

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
January 10, 2018**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority, Vinita, Oklahoma, on January 10, 2018. 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 December 14, 2017, at 9:23 a.m.; by posting the agenda with the Craig County Clerk's office on January 9, 2018 at 8:55 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.

The Secretary Pro Tem called the roll. All members were present, with the exception of Directors Churchwell and Meyers, and Chair Vandevier declared a quorum. Chair Vandevier called the meeting to order at 10:00 a.m. and introduced Director Elam, the newest Board member. Director Elam is the City Administrator and Manager for the City of Wagoner. Director Elam expressed his great respect for GRDA. Mr. Philpott introduced guests.

BOARD MEMBERS

Joseph Vandevier, Chair	Present
Tom Kimball, Chair-Elect	Present
Pete Churchwell	Absent
James B. Richie	Present
Chris Meyers	Absent
Dwayne Elam	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, Executive VP – Compliance	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
John Goodwin, Executive VP – Human Resources	Present
Nathan Reese, Executive VP – External Relations	Present
John Wiscaver, Executive VP – Corporate/Strategic Communications	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
Sheila Allen, Secretary	Absent

Others present were as follows: Russ Allard, Elk River Landing; Tyler Cline, City of Miami; Jared Crisp, MUB/City of Pryor; Kim Dorr and Bob Haly, City of Wagoner; Tom Elkins, Cherokee Nation; Tom Gray, Smith & Gray; Mary Mach, Garver; Chris McNutt, City of Locust Grove; Tom Rider, MESO; Randy, Angela, and Chelsea Root; Steve Spears; Phil Stokes, Lori Billups, and Anna Reed, City of Siloam Springs; Brad Williams, AT & T; Justin Alberty, Miya Boyken, Jeff Brown, Chris Carlson, Jerry Cook, Michelle Day, Melanie Earl, Ed Ferguson, Ed Fite, Lorie Gudde, West Hilburn, Tamara Jahnke, Jennifer Marquis, Ash Mayfield, Holly Moore, Spencer Moore, and Cameron Philpott, GRDA.

Election of Officers

a. Nominations for Treasurer

b. Election of Treasurer

c. Nominations for Secretary

d. Election of Secretary

e. Nominations for Secretary Pro Tem

f. Election of Secretary Pro Tem

Chair Vandevier declared nominations for the Treasurer, Secretary, and the Secretary Pro Tem open. Director Kimball moved to nominate Eddie Rothermel as Treasurer, seconded by Director Townsend. There being no other nominations, the nomination was voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Kimball moved to nominate Sheila Allen as Secretary, seconded by Director Elam. There being no other nominations, the nomination was voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Kimball moved to nominate Susan Wagoner as Secretary Pro Tem, seconded by Director Richie. There being no other nominations, the nomination was voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

CONSENT AGENDA

2. December Claims \$39,255,890.73.

4.a. Resolutions of Commendation

(1) Stephen R. Spears

Chair Vandevier reported Director Spears began his mission as a director of GRDA in 2000 and brought the perspective of the municipal customers and bridged the experience for the other board members. Mr. Sullivan expressed his appreciation for Director Spears and his steadfast dedication in ensuring the best decisions were made. A large plaque was presented to Director Spears which read "Honoring over 18 years of service in public power Grand River Dam Authority and the State of Oklahoma, presented to Steve Spears for your outstanding dedication and years of service as a Grand River Dam Authority Board member May 15, 2000 through December 31, 2017, Chairman of the Board of the Grand River Dam Authority September 2005 to 2006 and 2011 to 2012." The audience gave a standing ovation. Director Spears thanked the municipal customers for allowing him to serve and expressed his appreciation of serving with the Board members who are dedicated to GRDA. He also thanked the staff and described them as very knowledgeable.

(2) Randy L. Root

Chair Vandevier reported Randy Root started at Grand River Dam Authority on February 9, 1981 as a trade apprentice and was appointed as Manager of Generation, Operations and Marketing on April 1, 2013. Mr. Sullivan related his appreciation for Mr. Root's work.

5.a. Declare Surplus and Not Necessary to the Business of the District

- (1) Atlas Copco Air Compressor (2)
- (2) Brush, Generator, Exciter, BBC, Grade 634
- (3) 2007 Ford Escape Hybrid, 2002 Ford Taurus, 2008 Chevrolet Silverado, 2003 Ford E250, 2015 Ford F250, 2011 Ford F150, 2008 GMC Canyon, 2006 Ford F350, 2008 Chevrolet Express 3500
- (4) Miscellaneous Vehicle Oil, Air Filters, and Miscellaneous Inner Tubes
- (5) Coveralls, Various Sizes (17)
- (6) Heater Elements, 240 Volt, various watts (3)

b. Power Cost Adjustment (PCA) of \$0.00021 mills per kWh for February 2018

c. First Amendment to Blanket Agreement No. 41493 – Sprint Solutions, Inc.

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

Standard Purchase Orders

PO Number	Vendor Name and City State	Amount
42179	MAYES COUNTY PETROLEUM PRODUCTS, PRYOR, OK	235,245.04
42189	EMERSON PROCESS MGMT POWER & WATER SOLUTIONS INC, HOUSTON, TX	192,483.00
42182	MCINTOSH SERVICES OF OKLAHOMA INC, TULSA, OK	100,000.00
42183	ADDCO ELECTRIC INC, TULSA, OK	100,000.00
42184	MCINTOSH SERVICES OF OKLAHOMA INC, TULSA, OK	100,000.00
42186	KONE INC DBA KONE ELEVATORS AND ESCALATORS, OKLAHOMA CITY, OK	51,896.00
42187	CLEAN AIR ENGINEERING, HOUSTON, TX	45,150.00
42180	HOMETOWN BOTTLED WATER LLC, GROVE, OK	13,000.00

Grand Total Standard POs: \$837,774.04

Change Orders & Renewals

PO Number	Vendor Name and City State	Amount
41569	SOUTHWEST POWER POOL, LITTLE ROCK, AR	5,800,000.00
87899	CHICKASAW TELECOM INC, TULSA, OK	249,300.72
88105	PINNACLE BUSINESS SYSTEMS, TULSA, OK	67,415.04
33227	BEP ONE LIMITED PARTNERSHIP C/O WIGGIN PROPERTIES, OKLAHOMA CITY, OK	61,710.00
88119	DICE COMMUNICATIONS, OMAHA, NE	50,048.17
88136	CHICKASAW TELECOM INC, TULSA, OK	47,702.75
41436	UTILITY FINANCIAL SOLUTIONCS LLC, HOLLAND, MI	10,000.00
41564	AMERICAN ELECTRIC POWER, CANTON, OH	4,000.00
41567	AMERICAN PUBLIC POWER ASSOCIATION - APPA, ARLINGTON, VA	2,780.15
41097	DEPARTMENT OF ENVIRONMENTAL QUALITY, OKLAHOMA CITY, OK	0.00

Grand Total Change Orders: \$6,292,956.83

Grand Total \$7,130,730.87

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

Number	Title	Amount
RF018-00870	Fiber Install Feeder 60	\$388,200.00
Grand Total Work Orders		\$388,200.00

Director Kimball moved to approve the consent agenda, seconded by Director Richie, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Minutes of November 8, 2017

Director Kimball moved to approve the regular Board minutes of November 8, 2017, seconded by Director Elam, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

3. Unfinished Business

3.a. Progress Reports

3.a. (1) Current Operations Reports

3.a. (1) (a) Monthly Video Update – GRDA January 2018/Year in Review – 2017

Mr. Sullivan reported some GRDA employees have been assisting with hurricane restoration efforts in the Virgin Islands. It is a logistical undertaking of moving vehicles, equipment, and workers from the mainland to the islands. Participation in the restoration efforts for Puerto Rico are not likely for GRDA as the commitment to the Virgin Islands is all that can be reasonably supported due to the possibility of ice storms here. Assistance

will be ongoing with the Virgin Islands as it is feasible and reimbursement will be sought from FEMA.

A shoreline clean-up effort was conducted in Grove a couple of weeks ago at an illegal dumping site. Nearly four tons of trash were removed from that area.

John Crogan, one of the senior operators, provided a photo on January 1 showing the output at midnight of almost 977 MW of power from GREC. Unit 2 was operating at 494 MW with the balance from Unit 3. There has already been several good days of output from Unit 2 this year with the cold weather and Unit 3 has been operating quite well.

The wholesale customer meeting is scheduled for February 20 at the Renaissance Hotel in Tulsa from 9:00 a.m. to 1:30 p.m. and the retail customer meeting will be held at the RSU Campus in the MidAmerica Industrial Park on February 21 at 11:00 a.m.

Stakeholder Scoping meetings will be held at various times and locations during the first week of February relating to the relicensing process of the Pensacola Project. Schedules of the meetings were provided for the public. The purpose of the meetings will be to identify the background information that needs to be collected in the relicensing process.

Director Kimball expressed his amazement that during 2012 there were 35 reportable accidents at GREC and only six in 2017 with the fire, construction, and related chaos. He commended the team for their safety efforts.

3.a. (1) (b) ERP Update

Ms. Boyken explained the Enterprise Resource Planning ("ERP") is a solution for the core business functions that provides efficiency. In the third quarter of 2017, the Microsoft Dynamics 365 software was selected. This software exists on Microsoft's Cloud infrastructure, which requires no purchase of hardware and no networking infrastructure

to maintain. The risk and burden is on Microsoft, which is a very large hosted data center solution. Sopris Systems, highly recommended by Microsoft, was selected as an implementation partner and came on site in November for project kickoffs. This project required the hiring of a dedicated business systems analyst, West Hilburn, to assist with all of the business process owners to establish the best practices and to ensure the expectations are met. Mr. Hilburn has experience with other ERP systems in private entities.

Next week, Sopris will be on site to perform a deep dive into the business requirements to ascertain what is currently not functioning and what is working and will inform our team as to how this new system will be able to deliver many efficiencies out of the box. This project is approximately a two year endeavor to implement an ERP of this size. The focused functional areas are finance, budget, fixed assets, payroll, purchasing, inventory, and human resources. The estimated go live date is the third quarter of 2019. Sub-ledger accounting will be utilized to streamline the general ledger chart of accounts. One benefit of changing to the cloud infrastructure is security. In the five to six year mark with traditional systems "forklift overhauls" are required, which consist of brand new software upgrades, implementation strategy, server and network infrastructure hardware and a team of people to achieve this effort. With the ERP, the system will always be on the latest software with updates and patches. The vulnerability and the cyber security risk is on the data center, which will alleviate GRDA's small IT team.

The Finance module will be accomplished first, followed by Payroll, Purchasing, and Human Resources. Integration with Maximo and Utility Billing will also take place. Business intelligence and dashboard reporting will be another layer to enable various reporting functions in a more efficient manner. GRDA entered into a five year managed services agreement with Sopris Systems and the burden is upon the service to provide

experts for assistance. Initially, the Board requested a needs assessment by the Baker Tilly accounting firm. Bids were received from Oracle and SAP in excess of \$10 million. Baker Tilly reviewed the systems and business requirements and recommended a five year investment with the ERP in the \$5 million range. The total five year investment is \$4,797,800, which is on target.

3.a. (1) (c) Relicensing Scoping Overview

Dr. Townsend reported the relicensing efforts began about a year ago and the process will encompass five years. Through the Federal Power Act, the Federal Energy Regulatory Commission ("FERC") is responsible for licensing and relicensing non-federal hydropower facilities in the United States. The licenses to operate range from 30 to 50 years and the Pensacola License expires March 31, 2022. With the scoping meetings beginning in February, specific tasks, comment periods, and due dates are beginning. The relicensing process is a collaborative effort between FERC, GRDA, the various stakeholders, and state and federal agencies driven by the regulatory and statutory deadlines.

As part of this process, several other national regulatory acts, such as the National Environmental Policy Act and the National Historic Preservation Act have input. GRDA customers are encouraged to attend at least one of the scoping meetings to aid in understanding the process as the relicensing takes shape. The FERC generated meetings are scheduled February 7, 8, and 9. The past two relicensing processes for Salina and Markham Ferry in recent years were straightforward; however, with Pensacola there are very interested parties with the rule curve issues, flooding, etc. All of these issues will be starting from a new slate with the relicensing, so any previous filings under

the current license such as the amendment request are essentially wiped clean. The resource areas that may be suggested for study are wide-ranging.

The scoping meetings will allow the stakeholders, state, and federal agencies to illustrate to FERC what aspects they believe are important possibly requiring GRDA to provide more information. FERC decides which studies GRDA will perform. GRDA will provide the studies either internally or in some cases with expertise from consultants. It was very difficult to determine the study costs in the 2018 budget because the input has not yet been received from the resource agencies and the stakeholders. After the data has been collected at the end of the relicensing process, FERC will make the determination if there is a detrimental impact by project operations and may require GRDA to provide mitigation. For example, the Grant County Public Utility District had to construct the Wanapum Heritage Center at a cost of \$24 million and the Niagara Project in New York had to incur \$9 million for capital improvements to recreation facilities as part of the license settlements.

During the Lake Hudson relicensing, several agencies recommended projects to FERC for GRDA to implement. The U.S. Fish & Wildlife Service recommended that GRDA install automated spillways, which would have cost \$200 million at that time. U.S. Fish & Wildlife was attempting to stabilize lake elevations at Lake Hudson, primarily due to the operation of the Salina Pumped-Storage Project to avoid detrimental impact to waterfowl and fish. The Oklahoma Department of Wildlife Conservation proposed a fish hatchery, valued at \$30 million, in which GRDA would have to construct the facility and provide for all of the workers for the duration of the 30 year license. Additionally, there were issues in the tailrace with dissolved oxygen and one of the potential solutions was liquid oxygen in the tailrace to meet the dissolved oxygen standards, which would have resulted in an \$800,000 annual expense, plus about \$6 million in capital costs. When all

of these issues were on the table, GRDA representatives started meeting with FERC moderators. The moderators pushed to settle the issues with the resource agencies and threatened more mitigation issues. That prompted a meeting with the leader and we were prepared to surrender the license at that point if all of the proposed mitigation measures had to be mandatory.

GRDA will file its proposed study plan based on the comments from the stakeholders, state, and federal agencies on April 27, 2018. FERC will assess GRDA's proposed study plan, and the comments, and issue the proposed study plan in July 2018. At that time, a better idea of the potential mitigation costs will be known. Director Townsend recommended if significant dollars are at stake preparations need to be made now to ascertain potential realistic generation revenue and expenses during this period.

Mr. Sullivan stated there is recognition at the congressional level of the need to streamline the hydropower relicensing process as it has become a free for all. Previously the default hydropower license period had been 30 years, although in December FERC announced it may be from 30 years to 50 years, with 50 years reserved for federal projects. FERC advised they are considering a default period of 40 years. The reality is the focus has been on everything except for power generation in the whole relicensing process. The other piece is the great misunderstanding when hydropower is generated is that it is all free money since virtually no fuel costs are associated with it. However, there are maintenance expenses and other costs associated with hydropower. Hydropower generation helps to offset other costs and provide power at a less expensive generation that assists in reducing the fuel cost adjustment to the customers. The artificial maintenance of a daily target elevation greatly hampers GRDA's ability to generate at the most cost effective basis for our customers. Otherwise, water could be held until a peak is met and managed in a more beneficial method. Dr. Townsend stated in the past with

the rule curve requiring a certain elevation every day in June through September generation is typically shut down and that is an aspect for consideration as the rule curve will be an issue in the relicensing process.

3.b. Assets Committee

3.b. (1) Consideration, Discussion and Possible Approval of the GRDA Ecosystems and Education Center Facility Use Procedures

Ms. Jahnke explained the facility use procedures were created during the construction of the Ecosystems Building. Now that time has passed, changes are needed. The most significant change relates to the rental charge for the Grand Hall. Currently, each room is charged along with separate audio and visual equipment fees. The proposed change is to combine all the separate charges to a flat fee of \$500 for six hours and \$50 per hour after that. Director Kimball moved to approve the changes to the GRDA Ecosystems & Education Center Facility Use Procedures to become effective January 10, 2018, seconded by Director Townsend, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

3.b. (2) Consideration, Discussion and Possible Approval of an Amended Lease Agreement between Grand River Dam Authority and the South Grand Lake Area Chamber of Commerce

Chair Vandevier stated this item is a change to the lease to update the monthly rental fee. Ms. Jahnke explained the original lease required an appraisal every five years. A better alternative is to have it adjusted with the consumer price index every year in July with a five percent cap on the increase of the rent. Chair Vandevier presented a motion to approve the Amendment to the Lease Agreement with the South Grand Lake Area Chamber of Commerce and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4. New Business

4.d. First Reading of Amendment to Policy 2-3 Board Committees

Mr. Lofton explained revisions were made to provide a description for the Power Capacity Utilization Subcommittee and the Compliance Ad Hoc Committee. Additionally, the Fuel Committee was combined with the Long Range Planning Committee. The second reading of these changes, required by the Board policies, will be presented at the February meeting.

4.e. Recommendation to Approve Change Order Request No. 1 – Unit 3 Long Term Service Agreement for Combustion Turbine-Generator Contract 40524

Mr. Ladd reported in March 2014 GRDA entered into three contracts with Mitsubishi Hitachi for GREC Unit 3. The first two contracts related to the purchase and supply of the combustion turbine generator and the steam turbine generator for the Combined Cycle Unit 3. Contract 40524 is the Long Term Service Agreement ("LTSA") for the combustion turbine generator and the related responsibilities. On December 23, 2017, GRDA granted substantial completion to TIC Kiewit, the EPC contractor for Unit 3, which means the combustion turbine generator and the steam generator were installed, operational, and satisfactory and now under the care, custody, and control of GRDA. The LTSA provides 24/7 remote monitoring services, OEM engineering support, and routine periodic maintenance.

Mitsubishi Hitachi proposed extending the scope of the current contract governing the combustion turbine to also include services for the steam turbine and generator. A 20% discount is offered on all covered parts and miscellaneous hardware for the machine and a 10% discount for any additional OEM services for the life of the contract. After evaluation by GREC staff, it is believed the additional support will minimize the long term performance degradation of the unit. The variable operating fee is measured in

equivalent fired hours. Those hours are measured from the time the breaker closes and the unit is online with the grid to the time the circuit breaker opens and disconnects from the grid. The current LTSA is for \$523.50 per hour with other variables that may include fast ramp rates, high low unit trips, etc. The fixed fee for the combustion turbine is \$206,000 a year for the remote monitoring service that includes the on-site Mitsubishi representative.

The Change Order is to include the steam turbine at \$58.74 per hour for the variable operating fee and \$25,000 a year for the fixed fee. Based on the projected capacity factor and run time hours in 2018, the LTSA is estimated to cost \$4.8 million for the combustion turbine and combustion turbine generator and \$543,458 for the steam turbine and steam turbine generator. The life of the contract is over 120,000 equivalent fired hours and is basically equivalent to 14 years of continuous operation. Mr. Sullivan added initially it was believed the steam turbine had less risk than the combustion turbine. However, with all of the proprietary parts and the remote testing the small incremental costs were deemed worthwhile. Because the Change Order exceeds ten percent of the contract price, an exemption is being sought from the State of Oklahoma.

Director Kimball moved the Board to approve Change Order Request No. 1 to Contract 40524, LTSA Contract for Combustion-Turbine Generator as it is in the best interest of the Authority that this be approved, subject to review and approval of final terms by the CEO and General Counsel, seconded by Director Richie, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.f. Other New Business

There was no other new business.

5. Reports

5.a. Assignment of Board Member Committees

Chair Vandevier stated there are two new items on the Board of Directors Committees List for 2018. The Power Capacity Utilization Subcommittee is under Director's Kimball responsibility to review the total capacity and consider ways of absorbing more of the spare capacity. Ellen Edwards is a new compliance leader and compliance matters will be discussed in the new Compliance Ad Hoc Committee.

5.b. Board of Directors Committee Reports

1. Assets Committee:

(a) Consideration, Discussion and Possible Approval of a Request by BAK, LLC, d/b/a Elk River Landing for an Extension of a Commercial Permit

(b) Consideration, Discussion and Possible Approval of a Request by Curt Bradley Rader and Valerie Nicole Rader for a License to Encroach for Property Located in Delaware County, Oklahoma

(c) Consideration, Discussion and Possible Approval of a Request by Southwestern Bell Telephone Company, d/b/a AT&T Oklahoma for an Amendment of an Existing Permit to Cross Duck Creek in Delaware County, Oklahoma

(d) Consideration, Discussion and Possible Approval of a Request by Newco, LLC, d/b/a Cherokee Yacht Club & Marina for an Amendment of an Existing Lease of GRDA Property Located in Delaware County, Oklahoma

(e) Consideration, Discussion and Possible Approval of a Request by Locust Grove Public Works Authority for an Extension of an Existing Raw Water Contract

(f) Report on FERC Shoreline Management Plan Encroachment Inventory

Regarding Item (a), Ms. Jahnke explained GRDA's commercial permits for modifications expire seven years after approval. Seven years ago, modifications were approved for an existing facility for BAK, LLC, d/b/a Elk River Landing. The modifications are not completed yet and an extension of the commercial permit is needed to finish construction. Director Vandevier moved to approve an extension of the commercial permit to BAK, LLC, d/b/a Elk River Landing, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding Item (b), Ms. Jahnke reported this proposed License to Encroach is for a wooden deck approximately 688 square feet built on GRDA property. The License to Encroach rules require encroachments to be built prior to 2005 and this deck qualifies for a license to encroach. Director Vandevier moved to approve a 30 year License to Encroach to Curt Bradley Rader and Valeria Nicole Rader in Delaware County, Oklahoma for the amount of \$359.00 per year, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Concerning Item (c), Ms. Jahnke stated in 1960 Southwestern Bell was granted a permit for an underground cable at Duck Creek Bridge. The Oklahoma Department of Transportation has plans to reconstruct the bridge making it necessary to move the underground cable. The plan is to move the cable from the west side of the bridge to the east side crossing approximately 550 feet of Duck Creek. Staff does not foresee any issues with the change in location and a \$500 charge for the amendment will be paid. Director Vandevier moved to approve an amendment to the Crossing Permit for Underground Wires and Cables to Southwestern Bell Telephone Company, d/b/a AT&T Oklahoma across Duck Creek in Delaware County, Oklahoma for the amount of \$500, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding Item (d), Ms. Jahnke explained GRDA entered into a lease ten years ago with Cherokee Yacht Club which consisted of a parking lot, some stairs, and a deck. A provision in the lease mandates readjustment every ten years based on an appraisal submitted by Cherokee Yacht Club. The current appraised value is \$7.03 per square foot whereas it was initially appraised at \$3.50 per square foot. The purpose of the amendment is to revise the charges and to reflect the name of the new owner Newco, LLC, d/b/a Cherokee Yacht Club & Marina. Director Vandevier moved to approve the Second Amendment to Lease by Newco, LLC, d/b/a Cherokee Yacht Club & Marina to increase the yearly rent to \$5,040 beginning January 1, 2018, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Concerning Item (e), Ms. Jahnke stated GRDA entered into a contract in 1974 with the Locust Grove Public Works Authority to provide a maximum of one million gallons of water per day. The Locust Grove Public Works Authority is planning plant upgrades and need to extend the term of the water contract for forty years until December 31, 2058. The current contract expires in 2021. The rate of \$0.11 per 1,000 gallons will remain the same; however, the rate is adjusted annually. Director Vandevier moved to approve a Contract for the Taking of Raw Water to Locust Grove Public Works Authority for the maximum withdrawal of one million gallons per day and a term ending December 31, 2058, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding Item (f), Ms. Jahnke reported this item is for informational purposes only. As part of the Shoreline Management Plan, FERC has required that GRDA identify encroachments located in the project boundary, which has been completed by a desktop exercise of utilizing GIS and county assessor records. Solely on that research, 170

possible encroachments have been identified. The report defines an encroachment as a building, RV camper site, deck/patio, swimming pool, terrace, propane tank, gazebo, water treatment reservoir, park or golf course over 500 square feet located on GRDA property within the project boundary. To make the determination whether the encroachments are on GRDA property a survey is needed. At this point in time, surveyors are being contacted to have the 170 areas surveyed to determine if the structure is on GRDA property or private property. The inventory will be revised according to those results. Letters will be sent to the 170 adjacent land owners advising them surveyors will be on-site surveying GRDA property. Encroachments on GRDA property built before 2005 will be applying for a License to Encroach. Encroachments built after 2005 will be dealt with in a different manner.

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

Director Townsend had no report.

**3. Compensation and Marketing Committee:
(b) Power Capacity Utilization Subcommittee**

Director Kimball had no report.

4. Fuel and Long-Range Planning Committee:

There was no report.

5. Compliance Ad Hoc Committee:

Chair Vandevier stated Ellen Edwards is developing compliance procedures. A committee meeting will be held this month and a summary will be given in February.

6. a. Proposed Executive Session

6. Executive Session:

- a. Proposed Executive Session Pursuant to 25 O.S. § 307(C)(10) for the Purpose of Confidential Communications between the Board and its Attorney to Confer on Matters of Economic Development Where the**

Public Disclosure of Information Would Violate the Confidentiality of the Business.

Director Townsend moved to go into executive session at 11:28 a.m., seconded by Director Elam, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Kimball moved to return to regular session at 12:25 p.m., seconded by Director Townsend, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

a. Action, As Necessary, Concerning Confidential Communications on Matters of Economic Development.

Regarding item a, no action was necessary.

Director Richie moved for adjournment at 12:27 p.m., seconded by Director Townsend, and voted upon as follows: Kimball, Richie, Elam, Townsend, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Susan Wagoner, Secretary Pro Tem

DATE APPROVED:

GRDA Board of Directors