

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
August 12, 2021**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Ecosystems & Education Center in Langley, Oklahoma, on August 12, 2021. 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 16, 2020, at 11:31 a.m.; by posting the agenda with the Mayes County Clerks' offices on August 11, 2021, at 9:54 a.m.; by posting said agenda at www.grda.com; and by posting said agenda at the principal office of Grand River Dam Authority at least 24 hours prior to the meeting.

Chair Lewandowski called the meeting to order at 10:02 a.m. The Secretary called the roll. All members were present. Chair Lewandowski declared a quorum.

BOARD MEMBERS

Mike Lewandowski, Chair	Present
Dwayne Elam, Chair-Elect	Present
Tom Kimball	Present
Chris Meyers	Present
James B. Richie	Present
Charles Sublett	Present
Michael Westbrook	Present

ADMINISTRATIVE

Daniel S. Sullivan, Chief Executive Officer	Present
Tim Brown, Chief Operating Officer	Present
Lorie Gudde, Chief Financial Officer/ Corporate Treasurer	Present
Steve Wall, Chief Information Officer	Present
Heath Lofton, General Counsel	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
Nathan Reese, Executive VP – External Relations	Present
John Wiscaver, Executive VP – Corp. & Strategic Communications	Present
Laura Hunter, Chief Human Resources Officer	Present
Darrell Townsend II, VP – Ecosystems/Watershed Management	Present
Robert Ladd, VP – Grand River Energy Center Operations	Present
Steve Jacoby, VP – Hydroelectric Projects	Present
Mike Waddell, VP – Transmission and Distribution Operations	Absent
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: Loren Smith, Stillwater Utilities Authority; Jared Crisp and Travis Willis, Pryor MUB; Mike Doublehead and Kim Dorr, TPWA; Keith Skelton and Jessica Robertson, City of Sallisaw; Lindsey Pever, ANewEnergy Law Firm in Oklahoma City; Bob Snodgrass and Sherry Wilkins, Spring Cove; Bob Eads, River Bottom Sportsman Assn; Bob Sullivan, for Marsha Conine; Shelldon Miggletto, City of Stilwell; Craig Stokes, City of Collinsville; John Feary, City of Claremore; Phil Stokes City of Siloam Springs; Justin Whitecotton and Larry Odell, Citizen Potawatomi Nation; Jeff Underwood, Off of Senator James Lankford; Michelle Day, Jeff Brown, Matt Martin, Ed Ferguson, Andrew Park, Allie Kempfer, Mason Mulry, Melanie Earl, Leah Maloy, Brylee Harbuck, Cameron Philpott, Penny Frailey, Jerry Cook, Gary Pruett, Ash Mayfield, Tamara Jahnke, Teresa Hicks, Steven McCloud, Bernard Huser, Tom Gray, Jennifer Marquis, GRDA.

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- a. Nominations for Chair-Elect**
 - b. Election of Chair Elect (Will Serve as Vice-Chair)**

Chair Lewandowski declared nominations open for Chair-Elect. Director Richie moved to nominate Charles Sublett as Chair-Elect, seconded by Director Kimball. There being no other nominations, the nomination was voted upon as follows: Elam, yes, Kimball, yes, Lewandowski, yes, Meyers, yes, Richie, yes, Sublett, abstain, Westbrook, yes. *Motion passed (6-yes, 0-no, 1-abstained).*

4. New Business

4.a. Capital Work Order Report

Mr. Sullivan explained items on the Capital Work Order Report. He asked if the Board had any questions or needed to follow-up on any item listed. There were no questions.

Director Kimball moved the Board approve the Capital Work Order Report as presented, seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

CONSENT AGENDA

2. July Claims, \$42,313,152.99.

4.b. Resolutions of Commendation:

- 1) Karen J. Davis
- 2) Kristy Lynn McCollough

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

<u>Description and/or Make of Item</u>	
Bae Battery Charger	Newton Meter
Misc. Desks & Chair: Lot of 8	Stihl Leafblower
Book Shelves: Lot of 9	Shop Vac
File Cabinets: Lot of 5	Stihl Weedeater
Misc. Office Supples	Cambell Spray Rig
Mini Fridge	Dell Servers: Lot of 11
Microwave	Tipping Point Appliance: Lot of 2
Thermoweld	Cisco Catalyst

Feed Wheel Tighten Bands	Dell IP KVM
Stihl Autocut Head 30-2	FireEye Appliance: Lot of 7
DeWalt Drills: Lot of 2	RSA NetWitness
Minolta Cameras: Lot of 2	Bomgar
Tom Tom GPS	Websense
Waring Flare Kit	6000 Gallon Tanks: Lot of 3
Piston Groove Cleaner	5000 Gallon Tanks: Lot of 2
Binding Machine	Large Lot of Misc. Railyard Scrap Metal
DeWalt 18V Battery	

4.d. Power Cost Adjustment (PCA) of \$0.02594 per kWh for September 2021

4.e. Contract for Commercial Service – Worldwide Steel Works, Inc.

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

Standard Purchase Orders & Contracts		
PO Number	Vendor Name and City State	Amount
43394	DD GRID LLC - CANYON, TX	211,830.63
43426	FEDERAL ENERGY REGULATORY COMMISSION - ST. LOUIS, MO	641,570.21
43427	GREEN COUNTRY STEEL LLC - SALINA, OK	200,000.00
43437	PINNACLE BUSINESS SYSTEMS - TULSA, OK	382,660.71
115632	TORISHIMA SERVICE SOLUTIONS OF MICHIGAN LLC - BATTLE CREEK, MI	222,933.00
43441	ARS NEBRASKA LLC DBA APPALACHIAN RAILCAR SERVICES - GRAND ISLAND, NE	350,000.00
115697	SIEMENS ENERGY, INC. - RICHLAND, MS	459,800.00
115700	SIEMENS ENERGY, INC. - RICHLAND, MS	376,500.00
Grand Total Standard POs & Contracts:		\$2,845,294.55
Change Orders & Renewals		
PO Number	Vendor Name and City State	Amount
43218	MCS OPCO LLC DBA QUALITY UPTIME SERVICES - CALIFON, NJ	0.00
43212	EVERGREEN NORTH AMERICA INDUSTRIAL SERVICES - PONCA CITY, OK	95.00
43279	RE-CON COMPANY - OKLAHOMA CITY, OK	13,126.88
Grand Total Change Orders & Renewals:		\$13,221.88
Grand Total		\$2,858,516.43

Director Meyers moved to approve the consent agenda as presented, seconded by Director Kimball, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Meeting Minutes of July 14, 2021.

Director Sublett moved to approve the Regular Board Meeting Minutes of July 14, 2021, seconded by Director Meyers, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

3. Unfinished Business
3.a. Progress Reports
3.a.1. Current Operations Reports

a. Monthly Video Update - GRDA August 2021
• **STEM Students Visit GRDA**

Mr. Sullivan said last week GRDA received confirmation from Oklahoma Speaker of the House McCall that he would be reappointing Director Jim Richie to the GRDA Board of Directors for another 5-year term. He stated he and the GRDA staff appreciate the opportunity to continue to work with Director Richie and thanked him for his service to GRDA and the Board of Directors.

Mr. Sullivan told the Board that in July GRDA had a very successful Legislative Getaway to date. He said it was the best attended as well. Mr. Sullivan explained that the shortened agenda seemed to work out very well for all to enjoy their time. He said GRDA still had the opportunity to show off the Illinois River to those that had not previously done so, as well as getting to show them Grand Lake. He thanked Director Kimball for his efforts and work, particularly in hosting everyone at his property at the lake.

Mr. Sullivan introduced one of their newest employees in-person, Leah Maloy. He said Ms. Maloy joined GRDA at the beginning of the year and has been working out of their Oklahoma City office. Mr. Sullivan said she, along with Mr. Wiscaver and the rest of the GRDA Team, serve as legislative liaisons for the Authority. He thanked her for her efforts and said she is doing a great job.

Mr. Sullivan said the Authority had continued growth in July 2021. He explained data shown as to GRDA's Demand and Energy for Load Following comparing total annual information for 2020 and 2021 for GRDA's Full Requirements Customers. Mr. Sullivan told the Board there was a 7 percent total increase in demand and a 3 percent increase in energy for the month. He showed graphs illustrating a comparison of resource energy production for July 2020 and July 2021, and said GRDA had a significant amount of coal production with natural gas prices being higher than seen over the last several years. He said they have had to run GRDA Unit 2 on multiple occasions, particularly during this hot stretch in July and the first part of August.

Mr. Sullivan said as everyone has become much more familiar with the levels of operations of the Southwest Power Pool (SPP) after Winter Storm Uri, he would like to talk about Conservative Operations. He explained that conservative operations during the summertime is not an unusual

phenomenon when they see high loads and temperatures rise. Mr. Sullivan stated what it basically means is there are no calls for public conservation efforts and no outages. He said this means they do not take anything out of service or do maintenance that might create an opportunity for a generation unit to go offline. This ensures everything is available during those peak seasons. He stated SPP declared Conservative Operations for the entire balancing authority footprint for July 28, 2021, at 12:29pm, through July 30, 2021, at 8:05pm. He explained this means that everyone on the grid should be careful and conservative in what they are doing to make certain every option is available.

Mr. Sullivan told the Board GRDA had the opportunity and were called upon by the City of Collinsville to provide some mutual aid assistance as they had a storm event that damaged several structures. He said the Authority assisted with that and then found that virtually all of the city's line crew were out with COVID-19 around the same time. So, GRDA stepped in to provide some line work and regular distribution work while their crews were offline. He introduced Mr. Craig Stokes with the City of Collinsville for comment.

Mr. Stokes thanked Mr. Sullivan and the entire GRDA Team. He said the City of Collinsville called GRDA about 10:00 p.m. that evening to request assistance in restoring power. Mr. Stokes said approximately two thirds of their entire crew were out with COVID-19, including some of their most experienced people. He expressed his deep appreciation for their relationship with GRDA, and thanked everyone again on behalf of the City of Collinsville. Mr. Sullivan said he and the staff are glad the city has their team back now and that things are back to more normal operations. He expressed GRDA's deep appreciation for the partnership with the City of Collinsville and all of their other customer cities.

Mr. Sullivan said recently the Oklahoma Municipal Alliance (OMA) announced awards, and several GRDA customer city utilities were recipients of those. He stated Coffeyville, Kansas, Tahlequah, Oklahoma, and Siloam Springs, Arkansas were recognized for reliability for cities greater than 10,000 in population for a four state region. Also, the City of Mannford in Oklahoma received an Outstanding Achievement award in electric service reliability for cities less than 10,000 in population. He congratulated them for all their hard work and said the Authority appreciates the recognition of the service they provide to the communities.

This year's Riverology 101 Educator Workshop was held in mid-July. Mr. Sullivan said the 3-day workshop offered hands on experience with several river ecology issues to give teachers additional

classroom tools. He told the Board the workshop was fully funded with an environmental education grant through the Environmental Protection Agency (EPA). Mr. Sullivan stated this has been an wonderful opportunity for GRDA to work with teachers and provide them with some information and skills they can take to the classroom to talk about water quality. He said the response has been tremendous and that they are happy to continue the program.

Mr. Sullivan showed an article in the "Oklahoma Country" magazine for Summer 2021 featuring a story on Mr. Grant Victor and his family's property along Horse Creek. Mr. Sullivan said GRDA now has several acres along Horse Creek included in this conservation easement. He also said there have been continuing issues in this area of Grand Lake with blue-green algae, but that the work happening now in relation to prevention of this type of issue is having a lasting impact. Mr. Sullivan stated the Authority will be seeing the results for years to come. He said it was nice to see that Mr. Victor and his family were recognized in this Oklahoma Farm Bureau magazine for the work they have done, and that this will help to encourage others to participate in these programs.

Mr. Sullivan said GRDA has, on a weekly basis, a team that goes out to collect trash and debris after the weekend at the Illinois River. He showed a photograph of the debris and said this is not representative of all that was collected, but that GRDA's Scenic Rivers Grounds Crew collected 5,420 pounds of trash along the Illinois River during the week of the Fourth of July holiday. He said it is always amazing to see what people discard, and that GRDA has tried to make it easier for visitors to utilize the may trash cans and collection areas.

Mr. Sullivan told the Board the American Boating Club of Grand Lake and volunteers with the Adopt the Shoreline, Zone 8 conducted a Grand Lake clean up event on July 31, 2021. Roll off dumpsters were provided at various locations for stakeholders to dispose of lake debris and trash free of charge. He said clean-up efforts resulted in 1.35 tons of Styrofoam, trash and tires being removed from the shoreline of Grand Lake. Adopt the Shoreline participants and volunteers collected 3.33 tons of debris, including an 18' fiberglass boat hull removed from the west side of Hickory Island. Mr. Sullivan said temperatures climbed into triple digits during the event, and that GRDA appreciates everyone involved for working under these extreme conditions. He recognized the businesses and civic group involved.

Mr. Sullivan stated over the last several year GRDA has continued the "I Got Caught Wearing My Life Jacket" Program with a purpose to reach out to kids by giving them a t-shirt. He showed the

Facebook message sent to GRDA stating, "Just wanted to say thank you! We are a foster family and just welcomed two new kids to our family. Today, two of your officers handed out shirts to our kids. This was probably the only positive interaction with police these kids have seen. They couldn't wait to get back and put on their shirts! Thanks again and keep up the good work!" Mr. Sullivan said this is what the program is all about. He expressed his appreciation for GRDA Police officers and stated it is great to see kids get excited to see them.

Director Kimball said this is a frequent sight in Woodard Hollow, and that it has been a very effective program.

Director Meyers asked how many shirts have been given out this year. Mr. Edwards said it has been about 6,000.

Chair Lewandowski stated he can see this program has made a real difference.

Director Richie told about his experience with the program on Grand Lake during the Fourth of July holiday and how the kids were fascinated with getting to meet the GRDA Police officers, asking them questions and seeing their gear. He expressed his appreciation for them and thanked all involved. Mr. Edwards stated he and the officers are very happy to have those interactions.

Mr. Sullivan showed a photograph and said Ms. Lori Medley visited the Scenic Rivers Office on August 1, 2021, to show her appreciation and to say thank you to GRDA Police Officers Tanner Weston and Gary Dill. They assisted her during a water rescue last month. He explained Ms. Medley had fallen into swift moving water and hit her head after the raft she was on struck a tree. She was able to hold on to tree limbs until the officers arrived and they were able to get her to safety. He said he and the staff appreciate her showing her appreciation.

Mr. Sullivan showed a picture of an animal water rescue along the shore in a Grand Lake cove. He said about a week ago GRDA Police received a call about puppies that had been abandoned by someone near the shoreline. GRDA Police officers showed up to retrieve them and took them to the Saving Whiskers and Tails facility in Pryor, Oklahoma, to put them up for adoption at this no-kill shelter.

Mr. Sullivan said there was a workshop held at the GRDA Ecosystems & Education Center to discuss septic tank repair and replacement on August 2, 2021. He told the Board the audience included many GRDA partners on the program including the Oklahoma Department of Environmental Quality (ODEQ), the Oklahoma Water Resources Board (OWRB), the Oklahoma Conservation Commission, and

Grand Gateway Economic Development. Mr. Sullivan said GRDA has made efforts in the last couple of year to remove septic tanks along the shoreline that do not work properly, and can contribute to water quality concerns. Mr. David Casaletto, President of the Ozarks Water Watch Program was the speaker for the event. Mr. Casaletto has created a model program for replacement and improvement of septic systems around lakes that can be implemented on Grand Lake and surrounding communities.

Mr. Sullivan said earlier this week GRDA had an opportunity to meet with first responders in the area. He said members of Chouteau Fire Department and Mayes County Emergency Management/Pryor Fire Department visited the Grand River Energy Center (GREC) on August 10, 2021. The group covered various topics, including emergency response, fire alarm/suppression infrastructure, location of hazards, protection features of the new Administration Building and general site layout. Mr. Sullivan said this has been a great partnership and thanked all involved for their part in this.

Mr. Sullivan recognized Director Meyers' significant birthday and thanked him for his service to the Board of Directors.

4. New Business

4.f. Ratification of Change Order 2 for Contract 42493 - National Electric Coil

Mr. Jacoby said there are a couple of things that happened related to the renovation of GRDA's Salina Pumped Storage Project. He said the Board may recall work done on the stators several years back, with the last one done in 2015. Mr. Jacoby stated the rotors have had issues with cracking and GRDA has been working on these. He said they awarded the original rewind on these contracts to National Electric Coil (NEC) two years ago. NEC have presented some suggestions, and GRDA have had several individuals working on this. Mr. Jacoby told the Board NEC has made several trips to the site to evaluate an alternate technique, and performing the work for only their staff costs plus parts to help GRDA get this project moving forward. He showed photos of the rotor cracking and said cracking in the rotor field welds was found to be pervasive and had significant cracking at the field weld interfaces of 70 percent of the bar or more. Mr. Jacoby said the rotor windings are aged and in need of rewind. He explained that Contract 42493 was awarded to National Electric Coil for the rewind of the rotor windings which would be accomplished, after removal by GRDA staff. However, the GRDA staff has been unable to remove the wedges that lock the windings in place. Mr. Jacoby stated that numerous techniques and suggestions have been attempted

resulting in distressed wedges, and Unit No. 5 has been off-line for over a year due to this. He said NEC has expended significant uncompensated expense to develop a methodology to get additional surface area exposed that will allow GRDA to press the wedges off. This methodology involves carbide hole sawing in the areas shown on a presented sketch. Mr. Jacoby said this is a much less expensive proposal to purchase the specialty carbide drill bits and to supply a technician to work with GRDA staff to develop the technique for up to two weeks. Assuming the technique works, he said GRDA staff would complete the removal of the windings. Mr. Jacoby presented the amounts included in the change orders and the new total cost for Contract 42493.

Director Sublett moved to ratify the time and materials addition of \$49,424.00 for Change Order No. 2 to Contract 42493 for a field technician to support GRDA staff with removal of Salina Rotor Wedges at a new contract total value, not to exceed, \$1,984,715.50, seconded by Director Kimball, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

4.g. Consideration, Discussion and Possible Approval Contract 43320 – Generation Equipment Modernization and Professional Engineering Evaluation

Mr. Jacoby said as the Salina Pumped Storage Project is becoming older, being built in 1968 and 1972 in 2 phases. He stated things have operated well and have been well maintained, but cavitation and general age are taking a toll. Mr Jacoby explained that operationally the equipment does not match well to current market sensitivities, and further explained what this meant. He said the units have seen improved operations since 2014, but that there is a limited upside without modifications. He showed photographs of turbine parts and said GRDA initiated internal engineering and financial evaluations, and the units are now ready for rehabilitation and further modernization studies. Mr. Jacoby stated the standard for doing a rehabilitation is about 25 years, but the units have not truly need that and have operated well. GRDA solicited engineering qualifications for firms with extensive recent experience in Pump Storage Engineering. GRDA received 4 Proposals. He said these were evaluated by 8 GRDA staff members. Based on qualifications and proposed approach to the project, Stantec, formerly Montgomery-Watson/Harza, was selected almost unanimously. Stantec was brought in for negotiation of scope of services to meet GRDA's needs. Mr Jacoby said this contract is for an evaluation of modernization options for the facility. He explained GRDA is ready to do a major rebuild, and that he and the staff would like to initiate a Master

Services Agreement allowing development of the project in phases. Mr. Jacoby said the reason for doing some of the work separately is for insurance reasons primarily. He described Phase I, to include the 5 tasks associated with this work. He said Phases II through IV would be as required and selected, subject to accepted modernization scope of the equipment to provide cost effective equipment for future operations. Mr. Jacoby stated this should give GRDA more flexibility to continue operations. He told the Board the modernization study evaluations and plant assessment for potential enhanced services would be for a number of things, to include the motor-generators, pump turbines, transformers cables, circuit breakers, protective relaying, automation and instrumentation potential, penstocks and gates, among other items. Chair Lewandowski asked what kind of shelf life this work would have. Mr. Jacoby said it would be approximately 25 years before additional work would need to be done.

Director Elam asked, if GRDA did make a modification in the system, would there be a need to also have a license modification. Mr. Jacoby confirmed this.

Mr. Jacoby said the modernization study proposed options would come out in approximately January 2022 with specifications from the rehabilitation. He stated this would tell GRDA where they are going with future and/or best options, and there would be a recommendation on condition for all components. Mr. Jacoby presented the general modernization scope, saying there will be an estimation of the present pump-turbine efficiency and potential for improvement, evaluation of the current motor-generator performance and efficiency, study of the use of adjustable speed units with full converters and other potential options for generation only conversions, flow isolation, options for plant expansion using the existing penstock bulbs for a quicker turnover, and a preliminary review leading to a final refined analyses of 3 to 4 alternatives. He stated GRDA will have to do the rehabilitation work due to the condition of the plant.

Mr. Sullivan said the Federal Government has some grant money set aside to assist in constructing and rehabilitating hydropower plants, and this may fit into one of those opportunities.

The Board and staff discussed all options for the rehabilitation work and evaluations, and the cost associated with this both now and in the future. Discussion also ensued regarding pump back generation facilities that are currently being worked on or have recently been rehabilitated.

Mr. Jacoby presented the recommended initial contract value for Phase I of this contract, to total \$589,000.00.

Director Elam moved, subject to final negotiation of terms and conditions by the CEO and General Counsel, to award the Master Services Agreement 43320 for Rehabilitation Specifications and Modernization Studies of the Salina Pumped Storage Plant to Stantec Consulting Services, Inc., with a Phase I contract total value, at the not to exceed time and materials value of \$589,000.00, seconded by Director Kimball, and voted upon as follows: Elam, yes, Kimball, yes, Lewandowski, no, Meyers, yes, Richie, yes, Sublett, yes, Westbrook, yes. *Motion passed (6-yes, 1-no, 0-abstained).*

4.h. Recognition of Outgoing Chair

Mr. Sullivan said, on behalf of all of GRDA, Chairman Lewandowski's leadership over the past year is greatly appreciated. Mr. Sullivan presented Chairman Lewandowski with a plaque in appreciation of his leadership as Chairman of the Board of Directors of the Grand River Dam Authority from August 2020 to August 2021. He expressed his appreciation for his hard work and dedication to his role as Chair, and said it has been a blessing to GRDA to have him on the Board.

Mr. Sullivan also stated, in keeping with tradition, he would like to present Chairman Lewandowski with a print on behalf of himself, the customers and employees of GRDA for his dedication to the organization and to remember his time as Chairman. He stated it has been a challenging year, and that he and staff appreciate him volunteering to take on this role. Mr. Sullivan presented Chairman Lewandowski with a print of an eagle superimposed over the Pensacola Dam to signify his watchful eye in serving GRDA and all GRDA customers.

Chair Lewandowski stated it has been a privilege to serve as Chairman and thanked Mr. Sullivan and GRDA for these gifts.

4.i. Other New Business, if Any, Which Has Arisen Since the Posting of the Agenda and Could Not Have Been Anticipated Prior to the Time of Posting (25 O.S. § 311(9)).

There was no other new business.

5. Reports

5.a. Board of Directors Committee Reports

1. Assets Committee

- a) **Consideration, Discussion and Possible Approval of a Request by Jerry Dale Overton and Donna Overton for a Revocable License to Encroach for Property Located in Delaware County, Oklahoma.**
- b) **Consideration, Discussion and Possible Approval of a Request by the Paralyzed Veterans of America, Mid-America Chapter for a Memorandum of Understanding Regarding the Use of GRDA Property Located in Ottawa County, Oklahoma.**
- c) **Consideration, Discussion and Possible Approval of a Request by River Bottom Sportsman Association for Disabled Veterans for a Memorandum of Understanding Regarding the Use of GRDA Property Located in Ottawa County, Oklahoma.**
- d) **Consideration, Discussion and Possible Approval of a Request by the Marsha Dene Conine Revocable Trust dated April 22, 2004, for a Revocable License to Encroach for Property Located in Craig County, Oklahoma.**
- e) **Consideration, Discussion and Possible Approval of a Request by the Town of Salina for a Utility Easement for Property Located in Mayes County, Oklahoma.**
- f) **Consideration, Discussion and Possible Approval of a Request by Ben and Nancy Rhoads for a License to Encroach for Property Located in Delaware County, Oklahoma.**

Director Westbrook said the committee met this morning. He stated all 6 items were approved unanimously by the committee members and briefly explained what each of the items entailed. He said 2 were of particular note for memorandums of understanding regarding the use of GRDA property in Ottawa County, Oklahoma, for hunting and fishing purposes. He said Dr. Townsend and Mr. Bob Eads with the River Bottom Sportsman Association for Disabled Veterans provided a presentation for the committee. He said this was for a wonderful cause. He asked if there were questions or comments on these items.

Director Kimball recognized the many hours the GRDA staff puts in preparing these items for the Board's approval. He also said the GRDA staff does all of this to support not only the Board, but also their customers, as well as being good stewards of the water under their jurisdiction, just to mention a few of the many things they have to do.

Regarding items a, Director Westbrook moved to approve a License to Encroach to Jerry Dale and Donna Overton in Delaware County, Oklahoma for the amount of \$277.00 per year, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding items b and c, Director Westbrook moved to approve the Memorandums of Understanding for Hunting and Fishing with River Bottom Sportsman Association for Disabled Veterans and the Paralyzed Veterans Association of America, as approved by the Assets Committee, and the items

were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding items d, Director Westbrook moved to approve a License to Encroach to the Marsha Dene Conine Trust in Craig County, Oklahoma for the amount of \$1,154.00 per year, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding items e, Director Westbrook moved to approve a 15-foot-wide utility easement to the Town of Salina for a force main to the Salina wastewater treatment plant, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding items f, Director Westbrook moved to approve a License to Encroach to Ben and Nancy Rhoads in Delaware County, Oklahoma for the amount of \$100.00 per year, as approved by the Assets Committee, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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

- a) Consideration, Discussion and Possible Approval of Oklahoma Development Finance Authority (ODFA) Securitization.**
- b) Consideration, Discussion and Possible Approval of PCAx Schedule Revisions.**
- c) Consideration, Discussion and Possible Approval of February 2021 Extraordinary Power Costs.**
- d) Consideration, Discussion and Possible Approval of Amendments to GRDA T&Cs (Retail and Wholesale) Authorizing GRDA to Apply a Credit-in-Lieu of Expending Capital Pursuant to the Extension of Service Allowance.**
- e) Consideration, Discussion and Possible Approval of Amendments to Rider WP-EDR Expanding GRDA's Ability to Provide a Wholesale Economic Development Rate to Wholesale Customers.**
- f) Consideration, Discussion and Possible Approval of Rider BTC-WP – Interruptible, Non-firm, Limited-duration Cryptocurrency / Blockchain Rider Applicable to Wholesale Full-requirements Customers.**
- g) Consideration, Discussion and Possible Approval of Rider BTC-R - Interruptible, Non-firm, Limited-duration Cryptocurrency / Blockchain Rider Applicable to Retail Customers.**

Director Lewandowski asked Mrs. Gudde to present the information to the Board.

Regarding item a, Mrs. Gudde said the first order of business is to request permissions from the Board of Directors to begin the application process for securitization. She said this has been discussed over the past few months, and explained that this securitization stemmed from Oklahoma Senate Bill 1049. Mrs. Gudde said it would allow for a mechanism for unregulated utilities to economically finance qualified costs related to the extreme weather event of February 2021. She told the Board the Oklahoma Development Finance Authority (ODFA) will issue revenue bonds, which will then be loaned to GRDA. Mrs. Gudde stated that through this application process, qualified costs will be audited by the Public Utility Division of the Oklahoma Corporation Commission, and said ODFA will assess an administrative fee to GRDA as well. This amount has not been determined yet, but is expected to be somewhat minimal. She explained, according to statute, this financing is not a debt of the State of Oklahoma or a pledge of credit by the State of Oklahoma. The term of the financing is expected to be 10 years. Mrs. Gudde said she and Mr. Sullivan met with ODFA earlier that week. She told the Board the process seems to be relatively straightforward and is truly a pass through mechanism where ODFA has done all of the competitive bidding to secure the different players for the bond issue. Mrs. Gudde stated GRDA expects to be the only state agency to explore this option at this point, and this loses the Authority some benefit of it being a pooled credit type instrument. She explained it is likely GRDA's credit ratings that the bonds are issued at, with GRDA's disclosures included. Mrs. Gudde said their staff is gearing up to use September financial statements and the disclosures for this, and those will be audited similar to a full year financial statement. As GRDA is expecting the term of the debt to be 10 years, she said it will allow payback from our customers for this term as well. Mrs. Gudde told the Board she and the GRDA staff are asking today for authorization to participate in the application process for an amount not to exceed the full \$102,388,191.00 identified as the extraordinary costs of the Winter Storm Uri event. She explained they have structured this in a way to prevent excluding any customers that may originally want to pay this off quickly, but change their mind when provided an opportunity. She said right now they are only looking to finance between \$75 and \$80 million.

Mr. Sullivan said GRDA was originally looking at a 4-year timeline and then trying to gauge what other utilities were going to do, as not to put their customers at a competitive disadvantage. He stated he believes the investor-owned utilities may be looking at a longer recovery period, and this does not make sense for GRDA and their customers. Mr. Sullivan told the Board the Authority is going to try to recover in

a reasonable amount of time that has the least amount of impact, but gets it taken care of because no one knows whether another event like this is going to take place.

Mrs. Gudde said some of the other feedback they have received, especially from their municipal customers, is that the population has a relatively short memory. So, while Winter Storm Uri is fresh in their minds now, in 20 years they are going to question why they are still paying for this extra cost.

Discussion ensued regarding whether this counts toward GRDA's bond cap. Mrs. Gudde told the Board this is being researched further by their bond counsel and others. Mr. Sullivan said Mrs. Gudde and her team are also putting together an RFP for a commercial loan to use as a yard stick to compare the cost, ensuring that GRDA has all information needed. He stated the actual application is still being developed.

Director Elam asked if there is a ballpark number for the administrative cost. Mrs. Gudde said they have not been able to get an estimate of what this will look like yet. However, she said the ODFA is a relatively small entity and will spend much less time on the unregulated agencies than they will on the larger regulated effort, and that in itself should keep costs down.

Director Elam asked if the issuance cost be reduced. Mr. Sullivan said that was something he and Mrs. Gudde brought up at the meeting with the ODFA. He stated that the ODFA did an RFP and were anticipating there may be several entities participating in this. Mr. Sullivan said they have what they believe to be the high number of what that cost would be, but the ODFA has already begun discussions to negotiate lower costs, knowing that it is likely to be only 1 agency participating. He told the Board the bond counsel cost and other things will be far less than what it would be if there were more organizations participating, and that bonds sold last week at GRDA's credit rating are about 1.75 percent now. Mrs. Gudde said it is a great time to go to market as long as the package is more than \$50 million. Mr. Sullivan said the ODFA has hired the Bank of Oklahoma as their underwriters of the program, and they anticipate selling all bonds on a retail basis.

Director Westbrook said that because there are a couple of types of programs in light of Winter Storm Uri, he would like to know if this has been funded yet. Mr. Sullivan said nothing has been funded at this point.

Chair Lewandowski asked if there was any indication of timeframe as far as interest rates are concerned. Mrs. Gudde said they did learn a little bit about timeline, and they are looking at pricing to occur in February or March of 2022. She said she and the staff will keep the Board updated as things progress.

Director Elam moved to authorize GRDA staff to participate in the application for securitization with the Oklahoma Development Finance Authority in the amount not to exceed \$102,388,191.00, seconded by Director Westbrook, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item b, Mrs. Gudde said these items relate back to Winter Storm Uri as well. She stated they had had brought revisions to the PCA Schedule to the board earlier this year to try to put mechanisms in place to cover these extreme weather costs in a manner other than their standard 12 month rolling average to make it less burdensome to customers. Mrs. Gudde said, after spending many months on analysis and speaking with customers, the staff would like to bring back more revisions. She told the Board Mrs. Marquis and Mr. Mayfield worked on the PCA Schedule to enable the group to approve these changes today. Mrs. Gudde said the substantive changes are to provide flexibility in the recovery of the Extraordinary Power Cost, as approved by the GRDA Board of Directors. Providing different options to GRDA customers, offers them the best plan based on their needs. She stated there are 2 different recovery methods. The first option is a fixed allocation in the energy used during the month of February. The second option is using the kilowatt hours used, as determined by the normal PCA on a go-forward basis for the next 12 months. This also identifies the recovery term of up to 120 months, and identifies this specific recovery plan as an appendix to the PCA Schedule. Mrs. Gudde said the GRDA staff recrafted the PCA schedule to account for this to enable GRDA to be more nimble and flexible in the future in response to another event such as this occurring. She explained where the changes in the schedule were located and additional details.

Director Westbrook asked what is included in the carrying costs. Mrs. Gudde said the carrying costs will be the issuance costs of the securitization, the ODFA administrative fee, and then the interest on the bonds themselves. She stated the other option for GRDA customers is the variable cost allocation which is based on GRDA's regular PCA, and allows customers to choose to be billed as if the normal PCA had applied at the time based on energy usage going forward for 12 months, with no carrying costs.

Mrs. Gudde said GRDA is asking customers to elect in writing in contract form which option they would like to utilize. She showed the 3 options available, and said this protects GRDA and future customers, as the contract requires customers to give early termination notice and makes the rest of their amount collectible if they leave GRDA. Every customer would have to pay their allocated share of the February 2021 cost. Elections would be due back to GRDA by October 15, 2021.

Mr. Loren Smith with the City of Stillwater asked when GRDA anticipated the first payment being due if the customer elects to utilize the 12-month option. Mrs. Gudde stated that it would be near November 1, 2021, since the intent is to have the total recovered by October 14, 2022, with that election.

Discussion ensued regarding when payments are due and how all of the program is structured.

Director Sublett said, for the benefit of the other members of the board, the audit committee did meet at length yesterday afternoon to discuss this. He stated, as a member of the Board, he reviewed very carefully the changes to the Schedule PCA and is comfortable that Mrs. Gudde and her staff have reviewed and considered this very carefully. Director Sublett said he is very satisfied that this accomplishes the objective.

Director Meyers said that this is about as much flexibility he has seen. He stated the Board asks a lot of questions, but the only ones that really matter are from the customers. However, he said he believe the GRDA staff has built a very good product, and further commended the GRDA Team for their efforts on this, as did the customers present in the room.

Director Lewandowski moved to approve the Schedule PCA changes, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item c, Mrs. Gudde said the second portion of this process is to designate an amount as defined in the PCA schedule for the Extraordinary Power Cost. This is the amount that will be submitted to ODFA and then on to Oklahoma Corporation Commission that has been discussed.

Director Lewandowski moved to approve the \$102,388,191 shown in Appendix to be the Extraordinary Power Cost arising from the February 2021 extreme cold weather event, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item d, Mr. Mayfield said both the retail and wholesale terms and conditions of service include a calculation of "Extension of Service Allowance" for GRDA customers. GRDA now invests capital when the formula indicates that investment is worthwhile. He told the Board the staff would now like to provide the option of supplying a rate credit-in-lieu of capital investment as the previous terms have a couple of shortcomings. Mr. Mayfield stated it can produce the natural incentive for loads to be aggressive in how they quote, buy and sell. GRDA's capital is being invested on the front end and being recovered later over the term. Mr. Mayfield said the committee has approved this proposal and presented the proposed amendments to the terms and conditions. He told the Board the essence of the proposed amendment is that if it makes sense to you, GRDA could use a rate credit instead of putting its capital at risk. This would be particularly attractive for loads that don't have a very solid track record of performance that may be in a unique industry that can quickly move in and quickly move out. Mr. Mayfield said it is a concept that GRDA may not use all the time, but would be valuable to use in certain circumstances.

Director Sublett stated this was recommended for approval by the committee, and there were 2 motions needed for this one item.

Director Lewandowski moved to approve the revisions to the Wholesale Service Policy, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Lewandowski moved to approve the revisions to the Terms & Conditions of Industrial Service, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item e, Mr. Mayfield said GRDA currently utilizes a Wholesale Power Service Economic Development and Surplus Capacity Rider (Rider WP-EDR). He told the Board the credit available under the Rider is limited to \$1.50/kW/month, and the GRDA staff propose to provide an option of increasing the credit if the wholesale power customer would lose the load but for a larger credit. Mr. Mayfield presented the special rate adjustment portion of the WP-EDR rider document. He said GRDA may increase the Capacity Billing Demand credit, subject to certain limitations. These limitations are that the minimum Capacity Billing Demand price must be greater than GRDA's short-run marginal capacity costs to serve the

load; and the maximum Capacity Billing Demand price must be less than or equal to the Schedule SP rates. All of this applies, provided any such Capacity Billing Demand credit must be documented in, and provided subject to any limitations included within and executed Service Agreement.

Chair Lewandowski asked Mr. Mayfield to provide examples for the Board that had cleared things up for him during the committee meeting. Mr. Mayfield provided these examples.

Director Westbrook asked how GRDA arrived at the \$1.50/kW/month rate. Mr. Mayfield said this was developed several years back (in 2016 or 2017) through extensive analysis and has been in place since then. Director Westbrook asked if this is a meaningful credit to the wholesale customers. The customers in the room responded that it is absolutely meaningful to them. Mr. Mayfield explained how this can benefit the customers.

Director Kimball asked what happens when the surplus capacity dries up. Mr. Mayfield said this rider only works as long as GRDA has surplus capacity. He explained how that work and said this is an intermediate term mechanism to provide a more attractive rate while GRDA has this long position in capacity.

Director Lewandowski moved to approve the revisions to Rider WP-EDR, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding items f and g, Mr. Mayfield said GRDA and its wholesale customers have been approached by multiple cryptocurrency miners as potential customers. GRDA makes no distinction between cryptocurrency and other loads. However, it is proposed that the Authority apply a different (interruptible and non-firm) rate structure to qualifying cryptocurrency/blockchain loads. He stated eligible loads would be 10,000 kW or greater, the load is interruptible and non-firm, the deal structure is short to avoid a long-term commitment, the customer supplies all equipment necessary to connect, there is a 90 percent load factor or higher, and there is a 90 percent cryptocurrency/blockchain processing. Mr. Mayfield explained more about the total load eligible for service under the rider and said the rider automatically terminates if cryptocurrency mining, producing, etc. is rendered unlawful. He described more about interruptible load, and said customers taking service under these riders are not eligible to participate in the GRDA Economic Development Rider for the interruptible load. Mr. Mayfield explained more about the riders and said a

customer with a non-complying load would pay under the applicable rate schedule. He told the Board the committee discussed these items at length.

Director Westbrook asked why the riders have a bit coin label to them. Mr. Mayfield explained this is just a naming convention. Director Westbrook asked why the mining blockchains have a special load profile. Mr. Mayfield provided an example. He also said it is worth continuing to study this concept and think about what other customer profiles would be a good fit for this, and is something the GRDA staff is planning to do, as this is just a first step.

Chair Lewandowski asked Mr. Mayfield to elaborate on the investment for the customers and GRDA on these riders. Mr. Mayfield explained how the riders worked.

Director Kimball said these types of operations historically can use a lot of load, but produce very few jobs. He said from what he has seen in this industry, they have a tendency to move in and move out relatively quickly, some even to the point that they operated mobile operations. Director Kimball asked what makes GRDA believe they are even going to still be around by the time the Authority calculates the power cost adjustment. Mr. Mayfield said the short answer is that this rider requires the customer to have a performance guarantee. He explained the customer would have to be collateralized and have a deposit equal to two months of their usage. Mr. Mayfield said GRDA would take those contributions to their fixed costs and dilute costs for our other customers.

Mr. Loren Smith with the Stillwater Utilities Authority stated this rate is somewhat designed around a potential customer that is supposed to come to Stillwater, Oklahoma. He said this company has closed on a \$10 million building in a local industrial park that has sat vacant for the 15 years in the industrial park. This potential customer intends to want 200 megawatts of load. He told the Board, to put that in perspective, the City of Stillwater is an approximately 120 megawatt load. He explained what the distribution system can provide to the company now and what kind of financial impact this would have on the City of Stillwater, which is substantial. Mr. Smith said he agrees there are not a lot of jobs associated with this, but it would provide electricity sales. He stated the company wants 30 megawatts of load the first day they enter the industrial park, with 200 megawatts in a 24-month period. Mr. Smith said, from what he understands they have a similar operation in Tulsa that is attached to Public Service Company.

Director Elam said GRDA is long on capacity right now, and the GRDA Team has done a good job of minimizing exposure on this. He stated the more GRDA can utilize their excess capacity, the more benefit for every customer in the future.

Director Kimball expressed his concerns about these items and the risk involved.

Mr. Mayfield said one of the risks discussed was regarding the opportunity lost. He said that the specific discussion was pointed at dedicating capacity to a potentially transient customer while possibly missing an opportunity to supply service to a long-term customer. Mr. Mayfield said to help mitigate that risk the GRDA Team would limit the service and these riders to 18 months, which is approximately the amount of time it takes to get a substation constructed and a transformation order for a major customer finalized. Mr. Sullivan said that the team has had this discussion over the years and it is a directive for GRDA to do their best to utilize the capacity they have.

Discussion ensued regarding current cryptocurrency mining. Mr. Sullivan said this is not something GRDA would want to hang their hat on or consider to be a growth strategy. However, he told the Board they have had success with one of these operations recently as there is one in existence at the MidAmerica Industrial Park. In talking with Dave Stewart and others at the industrial park, he said this is not an issue that they want to focus on, but they do recognize that it provides some load.

Director Richie asked what the term "mining" means. Mr. Sullivan said they are digitally digging out, through certain calculations, either processing payment through cryptocurrency or some other blockchain, or finding these types of coins.

More discussion ensued between the Board and GRDA customers about the risk and whether something like this is truly worthwhile. Many of the customers present at the meeting said they would chase this kind of revenue stream.

Chair Lewandowski asked Mr. Brown to provide a quick overview on GRDA's current capacity. Mr. Brown said currently GRDA has roughly 400 megawatts of surplus capacity in total.

Mr. Sullivan said this item was recommended by the committee.

Director Elam moved to approve: (i) Rider BTC-WP; and (ii) Rider BTC-R, as approved by the Audit, Finance, Budget, Policy & Compliance Committee, and seconded by Director Sublett, and voted upon as

follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Kimball left the room at 11:19 a.m., returning at 11:21 a.m.

3. Compensation & Marketing Committee: Director Kimball had no report, but said the committee had an Executive Session item.

4. Fuel and Long-Range Planning Committee: Director Meyers had no report, but said the committee had an Executive Session item.

6. Executive Session:

- a. Proposed Executive Session Pursuant to 82 O.S. § 862.1(2)(a) Which Exempts the Grand River Dam Authority from the Oklahoma Open Meetings Act for the Purpose of Conferring on Matters Pertaining to Coal or Gas Fuel Supply and Transportation Contracts.**
- b. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning All American Floats.**
- c. Executive Session Pursuant to 25 O.S. § 307(B)(1) to Discuss the Annual Review and Salary of the Chief Executive Officer.**

Director Kimball moved to go into executive session at 12:17 p.m., seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).* **Director Meyers had to leave the meeting at this time**

Director Sublett moved to return to regular session at 2:06 p.m., seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

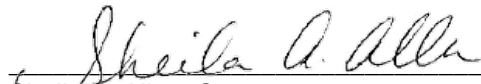
- a. Action, as Necessary, Concerning Matters Pertaining to Coal or Gas Fuel Supply and Transportation Contracts.**
- b. Action, as Necessary, Concerning All American Floats.**
- c. Action, as Necessary, Concerning the Annual Review and Salary of the Chief Executive Officer.**

Regarding item a, Director Kimball moved to approve the Peabody COALSALES, LLC 2022 Base Price proposal, as discussed in Executive Session, subject to the approval of final terms and conditions by the CEO and General Counsel, seconded by Director Richie, and voted upon as follows: Elam, Kimball, Lewandowski, Richie, Sublett, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Regarding item b, there was not action needed on this item.

Regarding item c, Director Kimball moved to approve the review and salary of the Chief Executive Officer as discussed in executive session, seconded by Director Lewandowski, and voted upon as follows: Elam, Kimball, Lewandowski, Richie, Sublett, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Kimball moved for adjournment at 2:09 p.m., seconded by Director Richie, and voted upon as follows: Elam, Kimball, Lewandowski, Richie, Sublett, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

October 13, 2021

GRDA Board of Directors