



OKLAHOMA MUNICIPAL POWER AUTHORITY
BOARD OF DIRECTORS AND RETREAT MEETING

MINUTES

(August 12, 2021)

Called to Order (Item 1)

The Board of Directors (the "Board") of the Oklahoma Municipal Power Authority ("OMPA") held its August board meeting at OMPA, 2701 W. I-35 Frontage Road, Edmond, OK 73013. Proper notices were previously given and posted.

Chair Homer Nicholson called the meeting to order at 10:00 a.m. The following members were present when the meeting was called to order: Ms. Dixie Johnson; Messrs. Dale Bunn, Glenn Fisher, Jim Greff, Gary Jones, Homer Nicholson, Jason McPherson, Chuck Ralls, and Dave Slezickey. Absent: Kimberly Meek and Dave Andren. Other attendees present are listed on the attached as Exhibit A.

Safety Minute (Item 2)

Ashley Stringer, Safety and Compliance Manager, gave the Safety Minute on school safety. OMPA has had 4 non-lost time accidents and no near misses year-to-date.

Board Meeting Minutes (Item 3)

The July 8, 2021 Board meeting minutes were mailed to the Board members prior to the meeting. Chair Nicholson asked if any Board member would like to discuss the minutes as mailed.

Hearing no further discussion, the following motion was introduced:

Mr. Ralls, seconded by Mr. Fisher moved to approve the July 8, 2021 Board minutes as submitted. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Minutes of the July 6, 2021 Executive Committee Meeting (Item 4)

The July 6, 2021 Executive Committee meeting minutes were mailed to the Board members prior to the meeting. Chair Nicholson asked if any Board member would like to discuss the minutes as mailed.

Hearing no further discussion, the following motion was introduced:

Dale Bunn, seconded by Jim Greff, moved to accept the July 6, 2021 Executive Committee meeting minutes as submitted. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Character Trait (Item 5)

Jennifer Rogers, Director of Member Relations, gave the Character Trait on “Boldness”.

Consent Agenda (Item 6)

At this time, Chair Nicholson pointed out the items listed under the consent agenda.

The following motion was then introduced:

Mr. Greff seconded by Mr. Slezickey, moved approval of the consent agenda.

a. Approval of July 2021 bills for payment

- 1. O&M account***
- 2. Construction revolving account***
- 3. Construction trust requisition***
- 4. Investments***

b. Approval of CUP Interim Review award to Marlow Municipal Authority for two awards valued at 2 points effective September 1, 2021 through August 31, 2022 {Resolution #2021-8-A}(attached to these minutes as Exhibit B).

c. Approval of CUP Recertification award to Mooreland Public Works Authority for two awards valued at 1.50 points effective September 1, 2021 through August 31, 2023 {Resolution #2021-8-B}(attached to these minutes as Exhibit C).

d. Approval of CUP Recertification award to Blackwell Municipal Authority for zero awards valued at 0 points effective September 1, 2021 through August 31, 2023 {Resolution #2021-8-C}(attached to these minutes as Exhibit D).

e. Quarterly Derivatives report

The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Acceptance of June 2021 Financial and Work Order reports (Item 7)

Bruce Jackson, Manager of Accounting, said the fixed budget variance for June was favorable \$168,000. The year-to-date fixed variance was unfavorable at \$174,000 mostly due to interest income and debt expense.

Hearing no further discussion, the following motion was introduced:

Mr. Greff, seconded by Mr. Slezickey, moved to accept the June 2021 Financial and Work Order Reports. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Review and Discussion of the 2021 Enterprise Risk Management Plan (Item 8)

John Vansant, CFO and Director of Corporate Services, said the Risk Committee met on July 8 and voted to take the Enterprise Risk Management Plan to the full board for approval in August. The goal is for emerging risk reduction of operational surprises. The document is updated annually.

- a. Acceptance of the July 8, 2021 Risk Committee Meeting minutes
- b. Acceptance of the 2021 Enterprise Risk Management Plan

Hearing no further discussion, the following motion was introduced:

Mr. Bunn, seconded by Mr. Fisher, moved to accept the 2021 Risk Committee Meeting Minutes. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Hearing no further discussion, the following motion was introduced:

Mr. Ralls, seconded by Ms. Johnson, moved to accept the 2021 Enterprise Risk Management Plan. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Additional review and discussion by staff on the following items pertaining to 2022 Budget/Rates (Item 9)

John Vansant, CFO and Director of Corporate Services discussed salary range increases, A&G and Direct OMPA expense budget numbers, Capital Budget numbers which include projects lasting more than 5 years and R&R numbers which include smaller projects of less than 5 years.

- a. Review and possible preliminary approval of 2022 proposed salary ranges
- b. Review and possible preliminary approval of 2022 proposed Administrative and General and direct OMPA expense budget preliminary numbers
- c. Review and possible preliminary approval of 2022 proposed R&R and Capital budgets
- d. Discussion on winterization cost estimates for Ponca City gas turbines
- e. Any other items of related nature pertaining to the preparation of the 2022 budget

Hearing no further discussion, the following motion was introduced:

Mr. Bunn, seconded by Mr. Ralls, moved to accept the 2022 Proposed Salary Ranges. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs., Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Hearing no further discussion, the following motion was introduced:

Mr. Greff, seconded by Mr. Fisher moved to accept the 2022 proposed Administrative and General and direct OMPA expense budget preliminary numbers. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Hearing no further discussion, the following motion was introduced:

Mr. Fisher, seconded by Ms. Johnson, moved to accept the 2022 proposed R&R and Capital Budgets. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Resolution pertaining to authorizing check approvals (Item 10)

Dave Osburn said it is normal to have at least 4 people approved to authorize checks. Drake Rice, past Director of Member Services, was one of those people. Jennifer Rogers took his place as Manager of Member Services. Jennifer has now been promoted to Director of Member Services, so OMPA would like to add her on as another person approved to authorize checks.

Hearing no further discussion, the following motion was introduced:

Mr. McPherson, seconded by Mr. Slezickey, moved to accept {Resolution #2021-8-D} (attached to these minutes as Exhibit E) pertaining to authorizing check approvals. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

Discussion and possible action related to GRDA's extraordinary expenses of the February Winter Storm allocated to OMPA (Item 11)

John Vansant, CFO and Director of Corporate Services said expenses of the February Winter storm allocated to OMPA by GRDA were 3.96% of the grand total or \$4.5 million.

GRDA has 3 options to recover these amounts. A check up front in full payment, spreading it out over 1 year with no carrying costs, or a 10-year pay-off period with carrying costs. The carrying costs over 10 years would be approximately \$500,000.

Mr. Vansant recommended a 1-year full payoff with no carrying costs. OMPA would create a 7-year regulatory asset so these costs could be collected from member cites over a 7-year period.

Hearing no further discussion, the following motion was introduced:

Mr. Jones seconded by Mr. McPherson moved to pay GRDA's extraordinary expenses of the February Winter Storm allocated to OMPA by paying them off in 1 year with no carrying costs. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezickey. Nay: None. Absent: Kimberly Meek and Dave Andren.

General Manager Report (Item 12)

Mr. Osburn, General Manager, updated the board on staff's progress on the action items that came out of the 2021 winter storm operations meeting were hedging opportunities, storage, revised policy of gas prices, and controlled outage procedures.

Mr. Osburn also said there was an SPP board meeting where they had completed their review of the winter storm. They are changing the way they do controlled outages. Some of their recommendations were: How are we going to guarantee we have fuel with the unavailability of natural gas? SPP is doing further investigation as to the cause of the natural gas failure. Mr. Osburn said he thinks they will require performance test of units during the winter.

Mr. Osburn said the APPA board endorsed the working groups' policy recommendations on the new administration's push for reducing the carbon footprint. Mr. Osburn said congress is likely to propose 80% reduction by 2030. OMPA's latest forecast has us achieving 75% reduction by 2030.

Mr. Osburn said the General update is the SPP Western movement. Mr. Osburn said he thinks this will happen. Colorado will be included in the SPP movement.

OMPA is putting together a Business plan. Ashley Stringer will take the lead on it and staff will be helping her along the way. Staffing and HR will be led by Andrea Simmons, Technology by Jim McAvoy and the IT Department, and the other 3 will be handled by Jennifer Rogers.

Mr. Osburn was on an owner's call regarding Pirkey and Dolet. Everything is on track to retire both units. Dolet will be October or November 2021 when they get the lignite burned off. The estimate for our share of the plant's retirement is \$3 million. Pirkey will shut down in March of 2023. It is operated by AEP.

Mr. Osburn mentioned that board members attending Committee meetings can also turn in their mileage for reimbursement.

Finally, Mr. Osburn discussed the upcoming OML conference in September being the same date as the OMPA board meeting. After some discussion, it was decided that the OMPA board meeting will be rescheduled for Friday, September 10th at 9:00 a.m. in the OMPA board room.

*{Chair Nicholson suggested we break for lunch at 11:52 a.m.
The Educational Topic was given over lunch by Malcolm Booker.
The meeting resumed at 12:45 p.m.}*

Comments from Board Members (Item 13)

Chair Nicholson asked the board members if they had any comments on anything at this time.

NERC Compliance Report (Item 14)

Ashley Stringer, Safety and Compliance Manager said along with the audits that she is doing, there will be a NERC training on September 28th. It is done annually.

The cybersecurity tabletop exercise involves IT, Operations, Engineering, Dave Osburn and Ashley Stringer. The scenarios are physical and cybersecurity. There are a series of 21 exercises culminating in a ransomware attack. There are good takeaways from the exercises.

Member Services Report (Item 15)

Jennifer Rogers, Director of Member Services, said Customer surveys will begin this fall. There will be a Weblink to put on your website or Facebook page.

Ms. Rogers said 2 Legislative luncheons were held in Perry and Edmond to honor Senator Chuck Hall and Representative Mike Osburn for their dedication to public power. There will be a 3rd legislative luncheon honoring Representative Brad Boles of Marlow.

Ms. Rogers gave the Legislative Report. Ms. Rogers said Interim studies were filed. There are 36 studies that OMPA staff is watching, including medical marijuana. Some marijuana stores are being shut down due to shipping out of state. The interim studies will be complete by November 5th.

Ms. Rogers also mentioned HB3684, otherwise known as the Infrastructure Investment and Jobs Bill. The 2700-page bill has multiple provisions for public power utilities including: grants for charging and fueling infrastructure. OMPA staff is looking into grants that might benefit our member cities.

Operations Report (Item 16)

Natasha Brown, Manager of Operations, gave the Operations Report. Ms. Brown said July prices were \$37.57 DA and \$35.71 RT. Lamb ran 25 out of 31 days. On 7/18/21, OMPA officially left the ERCOT market. For July, Natural gas was at 45% with 347,419 MWh. Year-to-date Natural gas was at 45% with 1,765,881 MWh.

Plant Manager's Report (Item 17)

David Huff, Plant Production Manager, gave the Plant Manager's report. Mr. Huff said the front gate is now fully operational.

Engineering Services Report (Item 18)

Jim McAvoy, Director of Engineering, said Engineering staff is helping Hominy with their substation and getting a mobile sub in the meantime. Staff is also helping Waynoka with their substation.

Mr. McAvoy said we now own the Marlow property. The locks have been rekeyed and part of the property purchase includes a billboard on the SW end of the property.

Financial Services Report (Item 19)

Malcomb Booker gave his financial services report on gas hedges. Mr. Booker said gas hedges are on the rise. July hedges were at \$3.60 while August were at \$3.86.

Malcomb Booker also gave the Semi-Annual Investment report. Mr. Booker said the current chairman and others are fairly consistent that the rates won't change. OMPA will watch it as well.

John Vansant, CFO and Director of Corporate Services, gave the update on plant decommissioning expenses.

John Vansant gave the ERM Risk of the month review on "Economic Downturn". Mr. Vansant said the Severity is a 3, the Probability is a 2, and the Risk is a 5. The trend is stable.

General Counsel's Report (Item 20)

Ellen Edwards, General Counsel, said she had nothing to add.

Board Educational Topic, "OMPA Gas Hedging Program" (Item 21)

Mack Booker presented the Board Educational Topic over lunch.

New Business (Item 22)

Chair Nicholson asked if there was any new business and in hearing none, moved on to Item 23.

Next Board Meeting (Item 23)

Chair Nicholson stated that the next Board meeting will be on Friday, September 10, 2021 at 9:00 a.m. in the OMPA Board room.

Adjournment (Item 24)

Hearing no objections, the following motion was introduced:

Mr. Greff, seconded by Mr. Ralls, moved to adjourn the meeting at 1:35 p.m. The motion passed with the Directors voting as follows: Aye: Ms. Johnson; Messrs. Bunn, Fisher, Greff, Jones, McPherson, Nicholson, Ralls, and Slezcickey. Nay: None. Absent: Kimberly Meek and Dave Andren.



Dave Slezcickey, Secretary



Homer Nicholson, Chair

