

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Vinita, Oklahoma  
December 13, 2017**

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 December 13, 2017. 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 30, 2016, at 3:32 p.m.; by posting the agenda with the Craig County Clerks' offices on December 12, 2017 at 9:12 a.m.; by posting said agenda at [www.grda.com](http://www.grda.com); and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

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The roll was called. All members were present, and Chair Vandevier declared a quorum. Chair Vandevier called the meeting to order at 10:08 a.m. Mr. Philpott introduced guests.

**BOARD MEMBERS**

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

**ADMINISTRATIVE**

Daniel S. Sullivan, Chief Executive Officer	Present
Tim Brown, Chief Operating Officer	Present
Eddie Rothermel, Chief Financial Officer	Present
Heath Lofton, General Counsel	Present
Ellen Edwards, VP - Compliance	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
John Goodwin, Executive VP – Human Resources	Absent
Nathan Reese, Executive VP – External Relations	Present
Mike Herron, VP – Engineering, System Operations and Reliability	Present
Darrell Townsend II, VP – Ecosystems/Lake Operations	Present
Robert Ladd, VP – Grand River Energy Center Operations	Present
Steve Jacoby, VP – Hydroelectric Projects	Present
Mike Waddell, VP – Transmission and Distribution Operations	Present
John Wiscaver, Executive VP – Corporate & Strategic Communications	Present
Sheila Allen, Secretary	Absent

Others present were as follows: Mike Doublehead, TPWA; Gary Pruett, Jared Crisp, MUB/City of Pryor; David Rountree, Tyler Cline, City of Miami; Dwayne Elam, WPWA; Phil Stokes, Glen Severn, City of Siloam Springs; Shannon Odom, Deloitte; Jeri Fleming, OU-Oklahoma Water Survey, Shannon Phillips, Oklahoma Conservation Commission; Jeremy Hill, Benham; Ed Fite, Justin Alberty, Melanie Earl, Jerry Cook, Jeff Brown; Cameron Philpott, Tamara Jahnke, Ash Mayfield, Ed Ferguson, Jacklyn Jaggars, Brandon Stubbs, Teresa Hicks, Jennifer Weatherford, Holly Moore, GRDA.

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## **CONSENT AGENDA**

### **2. November Claims \$35,544,432.21.**

#### **4.a. Resolutions of Commendation**

- (1) Rocky Scalf

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

- (1) Hoffman Wheel Balancer
- (2) Tires (Miscellaneous sizes)
- (3) Miscellaneous Scrap Metal Including Old Motors and Worn Implements
- (4) Dell Latitude D800 (5), Dell Monitors (69), Dell Latitude EC510 (3), Dell Latitude E6520, Dell Precision M70, Dell Latitude D620, Dell Latitude E6510, Dell Latitude D610 (2), Dell Precision T3500, Dell Latitude E6440, Dell Optiplex 790 (14), Dell Printer, Dell 3130cn Printer, Dell Optiplex GX620, Dell Optiplex 745 (6), Dell Optiplex 780 (4), Dell XPS, Dell Precision 390, Dell Latitude E5520 (6), Dell Latitude, Dell Laser Printer 1710n, HP Laser Jet P2015, Dell Optical 960, Dell Optiplex 7010 (9), HP Office Jet X551DW (2), Dell 2350d Printer, Dell Laser MFP1600n, Dell 2335dn Printer (3), Dell Latitude E6430 (14), Dell Latitude E6230, Dell Latitude E5530, Dell Latitude E6420 (3), Dell Latitude E5420
- (5) Delta White Tool Box for Truck (6), Federal Signal Corporation Light Bar (3), Vector Light Bar (3), Red and Blue Vehicle Light Bar

#### **4.c. Power Cost Adjustment (PCA) of \$0.00022 per kWh for January 2018**

#### **4.d. GRDA Customer Development Plan for 2018**

#### **4.e. Deed of Conservation Easement – Bryan Tate**

#### **4.f. Deed of Conservation Easement – Douglas L. Tanner and Mary Lou Tanner and Kevin K. McCann and Cathy Tanner McCann**

#### **4.g. Temporary Electric Service**

#### 4.h. Memorandum of Understanding – Skiatook Public Works Authority

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

##### Standard Purchase Orders

PO Number	Vendor Name and City State	Amount
87652	HITACHI T&D SOLUTIONS INC, SUWANEE, GA	2,094,100.00
42161	MOTOROLA SOLUTIONS INC, FARMERS BRANCH, TX	566,000.00
87670	POWER & INDUSTRIAL SERVICES CORP, DONORA, PA	485,480.00
87568	MOTOROLA SOLUTIONS INC, FARMERS BRANCH, TX	238,992.00
42165	STROBE TECH LLC, CLARKSVILLE, TN	147,100.00
87492	PINNACLE BUSINESS SYSTEMS, TULSA, OK	124,259.86
87350	DELL MARKETING LP, ROUND ROCK, TX	83,751.20
42171	BUCKMAN LABORATORIES INC, MEMPHIS, TN	76,800.00
42168	NORTHEAST TECHNOLOGY CENTERS, PRYOR, OK	71,200.00
42160	MIDSTATE TRAFFIC CONTROL INC, OKLAHOMA CITY, OK	70,154.50
87361	TECHLINE INC, VAN ALSTYNE, TX	62,074.00
87644	C & R OIL CO, PRYOR, OK	53,116.00
42150	AM-RAIL CONSTRUCTION INC, TULSA, OK	40,000.00
42172	AIRGAS INC, PRYOR, OK	25,422.25
42163	AIRGAS USA, LLC, RADNOR, PA	24,000.00
<b>Grand Total Standard POs:</b>		<b>\$4,162,449.81</b>

##### Change Orders & Renewals

PO Number	Vendor Name and City State	Amount
87510	NORLEM TECHNOLOGY CONSULTING INC, TULSA, OK	194,998.40
87369	PINNACLE BUSINESS SYSTEMS, TULSA, OK	144,899.02
87504	PINNACLE BUSINESS SYSTEMS, TULSA, OK	72,410.38
87368	NORLEM TECHNOLOGY CONSULTING INC, TULSA, OK	54,412.00
42005	GE INDUSTRIAL SOLUTIONS AUTOMATION & CONTROLS, CHARLOTTESVILLE, VA	49,860.00
42162	MUNICIPAL ELECTRIC SYSTEM OF OKLAHOMA INC - (MESO), OKLAHOMA CITY, OK	25,000.00
42164	AMERICAN REPROGRAPHICS COMPANY (ARC), TULSA, OK	12,000.00
41395	BURNS & MCDONNELL ENGINEERING CO INC, KANSAS CITY, MO	5,800.00
41637	ALSTOM POWER INC, MIDLOTHIAN, VA	270.00
<b>Grand Total Change Orders:</b>		<b>\$559,649.80</b>

**Grand Total** **\$4,722,099.61**

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

<b>Number</b>	<b>Title</b>	<b>Amount</b>
GF017-00013	Site Security Cable Fence	\$83,900.00
GF017-00014	Ovation Alarm Management System	\$228,700.00
GF017-00016	GREC TSE Connectivity	\$68,500.00
JF080-00000	Valve Replacements for Heat Rate Improvements	\$1,334,700.00
RF017-00861	Pensacola 69 Transformer Install - ECO	\$57,600.00
RF017-00862	Chelsea Transformer Removal	\$76,600.00
RF017-00863	Distributed TAPs	\$113,500.00
RF017-00864	High Energy Piping Software and Model Package	\$83,900.00
RF017-00865	KVM over IP Replacement	\$85,800.00
RF017-00866	Cherokee County Radio Site	\$1,716,000.00
RF017-00867	Hominy 800 mkz Channel Trunked Site	\$701,100.00
GF017-00015	GREC Library and Offices	\$143,200.00
<b>Grand Total Work Orders</b>		<b>\$4,693,500.00</b>

Director Kimball moved to approve the consent agenda with the exception of item 4e, 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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**REGULAR AGENDA**

**3. Unfinished Business**

**3.a.(1) Progress Reports**

Mr. Sullivan began by mentioning Ms. Shelia Allen, Board Secretary, is ill and in the hospital and asked everyone to keep her in their prayers. He hoped she would be able to return soon.

Mr. Sullivan presented a photo of a group of GRDA employees who visited the new Red Dirt Wind Project which is located in Oklahoma's Kingfisher and Logan counties.

GRDA was able to enter into an agreement with Google for 140 megawatts (MW) of the Red Dirt Wind Farm (a 300-megawatt facility) for the renewable energy credits. GRDA has received very positive press as the result of the agreement. Google is pleased with the project.

Mr. Sullivan told the Board of Directors GRDA had asked the Oklahoma Department of Commerce to update its study on the economic impact of GRDA to Oklahoma. Department representatives Aldywn Sappleton and Jon Chiappe toured the Grand River Energy Center (GREC). They also visited with several Wagoner city officials. Mr. Sullivan believed this to be a great opportunity for them to see a customer community.

Mr. Sullivan reported GRDA had partnered with the City of Claremore, Claremore Power & Light and Pelco by helping to set up a 50-foot Christmas tree as part of the *West Bend Winterland* that was set up at the Claremore Expo Center. He added GRDA has been supporting as many of the Christmas parades as possible with most of them being in GRDA's customer communities and those communities surrounding the lakes. He shared photos showing GRDA's participation in some of these parades.

Mr. Sullivan announced he had the opportunity along with several others to attend the POWER-GEN International Conference held in Las Vegas, NV. GREC's Unit #3 was recognized as a finalist and runner-up for the 2017 Power Plant of the year. He noted it was a great way to showcase GRDA's new project. Paul Browning, President of the Mitsubishi-Hitachi Power System in the United States, was one of the keynote speakers and he made a big emphasis in his presentation on GRDA's plant. A photograph was shown of the Mitsubishi booth in which the back drop was the GRDA power plant. Mr. Sullivan noted members of GRDA, Mitsubishi and Black and Veatch were in the

photograph. He also mentioned he was a key-note speaker during a Mitsubishi event and had the opportunity to speak about GRDA's experiences.

Mr. Sullivan then reported GRDA had sent some personnel to the Virgin Islands in response to a mutual aid request. Two supervisors were sent on a 30 day minimum assignment and GRDA will evaluate after 30 days to determine their further participation.

He noted the effort to restore power in Puerto Rico is still ongoing, and it is anticipated that this will take a full year to get full restoration. GRDA would like to participate in this if possible. Director Townsend asked how GRDA was compensated and Mr. Sullivan explained those are covered under the mutual aid agreements of FEMA. He stated it was a cost to GRDA in terms of having personnel out of pocket and there is concern regarding personnel being gone during the ice and snow season so this will need to be managed in order to prevent exposure of GRDA's own assets to any additional issues.

Director Kimball commented he had asked Dan and staff to provide him with some information which he called "the estimate to quantify the impact Unit 3 will have on our power cost adjustment". This was based on 250 thousand megawatt hours monthly on Unit 3 (3 million megawatt hours a year). There was a \$5 difference in gas and coal at market price and the power cost adjustment is \$15 million a year in savings for GRDA customers. He stated at a \$.05 average customer rate per kilowatt hour, Unit 3 is saving GRDA 4% over using Unit 1. He noted this was a huge savings for GRDA's customers to help maintain our rates without any price increases. Chairman Vandevier stated he had asked Mr. Ladd a question earlier and he would like him to share his answer to the Board. Mr. Ladd explained the question is how was Unit 3 running and he replied the answer was the Unit is running great. He noted last week on a nice cool day they were able to

reach 500 gross megawatts, 491 net megawatts without Unit 3 using the duct burners. Before Unit 3, the original guaranteed capacity was 495 gross megawatts using the duct burners. He said they are happy with the performance of the Unit and no doubt it will be a nice resource for GRDA and its customers for years to come.

### **3.a.(2) Southwest Power Pool – Midwest Reliability Organization (MRO) Decision**

Mr. Mayfield explained in the past the dissolution of SPPRE, the audit branch of SPP, has been discussed and what it would mean to GRDA. It was decided the best fit for GRDA would be to join MRO for compliance registration purposes. On October 31, 2017, GRDA filed a fairly comprehensive application with NERC staff to convince them to endorse GRDA's transfer to MRO. On December 1, 2017, GRDA found out NERC staff had endorsed their transfer. He stated this was great news and that this was round 1 of a 3 round event. The endorsement is subject to a comment period which closes December 22, 2017. GRDA will send a comment supporting staff's recommendation and then those recommendations and comments go before the NERC board who make their determination. Finally it must be approved by FERC. He explained GRDA is in a good position and hopeful of what will happen next.

## **4. New Business**

### **4.i. Contract 42057 – MAID Loop Upgrade**

Mr. Herron stated this project will involve replacing elements on a 161 kV line in the MAID Park. They will be correcting some line-to ground clearance problems and a bus upgrade at the northwest MAID substation. GRDA opened bids on this project on November 21, 2017, and there were 5 companies who quoted. He showed a slide with the bid results and stated the bids ran from \$178,000 to \$462,000. This contract is a 45

day contract and has a \$1,000 liquidation damages clause to begin after that time period so it is a time-sensitive project. KC Electric was the low bidder at \$178,801.76. They took no exceptions, had all the proper documentation, and performed work for GRDA previously. They built the Cushing Substation upgrade, worked on the Hulbert Substation last year, and years ago worked on the construction of the Pawnee Switching Station.

The second lowest bidder was Integrated Power Company at \$240,741.59. They took no exceptions, had the proper documentation and previously worked with GRDA. They helped with the Pryor #3 Substation construction and the Gerald Gay Substation construction. Mr. Herron explained they had no problems with either one of the companies. Staff recommended the low bid with KC Electric. Director Kimball asked what the budget was on this project and Mr. Herron told him it was approximately \$300,000. Director Meyers asked if the line-to-ground clearance issues were caused by third parties and if so did GRDA have any recourse. Mr. Herron stated they were and the work would be funded outside. Director Townsend moved that the award for Contract #42057-MAID Loop Upgrade Construction Services be made to the low bidder, KC Electric, for the quoted price of \$178,801.76 and authorize signing the contract as approved by the GRDA Legal Department, 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)

#### **4.j. Annual Review of and Approval of Amendments to Board of Directors' Policy Manual**

Mr. Lofton explained GRDA's policy provides for an annual review of the Policies of the Board of Directors and this review is customarily handled during the December Board Meeting. The material provided in preparation for today was the 2018 version of

the Policy Manual. He noted there were two substantive changes to the Policy Manual in the last calendar year. On April 18, 2017, the BOD adopted modifications to Policy 4-3 (Energy Risk Management Policy) which was recommended by the Risk Oversight Committee. The other change was made May 10, 2017 when the BOD removed Policy 8-1 (Vehicle Policy) from the Policy Manual and added it to the Personnel Policy. Mr. Lofton said staff had noticed in their review, modifications were made to the Board Committee structure (Policy 2-3) and this was not reflected in the Board Policy. Next month there will be an item regarding the modification of Policy 2-3. Director Churchwell moved to approve the 2018 version of the Grand River Dam Authority Board of Directors Policy Manual, 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)

Vandevier clarified they are approving the changes that have been made and the intent would be to come back to the Board with the modification to the Policy regarding the committee structure next month.

#### **4.k. Consideration of Property Insurance Premium for GREC Unit 3**

Mr. Lofton told the Board the contractor for Unit 3 was The Industrial Company (TIC) and the contract GRDA has with TIC requires them to insure Unit 3 until such time as they achieve substantial completion. Staff has been informed that TIC is approaching completion; therefore, GRDA has reached out to FM Global and asked for a quote to add GREC Unit 3 to GRDA's property insurance policy. FM Global submitted a quote of an annual premium of \$296, 352 to insure Unit 3. This is a daily rate of \$812. The FM Global Policy period is August 1, 2017 to August 1, 2018 and the Unit 3 would be added mid-policy so FM Global will pro-rate their annual premium based on the daily rate. If Unit 3

were to be added today GRDA would pay a premium in the estimated amount of \$188,384. The deductible related to Unit 3 is \$2.5 million dollars which is much higher than Units 1 and 2, and the reason for the price difference is because Unit 3 has a different type of turbine. He noted staff had proposed a motion which they believe allows the Board to give them the authority to add Unit 3 to their property insurance policy when completed by TIC. Director Kimball asked if this had been budgeted and Mr. Lofton explained it was not included in the budget last year which would have included the months of November and December, but has been included in next year's budget for the months of January through August. Director Townsend remarked that for a \$400 million facility he believed these rates to be reasonable. Director Vandevier added GRDA has been pleased with FM Global. Director Townsend moved to authorized payment of the additional premium for the property insurance coverage for GREC Unit 3 to be provided by FM Global in the amount of \$296,352 per annum, to be prorated from the date on which TIC (The Industrial Company) achieves substantial completion to August 1, 2018 (the end of the policy period), 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)

#### **4.1. Kerr Dam Stilling Basin Scour Damage Reclamation**

Mr. Jacoby began his FEMA funding update by telling the Board that most of the 2015 flood event repairs have been completed. He presented pictures of the various repairs at Pensacola and Kerr Dam. He noted most all of the repairs except one have been completed internally and this has helped them to stay under budget The Sherwood Project (middle south berm repair downstream) has also been finished under budget. He reported the lower project on the downstream sediment recovery cannot be completed at

this time. It was discovered the property was owned by the Corps of Engineers (COE) and GRDA staff is working on an agreement with them to have future access to the property. Because GRDA did not have the ownership in advance FEMA will not fund the project. He stated staff would be back at a later date before the Board for approval of a different and lesser project to do the repair. Director Vandevier asked if there were any other instances where this was a problem. Mr. Jacoby explained after diligent research made by Ms. Jahnke it was determined GRDA has access rights for all the other sites.

Mr. Jacoby then shared a slide containing a photo of the lower area on the north repairs at the Kerr Dam Project. He noted the rock pile in the photo was approximately 12 feet high and they were at first convinced the rock came from downstream somewhere. Observing from a boat and even with a diver they were not able to identify if there was a problem near the dam. As a precaution, staff asked Nautilus Marine Group to produce a picture from the information GRDA gathered from their sonar unit. Mr. Jacoby presented this picture to the Board and explained the blue areas on the picture were very large holes and commented there is scour from 3 to 15 feet along the toe of the dam. Another slide had examples of four gate locations and the scour along the spillway. Staff has put in a request to FEMA to get this repair on their agenda for funding but they were on vacation so GRDA does not have full assurance FEMA will reimburse the project. GRDA had discussions with them earlier in case this was going to be an issue so they believe it will be covered. Director Vandevier inquired what kind of work would be done to address the issues. Mr. Jacoby stated they would either do a straight mass concrete placement or roller-compacted concrete along the toe. GRDA will need to install a cofferdam first so generation can continue. They will clean the rock surfaces and prep those for placement of the concrete. Concrete of this proportion is very heat sensitive and causes cracking so

the concrete has to be placed in layers to minimize the heat. It will then be drilled and tied back into the rock and there will be a clean-up underneath the dam and drains will be installed. Director Churchwell asked if GRDA would do this work or would it be contracted and Mr. Jacoby said GRDA would do part of the work such as building the cofferdam, but the concrete services require equipment GRDA does not have. Director Vandevier asked what the probability would be that GRDA would be reimbursed by FEMA and Mr. Jacoby believed it to be high but unfortunately could not guarantee. Director Vandevier made a motion to proceed with this repair at Kerr Dam Spillway toe to the extent of the maximum of \$4 million inclusive of internal and contracted efforts, 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.m. Other New Business**

Mr. Sullivan requested Susan Wagoner be nominated and named as the Secretary Pro-Tem to act in the absence of Shelia Allen. Director Churchwell made a motion, and Director Spears seconded, 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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### **5. Reports**

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

##### **1. Assets Committee:**

- (a)** Consideration, Discussion and Possible Approval of a Request by Chet and Carla Brewington for a Driveway Easement Located on GRDA Property in Mayes County, Oklahoma.

- (b) Consideration, Discussion and Possible Approval of Request by Sonya K. Magana, Trustee of the Sonya K. Magana Revocable Trust Dated March 20, 2015 for a License to Encroach for Property Located in Delaware County, Oklahoma.
- (c) Consideration, Discussion and Possible Approval of an Assignment of a License to Encroach from Sonya K. Magana, Trustee of the Sonya K. Magana Revocable Trust Dated March 20, 2015 to Christopher M. and Lilian Johanna Seely for Property Located in Delaware County, Oklahoma.
- (d) Consideration, Discussion and Possible Approval of a Request by Bob Spencer for a Partial Release of a Flowage Easement for Property Located in Mayes County, Oklahoma.
- (e) Consideration, Discussion and Possible Approval of the Construction of Bio-Retention Cells to be Located near the GRDA Ecosystems and Education Center.
- (f) Consideration, Discussion, and Possible Approval of a Request by Sailboat Bridge View Townhouses Inc. and Dennis & Kay Ray for a Road Easement Located on GRDA Property in Delaware County, Oklahoma.
- (g) Consideration, Discussion and Possible Approval of the GRDA Ecosystems and Education Center Facility Use Procedures.
- (h) Consideration, Discussion and Possible Approval of an Amended Lease Agreement between Grand River Dam Authority and the South Grand Lake Area Chamber of Commerce.
- (i) Consideration, Discussion and Possible Action Regarding Submersible Pumps.

**Regarding item a**, Director Churchwell moved to approve a Driveway Easement to Chet and Carla Brewington and Brandon, Inc. for the amount of \$1,306. Director Vandevier stated when there is a motion from the committee a second is not required. The item was voted upon as follows: Churchwell, Kimball, Myers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

**Regarding item b**, Director Churchwell moved to approve a 30 year License to Encroach to Sonya K. Magana, Trustee of the Sonya K. Magana Revocable Trust dated March 20, 2105 for the amount of \$692.50 per year, and voted upon as follows:

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

**Regarding item c**, Director Churchwell stated this item was to transfer the License to Encroach approved in item b and moved to approve the assignment of a 30 year License to Encroach from Sonya K. Magana, Trustee of the Sonya K. Magana Revocable Trust to Christopher M. Seely and Lilian Johanna Seely and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**Regarding item d**, Director Churchwell explained the consensus opinion on this item was to deny it because it would not be in the best interest of GRDA and because FERC would not approve. He moved to deny a partial release of the flowage easement across the property of Bob Spencer in Mayes County, Oklahoma and it was voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**Regarding item e**, Director Churchwell explained this was a budgeted item which was construction of low impact development projects at the Ecosystems and Education Center. He stated this was a model for handling storm water runoff. The idea behind these projects is to educate property owners about the importance of water conservation and water quality improvements. GRDA will be testing several different medias in this project. As development takes place around the lake on private and commercial properties, developers can come and observe the different ways of handling storm water runoff. Director Spears wondered if GRDA would be imposing regulations to require these types of methods for future development on the lake and if not questioned if GRDA should be spending money on these projects. Director Kimball emphasized there would not be any

new regulations, but he believed this to be a good investment and example to help educate the public on how to improve water quality. Director Vandevier asked about maintenance expense and Ms. Jeri Fleming, Oklahoma Water Survey of the University of Oklahoma, stated there was minimal maintenance with these projects. Director Churchwell moved to recommend approval of an interagency agreement with the Oklahoma Conservation Commission for an amount not to exceed \$100,000 to construct low-impact development projects at the Ecosystems and Education Center and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**Regarding item f**, Director Churchwell moved to approve a roadway easement to Sailboat Bridge View Townhouses, Inc. and Dennis and Kay Ray in Delaware County, Oklahoma for the amount of \$980, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**Regarding item g**, Mr. Sullivan explained since the time of the Assets meeting this morning a couple of questions have arose regarding this item so staff would like to do some research. Director Churchwell stated there would be no action at this time.

**Regarding item h**, no action at this time.

**Regarding item i**, no action at this time.

**2. Audit, Finance, Budget, Policy & Compliance Committee:**

**(a) 2018 Financial Budget**

**(b) Adoption of Regulatory Accounting Rules for Revenues Received from Third-Party Reimbursement for Capital Assets Procured or Constructed**

**Regarding item a**, Director Townsend stated the audit committee had put the staff through a rigorous questioning process and believed the budget to be a good finished product. He asked the Board to keep in mind during the process there were a couple of items that were out of their control, including the KAMO ownership change for Unit 2. He also noted the committee expects the numbers to change as retirements and reallocation of personnel take place. He then asked Mr. Rothermel to give his presentation.

Mr. Rothermel stated staff is projecting revenues will be up approximately 4% but operation and maintenance expenses will increase \$10.7 million, not including the KAMO expense which was another \$12 million. This \$10.7 million results from the increased spending on major maintenance projects and decreased capital labor expenses. These maintenance projects include the ERP and PCI IT projects which were both approved by the Board earlier this year. GRDA hopes to realize additional savings in personnel in the future from these projects.

Mr. Rothermel noted the committee had asked staff to focus on head count in the Authority and he explained Mr. John Goodwin, Human Resources Department, has taken the initiative regarding this request.

Mr. Rothermel asked if there were any questions. Director Vandevier commented the audit committee has been very active regarding the budget and he believed everything to be justified. He said GRDA still has a good debt service level and great prospects to continue to increase the revenue. Director Townsend moved to approve the 2018 Financial Budget as presented, and voted upon as followed: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**Regarding item b**, Director Townsend stated this item was for a resolution to grant the CFO the discretion to record certain revenues as regulatory assets in regards to revenues received from third-party reimbursement for capital assets procured or constructed. He believes this to be a good accounting practice.

Mr. Rothermel reminded the Board they voted earlier in the year to do this for the Unit 2 fire insurance proceeds. He explained this is a way to record an asset by splitting the revenues and spreading it out along the life of the asset and match depreciation. The matching principle is essential in accounting. Director Townsend moved to approve the resolution to grant the Chief Financial Officer the discretion to record certain revenues as regulatory assets per GASB Statement No. 62, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

### **3. Compensation and Marketing Committee:**

**(a) Power Capacity Utilization Subcommittee:** Director Kimball stated they were moving forward with 4 customers. Regarding the budget he believes they will have some good responses to report in this next budget year. He said he has had tremendous response from the potential customers as to the quality of information and quality of personnel. He then recognized several GRDA staff members. Director Vandevier commended Director Kimball and the committee. He stated this was an activity that can advance GRDA and reduce its general costs to its customers.

### **4. Long-Range Planning/Fuels Committee:**

#### **(a) Pilot Program Approval**

**Regarding item a**, Director Meyers explained the Long-Range Planning/Fuels Committee met November 30, 2017. They discussed the Pilot Program with GRDA's wholesale accounts in great detail and he believed Tim Brown and his staff did a great job in answering questions. The committee determined while there may be some risks, it has been managed through the fact that it is a one year pilot and it can be terminated within 30 days. Therefore, the committee was unanimous in recommending the program. Director Meyers motioned to approve the pilot program and authorize management to enter into short term scheduling agreements with existing partial requirements customers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained)

**5. Compliance Committee:** Director Vandevier had no report.

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## **6. Executive Session:**

- a. 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, Which GRDA has Determined, with the Advice of its Attorneys, that Disclosure of Such Communication Would Seriously Impair the Ability of the GRDA to Process the Claim in the Public Interest.**
- b. Proposed Executive Session Pursuant to 25 O. S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning the Pending Action, Engineered Systems & Energy Solutions, Inc. v. Astry Technology Center, et. al., District Court of Oklahoma County, Oklahoma Case No. CJ-2017-6627, Which GRDA has Determined, with the Advice of Its Attorneys, that Disclosure of Such Communication Would Seriously Impair the Ability of the GRDA to Conduct the Litigation in the Public Interest.**
- c. Proposed Executive Session Pursuant to 25 O. S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning the Pending Action, Dane Lile v. Grand River Dam Authority, District Court of Mayes County, Oklahoma, Case No. CJ-2017-223, Which GRDA has Determined, with the Advice of Its Attorneys, that Disclosure of**

**Such Communication Would Seriously Impair the Ability of the GRDA to Conduct the Litigation in the Public Interest.**

- 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 Investigation, Claim, or Action, Which GRDA has Determined, with the Advice of Its Attorneys, that Disclosure of Such Communication Would Seriously Impair the Ability of the GRDA to Conduct the Litigation in the Public Interest.**

Mr. Sullivan stated item d. of the executive session will not be discussed.

Director Kimball moved to go into executive session at 11:24 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 Churchwell moved to return to regular session at 12:01 p.m., 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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## **7. Action on Executive Session Items**

- a. Action, As Necessary, Concerning a Pending Claim.**
- b. Action, As Necessary, Concerning a Pending Action.**
- c. Action, As Necessary, Concerning a Pending Action**
- d. Action, As Necessary, Concerning a Pending Investigation, Claim or Action**

**Regarding item a,** Director Vandevier moved to authorize management to proceed as discussed in Executive Session, seconded by Director Kimball, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

**Regarding item b**, No action is necessary on this item at this time.

**Regarding item c**, No action is necessary on this item at this time.

**Regarding item d**, This item was not discussed.

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Director Townsend moved for adjournment at 12:03 p.m., 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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Teresa Hicks

DATE APPROVED:

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GRDA Board of Directors