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

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on April 8, 2009. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on December 2, 2008, at 11:28 a.m.; by posting the agenda with the Craig County Clerk's office on April 6, 2009, at 12:35 p.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Mr. Easley introduced and gave some background information on new Board Member Dewey F. Bartlett, who was appointed by President Pro Tem of the Senate Glenn Coffee. Mr. Bartlett fills the unexpired term of Peter Regan who accepted an appointment by the Governor. Mr. Easley thanked Mr. Regan for his time on the Board, and Mr. Regan expressed his appreciation to be affiliated with an organization like GRDA. Mr. Bartlett indicated he is looking forward to working on the Board.

Chairman LaGere called the meeting to order at 10:28 a.m. The Secretary called the roll; all members were present with the exception of Director Chernicky. Chairman LaGere declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

W. Brent LaGere, Chairman	Present
Gerald H. Gay, Chairman-Elect	Present
Dewey F. Bartlett, Jr.	Present
David J. Chernicky	Absent
Terry G. Frost	Present
Betty Kerns	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	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Pete Regan (former Board Member), Robert Echenrode and Harold "Robby" Robertson, NEOEC; Mike Doublehead, SADA; Stanley Day, TPWA; Gary Pruett, Pryor MUB; Rusty Fleming, GLUE; Randy Krehbiel, Tulsa World; Kathy Parker, Pryor Daily Times; Don Beck, Beck Design; Ivan Williams and Mike McGehez, Williams Construction; Don and Bernie Chisholm, Cable Dry; Alan Holt, Global Asset Management; Gerald Dorsey, Toby Powell and Jesse Powell, Fox Pointe; Bill Gillespie, Peggy Campbell, Melinda Barker, and General Gary Bray, ESGR; Everett Slavit and Tom Patt, OPM; John Heyburn; Crossland Construction; Kim Cunningham and Richard Hinkle, C. H. Guernsey; Kami Brown; Melissa Sewell, Chemical Lime; Darrell Townsend, Justin Alberty, Dave McCollaum, Ken Burrow, Holly Moore, Melanie Earl, Kenny Baker, Tamara Jahnke, Casey Davis, Jim Fraley, Allison Goodpaster-Carter, Mike Herron, Roger Burger and Johnnie Zibert, GRDA.

Mr. Easley introduced GRDA Superintendent of Human Resources Ms. Goodpaster-Carter who reported GRDA is being awarded the Patriot Award today. It is one way the members of the National Guard and Military Reserve Component recognizes the support provided to them by their employers as they serve our country in the military service. The award is being presented by the Employer Support of the Guard and Reserve (ESGR). The ESGR's mission is to promote a culture in which all employers support and value the military service of their employees. The ESGR was established in 1972 to gain and maintain employer support for guard and reserve service by recognizing outstanding support, increasing awareness of the law, and resolving conflict through mediation. This award was nominated by Army Reserve and GRDA maintenance technician Leddy Brown who has been with GRDA since October 1999. Mr. Brown is currently serving in Iraq, his second deployment since joining the army reserve in 2003. Ms. Goodpaster-Carter introduced Mrs. Kami Brown; Ms. Barker, Ms. Campbell, and Mr. Gillespie of ESGR; Mr. Patt and Mr. Slavik of OPM; and General Gray who is chairman of ESGR. General Gray gave some comments about ESGR and presented Mr. Easley the Freedom Award.

CONSENT AGENDA

1. Special Board Minutes of February 18, 2009

2. February Claims, $32,800,771.93; March Claims, $40,306,173.58

4.a. Resolutions of Commendation:
(1) R. Bruce Willis
(2) Pat Mahoney

4.b. Declare Surplus and Not Necessary to the Business of the District:
(1) Cyberex Static Inverter and Cyberex Static Rectifier
(2) Nine Oil Circuit Breakers (OCBs)
(3) GE Magnablast Circuit Breaker
(4) Approximately 100 Wood Utility Poles, 55-75 Feet

5.b. Purchase Order Report

Number	*Vendor*	*Amount*
11485	Square D Co./Schneider Electric c/o Electrical Resources Company	$77,200.00
11482	US Lime Company	3,292,800.00
11560	Klenzoid Equipment Company	113,344.00
11566	Manta Test Systems	151,995.00
11588	Allied Bearings Supply Company	78,802.18
11602	Red River Specialties Inc.	179,550.00
11621	C H Guernsey & Company	225,510.00
11712	Airgas Inc.	25,380.40
12011	Konecranes Inc.	205,460.00
12305	Damper Design Inc.	67,440.00
12308	Damper Design Inc.	84,200.00
12374	Continental Industrial Supply	116,688.00
12432	Omega Atomizers-SDA Eng. Ltd.	160,990.00
12461	ABB Inc.	813,160.00
12469	Pennsylvania Transformer Tech. Inc c/o Preferred Sales Agency	564,448.00
Total Standard		$6,156,967.58
11592	Schweitzer Engineering Labs	114,075.00

11607	**HICO America Inc.**	
	c/o Preferred Sales Agency	**1,020,000.00**
Total Emergency		**$1,134,075.00**
Grand Total Purchases		**$7,291,042.58**

5.c. Work Order Report

Number	*Title*	*Amount*
RF009-00347	**Dry Gulch Sub**	**$1,512,000.00**
RF009-00348	**Elk River Bridge 69-KV Line Relocation (Hwy 10)**	**1,039,565.00**
Total		**$2,551,565.00**

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms as follows: (1) from Danny Ragsdale dated February 10, 2009; (2) from Dewey Epps dated February 18, 2009; (3) from Craig Landrum dated February 27, 2009; and (4) from Jim Pierson dated March 16, 2009.

Director Spears moved to approve the consent agenda, seconded by Director Frost, and voted upon as follows: Frost, yes; Gay, yes, but abstained as to item 2 (claims); Kerns, absent; LaGere, Spears, Bartlett, yes. *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 April 2009 Update" that included footage spotlighting preventative maintenance on Unit 2 at the Salina Pumped Storage Project and the Grand Lake shoreline cleanup—partnership with Northeast Oklahoma Corrections Center.

3.b. Assets Committee Recommendations:

3.b.1. Request by the Oklahoma Department of Transportation for a Highway Easement on GRDA Property in Delaware County Oklahoma.

Director Kerns reported the Committee recommends approval of the request for an easement with the condition the costs to relocate GRDA's current transmission line and any underbuilt lines or other lines upon GRDA's transmission line be paid by ODOT. Director Kerns moved to approve same, seconded by Director Spears, and voted upon as follows: Gay, Kerns, LaGere, Spears, Bartlett, Frost, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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4. New Business
4.c. Assets Committee Recommendations:

4.c.1. Request by Fox Pointe Development, LLC, for a Commercial Dock Permit for Two Docks Containing 19 Boat Slips and 21 Personal Watercraft Slips for a New Residential Subdivision Located in Lawhead Hollow on Grand Lake.

Director Kerns reported the Committee recommends approval of the application, subject to the removal of the PWCs on the south side of Dock B. Ms. Jahnke explained Fox Pointe is a new residential development in Delaware County. When an applicant submits an application, staff then reviews it. On this commercial development, a public meeting was also held, and one gentleman attended the meeting, Mr. Harold Miller. Mr. Chris Miller, a neighbor of the development, submitted comments. Mr. Miller's father, Harold, was present at the Assets Committee meeting this morning. The applicant is also present. There were issues related to Dock B, the dock closest to the neighbor's private dock. The issues related to Mr. Chris Miller's comment that the docks were too close together and that there would be a problem with congestion. To resolve the issue

in part, the Committee discussed taking off the PWC slips on the south end of Dock B. This action would decrease the length of Dock B by 12 feet, making the distance between Dock B and the neighbor's dock about 67 feet. These are slips that would be available to owners of the development. In response to a question by Director Frost, Ms. Jahnke stated the applicant owns the shoreline where the dock will be located. There is no one-third-of-the-cove violation or parallel slip or other waivers required. Ms. Jahnke added the applicant was agreeable to moving the PWC slips. Director Frost expressed his concern about someone who does not own property controlling the docks or permits of the people who do own property. Director Spears expressed that with the two community docks, he would like some consideration there would not be private docks also scattered in the area. Director Spears stated he would like that as part of the motion that the application be approved subject to there being no other private docks in the development. Discussion followed about the fact that unless a waiver is required for a dock, the applications would not come before the Board. Director Bartlett asked if staff could inform the Board of new docks being installed. Director Frost moved to approve the request, subject to removal of the PWC slips on the south end and without any other requirements, except that if they want to put in any new private docks, those applications would come before the Board, seconded by Director Bartlett, and voted upon as follows: Kerns, LaGere, yes; Spears, no; Bartlett, Frost, Gay, yes. *Motion passed (5-yes, 1-no, 0-abstained).*

4.c.2. Request by Bixby Public Schools, Independent School District #4, Tulsa County Oklahoma for a Transmission Easement Release Located in Tulsa County.

Director Kerns reported the Committee recommends approval to release the easement with the understanding the school district would remove the line across its property at its expense. Director Kerns moved to approve same, seconded by Director Gay, and voted upon as follows: LaGere, Spears, Bartlett, Frost, Gay, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.c.3. Presentation by Don Chism Regarding a Dock Cable Flotation Device Called "Cable Dry."

Mr. Chism showed an example of the product he developed for use at the Lake of the Ozarks. It has been used on that lake for about six years, and the product had to be approved prior to use. An engineer report is available. Mr. Chism requested permission to market this product through GRDA's existing dock dealers. The device is designed to keep dock cables out of the water. Wind causes the docks to sway back and forth, causing cables to break. When the cables lie in the water, they build up with algae, and they cannot be inspected. It becomes a safety factor. The product is made of encapsulated foam. It comes in three colors: orange, black, and green. The Committee recommended eliminating the orange color for aesthetic reasons and just using green and black. Director Kerns reported the Committee recommends approval of the request with the condition only black and green be marketed, and Mr. Chism was agreeable with that condition. Director Spears seconded the motion, and voted upon as follows: Spears, Bartlett, Frost, Gay, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.c.4. Approval of Grand Telephone Company, Inc., to Extend Contract to Install Fiber Optics Cable on GRDA Property in Mayes County.

Director Kerns reported the Assets Committee recommends approval of a new permit for three years and the permit amount to be increased by $500 per year, so the permit would be $2,000 per year. Director Kerns moved to approve same, seconded by Director Spears, and voted upon as follows: Bartlett, Frost, Gay, Kerns, LaGere, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.d. Proposed 2009 Final Budget

Ms. Dougherty reported the first column is the preliminary 2008 financial results. At the next board meeting, the partner and senior manager of Deloitte & Touche should be present to present their audit report. The 2009 preliminary budget was presented in November for approval. The final recommendation is in the third column. The main difference between the preliminary budget and the final budget is that the preliminary budget was based on the same assumptions used in previous financial projections that were done by C. H. Guernsey. GRDA's municipal customers were consistently having 2.5 percent growth, and the cooperatives were showing about 3 percent growth. The industrials were growing fairly rapidly, and GRDA was expecting Google to come. Google announced it was going to delay coming to Pryor for 12 to 18 months. With the economy some of the municipal sales have flattened out. At the last board meeting, the Board approved to have C. H. Guernsey update some of the load forecasting, and they have done so, and the results are reflected in the final budget. It shows a debt coverage of 1.10x. Part of that is a result of some money that will be freed up from the R&C Fund according to a bond resolution change. Ms. Dougherty recommended approval of the

proposed final budget. The main changes are reduction in revenues to reflect the reduced growth of the customers over the last few months, the Google change, reduced fuel costs and purchased power, and decreased interest income. Director Frost moved to accept the budget with the condition if any deterioration takes place, that it be brought back before the Board, seconded by Director Bartlett, and voted upon as follows: Frost, Gay, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.e. Three-Year Renewal of Maintenance Contracts for ASPEN One-Liner and ASPEN Relay Database Software

Mr. Herron reported the Engineering Department employs several computer programs to do fault current studies, two of which are the Aspen programs. GRDA has an ongoing maintenance agreement to provide upgrades on the software and also to answer questions when problems arise. This year, Aspen provided the option of a one-year, two-year, or three-year renewal. GRDA could save 15 percent by doing the three-year renewal, which requires coming before the Board for approval. Mr. Herron requested the Board approve a three-year renewal on the two maintenance contracts. A three-year renewal of the "One-Liner" Maintenance Agreement would cost $7,853.11; a three-year renewal of the "Relay Database" Maintenance Agreement would cost $3,213.00. The total cost would be $11,066.11. Director Spears moved to approve the three-year renewal of both agreements, seconded by Director Kerns, and voted upon as follows: Gay, Kerns, LaGere, Spears, Bartlett, Frost, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.f. Change Order No. 1 to Contract 7673, Kerr to Kerr Tap Rebuild, with Whitnah Construction to Delete 26 Ground Extensions from Scope of Project

Mr. Herron reported the Kerr to Kerr Tap project is about a three-quarter mile transmission line rebuild. It required grounds be installed on all the new poles, that the contractor check the resistance on the new grounds when they were installed, and if the ground was greater than 10 ohms, the contractor had to install an additional 20 feet of conductor and another ground. The contractor had to check it again, and if it was still greater than 10 ohms, install another. The contractor could put up to four ground rods on any pole; at that point, he would stop. The original estimate provided 30 units (a 20-foot extension, plus a ground rod) to cover those if they were needed. The bidder included 30 units. Whitnah quoted $200 per GSE for installation. As it turned out, there is good ground in that area, so Whitnah only needed to install four units. So GRDA is required to credit Whitnah for the 26 unused GSE units to correct the contract total. The project has been completed. A deduction of $5,200 needs to be deducted from the total contract amount before final payment can be made. Mr. Herron recommend approval of the change order. Director Spears moved to approve Change Order #1 to Contract 7673 to make the necessary deduction from the contract total price to conform with work actually completed, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Frost, Gay, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.g. Work Authorization No. 12279 with Black & Veatch for Design Services for Tonnece Substation

Mr. Herron reported GRDA has plans to build a substation near the Oklahoma-Arkansas border on the 345-kV line. It is called Tonnece, the name of a crossroad in that area. GRDA has discussed with Black & Veatch the cost and the scope of services

to design a 345/161/69-kV substation on that line. They estimate it will take about 8,820 hours of engineering work to do the project and have provided a not-to-exceed cost of $996,000. It would be a substation with steel posts rather than lattice structures, and it would be a low-profile substation. Staff recommends approval of the work authorization. Discussion followed about why engineering services are not bid out and about staffing up GRDA's in-house Engineering Department. Mr. Herron spoke of the timing requirements of these projects. The firms utilized mainly in the past for this type of work are Burns & McDonnell, Black & Veatch, Electrical Consultants Inc., and C. H. Guernsey. Director Spears moved to approve the work authorization, seconded by Director Kerns, and voted upon as follows: LaGere, Spears, Bartlett, Frost, Gay, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.h. Work Authorization No. 12281 with Black & Veatch for Design Services for 161-KV Transmission Line from Tonnece to Siloam Springs

Mr. Herron reported this is the next part of the previous project. The new Tonnece substation will be connected to the Siloam Springs substation with a 161-kV line. There will be a 69-kV line that comes out of the same substation and double circuits for part of the route and then splits off and goes to the Arkansas border, at which point it will connect to a line that is being built by Siloam Springs to feed into the north side of their 69-kV loop. The line will probably be a monopole steel structure with 161-kV on one side and 69-kV on the other side. The route is yet to be finalized. It will be approximately eight miles long. It is estimated it will take 1,570 hours of engineering work at a not-to-exceed cost of $273,500. Director Spears moved to approve the work authorization,

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

4.i. Work Authorization No. 12295 with Black & Veatch for Design Services for Modifications to Siloam Springs Substation

Mr. Herron reported this project is related to the two previous projects. This project involves the south end of the transmission line that would be installed. Modifications to the substation would allow another 161-kV circuit to be installed in that substation. The outdated relay panels would be replaced also and disturbance monitoring systems would be installed in this substation to comply with Southwest Power Pool (SPP) requirements. The current line will be moved to the next bay and a new line and a breaker installed. It is estimated the project will require 3,324 hours of engineering work. It is a not-to-exceed cost of $422,040. Director Spears moved to approve the work authorization, seconded by Director Kerns, and voted upon as follows: Bartlett, Frost, Gay, Kerns, LaGere, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.j. Work Authorization No. 12289 to Burns & McDonnell for Design Services for Feeder #4 Rebuild (22 Miles of 161-KV Transmission Line from Kerr to Pensacola)

Mr. Herron reported this project was one, based on load studies, the Southwest Power Pool (SPP) requested GRDA do by June 2011. It will replace the line at Feeder #4, one of GRDA's original transmission lines that dates back to the late '40s. The existing line is a two-pole, H-frame wood structure. The wire size will have to be increased. Because the line is so old, it will have to be completely rebuilt. The last 4.7 miles consists of lattice structure between Highway 69 and Kerr Dam. The 161-kV portion at the Kerr Dam end has to be rerouted to bring it into another bay. This project

is in the not-to-exceed cost of $760,000. It includes an aerial survey to provide obstructions and elevations. Because the right-of-way is over 50 years old, an aerial survey works better than using a ground survey. There will also be ground survey to spot the center line and to spot the poles later on. GRDA has utilized the services of Burns & McDonnell in the past to design the 161-kV line in the MidAmerica Industrial Park (MAIP) and had good results on that project. In response to a question by Director Spears, Mr. Herron reported this line needs to be heavier to keep something else from overloading, and there will be some participation from SPP on the expense on the actual construction of the line. Engineering is not a part of the expense. Director Bartlett moved to approve the work authorization, seconded by Director Spears, and voted upon as follows: Frost, Gay, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.k. Bid Award Recommendation for RFQ 11627 for Claremore Interconnect Substation Modification Construction

Mr. Herron reported GRDA is in the process of rebuilding the substation at Claremore and changing out the two major transformers to larger transformers. Several 161-kV breakers and 69-kV breakers have been replaced, as well as some switches. Oil containment structures will have to be installed around the two new transformers, grading problems will be corrected, and the fenced area will be expanded. Two quotes were received. The low bidder was Re-Con Co. in the amount of $500,720. Staff recommends awarding the contract to Re-Con. Discussion followed about the salvage value of transformers and having transformers rebuilt. Director Bartlett moved to award

the contract to Re-Con, seconded by Director Gay, and voted upon as follows: Gay, Kerns, LaGere, Spears, Bartlett, Frost, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.l. Report of Recommendations by Hearing Officer Related to Administrative Proceedings Concerning Private and Commercial Dock Permit Revocations:

(1) Private Dock Permit No. PG 5969 in the Name of John L. Nair
(2) Private Dock Permit No. PG 522 in the Name of Richard S. Warner
(3) Private Dock Permit No. PG 6043 in the Name of Tony and Cathey Armstrong

Ms. Jahnke reported that in 2006, GRDA revised its lake rules and codified them. Those rules currently provide for an administrative hearing process where a dock permit owner is allowed notice and opportunity for hearing before their permit is revoked. Along with the revocation of a permit, the rules also provide for the permit holder or dock owner to pay costs of removal and costs related to the administrative hearing if necessary. As part of the process, the owner gets a first initial billing, then a second bill, and then a past-due letter from the Legal Department to pay in 30 days. Lastly, they get a notice of hearing by certified mail, restricted delivery. The administrative hearings this year were held March 6 in Vinita. This year there were three permits on the administrative hearing list. A private dock permit owned by Tony Armstrong came on for hearing for unpaid permit fees. The Hearing Officer recommended the permit be revoked due to unpaid permit fees in the amount of $125 and further that the $55.32 cost of the hearing be included. Another private dock permit was owned by John Nair. The Hearing Officer recommended revocation of the permit for unpaid dock fees in the amount of $192.40, plus $55.32 in costs. The third private dock permit is owned by Richard Warner. The Hearing Officer recommended revocation of the permit for unpaid

dock fees of $125, plus $55.32 in hearing costs. Staff recommends adopting the Hearing Officer's findings of fact and conclusions of law and that his recommendations for revocation of these three permits be approved as well. Director Frost expressed his concern that this seems like harsh action for the amount of money involved and would like to see more latitude. Ms. Jahnke explained that this process was used last year. GRDA posted large notices on the docks after the hearing, and certified mail is sent of the hearing recommendation. If the owner pays, then the action is dismissed. These dock fees are over a year past due. By the time GRDA gets to this point, the owners pay their dock fees. If the owner does not pay, and GRDA has to expend money to remove the dock, GRDA would probably end up in a small claims court case to get a lien through a judgment. Discussion followed. Dr. Darrell Townsend stated that staff makes several attempts to contact the owners with phone calls. Mr. Easley added it is not GRDA's goal to take docks off the lake, and GRDA hears a lot of complaints from other dock owners who do pay their fees about others who do not. Ms. Jahnke added that after the hearings last year, the past-due list is getting smaller, so the process is working. People are paying their fees on time. Director Bartlett moved to proceed with the recommendations as presented by staff, and in the interim staff should initiate telephone calls, and give the owners four months to pay their bills before removing a dock, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Frost, Gay, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.m. Bid Award Recommendation for Proposed Contract 8575, Cooling Tower Fill Replacement

Mr. Barney reported two-thirds of the energy of the coal goes into the cooling tower as waste heat. One-third gets converted into electricity. Each of the generating units at the Coal-Fired Complex has a cooling tower, an enormous concrete structure almost 1,000 feet long and 60 feet wide. There are a series of 16 world's largest fans pulling air from the bottom of the tower and exhausting it out the top. At the same time, circulating water is being distributed through the tower and mixed with the incoming air, which cools the water. To accomplish that, the water is distributed inside the tower which is filled with a densely packed plastic material. The plastic fill has become brittle with time. The unit has been in service over 22 years. It is starting to cause some operational problems, so as a preventive measure, this project was put out for bid with some very detailed specifications. GRDA has a very complete set of terms and conditions for contractors to bid to, which includes bid bonds and performance bonds. Six bids were received. The low bidder was Cooling Tower Depot of Golden, Colorado, in the amount of $1,825,000. They took no exceptions to GRDA's terms. They provided the required references, and good reports were received from the references. This work would be performed this fall. Mr. Barney recommended awarding the contract to Cooling Tower Depot. Discussion followed about bond requirements and bond ratings. Director Frost moved to award the contract to Cooling Tower Depot, seconded by Director Bartlett, and voted upon as follows: LaGere, Spears, Bartlett, Frost, yes; Gay, absent; Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. Bid Award Recommendation for Proposed Contract 9835, Refurbishment of Coal-Fired Complex Paved Service Roads

Mr. Barney reported this project was put out for bid with GRDA's terms and conditions, including the bid bonds. One of the reasons this was put out for bid now is that the price for asphalt work has fallen dramatically. GRDA budgeted a lot of money for this project. Only one bid was received—Williams Construction of Pryor, Oklahoma—in the amount of $268,353. The bid was well under GRDA's budgeted amount, primarily because the price of asphalt has fallen. Williams Construction has performed many significant projects at the Coal-Fired Complex, many larger than this project. Mr. Barney showed a drawing of the paving plan. To an extent the paving refurbishment is required by GRDA's operating permit, which states GRDA will have paved roads in certain areas for dust control. Mr. Barney recommended awarding the bid to Williams Construction. Director Gay moved to approve the contract to Williams Construction, seconded by Director Spears, and voted upon as follows: Spears, Bartlett, Frost, Gay, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.o. New Natural Gas Transportation Agreement with Oklahoma Natural Gas (ONG) for the Coal-Fired Complex

Mr. Barney reported that to fire up the boilers and get them running and to provide safety for the combustion process under unusual conditions such as wet coal from heavy rains, natural gas is used in the boilers. It is primarily for warming up the boilers, so there is an intermittent use of the natural gas. Several years ago, the natural gas business in Oklahoma was deregulated to some extent. As a result, GRDA entered into an agreement over ten years ago with ONEOK to supply transportation of the gas. That agreement has expired. GRDA purchases its gas from a company in Oklahoma City

called Clearwater Enterprises and has a very good price on that gas. To get the gas from where it is injected into the Oklahoma Natural Gas (ONG) system, ONG wants to charge GRDA fees. GRDA had a very favorable contract for ten years. ONG gave GRDA notice they intended to give GRDA rates based on standard tariffs approved by the Oklahoma Corporation Commission. Mr. Barney introduced Roger Burger, Assistant Plant Superintendent and GRDA's fuels expert. Mr. Burger explained the analysis process he used for the rates. The old rate was $0.3150 per decatherm, the rate of the proposed agreement is $0.7413, and the maximum rate allowed by regulation is $1.6696. The proposed new contract is for five years with yearly extensions. Mr. Barney commended Mr. Burger for his efforts in getting ONG to lower their rate. At this time, this is GRDA's only option; therefore, Mr. Barney recommended approval of the new agreement. Director Frost moved to approve same, seconded by Director Bartlett, and voted upon as follows: Bartlett, Frost, Gay, Kerns, LaGere, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.p. Bid Award Recommendation for Proposed Purchase Order 12304, Purchase of Aluminum Train Sets

Mr. Barney reported GRDA owns and operates a fleet of about 740 railcars. GRDA operates the trains 24/7, 365 days a year, and has done so for many years. GRDA uses coal for electricity because of it is a stable and cheap fuel source: $.15/gallon compared to gasoline at $2.10/gallon and natural gas at $.70/gallon. GRDA has a contractual agreement with BNSF Railway. A key element of the agreement is GRDA has agreed to exchange its fleet of steel cars. Aluminum is much lighter than steel. The design is also improved, and the cars hold more coal. GRDA's current cars were manufactured about

30 years ago. They are approaching the end of their reliable life. By contract, GRDA is required to supply aluminum cars by no later than the end of 2011. GRDA has budgeted to phase this in. For the years 2009 and 2010; it was planned to purchase three train sets and then two more in 2011. Set aside in current bond funds is a total of $30 million for purchase of three train sets. The low bid for three new train sets was $18,292,095. The price of aluminum nine months ago was over $1.50/lb. When the bids were quoted, aluminum was selling for about $.62/lb. The $30 million budget was based on the actual cost of such cars in 2006. Staff perceives this as a great bargain for GRDA's customers, so the recommendation today is to award the three train-set order to FreightCar America Inc. It would involve trading in GRDA's three old sets. FreightCar America has proposed a design similar to GRDA's steel cars. GRDA purchased its 740 steel cars from FreightCar back in the late '70s. This item was discussed with the Coal Committee. Director Spears added the Committee recommends purchase of the three sets. The Committee also recommends that as the market is low to entertain the possibility of bidding two more sets to take advantage of the market price and still have bond money to cover the expenses. Director Spears moved to approve purchase of the three sets from FreightCar America, seconded by Director Frost, and voted upon as follows: Frost, Gay, Kerns, LaGere, Spears, Bartlett, yes. *Motion passed (6-yes, 0-no, 0-abstained).* Mr. Barney added he would get pricing on two additional sets for consideration.

4.r. Change Order #2 to Contract 5413, Ecosystems & Education Center Construction, with Crossland Construction Company for Time Extension

Ms. Moore reported this change order is a time extension of 47 days. If approved, it would take the August 7 completion date to September 23. It is no cost to GRDA. This

would allow Crossland to complete the project without any penalties. Discussion followed about provision in the contract for extra time for the type of soil encountered. Director Frost expressed his concerns that smaller contractors did not bid on the project because of the $5,000/day penalty for delays. To better understand why staff was supporting the delay, Mr. Easley asked Mr. Beck to explain the evaluation related to the dirt problem. Mr. Beck explained that geotechnical soil borings were done at the site. Several holes were drilled down 20, 30, 40 feet, and samples were pulled up. That is what was used to design the depth and size of the foundation. The test results identified rock that had a lot of sand veining in it, which would be easier to break up. However, the soil was not as indicated on the testing. The sand veining did not exist through that portion of the foundation area. There is always some unknown when doing geotechnical testing, but generally speaking, it is a relatively good indicator of the soil conditions. In this case, it was not. In the specifications, allowances were made for some anticipated additional rock excavation, but this went over and beyond what was anticipated. The soil conditions turned out to be solid rock without any veining. The geotechnical results were published, so all the general contractors bidding on this project can see what kind of soil to expect. Mr. Beck stated it is industry standard and a fair and reasonable thing for general contractors and dirt contractors to rely on the geotechnical reports. No one can predict what is below grade, no matter how many holes are dug. Director Frost asked that this item be delayed until next month to check the provisions of the contract to see if a $5,000/day penalty should be assessed. Mr. Heyburn of Crossland Construction stated his company will continue working in the meantime.

4.s. Other New Business

There was no other new business.

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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:** There was no further report.
4. **Marketing Committee:** Director Frost had no report.
5. **Policies and Procedures Committee:**

(a) Adoption of Administrative Rules Title 300, Chapter 10, Regarding Public Purpose Support and Assistance.

Director Bartlett reported a meeting was held this morning. Staff presented to the Committee the proposal to change some of GRDA's stated policies and procedures in regard to monetary contributions to communities within GRDA's service area. It was done in light of changes in state statutes that recently occurred. The two items of interest were: (1) It changed the maximum amount that could be given from $15,000 to $25,000, and (2) it changed the wording that support may be given to each city or community located within GRDA's 24-county service area, not just those which are recipients of GRDA services. Director Spears suggested the policy be limited to the electric customers of GRDA and the towns they serve. Director Bartlett moved to approve staff's recommendation, seconded by Director Frost, and voted upon as follows: Gay, Kerns, LaGere, yes; Spears, no; Bartlett, Frost, yes. *Motion passed (5-yes, 1-no, 0-abstained).*

6. **Long-Range Planning Committee:** Director Gay had no report.

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6. Executive Session Pursuant to 25 O.S. § 307(B)(4) for Confidential Communications between GRDA and Its Attorney(s) Concerning a Possible Condemnation Proceeding to Be Filed in Ottawa County District Court to Increase Holdings on Grand/Neosho River.

7. Executive Session Pursuant to 25 O.S. § 307(B)(2) for the Purpose of Discussing Negotiations Concerning Employees and Representatives of Employee Groups to Include Possible Salary and Benefit Adjustments to All Eligible GRDA Employees.

8. Executive Session Pursuant to 25 O.S. § 307(B)(4) for Confidential Communications between GRDA and Its Attorney(s) Concerning a Pending Investigation, Claim or Action Regarding Non-Public Information.

Director Spears moved to go into executive session at 12:55 p.m., seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Spears, Bartlett, Frost, Gay, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Gay moved to return to regular session at 1:52 p.m., seconded by Director Bartlett, and voted upon as follows: LaGere, Spears, Bartlett, Gay, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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9. Action of Executive Session Items:

a. Adoption of Resolution Finding Public Purpose and Public Necessity to Increase Holdings on Grand/Neosho River.

b. Possible Vote Ratifying Salaries of All GRDA Classified Employees and Action, if Any, to Be Taken Related to 82 O.S. § 864.

Regarding item a, Director Spears moved that with regard to Agenda Item 6, the Board adopt the Resolution Declaring the Necessity for Acquiring Certain Real Property in Sections 17 and 8 in Township 28 North Range 22 East, as more fully described in

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

Regarding item b, Director Spears moved that with regard to Agenda Item 7, the Board ratify and approve pay adjustments made to classified employees during 2008 and 2009 which pay adjustments serve to correct inequities, seconded by Director Gay, and voted upon as follows: Bartlett, Gay, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.q. Construction Cost Estimate, Recommended Floor Plans and Exterior Renderings of the Proposed Completion of the Energy Control Center

Ms. Moore reported the first step has been completed for this project: awarding the architect to work on this project. The cost estimate is the second step. The third step will be the construction contract. This project was started in 2006 as a design/build project, which meant the contractor—Lobar—and the construction process began before all the construction details were finalized. GRDA found this concept unsuccessful in reaching its building needs, budget, and expectations. Therefore, Lobar's construction contract was cancelled. In January 2009, GRDA contracted with C. H. Guernsey to finish the design specifications and construction drawings. A majority of the details were decided on but not in a format GRDA could put out to bid and successfully bid it. Ms. Moore showed pictures of the current Energy Control Center conditions. This project upgrade originally started because of Federal Energy Regulatory Commission Orders 888 and 889 introduced in 1996, which calls for the division of Southwest Power Pool utilities' transmission and marketing trading floors. Additional floor space was needed for the Department of Homeland Security and for the traders. The current building condition is

a hazard issue and has caused GRDA's insurance carrier to comment. This project is an add on and a renovation of the facility. About 7,500 square feet will be added, and the rest is a remodel of the current facility. The cost estimate from C. H. Guernsey is $9.5 million. The estimate does not include furniture, fixtures, and equipment. The previous design/build contract was around $11 million. It is hoped that will be under budget when taken to the market under the current economy situation. As construction drawings are being finished, staff is continuing to look at ways to cut some of the costs. There is money in the bond deal to do a majority of this project. If approved today, the timeline will be that between today and June construction documents will be finalized, bids solicited in July, and a construction contract presented to the Board for approval in August 2009. Construction would begin in September with construction completed by January 2011. Director Spears moved to authorized the engineering firm to proceed with the projects as outlined in the timeline, seconded by Director Gay, and voted upon as follows: Gay, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Gay moved for adjournment at 2:10 p.m., seconded by Director Spears, and voted upon as follows: LaGere, Spears, Bartlett, Gay, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Donna M. Jones

Donna M. Jones, Secretary

DATE APPROVED:

May 13, 2009

GRDA Board of Directors