

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Tulsa, Oklahoma
December 9, 2009**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at New Dominion LLC, Tulsa, Oklahoma, on December 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 submitting a notice of changed meeting to the Secretary of State on November 30, 2009, at 9:25 a.m.; by posting the agenda with the Craig County Clerk's office on December 8, 2009, at 9:08 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Kerns called the meeting to order at 10:17 a.m. The Secretary called the roll; all members were present with the exception of Director Gay. Chair Kerns declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

Betty Kerns, Chair	Present
David J. Chernicky, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Present
Gerald H. Gay	Absent
Terry G. Frost	Present
W. Brent LaGere	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
Dale Willis, AGM Transmission and Engineering	Absent
Donna M. Jones, Secretary	Present

Others present were as follows: Robert Echenrode, Harold Robertson, and Rick Shurtz, NEOEC; Stanley Day, TPWA; Gary Pruet, MUB Pryor; David Rountree, City of Miami; Art Farine, City of Siloam Springs; Dan Blankenship and Jeff Tullis, Stillwater Power; Mike Nunneley, Mannford Public Works Authority; Pam Polk, City of Collinsville; Steve McGie, City of Coffeyville; Shane Woolbright, MESO; Bruce Howell, South Grand Lake Visitor's Center; Jim Sellers, Grand Lake Area COC; Alan Holt and Chris Broyles, Global Asset Management; Rusty Fleming; GLUE; Randy Krehbiel, Tulsa World; Justin

CONSENT AGENDA

1. Board Minutes of October 14, 2009

2. October Claims, \$28,748,364.27; November Claims, \$39,453,358.60

4.a. Resolution of Commendation for Anthony E. Due

4.b. Resolution of Commendation for Inez S. Moore

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

- (1) Utility Trailer
- (2) Sharp AR-405 Copier and AR-FN1N Three-Tray Staple/Stacker Finisher
- (3) Onan Generators, USM Portable Generators, Coats Tire Machine, Delco Car Washer, Kerosene Heater, NAPA Diagnostic Oscilloscope, RECO Bubble Wheel Balancer, Winches, Camper Shell, Pickup Tool Boxes, Tires and Wheels, Barnes Water Pump, Lincoln Welder, Air/Fuel/Oil Filters, 1960 International Tractor, Chevrolet Van Seats
- (4) Microwave Transmission Equipment (Frequency Locator, Testers, Programmers, Meters, Power Supply, Analyzers, Generator, Oscillators, Calibrator, Counters, Monitor, ADC Jackfields, Multiplexers, Racks, Fuse Panels, Radios, Alarm System, Battery Chargers, Module, Data Cards, Wire, Computer, Monitor, Keyboard, Circuit, Dish Assemblies, Etc.)
- (5) Office Chairs, Tables, Desks, Bookcases, Credenzas, Microwave Cabinet, Typewriter Table, Dining Room Tables and Chairs, Bunk Beds, Box Springs with Mattresses, Dressers, Night Stands, Coffee Tables, and End Tables
- (6) Oil Circuit Breakers (OCBs), Transformer, and Metering Outfit

- (7) **Communications Gear (Converters, Order Wire Cards, Fault Alarm Interface, Station Control Monitor, Service Channel Muldem, Input Conditioner, Power Amplifier, Etc.)**
- (8) **Approximately 1,000 Tons of Scrap Steel**
- (9) **116 Chloride Lead Acid-Type Batteries**
- (10) **Various Widths and Lengths of Conveyor Belting**
- (11) **Three Glass Tables, Sofa, Easy Chair, Twin Bed and Mattress Set, Double Bed and Mattress Set, Large Bedroom Chest, Small Bedroom Chest, Full-Size Headboard, Two Night Stands, Large Bedroom Mirror, Dining Room Table with Four Chairs**
- (12) **Three-Point Mowers (8-Foot, 9-Foot, 7-Foot, 6-Foot), Roto Sweeper, FIAT Dozer Blade, CAT Dozer Blade, CAT Loader Bucket**
- (13) **Thirty Miscellaneous Off-Road Tires, Three Skid Loader Tires, Two Tractor Tires, and a Truck Tire**

4.d. GRDA Customer and Industrial Development Plan for 2010

5.b. Purchase Order Report

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
17315	Dura-Metal Products Corp.	\$176,400.00
17459	Howden Buffalo c/o Wakefield & Associates, Inc.	68,138.00
17483	Continental Industrial Supply	101,928.00
17794	Alcatel-Lucent USA Inc.	196,051.00
17806	Fletcher-Reinhardt Company	69,349.24
17909	Southwest Electric Company	229,044.00
17911	Lakeland Office Systems	6,500.00
17963	Helena Chemical Company	148,061.25
17967	NGK Locke Inc. c/o Elgin B. Robertson Inc.	218,265.00
18065	ABB Inc. c/o J H Davidson & Associates	125,868.00
18074	Global Asset Management	149,835.00
18078	Valmont / Newmark	<u>94,093.00</u>
Total Standard		\$1,583,532.49
16006	Heyl & Patterson Inc.	\$17,000.00
16035	Infrastruct Security Inc.	10,030.00
17183	Atkinson Industries	<u>2,880.00</u>
Total Change Orders		\$29,910.00

16670	Concrete Services Corp.	\$54,595.00
17122	Pelco Structural LLC	1,402,433.00
17183	Atkinson Industries	227,827.00
17479	Cranston Engineering Group	<u>220,000.00</u>
	<i>Total Emergency Orders</i>	\$1,904,855.00

(1) Addendum to Purchase Order Report:

18144	KoneCranes Inc.	\$100,960.00
18167	AFL Telecommunications c/o Preferred Sales	186,678.36
18177	Southwire Company	<u>433,868.25</u>
	<i>Total Addendum Orders</i>	\$721,506.61

Grand Total Purchases **\$4,239,804.10**

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF008-00354	Estimator/Contingency Analysis of SCADA System	\$208,898.55
RF008-00385	Orchids #2 Expansion & New Warehouse Building	116,273.72
RF008-00386	Estimator/Contingency Analysis External Model	88,872.00
RF008-00389	Lighting for Transmission Headquarters	<u>98,869.32</u>
	<i>Grand Total Work Orders</i>	<u>\$512,913.59</u>

Regarding item 4.c, the items were listed in Surplus Property Transfer Forms as follows: (1) from Danny Ragsdale dated September 2, 2009; (2) from Mike Ragsdale dated September 17, 2009, (3) from Mark Haley dated September 29, 2009; (4) from Bill Millsap dated September 29, 2009; (5) from Holly Moore dated October 2, 2009; (6) from Dewey Epps dated October 21, 2009; (7) from Bill Millsap dated October 21, 2009; (8) from Coal-Fired Complex dated October 23, 2009; (9) from Steve Anderson dated November 2, 2009; (10) from John Zibert dated November 9, 2009; (11) from Holly Moore dated November 24, 2009; (12) from John Zibert dated November 24, 2009; and (13) from John Zibert dated November 24, 2009.

Director Chernicky moved to approve the consent agenda, seconded by Director Bartlett, and voted upon as follows: Chernicky, Frost, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

REGULAR AGENDA

3.b. Assets Committee Recommendations:

3.b.1. Request by BAK, LLC d/b/a Elk River Marina Landing Outdoors, to Lease 3.32 Acres of GRDA Property.

Regarding item 1, Director Spears reported the Assets Committee recommends approval of the lease and moved to approve same, seconded by Director Frost, and voted upon as follows: Frost, Kerns, LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4. New Business

4.e. Assets Committee Recommendations:

4.e.1. Request by BAK, LLC d/b/a Elk River Marina Landing Outdoors, for Payment Schedule for Commercial Fees Due.

4.e.2. Possible Approval of a 50-Year Lease Agreement between Grand River Dam Authority and the Grand Lake Area Chamber of Commerce for Rental of Office Space in the GRDA Ecosystems & Education Center.

4.e.3. Possible Approval of a 50-Year Lease Agreement between Grand River Dam Authority and the South Grand Lake Area Visitor's Center, Inc., for Rental of Office Space in the GRDA Ecosystems & Education Center.

4.e.4. Request by KAMO for (i) an Easement for a Building and (ii) and Easement for a Fiber Optic Line at GRDA's Stilwell Substation Located in Adair County Oklahoma.

4.e.5. Request by Michael R. Baldwin and Debra L. Hurley-Baldwin for an Assignment of the License to Encroach Issued to Donald K. & Peggy L. Hodges on Grand Lake, Delaware County Oklahoma.

4.e.6. Request by Bryan Douglas Allen for a 30-Year License to Encroach on Grand Lake, Craig County Oklahoma.

Regarding item 4.e.1., Director Spears reported the applicant requested the application fee be paid in installments. There was a split in the recommendation from the Assets Committee. Ms. Jahnke added the application fees are \$2,500 per ten slips. The applicant is installing 84 slips, so they would pay \$2,500 upfront. They are requesting the rest of the application fee be paid as the slips are built. Director Spears stated he had voted no because GRDA's staff costs are upfront, and the fee should be commiserate with reimbursing GRDA for expenses. It could be 10 to 15 years before GRDA would recover its expenses. Director Kerns added GRDA has done this twice before, so she voted yes. Discussion followed. Director Frost moved to accept Chair Kerns' recommendation, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, yes; Spears, no; Bartlett, Chernicky, Frost, yes. *Motion passed (5-yes, 1-no, 0-abstained).*

Regarding item 4.e.2., Director Spears reported there is a new provision in the lease that at the end of 30 days, with 60 days' written notice, GRDA could terminate the agreement with the Chamber; however, GRDA would have to pay back a portion of their \$300,000 contribution for the remaining lease years of the term at \$3,000 per year. Discussion followed. Director Chernicky moved to approve the lease agreement with the 60-day notice, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Regarding item 4.e.3., Director Spears moved to approve the lease agreement, with the 60-day notice discussed in item 4.e.2., above, with a repayment of \$3,000 per

year, seconded by Director Bartlett, and voted upon as follows: Spears, Bartlett, Chernicky, Frost, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained)*.

Regarding item 4.e.4., Director Spears reported the Assets Committee recommends approval of the easements for the total amount of \$1,440, seconded by Director Frost, and voted upon as follows: Bartlett, Chernicky, Frost, Kerns, LaGere, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained)*.

Regarding item 4.e.5., Director Spears reported the Assets Committee recommends approval of the assignment of the license to encroach, seconded by Director Chernicky, and voted upon as follows: Chernicky, Frost, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (6-yes, 0-no, 0-abstained)*.

Regarding item 4.e.6., Director Kerns reported this item was passed by the Assets Committee.

4.f. Bid Award Recommendation for RFP 16737, Feeder #4 Rebuild

Mr. Herron reported Feeder #4 extends from Kerr Dam to Pensacola. The project was bid in October for award in November. It was awarded as an emergency to KDM Construction for \$4,064,133.07 because of completion time deadline. The Board must still approve the award of the contract, so the item is being brought before the Board today for approval. The low bidder was eliminated because they had some errors in their calculations. The second low bidder was removed because they did not provide the needed data. The third low bidder, KDM Construction, was evaluated as viable. A contract has been signed, and a pre-construction meeting is scheduled for Monday. The construction cost was based on estimated costs for some of the foundations for which the final geotechnical information was not available. Director Chernicky moved to award

the contract to KDM Construction in the amount of \$4,064,133.07, seconded by Director Spears, and voted upon as follows: Frost, Kerns, LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.g. Change Order #3 to Contract 11627, Claremore Interconnect Substation, with Re-con Company to Install Layer of Crushed Rock in Substation

Mr. Herron reported this project is almost complete. During the work that was done, there was extensive amount of dirt work, and the rock was moved around in the substation, and the top layer of rock was basically removed. The contractor needs to go back in and install about two inches of crushed rock; the rock is part of the insulation system for safety. The quoted cost is \$15,400 for the rock and installation services. Director Spears asked if the contractor would normally be responsible for damages they caused and asked about the cost of GRDA personnel doing this type of work rather than the contractor. Director Bartlett moved to approve Change Order #3 to Contract 11627 to allow contractor to provide and install a needed two-inch layer of rock which was not seen as required at the time of the original contract specifications, seconded by Director LaGere. General Counsel Zumwalt-Smith stated she believed GRDA could hold the contractor responsible for damages they did caused. Director Chernicky recommended withdrawing the motions and passing this item to the next meeting until Counsel can review the contract. The motions were withdrawn.

**4.h. Recommendation for Consent to Encroach
between Southwestern Power Administration (SWPA) and GRDA**

Mr. Herron reported GRDA has picked up a new customer on Peoples Electric's Gerty substation, so GRDA needs to provide metering to the communications

equipment in the substation. GRDA did put the necessary equipment in the substation. This agreement will memorialize that transaction and allow GRDA to have access to the substation and the use of the area in the substation for metering. The agreement is with Southwestern Power Administration for their Allen Switching Station. Mr. Herron recommended approval. Director Spears moved to approve the Consent to Encroach, seconded by Director Bartlett, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Chernicky, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.i. Change Order #1 to Work Authorization 12295 with Black & Veatch for Siloam Springs Substation Modifications

Mr. Herron reported this change order is for Black & Veatch to perform additional engineering services at the Siloam Springs substation. GRDA presented an original scope of services to Black & Veatch of what staff thought needed to be done at the substation. When Black & Veatch began to study what was there, other items were found that needed to be addressed. With staff approval, Black & Veatch performed the work and presented GRDA with a change order. The work involved breaker/feeder renumbering, the addition of an alarm annunciator, bus support and surge arrestors, station service transformer replacement, interconnection as-builts, and replacement of RFL relay with a UPLC relay. An additional 690 man-hours were required of Black & Veatch for this work. Staff recommends the Board approve these changes and authorize the additional expense. Director Chernicky moved to approve the Change Order #1 for Work Authorization 12295 to Black & Veatch to provide additional engineering services determined to be needed after the original scope of service was defined for the Siloam Springs substation modification project, seconded by Director

Bartlett, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

3. Unfinished Business
3.a. Progress Reports

Mr. Easley reported on cost-cutting measures and efficiencies which included reorganization of the Hydro Department, workforce reduction, Mr. Easley's absorption of the position of Director of Investment, payroll reduction at the Coal-Fired Complex, the closing of the Oklahoma City office, the use of the P-Card program, and the reduction in legal fees. Mr. Easley explained the costs that would be associated with meeting FERC and NERC requirements as well as the expected revenues from water sales. Mr. Easley also discussed the future risks of mitigation, deferring some projects, and the impact of new environmental regulations.

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA December 2009 Update" that included an update on the cost-cutting measures of purchasing and refurbishing used equipment.

4. New Business
4.j. Power Cost Adjustment (PCA) for the First Six Months of 2010

Ms. Dougherty reported she was happy to announce that after an 11.95 rate increase that the PCA is going to decrease for the first six months of 2010 almost four mills. The PCA is based on the cost of fuel for both coal and gas and for purchased power. Whatever GRDA spends automatically passes through to the customers; that number is updated twice a year. This time the formula calculated to 2.49 mills. This calculation reflects the impact of a policy change that was made this time last year

regarding spot sales that would give customers full credit for incremental versus average fuel costs. In addition, spot sales were almost double what was projected, resulting in lower fuel costs assigned to contract customers. As a result, GRDA will have almost \$12 million over-collection at the end of the year. GRDA has taken some actions that have eliminated items that would have flowed through the PCA. One of those actions was the purchase of the Redbud plant, so now GRDA has debt service that has to be recovered from base rates. Previously, GRDA had purchased power. The other action was the purchase of three train sets. As a result of that purchase, GRDA now has debt service on the railcars. The cost of the lease no longer flows through the PCA. Other factors include gas prices that were down this year, and GRDA had good hydro this year. The end result is that the overall impact to the customers for the first six months of 2010 on the rate increase amounts to about 3.15 percent instead of the 11.95 percent. Because GRDA shifted some components from the PCA to the rate increase, the calculation for the first six months of 2010 is 2.49 mills, which is a reduction from the current 6.45 mills. The net increase to customers is \$1.42 per megawatt-hour or 1.42 mills. For example, if the customer's bill was \$100,000, the average base rate increase would be \$12,000. The change in the PCA basically makes about a \$9,000 difference in the PCA, so the net impact on a \$100,000 bill would be an increase of about \$3,000. This PCA will give the communities a chance to phase in the full impact of the rate increase to their customers until the second half of the year. Ms. Dougherty recommended approval of the 2.49 percent calculation as the PCA charge for the period of January through June, 2010. Director Chernicky moved to approve Ms. Dougherty's recommendation, seconded by Director Bartlett, and voted upon as follows: Spears,

Bartlett, Chernicky, Frost, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained)*. Director Spears requested staff explore the possibility of some type of running average or change the months the PCA applies to, to have a more balanced PCA. Ms. Dougherty stated the changes are possible; the Board has the discretion to do that and would have to change the PCA rate schedule and the PCA policy.

4.k. Preliminary 2010 Budget

Ms. Dougherty reported the Board will have an opportunity to approve the final budget on or before April. The schedule has been updated from what was originally sent to the Board. The preliminary budget was initially based on the financial forecast that C. H. Guernsey presented to the customers at the October customer meeting. This revised budget reflects some of the savings of which more evidence has been seen. GRDA made a lot of changes in the summer and throughout the year, but a lot of the results were not seen at the time the financials were produced in September and October. This budget has a target of 1.10x coverage. It includes the rate increase. This budget reflects an adjustment that includes some additional sales, assuming the weather will return to normal. On the industrials, Pryor Plant Chemical has started using power at the Industrial Park, so those numbers should be up. Unit 1 at the Coal-Fired Complex reflects the major six-year scheduled outage. GRDA participates through the state on its pension and insurance costs, and those go up about \$1 million a year. It is estimated GRDA will be able to hold A&G costs steady. That is significant in light of the fact GRDA cannot do anything about insurance and benefits. Ms. Dougherty recommended approval of the preliminary 2010 budget. Discussion followed about the timeframe of the approved final budget, the increase in the budget's expenses, and the

availability of line-item budgets. Director Spears moved to approve the 2010 preliminary budget, seconded by Director LaGere, and voted upon as follows: Chernicky, Frost, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.I. Annual Designation of Additional Supplemental Reserve and Contingency Funds

Ms. Dougherty reported these are funds designated by the Board. Under Bond Resolution 4800, the debt payment fund had to be with a trustee. GRDA has construction funds, operating cash, and two reserve funds that have to be maintained under the bond resolution. One is for debt service reserve fund, which has to have the highest year's payment—basically principal and interest for one year—set aside with the trustee. That fund has not changed. The other requirement under Resolution 4800 is that GRDA keep 25 percent of the annual debt payment in a reserve and contingency fund. In addition to that, the Board had designated two other supplemental funds. The Supplemental Funds I was for unforeseen risk. It was set up in 2004, and the goal was to achieve \$15 million. No additional designations have been made since 2006. The other fund was for future environmental costs. The idea was to specify \$2.5 million per year to this fund. The Reserve and Contingency Fund, under Bond Resolution 5107, is no longer required. The financial community looks favorably on the board-designated funds. It does not affect the debt coverage; it is just earmarking cash. Ms. Dougherty recommended the Board redesignate the funds under the new General Bond Resolution 5107 and also add another \$2.5 million contribution to the environmental fund. Director LaGere moved to approve Ms. Dougherty's recommendation, seconded by Director

Chernicky, and voted upon as follows: Frost, Kerns, LaGere, Spears, Chernicky, yes.
Motion passed (5-yes, 0-no, 0-abstained).

**4.m. Change Orders #1, #2, and #3 to Contract 13548, Energy Control Center Renovation and Expansion, with Crossland Construction Company for
(#1) Modifications of Electrical and Cabling,
(#2) Deduction for Using Existing Water to Building,
and (#3) Revise Parking Lot Layout**

Ms. Moore reported construction did start on the Energy Control Center on October 15. As of today, all of the interior walls are removed. Change Order #1 is deleting unneeded things in the project. The number of junction boxes was reduced as well as the size of the conduit. Additions included changing from a Cat5 to Cat6 cabling and adding more data ports. Three four-inch conduits need to be relocated for clearance for switchgear. Some cable trays were also added to organize cables. The total cost of Change Order #1 is \$17,613.36 and requires an extension of 15 days. Change Order #2 is a credit in the amount of \$6,000. The condition of the current water line was unknown until construction began. The water line has been installed and is acceptable, so the amount in the bid specifications is not needed. Change Order #3 is to change the layout of the parking lot. After the specifications were sent out, it was discovered the parking lot ran parallel with the switchyard/substation, which will need expansion. Therefore, the parking lot will need to be reconfigured and placed perpendicular to the substation. The total cost of Change Order #3 is \$17,354.10 and will require an extension of ten working days. Construction occupancy completion has been changed to May 5, 2011, and total construction completion has been changed to July 6, 2011. Director Frost moved to approve Change Order #1 to Contract 13548 to reduce some costs and make modifications needed to serve GRDA best in the future,

seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Spears, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Frost moved to approve Change Order #2 to Contract 13548 to receive a credit back for an unneeded cost, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Frost moved to approve Change Order #3 to Contract 13548 to make the modifications needed to plan for future expansion, seconded by Director LaGere, and voted upon as follows: Spears, Frost, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.n. Bid Award Recommendation for Contract 15391, Security Services for Coal-Fired Complex

Mr. Barney reported this work was put out for bid in November. The existing contract is with Securitas, and that contract has expired. Three very professional proposals were received. Mr. Barney stated the Coal-Fired Complex is operated 24/7. The Coal-Fired Complex is located near major highways and gets a lot of visitors and activity near the plant for which security services are necessary. In 2008, GRDA did install fencing. There are over 1,200 acres surrounded; five miles of fence was installed. A security officer patrols the area. There is also a main security gate and a bulk-materials gate. There is a security officer at the main gate 24 hours a day, and a patrol officer is generally on duty 24 hours a day. The south gate is only open Monday through Friday. Two of the proposals took no exceptions to GRDA's terms. The apparent low bidder took some extensive exceptions to GRDA's terms for liability and indemnification, and staff recommends their bid be excluded. The next low bid that took no exceptions

was from Securitas Security Services, and staff recommends awarding them a one-year contract in an amount not to exceed \$325,000 for actual services provided. The contract would be renewed after one year if both parties are in agreement. The contract allows for four such extensions. The contract also has provisions that allow either party to cancel with 60 days' notice. Mr. Barney added he anticipates coming back before the Board, making further improvements in addition to the fencing. Mr. Barney recommended the Board authorize the CEO to enter into the proposed agreement with Securitas Security Services of Tulsa, Oklahoma, in the not-to-exceed amount of \$325,000. Discussion followed about GRDA providing this service itself. Director Frost moved to approve staff's recommendation, seconded by Director LaGere, and voted upon as follows: Frost, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.o. Change Order #1 to Contract 6095 with Global Asset Management to Add Additional Unknown Meters to the Project

Mr. Fraley reported the Board previously approved the installation of water meters, so GRDA could understand what kind of water usage GRDA's customers have. This change order is in the amount of \$83,954. In the original RFP, GRDA specified a certain number of locations and water intakes. When the contractor was doing its survey and engineering work, 11 more water intake pipes were found, and each pipe has to be metered to know how much water is being moved. In response to a question by Director Kerns, Mr. Fraley stated the cost of the meter would be recovered from the customers. The meters are remotely read and require less effort to maintain them. The meters utilize a new technology in which a probe is located inside the pipe; the probe is easy to

replace and is tamper resistant. Director Spears moved to approve Change Order #1 for Contract 6095 to electronically meter water usage out of Grand Lake, seconded by Director Frost, and voted upon as follows: Frost, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.p. 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:** Director LaGere had no further report.
3. **Coal Committee:** There was no report.
4. **Marketing Committee:** Director Frost had no report.
5. **Policies and Procedures Committee:** Director LaGere reported the Committee met this morning regarding and recommended approval of the following items:
 - (i) 2009 annual review of Board of Directors Policy Manual;
 - (ii) first reading of amendments to Board Policy No. 5-2, *Investment of Funds*;
 - (iii) first reading of new Board Policy No. 5-4, *Policy on Bond Issue Tax Code and Securities Law Compliance*;
 - (iv) first reading of amendment to Board Policy No. 2-5, *Expense Allowances for Official Business – Board of Directors*;

(v) opening of rulemaking record pursuant to the Oklahoma Administrative Procedures Act for OAC Title 300, Chapter 20 (Purchasing Policy) and OAC Title 300, Chapter 35 (Lake Rules); and

(vi) rules and regulations regarding the operation of the GRDA Ecosystems & Education Center.

Director LaGere moved the Board approve the Policy Committee recommendations as stated, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Spears, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

6. Long-Range Planning Committee: There was no report.

6. Executive Session to Discuss the Purchase or Appraisal of Real Property:

a. Condemnation Proceedings

b. Purchase of Real Property for Transmission Line Easements in Delaware County Oklahoma.

7. Executive Session Concerning *O.J. & Mable Allman, Jr., Robert & Teresa Asbell, et al., v. GRDA; Case No. CJ-2001-381; In the District Court of Ottawa County, State of Oklahoma.*

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

Director Spears moved to go into executive session at 12:00 p.m., seconded by Director Frost, and voted upon as follows: LaGere, Spears, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director LaGere moved to return to regular session at 1:39 p.m., seconded by Director Spears, and voted upon as follows: Spears, Frost, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

9. Action on Executive Session Items:

a. Board Resolution of Necessity Related to Condemnation Proceedings to Be Filed in Delaware County.

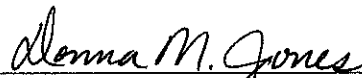
b. Any Other Action Necessary As a Result of Executive Session Items.

Regarding item 6.a., Director Spears moved to adopt the resolution declaring the public necessity to acquire certain easements in Delaware County Oklahoma for the purpose of a 161-kV transmission line, seconded by Director Frost, and voted upon as follows: Frost, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 6.b., Director Spears moved to approve the purchase of real property for transmission line easements in Delaware County Oklahoma as discussed in executive session, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Spears, Frost, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

No action was deemed necessary at this time on any other executive session item.

Director Frost moved for adjournment at 1:41 p.m., seconded by Director Spears, and voted upon as follows: LaGere, Spears, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

January 13, 2010
GRDA Board of Directors