

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
September 14, 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 September 14, 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 September 13, 2011, at 8:41 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 10:25 a.m. The Secretary called the roll; all members were present with the exception of Director Kerns. Chair Chernicky declared a quorum. Ms. Moore introduced guests. Director Chernicky turned the Chair over to Director Spears.

BOARD MEMBERS

David J. Chernicky, Chair	Present
Stephen R. Spears, Chair-Elect	Present
Dewey F. Bartlett, Jr. (arrived 11:05 a.m.)	Present
Greg R. Grodhaus	Present
Betty Kerns	Present
W. Brent LaGere	Present
Chris Meyers	Present

ADMINISTRATIVE

Michael Kiefner, Interim GM/CEO/Director of Investments/COO	Present
Gretchen Zumwalt-Smith, General Counsel	Present
Charles J. Barney, AGM Thermal and Hydro 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: Harold Robertson, Rick Shurtz, and Shane Burgess, NEOREC; Ted Hilmes, KAMO Power; Wendy Gregory, Governor's Office; Randy Krehbiel, Tulsa World; Kendra Montana, Grove Sun/Miami News Record; Denton Thomason, Vinita Daily Journal; Bob Bitting, AEP; Jennifer Loren and Michael Woods, KOTV; Clyde (retiree) and Francis Barrett; Justin Alberty, Tamara Jahnke, Holly Moore, Darrell Townsend, Melanie Earl, Dave McCollaum, Lana Daugherty, Kevin

Couch, Gerald Barrett, Eddie Rogers, Chris Cornish, Bryan Shaffer, Jim Ballou, Ron Hilton, David Tucker, Robin Ruffin, Kirk Busby, Shawn Dale, and John Huggins, GRDA.

Election of Officers:

a. Nominations for Chair-Elect

b. Election of Chair-Elect (Will Serve as Vice-Chair)

Chair Spears declared nominations open for Chair-Elect to serve from now until September 2012. Director Chernicky nominated Director Grodhaus, seconded by Director LaGere. Director Chernicky moved to cease nominations and to elect Director Grodhaus as Chair-Elect, seconded by Director LaGere, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Meyers, Spears, yes; Bartlett, absent. *Motion passed (6-yes, 0-no, 0-abstained).*

Mr. Kiefner presented Director Chernicky a plaque of appreciation for his service to GRDA as Chair throughout the past year.

CONSENT AGENDA

**1. Regular Board Minutes of August 10, 2011,
and Special Board Minutes of August 22, 2011**

2. Claims, \$36,913,580.54

4.a. Resolutions of Commendation:

- (1) Dewey L. Epps**
- (2) Lana H. Daugherty**
- (3) Darrell W. James**
- (4) Carolyn Sue Nutter**
- (5) David L. Arneecheer**

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

- (1) Six Water Source AC Units**
- (2) Miscellaneous Two-Way Radio Parts**

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
30958	Aero Products Component	\$58,887.50
30959	Ritz Instrument Transformers	62,700.00
31024	American Wire Group	40,950.00
31032	Diversified Electric Supply	13,600.00
31062	Foster Wheeler	170,190.00
31114	Dept. of Central Services	1,766.34
31129	Pennsylvania Breaker	535,025.00
31137	Bell Lumber & Pole	70,370.00
31187	Standley Systems	18,657.00
31190	EMC Technologies Inc	256,455.00
31191	EMC Intl/RSA Security	208,015.68
31192	EMC Intl/RSA Security	545,100.00
31257	Mayes Co. Petroleum	194,452.87
31258	Trench Limited	238,050.00
31318	Fish Net Security	17,617.50
31320	Lumension Security	34,000.00
31415	IBM Corporation	69,218.01
31416	IBM Corporation	47,880.00
31493	Engineered Endeavors Inc	315,690.00
31506	Rotating Equipment Repair Inc	75,242.00
31559*	Royal Switchgear	<u>107,290.00</u>
<i>Total Standard</i>		\$3,081,156.22
31093	ABB Inc	<u>\$776,874.00</u>
<i>Total Emergency Orders</i>		\$776,874.00
<i>Grand Total Purchases</i>		<u>\$3,858,030.22</u>

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF011-00461	EMC vPlex High Availability Infrastructure	\$286,640.20
RF011-00462	Data Leakage Protection/Information Protection	234,316.50
RF011-00463	Incident Response and Network Forensics	<u>603,790.00</u>
<i>Grand Total Work Orders</i>		<u>\$1,124,746.70</u>

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms from

(1) Holly Moore dated August 4, 2011, and (2) Stace Kegley dated August 12, 2011.

Director Chernicky moved to approve the consent agenda, seconded by Director LaGere, and voted upon as follows: Grodhaus, Kerns, LaGere, Meyers, Spears, yes; Bartlett, absent; Chernicky, yes. *Motion passed (6-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 September 2011 Update" highlighting dissolved oxygen (DO) at Pensacola and Kerr dams.

3.b. Assets Committee Recommendations:

3.b.1. Options for Rebuild of Luther to Warwick Tap Transmission Line.

Director Chernicky reported the Assets Committee met this morning; Director Kerns was absent.

Regarding item 3.b.1., the Assets Committee tabled this item for further review.

4. New Business

4.c. Assets Committee Recommendations:

4.c.1. Request by Northeast Oklahoma Electric Cooperative, Inc., for Transmission Line Easement in Ottawa County.

4.c.2. Request by Oklahoma Gas & Electric on Behalf of Central Rural Electric Cooperative for Tower Easement at Redbud Plant in Oklahoma County Oklahoma.

Regarding item 4.c.1., Director Chernicky reported the Assets Committee unanimously recommends approval of this item and moved to approve same, seconded

by Director Spears, and voted upon as follows: Kerns, LaGere, Meyers, Spears, yes; Bartlett, absent; Chernicky, Grodhaus, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Regarding item 4.c.2., Director Chernicky reported the Assets Committee unanimously recommends approval of this item and moved to approve the grant of an electric line easement to Central Rural Electric Cooperative for property located at the Redbud Power Plant in Oklahoma County Oklahoma subject to approval of terms by GRDA Legal Department for the amount of \$336. Director Chernicky further moved to authorize staff to negotiate a tower agreement with OGE and OMPA at the Redbud Power Plant in Oklahoma County Oklahoma. The motion was seconded by Director Meyers, and voted upon as follows: LaGere, Meyers, Spears, yes; Bartlett, absent; Chernicky, Grodhaus, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.d. Letter Agreement with Seminole Energy Services for One-Month Extension of Fuel Management Services Agreement

Mr. Kiefner reported Seminole purchases and arranges for GRDA's gas at the Redbud plant. GRDA has sent out requests for information for interested vendors to enter into negotiations with GRDA to maybe change the vendor supplying the gas. Seminole suggested a one-month extension of the contract to give GRDA time to assess all the different potential vendors. This is a modification of the contract for a one-month extension. Director LaGere moved to approve the letter agreement to extend the terms of the fuel services agreement between GRDA and Seminole Energy Services, LLC, beyond the termination date of October 1, 2011, to November 1, 2011; seconded by Director Meyers; and voted upon as follows: Meyers, Spears, yes; Bartlett,

Chernicky, absent; Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.e. Work Authorization No. 31304 with C. H. Guernsey & Company
for Production Cost Modeling**

**4.f. Work Authorization No. 31305 with C. H. Guernsey & Company
for Validation of Loss Calculation Process**

Ms. Dougherty reported that each year, Guernsey has provided quite a bit of work for GRDA. These two work authorizations are under \$50,000, so the Board would not normally approve these. However, because Guernsey does a lot of work with GRDA, staff wanted to be cautious and bring these work authorizations to the Board's attention and ask for approval. The first one is for production cost modeling. As part of the contracts, GRDA has agreed to provide long-term financial forecasting annually to aid customers in their own planning. GRDA does not have the needed software nor an engineer to run the modeling. The modeling takes information available for the Southwest Power Pool (SPP) and dispatches GRDA's units hourly against all the other units in the SPP and gives GRDA an idea of how its units will dispatch, makes sure GRDA has its customer loads hourly, and helps identify if GRDA is long or short in any given hour, indicating whether GRDA will be buying or selling spot power. The second work authorization was requested by the Engineering Department. It is to do a loss verification report. Ms. Dougherty could not recall when GRDA had ever done a loss verification report. The losses impact GRDA's SPP's tariffs and customer rates. They have a big impact on the integrated transmission system with KAMO. Over the last couple of years, GRDA has made a lot of changes with metering, relaying, and splitting GRDA's control area with KAMO. Staff thinks it is prudent to have a second set of eyes

look at what goes in and out of the line loss calculation. Ms. Dougherty recommended approval. Director Spears moved the Board approve Work Authorization No. 31304 to prepare a production cost model which will be utilized in the internal, ten-year financial forecast for a not-to-exceed contract price of \$40,000 and Work Authorization No. 31305 to provide a loss process audit and loss verification report for a not-to-exceed contract price of \$45,000; seconded by Director Chernicky; and voted upon as follows: Spears, yes; Bartlett, absent; Chernicky, Grodhaus, Kerns, LaGere, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.g. Other New Business

There was no other new business.

Chair Spears read aloud and presented Ms. Lana Daugherty her retirement resolution, approved earlier under the Consent Agenda.

5. Reports

5.a. Board of Directors Committee Reports

1. **Assets Committee:** Director Chernicky 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:** Director LaGere had no report.
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6. Executive Session for the Purpose of Discussing the Employment, Hiring, Appointment, Promotion, or Resignation of the General Manager/Chief Executive Officer and Director of Investments

Director Chernicky moved to go into executive session at 10:44 a.m., seconded by Director LaGere, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Meyers, Spears, yes; Bartlett, absent. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 11:37 a.m., seconded by Director Meyers, and voted upon as follows: Grodhaus, Kerns, LaGere, Meyers, Spears, Bartlett, Chernicky, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

a. Action, As Necessary, Related to the Employment, Hiring, Appointment, Promotion, or Resignation of the General Manager/Chief Executive Officer and Director of Investments.

Regarding item 7.a., Director LaGere moved that Director Grodhaus be given the authority to move forward as discussed in executive session, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Bartlett, Chernicky, Grodhaus, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 11:38 a.m., seconded by Director Bartlett, and voted upon as follows: LaGere, Meyers, Spears, Bartlett, Chernicky, Grodhaus, Kerns, yes. *Motion passed (7-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

October 13, 2011
GRDA Board of Directors