardware is on site, would take approximately 2 months and also noted one of the engineering projects will decide where the junctions are and cut the fiber to length.

Further discussion began regarding whether a helicopter crew would be used for the project, lightning protection, leasing capacity on our fiber optic lines and the possibilities and challenges of installing fiber below ground.

Director Townsend moved that the board approve Task Authorization #3 to the Continuing Services Agreement between GRDA and Burns & McDonnell to provide transmission line analysis services for the not-to-exceed price of $82,100, with a review of underground construction possibilities, seconded by Director Churchwell, and voted

upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7 yes, 0-no, 0-abstained).

4.f. Recommendation for Continuing Services Agreement Task Authorization #4 award to Burns & McDonnell

Mr. Herron began by stating this is part of a multi-year continuing services agreement (CSA). The 161kV line he showed in the previous discussion, from GRDA1 to MAID, is subject to this task authorization. He said part of the path of this line runs through property the Oklahoma Ordnance Works Authority (OOWA) would like to sell as a large tract of land. Mr. Herron explained further, at the time it was installed, it was placed where they wanted it. However, this has now changed. He stated the line is hindering the sale of this particular property and OOWA came to GRDA asking how long it would take us to move the line. Mr. Herron told them it would take 15 to 18 months (engineering time on the front end and preparing the equipment before it was actually constructed). He indicated this was not an acceptable time frame for the organization. Additionally, GRDA needs to tap this 161kV line to provide power to the proposed new substation to replace CPP. Mr. Herron showed a photo of a portion of the line in question built in 2007, as well as a map illustrating the re-route proposal. He said GRDA recently purchased land in this area for the new substation and would need to build a transmission line over to that substation. Mr. Herron called it a "hair pin" construction with a line that would come into the substation and then back out so we do not break the loop on the 161kV side. He explained, in the future, we would be able to tie in to this line at the new substation and go South, then reconnecting with the existing line going to MAID Substation. He stated he is breaking this into 2 phases. Phase 1 is the design of the line needed for the new substation. GRDA will then proceed with construction as soon as possible. Currently, the substation and the line are in the 2016

budget and we hope to procure equipment and materials in the late part of 2015 for this construction. Phase 2 is to design the line relocation South of the new substation and hold that design until ready for construction, which would shorten completion time to 9-12 months. Mr. Herron told the Board this is what he is proposing, and if the OOWA would like additions we would need to discuss this with them. He also said he has talked with Burns & McDonnell on this, as they were the ones who designed the original line and would save GRDA money by re-using similar designs. Burns & McDonnell met with GRDA and created a scope of services for the work, with Phase 1 costing $146,100 and Phase 2 costing $232,800. The total would not exceed $378,900 and time would be billed as used.

Director Meyers asked if OOWA would bear the expense of this relocation. Mr. Sullivan said the reason this has been broken out into 2 phases is due to discussions with OOWA about what part they would be responsible for. He also indicated they fully understand the situation. Mr. Sullivan explained GRDA's plan is to get the engineering portion done so we can be ready to move forward on the remainder on much shorter notice. He stated OOWA has not made a decision as to whether they want to go forward with the actual construction now or wait until they have a more solid prospect. Director Vandevier asked if the proposed motion needs to include the stipulation that OOWA assumes the cost of Phase 2. Mr. Sullivan confirmed this. Chairman Kimball said there was a site selector on site when this item first came up, and said this is one of the few places in the U.S. where a 1500 acre developed site in an existing industrial park could be created. He also explained this could evolve into a significant item for Oklahoma. Chairman Kimball asked Mr. Herron, with the previously approved task authorization taking the total to $450,000, would there be another phase that could take the total over the $500,000 threshold. Mr. Herron said if this was the case, we would

need to go through the CAP process, which includes a 3-month evaluation, then assigning more work to an engineering firm after this is complete.

Discussion ensued about funding for this project and the Board received comments from the attending citizens.

Director Churchwell moved that the board approve Task Authorization #4 to the Continuing Services Agreement between GRDA and Burns & McDonnell to Provide Design Services, Environmental Permitting, and Permit Preparation Services at the Not-to-exceed Price of $378,900, with the Oklahoma Ordnance Works Authority being responsible for all of Phase 2 Costs, seconded by Director Vandevier, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, yes; Townsend, abstained; Vandevier, yes. Motion passed (6 yes, 0-no, 1-abstained).

4.g. Bid Award Recommendation for RFP 40686 – Watershed Educational Campaign Project

Mr. Edwards greeted the Board and reported that this item is to develop a plan for coordinating an educational campaign for the Grand Lake Watershed to promote awareness and importance of protecting water quality throughout the watershed. The plan's objectives are to coordinate with stakeholders in the 4-state area to promote awareness and emphasize the role water has on the economic vitality of their respective communities and the practices necessary to improve water quality for a sustainable economic future through signage, watershed branding and educational materials. He stated GRDA sent out the request for proposals for this work, with the Grand Lake Watershed Alliance Foundation coming in as the lowest bidder at $84,750, compared to Anglin Public Relations at $1,305,900. GRDA also had several non-responsive bids. Mr. Edwards said both presentations were good, but the Grand Lake Watershed Alliance Foundation fits with where we are now on this project at their lower bid. He also noted that Dr. Townsend and Director Churchwell both serve on the Board of Directors for the

Grand Lake Watershed Alliance Foundation, but receive no compensation for their services. Mr. Edwards stated he would be the person administering the contract and GRDA staff recommends approval and is excited to begin this project. With GRDA's relicensing beginning in 2017 for the Pensacola project, this is one piece planned to add to this work.

Discussion ensued regarding what this projected was focused on and time period. This project is a branding and signage campaign associated with public awareness in the watershed to get people involved in positively impacting water quality both in their communities and downstream. Mr. Sullivan added that GRDA expects this type of thing to be emphasized in our relicensing process for the Pensacola Dam project, and have been given every indication that this is the case.

Director Churchwell explained what the Grand Lake Watershed Alliance Foundation is and explained that it is staffed entirely by volunteers and was established about 7 years ago by concerned citizens around Grand Lake that began to investigate what the various approaches to take to have an impact on water quality. He also talked about the 4-state watershed agreement and the governors of these states signing this agreement. Grand Lake Watershed Alliance Foundation Board Member Carl Metcalf talked about pollutants in the watershed and how to get particular groups of people educated on what they may be doing to contribute to problems with water quality. Dr. Townsend explained there are additional resources the foundation and GRDA will be able to rely on for future activities. Cari Williams, Vice-President of the Grand Lake Watershed Alliance Foundation, talked about the goals of the foundation and what they intend to do during the first phases of this project.

Director Townsend moved the board award RFP #40686 to the Grand Lake Watershed Alliance Foundation for an amount not to exceed $84,750, seconded by Director Vandevier, and voted upon as follows: Churchwell, abstained, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (6-yes, 0-no, 1-abstained).

4.h. Recommendation for Change Order No. 2 to Contract 40506 – Heat Recovery Steam Generator for Combined Cycle Unit 3

Mr. Barney reported he has tried to combine items he is going to review as part of this change order to make it less burdensome on the Board. He reminded the Board the Combined Cycle Unit 3 consists of 3 elements. These are the combustion turbine generator, steam turbine generator and heat recovery steam generator (HRSG). Mr. Barney explained how these components work together and how the energy value can be recovered. He provided additional details on the HRSG being supplied by Nooter/Eriksen under Contract 40506 and gave a summary of Change Order 2 items, saying the reason for these changes is because the design has been refined in concert with our engineers, Black & Veatch, and with the supplier of the HRSG, Nooter/Eriksen. They have found some items to need adjustment in order to maximize the effectiveness of the combined cycle unit. Mr. Barney said Black & Veatch wants to add a low-pressure startup vent valve, eliminate a high pressure and low pressure drum distribution pipes, refine thermal performance guarantees to reflect the final design circumstances, and expand the scope of guarantees for nitrogen oxide (NOx) emissions to meet a federal requirement. There will be some additional cost to some of these items and reduced cost from others being eliminated. All of this recommended in order to maximize performance, changing the performance guarantee figures slightly. Mr. Barney stated the net result of all of these changes is $0 and that he and all involved believe this is in the best interest of GRDA.

Director Meyers moved the board approve Change Order No. 2 to Contract 40506, Heat Recovery Steam Generator for Combined Cycle Unit 3, to amend the specification listed, with no change in contract price, seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7 yes, 0-no, 0-abstained).

4.i. Recommendation to Approve Proposed Tak Request No. 7 under Work Authorization 38680 for Engineering Services and Construction Management

Mr. Barney gave the Board a quick overview of the new construction area for GRDA Unit 3, noting the location of the Construction Management Building, which is an existing building at the site that has been repurposed, where activities associated with construction will operate out of. He reported that the Board has previously authorized other task requests for Black & Veatch to perform needed tasks to assist GRDA with the engineering, construction management, and preliminary engineering and design associated with this combined cycle plant. They will also be assisting GRDA in the selection of contractors for both material and for the EPC portion of the contract, doing the final design engineering to put all this together, make it work, and guarantee it will work. Mr. Barney said this Task No. 7 is essentially the last piece of contractual work necessary to begin construction of Unit 3 and is to authorize Black & Veatch to assist GRDA in performing various construction management activities. He reported the scope of these engineering services include 6 major components. They are: project management, contract administration, quality assurance, construction monitoring, support of commissioning start up and support of turnover activities when the unit is ready to turnover to GRDA. Mr. Barney provided an organizational chart and staffing plan for the Board to illustrate those associated with Unit 2 and 3, introducing Mr. Gerry Darnell, the Project Field Manager that will be overseeing things on site.

Discussion began regarding funding and the overall organizational chart and construction management staffing plan Mr. Barney provided.

Director Churchwell moved the board approve the proposed Task Request No. 7 under Work Authorization 38680, with Black & Veatch, to perform Construction Management for New Combined Cycle Unit e, in a not to exceed amount of $4,700,000, seconded by Director Richie, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7 yes, 0-no, 0-abstained).

4.m Other New Business

There was no other new business.

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5. Reports
5.a. Board of Directors Committee Reports

1. **Assets Committee:** Director Churchwell had no report. However, he said he had the opportunity to be the guest speaker and talk about GRDA at the Grove Chamber of Commerce this past week. He said there were a number of good questions that came out of this meeting that he would like to follow-up with GRDA staff on, and that the meeting was well-attended and a very favorable audience for GRDA.

2. **Audit, Finance, Budget and Policy Committee:**

   (a) Increase the Authorization Limit for the Letter of Credit Posted to Meet Southwest Power Pool Integrated Market and Transmission Project Collateral Requirements

Regarding item a, Director Townsend reported the Audit, Finance, Budget and Policy Committee is making a recommendation to the Board to increase the letter of credit we currently have with Bank of Oklahoma, utilized for collateral for Southwest

Power Pool (SPP) to fund integrated market transactions and transmission projects. He explained the previously approved amount was $4.25 million and was secured by a Certificate of Deposit, and this would be increased to an immediate amount of $7.2 million, driven by transmission projects and unsecured. Director Townsend stated the rate on the letter of Credit is very competitive.

Director Townsend moved the Chief Executive Officer or the Chief Financial Officer be authorized to increase the Letter of Credit with the Bank of Oklahoma utilized as collateral to meet the requirements of the Southwest Power Pool to a total of $10 million as SPP provides notifications that additional collateral is needed, and furthermore moved the letter of credit be increased today to $7.2 million, seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

3. **Fuel Committee:** Director Spears had no report.
4. **Compensation and Marketing Committee:** Director Kimball had no report.
5. **Long-Range Planning Committee:** Director Meyers had no report.

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6. Executive Sessions:

a. Proposed Executive Session Pursuant to 25 O.S. §307(B)(4) for the Purpose of Confidential Communications Between GRDA and its Attorneys Concerning the Flooding Litigation in Ottawa County, Oklahoma in which GRDA is a Defendant.

b. Proposed Executive Session Pursuant to 25 O.S. §307(B)(7) and (10) to Confer on Matters Pertaining to Economic Development, Public Disclosure of Which would Violate the Confidentiality of the Business Involved.

c. Proposed Executive Session Pursuant to 25 O.S. § 307(C)(10) to Confer on Matters Pertaining to the Development of a certain Wind Project to be Located within the State of Oklahoma and Amendment of the Power Purchase Agreement between GRDA and the Wind Developers. Public

Disclosure of this Matter Would Interfere with the Development of the Projects and Services, and Public Disclosure would Violate the Confidentiality of the Business.

d. Proposed Executive Session Pursuant to 25 O.S. §307(B)(4) for the Purpose of Confidential Communications between GRDA and its Attorneys Concerning a Pending Claim against GRDA, Disclosure of Which Will Impair the Ability of GRDA to Process the Claim and Conduct the Pending Investigation.

e. Proposed Executive Session Pursuant to 25 O.S. § 307 (B)(7), 25 O.S.§ 307 (B)(7), and 82 O.S. § 862.1(2)(a) for the Purpose of Discussion The Proposed Ratification of an Amendment to the Enable Aid in Construction Agreement.

Chairman Kimball moved to go into executive session at 11:55 a.m., seconded by Director Townsend, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Meyers moved to return to regular session at 12:55 p.m., seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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7. Action on Executive Session Items

a. Action, As Necessary, on Matters Pertaining to Confidential communications communications between GRDA and its attorneys concerning the flooding litigation in Ottawa County, Oklahoma in which GRDA is a defendant.

Regarding item a, there is no action needed on this item today.

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b. Action, As Necessary, on Matters Pertaining to Economic Development, Public Disclosure of Which Would Violate the Confidentiality of the Business Involved.

Regarding item b, the directors and GRDA staff discussed details of an amendment pertaining to economic development before Director Churchwell moved approve Amendment 4 to the contract with the involved business, seconded by Director Richie, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

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c. Action, As Necessary, Concerning Development of Wind Projects to Be Located within the State of Oklahoma and Any Resulting Power Purchase Agreements.

Regarding item c, the directors discussed what next steps would be regarding development of a wind project and amend the power purchase agreement with the developers before Director Meyers moved to authorize management to further negotiate and then execute the Amendment to the Power Purchase Agreement as discussed in Executive Session, seconded by Director Townsend, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

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d. Action, As Necessary, on Matters Pertaining to Confidential Communications between GRDA and its Attorneys Concerning a Pending Claim Against GRDA.

Regarding item d, there is no action needed on this item today.

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e. Action, as necessary, Concerning Ratification of the Amendment to the Enable Aid in Construction Agreement.

Regarding item e, the directors and GRDA staff discussed an amendment to the Enable Aid construction agreement before Director Spears moved that the Board authorize ratification of the Amendment dated September 8, 2014, to the Enable Aid in Construction Agreement, Director Vandevier, and voted upon as follows: Churchwell,

Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

Mr. Sullivan gave a quick update on Senate Bill 188 before Chairman Kimball moved for adjournment at 1:08 p.m., seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Sheila A. Allen

Sheila A. Allen, Secretary

DATE APPROVED:

February 11, 2015

GRDA Board of Directors