

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
May 11, 2011**

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 May 11, 2011. 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, 2010, at 2:24 p.m.; by posting the agenda with the Craig County Clerk's office on May 10, 2011, at 9:16 a.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 10:22 a.m. The Secretary called the roll; all members were present with the exception of Director Bartlett. 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
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	Present
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Gary Pruet, Pryor MUB; Mike Doublehead, Stilwell Utilities; Ryan Powell, City of Miami; Robert Echenrode and Harold Robertson, NEOREC; Ted Hilmes, KAMO Power; Wendy Gregory, Governor's Office; Judy Florida, Harbors View Marina; Mark Tedford, Tedford Insurance; Lance O'Rourke, Brown & Brown; Nick Keys and Katie Panczak, DTE Energy; Jim Noland, Linda Beech, and April Sacha, ConocoPhillips; Ken Berryman, Worley Parsons (Conoco); Charley Miller, Englobal (Conoco); Randy Krehbiel, Tulsa World; Kendra Montana, Grove Sun/Miami News Record; Denton Thomason, Vinita Daily Journal; Justin Alberty, Tamara Jahnke,

CONSENT AGENDA

1. Regular Board Minutes of April 13, 2011

2. Claims, \$33,631,806.49

4.a. Resolution of Commendation for William S. Johnson

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

- (1) 2005 Jeep Grand Cherokee SUV, 1995 Chevrolet Cargo Van,
1999 Dodge 1/2-Ton Pickup, 1996 3/4-Ton Chevrolet Pickup,
2000 Dodge Ram Van, 1990 4x4 Chevrolet Pickup,
2002 Express 3500 Chevrolet Van, 1977 F600 Ford Truck,
1998 Chevrolet Pickup Extended Cab 4x4, 2001 Dodge Ram 1/2-Ton Pickup**
- (2) Three Oil Circuit Breakers (OCBs)**
- (3) Miscellaneous Computer Equipment**
- (4) Pitney Bowes Office Mailer**

4.c. Contracts for Commercial Service:

- (1) Cherokee Nation Property Management, LLC**
- (2) Class Ten Industries**

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
25336*	Meritec Industries	\$80,122.38
28749	Altivia Corp	289,300.00
28754	Grainger	112,100.00
28793*	MVA Power Inc	60,409.30
28799	Manta Test System	275,000.00
28824	Brenntag Southwest Inc	197,540.00
28887	Dura Metal Products	170,000.00
28892	Tower Performance	166,275.00
28911	Jim Norton Ford	73,907.85
28953*	Standley Systems Inc	4,000.00
28956	Foster Wheeler Corp	1,407,180.00
29017	Rexel	177,345.50
29025	Cap Corp	<u>226,920.00</u>

<i>Total Standard</i>	\$3,240,100.03
27549 Mayes County Petroleum	<u>\$188,056.81</u>
<i>Total Change Orders</i>	\$188,056.81
<i>Grand Total Purchases</i>	<u>\$3,428,156.84</u>

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF011-00440	Hydro Air-Conditioning Replacement	\$107,562.00
RF011-00443	Welding Shop Addition (Transmission HQ)	<u>253,266.05</u>
<i>Grand Total Work Orders</i>		<u>\$360,828.05</u>

Regarding item 4.a, the items were listed in Surplus Property Transfer Forms from (1) Mark Haley dated April 22, 2011; (2) Dewey Epps dated April 28, 2011; (3) John Schlosser dated April 4, 2011; and (4) Christy Scott dated April 12, 2011.

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 a video entitled "GRDA May 2011 Update" highlighting the construction of the Tonnece substation.

4. New Business

4.d. Assets Committee Recommendations:

4.d.1. Request by ConocoPhillips for an Easement to Install an Underground Pipeline in Ottawa County Oklahoma.

4.d.2. Request by Harbors View Marina for Modification of a Commercial Dock Permit.

Director Kerns reported the Assets Committee met this morning; all members were present and recommend approval of both requests.

Regarding item 4.d.1., Director Kerns moved to approve the request by ConocoPhillips for an easement to install an underground pipeline in Ottawa County, 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 moved the request by Harbors View Marina for modification of a commercial dock permit be approved, 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. Bid Award Recommendation for Contract 22121, Construction Services – Dry Gulch Substation

Mr. Herron reported a bid opening was held yesterday for this project. Northeast Electric (NEO) already has their area cleared, the fence installed, and the transformer in place. GRDA will be constructing a 161-kV tap substation to supply NEO's distribution substation. GRDA will be furnishing most of the materials and equipment. The contract is expected to take 150 days for completion after notice to proceed is provided. A liquidated damages clause is in effect for \$1,000 per day if the contractor exceeds the timeframe. Bids were opened on May 9; there were eight valid bids and two "no bids." Mr. Herron showed a summary of the bids, which ranged from \$843,519 to \$1,617,967. BBC Electrical Services was the low bidder, and staff had no problem with their bid. GRDA has had good experience with BBC on three previous projects. Director Chernicky moved to award Contract 22121—Construction Services for Dry Gulch

Substation—to the low bidder, BBC Electrical Services, for the quoted price of \$843,519, seconded by Director LaGere, and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

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

**(1) Commercial Permit No. CG 270
in the Name of Elite Marine Systems, LLC**

**(2) Private Dock Permit No. PG 4389
in the Name of Donald Hume & Larry Call**

**(3) Private Dock Permit No. PG 319
in the Name of Rick Farmer**

**(4) Private Dock Permit No. PH 498
in the Name of Jerry Halpain**

Ms. Jahnke reported GRDA rules provide an administrative hearing process to revoke commercial and private dock permits and dock builder permits. Through the process this year, GRDA collected about \$37,000. Administrative hearings were held on May 3; Todd Kolczun was the hearing officer. Permit holders are provided notice by receiving two bills, they receive a demand letter from the Legal Department, they receive notice of a hearing that is published three times in the local paper and mailed certified to the permit holder, and notice is posted on the dock where possible. This year, the hearings were held on an unpaid commercial dock builder permit and three unpaid and/or dilapidated docks. Ms. Jahnke showed slides of some of the dilapidated docks. Mr. Farmer is in the process of removing his docks, so the hearing officer recommended giving Mr. Farmer 60 days to finish removing the docks. If he does not

remove the docks within the 60 days, he will be charged the hearing fees. He has paid his permit fee, so his is for dilapidated docks only. Dock Permit PH 498 used to be under the name of Dogwood Marina on Lake Hudson. Jerry Halpain is the permit holder. An agreement was reached with his attorney, subject to Board approval, that the Halpains will fix or remove the dock within 120 days. If not done within 120 days, the permit will be canceled, and they will owe the cost of the hearing. They have paid their permit fee. Staff recommends approval of the hearing officer's findings and recommendations on these four permits. Director Chernicky moved the Board approve the report of recommendations by hearing officer related to administrative proceedings concerning private and commercial dock permit revocations as set forth by staff, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.g. Renewal of Directors and Officers Liability Insurance Policies

Ms. Jahnke reported the Directors and Officers policy is procured through State Risk Management. It covers board members, officers, and employees. Last year, the limits were increased to \$35 million through two companies, Chartis and ACE, with a \$500,000 Self-Insured Retention (SIR). GRDA then purchases additional pool participation through the state's pool so that GRDA's SIR is down to \$150,000. This year the premiums are down, and GRDA has an option to reduce its SIR by \$250,000. The state will only cover \$100,000, even if GRDA picks the \$250,000 SIR, but the consequences of remaining at the \$500,000 SIR would be that GRDA would be exposed to about \$400,000 per occurrence. GRDA would only be saving about \$6,000 in premiums. Because GRDA has the lower premium this year, GRDA also has a

chance to decrease its Self-Insured Retention for premiums lower than GRDA paid last year. Staff recommends approval of renewal with the \$250,000 Self-Insured Retention. The SIR pool participation premium and fees by Risk Management are approximately \$6,540. They still need to have the actuarial go through. Even though Risk Management said their number is pretty firm, Ms. Jahnke requested approval of premiums in the not-to-exceed price of \$155,000. Risk Management assures that amount will take care of the premium. Director LaGere moved the Board approve the renewal of the Directors & Officers policies with Chartis and ACE, a \$250,000 Self-Insured Retention for the Chartis policy, participation in the state pool to further reduce the Self-Insured Retention by \$100,000, and all the above premiums for the not-to-exceed amount of \$155,000; seconded by Director Spears; and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.h. Renewal of Umbrella Liability Insurance Policies

Ms. Jahnke reported this coverage is for claims brought by third parties. GRDA currently possesses policies up to \$60 million through AEGIS and EIM. GRDA's current Self-Insured Retention (SIR) is \$500,000. AEGIS has the first layer at \$35 million, and EIM has the second layer at \$25 million. GRDA has been with both of these companies for several years. This year the Board has the option to change insurance carriers. Quotes have been received from Lexington which would carry \$25 million, Ironshore would carry the next \$25 million, and Chartis would carry the last \$10 million. There would be additional policies for Excess Aircraft and Pollution through Lexington. There is not much difference between the premiums. The difference in premiums between either the \$500,000 SIR or the \$1 million SIR is less than \$20,000. The coverages are

not exactly “apples to apples,” but they both appear to be adequate coverage for GRDA’s need. Ms. Jahnke recommended a SIR of \$500,000, which is what GRDA currently has. Director LaGere added this is a “pay on behalf of” policy rather than an indemnity policy. That is a huge advantage and does not occur too often, especially in liability coverages. The pollution coverage is broader. Neither of the base policies are designed to cover pollution, but GRDA can pick up \$25 million of pollution coverage under the Tedford proposal. All of the policies are with good carriers. The dollar amount is not great, but there is some savings. Director LaGere moved to approve the purchase of liability insurance including separate policies for aircraft and pollution through the Tedford Agency from Lexington, Ironshore, and Chartis with a \$500,000 Self-Insured Retention for premiums in the amount of \$614,810; seconded by Director Meyers; and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.i. Modify Rate Schedule WP-OCA Wholesale Power Outside Control Area

Ms. Dougherty reported this administrative matter has to be addressed before the Western Farmers’ item can be addressed later on the agenda. On GRDA’s wholesale power, out of control area power sales, the WP-OCA rate schedule has a couple of restrictions. Sales under this rate schedule are often referred to as off-system firm contracts. One restriction was that GRDA would not sell more than 100 MW to any particular customer, and the second restriction is that GRDA would not sell more than 500 MW in aggregate to off-system firm customers. GRDA raised that limit previously from 100 MW to 150 MW for the individual customer. The current contracted loads under the WP-OCA rate schedule are Western Farmers, 150 MW; KMEA, 84 MW;

Paragould, 80 MW; OMPA, 50 MW; and Poplar Bluff, 40 MW—a total of 404 MW. Western Farmers is already at the current individual customer maximum. GRDA still has 96 MW in excess before the 500-MW limit is reached. GRDA has a long-term relationship with Western Farmers. Western Farmers would like to purchase 200 MW rather than the current 150 MW in order to fully utilize the grandfathered transmission path. Western Farmers is thinking about rolling some of their transmission rights to SPP transmission, and they do not want to pay for 200 MW of transmission unless they purchase 200 MW of generation. Staff recommends increasing the customer load limit to 200 MW. Director Chernicky moved the Schedule WP-OCA limitation on amount of load per customer be increased from 150,000 kW to 200,000 kW, seconded by Spears, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.j. Power Purchase and Sale Agreement with People’s Electric Cooperative and Related Planning for Power Sales

Mr. Burget reported People’s Electric became a rural electric cooperative July 29, 1939. They have 14,000 customers in south central Oklahoma. Their system consists of 4,600 miles of distribution and transmission lines. Their headquarters and operations are in Ada, Oklahoma. They have been receiving generated and transmitted electricity from Western Farmers Electric Cooperative located in Anadarko. They are one of 28 distribution cooperatives located in Oklahoma. Peoples Electric could become one of GRDA’s five largest customers. People’s Electric wants 100 MW of power through June 1, 2046. They currently have 35 MW of hydro allocation from Southwestern Power Administration (SWPA). All requirements by meter are modeled after GRDA’s standard

municipal contract. They must obtain firm transmission from Southwest Power Pool (SPP) in sufficient quantities to fulfill their contractual obligations with GRDA. They must also be released from their current power supplier, Western Farmers. GRDA does not want to lose any additional revenues. There is a strong possibility GRDA may lose 100 MW of power from Stillwater. Mr. Burget recommended approval. Director Spears expressed his concerns about giving People's Electric an open-ended option. Discussion followed about holding this power in abeyance up to two years with no compensation. Mr. Burget added staff does not anticipate asking People's Electric for compensation. Ms. Zumwalt-Smith added this is not a take-or-pay contract. Ms. Dougherty stated this contract has two contingencies: that they get firm transmission and that they be able to contract with GRDA. Other customer contracts have had the firm transmission clause, but this is the first contract GRDA has done where there is a contingency where they have to be released from their current supplier. This will prevent GRDA from making a sale after December 31, 2012, until it is known if this contract will go into effect or not. Mr. Burget felt sure if the rates are the same, Stillwater will move to OMPA. This will be clear in September when GRDA gives notification on Stillwater. Director Chernicky suggested that rather than a contract, GRDA execute a Letter of Agreement indicating GRDA would be desirous of proceeding provided they get released. Mr. Easley recommended passing this item until next month with the intent of working with Director Spears on a possible Letter of Agreement or Memorandum of Understanding or any other suitable solution. Director Spears added he is not opposed to selling power to People's Electric; he just wants to make sure everyone is on the same page and that GRDA is not forcing existing customers to pay additional expenses in a couple of years.

4.k. Amendment No. 1 to First Amended Power Purchase and Sale Agreement with Google, Inc.

Mr. Burget reported GRDA has been in negotiations with Google for some time. Google is asking GRDA for a six-month extension. The current contract expires May 31, 2011, and staff is requesting an extension through November 30, 2011. It is hoped any issues will be worked out by then. Director Spears moved the Board approve a six-month contract extension as presented, seconded by Director Chernicky, and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.l. Amendment to Power Purchase and Sale Agreement with Western Farmers Electric Cooperative and Related Planning for Power Sales

Mr. Burget reported this item involves a restatement of the Service Schedule PPA Power Purchase and Sale Agreement with Western Farmers. GRDA has a longstanding Interconnection Agreement and service schedule for banking energy with Western Farmers with “grandfathered” transmission for 200 MW. The purpose of this Restated Agreement is to supersede the Service Schedule PPA and Power Agreement effective September 9, 2009 (the Original Agreement) and any amendment, changes, or modifications to the Original Agreement, including, but not limited to, the First Amendment to the service Schedule PPA Power Purchase and Sale Agreement effective March 25, 2010, and the Second Amendment effective December 8, 2010 (collectively, the Amendment). Western Farmers began taking firm deliveries under a service schedule with standard terms on January 1, 2010. Western Farmers has additional capacity requirements and was looking for a firm supply. Western Farmers

and GRDA would both like to utilize the 200 MW of grandfathered transmission. GRDA is especially concerned because Stillwater has not signed a new municipal contract, and there are limited municipal customers to replace their potential loss of load. This Amendment would firm the contract quantity allowing both parties to count on a full 200-MW sale beginning June 1, 2013, through the remaining term of December 31, 2025. Mr. Burget recommended approval. Director Spears moved the Restatement of the Service Schedule PPA Power Purchase and Sale Agreement be approved as presented, seconded by Director Chernicky, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.m. Bid Award Recommendation for Contract 26509,
Hydroblast Cleaning Services**

Mr. Barney reported the air preheater basket assemblies at the Coal-Fired Complex need periodic hydroblasting to remove ash deposits. This requires a contractor expert in such specialized work. This work is performed a couple of times a year. GRDA has an existing contract for this work, and it is expiring. This contract was placed for bid. The apparent low bidder, Plant Maintenance Services, bid \$94,259 for a one-year term. However, at the bid opening, they realized their bid should have been \$377,036. They subsequently asked to withdraw their bid. Mr. Barney recommended the Board consider that request. Plant Maintenance Services came to the pre-job meeting and do this type of work. However, they had a misunderstanding of scope and intended their bid to be four times higher (400%). The second low bid was Aquilex Hydrochem in the amount of \$205,800. Aquilex Hydrochem included in their bid major exceptions to GRDA's contract terms, such as liquidated damages and liability terms. Mr. Barney recommends their bid

be considered non-conforming. W-S Industrial Services holds the existing contract, and they were the next low bidder. They took no exceptions to GRDA's terms, as did Meylan Enterprises and Phillips Service. This contract is similar to other maintenance contracts that have a multi-year arrangement, one year at a time. This arrangement reduces GRDA's costs for performance bonds and warranty bonds. It is also a motivation to the contractor to know that each year they can have their services discontinued for whatever reason GRDA chooses. This strategy was adopted from the Department of Transportation; it has worked very well for GRDA. Director LaGere moved that Contract 26509 for Hydroblast Cleaning Services be awarded to W-S Industrial Services in an amount not to exceed \$332,090 and that the low bidder, Plant Maintenance Services, be released because of the error, seconded by Director Chernicky, and voted upon as follows: Chernicky, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.n. Bid Award Recommendation for Contract 27945,
Electric Equipment Services**

Mr. Barney reported this contract is primarily associated with motors. GRDA has over 1,000 significant motors in the Coal-Fired Complex. Mr. Barney showed slides of some of the different motors. Evans Enterprises Inc. of Tulsa submitted the only responsive proposal in the not-to-exceed amount of \$600,000 and took no exceptions to GRDA's terms and conditions. They hold the existing repair contract and have done an excellent job. They have rarely exceeded \$300,000 on an annual basis; their bid is basically 80 percent of the standard shop rate for repair of motors. This contract will have a one-year term and has provisions for renewal in one-year increments (maximum

of four renewals). There are other motor reconditioning shops. In the past, they have reviewed GRDA's terms and conditions, which are very demanding relative to limitations of liability, and they were not willing to bid it. Director Meyers moved that Contract 27945 for Electrical Equipment Services be awarded to Evans Electrical Inc. in an amount not to exceed \$600,000, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.o. Bid Award Recommendation for Contract 28042, Superheat Tube Panels

Mr. Barney reported replacement of worn Unit 2 boiler superheat tube panels is needed, and he showed slides of the tube panels. This same job was performed on Unit 1 a couple of years ago. Installation during the spring 2012 major overhaul is planned and budgeted. Once an order is placed, it takes a year to receive the panels. The purchase of the new panels was placed for bid, and Optimus Industries LLC, Tulsa, was the apparent low bidder and took no exceptions to GRDA's terms. This company supplied these exact same panels for Unit 1 in 2009. In the past, other bidders have bid this contract. Mr. Barney attributes their "no response" to the fact that Optimus has bid much lower than them in the past. The price for the Unit 1 job was about \$1.5 million. This job is about \$2 million. An analysis revealed the increased price was attributed to the increased cost in materials. Director Meyers moved that Contract 28042 for Superheat Tube Panels be awarded to Optimus Industries LLC in the amount of \$2,056,960, seconded by Director Spears, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.p. Bid Award Recommendation for Contract 28563, Generating Machinery Services

Mr. Barney reported that services for the expedited restoration of turbines, generators and related machinery is required at the Coal-Fired Complex. The prompt repair of such turbine-generators after a breakdown reduces the cost of replacement purchased power. Mr. Barney showed slides of the turbine under repair for damaged turbine blades. This proposed contract will replace an existing such contract. The proposed contract will have a one-year term and has provisions for renewal in one-year increments (maximum of four renewals). Bids were received from MD&A and Siemens; both were non-conforming as they took major exceptions to GRDA's terms and conditions. Mr. Barney requested another 30 days to work out the terms and bring this back before the Board next month. Director Spears moved that pursuant to Section 111 of Title 61 to extend the time to award Contract 28563 for Generating Machinery Services for a period of an additional 28 days, or until June 8, 2011, for good cause to allow GRDA staff to adequately review and evaluate bids opened on May 9, 2011; seconded by Director LaGere; and voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.q. Work Authorization 28973 to Black & Veatch for Proposed Air Quality Control Implementation Plan

Mr. Barney reported this proposed work authorization is for engineering services to develop an Air Quality Control (AQC) Implementation Plan and Air Permit Application to meet recently proposed federal regulations that will require reductions in emissions from power plants. GRDA's existing emission control equipment at the power plant consists

of a sulfur dioxide scrubber and precipitator. It may be necessary for GRDA to add a new sulfur dioxide scrubber and bag house, which would further reduce emissions, including mercury. This equipment would be costly, and it is not sure exactly what the EPA rules are going to consist of. EPA is planning to finalize their rules by November 2011. Their rules would force GRDA and other utilities to come into compliance within 36 months, which is a very short time. It is expected there will be an enormous demand at that time for scarce expert engineering services. Staff therefore recommends engaging Black & Veatch now to assist GRDA in evaluating these rules as they are finalized and preparing plans to be presented to the Board for consideration in early 2012. Director Chernicky moved that GRDA engage Black & Veatch Engineering in an amount not to exceed \$487,700 to prepare an Air Quality Control Implementation Plan and Air Permit Application to meet recently proposed federal regulations for the Utility MACT and Clean Air Transport Rules, seconded by LaGere, and voted as follows: Spears, Chernicky, Kerns, LaGere, Meyers, 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 reported the Committee met this morning with the Deloitte & Touche auditors and reviewed the financial results for 2010. There were basically no material corrected misstatements or uncorrected misstatements and

no disagreements with management. Everything looked to be good. The timeliness of the audit was completed by March 28, 2011.

3. Coal Committee: Director Chernicky reported these items would be addressed in executive session.

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: Director LaGere reported that regarding the selection of a possible candidate for the CEO's position. The Committee has talked by telephone and also met in person and prepared an ad, so the process is underway. There have been a couple of inquiries and some promising candidates.

6. Executive Session for the Purpose of Discussing BNSF Railway Proposal for Coal Transportation Contract BNSF-C-12502.

7. Executive Session for the Purpose of Discussing Refined Coal Proposal from DTE Energy

Director Chernicky moved to go into executive session at 11:26 a.m., 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 to return to regular session at 12:26 p.m., seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

8. Action on Executive Session Items

a. Action, As Necessary, Related to BNSF Railway Proposal.

b. Action, As Necessary, Related to Refined Coal Proposal.

Regarding item a, Director Chernicky moved that GRDA approve the term extension proposal from BNSF Railway as discussed in executive session, seconded by Director LaGere, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item b, Director Spears moved the GRDA staff be authorized to proceed with negotiation of contract terms for sale of coal and re-purchase of "Refined Coal" with DTE Energy, with such terms to be considered for approval by the Board. Staff is also authorized and directed to prepare and submit an appropriate operating permit revision, including performance of a test burn, as discussed in executive session. Director LaGere seconded the motion, and the motion was voted upon as follows: Meyers, Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 12:28 p.m., seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

June 8, 2011
GRDA Board of Directors