

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Tulsa, Oklahoma
February 13, 2019**

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, Tulsa, Oklahoma, on February 13, 2019. 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 27, 2018, at 1:12 p.m.; by posting the agenda with the Tulsa County Clerks' offices on February 12, 2019, at 9:59 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 Kimball called the meeting to order at 10:01 a.m. The Secretary called the roll. All members were present, with the exception of Directors Lewandowski and Richie, and Chair Kimball declared a quorum. Mr. Philpott introduced guests.

BOARD MEMBERS

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

ADMINISTRATIVE

Daniel S. Sullivan, Chief Executive Officer	Present
Tim Brown, Chief Operating Officer	Present
Lorie Gudde, Chief Financial Officer/ Corporate Treasurer	Present
Steve Wall, Chief Information Officer	Present
Heath Lofton, General Counsel	Present
Ellen Edwards, Executive VP – Compliance	Present
Brian Edwards, Executive VP – Law Enforcement/Lake Operations	Present
Rob Braun, Executive VP – Human Resources	Present
Nathan Reese, Executive VP – External Relations	Present
John Wiscaver, Executive VP – Corp. & Strategic Communications	Present
Mike Herron, VP – Engineering, System Operations and Reliability	Present
Darrell Townsend II, VP – Ecosystems/Watershed Management	Present
Robert Ladd, VP – Grand River Energy Center Operations	Present
Steve Jacoby, VP – Hydroelectric Projects	Present
Mike Waddell, VP – Transmission and Distribution Operations	Present
Ed Fite, VP – River Operations and Water Quality	Present
Justin Alberty, VP – Corp. & Strategic Communications	Present
Sheila Allen, Corporate Secretary	Present

Others present were as follows: Larry Hughes, City of Claremore; David White; Thomas Elkins, Cherokee Nation; Elton Willard, City of Cushing; Phil Stokes, Glen Severn and Clifton Adcock, City of Siloam Springs; Craig Stokes, City of Collinsville; Michael Teague, Adamantine Energy; Jared Crisp, Pryor MUB; Katie Thompson; Dustie Marshall; Mike Rains, Bill James, Holly Moore, Ed Ferguson, Matt Martin, Kevin Wheeler, Spencer Moore, Jeff Brown, Ash Mayfield, Tamara Jahnke, Cameron Philpott, Tina Balmer, Brylee Harbuck,, Melanie Earl, Christine Burmaster, Jerry Cook, Jennifer Marquis, Aaron Roper, Billy Blackwell, T.J. Combs, Cody Marquis, Paul Mader, GRDA.

CONSENT AGENDA

2. January Claims, \$ \$33,988,410.21.

4.a. Resolutions of Commendation

- 1) William K. James, Jr.
- 2) Michael N. Rains

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

Description and/or Make of Item	Serial Number	Model Number
XTL 2500 Radio	514CKF2808	M21URM9PW1AN
PM 400 Radio	019TLUG496	AAM50KQF9AA3AN
CM 300 Radio	922THU1821	AAM50RPF9AA1AN
PM 400 Radio	019TLJA149	AAM50RPF9AA3AN
XTL 2500 Radio	514CNM1809	M21URM9PW1AN
Dell PowerEdge Server	GSCYJM1	R910
Dell PowerEdge Server	9BNJVH1	R610
Dell PowerEdge Server	GSDXJM1	R710
Dell PowerEdge Server	8TC9PW1	R910
Dell PowerEdge Server	5L7JKS1	R910
Dell PowerEdge Server	8TB9PW1	R910
Dell PowerEdge Server	8TD8PW1	R710
Avamar ADS Storage Node	NNG05105111502	ADS
Avamar ADS Storage Node	NNG05105111455	ADS
Dell PowerEdge Server	59BZRF1	2950
Dell PowerEdge Server	5WP6PC1	2950
Network Engines, Inc (NEI)	NNG00152010277	E-1800 R3
Dell PowerEdge Server	8TC7PWN	R910
Dell PowerEdge Server	8TD7PW1	R910
Dell PowerEdge Server	8TC8PW1	R910
Dell PowerEdge Server	5L6KS1	R910
Dell PowerEdge 2950	134GVH1	2950
Dell PowerEdge 2950	FTJBVH1	2950
Dell PowerEdge 2950	CLS1082	R630
Dell PowerEdge 2950	CLS2082	R630
Dell PowerEdge 2950	CLS0082	R630
Alcatel Lucent Switch	90253990	6850
Cisco Switch 1	JAF1449V888	MDS-9124
Cisco Switch 2	JAF14449V97	MDS-9124

Clamion Array (Rack Backup System)	APM00105103298	NS-120
Mandiant 1U server	QSGR44501666	MD-MIR-RevF-HW
Dell PowerEdge Server	5WP6PC1	2850
Dell PowerEdge Server	59BZRF1	2850
Dell PowerEdge Server	CWP6PC1	2950
Dell PowerEdge Server	1HP99K1	2950
Dell PowerEdge Server	CLR4082	R630
Dell PowerEdge Server	8TB8PW1	R910
Dell laptop computer	3841GJ1	Vostro A860
Dell laptop computer	3B21GJ1	Vostro A860
Dell laptop computer	8741GJ1	Vostro A860
Dell laptop computer	HWTDRY1	Latitude 5530
Dell laptop computer	G31CJX1	Latitude 6430
Dell laptop computer	FK7P9W1	Latitude 6430
Dell laptop computer	4G066S1	Latitude 5520
Dell laptop computer	18PB4X1	Latitude 5530
Dell laptop computer	1HXPWW1	Latitude 6430
Dell desktop computer	444H9Y1	Optiplex 9010
Dell desktop computer	13TLCZ1	Optiplex 9010
Dell desktop computer	6L8PTW1	Optiplex 7010
Dell desktop computer	6L4QTW1	Optiplex 7010
Dell desktop computer	GN8PHX1	Optiplex 9010
Dell desktop computer	88DBNS1	Optiplex 790
Dell desktop computer	88GBNS1	Optiplex 790
Dell desktop computer	4NLBTW1	Optiplex 7010
Dell desktop computer	GN7QHX1	Optiplex 9010
Dell desktop computer	6L3PTW1	Optiplex 7010
Dell laptop computer	43RMFV1	Latitude 6420
Dell laptop computer	62F5VM1	Latitude 6510
Dell laptop computer	447LD12	Latitude 6440
Dell laptop computer	3V9VJ12	Latitude 6440
Dell laptop computer	6CW8K12	Latitude 6440
Dell desktop computer	60MMLN1	Optiplex 960
Dell desktop computer	88FBNS1	Optiplex 790
Dell desktop computer	6KKN1W1	Optiplex 7010
Dell desktop computer	G2BF7V1	Optiplex 790
Dell desktop computer	G2BJ7V1	Optiplex 790
Dell desktop computer	C9NBTR1	Optiplex 790
Dell desktop computer	88G7NS1	Optiplex 790
Dell desktop computer	G2DR7V1	Optiplex 790
Dell desktop computer	1BHMHX1	Optiplex 9010
Dell desktop computer	6KLNTW1	Optiplex 7010
Dell desktop computer	G2FG7V1	Optiplex 790
Dell desktop computer	G2BD7V1	Optiplex 790
Dell desktop computer	88J7NS1	Optiplex 790
Dell desktop computer	88DDNS1	Optiplex 790
Dell desktop computer	1BHLHX1	Optiplex 9010
Dell desktop computer	13LMCZ1	Optiplex 9010
Dell desktop computer	9DYJ6V1	Optiplex 790
Dell desktop computer	6KZPYW1	Optiplex 7010
Dell desktop computer	G29N7V1	Optiplex 790
Dell desktop computer	G2CB7V1	Optiplex 790
Dell desktop computer	G2G87V1	Optiplex 790
Dell desktop computer	6KNPTW1	Optiplex 7010
Dell desktop computer	6L0QTW1	Optiplex 7010
Dell desktop computer	6KJNTW1	Optiplex 7010
Dell desktop computer	6L6MTW1	Optiplex 7010
Dell desktop computer	G2BS7V1	Optiplex 790
Dell desktop computer	G2CL7V1	Optiplex 790
Dell desktop computer	6KTNTW1	Optiplex 7010

Dell desktop computer	4N8DTW1	Optiplex 7010
Dell desktop computer	G2FF7V1	Optiplex 790
Dell desktop computer	6KQNTW1	Optiplex 7010
Dell desktop computer	G2GK7V1	Optiplex 790
Dell desktop computer	G2B97V1	Optiplex 790
Dell desktop computer	3K5TZD1	Optiplex 745
Dell desktop computer	13RMCZ1	Optiplex 9010
Dell desktop computer	8MDGL91	Optiplex 620
Dell desktop computer	7H5TZD1	Optiplex 745
Dell desktop computer	HJ70Q71	Optiplex 280
Dell desktop computer	13QMCZ1	Optiplex 9010
Dell desktop computer	6KVNTW1	Optiplex 7010
Dell desktop computer	G2DP7V1	Optiplex 790
Dell desktop computer	34WT4D1	Optiplex 745
Dell desktop computer	CQWX51	Optiplex 280
Dell desktop computer	HBSV2C1	Optiplex 620
Dell desktop computer	1KYFLC1	Optiplex 620
Dell laptop computer	5G4G5S1	Precision 4600
Dell laptop computer	8S6TVY1	Latitude 5530
Dell laptop computer	HCDQKQ1	Latitude 5520
Dell laptop computer	2DJ4402	Inspiron 15
Dell laptop computer	HDN0CT1	Latitude 5420
Dell laptop computer	FKKSJV1	Latitude 6430
Dell laptop computer	3XN1WZ1	Latitude 5540
Dell laptop computer	3JLNVY1	Latitude 5530
Dell laptop computer	B315ZW1	Latitude 6430
Dell laptop computer	DLL6XW1	Latitude 6430
Dell laptop computer	60G6CS1	Latitude 6420
Dell laptop computer	FR5GLV1	Latitude 6430
Dell laptop computer	6LJMBT1	Latitude 5520
Dell laptop computer	JRD1PX1	Latitude 6430
Dell laptop computer	49SXL32	Latitude 6440
Dell laptop computer	7JF5VM1	Latitude 6510
Dell laptop computer	715S9T1	Latitude 5420
Dell laptop computer	FLHKXW1	Latitude 6430
Dell laptop computer	HCDTWL1	Latitude 5520
Dell laptop computer	4PC6YY1	Latitude 5530
Dell laptop computer	4PC6YY1	Latitude 5530
Dell laptop computer	9HG6YY1	Latitude 5530
Dell laptop computer	3R8PVY1	Latitude 6230
Dell laptop computer	JDHFH12	Latitude 6440
Dell laptop computer	8JJXV1	Latitude 6420
Dell laptop computer	BW64YW1	Latitude 6430
Dell laptop computer	B6965S1	Latitude 5420
Dell laptop computer	DM3JM12	Latitude 6440
Dell laptop computer	FV8M5S1	Latitude 5520
Dell laptop computer	4CTKWH1	Latitude 6500
Dell laptop computer	FV8M4S1	Latitude 5520
Dell laptop computer	HCDTKQ1	Latitude 5520
Dell laptop computer	JCH7LQ1	Precision 4600
Dell laptop computer	8BXWF12	Latitude 6440
Dell laptop computer	BSN5DS1	Latitude 6420
Dell laptop computer	9BD84R1	Latitude 6520
Dell laptop computer	1841GJ1	Vostro A860
Dell laptop computer	H741GJ1	Vostro A860
Exciters from Unit's 1-6		WTA 300B
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473

One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
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One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arm with Fixture	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
One 28' Aluminum Light Pole and Arms	NA	45473
Two spare arms for Old Bridge Light Poles	NA	NA
Eight 17.5' Aluminum light poles and arms with fixtures	NA	NA
One 23' Aluminum light Poles no arms	NA	NA
One 23' Aluminum light Poles no arms	NA	NA
Waltron Sodium Analyzer, Lot Of 3		AI 9030
GREC Section 118: 1 Lot	NA	Section 118
Jeep Liberty - 2005		
Ford F250 - 2005		
Dodge Charger - 2009		
Dodge Charger - 2010		
Ford F250 - 2001		
Ford F150 - 2006		
Ford F150 - 2006		
Ford F250 - 2012		
Ford F150 - 2002		
Ford E350 - 2011		
Ford E350 - 2011		
Chevrolet Colorado - 2010		
GMC Canyon - 2009		
Ford E350 - 2011		
Chevrolet Tahoe - 2012		
Ford F250 - 2009		
Manta 5000	12169	MTS-5000
Manta 5000	12170	MTS-5000
Manta 5000	12171	MTS-5000
Manta 5000	12466	MTS-5000

- 4.c. Power Cost Adjustment (PCA) of \$0.00000 per kWh for March 2019
- 4.d. Temporary Permit for Fiber Optics Cable Installation – Whiting-Turner Contracting Company
- 4.e. Contract 42365 – Emergency Transmission Line Construction Services
- 4.f. RFP 42518 – Construction Services S907, S121, and S119 Evaluations
- 4.g. Order for Removal in Administrative Hearing No. 2018-22 - James D. Ritchey
- 4.h. Order for Removal in Administrative Hearing No. 2018-25 - James C. Hendrix and Lindsey Hendrix
- 4.i. 27.92 Acre Riparian Protection Conservation Easement-Illinois River/Cherokee County, Oil Springs Farms, L.L.C., Grantor at Cost \$62,820 for 30-Year Term ending March 1, 2049
- 4.j. Pilot Agreement with WFEC

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

Standard Purchase Orders & Contracts		
PO Number	Vendor Name and City State	Amount
42569	MATRIX SERVICE INC., TULSA, OK	75,000.00
42570	TOP HAND FIELD SERVICES, STILLWATER, OK	75,000.00
97236	LARGE PUBLIC POWER COUNCIL, RALEIGH, NC	97,774.00
97320	CARTER CHEVROLET AGENCY LLC, OKARCHE, OK	75,063.00
	WARREN POWER & MACHINERY LP DBA WARREN CAT, TULSA, OK	64,200.00
42578		
42589	PINNACLE BUSINESS SYSTEMS, TULSA, OK	45,213.63
42587	VIRGINIA TRANSFORMER, ROANOKE, VA	378,505.00
97622	PANAMERICA SUPPLY INC., KATY, TX	89,800.00
42588	GREG'S PORT-A-POTTIE, ROSE, OK	9,000.00
42583	DOBLE ENGINEERING CO. DBA ENOSERV, TULSA, OK	183,310.00
42590	BELGER CARTAGE SERVICE, INC., TULSA, OK	84,603.50
42593	STERLING ELEVATOR SERVICE & REPAIR, CATOOSA, OK	178,130.00
97579	RUSH TRUCK CENTER OF OKLAHOMA INC., TULSA, OK	61,164.00
	CTEC HOLDING CO. DBA CUSTOM TRUCK & EQUIPMENT, OKLAHOMA CITY, OK	159,742.90
	MUNICIPAL ELECTRIC SYSTEM OF OKLAHOMA INC., OKLAHOMA CITY, OK	25,000.00
42592		
42530	IRBY CONSTRUCTION CO., RICHLAND, MS	11,045,721.62
97618	BILL KNIGHT FORD, TULSA, OK	61,214.00
97619	POWERPAC LLC, SEDALIA, MO	36,800.00
97616	AMERICAN AIR FILTER INC., LOUISVILLE, KY	34,744.00
42576	UNIFIRST HOLDINGS INC., BROKEN ARROW, OK	23,400.00
	INDUSTRIAL WELDING & TOOL SUPPLY DBA GAS & SUPPLY, TULSA, OK	51,051.50
42594		
97624	BILL KNIGHT FORD, TULSA, OK	62,644.00
97649	DUNN FORD, STIGLER, OK	122,642.30
42495	BBA, INC., QUEBEC, CANADA	88,475.00
Grand Total Standard POs & Contracts:		\$13,128,198.45
Change Orders & Renewals		
PO Number	Vendor Name and City State	Amount
97221	CHICKASAW TELECOM INC., TULSA, OK	182,716.12
42521	ONENET, OKLAHOMA CITY, OK	24,960.00
89035	DRESSER-RAND GIMPEL, HOUSTON, TX	2,250.00
42562	MAIL FINANCE, INC., MILFORD, CT	5,885.28
	OFFICE OF MANAGEMENT & ENTERPRISE SERVICES, OKLAHOMA CITY, OK	0.00
41259		
42571	EMERSON PROCESS MANAGEMENT POWER & WATER SOLUTIONS, PITTSBURGH, PA	405,340.00
40491	JAMI M LONGACRE MARKETING & CONSULTING DBA LONGACRE INC., KELLYVILLE, OK	48,250.00
	WARREN POWER & MACHINERY LP DBA WARREN CAT, TULSA, OK	0.00
42416		
Grand Total Change Orders & Renewals:		\$669,401.40
Grand Total		\$13,797,599.85

Director Churchwell moved to approve the consent agenda as presented, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Minutes of December 12, 2018, and Regular Board Minutes of January 8, 2019.

Director Meyers moved to approve the Regular Board minutes of December 12, 2018 and the Regular Board Minutes of January 8, 2019, seconded by Director Vandevier, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 01-abstained).*

3. Unfinished Business

3.a. Progress Reports

(1) Introduction of Matt Martin, Deputy CFO

(2) Current Operations Reports

a. Monthly Video Update – GRDA February 2019

- 2018 Year in Review**

Mr. Sullivan recognized Mrs. Lorie Gudde as the new Chief Financial Officer of GRDA as of February 1, 2019. He stated that she served in this capacity on an interim basis while Mr. Rothermel was out of the office recovering from a heart surgery in the last few weeks of his time with GRDA. Mr. Sullivan said that Mr. Rothermel is now doing very well.

Mr. Sullivan introduced the newly selected Deputy Chief Financial Officer, Mr. Matt Martin. Mr. Martin said he is very excited about his new role and is excited about what GRDA has in store for him.

Mr. Sullivan highlighted the Boat Show from January 2019. He recognized the GRDA police department and other team members for their participation in educating the public regarding boater safety and having the opportunity to interact with the public.

Mr. Sullivan stated that Mr. Ed Ferguson was able to present a check to the Grand Lake Sail and Power Squadron whom GRDA has worked cooperatively with, as well as other groups, for the past several years on their program to provide life jackets.

Mr. Sullivan said the GRDA Police Department recently completed a promotional process selecting 4 officers to be promoted to the rank of lieutenant. He explained the promotional process was extensive and competitive, and focused on each individual's past performance, their years of experience, education level, evaluation of scenario based writing examples, and oral interview with the police department's command staff. Mr. Sullivan recognized the officers being promoted: Jeremy Cantrell, Nate Cooper, Tyler Cooper, and Erik Horton. He also said thee 4 new positions were opened by Captain James' retirement and due to the GRDA Police Department restructuring.

Mr. Sullivan announced that the GRDA documentary, "Our Borrowed Waters", will be premiering to the public on February 19, 2019 at the ECO building. He stated GRDA is also working with RSU-TV on this, to be discussed later in the meeting.

3.b. Special Recognition of GRDA Police Officers and Nurse Katie Thompson

Mr. Edwards presented special recognition to GRDA Police Officers Billy Blackwell, T.J. Combs, Cody Marquis, Paul Mader and Katie Thompson, a private citizen and registered nurse, for their heroic actions in performing life saving measures during the last year. He said he is very proud of all of them as they not only put themselves at risk, but go out and do a great job every day. Chairman Kimball recognized all of the award recipients' families that make sacrifices every day as well.

4. New Business

4.k. Capital Work Order Report (* Denotes Addenda Items)

Capital Work Order Summary List				
February 13, 2019				
Number	Title	Gross Work Order Amount	Reimbursement	Net GRDA Cost
RF018-00943	Isilon Bundle	50,200	-	50,200
RF019-00944	Storm Damage Recovery Feeder 77/79 L365	500,400	-	500,400
RF019-00946	Pryor Chemical 13.8 Loop/UG	355,400	(355,400)	-
RF019-00947	Pensacola Unit 1-6 Excitation Digital Upgrade	2,129,200	-	2,129,200
RF019-00948	GRDA Police Body Camera Project	402,200	-	402,200
RF019-00949	Microwave Radio Replacement Phase 2	1,171,400	-	1,171,400
RF019-00952	Pensacola Spillway Toe Barriers	338,200	-	338,200
RF019-00956	Elevators Modernization	246,500	-	246,500
Grand Total Work Orders		\$ 5,193,500	\$ (355,400)	\$ 4,838,100

Mr. Sullivan said he received a request for additional information on 2 items. The first is the Pensacola Units 1-6 Excitation Digital Upgrade item. He explained this was previously included in the capital forecast and proposed budget on a multi-year basis. Mr. Sullivan stated GRDA is working on 2 units per year over the next 3 years at a total cost of about \$2.1 million. The digital equipment associated with this project has somewhat shorter life spans compared to analog equipment GRDA has had in the past. Director Vandevier said he asked this question because he wanted to provide a little more information for the Board. He asked why the entire amount would be funded now. Mrs. Gudde showed the anticipated yearly spending or cash flow for years 2019-2022, totaling a little over \$2.1 million over that period of time.

Mr. Sullivan said there was also a question related to the Microwave Radio Replacement Phase 2 item. He stated this is also a multi-phase project and introduced Mr. Steve Wall to provide additional details.

Director Vandevier said this was his question as well and asked if there were alternatives in today's technology environment that make sense and could save some money or be a more cost effective long-term solution.

Mr. Wall provided some background on the project and said it was decided to break the project up into 4 phases due to funding concerns. It was originally presented

in the 2018 Capital Budget to complete 1 phase per year over a 4-year period. The total project budget was to be \$9,669,400, with Phase 1 estimated to cost over \$2.4 million. GRDA started Phase 1 in 2018 and completed replacement of equipment at 11 sites. Due to the significant price reduction in equipment, the actual cost of Phase 1 is expected to come in around \$1.2 million. Mr. Wall said Phase 2 of the project will include 6 sites, Phase 3 will include 12 sites, and Phase 4 will include 10 sites. GRDA's microwave system carries its own operations data such as SCADA and Metering as well as data for interconnected entities. He explained the system also carries GRDA phone traffic to the substations. The legacy equipment was originally purchased 12 to 13 years ago and installed 10 to 11 years ago. Mr. Wall told the Board this is a replacement of existing equipment, and no expansions are planned currently. He said the project can be delayed another year, but it is not recommended, as delaying the project will extend the completion date, requiring GRDA to rely on end-of-life equipment for an additional year. Spare parts do exist to keep the system operational for the short-term, but GRDA staff will be relying on scavenged parts from retired equipment for the remaining years. Mr. Wall stated chip sets are no longer made, and some damaged parts cannot be repaired. This creates a risk of unrepairable equipment the longer the project is delayed. He commented that, if GRDA proceeds with this project, the expected lifecycle of the equipment is 10-12 years due to the equipment operating 24 hours a day, 7 days per week. Over a 10-year span that would equal 87,600 hours of continuous operation. Mr. Wall said it is not possible to lease the equipment rather than buy it due to the fact the radios can be programmed to different frequencies, but the diplexers (filters), waveguide (feedline or coax), and antennas are all frequency defined and FCC licensed. He stated the question was asked about alternatives to microwave transmission and said security of the communications is a major concern due to NERC criteria and the very real possibility of foreign government hackers gaining unauthorized access to system

components. Where feasible, due to rights-of-ways and cost, GRDA prefers owning its own fiber to have total control with no outside entity use or access, as well as performing in-house maintenance of the equipment and fiber. GRDA already owns the tower sites and has been assigned the frequencies for this project. He stated the internet-based communications, such as cloud-based, are a last resort because of security concerns and signal interruptions.

Director Vandevier asked if there was a possibility of hacking even if GRDA owns and controls it. Mr. Wall said the possibility is reduced significantly.

Mr. Wall showed and highlighted part of the NERC standards and requirements associated with this project. He stated NERC standards do require redundant communications, and loss of data from a SCADA site needed by System Operations for a period of 30 minutes or more is a reportable NERC violation. He said leased satellite or cellular is not preferred either for control sites due to risks of relying on third parties, meaning GRDA would have no control over downtime. Lag time in satellite communications is also unacceptable for relay and control communications, and loss of signal could result in relay mis-operation that could be a NERC violation. Mr. Wall showed the Communications Capital Budget to the Board that includes this project, noting the significant savings, etc. He showed a map of Phase 2 sites and commented GRDA prefers fiber on GRDA poles for long term savings, added bandwidth for future security cameras in substations, expanded corporate communications capabilities, and redundancy in SCADA communications. Mr. Wall also said GRDA does not have enough fiber in the air to do that yet, and will not by the end of this microwave lifecycle. Having been fined for failing the redundant communications requirements by NERC and FERC during the 2008 investigations, he cautioned against delaying this project further as it would increase risk.

Director Vandevier said he appreciates the detailed response to his question and commented it is always comforting to see the staff has looked at it from every angle and at all alternatives.

Director Elam asked what the significant driving force of the price reduction was. Mr. Wall said the cost of the equipment was lower than expected. Director Elam asked if the equipment is becoming outdated or if the market is more competitive. Mr. Wall said the cost just ended up a lot less than what the staff originally anticipated.

Director Myers asked, regarding fiber optic cable, if fiber is as reliable as the microwave communications. Mr. Wall confirmed this and said there are redundancies built-in.

Chairman Kimball asked if we continue to expand our fiber operation, does this replace part of the microwave system. Mr. Wall confirmed this. Chairman Kimball asked if in 10 years there would be as much in need of replacement as we have today. Mr. Wall confirmed that this was the case. Chairman Kimball asked at what point in the future does GRDA do away with microwave. Mr. Wall said there are a number of things this would depend on, including adding structures to the system. Mr. Kevin Wheeler said the microwave system is considered much less expensive than the fiber optic cable, as fiber optic cable would be \$35,000-\$40,000 per mile. He explained the differences in cost currently, and said the increased cost would be more difficult to justify than the cost of the microwave system. Chairman Kimball asked if there is an opportunity to recover cost by leasing space on the fiber system or microwave system. Mr. Sullivan said there really is not at this time.

Director Vandevier moved to approve the Capital Work Order Report as presented, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Lewandowski, Meyers, Vandevier, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.1. GRDA Police Body Camera Project – PR 35488

Mr. Edwards commented this project has been in the works for a few years now. He explained GRDA has been waiting for technology to catch up with GRDA's application of the cameras. Mr. Edwards said GRDA works multiple officers out of vehicles, vessels, on the water, and on foot at a time, and this system takes that into consideration allowing officers to sync multiple cameras at a time which will streamline and enhance the data collection. He stated this item is taken from a National Association State Procurement Officials contract and provided the models of the devices, showing photos of the vehicle-mounted camera and body camera. The camera in the vehicle also has 2 cameras on it to allow the officer to turn one camera showing activity to the side or rear of the vehicle or vessel. Mr. Edwards showed photos of the Panoramic view (vehicle-mounted camera) and standard vehicle-mounted view to illustrate the differences. He showed photos of an incident from both the body-worn camera and vessel-mounted camera and explained the situations. GRDA officers contact people on the lakes both during the day and at night and the cameras capture infrared photos as well. This project will equip all GRDA Police officers, patrol vehicles, and patrol vessels with cameras. The purchase is for hardware and software. Mr. Edwards told the Board GRDA Information Technology has infrastructure in place for support and storage of the recordings which is a major consideration. He stated this project is in the 2019 budget, with part of it on the Capital Work Order Report.

Director Vandevier asked for an explanation on how this is broken down as far as what is on the Capital Work Report and what this item includes. Mrs. Gudde said part of the contract is annual licenses and GRDA is unable to capitalize those. She said the actual assets are part of the Capital Work Order Report and this item is the all-in actual contract cost for everything. Director Vandevier commented that he notices officers have a lot of hardware to carry, and asked if this camera poses a concern. Mr. Edwards

explained it does not as the mission has changed over the years, with this being one reason for the smaller cameras. It will also fit on body armor and other equipment. He commented that this system also has what is called “Record After the Fact” which provides GRDA the ability to go through the system to recover camera footage even if the officer does not have time to turn the camera on physically.

Director Elam commented that the City of Wagoner has had a bit of a challenge with the body cameras for their police force. He said the brackets used for the cameras have not been as robust as they should have been. Mr. Edwards said that with this system GRDA has a no-fault warranty with it. This means if there is a problem with the brackets they will replace them. He also said the cameras are also much smaller than others which would contribute less to issues with the brackets. Mr. Edwards said the test units have been very robust and some have been used in our boats, which can take a pounding from day to day.

Chairman Kimball asked what the life of this system is. Mr. Edwards said this system should last at least 5 years, but could be longer. Chairman Kimball commented this would mean an ongoing approximately \$100,000 per year cost. Mr. Edwards said he hopes the system will last longer because the equipment and system is so high quality.

Director Churchwell moved approve the Watch Guard GRDA Police Camera Project for an amount not to exceed \$476,295.00, subject to terms and conditions which are acceptable to General Counsel and the Chief Executive Officer, seconded by Director Vandevier, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.m. Broadcast and Community Engagement Agreement – RSU-TV Public Television

Mr. Alberty greeted the Board and said this item is related to the *Our Borrowed Water* documentary. This agreement would allow GRDA to work with RSU Public TV to serve as our distributor for the documentary. He explained RSU Public TV will contact OETA, AETN (Arkansas Educational Television Network) and Ozark PBS (Missouri) to coordinate airing the documentary in those markets within the watershed. RSU Public TV will also assist with organization of up to 5 community engagement events for the purposes of showing the documentary and a follow-up question and answer session with GRDA staff and others. Mr. Alberty said the first premier is planned for February 19, 2019, at the Ecosystems & Education Center, with others to follow at Northeastern State University and the University of Arkansas – Fayetteville. He told the Board the total cost of this agreement is \$5,000 and would be a part of the existing advertising budget, with a possible additional ingest fee with NETA that would not exceed \$250 to load it their database. It is a 36-month agreement that grants RSU Public TV permission to air the documentary an unlimited number of times on its channels.

Mr. Sullivan commented that GRDA does anticipate the video will be shown at some of the independent film festivals, and Mr. Royal Aills at RSU-TV said he is very excited to get this out.

Director Vandevier asked if we would be able to get feedback on the distribution on this. He said he understands it is difficult to get these results accurately, but it would be an opportunity to learn and analyze these results of the investment we made in this. Mr. Wiscaver said this will be measurable in terms of impressions and overall reach.

Chairman Kimball commented that RSU-TV does their fundraiser each year and the reason for this event is to purchase or develop content. He asked for explanation on how this makes financial sense. Mr. Wiscaver said it is all actual hard cost to deliver this correctly. Chairman Kimball asked if RSU-TV had other content given to them from others. Mr. Alberty said he is not aware of how they operate, but they have served as

distributors for other projects like this. Chairman Kimball commented on the advertising associated with the *Living Grand on Grand Lake* television show and stated he was not at all convinced this was an equal partnership.

Director Elam asked what the reach of RSU-TV is. Mr. Wiscaver said their reach individually is not anything of significance, but that this is a strategic placement of where it is versus actual reach potential. He also stated GRDA is taking this opportunity to perform their own reach and drive it to a broader audience.

Discussion ensued regarding whether there are other ways to distribute this near the lakes and the watershed. Mr. Wiscaver commented the earned media aspect and anything this returns to GRDA by having the documentary out in the communities has a positive impact.

Director Elam asked how long it would take to get metrics on this. Mr. Wiscaver said he expects to have results in less than 30 days.

Director Vandevier moved to approve the Broadcast and Community Engagement Agreement between GRDA and RSU Public TV as presented, seconded by Director Churchwell, and voted upon as follows: Churchwell, yes, Elam, no, Kimball, yes, Meyers, yes, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. RFP 42586 – Salina Pump Storage and Pensacola Dam Internal Flooded Penstock Inspections

Mr. Jacoby showed the Board an example and diagram of a penstock, saying that GRDA's penstocks are 11 or 15 feet in diameter, depending on location. He said access and entry into these conduits is difficult and unsafe at best. The inspections have historically been done by walking the steep, slippery and dark unsafe surfaces inside the penstocks. Mr. Jacoby stated he has done most of these inspections over the last 35 or more years, and they are a challenge to perform. The units have to be taken offline, as well as letting the penstocks dry for a time. With the advent of high quality

sonar units companies are able get very good results of what the interior looks like. He provided updated sample interior sonar images, and said none of the vendors are capable of actually completing the metrics of location, distance and testing and set up in a relatively quick time. GRDA is not capable internally of performing this type of test. Mr. Jacoby told the Board this project will be done in about 7 days or less for both sites, and there will not be dewatering required for the inspection nor will the unit be out of service during this time. He explained that the penstocks are aging, with the penstocks at Pensacola in excess of 75 years old, and no repairs have ever been done on the inside of those. Mr. Jacoby said GRDA is planning a meeting soon to identify when we will have to do future repairs, and this type of inspection will help tremendously. GRDA plans to do follow-up tests afterward. Underwater Acoustic International (UAI) has developed their proprietary system for doing this properly.

Director Vandevier asked what material the penstocks are made of. Mr. Jacoby said they are steel. Director Vandevier asked what the cost of the alternative physical inspection would be compared to this. Mr. Jacoby said it takes 3 to 4 days or longer take the unit offline and dry to allow someone to enter the penstock for inspection, depending on weather conditions, etc. The slippery surfaces also add time to the inspections. He stated the cost would be what the generation would be if the unit could be online, and that would be very significant. Mr. Vandevier asked if this would be to GRDA's economic advantage to do this versus a physical inspection. Mr. Jacoby confirmed this, but said he has not ran the numbers to quantify this. He did say daily generation on Pensacola would typically be \$10,000-\$12,000 per day, and daily generation at the Salina Pumped Storage Project would be considerably more than that. Mr. Jacoby confirmed he believes the cost to GRDA would be considerably more than what the cost of this sonar inspection would be.

Director Meyers asked if the physical inspection is only a visual inspection. Mr. Jacoby confirmed this and said that this is another benefit of the sonar inspection. He said GRDA cannot replicate what UAI can do in a reasonable amount of time, and would not be as accurate.

Director Elam asked if these had been recoated. Mr. Jacoby said they have not been touched since original construction. Director Elam asked when the staff anticipates having this sonar inspection done. Mr. Jacoby said this would begin in April 2019.

Director Vandevier moved the Board approve Contract 42586 to Underwater Acoustic International for interior penstock inspections at Pensacola and Salina Pumped Storage for the lump sum value of \$202,000.00, on the basis that a review of the economics would prove to be cost effective, seconded by Director Churchwell, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.o. Cost of Service Study Partnership

Mr. Reese told the Board the staff is requesting their support today for a program that will assist GRDA municipal customers in obtaining a cost of service study. During meetings in 2018 with the municipal customers the staff told them they believe there are 2 key areas where GRDA can be of greater assistance to them, distribution engineering assistance and assistance in evaluating where they need to be from a rate design perspective. He said this is some GRDA can help facilitate. Mr. Reese said the manner in which GRDA intends to do this is through obtaining a routine and up-to-date cost of service study performed in each of the customer cities. There are several reasons cost of service studies need to be done, these being revenue adequacy, avoiding subsidization, and price competitiveness for economic development. Mr. Reese stated the most recent reasons are needs due to distributed generation coming online, new

energy efficiency and customer demands, as well as electric vehicles. He said this has been a major focus for GRDA in 2018, with a cost of service and rate design workshop occurring on August 22, 2018, and GRDA held meetings with the municipal utilities throughout the year as well. Mr. Reese said GRDA would like to take the steps necessary and make this service available to all 17 Schedule WP GRDA wholesale municipal customers, but noted that GRDA could not be performing this type of work for its customers. He explained GRDA would provide up to \$10,000 per wholesale customer, to be applied to the final cost of an electric cost of service study. Mr. Reese told the Board this would provide a financial incentive to cities to have this performed. He said it would better ensure the financial health of their utility, which directly impacts the financial health of GRDA. The program would be available for a time period not to exceed 36 months, beginning on January 1, 2019, and ending on December 31, 2021. Mr. Reese stated GRDA has budgeted \$80,000 in 2019 for this purpose and sees this as being a multi-year program, with the overall expenditure to be \$170,000.

Director Vandevier asked if the \$10,000 is a dollar for dollar match. Mr. Reese said it is not. He stated the way the program is now structured GRDA would pay for the cost of service study up to the amount of \$10,000. Director Vandevier asked why there is not a cost sharing where this is concerned. Mr. Reese said the cost sharing would likely exist in almost every circumstance because these studies do regularly exceed \$10,000. He provided an example stating in the City of Tahlequah their study 2-3 years ago was approximately \$15,000 for the electric portion. Mr. Reese said the City of Claremore recently solicited bids that were in excess of that. Mr. Larry Hughes from the City of Claremore commented the highest bid the city received was in the ballpark of \$60,000. He said the bid approved was for \$16,500, and that this amount is expected to increase once some of the variables are discovered. Director Vandevier said he

believes there should be a cost sharing of some kind for this because of the benefit it creates for the cities.

Director Elam said he sees no issue with a dollar for dollar match for this, and that any way GRDA can help is going to be better than what the municipality would have initially. He stated some of the cities need this very badly.

Mrs. Gudde explained these cost of service studies are going to have a significant added cost just in staff time due to these being an almost complete redesign of their accounting record. She stated it is a significant investment and cost outside the contract.

Mr. Hughes from the City of Claremore said there are great challenges the cities face in actually being able to get the money approved to spend for the study, as they have been trying to do this for about 3 years. He commented it helps to have this partnership to take a really good look at what it truly costs to run an electric distribution system. Mr. Hughes said the City of Claremore is very appreciative to GRDA for assisting with this. Mr. Sullivan commented that this could definitely be an even bigger impact on the cities than to GRDA due to staffing numbers.

Director Meyers said, if this helps get the job done, it is important and the cities know that this cost is embedded in rates anyway.

Chairman Kimball said this is a huge benefit to the cities, and a benefit to GRDA. He suggested GRDA spend \$2 for every \$1 the cities spend up to the \$10,000.

Director Elam said that if the municipal utilities cannot convince policy makers to approve a cost of service study and why it is needed there can be a lot lost. He stated he agrees with Director Meyers that the customers are paying for it at the end of the day whether there is a cost sharing or not, and this shows GRDA wants to have a great partnership with the municipal customers.

Director Meyers asked what would make it easier for the cities to get the job done.

Mr. Elton Willard from the City of Cushing said the city is currently engaging in a complete cost of service study.

Mr. Jared Crisp with the City of Pryor Municipal Utility Board stated they did a cost of service study recently and it cost the city approximately \$60,000 for all utilities. He explained the city's governing body wanted to make sure an expert was setting rates. Mr. Crisp stated since the GRDA rate structure is changing in April some of the municipal customers may not be able to set rates the way they need to, and this will help.

Director Vandevier proposed to proceed on the basis of a 4 to 1 match up to the maximum of \$10,000 per customer.

Director Vandevier moved to approve the expenditure of up to \$170,000, not to exceed \$10,000 per customer, with a 4 to 1 match in funds, for the purpose of entering into cost-sharing agreements with Schedule WP wholesale municipal customers for the performance of electric cost of service studies, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Churchwell and Chairman Kimball left the room at 11:24am, and both returned at 11:29am.

4.p. 2018 Financial Statement Audit

Mrs. Gudde stated this item is a letter from the new auditing firm, Baker Tilly, that is a required communication to our governments stating what Baker Tilly's responsibilities are as the auditor and included contact information as well. She said this is required under the generally accepted auditing standards, but there is no action to take. The purpose of this item was to just make certain the entire Board had a chance to read what was in the letter.

4.q. Other New Business

There was no other new business.

5. Reports

5.a. Board of Directors Committee Reports

1. Assets Committee:

- a) Consideration, Discussion, and Possible Approval of a Request by Frank Lindenmeier for an Amendment to a License to Encroach Regarding Appraisal for Property Located in Delaware County, Oklahoma.**
- b) Consideration, Discussion and Possible Approval of a Request by Brent Knapp for a Partial Release of a Flowage Easement for Property Located in Mayes County, Oklahoma.**
- c) Consideration, Discussion and Possible Approval of Termination of a License to Encroach Issued to Rachel Godsey and Gary Wright for Property Located in Mayes County, Oklahoma.**
- d) Consideration, Discussion and Possible Approval of a Third Amendment to a Lease with Northeast Oklahoma A & M for Property Located in Ottawa County, Oklahoma.**
- e) Consideration, Discussion and Possible Approval of 2019 GRDA-Scenic Rivers Operations New First-Time Commercial Flotation Device License.**

Regarding item a, Director Churchwell said this item is an amendment regarding reappraisal of a 30 year License to Encroach held by Frank and Terry Lindenmeier. He showed a map and diagram with the location of the property marked, as well as a photo. Director Churchwell said the original yearly value was \$0.13 per square foot, for a total of \$50.00. The re-appraisal was due in April 2017 and was received July 10, 2017 stating

the value was now \$0.42 per square foot for a total of \$160.00 per year. The next reappraisal is due in 2027. This was reviewed by the committee and approved.

Mr. Sullivan pointed out that this was the first license to encroach issued by GRDA and they are all set on a 30-year timeline, with a reappraisal needed every 10 years. The Board will be seeing more of these going forward.

Director Churchwell moved the Board approve the Amendment of Revocable License to Encroach for Frank & Terry Lindenmeier which amends the yearly value to the amount of \$160.00 beginning April 1, 2019, and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item b, Director Churchwell said this is one of a series of discussions and applications for waivers of flowage easements with property located principally on Lake Hudson. He stated GRDA has consistently denied releases to build in these flowage easements since the flowage easement exists for the purpose of protecting the property in a flood event. Director Churchwell said Mr. Brett Knapp is a builder and developer in the area, and this was family-owned property for many years, as he inherited this 11-acre piece of property from a family member. Director Churchwell said it is clear the property has had water on it in a significant manner in the past, but Mr. Knapp believed very strongly that about 2 acres would possibly never flood. The committee simply could not see a clear reason to recommend this waiver. He explained the committee let Mr. Knapp know he has a right to be at the meeting today to speak to the Board.

Director Churchwell moved to deny a partial release of the flowage easement across the property of Brett Knapp in Mayes County, Oklahoma, and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item c, Director Churchwell said there was a portion of a piece of property that burned which included a deck built on GRDA property that had a license to encroach. When the situation was reviewed after the fire, it was determined and approved by the committee and the Board that GRDA would not permit reconstruction of this deck on GRDA property.

Director Churchwell moved the Board approve the termination of License to Encroach to Rachel Godsey and Gary Wright due to removal of the encroachment, and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item d, Director Churchwell asked Dr. Townsend to speak about this item.

Dr. Townsend said in 2016 GRDA entered into a partnership with Northeastern Oklahoma A&M College (NEO) in Miami to put lands GRDA acquired back into production utilizing the college as the primary beneficiary. Subsequent to this GRDA received some recognition in a 2-page article in the Oklahoma Agriculture publication distributed at the Tulsa State Fair last fall. Since 2016, NEO has raised about \$40,000 in revenue from crop-share and grazing leases. He described how the group has worked to get the lands prepared and back into production. Dr. Townsend said it is expected that the cost-shares will significantly increase as, once the 5-year mark is reached on the grazing leases, it is going to be a much better cost-share for the program. He explained the expectation is that the program at that point will gross over \$100,000 annually. Dr. Townsend went over the 2018 First Annual Field Day event for the students at NEO, and said the program was able to cover some fellowships with some of the money, as well as creating a new degree program in Agronomy and operation of the outdoor classrooms this program supports. He said some of these students are also brought into GRDA's research lab in Langley to

discuss the interaction between agriculture production and best management practices, and how this can impact water quality. He showed a map of GRDA property that is about 146.5 acres, which is planned to be a new grazing lease for the program. There are approximately 3000 acres in total production with NEO from GRDA.

Chairman Kimball said he visited with Dr. Hale at NEO many times about this program, and this has really helped to improve the program there. It has given the school the revenue they needed and they could not be happier with what GRDA has done and are appreciative for the opportunity it has given a lot of their students.

Director Vandevier asked what the term of the lease is. Dr. Townsend said the GRDA lease with NEO is up for renewal annually. Mr. Aaron Roper stated NEO takes care of the subleases per tract with the producers. Director Vandevier asked if GRDA had a need for the property they would not be committed to a long-term lease. Dr. Townsend confirmed this.

Director Churchwell moved the Board approve the third amendment (+/- 146 acres, formerly owned by Vanetta) to a lease with Northeast Oklahoma A&M College for property located in Ottawa County, Oklahoma, and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item e, Director Churchwell asked Mr. Fite to speak about this item.

Mr. Fite provided some background on the Illinois River and said, per GRDA Rule 630:10-1-7 Limitation of flotation devices, the number of licenses is set at a maximum of 3,900. He explained the Illinois River is divided into 3 commercial float areas (CFAs). The operation of flotation devices are limited on weekends and legal holidays in May through September, and Mr. Fite showed the maximum numbers allowed in each CFA. Commercial float operators renewed 2,948 licenses from the 2018 season. He stated since the application period closed December 31, 2018, the number of licenses available

to new first time issuance applicants by GRDA for the 2019 season is now 952. Mr. Fite said the number of licenses requested by application during January 2019 for new first time issuance by GRDA for the 2019 season is 173, which is what this item covers today. If the number of requested licenses are granted, GRDA-Scenic Rivers Operations (SRO) will have 779 remaining un-issued.

Director Vandevier asked if these were incremental licenses. Mr. Fite said they are one license for each flotation device.

Director Churchwell moved to authorize GRDA-SRO staff to issue new first time 2019 Commercial Flotation Device Licenses to: Buck Ford Outfitters (24 licenses for use in Commercial Float Area 1); Arrowhead Resort (50 licenses for use in Commercial Float Area 2); Elephant Rock Outfitters (24 licenses for use in Commercial Float Area 3; and Illinois River Outfitters (75 licenses for use in Commercial Float Area 3), and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

2. Audit, Finance, Budget, Policy & Compliance Committee:
a) Proposal to Utilize Funds from the Rate Stabilization Account
b) Rate Stabilization Resolution Amendment

Director Vandevier said this proposal is driven by the recent restructure of GRDA's rates. He asked Mr. Sullivan to lead the discussion.

Mr. Sullivan said for the year ending December 31, 2016, a Rate Stabilization Fund was established and then amended in the amount of \$21 million. This would be the first time the Rate Stabilization Fund would actually be fully funded. On October 10, 2018, the Board approved to restructure GRDA rate schedules effective April 1, 2019. He stated this restructure will shift the fuel base from the base rate to the Power Cost Adjustment (PCA) rate and shift fixed costs into the demand rate by \$1 per kW, with a corresponding shift from the energy rate that results in a revenue neutral impact to GRDA. Mr. Sullivan told the Board that effective January 1, 2019, the PCA rate shall not be less than \$0.00 and has been held at this until a new rate becomes effective in April 2019.

On December 17, 2018, GRDA received a letter from Mr. Mike Doublehead on behalf of the Municipal Customer Group requesting relief from the impact of the aforementioned rate structure change, and clarification as to

which electric customers would have the right to the benefit of the Rate Stabilization Fund. Mr. Sullivan commented that the rate changes were cost neutral and revenue neutral to GRDA, but they did have a varying impact among all of GRDA customers. He said one of the underlying issues going on since the decision to fund the Rate Stabilization Fund is whether the fund resides only for the benefit of the wholesale electric customers or to the customers at-large. Mr. Sullivan stated the issue arose due to the Rate Stabilization Fund language being in the wholesale municipal customers' contracts, and other customers' contracts do not. He told the Board there are several bond resolutions that cover this and determine how that is to be utilized. GRDA staff worked with delegates from the Municipal Customer Group to discuss how GRDA can help, and they looked at each customer class to make allocations based upon the 2015-2016 numbers that led to the \$21 million amount available. The allocation was based on base revenues for the period of 2015 to 2016. Customer classes received a proportionate share of Spot Market Sales and the Cooperative portion, since GRDA no longer has any Cooperative customers.

Mr. Sullivan showed tables illustrating Annual Base Revenues, allocation by percentage of revenue, and the allocation of Cooperative and Spot Sales to other classes based on the 2015-2016 base revenue allocation. He said there would be about \$19.7 million remaining in the fund after all was said and done. Mr. Sullivan stated to make this applicable to all of the members of that class of customers there is a rate credit of \$0.00055 (0.55 mills) per kWh. That would be applied this year, from April 1, 2019 to December 31, 2019. He explained the Board will need to approve 2 separate motions. The first is the amendment to the Rate Stabilization Fund Resolution 5154, and the second would approve the allocation of the Rate Stabilization Fund to customer classes as presented and apply the energy credit.

Director Vandevier asked for a copy of the resolution. Mr. Sullivan stated it should have been in the Board materials they received. He also said there was a redlined version of the resolution that shows what language is being stricken. Mrs. Gudde said there are 2 key changes being approved today. The method of credit will not flow through the PCA, and the resolution was written specifically to offset rate increases. Since this is not a rate increase, GRDA would like to open up that language to say "rate increases or other rate actions". Director Vandevier said the committee did not go through the resolution. So this motion will not be coming from the committee and the Board will have to have a full vote on it.

Chairman Kimball asked if anyone anticipated issues with this coinciding with the calendar year and the fact a number of cities' budgets would not line up with this. Mr. Sullivan said that once the discussion was held with the delegate group the GRDA staff had to come up with a method to accomplish what they asked GRDA to do, and it was agreed upon that everyone recognized the Rate Stabilization Fund was to the benefit of all customers, not just the municipal class of customers. He stated there was also indication from the delegate group they would not contest any further who the owners of the fund are.

Director Elam stated that he did not believe the municipal customer group could come before the Board of Directors for another concession given what is being granted this time. He said everyone has had ample opportunity to be prepared for their rate changes appropriately approaching January 2020.

Chairman Kimball commented this satisfies one of the concerns he had politically for GRDA cities. He stated the timing makes sense to him as well.

Director Vandevier clarified to the Board that the Rate Stabilization Fund is fully under the authority and control of the Board of Directors. He stated that if there is another request the Board has a duty and a right to make the best judgment based on what comes before them.

Mr. Sullivan stated he sees this as a 1 time situation and any other requests would have to be taken into consideration on a case-by-case basis. He also said GRDA really anticipated this fund would be used to offset any true rate increases, but because of the unique nature of this the staff felt it was very important.

Regarding item b, Director Vandevier moved the Board approve the resolution to supersede Resolution 5154 as proposed, seconded by Director Elam, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained)*.

Regarding item a, Director Vandevier moved the Board accept the allocation of the Rate Stabilization Fund to customer classes as presented and apply the energy credit of \$0.00055 per kWh to wholesale full requirements customers' invoices for a period of April 1, 2019, through December 31, 2019, to be funded with monies from the Rate Stabilization Fund, and it was voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0-no, 0-abstained)*.

Mr. Sullivan stated GRDA is holding customer meetings next week and we will be glad to answer any further questions they may have at that time as well.

- 3. Compensation & Marketing Committee:** Chairman Kimball said there was no committee meeting, but some information did come to him in the last day or two. He stated that at the last 2 Board retreat meetings the directors had concerns about how GRDA was getting their story out, and coming up with ways to tell their story better so the public knows who and what GRDA is.

Mr. Wiscaver told the Board GRDA conducted their year-end 2018 review in terms of Corporate Strategic Communications. Outside of the usual ways GRDA uses to do this, the staff has been working harder to make certain more metrics are in place to measure efforts in terms of return on investment. In 2018, GRDA exceeded 400 media interactions, which has a conservative earned media value in excess of \$800,000. Mr. Wiscaver said, if GRDA was to buy this type of media at base rates for these types of coverage, this would be what the organization would have to pay for that coverage. He stated it has a very large impact. GRDA has also increased their social media footprint by 15 percent in 2018, as well as establishing several new department efficiencies and prioritizing these. Mr. Wiscaver said the staff has updated over 20 significant video projects internally, and expanded GRDA's market presence in Oklahoma through a variety of different ways in terms of media partnership and overall media interactions.

Chairman Kimball said since this is a directive of the Board, he thought it important for everyone to be aware.

4. **Fuel and Long-Range Planning Committee:** Director Meyers said the committee did meet on January 18, 2019, with a number of GRDA staff. He stated there is no action to be taken, but he wanted the Board to know the group discussed possible ways to structure things in the future to use some of the excess capacity GRDA currently has. Director Meyers explained the committee gave staff some comfort directionally in support of creative ways to make this happen, but no specific instruction was given.
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6. Executive Session:

- a. **Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning the Pending Investigation, Claim, or Action, related to Federal Energy Regulatory Commission Project No. 1494-348, Which GRDA has Determined, with the Advice of Its Attorneys, that Disclosure of Such Communication Would Seriously Impair the Ability of the GRDA to Process the Pending Investigation, Claim, or Action in the Public Interest.**

Director Elam moved to go into executive session at 12:20 p.m., seconded by Director Churchwell, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0 no, 0-abstained).*

Director Elam moved to return to regular session at 12:58 p.m., seconded by Director Churchwell, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0 no, 0 abstained).*

7. Action on Executive Session Items

- a. **Action, as Necessary, Concerning the Pending Investigation, Claim, or Action, related to Federal Energy Regulatory Commission Project No. 1494-348.**

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

Director Vandevier moved for adjournment at 12:59 p.m., seconded by Director Meyers, and voted upon as follows: Churchwell, Elam, Kimball, Meyers, Vandevier, yes. *Motion passed (5-yes, 0 no, 0 abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

March 13, 2019
GRDA Board of Directors