

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
July 8, 2009**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on July 8, 2009. 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 December 2, 2008, at 11:28 a.m.; by posting the agenda with the Craig County Clerk's office on July 7, 2009, at 9:14 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chairman LaGere called the meeting to order at 10:24 a.m. The Secretary called the roll; all members were present with the exception of Directors Gay and Frost. Chairman LaGere declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

W. Brent LaGere, Chairman	Present
Gerald H. Gay, Chairman-Elect	Absent
Dewey F. Bartlett, Jr.	Present
David J. Chernicky	Present
Terry G. Frost	Absent
Betty Kerns	Present
Stephen R. Spears	Present

ADMINISTRATIVE

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Absent
Gretchen Zumwalt-Smith, General Counsel	Present
Charles J. Barney, AGM Thermal Generation	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Absent
Anthony Due, AGM/Operations and Hydro	Absent
Dale Willis, AGM Transmission and Engineering	Absent
Donna M. Jones, Secretary	Present

Others present were as follows: Robert Echenrode and Harold Robertson, NEOEC; David Rountree, City of Miami; Mike Doublehead, SADA/Stilwell; Randy Kreihbal, Tulsa World; Candy Woodruff, Grand Lake Business Journal; Beth Griswold, Vinita Daily Journal; Alan Holt, Global Asset Management; Darrell Townsend, Justin Alberty, Dave McCollaum, Ken Burrow, Holly Moore, Melanie Earl, Tamara Jahnke, Mike Herron, Tommy Parker, and Stacy Johnson, GRDA.

CONSENT AGENDA

1. Board Minutes of June 10, 2009

2. Claims, \$44,034,298.70

4.a. Resolutions of Commendation for:

- (1) Terry L. Smith**
- (2) Charles E. Odle**

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

- (1) 1967 Zeligson Bucket Truck, 1983 Reach-All Aerial Device, 1982 Fort LT 8000 Bucket Truck, 1982 Altec AA600 Aerial Device, 1980 Case Backhoe, 1980 Caterpillar Forklift, 1998 Chevrolet Blazer, 2001 Dodge 1/2-Ton Extended Cab Pickup.**
- (2) 1996 Chevrolet 1/2-Ton Suburban, 1990 Ford 1-Ton Crew Cab 4x4, 1988 Chevrolet 1/2-Ton Suburban, 1988 Chevrolet Panel Truck, 1996 Dodge 3/4-Ton Pickup, 1998 Ford F-150 4x4 Pickup, 2000 Ford F-150 Extended 4x4 Pickup, 1998 Ford Taurus, 1994 Chevrolet Crew Cab, 1989 Chevrolet Cargo Van, 1995 Chevrolet 1-Ton Bucket Truck, 1994 Altec Aerial Device.**
- (3) Canon 6650 Copier, HP Scanjet 4500C Scanner, IBM Selectric II Typewriter, Sony BM-46 Dictator/Transcriber, 3M213 Overhead Projector, Staplex S-54-H High Speed Electric Stapler, Kneeling Chair.**
- (4) Manitowoc 1990 Ice Maker and Manitowoc Ice Bin.**
- (5) Two Oil Circuit Breakers (OCBs) and Six Transformers.**

5.b. Purchase Order Report

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
14242	Ametek Power Instruments	\$84,900.00
14655	Cleveland/Price c/o K D Johnson	57,112.00
14661	STC Waste Disposal/Green Country Refuse	3,000.00
14671	Areva T & D c/o Preferred Sales Agency	50,280.00
14678	ABB Kuhlman Electric c/o J.H. Davidson	62,070.00

14679	ABB Kuhlman Electric c/o J.H. Davidson	<u>148,290.00</u>
<i>Total Standard</i>		\$405,652.00

IT-0434	Alcatel USA Marketing Inc., dba Alcatel-Lucent	\$38,906.56
5046	GE Energy Management Services, Inc.	2,670.00
7677	Southwest Electric Company	<u>4,986.00</u>
<i>Total Change Orders</i>		\$46,562.56

(1) Addendum to Purchase Order Report:

14694	A 1 Select Materials	<u>81,750.00</u>
<i>Total Addendum Orders</i>		\$81,750.00

<i>Grand Total Purchases</i>		<u>\$533,964.56</u>
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5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF009-00358	Sallisaw Interconnect Transformer #2	<u>\$1,826,000.00</u>
<i>Total</i>		<u>\$1,826,000.00</u>

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms from (1) Mark Haley dated June 8, 2009; (2) Mark Haley dated June 8, 2009; (3) Kris Johnson (no date); (4) Dave Carnahan dated June 19, 2009, and (5) Dewey Epps dated June 23, 2009.

Director Kerns moved to approve the consent agenda, seconded by Director Bartlett, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

REGULAR AGENDA

3. Unfinished Business
3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA July 2009 Update" that included footage spotlighting the third season of "I Got Caught Wearing My Lifejacket" campaign and refurbishment of Unit 4 at Kerr Dam.

4. New Business

4.c. Change Order #1 to Contract 11627, Substation Construction Services, Claremore Interconnect Substation, with Re-Con Company for Demobilization, Remobilization, and Installation of a Third Oil Containment Structure

Mr. Herron reported Re-Con is presently doing the work to renovate the Claremore substation. Arrival of two transformers was planned for late April, mid-May to be installed before peak season. The first transformer was installed, but the second transformer did not arrive until June 1. Removal of the existing second transformer would require a three-week outage. A decision, based on reliability issues, was made to postpone the change-out until after the peak season, or September 1. Staff determined it was necessary to release Re-Con until after September 1. This decision will require GRDA approve a change order to the construction contract to allow for an interim demobilization in late June (\$3,849.20) and interim remobilization in early September (\$4,398.51). Staff also determined a third containment structure would be needed (\$16,800), and additional rock would be required (\$925). Director Spears moved to approve Change Order #1 to Contract #11627 to allow for additional contractor costs due to a GRDA-imposed delay in construction because of transmission system loading restrictions and to provide for an additional oil containment structure at the substation, which can most economically be constructed by the Contractor while the Contractor is present doing the originally planned work, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.d. Change Order No. 1 to Contract 5949,
Coal Dumper Refurbishment, with Williams Construction
for Reconditioning of Structural Steel and Dust Covers
in Coal Dumper Building at Coal-Fired Complex**

Mr. Barney showed slides of the rail track, rotary dumper, and the coal pile. Mr. Barney also showed slides of the structure of the coal dumper building. A few months ago the Board authorized a contract with Williams Construction to completely replace the rotary dumper. Coal dust accumulates inside the building when dumping the cars, and personnel wash down the inside of the building after every train because coal dust can be explosive. As a result, rust accumulates. When the contract was awarded, GRDA was aware of the rust. The contract was awarded with the idea Williams Construction would dismantle the building, and the extent of the repairs would be decided later. Since the contract was awarded, Williams has done some dismantling for inspection purposes. The rust material will be removed, and a protective coating will be applied to prevent rusting in the future. New dust covers will also be fabricated. The change order is in the not-to-exceed amount of \$55,000 and will use labor rates for extra work included in the base contract. Williams has proposed to do the work before September. Director Bartlett moved to approve Change Order #1 to Contract 5949 to reimburse Williams Construction for reconditioning of structural steel and dust covers in the coal dumper building at the Coal-Fired Complex, seconded by Director Kerns, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.e. Interagency Agreement
between Oklahoma Water Resources Board (OWRB)
and Grand River Dam Authority (GRDA)
for Dissolved Oxygen Monitoring above and below Lakes Hudson and Grand**

Dr. Townsend reported this is a renewal agreement. The state sets standards GRDA is required to meet below the tailraces, and GRDA is required to monitor dissolved oxygen. FERC requires GRDA to monitor dissolved oxygen under Article 401 and Article 403. Because the state is responsible for not only setting those standards but also statewide monitoring, the contract renewal is with the Oklahoma Water Resources Board, the state agency tasked for the monitoring and setting standards. GRDA made some improvements in dissolved oxygen last year by contracting with TVA. Some improvement was made at Pensacola, and some recommendations were made for the refurbishing getting ready to take place at Kerr. Dr. Townsend recommended renewing the contract in the not-to-exceed base amount of \$167,287. Discussion followed about additional reimbursement for replacement of listed equipment. Director Bartlett moved to approve the agreement, seconded by Director Chernicky, and voted upon as follows: Spears, Bartlett, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.f. All Risk Property Insurance Coverage with State Risk Management,
FM Global Renewal Proposal**

Ms. Jahnke reported this insurance covers GRDA's buildings and facilities. GRDA's policy currently includes terrorism coverage. The insurance is obtained through State Risk Management. Marsh, who is the state's broker, puts the insurance out for bid every year. The company of FM Global has consistently received the bid for this coverage. They are consistently the lowest and best coverage. They have insured

GRDA for over ten years, and they specialize in the power generation business. They are able to provide all of GRDA's \$1.8 billion in coverage under just one company. An actual quote has not been received from FM Global as of today. Risk Management is meeting with FM Global a week from today to get the actual quote. Ms. Jahnke asked for a not-to-exceed limit of \$1.1 million on the premium for the next year. The period on the current policy expires July 31. Last year the premium was \$903,039, which included a membership credit of \$94,526. The Director of Risk Management indicated GRDA should prepare for two changes for the coming year. A lot of insurance companies are doing away with the membership credit, so GRDA should not count on receiving the credit, but there has been no indication from FM Global that it would be removed this year. GRDA should also expect a five to ten percent increase in the premium. The estimated \$1.1 million for the 2009-2010 policy period is a ten percent increase over last year's premium and not taking into consideration the membership credit. Staff recommends renewing with FM Global for next year's policy period in the not-to-exceed premium of \$1.1 million. Discussion followed. Director LaGere moved to renew the insurance coverage with FM Global in the not-to-exceed amount of \$1.1 million, seconded by Director Spears, and voted upon as follows: Bartlett, Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.g. Other New Business

There was no other new business.

5. Reports

5.a. Board of Directors Committee Reports

- 1. Assets Committee:** Director Kerns had no report.

2. **Audit Committee:** Director LaGere had no report.
 3. **Coal Committee:** Director Chernicky had no report.
 4. **Marketing Committee:** There was no report.
 5. **Policies and Procedures Committee:** Director Bartlett had no report.
 6. **Long-Range Planning Committee:** There was no report.
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6. Executive Session to Discuss the Purchase or Appraisal of Real Property for Transmission Line Easements.

7. Executive Session Concerning *Steadfast Insurance Co. v. GRDA and Agricultural Insurance Co.*; In the District Court of Craig County, State of Oklahoma, Case No. CJ-06-147.

8. Executive Session Regarding Application of Grand River Dam Authority; No. 106,900 before the Supreme Court of the State of Oklahoma.

9. Executive Session Concerning Mid-Year Review of Employment of Chief Executive Officer/General Manager Including Possible Employment Contract.

10. Executive Session Regarding Non-Public Information.

Director Chernicky moved to go into executive session at 10:56 a.m., seconded by Director Kerns, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 11:53 a.m., seconded by Director Bartlett, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

11. Action on Executive Session Items

Regarding item 6, Director Chernicky moved the Board approve the purchase of the transmission line easements within the price guidelines as discussed in executive session, seconded by Director Spears, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 7, no action was deemed necessary at this time.

Regarding item 8, no action was deemed necessary at this time.

Regarding item 9, Director Chernicky moved to approve the Employment Contract for the Chief Executive Officer/General Manager as discussed in Executive Session, seconded by Director Kerns, and voted upon as follows: Spears, Bartlett, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

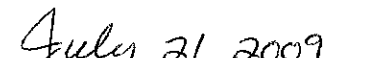
Regarding item 10, no action was deemed necessary at this time.

Director Chernicky moved for adjournment at 11:54 a.m., seconded by Director Spears, and voted upon as follows: Bartlett, Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:


GRDA Board of Directors