

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
June 9, 2021**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Engineering & Technology Center in Tulsa, Oklahoma, on June 9, 2021. The option was given to attend via Cisco WebEx using access code 187 413 6244. Some attendees could join by phone at +1-408-418-9388 (Meeting Number/Access Code 187 413 6244). Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on November 16, 2020, at 11:31 a.m.; by posting the agenda with the Tulsa County Clerks' offices on June 8, 2021, at 9:41 a.m.; by posting said agenda at www.grda.com; and by posting said agenda at the principal office of Grand River Dam Authority at least 24 hours prior to the meeting.

Chair Lewandowski called the meeting to order at 10:00 a.m. The Secretary called the roll. All members were present. Chair Lewandowski declared a quorum.

BOARD MEMBERS

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

ADMINISTRATIVE

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

Others present were as follows: Craig Stokes, City of Collinsville; Loren Smith, Stillwater Utilities Authority; Mike Doublehead, TPWA; Mike Starks and Robert Linden, City of Cushing; Jared Ward, Office of U.S. Senator Jim Inhofe; Jeff Underwood, Office of U.S. Senator Jim Lankford; Caleb Cochran, Office of U.S. Congressman Markwayne Mullin; Shane Hubert and Mackenzie Skipwoah, Aerotek; Tom Gray, Tamara Jahnke, Jeff Brown, Melanie Earl, Ash Mayfield, Matt Martin, Jerry Cook, Holly Moore, Savannah Ellison, Mason Mulry, Andrew Park, Allie Kempfer, GRDA.

4. New Business

4.a. Capital Work Order Report

Number	Title	Net GRDA Cost
RF021-01096	GRDA Admin Building OH Feed from MAIP	\$ 550,211
RF021-01094	Salina Motor Operated Switch Replacement	538,710
Grand Total Work Orders		\$ 1,088,921

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

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

CONSENT AGENDA

2. May Claims, \$27,851,017.49.

4.b. Resolutions of Commendation:

- 1) Danny W. Bales

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

Description and/or Make of Item	
Salisbury Voltage Detector	Additional Property and Road Easement
5' Box Blade	Standby Generator: Cummins Propane Genset w/PMA contract (single phase 120/240 volt)
LG Television	Transfer Switch (NEMA 4x housing) - Cummins
Microwave Tower	Enclosure 24'x24' concrete - includes materials and construction
Equipment Building	Propane Tank (1,000 gallons) - materials and installation

4.d. Power Cost Adjustment (PCA) of \$0.02409 per kWh for July 2021

4.e. Consideration, Discussion and Possible Approval of Second Amendment to Contract for Commercial Service – Tack Designs

4.f. Consideration, Discussion and Possible Approval of Waiver of 60-Day Advance Written Notice – American Castings, LLC

- 4.g. **Consideration, Discussion and Possible Approval of Amendatory Agreement – Contract No. DE-PM75-98SW00380-M006 – United States Department of Energy Southwestern Power Administration**
- 4.h. **Consideration, Discussion and Possible Approval of NAESB Agreement with Koch Energy Services, LLC**
- 4.i. **Consideration, Discussion and Possible Approval of Change Order 4 – Contract 42346 – Crossland Construction**
- 4.j. **Consideration, Discussion and Possible Approval of FERC Licensed Project Requirement**
- 4.k. **Consideration, Discussion and Possible Approval of GRDA Membership Agreement with Oklahoma Municipal Alliance (OMA)**
- 5.b. **June Purchase Order Report (*Denotes Addenda Items):**

Standard Purchase Orders & Contracts		
PO Number	Vendor Name and City State	Amount
43322	OKLAHOMA CONSERVATION COMMISSION - OKLAHOMA CITY, OK	85,000.00
43360	OKLAHOMA WATER RESOURCE BOARD - OKLAHOMA CITY, OK	174,696.00
43364	A-LINE TDS, INC. - TONKAWA, OK	400,000.00
114450	ALTEC INDUSTRIES, INC. - ST. JOSEPH, MO	562,253.00
114472	TEREX UTILITIES, INC. - WATERTOWN, SD	163,826.00
Grand Total Standard POs & Contracts:		\$1,385,775.00
Change Orders & Renewals		
PO Number	Vendor Name and City State	Amount
112030	PANELMATIC TEXAS, INC. - HOUSTON, TX	47,095.00
42258	MERRICK & COMPANY - DENVER, CO	16,493.00
43249	KONE, INC. - BROKEN ARROW, OK	0.00
43044	BLACK & VEATCH CORPORATION - OVERLAND PARK, KS	5,300.00
41257	STARBOARD CONSULTING LLC - LONGWOOD, FL	0.00
Grand Total Change Orders & Renewals:		\$68,888.00
Grand Total		\$1,454,663.00

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

REGULAR AGENDA

1. **Regular Board Meeting Minutes of May 12, 2021.**

Director Elam moved to approve the Regular Board Meeting Minutes of May 12, 2021, seconded by Director Sublett, and voted upon as follows: Elam, yes, Kimball, yes, Lewandowski, yes, Meyers, yes, Richie, abstain, Sublett, yes, Westbrook, yes. *Motion passed (6-yes, 0-no, 1-abstained).*

3. Unfinished Business

3.a. Progress Reports

3.a.1. Current Operations Reports

Mr. Sullivan said the event last month at Kerr Dam did unfortunately result in 2 fatalities of subcontractors working on-site. He told the Board it is a matter they are still investigating and continuing to cooperate with outside agencies investigating this event as well. Mr. Sullivan said he and the staff would keep the Board updated as they learn more. He stated he and GRDA extend their thoughts and prayers to the families of the 2 men that were killed at that location.

Over the last 2 days, Mr. Sullivan said they have had a lot of activity surrounding an aquatic event at Lake Hudson. He said he and the staff are continuing to follow this investigation, and explained that approximately 1,300 catfish were found dead along a stream in the river. Mr. Sullivan told the Board it appears there was a mayfly hatch occurring that could have contributed to the event. He said GRDA has opened the gates to improve dissolved oxygen levels, but this may not reach the area in question. This is not an unusual event following large rains and increased temperatures.

Mr. Sullivan explained data shown as to GRDA's Demand and Energy for Load Following comparing total annual information for 2020 and 2021 for GRDA's Full Requirements Customers. He stated they show a strong rebound in increases, and are very glad this is looking better. Mr. Sullivan showed graphs illustrating a comparison of resource energy production for May 2020 and May 2021, and said there was not a significant amount of difference. He stated it has also been one of the cooler months they have seen in quite a while as well.

Director Elam asked why there was a 10 percent difference in market purchases from last year. Mr. Sullivan and Mr. Brown confirmed that GREC Unit 3 was in a scheduled outage during May, and there was a need to make market purchases to make up for the generation as prices seemed good at this time as well.

Mr. Sullivan said National “Wear Your Life Jacket to Work” Day was May 21, 2021. GRDA joined with the National Safe Boating Council to help spread the word and do its part to promote the importance of wearing your life jacket while boating and floating. He showed photographs of GRDA employees wearing their life jackets.

GRDA was the Gold Buckle Sponsor for the Will Rogers Stampede PRCA Rodeo which celebrated its 75th Anniversary over the Memorial Holiday Weekend. This year, Mr. Sullivan told the Board the Will Rogers Stampede became an official event of the Rodeo Arena Interlocal Cooperative, which is a City and County partnership that now serves as the governing body of the rodeo. In 2020-2021, the Rodeo Arena Cooperative has made vast improvements on the grounds of Stampede Park, such as a new road between Stampede Park and Claremore Lake Park, all new LED lights surrounding the arena, and renovating the front entrance of the arena. He said the newest addition made possible by GRDA sponsorship funding will be a new VIP hospitality area and pavilion on the North Side of the Grounds.

Mr. Sullivan stated GRDA Police and Ecosystems and Watershed Management personnel joined the City of Vinita, Oklahoma, Department of Wildlife Conservation (ODWC) and the Craig County Sheriff Department with Badges and Bobbers at Vinita Lake on May 22, 2021. Hundreds of children enjoyed the free day of fishing with gear provided and assistance by local law enforcement officers. Mr. Sullivan said the Authority is very glad to be able to participate in this.

The Pensacola Dam Spillway bridge has been reopened to the public. Mr. Sullivan explained the roadway opened back up May 25, 2021, but there were minor closures with flaggers for one-way traffic following the Memorial Day weekend holiday. He said they are happy the work has been completed and traffic can get back to normal.

Over the last couple of weeks, Mr. Sullivan stated GRDA Bucket and South Line Crews have assisted the City of Siloam Springs, Arkansas, in a mutual aid project. He explained the crews are changing out poles and reconducting a transmission line through a mutual aid partnership that allows GRDA crews to work alongside their customer crews to provide their some additional benefits for GRDA customers.

Mr. Sullivan wished Directors Charles Sublett and Tom Kimball a very happy 75th belated birthday. He expressed his appreciation of their work on behalf of GRDA and thanked them for their service.

3.a.1.b. Oklahoma Legislative Update

Mr. Wiscaver told the Board GRDA added Public Affairs Manager Leah Maloy to the team to assist with activities at the capitol. He said she brings a wealth of experience and is doing an excellent job.

Mr. Wiscaver told the Board the bill most significant for GRDA within the Oklahoma Legislature this year was originally Senate Bill 279, authored by Senator Kim David. This bill would increase GRDA's bond capacity from its current \$1.4 billion to \$2.8 billion. The bill received a lot of attention and a very orchestrated effort on behalf of profit utilities to defeat it. Through this process, he said he and Mr. Sullivan worked with legislative leadership to look at a new path with the bill. Mr. Wiscaver said they made the decision not to move forward with the bill as it was and requested it be sent through the Joint Legislative Task Force on the Grand River Dam Authority. He explained what the task force's purpose is and told the Board who participates. Mr. Wiscaver said through a lot of time and effort, as well as several meetings with the committee during the legislative session, GRDA staff was able to get the task force to take a historic vote on the bond capacity, which passed 7 to 2. He stated Mr. Sullivan provided lengthy testimony on 2 occasions, one which lasted nearly 2 hours with intense engagement. The vote from the task force is a large milestone for GRDA as there was significant opposition. Mr. Wiscaver said they began to work with legislative leadership to ask them to allow this bill to continue through the process. He expressed his appreciation for GRDA customers and anyone supportive of GRDA reaching out to their legislative leaders as well. Ultimately, legislative leadership decided they did not want to take this on due to feeling it was not a priority with other things they were looking to accomplish by the end of the session. They also would like more time to take a more comprehensive look at it. Mr. Wiscaver said he and Mr. Sullivan met with legislative leadership the last week of the legislative session and look to have further discussions to produce future positive results. He told the Board GRDA is the only state agency that has a bond capacity limit, yet they are having to fight to move this forward. Mr. Wiscaver said he would keep the Board informed and continue these efforts.

Mr. Wiscaver stated on Senate Bill 364, authored by Senator Kim David, the staff asked to move the domicile of the district to Mayes County, Oklahoma. He said this bill did pass out of the legislature and was signed by the Governor.

Mr. Wiscaver told the Board Senate Bill 573, authored by Senator John Michael Montgomery of Lawton, was to repeal moratorium language that prohibits municipalities from choosing their energy provider. He said this moratorium has been in place since 1999, and was intended to be temporary in nature during the time Oklahoma was taking a look at whether deregulation was something they wanted to do. The legislature at that time determined deregulation was not the best path forward for the state. Mr. Wiscaver stated he and the staff were able to ultimately get a legislator to take the bill on, and it passed

through committee and the full Oklahoma Senate. The bill went to the Oklahoma House of Representative and was ultimately sent to the floor where it was not heard. He said they believe it was not heard due to an orchestrated effort on behalf of profit utilities to defeat it, and that GRDA intends to work hard next year to move this bill to a vote of the full House of Representative as well as informing the legislature why GRDA believes it is not in the best interest of the state.

Mr. Wiscaver stated Senate Bill 609, authored by Oklahoma Senator Coleman and Oklahoma Congressman Hilbert, was legislation that gained momentum early on in the session that would have a significant impact on Oklahoma manufacturers, specifically Google. Through a collective effort with Google, they worked through the legislation to ultimately ask legislative leadership to take a new approach. Congressman Hilbert pushed this through aggressively. He said during the last week of the legislative session this bill was successfully passed and the Governor has signed it. Google was very appreciative of GRDA's efforts to get this finalized.

Senate Bill 1021, originally authored by Senator LeeWright and Representative McBride, creates a Hydrogen Pipeline Task Force for the State of Oklahoma. Mr. Wiscaver said Senator Kim David was instrumental in getting this heard, and the bill was signed. He stated, initially, GRDA was going to need to be part of the committee, but it was felt strategically it was better to only have a representation of the Oklahoma House, Senate and some municipalities be a part of this. Mr. Wiscaver told the Board Oklahoma Secretary of Energy & Environment, Ken Wagner, will be chairing the committee. He said the Authority will be very engaged in those meetings and available for any type of feedback.

Director Kimball commended Mr. Wiscaver and Ms. Maloy for their efforts. He also stated GRDA was just "out-gunned" and "out-spent". He said the opposition spent a great deal of money and posted a lot of people to work on this legislation. Director Kimball also stated the information the opposition put out was untrue and many legislators were persuaded and convinced that the State of Oklahoma was going to be liable for GRDA's debt, which is completely false. He also commended Mr. Sullivan on his testimony and the extensive work he has done on this. Director Kimball said there was another bill that could affect GRDA on the tourism front related to off-road vehicles. This bill was sponsored by Oklahoma Congressman Josh West and Senator LeeWright. He explained that 45 of the 50 states allow side-by-side off-road vehicles to use public roads. However, Oklahoma is not one of these. Director Kimball said the bill passed this year, with the condition that people may use county roads and state highways if they have all safety equipment required, not including Tulsa and Oklahoma counties. He stated this is a significant move forward and takes

effect July 1, 2021, and described what this could mean for the area around Jay, Oklahoma, where an off-road vehicle facility exists. Director Kimball said there are many events planned for 2021 that will attract between 8,000 to 15,000 people at a time, and that GRDA's efforts on this did not go unnoticed.

Chair Lewandowski commended everyone involved for their efforts on this front on behalf of the GRDA customers and the Board of Directors.

Mr. Sullivan thanked GRDA's customer communities for contacting members of the Oklahoma Legislature to build these relationships and continue the reinforcement of their message.

Director Elam asked if he was correct in thinking this is the first time there has been anything voted on and sent out from the task force. Mr. Wiscaver confirmed this, and said there was some drama and engagement around it. Director Elam commended the GRDA customer communities for reaching out like they did.

Director Meyers commended Mr. Sullivan for his testimony during the task force meeting and thanked everyone for their efforts.

4. New Business

4.1. Renewal of Directors & Officers and Employment Practices Liability Insurance Coverage

Mr. Lofton said his last communication with GRDA's insurance brokers on GRDA's Directors & Officers (D&O) and Employment Practices Liability Insurance was that they are still gathering quotes. He stated this coverage does not renew until July 1, 2021, and the renewal is ongoing. He went over what the policy covers, and provided a table showing current coverage. Mr. Lofton told the Board GRDA's brokers have notified them to expect an increase of anywhere from 5 to 20 percent this year. AEGIS has offered to renew the primary \$20 million of coverage for a 4 percent increase in premium, with the retention increasing to \$300,000 per claim (from \$250,000 per claim). Mr. Lofton said the state has a D&O policy that covers all state employees. He stated GRDA made the decision long ago to opt-out of this policy and establish its own policy. Mr. Lofton said he has been told the State of Oklahoma's policy retention will now be \$1,000,000 per claim, in contrast to their previous retention of \$250,000. AIG has not yet committed to renewing its \$10 million in coverage due to concerns over the GRDA's use of coal, with a possible 40 percent increase in premium. Allied World has also not yet committed to renewing its \$5 million in coverage, and has proposed a 50 percent increase in premium. He said GRDA will be going back to AEGIS to see if coverage can be increased to make up for this proposed increase. Mr. Lofton told the Board GRDA also joined Energy

Insurance Mutual (EIM) last year to take advantage of property insurance and excess liability coverage. He stated they will be reaching out to EIM for this type of coverage as well to obtain more quotes. Mr. Lofton told the Board GRDA's insurance brokers, Marsh, said "Factors contributing to the premium increases include underwriters looking to push pricing higher due to the increasing frequency and severity of D&O losses compounded by fiduciary and EPL losses for private companies. A high volume of COVID-19-related D&O and EPL claims arising out of layoffs and bankruptcy filings are exacerbating these challenges; the severity of these matters remains to be seen." He said it was also mentioned to him that the situation with the Electric Reliability Council of Texas (ERCOT) has also driven costs for utilities nationwide. He said the consensus is that any utility touching Texas, regardless of whether they have customers in Texas or not, is being named in those lawsuits. Mr. Lofton said they anticipate bringing this back to the Board soon.

Director Westbrook asked if utilizing 3 different providers was an attempt to spread the cost out a bit and made more sense to the staff. Mr. Lofton confirmed this and said AEGIS was only offering \$20 million in coverage at the time GRDA took out the policy. He said Marsh has said the total \$35 million in coverage overall is appropriate for a utility the size of GRDA, with the employee count and revenues. Mr. Lofton stated each of these carriers "follow form", and all follow the AEGIS form of coverage on this policy.

Chair Lewandowski asked why the \$35 million in coverage was established. Mr. Lofton said this was legacy for GRDA, and Marsh believed it was appropriate. He said the figures he has seen for a utility their size were anywhere from \$20 million to \$80 million in coverage. Historically, Mr. Lofton told the Board the Director of State Risk Management has said they believe GRDA only needed about \$20 million in coverage. However, he said when this was brought to the Board of Directors at that time, it was quickly disregarded. Mr. Lofton said at this time the staff would like to table this item until next month.

There was no action needed on this item.

4.m. Renewal of Excess Liability Insurance Coverage

Mr. Lofton said the GRDA maintains \$60 million of Excess Liability insurance coverage over a \$2 million self-insured retention. This provides coverage for claims involving bodily injury and/or property damage and includes coverage for claims arising from sudden and accidental pollution, as well as coverage for Acts of Terrorism. He provided a table showing the current coverage GRDA has, with AEGIS in the lead role with \$35 million in coverage over a \$2 million self-insured retention, Energy Insurance Mutual (EIM)

with \$25 million, for a total of \$60 million in coverage. Mr. Lofton stated exposure to the risk of wildfires have complicated the renewals of liability insurance policies for electric utilities, and the July 1, 2021, renewal terms from AEGIS are not encouraging. They have provided 2 options at this point, but GRDA is still in negotiations with them. Option 1 would mean a \$339,465 premium, which is a 15 percent increase. He said the provider will also be charging a surcharge of \$150,000 for wildfire liability coverage for a premium total of \$489,465. Option 2 would be for the same base premium, but with no surcharge as long as GRDA assumes 50 percent of all losses due to wildfires. Mr. Lofton told the Board he and the broker intend to approach other markets as well. EIM's renewal quote was for \$155,982.18, for a 10 percent increase.

Director Sublett asked what the surplus lines tax is. Mr. Lofton explained that each of these insurance companies are not admitted in Oklahoma, and the state charges this tax.

Director Westbrook asked if there is a rollover provision for these policies. Mr. Lofton said the July 1, 2021, date is a required deadline. However, he stated GRDA will have renewal coverage in place with no lapse.

Chair Lewandowski asked where the cash contributed to a claim comes from. Mrs. Gudde said GRDA does build into the Cash Reserve Policy to cover insurance deductibles as restricted cash. She said in the past GRDA has normally had enough unrestricted cash on hand to cover these costs, and not needed to dip into the reserve fund. Chair Lewandowski asked if GRDA would consider looking at a higher deductible to assist with negotiations with carriers. Mr. Lofton said the Authority has asked for different deductible options through all policies. He gave examples of weighing risk with any cost benefit, and said he and the staff would continue to keep the Board informed throughout this process.

Director Elam asked what the GRDA staff's opinion is on assuming the risk of incurring 50 percent of all losses due to wildfires. Mr. Lofton said he recommends not taking this option as he believes it is too great a risk at a total of \$17.5 million of the total coverage. Director Elam said he would like to see GRDA continue to maintain facilities and transmission lines, not only through vegetation management, but also through regular maintenance to mitigate this.

Discussion ensued regarding the wildfires in the western part of the United States.

There was no action needed on this item.

4.n. Renewal of Pollution Liability Insurance Coverage

Mr. Lofton stated GRDA maintains \$20 million of pollution liability insurance coverage over a \$500,000 self-insured retention. This covers expenses incurred resulting from a pollution condition, including on-site clean-up and third-party claims for off-site clean-up. It also covers losses that GRDA becomes obligated to pay to third parties for bodily injury or property damage due to a pollution condition. He said there is also coverage for third-party claims resulting from sudden and accidental pollution in excess of GRDA's \$60 million liability insurance coverage. Mr. Lofton showed the expiring policy premium from Beazley Insurance and the renewal quotes from them for this coming year, with an approximate 3 percent increase. He explained that, even though the premium is lower than the threshold amount for internal approval, the staff wanted to bring this item to the Board for approval in an effort to continue to keep the Board informed and comply with GRDA's bond requirements.

Director Sublett asked what GRDA's history has been in relation to pollution liability. Mr. Lofton stated GRDA has had a couple of events where the carrier has been put on notice, but cleanup costs were well under the deductible.

Director Elam moved to authorize the renewal of the pollution liability insurance through Beazley Insurance for the total cost of \$116,133.48, seconded by Director Sublett, and voted upon as follows: Elam, yes, Kimball, no, Lewandowski, yes, Meyers, yes, Richie, yes, Sublett, yes, Westbrook, yes. *Motion passed (6-yes, 1-no, 0-abstained).*

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

There was no other new business.

5. Reports

5.a. Board of Directors Committee Reports

1. Assets Committee:

- a) **Consideration, Discussion and Possible Approval of a Request by Kim L. Carrigan and Linda Kaye Carrigan for a Revocable License to Encroach for Property Located in Delaware County, Oklahoma.**
- b) **Consideration, Discussion and Possible Approval of a Request by Frederick J. Huskey and Mary A. Huskey, Co-Trustees of the Frederick J. Huskey Revocable Living Trust Dated September 30, 1995 for a Revocable License to Encroach for Property Located in Delaware County, Oklahoma.**

- c) **Consideration, Discussion and Possible Approval of a Request by Stephen T. Scott and Karen P. Scott for a Revocable License to Encroach for Property Located in Delaware County, Oklahoma.**
- d) **Consideration, Discussion and Possible Approval of a Request by McMichael Enterprises, LLC for a Revocable License to Encroach for Property Located in Mayes County, Oklahoma.**
- e) **Consideration, Discussion and Possible Approval of a Request by Shangri-La Golf Properties, LLC for an Amendment of a Lease for Property Located in Delaware County, Oklahoma.**
- f) **Consideration, Discussion and Possible Approval of a Request by Shangri-La Hotel Properties, LLC for an Amendment of a Lease for Property Located in Delaware County, Oklahoma.**
- g) **Consideration, Discussion and Possible Approval of a Request by Shangri-La Marina Partners 2011, LLC, d/b/a Eddy's Lakeside Bar for a Third Amendment of a Lease for Property Located in Delaware County, Oklahoma.**

Director Westbrook said the committee met this morning. He stated all 7 items were approved unanimously by the committee members and entertained questions.

Regarding item a, Director Westbrook moved to approve a License to Encroach to Kim L. and Linda Kaye Carrigan in Delaware County, Oklahoma for the amount of \$100.00 per year plus survey fee of \$117.00 per month until paid, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item b, Director Westbrook moved to approve a License to Encroach to Frederick J. Huskey and Mary A. Huskey, Co-Trustees of the Frederick J. Huskey Revocable Trust dated September 30, 1995 in Delaware County, Oklahoma for the amount of \$2,764.00 per year, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item c, Director Westbrook moved to approve a License to Encroach to Stephen T. Scott and Karen P. Scott in Delaware County, Oklahoma for the amount of \$749.00 per year, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item d, Director Westbrook moved to approve a License to Encroach to McMichael Enterprises, L.L.C. in Mayes County, Oklahoma for the amount of \$705.00 per year, and the items were

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

Regarding item e, Director Westbrook moved to approve the Amendment to Lease with Shangri-La Golf Properties, LLC in Delaware County, Oklahoma for portions of a golf course including the new rental rate of \$4,425 per year beginning May 1, 2021, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item f, Director Westbrook moved to approve the Amendment to Lease with Shangri-La Hotel Properties, LLC in Delaware County, Oklahoma for a portion of parking lot including the new rental rate of \$5,197 per year beginning August 1, 2021, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Regarding item g, Director Westbrook moved to approve the Third Amendment to Lease with Shangri-la Marina Partners 2011, LLC in Delaware County, Oklahoma for Eddy's Lakeside Bar including the new rental rate of \$2,004 per year beginning August 1, 2021, and the items were voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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

a. Cash Reserve Policy Amendment

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

Regarding item a, Mrs. Gudde provided some background regarding GRDA's first formal Cash Reserve Policy, adopted by the Board in December 2018. She said the policy has been used in developing their 2019 through 2021 budget and requires an annual review. Mrs. Gudde stated the addition of the Rate Stabilization Account II (RSA II), as well as unprecedented events seen during Winter Storm Uri, prompted GRDA staff to make these amendment recommendations. The substantive changes would clarify Board Designated funds as restricted, rather than unrestricted, based on GASB guidance and to continue to strive to be consistent with audited financial statements, include the addition of RSA II to the funds included in the policy, remove all language regarding maximum target levels, and include a description of risks mitigated by each fund class. The amendments would also add a target to the Rate Stabilization Accounts related to customer concentration risk, revise the target of Board Restricted Accounts from 1 to 2 percent

of depreciable assets to 180 days of fuel and purchased power, and remove the specific time frame for the reserve restoration, currently 3 years. Mrs. Gudde showed a table illustrating the old cash reserve policy's minimum and maximum and the new proposed targets for each fund.

Director Kimball asked why the staff believed the 3-year reserve restoration was not appropriate. Mrs. Gudde said the 3-year recovery would put undo stress on GRDA customers and would have a significant increase to their PCA cost for extraordinary events. The new policy would provide the Board an opportunity to authorize use of funds to assist in extending the recovery time. Director Kimball asked if a target for recovery would be set at the time of the next extraordinary event under the new policy. Mrs. Gudde confirmed this and said that recovery period would be set by the Board through the new PCAX formula. Mr. Sullivan said for GRDA to utilize restricted funds would take Board action anyway. Mrs. Gudde stated GRDA has to watch cash levels in relationship to rates. She said GRDA has never instituted a rate increase for the purpose of rebuilding cash levels, and the staff did not want to tie GRDA into moving this direction with a policy.

Mrs. Gudde stated the next steps are to analyze the final impact of the S120 settlement of the Market Monitoring Unit (MMU) Review Process, the Board will designate the amount for the EPCX, determine the recovery period through the PCAX (dependent on participation in securitization), and develop a strategy to fund the Board restricted reserve account by September 2021, hitting proposed targets for the Cash Reserve.

Director Kimball asked if this would affect GRDA's credit rating. Mrs. Gudde confirmed it would not. She explained that GRDA's credit ratings are based on days of cash on-hand and how this worked. Mr. Sullivan said the staff has been researching ways to find the right balance to improve GRDA's credit rating and how this could affect rates to maintain this. He said the Authority feels they are in a very good position currently. Mrs. Gudde agreed and said GRDA has enough cash on-hand to prevent putting undo rate stress on the customers.

Director Elam asked what the rating agency changes were in evaluating GRDA's credit rating. Mrs. Gudde said the analysis has shifted toward a debt-to-equity ratio analysis that is very different than previous years. She explained they are looking more at long-term customer contracts and auto-renew

customer contracts in the MidAmerica Industrial Park. Mr. Sullivan said this is one of the reasons we have really focused on using cash on-hand for capital improvements recently.

Director Lewandowski said the committee had lengthy discussions with the staff to ensure the policy was where they believed it should be. He said the recommendation from the committee was unanimous as well. Mrs. Gudde stated the committee did ask that the staff take a hard look at the 5-year capital improvement plan, and that they do plan to do this.

Director Lewandowski moved to approve the amended Cash Reserve Policy as presented, and the item was voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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

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

6. Executive Session:

a. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between the GRDA and Its Attorney Concerning a Pending Investigation, Claim, or Action Related to Kerr Dam, Which the GRDA has Determined with the Advice of Its Attorney that Disclosure of Such Communications Will Seriously Impair the Ability of the Public Body to Process the Pending Investigation, Claim, or Action in the Public Interest.

b. Proposed Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between GRDA and Its Attorneys Concerning City of Miami, Oklahoma vs. Federal Energy Regulatory Commission, United States Court of Appeals for the District of Columbia Circuit, Case Nos. 20–1325, 20–1446 (consolidated).

Director Elam moved to go into executive session at 11:12 a.m., seconded by Director Meyers, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Kimball moved to return to regular session at 12:37 p.m., seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

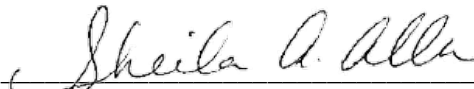
7. Action on Executive Session Items

- a. Action, as Necessary, Concerning a Pending Investigation, Claim, or Action Related to Kerr Dam.
- b. Action, as Necessary, Concerning City of Miami, Oklahoma vs. Federal Energy Regulatory Commission, United States Court of Appeals for the District of Columbia Circuit, Case Nos. 20–1325, 20–1446 (consolidated).

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

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

Director Kimball moved for adjournment at 12:38 p.m., seconded by Director Elam, and voted upon as follows: Elam, Kimball, Lewandowski, Meyers, Richie, Sublett, Westbrook, yes. *Motion passed (7-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

July 14, 2021

GRDA Board of Directors