

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
April 13, 2016**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on April 13, 2016. 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 25, 2015, at 10:13 a.m.; by posting the agenda with the Craig County Clerk's office on April 12, 2016 at 9:45 a.m.; by posting said agenda at www.grda.com; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Townsend called the meeting to order at 10:03 a.m. The Secretary called the roll. All members were present and Chair Townsend declared a quorum. Mr. Burget introduced guests.

BOARD MEMBERS

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

ADMINISTRATIVE

Daniel S. Sullivan, General Manager/CEO/Director of Investments	Present
Tim Brown, Chief Operating Officer	Present
Ellen Edwards, General Counsel	Present
Charles J. Barney, AGM Fuel and Generation Projects	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Brian Edwards, AGM Chief of Law Enforcement/Lake Operations	Present
Mike Herron, AGM Engineering, System Operations & Reliability	Present
Darrell Townsend II, AGM Ecosystems/Lake Management	Present
John Goodwin, AGM Human Resources	Present
Steve Anderson, AGM Grand River Energy Center Operations	Present
Steve Jacoby, AGM Hydro Electric Projects	Present
Sheila Allen, Secretary	Present

Others present were as follows: Robert Lemons; Dan Martin; Joe Perkins; Jerry Langley; Barbara and John Kidwell; Jim Welch; Tom Mixson, Anthony Due, Harold Robertson, NEOEC; Michael Doublehead, TPWA; Mike Williams, Shangri-La; Gary Pruett, MUB/City of Pryor; Dan Blankenship, City of Stillwater; Sarah Dash, Yavor

Nikolov, Deloitte; Ed Fite, Rick Stubblefield, OSRC; Trey Peyton, Archie Peyton, Jr., Peyton's Place/OSRC; Herman Werkman, Justin Alberty, Melanie Earl, Tom Gray, Holly Moore, Kate Sullivan, Grant Burget, Michelle Day, Cameron Philpott, Jeff Brown, Eddie Rothermel, Heath Lofton, Nathan Reese, Tamara Jahnke, Spencer Moore, Miya Boyken, Ash Mayfield, Mike Waddell, GRDA.

CONSENT AGENDA

4.a. Resolutions of Commendation:

- (1) Herman R. Werkman
- (2) Rick D. Frost

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

- (1) Dell Precision 690 (4)
- (2) RUUD Air Handler, RUUD Condenser
- (3) 2003 Baja 24' Boat, Heritage Tandem Axle Boat Trailer
- (4) 2015 Renewable Energy Credits Produced by Breckinridge and Kay Wind Farms

4.c. Power Cost Adjustment (PCA) of $-\$0.00883$ per kWh for May 2016

4.d. Final Order for Administrative Hearing Notice No. 2015-107 for Elmer G. Wilkins

4.e. Final Order for Administrative Hearing Notice No. 2015-90 for Leona Stanberry and Gilmer Baker

4.f. Final Order for Administrative Hearing Notice No. 2016-1 for Logan's Dock Service

4.g. Power Purchase and Sale Agreement with RAE Corporation

4.h. Amendment to Exhibit F-2 Capacity Purchase Agreement – Stillwater Utilities Authority

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

PO Number	VENDOR/DESCRIPTION	Pursuant to	Amount
41275	VEOLIA ES INDUSTRIAL SERVICES INC, PONCA CITY, OK Hydroblast cleaning services for Unit 1 and 2 at GREC, this service provides high pressure cleaning of air preheaters with water at the facility.	RFP 41275	219,276.00
41319	MATHESON GAS PRODUCTS INC, HOUSTON, TX Welding gas cylinder exchange and cylinder rental for all three hydro plants for the period of June 5, 2016 through June 4, 2018.	RFQ 20029	6,623.40
41328	OFFICE OF ATTORNEY GENERAL, OKLAHOMA CITY, OK Legal services for and on behalf of GRDA for the period of July 1, 2016 through June 30, 2017.	OAC 300:20-1-1(d)	55,365.12
41340	MEAD & HUNT, MIDDLETON, WI This contract is to replace a revision on Contract 41108 approved by the Board in March 2016 to add (2) two work authorizations to the contract to perform a preliminary review of Tetra Tech's hydraulic modeling of the Neosho River for the City of Miami and for development of an operations tool proof of concept. This blanket is for a one year period with options to renew for (4) four additional one year periods at \$50,000.00 per year.	OAC 300:20-1-1(d)	100,000.00
41341	UNIVAR USA, OKLAHOMA CITY, OK Contract for sulfuric acid used in the operation of the demineralizer to produce high purity water in the boilers and in the units cooling towers to prevent corrosion for the period of May 1, 2016 through April 30, 2017.	RFQ 20126	283,500.00
41343	GAIL M EVANS DBA AUDIOLOGY SPECIALISTS, TULSA, OK Annual audiograms and annual respiratory clearance for GRDA employees per OSHA requirements for the period of April 13, 2016 through April 12, 2017 with options to renew for (4) four additional (1) one year periods.	Title 18	9,825.00
41347	BRENNTAG SOUTHWEST INC, NOWATA, OK Sodium hydroxide for GREC's demineralizer operation for the production of high purity boiler water for the period of May 8, 2016 through May 7, 2017.	RFQ 20193	110,500.00
41348	GRAINGER INC, TULSA, OK Shelving for the storage of materials at GREC Unit 3 warehouse to be purchased on an as needed basis during the period March 24, 2016 through March 23, 2017. WO 10700.77-02-GF016-00003	RFQ 20310	71,700.92
41350	OZARK LASER & SHORING, TULSA, OK Grading equipment GPS guided control system for bull dozers and motor patrol for the hydropower excavation crew. The vendor quoted additional on-site training at \$95 per hour. If this option is necessary (due to this technology being new to GRDA), up to \$2,850 (30 estimated hours x \$95), may be added to this contract. WO 107-00.50-0213200-54400, WO 107-00.50-02-13200-57300	RFQ 20016	186,121.02

41351	DURA-METAL PRODUCTS CORPORATION, IRWIN, PA Forty-eight (48) lower wear rings and twenty-four (24) upper wear rings for atomizers in Unit 2.	RFQ 20198	203,160.00
41352	TULSA'S FUTURE INC, TULSA, OK Contribution to Tulsa's Future III Regional Economic Development to promote and enhance regional economic development in Northeast Oklahoma. This is a (1) one year agreement for 2016 with options to renew for two (2) additional years at the same pricing and terms and conditions.	OAC 300:20-1-1(d)	15,000.00
41353	MARMIC FIRE & SAFETY CO INC, JOPLIN, MO Agreement to provide inspection, maintenance and recertification services for the fire suppression and alarm notifications systems authority wide for the period of April 9, 2016 through April 8, 2017 with options to renew at the same pricing, terms and conditions for (4) four additional one year periods.	RFQ 20325	28,821.00
41354	AMETEK INC / AMETEK POWER INSTRUMENTS, ROCHESTER, NY Onsite field service to replace Unit 2 Annunciator system from Ametek ISM-1 to Ametek DMS-3K. The existing annunciator system has been failing at a rapid pace with very limited parts on hand and obsolete purchasing ability. WO 107-00.72-02-JF072-00000	RFQ 20117	150,585.00
41356	VISITTULSA, TULSA, OK Contribution to the 2017 and 2018 "Visit Tulsa 2.0-A Plan for the Future" to promote tourism industry and economic vitality for the region. This is also to ratify payments made for calendar year 2015 which was paid on PO 60732 and calendar year 2016 paid on PO 69468.	OAC 300:20-1-1(d)	10,000.00
41357	PINNACLE BUSINESS SYSTEMS, TULSA, OK Installation of new fiber channel over IP networking hardware which is past its end of life and no replacement hardware is available in the event of a failure. GRDA's FER/NERC compliance related documentation and evidence are stored on the storage systems that depend on this hardware. WO# 107-00.58-02-RF016-00751 & 107-00.58-15 - RF016-00751	WSCA MNWNC-109 & ITSW1025	724,950.45
41358	PINNACLE BUSINESS SYSTEMS, TULSA, OK One year of professional services to review GRDA's RSA Security Analytics installation for issues/upgrades and to help identify any possible network breaches or compromised systems in the environment.	WSCA MNWNC-109 & ITSW1025	123,600.00
41359	PINNACLE BUSINESS SYSTEMS, TULSA, OK Professional service to implement RSA VIA Data Access Governance (DAG) software module to improve compliance documentation and evidence for audits. WO 107-00.58-15RF015-00717	WSCA MNWNC-109 & ITSW1025	74,680.00
41360	PINNACLE BUSINESS SYSTEMS, TULSA, OK Purchase, configure and install EMC Avamar Data Domain backup system hardware and software to replace GRDA's existing backup solution that is coming up on end of life. WO # 107-00.58-02-RF016-00752, 107-00.58-15-RF016-00752	WSCA MNWNC-109 and ITSW10	834,753.00

41363	ARKANSAS & MISSOURI RAILROAD COMPANY, SPRINGDALE, AR Temporary storage of one hundred and thirty (130) empty railcars for the period of January 1, 2016 through December 31, 2016 with an option to renew for one (1) additional one year period. Ratification required for the period of January 1, 2016 through April 13, 2016.	RFQ 20242	85,000.00
71258	ALSTOM POWER INC, MIDLOTHIAN, VA Various ABB Power parts for Unit 2 turbines	RFQ 19775	512,876.39
71288	BOOMER ENVIRONMENTAL LLC, OKLAHOMA CITY, OK Ratification of service to cleanup contaminated area inside of diesel containment wall at GREC.	SW095	54,051.50
71431	ROHE INTERNATIONAL INC, WARRENDALE, PA Two (2) replacement air compressors for Unit 2 generator breaker (320 air blast breaker). WO 107-00.72-02-1330000000	RFQ 20172	67,835.68
71437	TRENCH LIMITED, SCARBOROUGH ONTARIO CANADA, Six (6) line traps to be placed in stock to maintain GRDA's electrical system and to replace failed wave traps at various substations.	RFQ 20251	69,000.00
71442	SCHWEITZER ENGINEERING LABORATORIES INC, PULLMAN, WA Four (4) new relay panels to be installed at Pryor City 3 substation to provide protection, control and metering. WO 107-00.55-02-RF015-00677	RFQ 20225	74,265.00
71508	VALMONT INDUSTRIES INC DBA VALMONT-NEWARK, VALLEY, NE Steel structures for the new Pryor City 3 substation built to support the city of Pryor. WO 107-00.55-02-RF015-00677	RFQ 19918	84,470.00
71542	GFRC ACQUISITIONS LLC DBA GFRC SHELTERS, BOSSIER CITY, LA Control house for City of Pryor to support the load growth and to provide a location for relays, controls, and communications to the site. WO 107-00.55-02-RF015-00677	RFQ 20263	132,443.00
71556	ATC FREIGHTLINER / TULSA FREIGHTLINER, TULSA, OK Two (2) 108 SD Terex elevator bucket trucks for Cushing power line maintenance crew. WO 107-00.69-02-13200T90P0 & 107-00.69-02-13200-T90Q0	SW035T	212,929.52
71557	TEREX UTILITIES INC, OAK POINT, TX Two (2) TCX65/100 Terex Hi-Ranger aerial devices for placement on the 108SD freightliners on PO 71556. WO 10700.69-02-13200-T90PA & 107-00.69-02-13200-T90QA	NJPA Terex 042815TER	514,546.00
71558	WARREN POWER & MACHINERY LP DBA WARREN CAT, TULSA, OK Caterpillar 730C articulating dump truck for GREC to replace three (3) haul trucks (C9G, C9H, and C9N) to be disposed via surplus property. WO 107-00.70-02-13200-72600	SW192	403,033.60
71578	CLARK EQUIPMENT COMPANY DBA BOBCAT COMPANY, WEST FARGO, ND Two (2) T870 T4 Bobcat compact track loaders for Vegetation Management to replace Hydro Ax 545. WO 10700.69-02-13200-72700 & 107-00.69-02-13200-72800	SW192	156,094.28

71579	MINER'S EQUIPMENT & TRUCK REPAIR LLC, TULSA, OK Two (2) G4 cutter heads for T870 T4 Bobcat Compact Track Loaders to replace hydro Ax 545 for Vegetation Management department. WO 107-00.69-02-13200-72700 & 107-00.6902-13200-72800	SW196	51,048.00
71595	LUBER BROS, BETHANY, OK Hillside slope mower for Hydro.	RFQ 20258	136,950.00
71613	ALL AMERICAN FIRE SYSTEMS INC, CLAREMORE, OK Deluge Fire Protection system sprinkler nozzle and piping upgrade / replacement for Salina Pump Storage Project.	RFQ 19758	73,500.00
71647	PURVIS INDUSTRIES, TULSA, OK Purchase of 534 feet of stacker reclaim conveyor belting for GREC Unit 1 for stock.	RFQ 20171	57,992.40
71649	KIMERY PAINTING INC, SAPULPA, OK Service to Sandblast and Recoat the north clarifier tank at GREC.	RFQ 20165	64,394.00
71716	TOM PATRICK DBA CUSTOM CHILLER MECHANICAL SERVICES, COWETA, OK Perform inspection and services to overhaul #1 main plant chiller and #1 and #2 scrubber chillers.	RFQ 20173	101,169.00

Total Standard Orders:

\$6,060,059.28

Change Orders & Renewals

34284	THE ENERGY AUTHORITY INC, JACKSONVILLE, FL CO#1 To extend contract on a month to month basis for the period of May 2016 through April 2017 for energy marketing software and consulting services for SPP Integrated Marketplace.	RFP 34284	115,150.08
34292	STANDLEY SYSTEMS INC, OKLAHOMA CITY, OK CO#1 To increase funds for maintenance cost for Pensacola copier due to copier being used by additional staff.	ITSW171	12,002.80
40124	SAXUM STRATEGIC COMMUNICATIONS, OKLAHOMA CITY, OK To add annual funding of \$25,000 for communication services on an as-needed basis for (1) year with options to renew for (4) four additional (1) one year periods (change order #2). Ratify contract expenses incurred for crisis communication, education, communication audit, website design, and legislative through April 13, 2016 (change order #3 for PO 40124 and Change order #1 for PO 41111)	RFP 40124	25,000.00
40522	MITSUBISHI POWER SYSTEMS AMERICAS INC, LAKE MARY, FL CO#25 R1 Revision to provide (25) twenty-five Microsoft Pro 4 PC Tablets in lieu of (45) forty-five hard copy instruction manuals budgeted at \$30,000.00. WO 107-00.76-15-RF01400612	RFP 40522	0.00

40523	MITSUBISHI POWER SYSTEMS AMERICAS INC, LAKE MARY, FL CO#26 Increase contract per Kiewit/TIC request that the neutral bus from the ST generator to the ST neutral ground cubicle be modified from the current design to the routing shown on KED's markup drawing of 14JND03710N0. WO 10700.76-15-RF015-00686	RFP 40313	56,260.20
40529	THE INDUSTRIAL COMPANY (TIC), HOUSTON, TX CO#5 Credit to offset additional costs incurred by MHPSA for the steam turbine neutral grounding cubicle non-segregated bus duct due to relocating the cubicle. WO 107-00.76-15RF015-00687	RFP 40529	-56,260.20
40875	PRYOR STONE INC, PRYOR, OK CO#2 To extend contract for 60 days through May 19, 2016 at the same pricing and terms and conditions to allow time for competitive bid of new contract.	RFQ 18207	0.00
40909	UNDERWOOD TRUCKING, SALINA, OK CO#1 to extend contract for rental of metal storage building for additional (6) six month period from March 26, 2016 through September 25, 2016. WO 107-00.76-52-RF01500682	RFQ 18425	15,000.00
41001	KC ELECTRIC COMPANY, ENID, OK CO#3 Increase for additional costs incurred by the crane contractor due to access being restricted at the substation site. WO 108-02.55-15-RF008-00287	RFP 41001	3,860.50
41078	EXPRESS PROFESSIONAL SERVICES INC, OKLAHOMA CITY, OK Revision to increase funding to allow for more temporary employment positions throughout the authority for the remainder of the contract.	RFQ 18955	250,000.00
41218	PARKLINE INC, WINFIELD, WV CO#1 Increase needed for demobilization and remobilization of vendor's electric crew on site as a result of a delay in delivery of GRDA provided materials.	RFQ 18043	4,290.00
41263	AIR PRODUCTS & CHEMICALS INC, ALLENTOWN, PA CO#1 To allow tax recovery surcharge adjustments effective April 1, 2016.	RFQ 19664	0.00

Total Change Orders: \$425,303.38

Emergency Orders

71226	ROTATING EQUIPMENT REPAIR INC, SUSSEX, WI Emergency service to repair Unit 2 Delaval boiler feed pump rotating element.	PR 28577	57,000.00
71386	TIMMONS OIL COMPANY INC, TULSA, OK Emergency purchase of diesel fuel required for Unit 2 auxiliary boiler (also see Confirmatory PO 71401).	Fuel Phone Quote	14,745.24
71401	B & M OIL CO INC, TULSA, OK Emergency purchase of diesel fuel required for Unit 2 auxiliary boiler (also see Confirmatory PO 71386).	Fuel Phone Quote	50,600.75

Total Emergency Orders:

\$122,345.99

Grand Total :

\$6,607,708.65

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

Number	Title	Amount
GF016-00003	GREC Warehouse Storage Racks & Systems	\$74,752.00
JF069-00000	Atomizer Discs for GRDA 2	\$300,157.00
RF015-00696	Construct Stroud 69kV Distribution Substation	\$3,117,570.00
RF016-00747	MAIP Metering Wireless System	\$272,150.00
RF016-00748	OOWA Building 621	\$72,133.00
RF016-00749	OPGW Installation by Aerial Transmission Line Services	\$1,673,097.00
RF016-00750	Hardware Servers for SCADA Upgrade	\$149,158.00
RF016-00751	SAN Network Hardware Upgrade	\$792,439.00
RF016-00752	EMC Avamar Upgrade to EMC Data Domain Backup	\$918,003.00
Grand Total Work Orders		\$7,369,459.00

Director Spears moved to approve the consent agenda, with the exception of item 4.h. which will be moved to the regular session due to lack of information provided to the Board of Directors before the meeting, seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Minutes of March 2, 2016.

Director Churchwell moved to approve the regular board minutes of March 2, 2016, seconded by Director Vandevier, and voted upon as follows: Churchwell, yes, Kimball,

yes, Meyers, yes, Richie, abstain, Spears, yes, Townsend, yes, Vandevier, yes. Motion passed (6-yes, 0-no, 1-abstained).

3. Unfinished Business

3.a.1. Progress Reports

Mr. Sullivan said last month not only was the 2016 Bassmaster Classic right before the GRDA Board of Directors meeting, but immediately after the meeting GRDA hosted the "Big Meat Run". He showed photographs of the activity and stated on the Saturday of this event there were approximately 800 vehicles registered to participate in the events. He explained what each of the photos showed. A lot of people out camping and a lot of traffic, but this demonstrates what an economic impact this event has on the entire area. Mr. Sullivan told the Board this is becoming a 12-month recreation cycle for these types of groups, which led to GRDA's decision to move forward with Senate Bill 1388 which will be discussed later in the meeting. He said there was very little law enforcement activity due to the GRDA Police presence to help maintain order.

Mr. Sullivan explained GRDA is in the process of wrapping up the Unit 1 planned outage. He said this is going well and it is anticipated to be complete this coming weekend, allowing crews to fire up the boilers the first part of next week depending on what the market looks like. Mr. Sullivan showed photos of the activities going on at the Grand River Energy Center on Unit 1 and asked Mr. Anderson to describe the activity in the photos. Mr. Anderson explained what was happening in each photo in relation to the outage. Mr. Sullivan commented that when he is at the plant he enjoys walking through the machine shop there to see what they are working on. He expressed his appreciation for their efforts, and all of the efforts of employees at the Grand River Energy Center that do things to save the Authority money.

Mr. Sullivan showed photos of a wildfire last weekend which took out a structure along Feeder 13. He showed a map illustrating the location of that feeder and photos of crews working on the wooden H-frame structure, adding that this did impact the Skiatook community when the structure went down. It had actually burned for days before it failed. Initially, GRDA found it was an outage in operation and was able to isolate it. Mr. Sullivan said the area was not easily accessed, but crews were eventually able to take care of it. He remarked how appreciative GRDA is of the line crews there taking care of this incident.

Mr. Sullivan introduced the upcoming video on the Bassmaster Classic, saying the lake was little cloudier than would have been preferred, but the weather cooperated and a local fisherman won the tournament. He said this fisherman has been a great person to work with and a big advocate of Grand Lake. After the video, Mr. Sullivan explained that GRDA crews worked to renovate the ramps at the Wolf Creek facility to aid in handling a tournament like this. He explained this tournament is actually small in terms of number of fishermen, but it is a big tournament in terms of reputation of the lake and its impact on the area. Mr. Sullivan stated it shows that regionalization of economic development does work as this could not have been done without the BOK Center and Tulsa. He said this really shows the power of what Oklahoma has here and a great opportunity to continue to showcase it.

4. New Business

4.h. Amendment to Exhibit F-2 Capacity Purchase Agreement – Stillwater Utilities Authority

Director Spears asked Mr. Dan Blankenship if he was in agreement with the change. He also said since he represents the customers this particular type of item is important to him to ensure it is vetted and agreed upon. Mr. Blankenship said he was in agreement on this and that the Stillwater Utilities Authority has been working with Mr. Brown and the

GRDA staff for some time. He also stated this will establish an index for the energy payment which is important when the City of Stillwater negotiates new contracts in advance of proceeding with their project. He stated these changes are very satisfactory to him. Director Spears asked Mr. Brown if he approved of the changes made. Mr. Brown confirmed this and said he believes this is a good resolution to the fuel contract.

Director Spears moved approval of item 4.h. which was omitted from the Consent Agenda, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

4.i. Memorandum of Understanding with the Oklahoma Department of Environmental Quality for Use of Office Space at the Engineering & Technology Center in Tulsa, Oklahoma

Mr. Sullivan said GRDA has had some contact with the Oklahoma Department of Environmental Quality (ODEQ) regarding the use of office space at the Engineering & Technology Center in Tulsa. He told the Board they currently have an office in Tulsa in a building off of I-44 near Harvard Avenue, but their lease is expiring and they have had some maintenance issues with this building. The Secretary of Energy and Environment Michael Teague asked GRDA if they would be interested in talking to ODEQ about this situation. GRDA has had ongoing discussions with them, but this cannot be completed until after ODEQ knows what their budget situation looks like after the Oklahoma Legislature adjourns. GRDA has agreed to go forward in concept with a build-out and lease of approximately 4,477 square feet on the second floor of their building in Tulsa. Mr. Sullivan explained ODEQ has agreed to lease the space for \$14.50 per square foot, which is at the top of the scale the state pays for space. He said this is likely a bit below the actual market for the GRDA building, but the GRDA felt like it was a good place to be. It would provide full utilization of GRDA's building and a benefit to the State of Oklahoma

as well. Mr. Sullivan said the the actual lease is not part of this today, but will be forthcoming. He commented that this could be a great partnership as this would cover GRDA's out-of-pocket expenses through the lease rate and that the staff believes ODEQ is excited about it as well.

Director Vandevier said his daughter works for ODEQ in their Tulsa office and has told him she is excited about this possibility.

Mr. Sullivan showed a photo of the unfinished space on the second floor of the GRDA Engineering & Technology building that will be utilized. He showed a diagram of what the space would look like after the build-out and said ODEQ will have access to come in through the main entrance, use our conference rooms on a scheduled basis, and will have access through the West door to and from the parking lot. This is not a binding commitment as far as the terms, but if this does go forward a lease would be brought to the Board for approval.

Chairman Townsend asked if the improvement cost would be recaptured through the \$14.50 per square foot lease amount. Mr. Sullivan confirmed this and said that a 7-year term has been discussed, but nothing firmly decided yet. He said the offices are equal in size to what GRDA already has existing and the only difference in the space would be ODEQ's break area.

Director Spears asked if GRDA anticipates getting a multiple year lease to reimburse GRDA over that period for the build-out cost. Mr. Sullivan confirmed this. Director Spears asked where this would be funded from. Mr. Sullivan said we can fund this through cash to do the build-out, but GRDA does not want to do this internally. It would be put out for bid if this goes forward.

Director Kimball moved approval of the Memorandum of Understanding between the Grand River Dam Authority and the Oklahoma Department of Environmental Quality for lease of office space at the Engineering & Technology Center, seconded by Director Richie, and voted upon as follows: Churchwell, yes, Kimball, yes, Meyers, yes, Richie, yes, Spears, yes, Townsend, yes, Vandevier, abstained. Motion passed (6-yes, 0-no, 1-abstained).

4.j. Senate Bill 1388 - Oklahoma Scenic Rivers Commission and GRDA

Mr. Sullivan reminded the directors that when they and the staff went through the legislative agenda for the year there was a bill that would allow GRDA to charge fees to take over any of the parks around the lakes, fees for rock crawling, as well as other activities. That bill has gone through the Oklahoma Senate and has now come to the Oklahoma House. At that time, there had been discussions throughout the session about the potential of the Oklahoma Scenic Rivers Commission (OSRC) merging into GRDA. The bill as it stands today is ready to go to the full Oklahoma House floor. It has gone through the Appropriations and Budget Committee last week. The bill now has language that would facilitate the move of resources and obligations of OSRC into GRDA. Mr. Sullivan introduced Mr. Ed Fite, current Administrator of OSRC since 1983. He said Mr. Fite has a presentation for the Board of Directors on the functions of the OSRC, as well as bringing OSRC Chairman Rick Stubblefield with him for questions or comments. Mr. Sullivan said OSRC's current budget in round numbers is approximately \$500,000 per year, with about half of that being appropriated funds. If this bill does not pass and OSRC is not merged into GRDA, this appropriated amount will be less than it has been previously. He stated that In looking at this and talking with Senator Shaw who had first asked about it he had thought about this possibility in the past. Mr. Sullivan said when you consider the mission of the OSRC in protecting the rivers, it is no different than the

mission GRDA has in protecting the lakes and tributaries into it. The law enforcement portion is also similar to what GRDA has on the lakes, as well as the recreation created by the waters. Mr. Sullivan expressed his belief that there is a real opportunity to utilize some of the success they have had in turning around the streams in the scenic rivers in relation to the clarity and reduction of pollutants. GRDA would like to use those successes and apply those to the watershed of the Grand River, which is what we have been working on in other agreements. He explained GRDA has some resources to bring to them that they currently do not have as well. Mr. Sullivan said GRDA met with the Governor last week to talk about this and indicated to her it is also a way to provide some solutions to the budget situation and eliminate any detriment to the scenic rivers.

Mr. Fite greeted the Board and introduced OSRC Chairman Rick Stubblefield and asked that he be able to speak after he concluded his presentation. Mr. Stubblefield represents Adair County on the OSRC Board of Directors. Mr. Fite explained the structure of the OSRC Board and introduced Mr. Trey Peyton, who is an at-large member of the OSRC Board and has a commercial flotation device operation on the Illinois River. Mr. Fite began his presentation explaining that the primary mission of the OSRC is to improve water quality and protect the scenic rivers under their jurisdiction. He talked about the importance of water in everyone's life and compared what we have in Oklahoma to other areas and states. He said there are 10,000 major rivers in the U.S., with 3.5 million miles of streams. Most of these rivers have historically driven the nation's economic, industrial and social engine. In Oklahoma, there are 78,603 miles of rivers, with less than 200 miles designated as scenic rivers. Mr. Fite presented a map and explained where these scenic rivers are located. He provided history and background information of the Oklahoma Scenic Rivers Act and explained that Oklahoma's Scenic Rivers receive special protection under State law due to their exceptional ecological and recreational

characteristics. Mr. Fite said existing protection is provided through the Water Quality Standards (Anti-Degradation Policy). He provided information on the length of the Illinois River and watershed area, showing the Board a map of this. Mr. Fite explained to the Board more about the Oklahoma/Arkansas Joint Agreement first signed in December 2003 involving environmental leaders of both states. It was agreed to reduce phosphorus in the watershed by 2012, including voluntary and mandatory measures, watershed monitoring, formal agreements with five northwest Arkansas cities and coordination and development of joint watershed plans. The second signed agreement was signed in February 2013 to study at what level nuisance algae grows, which will end in December 2016 when that information is released. He also showed photos of a couple of Arkansas communities' new water treatment plants, saying since 2003 Arkansas and Oklahoma cities within the Illinois River Basin have expended nearly \$300 million to improve water quality. He provided details about these plants and explained how everyone worked together to protect the watershed. He talked briefly about poultry litter and litigation the OSRC has been involved with regarding this for some time. Mr. Fite also spoke about recreation and showed photos from 1928 illustrating how important recreation is, even back then. He spoke about the Neosho Smallmouth Bass and the Northern Hog Nose Sucker which is found in only high quality waters and sometimes become a surrogate mother to younger smallmouth bass. Mr. Fite showed photos of visitors enjoying the Illinois River and explained the law enforcement issues that can sometimes go along with this. He also said approximately 200,000 visitors float the scenic rivers annually, showing a map of the commercial float area on the Illinois River. He explained the significant recreation benefits of the Illinois River, including information on what is spent. There is an approximately \$15 million per year direct economic impact to the region. Mr. Fite also stated the OSRC monitors in-stream flows to ensure downstream environmental, social

and economic benefits are met. He showed a couple of photos of the OSRC Headquarters Complex. Mr. Fite said the Combs Bridge which was built in 1928 was demolished in February 2016. He showed photos of the bridge.

Mr. Stubblefield said he would like to thank the Board and Mr. Sullivan for their support. He said the House Appropriations & Budget Committee passed this bill out of committee feeling that they had protected the Oklahoma Scenic Rivers Act and the State of Oklahoma. He said he has served on the OSRC Board for 16 years and the last several years he has realized what a resource this is that is being wasted. Mr. Stubblefield stated the organization simply did not have the funding necessary to allow Mr. Fite's vision of water quality and his amazing ability to negotiate to achieve the goals to protect Oklahoma water quality. He said if this bill is passed it will broaden the organization's impact on water quality in Oklahoma in general. He said each of the directors on the OSRC Board would gladly give up their seat on the commission's board to see the Oklahoma Scenic Rivers Act protected and promoted.

Mr. Sullivan said there was no need for action on this item today, but said that if the Board would like to formally state its support of the move, they are welcome to do so. He also said this is something that has helped GRDA to highlight what GRDA does to affect the environment in the discussion. Mr. Sullivan stated he has had many conversations over the last couple of weeks with folks that are associated with the Illinois River. He met with a couple of the commercial operators and talked with those from Save the Illinois River (STIR) group. They were unaware of what GRDA did in terms of environmental protection. Mr. Sullivan explained when you consider the opportunity to have control over the Grand Lake Watershed and the scenic rivers you can see what a tremendous impact GRDA can have on economic development on the state and the protection of its resources.

Chairman Townsend expressed how excited he was to hopefully have Ed Fite and the OSRC team with GRDA and how beneficial it will be.

Director Spears asked what the plan is for funding going forward. Mr. Sullivan said this is part of Senate Bill 1388. He stated GRDA intends to keep in place the rules and regulations, to include the fee schedule that the OSRC currently has. Director Spears said it appears they are underfunded and asked if this fee schedule will provide enough funding to provide for operation. Mr. Sullivan confirmed that part of the bill will be to allow GRDA to implement a fee schedule of their own to replace what is currently there. He explained GRDA will also need to take into consideration there are more people on a percentage basis coming to the river independent of the commercial float operations, and GRDA would need to be able to capture fees from them as well.

Chairman Townsend emphasized the importance of water quality and its significant capability to generate revenue. He said this is a very exciting event and GRDA needs to take a visionary, long-term, multi-generation approach to this.

Director Spears said he agrees, but believes it is not fair to ask GRDA's customer cities to take on the full cost of a program like this.

Chairman Townsend agreed and noted how important water quality is in the relicensing of Pensacola Dam and how those communities benefit from that.

Mr. Sullivan said GRDA has taken the position, when talking about the parks, scenic rivers, etc., that the organization is looking to the Oklahoma Legislature to give them the ability to charge reasonable fees to recover cost. This would allow GRDA not to have to rely on their electric customers to pay for this, and allow GRDA to provide value to the people that are paying the fees. Mr. Sullivan stated clean water and the opportunity to visit a safe environment and enjoy the river is a value we can provide to people, and that they will pay a reasonable fee to enjoy.

Chairman Townsend stated the Board would keep all of the stakeholders in mind as this moves forward.

Director Kimball said he believes this is a tremendous opportunity with the strides GRDA has made in the last few years in water quality in Kansas, Missouri and the Grand River Watershed. However, he stated the things GRDA is doing now really pale in comparison to what Mr. Fite and his organization has done over the years. Director Kimball expressed his appreciation of what Ed Fite does for the State of Oklahoma on water quality and said he agrees with Director Spears that the Board needs to protect GRDA's low cost energy, but not at the expense of water quality. He commented that he believes GRDA should seize this opportunity to look at all GRDA fees. He expressed how excited he was about this merger.

Director Meyers asked if the office building and other assets the OSRC has would be coming over to the GRDA. Mr. Sullivan confirmed this. Director Meyers asked if the commission would be dissolved and there would no longer be a Board governing them, apart from the GRDA Board. Mr. Sullivan confirmed this, but said the bill contemplates an advisory committee, counsel or commission comprised of previous OSRC Board members. He said it is important to him that the people involved with the rivers do not feel disenfranchised by this merger and to give them a voice as well. Mr. Sullivan commented he has made this commitment to the commercial float operators, also asking them to talk to the marinas on Grand Lake to find out how GRDA deals with businesses. He expressed the importance of their success and involvement in protecting the waters, and talked about a study GRDA is currently involved in with OSU looking at the recreation economy associated with activity below Pensacola Dam and around the lake which could expand to look at the rivers as well. Mr. Sullivan stated his will help GRDA in looking at the

economics to set reasonable fees in a manner that does not discourage access. He hoped this will be something everyone will appreciate and enjoy.

Mike Doublehead said, on behalf of the customer group, rarely is there an opportunity for entities to come together such as this to have a long-lasting impact for generations to come. He said he believes this is an opportunity we can seize for all of Oklahoma.

Chairman Townsend thanked everyone for their comments and thanked Mr. Fite and the OSRC for their presentation.

4.k. Recommendation to Award Contract 41234 – Circulating Water Chemical Treatment System

Mr. Anderson said since the initial commissioning of GRDA Units 1 and 2, both units have used chlorine gas to treat the facilities' circulating water treatment systems. Much like treating a swimming pool, chlorine does the job of controlling biological growth, but chlorine reacts with metal components in the system. He showed photos of employee activity related to handling the 1-ton cylinders of this hazardous chemical, and stated the Grand River Energy Center (GREC) must now comply with the federal Chemical Facility Anti-Terrorism Standards (CFATS) program which requires extensive documentation, training and auditing by DHS. Part of the photos he showed included GRDA personnel handling a small leak in the system. Mr. Anderson explained to the Board research by the GREC staff has shown the industry is moving away from chlorine and turning to a biochemical & bleach to treat circulating water systems like GRDA's. The new system offers many advantages as it removes GRDA from requirements of the federal CFATS program, reduces handling hazards to employees, reduces corrosion rates on metal system components and improves plant efficiency by reducing the bio-film in condensers and cooling towers. He said the proposed contract is for a 1-year evaluation period, but

includes the option for four 1-year renewals. Mr. Anderson told the Board the GRDA staff has researched this and has found it is used by many other power plants, but there are still questions they have about the system. He said Buckman Laboratories, Inc. was the lowest bidder, meeting all the technical specifications and providing excellent references. They did request some minor adjustments to GRDA terms that will need further review by the GRDA Legal Department.

Director Spears asked if this is the cost to convert from the chlorine gas system to this new system or if this also includes the cost of purchasing the chemicals. Mr. Anderson explained the chemical supplier provides the product and the injection system which uses a very small control system to mix the chemicals and inject them in place of the chlorine gas. Director Spears asked what the difference in cost would be in using the chlorine gas versus using this new system on an annual basis. Mr. Anderson stated the biochemical and bleach system is more expensive, being the main reason why the staff recommended an evaluation period. He said they hope, and it is promised by the supplier, that GRDA will make back the difference in improved performance of the units. Mr. Anderson told the Board the estimated difference in cost would be \$75,000 to \$100,000 annually, but GRDA would not have to clean the condenser components as often as well as other benefits. Director Spears expressed his appreciation for the staff's evaluation and feels this is definitely worth looking at.

Director Kimball commented even those owning and installing swimming pools are moving away from chlorine, and that he believes this is a step in the right direction. He said GRDA could be forced to do this in the near future anyway. Director Kimball stated he was concerned about the difference in the bids received, also asking if Buckman Laboratories, Inc. is really capable of doing this for this low price. Mr. Anderson said the staff was concerned when they saw the bids as well. He said both companies have been

to the plant site and have done other work for GRDA, and that there were indications of some math errors involved with the Solenis, LLC bid. Mr. Anderson said the bid from Buckman was in line with what GRDA anticipated and the budgeted amount planned for. Director Kimball asked if there were escalations included in the four 1-year renewals. Mr. Anderson confirmed this.

Director Vandevier asked if the staff would be bringing this contract back to the Board of Directors before being approved for renewal. Mr. Sullivan said this kind of item would typically show up on the Consent Agenda as a renewal. Director Vandevier commented it would be nice for the Board to know how this turns out.

Director Spears asked if these changes to the current system are reversible. Mr. Anderson confirmed this saying the system would still be in place, but any chlorine cylinders would be removed after a short period of time to get them off-site.

Director Spears moved to award Contract 41234 for Circulating Water Treatment System to Buckman Laboratories, Inc., in a not-to-exceed amount of \$295,000, subject to approval of final terms that are satisfactory to the General Counsel and Chief Executive Officer, seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

4.1. Other New Business

There was no other new business.

6. Executive Session:

a. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(1) and § 307(B)(4) for the Purpose of Confidential Communication Between a Public Body and its Attorney Concerning the Pending Litigation, KAMO v. The Grand River Dam

Authority, Case No. CJ-2015-150, in the District Court of Mayes County, State of Oklahoma, the disclosure of which will seriously impair the ability of the Public Body to Conduct the Pending Litigation in the Public Interest.

Director Kimball moved to go into executive session at 11:32 a.m., seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Kimball moved to return to regular session at 11:50 p.m., seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

a. Action, As Necessary, Concerning a Pending Investigation, Claim, or Action.

Regarding item a, Director Kimball moved to approve the settlement of the KAMO v. GRDA litigation as presented in Executive Session, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

5. Reports

5.a. Board of Directors Committee Reports

1. Assets Committee:

- a. Consideration, Discussion and Possible Approval of Request by Mike Sisemore for a Partial Release of a Transmission Easement for Property Located in Mayes County, Oklahoma.**
- b. Consideration, Discussion and Possible Approval of Modifications to GRDA's Applications for Hazardous Tree Permit and Vegetation Management Permit.**
- c. Consideration, Discussion and Possible Approval of Request by the Coves at Bird Island Homeowners Association for Modification of an Existing Facility Located in Delaware County, Oklahoma.**

Regarding item a, Director Churchwell moved the Board approve a partial release of transmission easement in Mayes County, Oklahoma to Lakewood Properties, LLC and its successors for the amount of \$200, seconded by Director Kimball, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

Regarding Item b, Director Churchwell explained that effective February 16, 2016, no vegetation management activities will be allowed between April 1st and July 31st each year to minimize the effects of the maternity season for the northern long eared bat to comply with the provisions of the new rule.

Director Churchwell moved approval of the modifications to the Application to Cut Hazardous Trees and Vegetation Management permits be approved as submitted to comply with U.S. Fish and Wildlife request and the 4(d) rule on the northern long eared bat, seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0-no, 0-abstained).

Regarding item c, this item was tabled by the Assets Committee to allow the directors ample time to view in-person the situation at this location.

2. Audit, Finance, Budget and Policy Committee:

a. Review, Discussion, and Possible Action Regarding the Results of the 2015 Deloitte Financial Statement Audit

Regarding item a, Director Vandevier said the Audit, Finance, Budget and Policy Committee met with the GRDA leadership team and representatives from Deloitte to review the 2015 audit. He said he is happy to report that the audit has gone well and stated it was a very challenging year to close, requiring a lot of effort on the part of everyone involved. Director Vandevier explained there is a GASB pension issue

covered this year that required implementation, but the adjustment was very moderate and the committee felt good about this. He said the team is not prepared to recommend anything because they needed to wait until the KAMO v. GRDA item was approved today to finalize the last wording for the report.

Mr. Sullivan recognized GRDA's Finance Team and those at Deloitte working with the team. Director Vandevier commented this has been very well done and commended the team as well.

There is no action needed on this item today.

3. **Fuel Committee:** Director Spears had no report, but said he would like to commend Mr. Barney for his efforts and foresight on all GRDA fuel issues.
4. **Compensation and Marketing Committee:** Director Kimball had no report, but would like to recognize the difficult position Director Meyers was put in during the KAMO v. GRDA litigation. He thanked him for the integrity he has shown and expressed his appreciation.
5. **Long-Range Planning Committee:** Director Meyers had no report, but said the committee would work with Mr. Sullivan in scheduling another meeting very soon.

6. Executive Session:

b. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communication Between a Public Body and its Attorney Concerning a Pending Claim, the Disclosure of Which Will Seriously Impair the Ability of the Public Body to Process the Claim in the Public Interest.

c. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communication Between a Public Body and its Attorney Concerning a Pending Claim, the Disclosure of Which Will Seriously Impair the Ability of the Public Body to Process the Claim in the Public Interest..

Director Churchwell moved to go into executive session at 12:10 p.m., seconded by Director Vandevier, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Churchwell moved to return to regular session at 12:55 p.m., seconded by Director Richie, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

b. Action, As Necessary, Concerning a Pending Claim.

c. Action, As Necessary, Concerning a Pending Claim

Regarding item b, there was no action needed on this item today.

Regarding item c, there was no action needed on this item today.

Director Churchwell moved for adjournment at 12:45 p.m., seconded by Director Kimball, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

May 17, 2016
GRDA Board of Directors