

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Chouteau, Oklahoma  
November 14, 2018**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Grand River Energy Center, Chouteau, Oklahoma, on November 14, 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 Mayes County Clerks' offices on November 13, 10:00 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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Chair Kimball called the meeting to order at 10:01 a.m. The Secretary called the roll. All members were present with the exception of Mr. Lewandowski, and Chair Kimball declared a quorum. Mr. Philpott introduced guests.

**BOARD MEMBERS**

Tom Kimball, Chair	Present
James B. Richie, Chair-Elect	Present
Pete Churchwell	Present
Dwayne Elam	Present
Mike Lewandowski	Absent
Chris Meyers	Present
Joseph Vandevier	Present

**ADMINISTRATIVE**

Daniel S. Sullivan, Chief Executive Officer	Present
Tim Brown, Chief Operating Officer	Present
Eddie Rothermel, Chief Financial Officer/ Corporate Treasurer	Present
Steve Wall, Chief Information Officer	Absent
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	Absent
John Wiscaver, Executive VP – Corp. & Strategic Communications	Present
Mike Herron, VP – Engineering, System Operations and Reliability	Present
Darrell Townsend II, VP – Ecosystems/Watershed Management	Absent
Robert Ladd, VP – Grand River Energy Center Operations	Present
Steve Jacoby, VP – Hydroelectric Projects	Absent
Mike Waddell, VP – Transmission and Distribution Operations	Present
Ed Fite, VP – River Operations and Water Quality	Present
Justin Alberty, VP – Corp. & Strategic Communications	Present
Sheila Allen, Corporate Secretary	Present

Others present were as follows: Larry Hughes, City of Claremore; John Feary, CIEDA; Jared Crisp, Pryor MUB; Derric Lollar, Tyler Cline, Amanda Nolan, City of Miami; Lorie Gudde, Jeff Brown, Melanie Earl, Cameron Philpott, Jerry Cook, Michelle Day, Ash Mayfield, Brylee Harbuck, Jennifer Marquis, Holly Moore, Spencer Moore, Chris Potter, GRDA.

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## CONSENT AGENDA

### 2. October Claims, \$32,166,534.72.

#### 4.a. Resolutions of Commendation

- 1) David H. Combs

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

Description and/or Make of Item	Serial Number	Model Number
1 Lot of Miscellaneous Safety Supplies		
dell flat panel monitor	cn-0mmh7-74445-98t-a5qs	p190st
dell flat panel monitor	cn-03nyy6-74445-118-efcl	p190st
dell flat panel monitor	cn-0cc280-71618-66m-aegx	170fpt
dell flat panel monitor	mx-09n1wt-74262-9bu-244lx	p190sb
dell flat panel monitor	cn-03nyy6-74445-118-efal	p190st
dell flat panel monitor	cn-0w5hwr-74445-31m-a41l	p2012ht
dell flat panel monitor	cn-0c0646-46633-5au-0nus	2001fp
dell flat panel monitor	cn-0f028j-72872-8cv-16el	1908fpf
dell flat panel monitor	cn-0cc280-71618-66m-aegy	1707fpt
dell flat panel monitor	mx-0c9536-46634-78s-2hui	2007fpb
dell flat panel monitor	cn-0c0646-46633-5au-1g9s	2001fp
dell flat panel monitor	mx-0h6304-47605-52s-a5ax	1704fpvs
dell flat panel monitor	cn-0dc323-71618-6co-al85	1907fpt
dell flat panel monitor	mx-04ny50-74262-04c-1wwlx	p190sb
dell flat panel monitor	cn-02y315-71618-4a2-aj4c	1703fpt
dell flat panel monitor	mx-09n1wt-74262-9bu-242lx	p190sb
dell flat panel monitor	cn-0cc280-71618-66m-aegk	1707fpt
dell flat panel monitor	cn-0rvc21-74261-299-214m	p193sb
dell flat panel monitor	cn-0uh572-46633-6cm-2mu	e177fpb
dell flat panel monitor	cn-0t6116-71618-5b3-bael	1905fp
dell flat panel monitor	cn-04jnj2-64180-9ad-1k6l	p190sc
dell flat panel monitor	cn-0c553h-71618-87i-ad58-a02	1907fpvt
dell flat panel monitor	cn-0dy840-46633-79b-4c8u	1908fpb
dell flat panel monitor	cn-03nyy6-74445-118-eehl	p190st
dell flat panel monitor		

dell flat panel monitor	cn-0d549h-74443-8bi-aa55	1707fpvt
dell flat panel monitor	mx-0g324h-74262-259-46hl	2007fpb
dell flat panel monitor	cn-09tvyf-72872-1af-eeyi	p190sf
dell flat panel monitor	cn-05y232-71618-43a-behk	1901fp
dell flat panel monitor	cn-039wwp-74261-26m-12ru	p1913sb
dell flat panel monitor	mx-004k3t-74262-199-108s	p190sb
dell flat panel monitor	cn-0c0646-46633-54f-0yvl	2001fp
dell flat panel monitor	cn-0cc280-71618-66m-aejs	1707fpt
dell flat panel monitor	cn-09tvyf-72872-22b-3hli	p190sf
dell flat panel monitor	cn-09tvyf-72872-22b-3h2i	p190sf
dell flat panel monitor	mx-0g324h-74262-9cf-1unl	2007fpb
dell flat panel monitor	mx-0g324h-74262-2ca-1vpl	2007fpb
dell flat panel monitor	mx-0g324h-74262-9cf-1ukl	2007fpb
dell flat panel monitor	cn-0w5hwr-74445-31m-a4bl	p2012ht
dell flat panel monitor	cn-0cc280-71618-66m-aeje	1707fpt
dell flat panel monitor	cn-0j6642-71618-4b5-abtb	1704fpvt
dell flat panel monitor	cn-0g438h-641b0-86k-1emh-a00	1908fpc
dell flat panel monitor	cn-03nyy6-74445-08p-2775	p190st
dell flat panel monitor	cn-0mmh6-74445-0aq-a52l	p190st
dell flat panel monitor	cn-09tvyf-72872-22b-3h6i	p190sf
dell flat panel monitor	mx-09n1wt-74262-9bu-23wlx	p190sb
dell flat panel monitor	cn-0rnmh6-74445-98t-a4fs	p190st
dell flat panel monitor	mx-0g324h-74262-23r-43ml	2007fpb
dell flat panel monitor	mx-0g324h-74262-23r-43hl	2007fpb
dell flat panel monitor	cn-0fj44j-74445-45c-707m	p2213t
dell flat panel monitor		u2410f
dell flat panel monitor	cn-05y232-71618-43p-bk35	1901fp
dell e port plus ii	cn-035rxk-12961-49r-2559-a00	pr02x
dell e port plus	cn-0cy640-12961-0bj-f199-a04	prc1
dell e port plus	cn-0pkdgr-75941-57d-116e-a00	k09a
dell e port plus ii	cn-035rxk-12961-4as-1362-aoo	pr02x
Misc. Size Rubber Insulating Blankets; Lot of 10	NA	NA
Insulating Rubber Line Hose	NA	NA
STRAINER: BASKET, 160 MESH, SS, 4 1/8"DIA (Obsolete)	Kraissl Company	N/A
STRAINER: BASKET (Obsolete)	Kraissl Company	N/A

**4.c. Power Cost Adjustment (PCA) of \$0.000000 per kWh for December 2018**

**4.d. Application and Authorization for Temporary Electric Service – Whiting-Turner Contracting Co.**

**4.e. Pilot program – Certificate of Deposit Account Registry Service - Deposit Placement Agreement and Insured Cash Sweep - Deposit Placement Agreement with Regent Bank and Bank of Oklahoma**

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

Standard Purchase Orders			
PO Number	Vendor Name and City State		Amount
42486	SERVICEWEAR APPAREL INC, NASHVILLE, TN		422,000.00
42470	SAWATZKY CONSTRUCTION LLC, WEATHERFORD, OK		395,043.20
95690	NORLEM TECHNOLOGY CONSULTING INC, TULSA, OK		197,229.60
42492	CHICKASAW TELECOM INC, TULSA, OK		144,745.60
42484	QUALITY FENCE COMPANY INC, WALTERS, OK		137,056.75
42456	LT MAPPING SERVICES INC, TULSA, OK		125,000.00
95682	VALMONT INDUSTRIES INC DBA VALMONT-NEWARK, VALLEY, N		68,338.00
42501	KAMAN INDUSTRIAL TECHNOLOGIES CORPORATION, PRYOR, C		60,000.00
42502	IBT INC, PRYOR, OK		60,000.00
42455	AIR COMPRESSOR SUPPLY INC, TULSA, OK		54,746.90
42458	DELAWARE COUNTY SOLID WASTE, JAY, OK		30,000.00
95515	OFFICE OF MANAGEMENT ENTERPRISE SERVICES, OKLAHOMA		13,826.51
42490	EQ-THE ENVIRONMENTAL QUALITY CO DBA US ECOLOGY, LIVC		4,365.00
42483	SALINA SPAVINAW TELEPHONE CO, SALINA, OK		896.00
<b>Grand Total Standard POs:</b>			<b>\$1,713,247.56</b>
Change Orders & Renewals			
PO Number	Vendor Name and City State		Amount
42480	NORTH AMERICAN ELECTRIC RELIABILITY CORP - NERC, ATLA		248,998.00
42451	VERIZON, DALLAS, TX		200,000.00
42426	AT&T MOBILITY, GREELEY, CO		180,000.00
42238	GRAINGER INC, TULSA, OK		165,912.52
42423	A T & T CORP, BEDMINISTER, NJ		110,000.00
40093	ONENET, OKLAHOMA CITY, OK		71,923.60
42252	AVIAT US INC, MILPITAS, CA		46,790.19
42425	SBC LONG DISTANCE LLC DBA AT&T LONG DISTANCE, SAN AN		30,000.00
42424	AT&T, SYRACUSE, NY		21,000.00
42427	AT&T GLOBAL NETWORK SERVICES LLC, CAROL STREAM, IL		10,500.00
42485	ARC DOCUMENT SOLUTIONS LLC, TULSA, OK		10,000.00
95591	CHICKASAW TELECOM INC, TULSA, OK		9,965.39
42422	AT&T TELECONFERENCE SERVICES, OMAHA, NE		7,000.00
42205	MIKON CORPORATION, ST JOSEPH, MO		5,460.00
41466	OKLAHOMA WATER RESOURCES BOARD, OKLAHOMA CITY, OK		0.00
42048	ONENET, OKLAHOMA CITY, OK		0.00
<b>Grand Total Change Orders:</b>			<b>\$1,117,549.70</b>
<b>Grand Total</b>			<b>\$2,830,797.26</b>

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

Number	Title	Gross Work Order Amount	Reimbursement	Net GRDA Cost
GF018-00026	GREC 4th Floor Refurbishment and Performance Center	\$ 584,000	\$ -	\$ 584,000
RF018-00931	Cisco WiFi Refresh 2018	218,700	-	218,700
RF018-00929	Palo Alto Firewalls and Spares	116,900	-	116,900
RF018-00922	GREC 3 Substation Modifications	165,000	(108,900)	56,100
RF018-00918	3500 Main to Customer 161 kV T Transmission Lines	1,581,788	(1,043,988)	537,800
RF018-00917	Igloo Valley to 3500 Main 161 kV T Transmission Lines	5,498,278	(3,628,878)	1,869,400
RF018-00916	Igloo Valley 345 kV Transmission Lines	18,617,450	(12,287,550)	6,329,900
RF018-00915	Igloo Valley Interconnect	11,634,006	(7,678,506)	3,955,500
RF018-00889	161kV System Upgrades - Engineering Design (3500 Main)	10,828,973	(7,147,173)	3,681,800
<b>Grand Total Work Orders</b>		<b>\$ 49,245,095</b>	<b>\$ (31,894,995)</b>	<b>\$ 17,350,100</b>

Director Meyers moved to approve the consent agenda, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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## **REGULAR AGENDA**

### **1. Regular Board Minutes of October 10, 2018.**

Director Meyers moved to approve the regular Board minutes of October 10, 2018, seconded by Director Churchwell, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. Motion passed (6-yes, 0 no, 0 abstained).

### **3. Unfinished Business**

#### **3.a. Progress Reports**

##### **(1) Current Operations Reports**

##### **a) Monthly Video Update – GRDA November 2018**

- **Update on GREC 3 Outage**
- **Report on Mutual Aid Assistance Following Hurricane Michael**

Mr. Sullivan reported GRDA had an opportunity to participate in the Northeast Oklahoma Regional Alliance (NORA) group. GRDA has been a sponsor of their events for several years now. On October 23, 2018, NORA held an event at Northeastern State University in Tahlequah to look at how organizations can continue to work together to promote Northeast Oklahoma. Mr. Sullivan stated a gentleman that was very instrumental in driving this group for the last several years passed away this past week, Senator Jim Wilson. He expressed his condolences to the family and recognized Senator Wilson for his efforts on behalf of the State of Oklahoma.

Mr. Sullivan said he, Brian Edwards, and Chris Carlson attended the 15th Oklahoma State Bureau of Investigation (OSBI) Academy graduation ceremony where

GRDA Police Officer Tyler Cooper graduated. He completed the same training OSBI agents must complete. This training covered topics of investigations such as fingerprinting, photography, evidence identification and collection, blood splatter patterns, interviewing, courtroom testimony, firearms course, and report writing. Mr. Sullivan explained most of the group were OSBI employees, but a few were from other agencies. He expressed how very proud he is how Officer Cooper represented GRDA.

Mr. Sullivan said GRDA was proud to once again participate in the Paralyzed Veterans of America (PVA) hunt on GRDA lands in Ottawa County about a week ago. He presented photographs of the hunters and stated GRDA hosted 8 veterans at this particular event and will continue to host veterans nearly every weekend throughout the season, along with controlled public hunts. Mr. Sullivan explained these events give veterans the chance to do something they may not be able to otherwise do. He said this is a community event in Miami, Oklahoma, and has turned out to be quite well-attended. He expressed his appreciation to the City of Miami and all other groups that made this such a success.

GRDA's North End Line Crew assisted Claremore Electric in setting the community's 60 foot tall Norway spruce tree last week. Mr. Sullivan said the tree, which was transported by Pelco from its home in Michigan, arrived first in Miami and then traveled the remaining portion of its journey with a GRDA Police and Oklahoma Highway Patrol escort. He stated it will be the centerpiece for Claremore's West Bend Winterland festivities during the holiday season. The lighting ceremony will take place Monday, November 26, 2018.

Mr. Sullivan recognized Mr. Jared Crisp as the new head of the Pryor Municipal Utility Board. He said GRDA had the opportunity to recognize Gary Pruett's recent retirement a few weeks ago, and welcomed Mr. Crisp to his new role. Mr. Crisp thanked

GRDA and the staff for helping to organize Mr. Pruett's retirement party on October 26. He said Mr. Pruett was very surprised with everything done to honor him and his 40 plus years of work with the Pryor Municipal Utility Board. In 2017, Mr. Crisp said they put in "Number 3 Substation". However, at Mr. Pruett's celebration, he stated the organization named the substation after the recent retiree. Chairman Kimball also said the Governor made October 26 "Gary Pruett Day" and sent a proclamation to that effect which was a very big surprise.

Mr. Sullivan explained some of the history of the current Grand River Energy Center's Training, Safety & Environmental building and the purposes it has served over the years. He said all of the work, with the exception of a few small items, was done by GRDA employees. He thanked the Board of Directors for supporting the efforts to repurpose this building and enable GRDA to keep it to continue to serve a needed purpose here at the plant for the entire Authority.

Mr. Sullivan introduced the videos, saying there is a special video to show as well. He explained this special video is something the staff approached the Board of Directors about a year and a half ago to create a video to tell the story about the importance of water and what everyone can do to protect those resources and improve water quality. Mr. Sullivan stated GRDA now has the finished product, as they received it late last night. He said GRDA has been asked to show this video in early December at the Governor's Water Conference. So the he and the staff wanted to make certain the Board, customers and anyone else involved had an opportunity to see it first. It is about 25 minutes long. He said he believes everyone will appreciate and enjoy the quality of the work and the message being conveyed. After the video, the Board commented on the importance of water to the state and region, as well as saying this tells a good story on the resources GRDA manages and the importance of water quality. Mr. Sullivan

thanked Mr. Darrell Townsend and Mr. Ed Fite for their work on this video. He stated would like to use this as a tool in other areas of the watershed to demonstrate impact.

The Board discussed the importance of storm water management and how important and costly it can be. Ed Fite thanked the Board for their support and talked about how proud he was to be a part of GRDA and how great it is to see GRDA become an agency strongly focused on water.

#### **4. New Business**

##### **4.f. Contract 42346 – Agreement and General Conditions Between Owner and At-Risk Construction Manager with Crossland Construction Company**

Mrs. Moore explained this item is relative to the Lake Frances whitewater park. She said due to the complexity and strong suggestions from the design team, the staff would like to move from using a “design-bid-build” to a “construction manager at risk” approach, based on experience and qualifications. Mrs. Moore stated the State of Oklahoma Office of Management and Enterprise Services (OMES) Construction and Properties Division employs a 13-step process for state agencies which GRDA began following as of June 12, 2018. GRDA sent Request for Letters of Interest to over 40 construction management firms on the OMES list, but only 4 firms submitted Letters of Interest for this project. The list was narrowed to 3 firms on August 9, 2018, to Nabholz Construction Corporation, Manhattan Construction Company and Crossland Construction Company. She said a 5-person selection committee interviewed the above firms twice, and the committee selected Crossland Construction Company to proceed with contract negotiations. Mrs. Moore said in recent years Crossland Construction has built a portfolio of successful projects. She showed photographs and provided the Gathering Place in Tulsa as an example. She showed photographs of other similar projects Crossland has completed and of Crossland’s Project Team GRDA will work with. Mrs. Moore provided a breakdown of the project, including the construction manager’s fee of 8 percent and the

current project construction cost estimate of \$15 million. She also said this will be fully funded by the Walton Foundation. A .3 percent pre-construction percentage will get Crossland on-board to assist in making sure the project is cost effective.

Chairman Kimball asked Mrs. Moore to confirm that all of this would be funded by the Walton Foundation. Mrs. Moore confirmed this.

Director Churchwell moved to approve Contract #42346 in the not to exceed amount of fifty thousand dollars (\$50,000) for preconstruction services and an estimated construction manager's fee of one million two hundred thousand dollars (\$1,200,000) all contingent on the General Counsel's and Chief Executive Officer's contract approval and the grantor's overall approval, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

#### **4.g. Contract 42449 – Pensacola Dam Five-Year Safety Evaluation Engineering Services Agreement**

Mr. Chris Potter introduced himself to the Board of Directors and provided a bit of background on this project. He said the Pensacola Dam is due for what is called a Part 12 Inspection. He explained that FERC mandates an Owner's Dam Safety Plan which includes safety inspections of the dams. GRDA's program provides dams evaluations daily by GRDA staff, instrumentation monitored monthly, FERC and GRDA staff perform annual inspections, a comprehensive 5-year inspection by an approved consultant, Supporting Technical Design Document, a Potential Failure Modes Analysis and Risk Informed Decision Making Assessments. Mr. Potter said Mr. John Osterle with Burns & McDonnell completed the Tenth Pensacola Inspection Report and did an excellent job. FERC does not allow an Independent Consultant to repeat more than 2 inspections and

asked GRDA to solicit a new team. GRDA requested permission to utilize Mr. Osterle as the consultant for the Eleventh Pensacola Inspection Report as he has only been involved in 1 inspection so far. FERC concurred and is formally processing the approval of his resume. Mr. Osterle's proposed fee for the inspection services is \$82,577.

Director Churchwell asked how long this process takes. Mr. Potter said the consultant would be on-site about 2 days, but the process takes roughly a year or so to complete the work.

Chairman Kimball asked how much was budgeted for this. Mr. Potter and Mr. Sullivan said it was approximately \$140,000.

Director Vandevier moved approval of Work Authorization 42449 to WSP USA as led by John Osterle as the Independent Consultant for the Eleventh FERC Part 12 Inspection at a lump sum value of \$82,577.00, seconded by Director Meyers, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

#### **4.h. Contract 42493 – Salina Pump Storage Rotor Pole Rewind**

Mr. Potter provided background on this project as well. He said during the evaluation of the generator rotor conditions a crack was identified in one of the connections in the Salina Pump Storage Unit No. 3. Evaluation of the other rotors was performed in as timely a manner as possible, and cracking was found to be pervasive and significant with several having cracking at the field weld interfaces of 70 percent of the bar or more. He stated the projected date of complete failure cannot be provided but the damage repair cannot be deferred. Mr. Potter showed photographs of the damage and described this for the Board. GRDA proposes to remove and reinstall the rotor windings using GRDA staff, with specialty winding and re-insulation work to be provided

under Contract 42493. The GRDA staff received 2 bids on this project. One bidder responded to the scope, but took significant exception to the contract and warranty terms. The second bidder assumed they would do the removal and re-install. Mr. Potter showed the difference in the bids, and said National Electric Coil proposes unacceptable warranty provisions that GRDA believes should be negotiable. He stated asbestos is not believed to be present in these units based on past assessments of materials and results of recent testing, and has not been included in the revised recommendation to the Board. Wedges were being acquired separately, but GRDA had experienced issues with this and thus proposes acceptance of this unsolicited option included in the bid.

Director Churchwell asked if GRDA has done business with National Electric Coil before. Mr. Potter said they believe GRDA has subcontracted with National Electric Coil for work in the past.

Director Vandevier asked if these have been repaired before and could these cracks be from a previous repair or in the same location. Mr. Potter said he does not believe the rotors have been repaired before. Mr. Sullivan said the first set was placed in 1968.

Mr. Potter said National Electric Coil offered added price options for asbestos abatement and wedges, but he does not believe asbestos abatement will be necessary. The wedges would be placed with GRDA personnel, but they sent this as a part of their bid.

Director Vandevier asked about the warranty provisions National Electric Coil provided. Mr. Ash Mayfield said they actually offered no warranty and this would not be acceptable for this kind of repair. Director Vandevier asked if this could be partly due to GRDA personnel performing a portion of the work. Mr. Mayfield confirmed this.

Mr. Sullivan said there is an urgent need to begin this process and knowing that GRDA has approval from the Board to proceed assists in negotiations related to the warranty.

Director Churchwell asked what the turn-around time would be. Mr. Potter explained he does not have an exact timeline, but would be at least 6 months.

Director Elam asked where this would fall in the budget. Mr. Sullivan said there is room in the capital budget for this project. Director Vandevier commented this was not a line item in the budget because it was an unforeseen occurrence.

Director Meyers asked if GRDA is unable to work out warranty terms, would the staff have to come back to get the Board's approval. Mr. Potter confirmed this, and said this project may have to be sent out for bid again.

Director Churchwell asked where National Electric Coil is based. Mr. Lofton said the bid came from Columbus, Ohio.

Mr. Ash Mayfield said this is an effort by the GRDA staff to save money on labor, but there is a chance it may not work out and other options will have to be pursued.

Chairman Kimball said he understood this project was urgent, and asked if there is really time to go through the bid process again. Mr. Brown said the rotors could last for years, but there is no way of knowing for certain and the staff would like to get it taken care of as soon as possible.

Discussion ensued regarding the risk and cost should one of the rotors fail, and what GRDA's options are.

Mr. Sullivan said the staff would try to wrap up terms negotiations quickly. If it cannot be resolved, the bid process would be reopened immediately.

Director Vandevier moved, subject to the ability of the General Counsel to negotiate proposed warranty and contract terms acceptable to the Chief Executive Officer, Contract 42493 be awarded to National Electric Coil for a not to exceed value of

\$1,901,190.00, seconded by Director Churchwell, and voted upon as follows:

Churchwell, yes, Elam, yes, Kimball, no, Meyers, yes, Richie, yes, Vandevier, yes.

*Motion passed (5-yes, 1-no, 0-abstained).*

#### **4.i. 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.
2. **Audit, Finance, Budget, Policy & Compliance Committee:**
  - a) Cash Reserve Policy Amendment – First Reading

**Regarding item a,** Director Vandevier said the committee has met with the financial team and reviewed the existing Cash Reserve Policy. The amendments were discussed and the committee has provided a copy of those to the Board. He stated the committee plans to present a motion to approve these changes at the December 2018 Board meeting. This policy is intended to establish written guidelines on how to manage GRDA reserve accounts and identifies what these accounts are, as well as providing a minimum and maximum reserve. Director Vandevier explained how these reserves are used to determine credit rating and assurances for unexpected items, as well as a maximum amount at a level to give GRDA flexibility to provide cash for other purposes.

Director Churchwell asked if these were new policies or revised policies. Director Vandevier confirmed these are new policies. Mr.

Rothermel stated some of the provisions are included in GRDA's bond resolution and other resolutions but this combines everything into 1 policy and makes it clearer.

Director Vandevier said the committee is very pleased with the job the leadership team has done. There is no vote needed on this item.

Mr. Sullivan said GRDA is looking into an agreement with the Bank of Oklahoma and with Regent Bank to increase the opportunity on "sweep accounts" and feels like this will allow those moneys to be placed in the different banks, but increases GRDA's yield. These two agreements were on the Consent Agenda and approved.

Chairman Kimball said, for full disclosure, he has interest in a bank and is on the Board of Directors. He asked the staff if they feel GRDA is giving enough opportunities to the banks in GRDA's communities and emphasized the importance of this. Mr. Sullivan said it is his understanding the local banks can participate in the program, but the staff has excluded the bank where Chairman Kimball sits on the Board. It is not identified to the bank who the depositor is, but they can have those funds in their bank and also aids in management of the FDIC limits and how these are invested. Mr. Sullivan said GRDA has had a wide variety, mostly on the low end, on yields received from the community banks and is trying to balance that. The Bank of Grand Lake continues to sit on the "excluded" list as well because Mr. Lewandowski also sits on that Board of Directors. He explained this keeps any questions from being raised.

Discussion ensued regarding the importance of supporting our community banks.

b) Compliance Committee: Director Vandevier had no report.

**3. Compensation & Marketing Committee:** Director Kimball had no report.

a) Power Capacity Utilization Subcommittee: Director Kimball said they would like to discuss an item with the Board during Executive Session which is listed on the agenda.

**4. Fuel and Long-Range Planning Committee:**

a) Economic Development Rate for Wholesale Municipal Customers

b) Economic Development Rate for Retail Industrial Customers

c) Reformulation of the Extension of Service Allowance (Previously Allowable Facilities Expenditure) for Wholesale and Retail Customers

**Regarding items a, b and c,** Director Meyers said the committee met yesterday afternoon to discuss these 3 items. Mr. Sullivan said we have had conversations with the Board about what we do to better utilize capacity and this is the result of this effort. GRDA has devised a plan to remain competitive in the new economic areas and provide opportunities for the communities they serve as well.

Mr. Ash Mayfield said historically utilities like GRDA cover their own load with their own generation. However, this changed in 2014 with the addition of the SPP Integrated Marketplace. This brought about changes in how utilities planned and provided resources for their loads, and has created downward pressure on capacity prices in SPP. He stated today GRDA is net long on capacity and needs to shorten the capacity position to decrease demand rates and mitigate the need for future rate increases. GRDA would need to increase system utilization efficiency via scale and be competitive with offers routinely made to valuable load. Mr. Mayfield explained GRDA also wants to support the local economy and job creation. A team of GRDA employees has been developing a strategy to

implement these concepts. They have identified several goals and will continue to balance creativity and take measured risks to achieve desired rewards. Mr. Mayfield said the top economic development requirements and restrictions are: limitations on duration and amount, establishing threshold requirements, maintaining needed excess generating capacity, not adversely impacting other customers, 3-year power purchase and sale agreement required for industrial customers, applying this to new loads and expansions, revenue greater than GRDA's marginal costs, and the load must contribute to payment of GRDA's fixed costs. He said the proposal for the industrial economic development rider would be \$1.50 per kW month credit against the customer's Capacity Billing Demand for new loads in excess of 1 MW per month, and the credit would be in effect for 3 years.

Director Meyers asked Mr. Mayfield to clarify that the \$1.50 per kW would be the discount off of the regular scheduled rate. Mr. Mayfield confirmed this is correct.

Mr. Mayfield said in the MidAmerica Industrial Park, if another entity is offering a prospective load a better deal than GRDA can match, and GRDA can provide a greater discount to keep the load, GRDA may then there should be a way to gain the ability to offer a greater discount for a limited amount of time as long as the discount is higher than GRDA's costs and equal to or less than the schedule demand rate. This gives GRDA a bit more flexibility to acquire the new load if we are about to lose the load for economic reasons. In addition to the industrial demand credit, we also propose to offer a \$1.50 Capacity Billing Demand credit for all

load new wholesale load growth greater than or equal to 500 kW per month, which would be and would be in effect for 3 years. This would require verification of load eligibility and execution of the Service Agreement for a specific qualified new load, and would not be applicable if the municipality is utilizing the Marginal Growth Capacity credit. The Marginal Growth credit is We would also like to propose to offer a \$1.50 Capacity Billing Demand credit for all load growth above a historical baseline for municipal wholesale customers with new loads of 500 kW per month or higher. There is no specific size criteria and no specific reporting criteria. In addition to these economic development credits, GRDA would like to propose minor amendments to the extension of service calculation for industrial and wholesale customers. For industrial customers, modified calculations would calculate marginal revenue only and not total revenue, with a default factor of 0.20 applied to Net Revenue. The use of the factor above 0.20 will be considered in special circumstances and require approval of the Board when approving power purchase and sale agreements, with the Board authorizing the CEO in advance to approve a multiplier up to 0.60. For wholesale customers, there are similar revisions to the industrial terms and conditions with the primary differences being 10 years of estimated marginal revenue less marginal cost, and a default multiplier of 0.25. GRDA staff believes all of this will provide tools to improve utilization of existing capacity, promote lower rates for GRDA's customers, provide incentives for growth in customers' communities, and foster GRDA's pursuit of the 5 E's of Excellence.

Director Meyers said one of the things the committee discussed is the need to use excess capacity and how this has been a needed measure and very important.

Mr. Sullivan said the extension of service formula was changed to get a better handle on what we are offering. We would like to use a range default factor as long as this exceeds GRDA's marginal cost. This gives us flexibility in how much that allowance is. We think this could be beneficial instead of coming back for Board approval.

Chairman Kimball stated this is very important as you can lose a potential customer if they have to wait on approval at the next Board of Directors meeting.

Discussion ensued regarding the default factor on the extension of service calculation to provide flexibility for everyone without exceeding GRDA's cost, as well as making certain GRDA's municipal customers get the same opportunities as the industrial customers.

Director Meyers moved approval of the Large General Service Economic Development Rider, Wholesale Power Service Economic Development and Surplus Capacity Rider and the revisions to the Wholesale Electric Service Policy and Terms and Conditions of Service for Industrial or Commercial Customers, as modified to authorize and approve the Chief Executive Officer to approve a multiplier of up to 0.60 for industrial Allowable Expenditure calculations, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Mr. Sullivan commented that everyone appreciates the support of the Board to balance all of these interests and their willingness to work with the GRDA staff in coming up with these solutions.

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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 the Pending Investigation, Claim, or Action, related to Federal Energy Regulatory Commission Project No. 1494-348, 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 Pending Investigation, Claim, or Action in the Public Interest.**
- b. **Proposed Executive Session Pursuant to 25 O.S. Section 307 (B)(3) for the Purpose of Discussing the Purchase or Appraisal of Real Property in Cherokee County, Oklahoma.**
- 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 Claim Related to Peabody COALSALES, LLC, and Caballo Coal Company 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 Pending Claim 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 the Pending Claim Related to Mitsubishi Hitachi Power Systems Americas, Inc. 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 Pending Claim in the Public Interest.**

Director Churchwell moved to go into executive session at 12:00 p.m., seconded by Director Richie, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0 no, 0 abstained).*

Director Churchwell moved to return to regular session at 2:12 p.m., seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0 no, 0 abstained).*

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## 7. Action on Executive Session Items

- a. **Action, As Necessary, Concerning the Pending Investigation, Claim, or Action Related to Federal Energy Regulatory Commission Project No. 1494-348.**
- b. **Action, As Necessary, Concerning Purchase or Appraisal of Real Property.**
- c. **Action, As Necessary, Concerning the Pending Claim Related to Peabody COALSALES, LLC, and Caballo Coal Company.**
- d. **Action, As Necessary, Concerning the Pending Claim Related to Mitsubishi Hitachi Power Systems Americas, Inc.**

**Regarding item a**, no action was needed on this item.

**Regarding item b**, this item was stricken from the agenda.

**Regarding item c**, no action was needed on this item.

**Regarding item d**, no action was needed on this item.

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Director Richie moved for adjournment at 2:13 p.m., seconded by Director Meyers, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Richie, Vandevier, yes. *Motion passed (6-yes, 0 no, 0 abstained).*

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Sheila A. Allen, Secretary

DATE APPROVED:

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GRDA Board of Directors