

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
September 9, 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 September 9, 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 September 8, 2009, at 9:40 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair-Elect Gay called the meeting to order at 10:06 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett and LaGere. Chair-Elect Gay declared a quorum. Ms. Moore introduced guests.

Director Gay resigned as Chair-Elect. Director Spears moved to accept Director Gay's resignation, seconded by Director Chernicky, and voted upon as follows: Chernicky, Frost, Gay, Kerns, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Nominations were opened for Chair-Elect, who automatically becomes Chair at this meeting. Director Chernicky moved to nominate Chairman Kerns, seconded by Director Frost, and voted upon as follows: Frost, Gay, Kerns, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Nominations were then opened for Chair-Elect to serve from now until September 2010. Director Kerns moved to nominate Director Chernicky as Chair-Elect. Director Frost moved to nominate Director Bartlett. Director Spears seconded the nominations of Director Chernicky and Director Bartlett. Director Spears moved to cease nominations, seconded by Director Chernicky, and voted upon as follows: Gay, Kerns, Spears, Chernicky, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).* The motion to nominate Director Chernicky was voted upon as follows: Kerns, Spears, Chernicky, yes; Frost, no; Gay, yes. *Motion passed (4-yes, 1-no, 0-abstained).*

BOARD MEMBERS

W. Brent LaGere, Chair	Absent
Gerald H. Gay, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Absent
David J. Chernicky, Chair-Elect (9/9/09)	Present
Terry G. Frost	Present
Betty Kerns, Chair (9/9/09)	Present

Stephen R. Spears Present

ADMINISTRATIVE

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Present
Gretchen Zumwalt-Smith, General Counsel	Present
Charles J. Barney, AGM Thermal Generation	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
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, Harold Robertson, and David Cusick, NEOEC; Chris Cariker and Ted Hilmes, KAMO; Mike Doublehead, SADA/Stilwell; Stanley Day, TPWA; Gary Prueff, MUB Pryor; Don Beck, Beck Design; Margaret Rutherford, Town of Langley; Mark Hudson, Lake Hudson Association; Randall Elliott, Elliott & Sherrer PC; Toney Foster, Taylor Burrage; Galen Brittingham, Atkinson Haskins; Randy Krehbiel, Tulsa World; Beth Griswold, Vinita Daily Journal; Kathy Parker, Pryor Daily Times; Alan Holt, Global Asset Management; Jim Anderson, GLPWA; Gregg and Nancy Simpson, Grove; Dan Taber, Tulsa; Don Hodges, Grove; Wes Holt, Appraisal Services; Martha Spradling (real estate agent for Hodges); Darrell Townsend, Justin Alberty, Ken Burrow, Holly Moore, Melanie Earl, Tamara Jahnke, Mike Herron, Tommy Parker, and Casey David, and Jim Fraley, GRDA.

CONSENT AGENDA

1. Special Board Minutes of July 21, 2009

2. July Claims, \$47,422,173.38; August Claims, \$39,906,002.98

4.a. Resolution of Commendation for William G. Loring

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

- (1) Old Radio Equipment Associated with the Old Legacy Microwave Paths.**
- (2) Wang Mainframe Computers and Associated Hardware and Documentation.**
- (3) USMC 10-KW Generator.**

5.b. Purchase Order Report

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
15267	Air Products & Chemicals Inc.	\$300,000.00
14982	Pryor Waste & Recycling LLC	5,500.00
14991	STC Waste Disposal/Green Country Refuse	3,120.00
15106	Environmental Management Inc.	150,000.00
15523	Telvent USA Inc.	95,060.00
15826	Kansas City Deaerator Inc.	79,200.00
15907	Grainger Inc.	284,763.13
15942	Tulsa Freightliner* Sterling* Western Star	123,353.00
15957	JSHP Transformer Co. LTD	2,320,000.00
15964	GE Energy Management Systems Inc.	155,878.00
16011	Mobile Mini Inc.	3,300.00
16006	Heyl & Patterson Inc.	94,226.00
16007	Heyl & Patterson Inc.	20,138.00
16008	Heyl & Patterson Inc.	70,650.00
16009	Heyl & Patterson Inc.	73,618.00
16012	Heyl & Patterson Inc.	7,876.00
16031	Argo International Corp.	112,468.87
16035	Infrastruct Security Inc.	<u>101,840.00</u>
<i>Total Standard</i>		\$4,000,991.00
15259	DTE Rail Services Inc.	<u>82,900.00</u>
<i>Total Change Orders</i>		\$82,900.00

(1) Addendum to Purchase Order Report:

16079	IBM Corporation	<u>65,072.85</u>
<i>Total Addendum Orders</i>		\$65,072.85

Grand Total Purchases \$4,148,963.85

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF009-00364	Pensacola Powerhouse Roof Replacement	\$668,359.00
RF009-00365	Courtesy Dock	35,000.00
RF009-00366	Claremore Sub #4 High-Voltage Metering	91,000.00
RF009-00369	Security System for Ecosystems Building	136,800.00
RF009-00371	Superheat Tube Panels for GRDA Unit 1	3,280,000.00
RF009-00372	Security System for Transmission Building	153,750.00
RF009-00374	Cleveland 345-KV Substation Expansion	1,877,000.00
RF009-00376	Place Rip Rap at New SPSP Substation	80,500.00

RF009-00378	Pensacola Dam Floodgate Refurbishment	6,971,379.00
RF052-00000	Refurbish Speed Controls - Unit 2 Large Motors	<u>2,000,000.00</u>
	<i>Total</i>	<u>\$15,293,788.00</u>

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms from (1) Bill Millsap dated March 6, 2009; (2) John Schlosser dated July 14, 2009; and (3) Larry Lewis dated September 3, 2009.

Director Chernicky moved to approve the consent agenda, seconded by Director Spears, and voted upon as follows: Kerns, Spears, Chernicky, Frost, yes; Gay, yes, but abstained as to item 5.b. (purchase order report.) *Motion passed (5-yes, 0-no, 1-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 *Discover Oklahoma's* feature on Pensacola Dam that was aired on Channel 6 last Saturday and an overview of the Energy Control Center upgrade.

4. New Business

4.c. Assets Committee Recommendations:

4.c.1. Request by Grand Lake Public Works Authority for a New 31-Year Raw Water Contract for Grand Lake.

4.c.2. Request by W. Gregg Simpson for a 30-Year License to Encroach on Grand Lake, Delaware County Oklahoma

4.c.3. Request by Sheila M. Taber for an Assignment of the License to Encroach Issued to W. Gregg Simpson.

4.c.4. Request by Donald and Peggy Hodges for an Amendment to a 30-Year License to Encroach on Grand Lake, Delaware County Oklahoma.

4.c.5. Recommendation to Board of Directors for Approval for the Markham Ferry Project No. 2183 (Lake Hudson) Shoreline Management Plan for Submission to FERC.

4.c.6. Request by Langley Public Works Authority for a Raw Water Contract.

Regarding item 4.c.1., Director Spears reported the Assets Committee recommends approval of the contract and moved to approve same, seconded by Director Chernicky, and voted upon as follows: Spears, Chernicky, Frost, Gay, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.2., Director Spears reported the Assets Committee recommends approval of the license, seconded by Director Chernicky, and voted upon as follows: Chernicky, Frost, Gay, Kerns, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.3., Director Spears reported the Assets Committee recommends approval of the assignment, seconded by Director Frost, and voted upon as follows: Frost, Gay, Kerns, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.4., Director Spears reported there was a previous appraisal. A new appraisal was presented that reflected the lower values of that area of the lake. There was also a difference in the square footage of the encroachment, so the Assets Committee recommends accepting the new appraiser's per-square-foot cost based on the original 580 square feet of encroachment with them having the opportunity of having a surveyor to certify there is different square footage. Director Spears moved to approve

same, seconded by Director Frost, and voted upon as follows: Gay, Kerns, Spears, Chernicky, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.5., Director Spears reported the Assets Committee received a presentation on the Shoreline Management Plan (SMP) and recommends approval of the SMP for Hudson Lake and moved to approve same, seconded, seconded by Director Chernicky, and voted upon as follows: Kerns, Spears, Chernicky, Frost, Gay, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.6., Director Spears reported this contract basically exchanges services where GRDA provides raw water to Langley Public Works Authority, and they will provide treated water and sewage services for GRDA's facilities. Staff had done a cost analysis, and it was basically a breakeven situation for both parties. The Assets Committee recommends approval of the raw water contract, and Director Spears moved to approve same, seconded by Director Chernicky, and voted upon as follows: Spears, Chernicky, Frost, Gay, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.h. Resolution Relating to Reimbursement of Pre-Bond Issuance Costs of the Capital Program

Ms. Dougherty reported GRDA is in the process of compiling its capital needs for 2010-2012. Staff has met with the State Bond Advisor's office and also pursued looking at initially whether GRDA can get loans instead of doing a bond issue and which might be cheapest. In upcoming months, staff will come back to the Board on how it intends to finance these capital assets. This resolution is a recommendation from GRDA's tax counsel because if GRDA does end up issuing bonds, this could help GRDA on the tax allocation. Staff overestimated the amount at \$200 million. When GRDA adopted a

similar resolution for the last bond issue, the resolution had \$800 million in it, but the bond issue size ended up being about \$575 million. Ms. Dougherty recommended adopting the resolution. Director Chernicky moved to adopt the resolution, seconded by Director Spears, and voted upon as follows: Chernicky, Frost, Gay, Kerns, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.i. First Amended Power Purchase and Sale Agreement by and between
Grand River Dam Authority and Oklahoma Municipal Power Authority
(OMPA)**

Ms. Dougherty reported GRDA currently has two 25-MW sales that go to OMPA. One is a 4.81 percent output contract from Unit 2 where they just pay their share of the costs of operation. The second is the standard firm contract GRDA created a few years ago. That contract is also for 25 MW. This amendment increases the amount of power OMPA would take under that original firm contract. They would add 15 MW in June 2011 and add another 10 MW in June 2014. That is worth anywhere from \$2 million to \$7 million a year as the quantity escalates. The term of the contract goes through 2040. The only significant thing in the contract that has changed is quantity; none of the other terms have been changed. The reason this is not starting until June 2011 is they are going to have to get SPP transmission approval. If they cannot obtain SPP transmission approval, this amendment terminates, and they revert back to the original power purchase and sale agreement for 25 MW. GRDA does not want to hold a quantity of power open for them if they cannot get the transmission path. This enables GRDA to support some of the other municipals in western Oklahoma. OMPA pays the same rate as everyone else; however, GRDA sells it at the bus, so OMPA has to pay SPP the transmission, and then GRDA gets a recovery back from SPP. Ms. Dougherty

recommended approval. Director Chernicky moved to approve the amendment, seconded by Director Gay, and voted upon as follows: Frost, Gay, Kerns, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.j. Service Schedule PPA (to Interconnection Agreement between GRDA and Western Farmers) Power Purchase and Sale Agreement by and between Grand River Dam Authority and Western Farmers Electric Cooperative (WFEC)

Ms. Dougherty commended the Energy Control Center staff in getting approval for the transmission from Redbud to GRDA for another 11 months, and they are continuing to work on long-term arrangements. That is key for GRDA to be able to maximize utilization of that plant. Since the 1980s, GRDA has had an interchange agreement with WFEC. The key is GRDA has a 200-MW path that flows into GRDA and a 200-MW path that flows to WFEC. It is grandfathered, so a sale could actually be made now when GRDA is really needing the revenues. This contract would start with ten MWs at the beginning of the year, which is a little over \$2 million, and it would go up in 2012, 2013 and to the complete amount of 100 MW in 2013. The maximum amount the rate schedule allows GRDA to currently sell to any one off-system firm customer is 100 MW. The transmission is already approved, so GRDA can start making sales and help GRDA with its rates for 2010. It is not a unit-specific contract; it is a system contract. This service schedule is basically identical to the off-system firm contracts. The main difference is a provision where if GRDA has to issue taxable debt to serve long term, GRDA can pass a rider to pass through the incremental cost of any taxable debt GRDA would have to issue. Ms. Dougherty recommended approval. Ms. Dougherty added that GRDA's spot sales out of Redbud is what is helping GRDA achieve its budget this year.

Discussion followed. Director Chernicky moved to approve the contract, seconded by Director Gay, and voted upon as follows: Gay, Kerns, yes; Spears, no; Chernicky, Frost, yes. *Motion passed (4-yes, 1-no, 0-abstained).*

4.d. First Amended Integrated Transmission Agreement between Grand River Dam Authority and KAMO Electric Cooperative, Inc.

4.e. Contract for Sale of Assets between Grand River Dam Authority and KAMO Electric Cooperative Pursuant to 82 O.S. Supp. 2008, Section 874(c)(2) Related to Certain Substations, Transmission Lines, and Easements

Regarding item 4.d., Ms. Zumwalt-Smith reported GRDA entered into the ITA with KAMO in 1999. The decision was made to integrate the two transmission systems and combine the resources with an ultimate goal of KAMO and GRDA each owning facilities proportionate to their utilization of the system. Currently, GRDA owns approximately 67 percent of the transmission within the ITA, and KAMO owns approximately 33 percent. GRDA utilizes approximately 63 percent, and KAMO utilizes about 37 percent. The first amendment to the ITA agreement became apparent when discussions ensued about the sale of assets to KAMO. Some of the assets were included in the ITA, so the agreement needed to be amended to reflect that. There were also other provisions within the original ITA that the parties had agreed over time to change slightly, but the document did not reflect the current operating procedures. One of the modifications involved the references to the 1950 power sale contract that GRDA sold to KAMO. The contract has been amended to reflect the sale of the substations to KAMO. The Coordinating Committee process has been clarified. The big adjustment in the ITA agreement is the removal of the OAM (Oklahoma-Arkansas-Missouri) 345-kV line. KAMO does not use the line. GRDA has turned this and all other lines over to SPP, so

SPP controls the line. If KAMO wants to utilize the line, they would pay the SPP tariff. They have not used the line for several years, but they have, under the ITA, continued to contribute to the cost associated with that line. The agreement was that KAMO would allow the OAM line to be removed from the ITA in exchange for GRDA reimbursing KAMO for the cost it has contributed to that line since 2004. Those costs are \$3.8 million. The goal of the ITA agreement is for a party to own approximately the same amount that they utilize. This transfer will bring that ownership and utilization closer together. Discussion followed.

Regarding item 4.e., Ms. Zumwalt-Smith reported that in the ITA agreement, GRDA agreed to purchase transmission and substations from KAMO, but KAMO could repurchase the lines. The substations, while they were owned by GRDA, were maintained by KAMO within the ITA agreement. KAMO and GRDA are proposing that nine substations and nine lines be transferred back to KAMO. To come up with a fair-market value, Guernsey was hired and appraised the value of what is being transferred. The substation land has been appraised at \$58,000. The transmission lines have been appraised at \$1.4 million. The substation transformers have been appraised at \$1.2 million. The substation equipment has been appraised at \$146,000, and the line equipment at \$768,000. The total sales price is \$3.6 million. GRDA is selling assets to KAMO at approximately \$3.6 million; the removal of the OAM line is a payment to KAMO of approximately \$3.8 million. The difference is \$158,000 for the purpose of resolving all the outstanding issues related to the ITA agreement, the sale of the assets, and the continuing controversy over the OAM line. Staff recommends the Board approve the amendment to the ITA and the payment of \$3.8 million to KAMO and also

approve the Contract for the Sale of Assets to KAMO for \$3.6 million. Mr. Herron showed a slide of the overall system that designates the lines owned by GRDA, those owned by KAMO, and the ones GRDA is proposing to sell. Discussion followed. Mr. Easley added that staff has put a lot of time into these negotiations, and the goal was to straighten out the ITS agreement. Staff feels it is in GRDA's best interest because the assets included in the sale do not serve GRDA's load, GRDA does not anticipate any load in that area, GRDA loses money in servicing those areas, GRDA would like full control over the OAM line, and staff would like to have a good relationship with GRDA's partner. If need be, GRDA would defend the money that has been paid into that Committee. However, in a good faith effort, staff tried to negotiate a deal fair to both parties.

Regarding item 4.d., Director Chernicky moved to approve the amendment to the ITS, seconded by Director Kerns, and voted upon as follows: Kerns, yes; Spears, no; Chernicky, Frost, yes; Gay, abstained. *Motion failed (3-yes, 1-no, 1-abstained).*

Regarding item 4.e. (sale of assets), this item was passed.

(Note: These items are continued on page 18.)

4.f. Memorandum of Understanding with U.S. Fish & Wildlife Service Regarding Tonnece Transmission Line

Mr. Herron showed slides of the American Burying Beetle (ABB) and explained that, originally, this particular species lived east of the Rocky Mountains. The original food source was deceased carrier pigeons. Since the carrier pigeons have been eliminated in the environment, the ABB do not have much to eat anymore. As a result, they have become an endangered species and are protected by law. Mr. Herron

showed slides of the areas the ABB are known to inhabit. A part of southeast Oklahoma covers that area. The transmission line is along the Arkansas border in a cross-hatch area where it is not known whether or not the ABB are there. GRDA is retesting the area to determine if the ABB are residents. Based on those results, this Memorandum of Understanding (MOU) with the U.S. Fish & Wildlife Service dictates which course of action GRDA will take when building the transmission line. Staff is requesting approval of the MOU. The agreement extends beyond a year, so it requires Board approval. The testing is being done by a company that only does that kind of testing; they are employed through Black & Veatch. Director Bartlett moved to approve the Memorandum of Understanding, seconded by Director Frost, and voted upon as follows: Spears, Chernicky, Frost, Gay, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.g. Change Order #1 to Work Authorization 12289 with Burns & McDonnell on Design of Feeder #4 Rebuild

Mr. Herron reported GRDA has a contract with Burns & McDonnell to design the Feeder #4 transmission line that runs from Kerr Dam to Pensacola. They provided an original not-to-exceed limit on their contract of \$760,000; that was approved on April 8. Since then, they have learned an additional wetland and archaeological study needs to be done. The original scope of service assumed a certain limit of archaeological study. Because this is an existing transmission line easement that GRDA occupied for 50 years, it was not thought there would be a lot of study needed. The Archaeological Department decided they want GRDA to look at the entire 22 miles of line, so additional funding is needed. The second item is tower design modifications. The wires are not being changed, but when Burns and McDonnell was reviewing the drawings, they saw

that the tower was designed for operation at 75° C., which means the wire can only get that hot. Lines are now being designed for 100° C. operation, which is what is required by SPP. If the rest of the 22 miles of line is at 100° C. and the last 4.7 miles of line is left at 75° C., that becomes the limiting element on the line and will limit the amount of current that can go through it. Burns & McDonnell figured out how to eliminate the lattice arms on one side of the tower and use insulators instead and raise those wires seven to ten feet. There would then be the necessary clearance to have 100° C. operation. This item was not originally included in Burns & McDonnell's quote, so they have asked for an additional sum to modify the drawings and provide that information in the design packet. The change will be \$75,000 total—9.87 percent of the original authorization. Director Spears moved to approve Change Order #1 for Work Authorization 12289 to provide additional environmental services, archeological field inspection services, and design services for the Feeder #4 Rebuild project, seconded by Director Gay, and voted upon as follows: Chernicky, Frost, Gay, yes; Kerns, no; Spears, yes. *Motion passed (4-yes, 1-no, 0-abstained).*

**4.k. Proposed Authorization to Extend Contracts
for Temporary Parking of GRDA Train Sets:**

- (1) DTE Rail Services, Inc.**
- (2) South Kansas & Oklahoma Railroad, Inc.**
- (3) Arkansas & Missouri Railroad Company**
- (4) Kansas & Oklahoma Railroad, Inc.**

Mr. Barney reported the Board earlier authorized the purchase of four new aluminum train sets. Three of the four sets have been put in service. The bringing of

these sets into service and disposing of the old sets has left GRDA with a temporary parking problem. There is a need to park four of GRDA's old sets for a few months—part of the agreement with the manufacturer that GRDA would provide storage for up to six months. The manufacturer is actively in the process of selling the cars to another party, and it is hoped GRDA will be done with the old cars in a month or two. As a result, for approval today are four different parking service agreements. There were indications from the railroad they would be able to help GRDA with this issue and not charge GRDA. However, a few months ago, the railroads recognized the economy was collapsing, and there would be a tremendous need for car storage. As a result, the railroads' revenue is down, and they have adopted very high rates for storage of cars. They were unwilling to give GRDA or any of their other customers a break for storage. Rather than paying around \$75 per day, GRDA went out and found alternative parking places between \$3 and \$5 per day for storage. In the interest of saving GRDA's customers a lot of money, staff recommends allowing GRDA to enter into these agreements for a longer period of up to six months. One contract is with DTE Rail Services. That contract was approved under a \$125,000 purchase order to DTE Rail Services in the Board's earlier consent agenda vote. Authorization is also needed to extend authorized amounts in contracts with South Kansas & Oklahoma Railroad, Arkansas & Missouri Railroad Company, and Kansas & Oklahoma Railroad—lines that are basically near GRDA's route of service—to a not-to-exceed level of \$125,000 for each contract, as described in the recommendation package contained in the Board book. General Counsel recommends separate votes on the different agreements. Regarding item 2, Director Chernicky moved to approve the contract extension with

South Kansas & Oklahoma Railroad, seconded by Director Gay, and voted upon as follows: Frost, Gay, Kerns, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained)*. Regarding item 3, Director Spears moved to approve the contract extension with Arkansas & Missouri Railroad Company, seconded by Director Frost, and voted upon as follows: Gay, Kerns, Spears, Chernicky, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained)*. Regarding item 4, Director Gay moved to approve the contract extension with Kansas & Oklahoma Railroad, seconded by Director Spears, and voted upon as follows: Kerns, Spears, Chernicky, Frost, Gay, yes. *Motion passed (5-yes, 0-no, 0-abstained)*.

4.I. Bid Award Recommendation for Contract 13548, Energy Control Center Renovation and Expansion

Ms. Moore reported this is the third and final step of Board approval on this building. The Board has approved the architect contract, the cost estimate, and now the construction contract. The project was started in 2006; the direction was changed at the end of 2008. At the beginning of this year, Guernsey finished the construction drawings, and the Board approved the cost estimate. In July, the Board approved the revised work order, and the Purchasing Department solicited bids. The cost estimate was \$9.5 million. Guernsey felt that number was very conservative. Based on recent projects and the bids that came back on this project, the economy is helping. The lowest bidder is Crossland Construction Company at \$7,611,000. One hundred percent of the construction costs will be financed from the 2008 bond issue. The bid came back 19.9 percent lower than expected. The timeline is if the contract is approved today, construction will start by November 15, and construction occupancy would be March 31,

2011, and everything else complete by May 31, 2011. Ms. Moore recommended approval. Director Chernicky moved to award the contract to Crossland Construction, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Frost, Gay, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.m. 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 further report.
2. **Audit Committee:** There was no report report.
3. **Coal Committee:** Director Chernicky had no report.
4. **Marketing Committee:** Director Frost had no report.
5. **Policies and Procedures Committee:** There was no report.
6. **Long-Range Planning Committee:** Director Gay had no report.

6. Executive Session to Discuss the Purchase or Appraisal of Real Property Located in Ottawa County.

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 Concerning *GRDA v. Glen Summers and Louella Summers*; Ottawa County Case No. CV-09-239.

9. Executive Session Concerning Possible Action to Be Filed in the Federal Court of Claims.

10. Executive Session Concerning a Possible Action to Be Filed with the Oklahoma Department of Environmental Quality.

11. Executive Session Concerning Possible Action Regarding Non-Public Information.

Director Chernicky moved to go into executive session at 11:17 a.m., seconded by Director Spears, and voted upon as follows: Chernicky, Frost, Gay, Kerns, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 12:17 p.m., seconded by Director Frost, and voted upon as follows: Frost, yes; Gay, absent; Kerns, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

12. Action on Executive Session Items

Regarding item 6, Director Spears moved, as discussed in executive session, to approve the purchase of real property improvements located in Ottawa County, seconded by Director Chernicky, and voted upon as follows: Kerns, Spears, Chernicky, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 7, Director Spears moved, as discussed in executive session, the Board approve and authorize the CEO to execute the settlement agreement reached in the case titled *Steadfast Insurance Co. v. GRDA and Agricultural Insurance Co.*, seconded by Director Frost, and voted upon as follows: Spears, Chernicky, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 8, Director Spears moved, as discussed in executive session, that the case titled *GRDA v. Glen Summers and Louella Summers* be dismissed without prejudice, seconded by Director Frost, and voted upon as follows: Chernicky, Frost, Kerns, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 11, Director Spears moved, as discussed in executive session, the Board authorize the CEO to execute the consulting contract for expert witness services in the pending investigation, claim, or non-public action, seconded by Director Chernicky, and voted upon as follows: Frost, Kerns, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

No action was taken on any other Executive Session item.

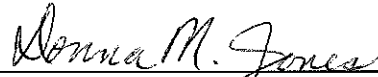
4.d. First Amended Integrated Transmission Agreement between Grand River Dam Authority and KAMO Electric Cooperative, Inc.

4.e. Contract for Sale of Assets between Grand River Dam Authority and KAMO Electric Cooperative Pursuant to 82 O.S. Supp. 2008, Section 874(c)(2) Related to Certain Substations, Transmission Lines, and Easements

(Continued from page 11.)

Director Spears reported he was able to obtain additional clarification on these items and moved to reconsider items 4.d. and 4.e., seconded by Director Chernicky, and voted upon as follows: Kerns, Spears, Chernicky, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).* Director Chernicky moved to approve item 4.d., the Amended Integrated Transmission Agreement between GRDA and KAMO to include reimbursement to KAMO in the amount of \$3,813,685, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).* Director Chernicky moved to approve item 4.e., the Contract for Sale of Assets between GRDA and KAMO, seconded by Director Spears, and voted upon as follows: Chernicky, Frost, Kerns, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 12:24 p.m., seconded by Director Frost, and voted upon as follows: Chernicky, Frost, Kerns, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

October 14, 2009
GRDA Board of Directors