

**Minutes of Special Meeting
Grand River Dam Authority
Board of Directors
Little Rock, Arkansas
October 20-21, 2022**

A special meeting of the Board of Directors of the Grand River Dam Authority was held at Southwest Power Pool in Little Rock, Arkansas, at 201 Worthen Drive, on October 20, 2022, and October 21, 2022. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a notice of special meeting to the Secretary of State on September 12, 2022, at 3:14 p.m.; by posting the agenda at www.grda.com; and by posting said agenda at the principal office of GRDA at least 48 hours prior to the meeting.

Chair Sublett called the meeting to order at 9:00 a.m. The Secretary called the roll. All members were present, with the exception of Directors Richie and Westbrook. Chair Sublett declared a quorum.

BOARD MEMBERS

Charles Sublett, Chair	Present
Michael Westbrook, Chair-Elect	Absent
Dwayne Elam	Present
Mike Lewandowski	Present
Paul Matthews	Present
Chris Meyers	Present
James B. Richie	Absent

ADMINISTRATIVE

Daniel S. Sullivan, Chief Executive Officer	Present
Tim Brown, Executive VP - Chief Operating Officer	Present
Lorie Gudde, Chief Financial Officer/Corporate Treasurer	Present
Heath Lofton, Executive VP - General Counsel	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
Nathan Reese, Executive VP – External Relations	Present
John Wiscaver, Executive VP – Corporate & Strategic Communications	Present
Laura Hunter, Executive VP - Chief Administrative Officer	Present
Darrell Townsend II, VP – Ecosystems & Watershed Management	Present
Robert Ladd, VP – Generation Operations	Present
Steve Jacoby, VP – Generation Engineering	Present
Jeff Tullis, VP – Transmission, Distribution & Engineering	Present
Chris Carlson, Deputy Chief – Law Enforcement	Present
Tony Dionisio, VP – Chief Information Officer	Present
Sheila Allen, Corporate Secretary	Present

Others present were as follows: Oklahoma Secretary of Energy & Environment Ken McQueen, Oklahoma Deputy Secretary of Energy & Environment Soctt Mason, Dmitri Jarocki and Betsy Beck, Google; Jim Roth and Lindsey Pever, A New Energy Law; Mike Doublehead, TPWA; Mike Ross, Antoine Lucas, Bruce Rew, C.J. Brown, David Kelley, Dustin Smith, and Don Martin, Southwest Power Pool; Michelle Day, Ash Mayfield, Jeff Brown, Eric Alexander, Leah Maloy, Justin Alberty, GRDA.

Chair Sublett and Mr. Sullivan welcomed everyone, as well as thanking Southwest Power Pool (SPP) for hosting the meeting. Mr. Sullivan expressed his hope the Board, staff and guests would get a great deal out of this time and provided a brief overview of the agenda.

SPP Welcome

Mr. Mike Ross, SPP Senior Vice President, External Affairs and Stakeholder Relations, welcomed everyone to their facility. He said their team was happy to get an opportunity to connect with GRDA and provide some important information. Mr. Ross went over some housekeeping items for the building. He explained SPP's mission and vision, along with providing some history of the organization and the services they provide. Mr. Ross presented a map of their operating region and the diversity of their 110 members. He gave an overview of the regulatory environment SPP operates under, and showed the make up of their Board and 2022 Regional State Committee.

SPP Transmission Planning

SPP Vice President, Markets, Mr. Antoine Lucas, provided an overview of the changing electric grid and how SPP is planning for an uncertain future. He showed information related to what the organization considers when they planning for transmission needs, such as mitigating outage-related risks, where consumers are located, where congestion is frequently seen, laws mandating more renewable energy, how coal and gas prices impact traffic on the system, and how regional temperatures can impact everything. He also presented information on all of this revolving around reliability, economics and public policy.

Discussion ensued regard what SPP and transmission owners are responsible for and how the organization finds balance to ensure reliable delivery to customers.

Director Matthews left the room at 9:32 a.m., returning at 9:34 a.m.

Mr. Lucas showed a chart illustrating the evolving energy mix from 2012 to 2021 and explained how this effects their planning. He showed the generator interconnection requests under study by fuel type and provided information around SPP's planning studies and how these are funded.

Discussion ensued regarding the value of the transmission study done in 2021 and how GRDA fits into this.

SPP Markets and Operations

Mr. Bruce Rew, SPP Senior Vice President, Operations, went over further details of the services SPP provides to their members. He said they focus on being regional, independent, and cost-effective, with an overarching goal to maintain electric reliability. Mr. Rew presented 2021 energy production by fuel type for a total of 269,656 GWH. He told the group the energy consumption number represents the summed hourly average of the amount of energy used by retail customers in the market footprint.

Discussion ensued regarding energy production, as well as fuel type, and what trends were seen over the last 10-12 years.

Mr. Rew said Megawatt hours of production percentages remained steady from last quarter. There was a slight decrease in wind, nuclear, and hydro generation, with natural gas slightly moving up from 17.9 percent last quarter to 19.4 percent this quarter. He presented numbers related to wind penetration in the SPP system and operations planning, including multi-day Reliability Unit Commitment (RUC) studies, day-ahead RUC, intra-day RUC and short-term RUC. Mr. Rew explained how SPP forecasts wind availability and the available

Western Reliability Coordination services launched in December of 2019. He further explained how the integrated marketplace works and the benefits provided by this, including the commitment schedule, day-ahead market, real-time balancing market (RTBM), and the transmission congestion rights (TCR) market. Mr Rew explained what the Western Energy Imbalance Service (WEIS) is and why it is important for the system. This went live on February 1, 2021, as growth in the market continues.

Prior to providing tours for attendees, Mr. C.J. Brown, SPP Director, Operations gave an overview of SPP System Operations and what the participants can expect.

At 10:30 a.m., Chair Sublett announced the group would take a recess for tours of the facility and reconvene at approximately 11:30 a.m. to continue discussion.

Due to some unforeseen delays, the meeting reconvened at 11:50 a.m.

SPP GI Que

SPP Vice President, Engineering David Kelley explained how SPP's Generation Interconnection (GI) process creates value. They provide independent oversight of access to transmission, preservation of reliability of the grid, cluster studies in more optimized interconnection upgrades, and equitable assignment of costs to customers within the study clusters. Mr. Kelley presented a graph showing the evolution of the GI Queue and resource mix since the year 2000. He explained the multiple study processes, along with SPP's 3-phase study process. SPP continues to look for ways to shorten queue cycle time. Since the Federal Energy Regulatory Commission (FERC) Order 2003, SPP has incorporated various means of leveraging development milestones to ensure generation interconnection project readiness,

putting less emphasis on ‘first come – first served’ to ‘first ready – first served’, which includes 3 key elements: financial securities, reasonable demonstration of site control, and commercial development milestones. Mr. Kelley said installed wind capacity is growing, and access to renewable resources is at an all-time high with over 33 GW of wind in service by the end of 2022. This is a 485 percent increase in 10 years. He stated SPP is on schedule to clear the backlog in the queue, but more work is needed to further shorten the cycle time. Mr. Kelley said queue information is available instantly. He showed an example of the dashboard for the queue and explained the information seen within this.

Discussion ensued regarding how this keeps the grid running smoothly and the benefits.

At 12:25 a.m., Chair Sublett announced the group would take a recess for lunch.

The meeting reconvened at 1:30 p.m. SPP attendees were excused. Chair Sublett and Mr. Sullivan thanked them for joining the group and providing such valuable information.

Fuel Hedging Activity Reporting

Mr. Brown provided background for the group on hedging and how these activities are guided by GRDA Board Policy 4-3, Energy Risk Management. GRDA’s primary goals are to reduce price volatility and counterparty risk. He explained the day-to-day activity and how counterparty relationships work, showing forward purchases as of July 27, 2022. He showed examples of this and expounded on the Market-to-Market value of gas or hedge value.

Discussion ensued regarding how this benefits GRDA and its customers, as well as further explanation of the Bank of Oklahoma (BOK) ISDA example and how that relationship specifically helps to manage GRDA’s risk.

Discussion on New Customers

Mr. Reese provided a brief update on potential new GRDA customers. He explained the excitement around numerous inquiries from organizations that are contemplating placing some operations in the MidAmerica Industrial Park. Mr. Reese said with the Department of Commerce's help they have received inquiries from many entities interested in moving or expanding to Oklahoma.

He answered questions from the Board and other guests related to the MidAmerica Industrial Park and further load growth, as well as how GRDA will accommodate this load growth.

Mr. Sullivan told everyone the system in the industrial park is very robust and it is nice to see potential growth. He stated there will also be growth in their GRDA municipal communities as housing is needed and industries brought in by their vendors. He said this topic is a perfect segue to the next discussion on GRDA's generation plan.

GRDA Generation Study

Mr. Brown provided an outline of what he would be covering for the Board and guests regarding capacity planning. He went over recent developments in SPP resource adequacy and explained how this worked. The group discussed GRDA's projected capacity position, generation resource options, the Salina refurbishment project and next steps to be taken in the planning process, as well as what the SPP accreditation will look like for new generation. He showed several graphs of how the capacity accreditation changes would impact GRDA's portfolio under several different scenarios. Mr. Brown told guests there will be 2 phases to the levelized cost of capacity analysis for GRDA's generation options. The first phase will be the development of inputs for generation

options, and the second phase will be an engineering analysis of GREC2 options (gas upgrade analysis).

Discussion ensued regarding how GREC2 might be upgraded and the 20-year forecast of SPP market prices.

Mr. Brown said they are evaluating the refurbishment of the Salina Pumped Storage Project as well as performing an economic analysis on everything discussed so far. He presented photographs and graphs to illustrate further details, followed by a list of next steps.

Legislative Pre-Session Planning

Mr. Wiscaver provided an update on GRDA's legislative agenda and changes at the capitol after the last session ended. He described how they are telling the GRDA story to legislators and introduced his Public Affairs Manager, Leah Maloy. Mr. Wiscaver told the group how things have improved in relation to how GRDA is perceived at the capitol and

A brief discussion ensued related to the current political climate and potential legislation in 2023, including bills that GRDA may champion and monitor.

At 4:28 p.m., Chair Sublett announced the group would adjourn for the day and reconvene by 9:00 a.m. the following morning on October 21, 2022, in the same location.

Three or more members of the Board of Directors of the Grand River Dam Authority (GRDA) may gather together to eat meals between meeting sessions. No action was taken and no business was discussed.

With all expected attendees present, the group reconvened at 8:29 a.m. on October 21, 2022.

Board Committee Structure, Material and Board Meeting Frequency Discussion

Mrs. Hunter asked the Board to consider meeting 7 times per year, with a schedule of January, March, May, July, September, November, and December each year. She provided some pros and cons related to Board meeting frequency changes proposed.

Discussion ensued regarding the proposed changes. The consensus was not to make any changes at this time.

Mrs. Hunter proposed changes to the delegation of authority for GRDA's CEO. She presented benchmarks related to other public power entities similar to GRDA and showed the level of signing authority each of their Chief Executive Officers has. The lowest was at \$500,000. After extensive discussion, the consensus was to allow Mr. Sullivan to increase his signing authority to \$1 million to better align GRDA with other public power utilities and allow the Authority to operate in a more business-like manner. Mrs. Hunter also asked the Board to consider policy updates to eliminate duplication of State of Oklahoma policies, update drug and alcohol policies, add definition for the Compensation & Marketing : Power Capacity Utilization Subcommittee, and a Risk Oversight Committee (ROC) operational risk definition. She presented a chart of functions for each of GRDA's Board committees, as well as Board members' committee assignments.

Director Lewandowski left the room at 9:16 a.m., returning at 9:18 a.m.

Discussion ensued related to the roles of each committee and whether there needed to be any changes.

Mrs. Hunter went over GRDA Board Policy 2-4 related to Conflict of Interest. She presented language of the policy and the group discussed internal controls and the creation of a formal mechanism for identifying and evaluating potential conflicts of interest for employees and Board members. She recommended developing an annual Conflict of Interest training for all Board members and employees, and developing a way for Board members and employees to disclose relationships they have which could conflict with Board Policy 2-4. This would mitigate risk, whether perceived or real, to GRDA.

The consensus of the Board was to move forward with this process and keep them updated.

GRDA Risk Presentation and Discussion

Mr. Ladd provided a fundamentals illustration risk management covering the principles, framework and process. He covered the objectives of the program, as well as the risk exposure and how GRDA personnel plan to mitigate that risk. Mr. Ladd presented the quantifiable effects, including an example of GREC Unit 3 and the performance and catastrophic loss.

Discussion ensued regarding SPP system metrics and milestones and how GRDA's power generating assets fit into this.

Director Meyers left the meeting at 10:57a.m. to attend another meeting.

Mr. Ladd talked about how diverse GRDA assets are, which puts the Authority in a very good position to reduce the risk both to they grid and to GRDA. He presented information regarding generation operations retirements since 2017, and what the expected numbers would look like between present day and 2027. Mr. Ladd showed his staff and the standardized procedures they have come up with as a part of their risk mitigation plan. They have initiated technical training and a progression plan to overhaul the existing training and

qualification programs at GRDA. This has produced a significant decrease in the number of recordable injuries. He went over their core objectives for asset management and how optimizing balance can mitigate the risks to the Authority and its customers, and said this will help to maintain reliable performance of assets and manage asset lifecycle costs to maintain affordable energy production. Mr. Ladd provided some further detail to their programs and monitoring before presenting the next steps in this process. He showed a timeline of the plan for 2023 and 2024.

Discussion began regarding the timing of this and how this fits in with all aspects of what the Authority does.

Chair Sublett commented on how valuable it has been to have this time with the Board, staff, and customers. He expressed his appreciation for everyone and their work involved in making this meeting a success.

Mr. Sullivan thanked everyone for being there as well.

Director Lewandowski moved for adjournment on October 21, 2022, at 11:49 a.m., seconded by Director Elam, and voted upon as follows: Elam, Lewandowski, Matthews, Sublett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

February 8, 2023
GRDA Board of Directors