

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
December 9, 2020**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Engineering & Technology Center in Tulsa, Oklahoma, on December 9, 2020. The option was given to attend via Cisco WebEx using access code 146 034 8809. Some attendees could join by phone at +1-408-418-9388 (Meeting Number/Access Code 146 034 8809). 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 5, 2019, at 4:01 p.m.; by posting the agenda with the Tulsa County Clerks' offices on December 8, 2020, at 9:56 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, with the exception of Director Sublett. 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	Absent
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	Absent
Heath Lofton, General Counsel	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
Nathan Reese, Executive VP – External Relations	Absent
John Wiscaver, Executive VP – Corp. & Strategic Communications	Absent
Laura Hunter, Chief Human Resources Officer	Absent
Darrell Townsend II, VP – Ecosystems/Watershed Management	Present
Robert Ladd, VP – Grand River Energy Center Operations	Present
Steve Jacoby, VP – Hydroelectric Projects	Absent
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: Chris Maxwell, Intercom Service; Tom Gray, Tamara Jahnke, Jeff Brown, Melanie Earl, Ash Mayfield, Matt Martin, Johnnie Ramsey, GRDA.

4. New Business

4.a. Capital Work Order Report

Number	Title	Net GRDA Cost
RF020-01075	Cleveland 69 Control House and Station Upgrades	\$ 1,457,184
RF017-00818	Pensacola Bridge & Support Structure Improvements - <u>Revised Estimate</u>	\$ 11,094,150
RF017-00818	Pensacola Bridge & Support Structure Improvements - <u>Original Estimate</u>	\$ 5,217,900
	Additional Funding for RF017-00818	\$ 5,876,250
	Grand Total Work Orders	\$ 7,333,434

Mr. Sullivan welcomed Mr. Michael Westbrook as the recent appointee of Oklahoma Governor Kevin Stitt. He said Director Westbrook will be representing GRDA's lake interests and will be the Chair of their Assets Committee.

Director Westbrook thanked Mr. Sullivan for the introduction and said he has been involved in energy for about 20 years and has become somewhat familiar with GRDA over the years. He stated it is great to be a part of GRDA.

Mr. Sullivan explained the items on the Capital Work Order Report to the Board of Directors. 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, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

CONSENT AGENDA

2. November Claims, \$22,673,621.42.

4.b. Resolutions of Commendation:

- 1) James M. Harris
- 2) Karen Layman

- 3) William C. Millsap
- 4) Johnnie Ray Ramsey

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

Description and/or Make of Item

Vanguard Ratio Test Set

4.d. Power Cost Adjustment (PCA) of \$0.01905 per kWh for January 2021

4.e. Report of Hearing Officer and Order for Administrative Hearing Notice No. 2020-2 for Hudson Lake Marina

4.f. Application and Authorization for Temporary Electric Service – Brewer Construction of Eastern OK, Inc.

4.g. Cooperative Agreement with the Oklahoma Conservation Commission – Northeastern Riparian Protection Conservation Easements

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

Standard Purchase Orders & Contracts		
PO Number	Vendor Name and City State	Amount
110620	PINNACLE BUSINESS SYSTEMS - TULSA, OK	258,968.66
110804	TORISHIMA SERVICES SOLUTIONS OF MICHIGAN, LLC - BATTLE CREEK, MI	369,917.00
43213	U.S. DEPARTMENT OF THE INTERIOR - AUSTIN, TX	167,600.00
43214	SMITH & GRAY COMPANY LLC - GROVE, OK	180,000.00
111001	CARTER CHEVROLET AGENCY LLC - OKARCHE, OK	316,752.00
Grand Total Standard POs & Contracts:		\$1,293,237.66

Change Orders & Renewals		
PO Number	Vendor Name and City State	Amount
42970	SHAFFERS SUBSTATION CONSTRUCTION, CO. - ELLSINORE, MO	-1,000.00
41095	UNIVERSITY OF OKLAHOMA - NORMAN, OK	0.00
Grand Total Change Orders & Renewals:		-\$1,000.00
Grand Total		\$1,292,237.66

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

REGULAR AGENDA

1. Regular Board Meeting Minutes of November 10, 2020.

Director Kimball moved to approve the Regular Board Meeting Minutes of November 10, 2020, seconded by Director Richie, and voted upon as follows: Elam, yes, Kimball, yes, Lewandowski, yes, Meyers, abstain, Westbrook, yes. *Motion passed (5-yes, 0-no, 1-abstained).*

3. Unfinished Business

3.a. Progress Reports

3.a.1. Current Operations Reports

Mr. Sullivan explained data shown as to GRDA's Demand and Energy for Load Following comparing information from November 2020 to November 2019 for GRDA's Full Requirements Customers. He showed graphs illustrating a comparison of resource energy production and explained there was a significant decrease in the amount of gas production, with an increase in wind production due to the weather pattern for the month.

Mr. Sullivan told the Board as a part of the recent GREC 2 outage the turbine control was upgraded. He said the unit is currently online for some additional environmental testing. Mr. Sullivan told the Board in doing this upgrade, GRDA received an estimate from the original manufacturer of \$1.3 million for this work. He explained the GRDA staff created a work order estimate totaling \$516,450 to have an almost \$800,000 savings by doing this work in-house. Mr. Sullivan commended Mr. Ladd and his crew, saying they have done a great job utilizing their expertise to find ways to save money and get the job done to GRDA's specifications. The Board also commended Mr. Ladd's team.

In late October, Mr. Sullivan said 21 senior capstone students with their professor split into five project teams from Missouri University Science & Technology to tour Pensacola Dam and the Ecosystems and Education Center. The visit provided the students with a perspective on typical geologic condition issues that may be encountered. He stated each team selected a problem and

their capstone project was to develop a solution to that problem. The 5 groups will present their solutions to a group of Engineering Geology professors and GRDA staff for critique and final guidance. Their professor, Dr. Rogers, is on the Federal Energy Regulatory Commission's (FERC) Board of Consultants members. He said it is great to have this partnership to provide those students with real world opportunity to apply their knowledge, and GRDA looks forward to seeing their findings.

Mr. Sullivan showed photographs and said GRDA Shoreline Management, Ecosystems Management and Police hosted a shoreline cleanup in the Chimney Rock area south of Salina last month. He explained more than 80 volunteers worked along areas near the south and north boat ramps at the lake to collect garbage dumped in the area. They also walked along trails that surround the lake, gathering trash and discarded household items. Mr. Sullivan said over 2 tons of trash and debris were collected for disposal, filling a commercial-sized dumpster. He told the Board that volunteers for this project included students from Pryor FFA, Adair FFA, Locust Grove Chamber of Commerce, Locust Grove Student Council, Locust Grove FFA, Chouteau FFA, as well as personnel from JCI Industries, Environmental Solutions and Innovations, LJA Engineering, Horizon, Trihydro, and the Oklahoma Department of Transportation (ODOT). During lunch, GRDA's Jeri Fleming talked with the students about the Grand Lake Watershed and shared different ways they can have a positive effect on water quality.

Mr. Sullivan said GRDA Police once again participated in Christmas parades across Oklahoma, along with Siloam Springs, Arkansas and Coffeyville, Kansas. With the pandemic, some towns incorporated a "reverse" Christmas Parade. He stated participants created static displays and spectators were able to drive through to look at everything.

Mr. Sullivan provided the Board with an update on the current COVID-19 situation as of December 7, 2020. He showed the current numbers and graphs showing the number of GRDA COVID tests and positive results timeline, a case status breakdown, local radius numbers, and active hospitalization numbers. Mr. Sullivan stated he and the staff will continue to follow this closely and do everything necessary to minimize the potential spread at GRDA. He said they also

encourage all employees to take measures outside of the workplace to assist in preventing the spread and will continue to monitor this as usual. Mr. Sullivan told the Board they hope the vaccine will be available soon and help to mitigate some of the spread. Also, he said GRDA is already committed to work with the Oklahoma Health Department in the push program to help distribute vaccines as of the end of 2019. He said they did not know this would be needed then (over a year ago), but they are glad to be participating now. Mr. Sullivan stated Mr. Edwards and his team are working with the local health departments to get the vaccines out when they become available. This will give the Authority an opportunity to get GRDA employees in line to receive the vaccine as well. He explained they have sent out a questionnaire Monday asking employees if they are interested in receiving the vaccine. As of this morning, they have had approximately 200 responses from employees that want the vaccine. Mr. Sullivan said there is some concern about the safety and efficacy. He also explained some of the details surrounding the administering of the vaccine.

Director Sublett asked if any GRDA employees had been hospitalized. Mr. Sullivan said there were no employees that were hospitalized. He stated he and the GRDA staff hope to see a decrease soon. Mr. Sullivan showed and explained statistics on the case status breakdown, local radius numbers, and active hospitalization numbers.

3.a.1. Annual Review of Board of Directors' Policy Manual

Mr. Sullivan said previously GRDA was required to have the Board formally review the Board of Directors' Policy Manual on an annual basis. He said this was changed last year to make it the Chief Executive Officer's responsibility to bring changes to the Board when needed. Mr. Sullivan told the Board he and the staff have reviewed those policies and do not have any changes at this time.

There is no action to take on this item.

4. New Business

4.h. Update on Partnership with Oklahoma Conservation Commission in the Illinois River Basin

Mr. Fite said he would like to provide an update for the Board on what his department has been doing, particularly in the Illinois River Basin. He began by going over the implementation of the 2010 Oklahoma Non-Point Pollutant Watershed Plan written by the Oklahoma Conservation Commission. To date, they have had over 300 cooperators, 122 septic tanks fully or partially replaced, and 4,478 acres (approximately 110 miles) of riparian protection accomplished long-term. He explained how important these agreements are and other accomplishments of previous and ongoing efforts, including education and water quality monitoring. Mr. Fite said there are a couple of articles about the Nonpoint Source success story. He showed information illustrating the details and a map of the Illinois River Watershed. He showed a graph showing Oklahoma's Average Annual Total P Loading in Kilograms per year for Flint Creek, Illinois River and Barren Fork Creek areas, as well as a graph illustrating Oklahoma's average annual total P Loading. As of September 2020, GRDA and the Oklahoma Conservation Commission have added another 1,206.3 acres of 30-year easements to the watershed. Mr. Fite showed a map of these long-term easements and explained that an item on the Consent Agenda approved today also provided GRDA another \$500,000 grant to continue this work. He thanked Mrs. Jahnke for her work toward these efforts, and said since 2017 Mr. Sullivan and the team at GRDA have allowed for \$3.2 million in funding to be expended on these riparian easements in total of 1,480 acres. Mr. Fite said the goal is to hit 9,000 acres of long-term riparian protection easements in the Eucha/Spavinaw and Illinois River Watersheds. He stated in total Oklahoma has invested at least \$9.5 million in conservation practices to implement the 2010 Watershed Plan, not including USDA dollars.

Director Meyers asked if most of these grants are from the federal government. Mr. Fite confirmed this.

Chair Lewandowski asked if there are any other state agencies that work on projects such as this like GRDA has. Mr. Fite said the only agency he is aware of is the Oklahoma Conservation Commission, but their staff is much smaller than GRDA, and they have been a great partner to GRDA on these projects. Chair Lewandowski commented that he wishes more people understood what goes on behind the scenes on this. Mr. Fite thanked the Board, Mr. Sullivan and the entire GRDA Team for their support and assistance.

Director Kimball commented he wishes more people in the state knew how much GRDA does in this regard.

Mr. Sullivan said the next significant factor in improving water quality is the septic tanks around the lakes. Mr. Fite commented that none of this would have happened without GRDA being involved.

Director Elam asked Mr. Fite to put a percentage to the work of other agencies and GRDA since 2017. Mr. Fite said, with the money invested in the 3,714 acres acquired, GRDA is well over 50 percent. Director Elam complimented everyone that was involved in this program.

There was no action needed on this item.

4.i. Consideration, Discussion and Possible Approval of Change Order 2 – Contract 40524 - Long Term Service Agreement for Combustion Turbine Generator with Mitsubishi Power (previously Mitsubishi Hitachi Power Systems)

Mr. Ladd provided background for the Board with a timeline of the agreement for GREC 3. He said Mitsubishi's M501J international fleet has collectively surpassed 1 million operating hours at 99.5 percent reliability and additional components requiring regularly scheduled repairs have been identified. These include Turbine Blade Rings (TBR) and Interstage seal Housings (ISSH). Mr. Ladd said long-term exposure to extreme combustion temperatures can result in distortion, and the distorted components reduce the efficiency of the unit and increase operating risk. He stated such repairs are common among all combustion turbine machines, and showed a diagram of the unit noting the location of the Turbine Blade Rings and Interstage Seal Housings, as well

as photographs. Mr. Ladd told the Board the TBR and ISSH are not currently covered parts in the existing Long-Term Service Agreement (LTSA) contract with Mitsubishi. He said the GRDA staff proactively evaluated multiple options for repair, including purchasing a complete set of new spares, event-based repairs, a pre-arranged exchange program, and inclusion of these components as a “covered part” in the existing LTSA contract. Mr. Ladd showed a table summarizing the evaluation and fees. He said the lowest overall cost for GRDA is to include the TBR and ISSH into the current LTSA contract. This would minimize both liability and scheduling/market risks for emergency or non-routine repairs and would levelize the repair cost over the term of the LTSA contract to allow GRDA to budget for the cost. The fee for this change is estimated to be an additional \$59.71 per effective fired hour (EFH) and is subject to the annual CPI-based adjustment. The aggregate cost to GRDA would be capped at \$6,255,000. Mr. Ladd went over the LTSA Outage Schedule if this solution is approved.

Mr. Westbrook asked, with the liability coverage from Mitsubishi, how many catastrophic failures have been experienced and was it covered? Mr. Ladd said the last catastrophic failure he was able to find public information on was in the M501F fleet, another in the M501G fleet that did not provide public information, and no recorded catastrophic failures in the M501J fleet. He told Mr. Westbrook and the Board that the preventative maintenance being done at needed intervals has prevented there being any failures. Mr. Ladd stated there is also a collateral damage clause in the agreement that covers the term of the contract, which is about 12.75 years.

Director Kimball commented GRDA is now looking at spending \$6.25 million over those 12.75 years in maintenance costs. He asked why this expense was needed in adding operating cost to GRDA. Mr. Ladd said he did not know the details of the original discussions when the unit was originally constructed, but in comparing the unit with others he stated all of the other machines would have the same need in ongoing maintenance costs. He would not expect other manufacturers to have any improved maintenance on such components. Director Kimball stated the operating costs were discussed at length before the unit was originally constructed and this type of increased operating cost was not included in that discussion. He asked if GRDA is

operating this unit at a higher temperature level than what originally thought to provide more production. Mr. Ladd said the machine is operating at or below the specifications for the machine. Mr. Sullivan said the temperature is higher than the other M501F and M501G fleets due to the increased technology to increase the efficiency and decrease the emissions. Mr. Kimball stated this increase operating cost is concerning to him.

Director Elam asked if this is driven by GRDA or by Mitsubishi. Mr. Ladd said this has mainly been driven by GRDA to come up with proactive solutions.

Director Meyers asked if GRDA would have costs associated with this no matter what. Mr. Ladd confirmed this and said this is GRDA staff's attempt to minimize exposure and cost proactively rather than wait until there was an issue.

Director Elam asked, with all of the green energy coming up, if the unit would be called to the market as much as it may have been in the past. Mr. Ladd said this change to the agreement is based on hours of operation. If the unit is not fired and the hours are not met, there would not be the need for the maintenance strictly according to the proposed schedule. He clarified that there would be a cost even if this change order is not approved, but approving this reduces some of the cost and lowers the risk significantly for GRDA.

Director Westbrook asked what the LTSA contract covers. Mr. Ladd said this covers the GREC 3 combustion turbine, combustion turbine generator, steam turbine, and steam turbine generator.

Director Meyers asked if GRDA gives up any control over when outages are scheduled. Mr. Ladd said the only time GRDA would not have control over when the outages are scheduled is if they were contacted by Mitsubishi and told they see indications something would fail. At that time, there could be a need. Mr. Sullivan commented that this is part of Mitsubishi's remote monitoring of the unit that provides a great benefit to GRDA in their monitoring a number of systems, identifying trends, and any changes only they could see.

Director Kimball moved the Board approve Change Order Request No. 2 to Contract 40524, Long-Term Service Agreement (LTSA) for Combustion Turbine Generator, subject to

approval of final contract terms and conditions by the CEO and General Counsel, seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.m. 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:** Director Kimball had no report and welcomed Director Westbrook as the new Chair of the committee.
- 2. Audit, Finance, Budget, Policy & Compliance Committee:**
 - a) 2021 Financial Budget**
 - b) Resolution to Defer Certain Expenses as Determined by the CFO**

Director Lewandowski asked Mrs. Gudde to present the information on the budget to the Board. He also commended the committee and the GRDA Team on improving the process this year, and said the committee approved the budget unanimously.

Regarding item a, Mrs. Gudde presented GRDA's 2021 budget goals and objectives. She explained that through the continuation of efficient utilization and leverage of GRDA's cash reserves to fund capital projects and major maintenance activities, maintaining a level base rate by the persistent pursuit of efficiencies in operation while also retaining key employee talent, continuing to pursue 2020 goals delayed by the pandemic, and strategic funding for Rate Stabilization Accounts I and II 2021 is looking like an exciting year to expand involvement with GRDA customers. She stated recently she and her team have been in discussions with CitiGroup to explore the possibility of refunding GRDA's existing debt. However, while the market is very attractive right now, GRDA's particular mix would not garner much savings for the Authority. She

stated the team will continue to evaluate this, but it is not recommended at this time. Mrs. Gudde went over the 2021 projected budget, including the 2020 final budget and 2020 most probable results in detail. She said it is anticipated that GRDA will end the year about \$5 million under budget, which related back to some of the 2020 goals unable to be accomplished due to the pandemic. Mrs. Gudde showed a graph illustrating a breakdown of the non-fuel operating expenses and explained they expect an increase from 2020 most probable results of \$9.8 million, also clarifying what this would include. She broke down the capital improvements budgeted for 2021 and expanded on details associated with these. Mrs. Gudde explained what the utility capital addition cash reserve impact would be, noting there is no expected depletion of cash reserves to complete 2021 typical capital projects. She also told the Board GRDA is forecasted to end 2021 will within targeted levels set by their Cash Reserve Policy. She showed the target minimum and maximum level of cash reserves, cash on hand as of October 31, 2020, the amount of 2020 capital addition carryovers and the expected revenue fund available for capital improvements. Mrs. Gudde expanded on how this would affect GRDA's bottom line and said the projected cash balance would be \$448,179,716 at the end of 2021.

The entire Board commended Mrs. Gudde, her GRDA Team and the committee on their hard work and dedication to bring a very straightforward and clear budget presentation to them again. Comments were also made relative to how this process seems to get better every year.

Director Lewandowski moved to approve the 2021 Financial Budget as presented, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Regarding item b, Director Lewandowski asked Mrs. Gudde to present the information for this resolution.

Mrs. Gudde showed a copy of the resolution and stated this resolution would grant the Chief Financial Officer the discretion to adopt regulatory accounting in accordance with GASB 62

for deferral of expenses. She presented an example of a budget source table to show expenses that would be subject to this resolution and explained each.

Director Lewandowski moved to approve the resolution to grant the Chief Financial Officer the discretion to adopt regulatory accounting in accordance with GASB 62 for deferral of expenses, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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

4. Fuel and Long-Range Planning Committee: Director Meyers had no report.

6. Executive Session:

- a. **Proposed Executive Session Pursuant to 25 O.S. § 307(B)(3) to Discuss the Purchase or Appraisal of Real Property in Delaware County, Oklahoma.**
- b. **Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning City of Miami, Oklahoma vs. Federal Energy Regulatory Commission, United States Court of Appeals for the District of Columbia Circuit, Case Nos. 20–1325, 20–1446 (consolidated).**

Director Richie moved to go into executive session at 11:41 a.m., seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Richie moved to return to regular session at 12:56 p.m., seconded by Director Meyers, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

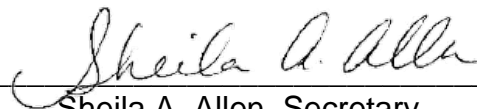
- a. **Action, as Necessary, Concerning the Purchase or Appraisal of Real Property in Delaware County, Oklahoma.**

b. Action, as Necessary, Concerning City of Miami, Oklahoma vs. Federal Energy Regulatory Commission, United States Court of Appeals for the District of Columbia Circuit, Case Nos. 20-1325, 20-1446 (consolidated).

Regarding item a, Director Richie moved to approve the item as discussed in Executive Session subject to the approval of the Chief Executive Officer and General Counsel, seconded by Director Meyers, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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

Director Meyers moved for adjournment at 12:57 p.m., seconded by Director Richie, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Westbrook, yes. *Motion passed (6-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:
January 13, 2021

GRDA Board of Directors