

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
November 9, 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 November 9, 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 November 7, 2011, at 3:36 p.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Spears called the meeting to order at 10:07 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett and Meyers. Chair Spears declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

Stephen R. Spears, Chair	Present
Greg R. Grodhaus, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Absent
David J. Chernicky	Present
Betty Kerns	Present
W. Brent LaGere	Present
Chris Meyers	Absent

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 and Rick Shurtz, NEOREC; Ted Hilmes, KAMO Power; John Bland, City of Siloam Springs; Mike Doublehead and Julie Hudgins, Stilwell Utilities; Wendy Gregory, Governor's Office; Connie Pearson, Senator Coburn's Office; Bruce Hensley and Dale Brouk, Tera Miranda; Mike & Kim Jensen, Jensen RV Park; Randy Krehbiel, Tulsa World; Kendra Montana, Grove Sun/Miami News; Bob Bitting, AEP; Justin Alberty, Tamara Jahnke, Holly Moore, Darrell

Townsend, Melanie Earl, Dave McCollaum, Grant Burget, Tim Brown, and Dan Sullivan (effective 12/1/11), GRDA.

CONSENT AGENDA

1. Regular Board Minutes of October 13, 2011

2. Claims, \$35,093,557.09

4.a. Resolution of Commendation for Harold J. Ballou

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

(1) Westinghouse Oil Circuit Breaker (OCB)

(2) IL AA/Ae Spectrophotometer, Three Yew Chart Recorders,

Perkin Elmer GC Sigma 2000, Mettler AE100 Balance,

Leco AF600 Ash Fusion Determinator, VWR 1330FM Scientific Oven,

Blue M Oven, Leco Sulfur Analyzer

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
31967	Freightcar America Inc	\$11,287,750.00
32283	Ametek Power Instruments	63,770.00
32284	Environmental Management Inc	300,000.00
32297	Manta Test Systems Inc	56,375.00
32388	Electrical Technologies & Supply Inc	83,838.00
32397	ABB Inc	155,400.00
32422	Southwest Electric Co	309,924.00
32436	Birmingham Control System Inc	187,995.00
32448	Standley Systems Inc	30,591.00
32622	Pacific Wood Preserving of Oregon	94,816.00
32635*	Air Systems & Pump Solutions	56,685.96
32637*	Circa Inc.	107,800.00
32664	Technology for Energy Corp	182,930.00
32721*	Southern States LLC	84,250.00
32722*	Harlo Corporation	<u>131,184.00</u>
<i>Total Standard</i>		\$13,133,308.96
29545	Birmingham Control Systems Inc	<u>\$704,890.00</u>
<i>Total Change Orders</i>		\$704,890.00

32374 Delta Star Inc	<u>\$1,189,950.00</u>
<i>Total Emergency Orders</i>	<u>\$1,189,950.00</u>
 <i>Grand Total Purchases</i>	 <u>\$6,653,453.81</u>

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF011-00446	Tahlequah (Feeder #93) Relay Upgrade	\$177,000.00
RF011-00466	Solae Main Sub Upgrade	56,711.03
RF011-00468	MAID (Feeder #93) Relay Upgrade	177,000.00
RF011-00469	SafeNet Inline Layer 2 Encryption	<u>71,605.89</u>
	<i>Grand Total Work Orders</i>	<u>\$482,316.92</u>

Regarding item 4.b., the items were listed in Surplus Property Transfer Forms from (1) Choya Shropshire dated October 10, 2011, and (2) Coy Davis dated October 10, 2011.

Regarding item 5.b., Director Spears noted that P.O. 32374 is an emergency order, rather than a change order as itemized on the agenda.

Director Chernicky moved to approve the consent agenda, seconded by Director Kerns, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Mr. Kiefner recognized Dan Sullivan, GRDA's new CEO effective December 1, and Tim Brown, GRDA's new Chief Technical Officer.

REGULAR AGENDA

3. Unfinished Business
3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA November 2011 Update" highlighting the outage on Unit 2 at GRDA's Coal-Fired Complex. Mr. Kiefner commended Mr. Barney and the CFC employees.

3.b. Assets Committee Recommendations:

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

Director Kerns reported the Assets Committee met this morning; all members were present.

Regarding item 3.b.1., Mr. Herron reported GRDA owns this 69-kV line from Cushing to Luther. The 69-kV line from Cushing to Bristow is also GRDA's. A 69-kV tap part way between Cushing and Bristow comes down to the KAMO Stroud substation and is called the Stroud Tap. Stroud is a GRDA customer. GRDA does not have any customers in the Cushing-to-Luther line. It is a long-term plan of KAMO's to connect a new line across the state from Luther to Bristow. It is intended to reinforce the transmission system in the area where the load has been increasing. KAMO will be doing most of the work to build new lines or rebuild existing ones from Bristow to the Warwick Tap on the Cushing-to-Luther line, but GRDA is required to rebuild a section of that line from the Warwick Tap south to Luther. To make that happen, it will cost GRDA about \$2.688 million, plus a one percent handling fee with DCS. Several methods have been reviewed, and it was decided to use the DCS process and have a design-build company rebuild the line. After that was approved at the August board meeting, KAMO offered to trade the line from the Stroud Tap to the KAMO Stroud substation (9.4 miles) for the GRDA Luther-to-Carney line segment (11.8 miles). If GRDA does the trade, GRDA would have to build a new Stroud Tap Switching substation. KAMO would own and be responsible for the rebuild of the Luther-to-Warwick tap segment. There is a difference in right-of-way costs because the GRDA line has 2.506 more miles of 100-

foot right of way than the KAMO line GRDA would be trading for. The right-of-way value from a May 31, 2011, appraisal is \$1,556 per acre. The total right-of-way value would be \$47,256. The line is actually longer, but KAMO recently rebuilt their line, so they have more invested in the current value of their line. The depreciated value difference is \$165,266 that GRDA would owe KAMO. If GRDA does the trade, GRDA would owe KAMO \$118,001. If GRDA did the Luther-to-Warwick Tap line rebuild job, it would cost \$2,714,880. If GRDA builds the Stroup Tap Switching Station, the cost is \$1.8 million. The difference is \$914,880. GRDA would be paying KAMO \$118,001 for the traded facilities. GRDA's overall savings would be \$796,879 by using the trade option. For that reason, staff recommends approval. There are other considerations. KAMO will require regulatory approvals before the transaction can be completed because they are dealing with government RUS loans, and the GRDA Legal Department will need to review and approve the final agreement. Staff recommends the Board approve the transfer of the segment of GRDA Feeder 20 from Carney to Luther in exchange for the KAMO transmission line from Stroud Tap to Stroud KAMO, with the payment to KAMO of \$118,001 if necessary regulatory approvals can be obtained by KAMO. If the transfer cannot be completed by KAMO as planned, the previous Board action for GRDA to use the Department of Central Services design-build plan options remains as approved on August 10, 2011. Director Spears moved the Board approve the transfer of the segment of GRDA Feeder 20 from Carney to Luther in exchange for the KAMO transmission line from Stroud Tap to Stroud KAMO, with the payment to KAMO of \$118,001 if necessary regulatory approvals can be obtained by KAMO and subject to approval of the GRDA Legal Department, and that if this transfer cannot be completed, then the board action

from August 10, 2011, approving use of the DCS design-build process to rebuild the Luther Warwick Tap line remains valid. The motion was seconded by Director Grodhaus and was voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4. New Business

4.d. Assets Committee Recommendations:

4.d.1. Request by The Landings HOA for Lease of GRDA Property Located in Delaware County Oklahoma.

4.d.2. Request by Jensen's RV Park for Renewal of Lease of GRDA Property for Land Located in Mayes County Oklahoma.

4.d.3. Request by Grand Lake Holdings LLC, D/B/A Tera Miranda, for Lease of GRDA Property in Delaware County Oklahoma.

4.d.4. Request by Shoreline, L.L.C., at Patricia Island Estates for Construction of Six Docks Containing 166 Slips, 97 PWC Slips, and 2 Breakwaters to Accommodate Patricia Island Estate Property Owners in Delaware County and for Waivers: (i) to Exceed the 125-Foot Rule, (ii) for Slips to Be Located Parallel to the Shoreline, and (iii) for Payment Schedule for Commercial Fees Due.

Regarding item 4.d.1., Director Kerns reported the Assets Committee passed this item to the next meeting.

Regarding item 4.d.2., Director Kerns reported the Assets Committee unanimously recommends renewal of the lease. Director Spears moved the Board approve a lease of 2.3 acres in Mayes County Oklahoma to Jensen's RV Park for a term of five years with a monthly lease payment as discussed. A five-year lease is beneficial to the business of GRDA and will not injure or interfere with the operation of the Pensacola Project, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.d.3., Director Kerns reported this is a 20-year lease, and the Assets Committee unanimously recommends approval. Director Spears moved the Board approve a lease of .67 acres in Delaware County Oklahoma to Grand Lake Holding LLC, d/b/a Tera Miranda Resort, for a term of 20 years with monthly lease payments as discussed. The 20-year lease is beneficial to the business of GRDA and will not injure or interfere with the operations of the Pensacola Project and that Grand Lake Holding LLC provide copies of their tank inspections annually. The motion was seconded by Director LaGere and was voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.d.4., Director Kerns reported the Assets Committee passed this item to the next meeting.

4.e. Change Order No. 5 to Contract 22120, Tonnece Substation Construction Services, with Ernest P. Breaux Electrical Inc. to Modify Transmission Structures for 345-KV Line Cut-In

Mr. Herron reported GRDA is requiring the contractor to modify the 345-kV dead-end structures. The substation had to be bypassed. The line is being run through the substation, and the substation is not yet complete. The breakers and protective equipment are not in operation. Because the line is going through the substation to be able to clear the area to build the 161-kV part of the substation, some of the things involved in the protective system that will be the final system had to be bypassed. To do that, the contractor had to drill, tap, and install some standoff insulators to go around the wave traps that are installed on the dead-end structures. This was not realized in the beginning, so it was not included in the contract. The change order is in the amount of \$14,123, making the total of the change orders \$109,800.78, or 4.35 percent of the

original contract amount of \$2,524,600. The revised contract total is \$2,634,400.78. Director Chernicky moved the Board approve Change Order No. 5 to Contract 22120 to modify the northeast and south 345-kV transmission structures for the 345-kV line cut-in, seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.f. Change Order No. 1 to Contract 22121, Substation Construction Services, Dry Gulch Substation, with BBC Electrical Services Inc. to Install Geo Fabric on the Slopes under the Riprap to Stop Erosion

Mr. Herron showed some slides of the land that was purchased for the substation. There is quite a bit of slope to the land, and it was discovered there is a lot of rock, which has caused some problems. The land had been graded down to where it needs to be, but it was decided not to take the substation down to the same level as NEO's substation next door. There is a grading difference of about three feet. GRDA had the contractor install riprap. After the recent rains, it was found the riprap was not sufficiently preventing erosion. GRDA asked the contractor to install geo fabric on the slopes under the riprap to stop the erosion. GRDA is supplying some of the equipment for this project. Delivery times for control panels and potential transformers are longer than expected when the project was bid. The delay in receiving those items has caused a delay beyond the liquidated damages date for the contractor. The contractor requested a 90-day extension, which is a no-cost extension. The original contract was in the amount of \$843,519. Change Order 1.a. is in the amount of \$4,535, and there is no cost for Change Order 1.b. The revised contract total is \$848,054 with a change order percent total of .54 percent, below the ten percent allowed by law. Director Chernicky moved the Board approve Change Order No. 1 to Contract 22121 to install geo fabric

on the slopes under the riprap to stop erosion and to extend the completion date by 90 days due to delay in receipt of needed equipment supplied by GRDA, seconded by Director LaGere; and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained)*. Director Grodhaus asked why the Board has to approve these change orders under \$50,000 if they are below the ten percent. Ms. Zumwalt-Smith stated the statute requires all change orders to construction projects be approved by the Board.

4.g. Recommendation to Approve OATI Services for 2012

Mr. Herron reported GRDA is required to have a tagging agent which provides services needed for GRDA to participate in the Southwest Power Pool (SPP) power sales market and to provide congestion management services. GRDA bid this service in 2000 and awarded it to OATI (Open Access Technology International, Inc.). GRDA has continued to use OATI since then. GRDA bought software and had to train the operators to use it. SPP also uses OATI. Costs are billed monthly, but because of the annual total (\$82,486.40 for 2011), funding requires annual board approval. GRDA estimates the 2012 costs to be about \$85,000. Staff recommends the Board approve the use of OATI for power sales and congestion management services in 2012 for the estimated cost of \$85,000. Director Chernicky moved that the Board approve continuation of the OATI services for the sale of power on the SPP market during 2012 at an estimated cost of \$85,000, seconded by Director LaGere, and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained)*.

4.h. Amendment No. 2 to First Amended Power Purchase and Sale Agreement with Google, Inc.

Mr. Burget reported the amendment would extend the term of the agreement from November 30, 2011, to December 1, 2014. Google may terminate the agreement earlier than the end of the term but no earlier than March 1, 2013, by providing GRDA written notice three months in advance of such termination. GRDA will release the existing customer deposit per terms of the original agreement. GRDA will return a \$362,000, deposit to the customer within 24 days of the effective date of this amendment. In response to a question by Director Spears, Mr. Burget stated there will be no deposit. If it is guaranteed by the company, GRDA does not have to hold a deposit. Ms. Zumwalt-Smith stated it is not a guarantee. Google is now the primary holder on the contract; they are primarily responsible. Director Chernicky moved the Board approve Contract Amendment No. 2 as presented, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, yes; Spears, no; Chernicky, Grodhaus, yes. *Motion passed (4-yes, 1-no, 0-abstained).*

4.i. Interagency Agreement between GRDA and Oklahoma Water Resources Board (OWRB) to Conduct a Dissolved Oxygen Monitoring Study for FERC Relicensing of the Salina Pumped Storage Project

Dr. Townsend reported GRDA is in the middle of relicensing the Salina Pumped Storage facility. It is a five-year FERC-mandated process. GRDA is at the study plan determination stage. This stage is where GRDA is most at risk as far as costs are concerned for GRDA's customers. The preliminary budget in the 2010 bond issue for the Salina relicensing was \$750,000. In January, the Board approved the consultants for the relicensing process in the amount of \$349,069. The cost of the studies being

presented today is \$264,443. If approved, the total costs to date will be \$613,512. The funds remaining will be \$136,488. A fisheries contract with the Oklahoma Department of Wildlife Conservation will be brought to the Board next month for approval. The cost for that contract is estimated to be less than \$70,000. This Dissolved Oxygen Monitoring Study is in the amount of \$174,694. A majority of the cost is for equipment and supplies with OWRB. What GRDA has installed at Pensacola and Kerr will be installed at Salina as well, which includes telemeter buoys that will record real-time data and be available on the Internet. Three buoys will be associated with Salina. A lake profiler will also be installed; a lake profiler is also installed at Pensacola and Kerr. In response to a question by Director Spears, Dr. Townsend stated GRDA will retain ownership of the equipment. Director Chernicky moved the Board approve the Interagency Agreement between the Oklahoma Water Resources Board and GRDA for dissolved oxygen monitoring associated with the relicensing of the Salina Pumped Storage Project in an amount not to exceed \$174,694, seconded by Director Spears, and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.j. Bid Award Recommendation for Request for Quote #9843
(Purchase Order 32588) to Open Range Archaeology
to Conduct an Historical and Archaeological Resources (Phase 1) Study
for FERC Relicensing of the Salina Pumped Storage Project**

Dr. Townsend reported that in July, staff presented to the Board for approval a Phase 2 study for the Kerr facility. This is essentially the first step of that process for the Salina project. The purpose of the study is to review existing information and survey the area of potential effect to determine if there are historic or cultural sites or

archaeological resources of significance that may be affected by operations of the Salina Project. There were several bidders; Open Range Archaeology (ORA) was the low bidder in the amount of \$35,750. Staff recommends awarding the bid to Open Range Archaeology. Director Grodhaus asked about the wide range of bids. Dr. Townsend stated staff considered in making the recommendation the cost-to-risk benefit. ORA consists of a couple of recent Ph.D. graduates who have started this business. Consultation will be needed along the way with the State Historic Preservation office and the State Archaeological office, so staff feels that during this process, staff should address all those recommendations in that Phase 1 consultation process. If several change orders are needed and the ten percent allowance is exceeded, staff would be required to rebid this item. Staff feels the cost savings are worth the risk at this point. It is hoped this company will provide GRDA with a good product. Director Chernicky moved the Board approve Request for Quote 9843 (PO 32588) with Open Range Archaeology to conduct an historical and archaeological resources study (Phase 1) for the Salina Pumped Storage Project in an amount not to exceed \$35,750, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.k. Bid Award Recommendation for Request for Quote #9844
(Purchase Order 32589) to Enercon
to Conduct a Rare, Threatened and Endangered Species Study
for FERC Relicensing of the Salina Pumped Storage Project**

Dr. Townsend reported the Endangered Species Act comes into play with this item. The purpose of the study is to determine whether the Rare, Threatened and Endangered Species or their preferred habitats occur with the Project boundary, and if

so, to describe how continuing project operations and maintenance might affect the species and/or their habitats. Several bids ranged from \$19,000 to \$45,000. GRDA has had to perform other surveys of different species, such as the gray bat and Bearing Beatle, at other projects at which engineering projects have been undertaken by GRDA. Those are basically the same issues to be surveyed with the Salina Project. Enercon was the low bidder. GRDA has had good experience with Enercon in the past on some of the other species studies. Director Chernicky moved the Board approve the Request for Quote 9844 (PO 32589) with Enercon to conduct a Rare, Threatened and Endangered Species study for the Salina Pumped Storage Project in an amount not to exceed \$19,000, seconded by Director Grodhaus, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.1. Bid Award Recommendation for Request for Quote #9845
(Purchase Order 32590) to Normandeau Associates
to Conduct a Desktop Entrainment Study
for FERC Relicensing of the Salina Pumped Storage Project**

Dr. Townsend reported that desktop entrainment is a modeling program that analyzes potential risk to wound or kill fish as they pass through the turbines. The purpose of the desktop entrainment assessment is to use existing information, literature and site-specific data of intake velocity measurements that will be collected during the 2012 study period to evaluate the potential for entrainment of fish from either Holway Reservoir or Lake Hudson during project operations. The study will also consider potential measures that, if necessary, could be implemented to reduce entrainment from either reservoir. Based on turbine type and velocity measurements, the studies can be

conducted with reliable computer modeling. Staff is recommending the same company that collected the same information for the Kerr facility; the results are expected this month. Normandeau was the low bidder in the amount of \$17,999. Normandeau is basically the standard by which these desktop entrainment studies are utilized nationwide. In response to some questions by Director Kerns, Dr. Townsend stated these studies are to be completed in one year. There is the potential to be extended to two years if there is some sort of environmental condition that might prevent the collection of data. FERC allows two years for the studies to be completed. The study plan will be completed November 2012. That data is then turned over to FERC. GRDA's license is expected to be issued in November 2015. Director Chernicky moved the Board approve the Request for Quote 9845 (PO 32590) with Normandeau Associates to conduct a desktop entrainment study for the Salina Pumped Storage Project in an amount not to exceed \$17,999, seconded by Director LaGere, and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.m. Change Order #1 to Contract 25327, Salina Pumped Storage Project Relicensing Consulting Services, with Longview Associates to Conduct a Recreational Use, Report Development, and Inventory Implementation Study for FERC Relicensing of the Salina Pumped Storage Project

Dr. Townsend reported GRDA has asked for a change order with its licensing consultants to help put together, basically, a mini shoreline management plan. The inventory will describe the available recreation facilities (Project/improved and non-Project/unimproved), the condition of the facilities, and identify any operational, maintenance, or safety issues at each recreation area. It is a requirement for the

license. Development at Salina is not as concentrated as it is at Lake Hudson or Grand Lake, so the plan will not be as complex. GRDA staff and Longview staff will be working together to do some counts throughout the summer. Part of this will be a creel survey associated with the fisheries work that will be brought before the Board next month. Initially, these study plans were not included in the original Longview contract because it was not known from FERC what type of studies would have to be utilized. The original contract was in the amount of \$349,069. This change order is in the amount of \$17,000, bringing the new contract total to \$366,069. The change order is 4.87 percent of the original contract amount. Director Chernicky moved the Board approve Change Order #1 to Contract 25327 with Longview Associates to conduct a recreational use, report development and inventory implementation study for the Salina Pumped Storage Project in an amount not to exceed \$17,000 or 4.87 percent of the original contract amount, seconded by Director Grodhaus, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. Other New Business

There was no other new business.

Mr. Kiefner reported that regarding the recent earthquakes, GRDA personnel have inspected all of the facilities. Each time an event happened, GRDA had someone on site within 20 minutes and an inspection performed within an hour and a half. Homeland Security and Hydro personnel have been inspecting and have seen no damage, and they will continue to monitor the situation.

5. Reports

5.a. Board of Directors Committee Reports

1. Assets Committee: Director Kerns had no further report.

2. Audit Committee:

a. Selection of Auditing Firm for 2011 Financial Audit: Director LaGere reported GRDA issued an RFP for auditing firms for the year ends 2011 – 2015. Three firms responded. Firms were evaluated based on technical qualifications and price, with emphasis on utility and governmental experience. GRDA wanted a nationally recognized firm. Deloitte & Touche has been GRDA's auditors for several years, and they were again the low bidder at \$99,000. That is an annual price that escalates a little upward, but they became more competitive as they escalated out. Director LaGere moved the approval of Deloitte & Touche to conduct the 2011 Audit of GRDA's financial statements at a cost of \$99,000, seconded by Director Grodhaus, and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

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.

6. Executive Sessions:

a. Executive Session Concerning a Possible Condemnation Action to Be Filed in Cherokee County Oklahoma.

b. Executive Session for the Purpose of Discussing the Employment of the General Manager/Chief Executive Officer and Director of Investments, Including a Possible Employment Agreement with Same.

Director Chernicky moved to go into executive session at 11:01 a.m., seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 11:28 a.m., seconded by Director LaGere, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

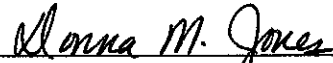
7. Action on Executive Session Items

- a. Action, As Necessary, Related to a Possible Condemnation Action to Be Filed in Cherokee County Oklahoma.**
- b. Action, As Necessary, Related to the Employment of the General Manager/Chief Executive Officer and Director of Investments, Including a Possible Employment Agreement with Same.**

Regarding item 7.a., Director Grodhaus moved the Board adopt a resolution of necessity related to condemnation proceedings in Cherokee County Oklahoma, seconded by Director Chernicky, and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 7.b., Director Grodhaus moved to approve the employment agreement with Daniel Sullivan as discussed in executive session, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Grodhaus moved for adjournment at 11:30 a.m., seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

December 14, 2011
GRDA Board of Directors