

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
November 3, 2010**

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 November 3, 2010. 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, 2009, at 3:33 p.m.; by submitting a notice of changed meeting to the Secretary of State on October 20, 2010, at 4:22 p.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Chernicky called the meeting to order at 10:16 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett and Frost. Chair Chernicky declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

David J. Chernicky, Chair	Present
Stephen R. Spears, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Absent
Terry G. Frost	Absent
Betty Kerns	Present
W. Brent LaGere	Present
Chris Meyers	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	Absent
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Harold Robertson and Shane Burgess, NEOEC; Gary Pruet, Pryor MUB; Mark Chesney, Tahlequah Public Works Authority; Shane Woolbright, MESO; Ted Hilmes, KAMO Power; Cindi Wilkinson and Ronnie Jobe, BOK; Matt Roberts and Robert Long, Grand Lake Towne; Justin Alberty, Tamara Jahnke, Chuck Atkins, Melanie Earl, Holly Moore, Mike Stafford, and Dave McCollaum, GRDA.

1. Regular Board Minutes of September 8, 2010

2. Claims, \$36,062,469.57

4.a. Resolutions of Commendation:

(1) Johnnie J. Zibert

(2) Bernard R. Cooper

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

**(1) John Deere 892 D-LC 1988 Track Hoe and 20-Ft. Ada Stick Workbrow
Quick Coupler, 54" Rock Bucket**

**(2) Canon NP 3050 Copier, Canon GP200S Copier, IBM Selectric III
Typewriter, Panasonic Model UF332 Fax, Brother Intellifax 4100E, and
Panasonic Model UF490 Fax**

4.c. Contract for Commercial Service with Kapin, LLC

5.b. Purchase Order Report (* Denotes Addenda Items)

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
24373	Buckman Labs	\$69,600.00
24530	Brenntag Southwest	51,880.00
24577	Foster Wheeler	65,673.00
24697	Siemens Power Generation	445,860.00
24751	P&K Equipment	120,114.00
24766	Howden Buffalo	88,535.00
24969	Environmental Management	150,000.00
25073	Hasler/Mailfinance	9,631.44
25138	Standley Systems	12,160.80
25211	Stock Equipment	105,438.00
25217	Standley Systems	13,196.40
25243	Altec Industries	109,789.00
25254	Alstom Power	67,380.00
25262	Brenntag Southwest	269,500.00
25278	TransAmerica Power Products	<u>1,073,640.00</u>
<i>Total Standard</i>		\$2,652,397.64
23087	Harlo Corporation	<u>\$392,971.00</u>
<i>Total Change Orders</i>		\$392,971.00
24144	Kansas & Oklahoma Railroad	<u>\$5,286.00</u>
<i>Total Emergency Orders</i>		\$5,286.00

Grand Total Purchases **\$3,050,654.64**

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF009-00350	Upgrade Pens. Sub/Replace Transformer (Rev.)	\$5,538,000.00
RF010-00393	Microwave Installation	534,435.30
RF010-00411	Upgrade GE SCADA System	1,081,085.00
RF010-00413	Records Retention Building Addition	83,863.50
RF010-00415	GRDA MAXIMO 7.2 Implementation	<u>730,299.67</u>
	<i>Grand Total Work Orders</i>	<u>\$7,967,683.47</u>

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms from Steve Stough dated September 21, 2010, and Joyce Summers dated September 22, 2010.

Director LaGere moved to approve the consent agenda, seconded by Director Meyers, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, 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 the "GRDA November 2010 Update" highlighting an update on the Excavation Crew projects.

4. New Business

4.d. Assets Committee Recommendations:

4.d.1. Request by Colonial Center, L.P., to Modify an Existing Facility in Ketchum Cove on Grand Lake in Mayes County Oklahoma to Install a Dock with 14 Slips and for Waiver (i) to Exceed the 125-Foot Rule and (ii) for Slips to Be Located Parallel to the Shoreline.

4.d.2 Request by Northeast Electric Oklahoma Electric Cooperative, Inc., for an Easement to Install an Overhead Guy Pole and Guy Wire Located in Mayes County Oklahoma.

Regarding item 4.d.1., Director Kerns reported the Assets Committee unanimously recommends approving the request by Colonial Center to modify an existing facility in Ketchum Cove to install a dock with 14 slips and a waiver to exceed the 125-foot rule and for slips to be located parallel to the shoreline. Director Kerns moved to approve same, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.d.2., Director Kerns reported the Assets Committee unanimously recommends approval of the request by Northeast Oklahoma Electric Cooperative for an easement to install an overhead guy pole and guy wire located in Mayes County. Director Kerns moved to approve same, seconded by Director Spears, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.e. Sale of Summit Transformer to KAMO Power

Mr. Herron reported the Summit substation is owned by GRDA, but because it serves only KAMO loads (East Central REC), KAMO maintains the substation and is responsible for general maintenance. The transformer is a 1973 GE model, 69/13.2 kV, 7.5/10.5 MVA, fully depreciated. It requires major load-tap changer repairs. A separator board between the load-tap changer and the transformer needs to be fixed, and repairs are estimated at \$20,000. It is GRDA's responsibility to repair the transformer. KAMO has offered to purchase the transformer as-is, where-is at \$6 per kVA minus the \$20,000 for repairs, making the purchase quote \$43,000. GRDA staff recommends the

sale of the transformer. Director LaGere moved the Board approve the sale of the Summit substation transformer (GE Serial Number H879240B) “as-is, where-is” to KAMO for the quoted price of \$43,000; seconded by Director Spears; and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.f. Bid Award Recommendation for Contract 24059,
Tonnece-Siloam Springs Right-of-Way Clearance**

Mr. Herron reported this contract involves 7.5 miles of new transmission line. The contract is for clearing the right-of-way (ROW) and installing 27 gates for ROW access. Approximately 30 acres will be cleared, and there is a 90-day completion deadline on the project. Two bids were received. The quotes included optional unit prices for additional single and double gates and stump removal by grinding if needed. Change orders would be needed for those changes. Both quotes were complete, and neither took exceptions. Mr. Herron recommended the contract be awarded to the low bidder. Director Chernicky moved the Board approve award of Contract 20459 for clearing transmission right-of-way to the low bidder, Tribal Construction Company, for the contract price of \$292,335; seconded by Director Kerns; and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.g. Change Order #3 to Contract 20478, Substation Construction Services,
Kerr Dam Substation, with BBC Electrical Services Inc. for Demobilization
and Remobilization and Extension of Completion Deadline**

Mr. Herron reported changes occurred because of delays GRDA caused during construction. GRDA was unable to schedule line outages for breaker replacements due to summer loads. GRDA has to schedule loads through the Southwest Power Pool (SPP), and sometimes SPP declines those requests. That kept GRDA's contractors from doing some of the breaker change outs that were needed. There were also delays in providing GRDA materials and equipment. The field modification of bus was due to clearance problems that required GRDA to order different materials. The designs on the relay panels were delayed from the engineer, so that delayed receipt of relay panels. The contractor completed all the work he could do. Because of the expected extended period inactivity, he demobilized in September and moved to another site, to be back in November. The demobilization costs amounted to \$6,800, and the remobilization costs will be \$9,875, totaling \$16,675. The contractor has requested an extension of the completion deadline by 120 days. This change order will bring the change order total to \$57,380.43, or 3.95 percent of the total contract price—still within the 10 percent limit. Director Spears moved the Board approve Change Order #3 to Contract 20748 because the contractor was delayed due to GRDA's inability to schedule line outages and to provide needed equipment and materials for the contractor to continue construction work, seconded by Director Meyers, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.h. Change Order #4 to Contract 20478, Substation Construction Services, Kerr Dam Substation, with BBC Electrical Services Inc. to Install Ground Bus Bars Not Included in Original Specs

Mr. Herron reported this change order came in after the previous one had already been put together. Copper ground bus bars were needed in six termination cabinets.

Bus bars were not included in the original specifications or drawings. The contractor quoted \$616.67 for the bus bars and \$570.00 for installation. This change order would bring the change order total to \$58,567.10, or 4.03 percent of the total contract price. Staff recommends approval of the change order. Director Chernicky moved the Board approve Change Order #4 to Contract 20748 because ground bus bars were needed in the six termination cabinets, and they were not included in the original specifications or plans; seconded by Director Kerns; and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.i. Change Order #1 to Contract 20876, Jay Substation Construction Services, for Modifying Grade, Replacing Breaker, and Drilling Weep Holes

Mr. Herron reported that in the process of expanding the bus work and adding more breakers to the substation, capacitor banks are being installed. The project is in progress. Items were identified after the contract was awarded, and they were not included in the contract. The first item involved the grading. After initial grading was completed, GRDA needed to modify the northwest corner for a more gentle slope. The contractor provided a quote of \$1,477.50 to do the additional grading. The second item was an existing breaker that experienced a maintenance problem. The contractor quoted \$4,385 to remove the old breaker and foundation. He quoted \$5,590 to install a new foundation, breaker, and connections. The total for the breaker replacement is \$9,975. This work could have been done by GRDA crews, but GRDA would have had to coordinate the work with the contractor, plus other ongoing projects limit GRDA personnel. The final item involved weep holes. The contractor noticed there were no weep holes in the 69-kV bus. He quoted a price of \$1,520 to drill weep holes where

needed. The total of the three modifications is \$12,972.50, or 5.44 percent of the total contract price. Staff recommends approval. Director LaGere moved the Board approve Change Order #1 to Contract 20748 to do additional grading on part of the property, to replace a breaker, and to drill needed weep holes in the 69-kV bus work, all of which became evident after award of the contract and were not part of the original scope of work for the project; seconded by Director Kerns; and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.j. Change Order #1 to Contract 20830, Substation Construction Services for 161-KV Yard at Pensacola, for Correction of Footings on Dead End Tower

Mr. Herron reported the original bid plans showed large concrete pads as footers for lattice tower dead-ends. During an in-house review prior to the issue of "For Construction" drawings, GRDA personnel identified the error. There are four concrete pads that need to be deleted, and sixteen concrete piers were required. The contractor was asked to provide a change order request. The installation total is \$40,112, less a credit of \$3,440 for the four pads, bringing the total to \$36,672, or 5.66 percent of the original contract total. Staff recommends approval. Director Chernicky moved the Board approve Change Order #1 to Contract 20830 to correct an error found in the "Issued for Bid" plans, seconded by Director LaGere, and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.I. Sole Source Purchase Recommendation for GE Quotes 845325 A and B, Software for Monitoring SCADA System

Mr. Herron reported that at the last meeting, the Board approved an upgrade of the additional SCADA hardware and an upgrade of the SCADA software. The Version

14 software upgrade will monitor and operate the GRDA transmission system. GRDA now needs software to monitor the network and equipment that makes up the SCADA system. The monitoring data, logs, and reports are necessary for NERC compliance. Mr. Herron gave some examples of the monitoring. Staff attempted to find monitoring software from other vendors for competitive bids. It was learned that the monitoring software must be integrated with GE software, so it must be supplied through GE as a sole source. GRDA requested a quote from GE for software and installation. GE provided one for an Industrial Defender—a suite of several interrelated network monitoring software packages that do the job GRDA is looking for. The software package includes a compliance manager (\$220,000), security solutions (\$130,000), quality assurance system device interface software (\$29,800), and a network intrusion detection system (\$60,800). GE also included a mandatory year of customer support for each in the amounts of \$55,000, \$32,500, \$7,450, and \$15,200, respectively. The total for the first year would be \$550,750. The software will require on-site assistance by GE technical services for installation and configuration. It requires purchase of an annual comprehensive support service agreement for maintenance and modifications. GE provided support quotes for three years. GRDA could pay for the support upfront at a quoted cost, or GRDA could buy individually in years two and three. If the support is purchased annually, GE will increase the support costs by three percent for both years. That is the difference between the A and B quotes. The A quote is the one with the upgrade costs, and the B quote is a firm price. If GRDA buys the maintenance support for two years, the A quote is \$230,315. If GRDA buys the maintenance support upfront, the B quote is \$220,300. The overall package price for three years is either \$781,065 for

Option A or \$771,050 for Option B. Staff recommends the one-time purchase (Quote B). The funding is included in the 2008 bond issue. Director LaGere moved the Board approve the sole-source purchase of Industrial Defender Software as provided in GE quotation 845325 B for the total price of \$771,050, seconded by Director Meyers, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.k. Sole Source Purchase Recommendation for GE Quote 845348,
Migrate Industrial Defender Software to New System**

Mr. Herron reported this quote is to migrate the Industrial Defender software from the existing SCADA system to the new system. The software just purchased will be installed on the existing system, which is a Version 8 software package. The new SCADA hardware will arrive in July and will have the upgraded Version 14 software pre-installed. GRDA needs to upgrade the software that it is now buying—Industrial Defender—and install it on the new package when it arrives. A GE technician will have to be on site to make changes and modify some of the settings. GE quoted \$22,863 for migration services; that amount will be covered in the 2008 bond issue. This is sole source because it involves proprietary GE software. Staff recommends approval. Director Chernicky moved the Board approve the sole-source purchase of services as provided in GE quotation 845348 for the total price of \$22,863, seconded by Director Kerns, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.m. Bid Award Recommendation for Contract 24937, Land Agent Services

Mr. Herron reported GRDA needs services of land agents to purchase land, acquire right-of-way, and verify easement restorations. GRDA requested price quotes for three years to allow annual extensions twice. In the past, one-year terms were used. This would allow for multiple contracts as long as work on certain projects GRDA chooses to award to. GRDA received three responses. Coates Field Services quoted the lowest base prices for land agent/right-of-way agent, and they will bill on an hourly rate. Universal Field Services and Pinnacle Consulting quoted fixed prices. Pinnacle is currently working for GRDA and has projects in progress. A restoration check on the Feeder 4 easement is being done. Pinnacle is also involved with the Afton substation land addition purchase and the Kansas Tap substation land purchase. Pinnacle was not the low bidder, so staff is requesting approval of two contracts. Staff would like approval of a contract with Pinnacle to work through completion of current projects in progress, and staff would like approval for Coates Field Services for all new projects. Both contracts would use the quoted hourly prices for the first year of the contract. Discussion followed. Director LaGere moved the Board approve award of part of RFQ 24937 to Pinnacle Consulting Management Group to complete current projects in progress for a maximum of \$25,000 and that the Board approve award of part of RFQ 24937 to Coates Field Services for all new land agent projects for a maximum of \$125,000, seconded by Director Meyers, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. Change Order #2 to Work Authorization 13228 with EPS for Design of Dry Gulch Substation

Mr. Herron reported EPS is designing the Dry Gulch substation. It is a 161-kV substation supplying power to an NEO distribution substation near Dry Gulch. Both substations are new and are next to each other on joint property. The joint property was purchased by NEO, and NEO is going to sell GRDA the part of the property needed for GRDA's substation. The original plan was for NEO to handle the grading, fill, retaining wall, and fencing on the project because it is a contiguous site and would be easier to have one contractor doing the work. GRDA would then reimburse NEO for the costs of that work because it would save time, it was a small site, and there would be less design coordination between engineering firms. Legal and purchasing problems canceled the plan at the point of awarding the contract. NEO has already awarded the contract for their side of the substation. Mr. Herron was going to ask for board approval for GRDA's side, but because of the problems, that is not going to happen. EPS has designed the GRDA part of the substation, and they had assumed the site would be level and available for them. Now GRDA needs to modify their plans and have additional engineering work done that shows the grading and drainage plan, fencing and grounding, retaining wall or other means to hold the hill in place, and coordinate construction and designs with NEO. EPS provided a change order in the amount of \$17,600 to redesign the station site grading and earthwork excluded from NEO's original earthwork design. The amount of \$1,440 will be added to redesign the station site, conduit layout, groundmat layout, and control house location with associated drawings. Staff recommends approval. Discussion followed. Director Chernicky moved the Board approve Change Order #2 to Work Authorization 13228 with EPS

Engineering for \$19,040 for additional engineering design work needed for the Dry Gulch substation, seconded by Director Kerns, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.o. Ratification of Fourth Revision to Service Agreement for Network Integration Transmission Service and Network Operating Agreement with Southwest Power Pool

Mr. Stafford reported the purpose of the filings is to separate the GRDA pump load from the GRDA control area system load. This separation would better utilize GRDA resources, one of which is the Redbud facility. It would also allow more efficient and economic supply of power to pump up the Salina reservoir. GRDA currently has to schedule off its internal resources to supply the pump load because it is tied into GRDA's control area load. The revision also adds FERC-accepted SPP revisions to attachment F of the Network Integration Transmission System Agreement (NITSA) and attachment G of the Network Operating Agreement (NOA) that became effective July 23, 2010. The reason for the board ratification approval is because the revised documents were sent to GRDA for review and approval on September 9. SPP's filing deadline to FERC was the last week of September, which created a timing issue for Board approval prior to signing the agreement. Staff recommends approval. Director Chernicky moved the Board ratify the execution and approval of the Network Integration Transmission Service Agreement – Attachment F – Revision 4 and the Network Operating Agreement – Attachment G – Revision 4, seconded by Director Spears, and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.p. Update, Scheduling, Status, and Discussion Regarding Grand River Dam Authority Revenue Bonds, Series 2010A and Series 2010B, Including But Not Limited to the Following:

- (1) Selection and Approval of Construction Fund Trustee for 2010 Revenue Bond Proceeds**
- (2) Bond Resolutions:**
 - (a) Resolution No. 5152 – Ninth Supplemental Resolution Authorizing the 2010 Revenue Bonds**
 - (b) Resolution No. 5153 Authorizing Certain Documents and Actions Relating to the 2010 Revenue Bonds, Including Approval of:**
 - (i) Preliminary and Final Official Statements**
 - (ii) Bond Purchase Agreement**
 - (iii) Continuing Disclosure Agreement**
- (3) Fees in Connection with GRDA Revenue Bonds, Series 2010A and 2010B:**
 - (a) Rating Agency Analytical Services:**
 - (i) Standard & Poor's**
 - (ii) Fitch Ratings**
 - (iii) Moody's Investors Service**
 - (b) Council of Bond Oversight Standard Fee**
 - (c) Deloitte and Touche Professional Services**

Ms. Dougherty reported that Mr. Easley, Ms. Zumwalt-Smith and she visited with the rating agencies about a week ago. Some press releases are anticipated within the next week. GRDA had asked for ratings by November 5, and at least one of the rating agencies is going to committee this afternoon. Staff will also meet with the Bond Oversight Committee November 10 and will send out the preliminary official statement.

Pricing will probably happen the week before Thanksgiving, and it is hoped the closing will be December 1.

The first item for Board approval is for Construction Fund Trustee for the proceeds. Bank of Oklahoma is GRDA's Bond Fund Trustee and paying agent. The Ad Hoc Committee wanted to make sure GRDA put its money in more than one bank. Four responses were received to the request for proposals (RFP): Bank of Oklahoma, UMB Bank, RCB Bank, and BancFirst. The selection criteria included experience and expertise, trustee experience and capital, and proposed fees. The Ad Hoc Committee recommends approval. Director Kerns moved the Board select and approve BancFirst as the Construction Fund Trustee of the 2010 Revenue Fund Bond Issue, provided they are approved by the Oklahoma State Bond Advisor. Otherwise, the Construction Fund Trustee shall be Bank of Oklahoma. Director Spears seconded the motion, and the motion was voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Ms. Dougherty reported there are two resolutions relating to the bonds being presented for Board consideration. Resolution No. 5152—Ninth Supplemental Resolution—authorizes the issuance of revenue bonds in an amount up to \$240 million for the purpose of financing system costs projects. It also defines bond issue parameters for the 2010 Bond Series. It also allows for the issuance of BABs (Build America Bonds), but GRDA is not going to issue BABs. The second resolution is Resolution No. 5153 which authorizes certain documents and actions relating to the 2010 Revenue Bonds. The resolution authorizes GRDA to approve the execution and delivery of agreements and documentation necessary to accomplish the sale, issuance,

and delivery of the 2010 Bonds. Some of those documents are the Bond Purchase Agreement, the Preliminary Official Statement, the final Official Statement, and the Continuing Disclosure Agreement. Director Meyers moved the Board approve Resolution No. 5152 authorizing the issuance of Revenue Bonds Series 2010A and Series 2010B and that the Board approve Resolution 5153 authorizing management to take the actions necessary relating to the sale, issuance and delivery of the 2010 Revenue Bonds, seconded by Director LaGere, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Ms. Dougherty reported the next item addresses fees. Last time there were several fees that exceeded Mr. Easley's \$50,000 limit. Fees related to the rating agency analytical services are \$35,000 for Standard and Poor's, \$44,000 for Fitch Ratings, and \$70,000 for Moody's Investors Services. The Council of Bond Oversight standard fee is \$26,400; the fee for Deloitte and Touche professional services is in the not-to-exceed amount of \$50,000. There are also other miscellaneous fees for the printer, trustees, travel, etc., that fall under Mr. Easley's approval limit. The only fee that needs approval today is for Moody's Investors Services in the amount of \$70,000. Director Chernicky moved the Board approve the fees necessary for the issuance and delivery of the 2010 Bond Issue as stated, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.q. Resolution 5154 Amending Rate Stabilization Policy and Reserve

Ms. Dougherty reported that in 2007 GRDA negotiated with the municipal groups as a whole and came up with a policy and actually incorporated some of the language into GRDA's contracts. The policy included wording that if GRDA had excess funds

greater than \$150 million or six months operating expenses, GRDA would start funding an account and use that account to keep rates more level and prevent future rate increases from having such a large impact. The amendment does not change the terms at all. GRDA passed new General Bond Resolution No. 5107 for the 2008 Bond Issue. That ultimately became effective when 60 percent of the original debt had been paid off. All the language in the resolution referred to 4800, the previous General Bond Resolution. This amendment just clears up the language to recognize Bond Resolution No. 5107. Director Spears moved the Board approve Resolution No. 5154 amending the Rate Stabilization Policy and Reserve, seconded by Director Chernicky, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.r. 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 report.
- 3. Coal Committee:** Director Chernicky had no report.
- 4. Marketing Committee:** There was no report.
- 5. Policies and Procedures Committee:** There was no report.
- 6. Long-Range Planning Committee:** There was no report.

7. **Ad Hoc Committee Established for 2010 Bond Issues:** Director Kerns had no report.

6. Executive Session Concerning Non-Public Information

7. Executive Session Concerning *Grand River Dam Authority vs. Oklahoma Municipal Power Authority*, an Agency of the State of Oklahoma, Case No. CJ-2010-122; in the District Court of Craig County, State of Oklahoma

8. Executive Session Concerning Annual Review of Employment of Chief Executive Officer/General Manager/Director of Investments Including Possible Employment Contract

Director LaGere moved to go into executive session at 10:59 a.m., seconded by Director Spears, and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 11:39 p.m., seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

9. Action on Executive Session Items

Regarding items 6 and 7, no action was deemed necessary at this time.

Regarding item 8, Director Chernicky moved to approve the employment contract for the Chief Executive Officer/General Manager/Director of Investments as discussed in executive session, seconded by Director LaGere, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 11:40 p.m., seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes.
Motion passed (5-yes, 0-no, 0-abstained).

Donna M. Jones

Donna M. Jones, Secretary

DATE APPROVED:

December 8, 2010
GRDA Board of Directors