

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
September 8, 2010**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on September 8, 2010. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on December 2, 2009, at 3:33 p.m.; by posting the agenda with the Craig County Clerk's office on September 7, 2010, at 9:47 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Kerns called the meeting to order at 10:16 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett and Chernicky. Chair Kerns declared a quorum. Mr. Easley welcomed guests.

BOARD MEMBERS

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

Others present were as follows: Harold Robertson and Robert Echenrode, NEOEC; Mike Doublehead, City of Stilwell; Gary Pruet, Pryor MUB; David Dollar and Andy Millarr, Ketchum Public Works; Donna Smith, Logan & Lowry; Dwayne Henderson, Town of Adair; Norman Willhite, MCS; Justin Alberty, Tamara Jahnke, Darrell Townsend, Chuck Atkins, Melanie Earl, and Dave McCollaum, GRDA.

Election of Officers:
a. Nominations for Chair-Elect
b. Election of Chair-Elect (Will Serve as Vice-Chair)

Chair Kerns announced that the new Chair, Director Chernicky, is not present today. In his absence, the Board needs to elect a presiding Chair. Director Spears moved that Chair Kerns continue as the temporary Chair, seconded by Director LaGere, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Nominations were then opened for Chair-Elect (who will reside over the rest of this meeting) to serve from now until September 2011. Director LaGere moved to nominate Director Spears, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Mr. Easley presented Director Kerns a plaque of appreciation for her service to GRDA as Chair throughout the past year.

1. Regular Board Minutes of July 14, 2010

2. July Claims, \$38,148,466.37; August Claims, \$36,376,516.05

4.a. Resolutions of Commendation:

- (1) Michael E. Pendleton**
- (2) P. Tom Caskey**
- (3) John L. Blair**
- (4) James R. Pierson**

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

- (1) Transformer and Oil Circuit Breaker (OCB)**
- (2) Approximately 260,000# 4/0 Bare Copper
and Approximately 230,000 Feet 3/8 Steel**
- (3) Kerr Unit 3 Generator Stator, Six Turbine Blades (8,400 Pounds Each),
10,000 Pounds Miscellaneous Steel, and 7,000 Pounds Cable and Wire**

- (4) Six 15-KV Switchgear and Twenty 15-KV Breakers
- (5) Approximately 200 Tons Scrap Metal
- (6) Three Transformers and Three Oil Circuit Breakers (OCB)
- (7) Waterbath (Blue-M), Incubator (Labline), and Cabinet
- (8) P&H Crane (20 Ton), Shop-Made Oil Filter Trailer (1984), Go-Track (Track Vehicle), Altec D-1090 Digger, Shop-Made Trailer (1949), 1999 Ford F450, 2003 Chevrolet 4x4 Single-Cab Pickup, 1983 Ford LTL 9000 Truck Tractor, 1997 International, 1997 Altec 60-Ft. One-Man Basket Digger with Upper Controls

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
6285	Total Resource Management	\$395,251.98
23145	Mailfinance Inc	19,797.12
23210	Mailfinance Inc	4,617.00
23275	Mayes County Petroleum Products	162,415.98
23307	Warren Power & Machine	306,925.00
23403	IBM Corporation	69,627.58
23745	Foster Wheeler	184,000.00
23825	Areva T&D	438,100.00
23874	Pryor Stone	84,000.00
23885	Continental Industrial Supply	156,289.60
23916	Dura-Metal Products Corp	166,600.00
23947	HVB AE Power Systems	190,000.00
23935	GEA Power Cooling	98,055.42
23950	W S Bunch Co	50,810.00
24045	Electrical Power Products	53,266.00
24050	Dowley Security Systems	118,755.00
24055	MHC Kenworth	252,500.00
24118*	Valmont/Newmark	83,122.00
24120*	Atkinson Industries	<u>137,997.00</u>
<i>Total Standard</i>		\$2,972,129.68
14898	Dowley Security Systems	\$73,654.00
20058*	Mayes County Petroleum	<u>167,203.20</u>
<i>Total Change Orders</i>		\$240,857.20
19341	Dowley Security Systems	\$119,536.00
22881	The Power Solutions Group	79,506.00
22895	Kansas & Oklahoma Railroad Inc	12,060.00

23087	Harlo Corporation	382,514.00
23422	Dowley Pepper-Lawson LLC	108,675.68
23571	Kansas & Oklahoma Railroad Inc	<u>12,462.00</u>
	<i>Total Emergency Orders</i>	\$714,753.68
	<i>Grand Total Purchases</i>	<u>\$3,927,740.56</u>

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF009-00367	Jay Substation Capacitor Banks	\$705,000.00
RF010-00395	Replace Collinsville Interconnect Transformer #1	<u>2,328,000.00</u>
	<i>Grand Total Work Orders</i>	<u>\$3,033,000.00</u>

Regarding item 4.b, the items were listed in Surplus Property Transfer Forms from Dewey Epps dated February 4, 2010; Mike Ragsdale dated February 5, 2010; Herman Werkman dated June 14, 2010; Danny Ragsdale dated June 2, 2010; Chuck Moore dated July 2, 2010; Dewey Epps dated July 28, 2010; Sam Ziara dated August 16, 2010; and Mark Haley dated August 23, 2010.

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

REGULAR AGENDA

3. Unfinished Business

3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented the "GRDA September 2010 Update" highlighting an update on the Energy Control Center remodel and expansion.

4. New Business

4.c. Assets Committee Recommendations:

4.c.1. Request by James Trupp for an Assignment of a Lease Issued to Charles & Rita Pate, d/b/a Lakeside Mobile Home Park and RV Campground.

4.c.2. Request by Honey Creek Vista Properties, LLC, for Lease of GRDA Property Located in Grove, Oklahoma.

4.c.3. Settlement Agreement between GRDA & Daniel & Selena Stockley Related to Real Property in Delaware County Oklahoma.

4.c.4. Request by Daniel & Selena Stockley for a 30-Year License to Encroach for Property Located in Delaware County Oklahoma.

4.c.5 Request by Northeast Electric Oklahoma Electric Cooperative, Inc., for an Overhead and Underground Electric Line Easement in Mayes County Oklahoma.

4.c.6. Request by Ketchum Public Works Authority for an Easement for a Water Intake in Mayes County Oklahoma.

4.c.7. Request by the Adair Municipal Authority for a Temporary Construction and Permanent Easement for Water Pipeline Located in Mayes County Oklahoma.

Regarding item 4.c.1., Director Kerns reported the Assets Committee recommends approving the request for assignment of lease to James Trupp for the remaining term of the lease and moved to approve same, seconded by Director Spears, and voted upon as follows: Meyers, Spears, Frost, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.2., Director Kerns reported the Assets Committee recommends approval of the request by Honey Creek Vista Properties for lease of GRDA property located in Grove, Oklahoma, and moved to approve same; seconded by Director

Spears; and voted upon as follows: Spears, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.3., Director Kerns reported the Assets Committee recommends approving the settlement agreement between GRDA and Daniel and Selena Stockley related to real property in Delaware County Oklahoma and moved to approve same, seconded by Director Spears, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.4., Director Kerns reported the Assets Committee recommends approving the request by Daniel and Selena Stockley for a 30-year license to encroach for property located in Delaware County Oklahoma and moved to approve same, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.5., Director Kerns reported the Assets Committee recommends granting the overhead and underground electric line easement in Mayes County to Northeast Oklahoma Electric Cooperative for KAMO's Sportsmans Acres substation and moved to approve same, seconded by Director Spears, and voted upon as follows: LaGere, yes; Meyers, abstained; Spears, Frost, Kerns, yes. *Motion passed (4-yes, 0-no, 1-abstained).*

Regarding item 4.c.6., Director Kerns reported the Assets Committee recommends approving the request by Ketchum Public Works Authority for an easement for a water intake in Mayes County Oklahoma and moved to approve same, seconded by Director Spears, and voted upon as follows: Meyers, Spears, Frost, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.7., Director Kerns reported the Assets Committee recommends approving the request by Adair Municipal Authority for a temporary construction easement and permanent easement for a water pipeline located in Mayes County Oklahoma and moved to approve same, seconded by Director Spears, and voted upon as follows: Spears, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.d. Bid Award Recommendation for Contract 22118, Sallisaw Interconnect Transformer Addition

Mr. Herron reported a transformer will be added to the Sallisaw substation. The contract is for the installation of a 161-kV breaker, installation of one and replacement of five 69-kV breakers, a station service transformer, a 69-kV switch and two 161-kV switches, bus work, two oil containment structures, and a 15-kV riser. Eight bids were received. The low bidder had several exceptions to GRDA's contract and did not provide a surety letter. For those reasons, the bid was rejected. Staff recommends awarding the contract to Irby Construction Company, the lowest bid meeting specifications. The bid was awarded under the emergency confirmatory process. Time is of the essence because this is an SPP-related project. Quotes were time sensitive and would have been void if delayed until the September meeting. Discussion followed about non-conforming bids and about referencing a bidder as the second-low bidder. Director Kerns moved the Board ratify the award of Contract 22118 to Irby Construction Company for \$224,796 as the lowest conforming bidder for this project, seconded by Director Frost, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.e. Change Order #2 to Contract 20748 with BBC Electrical Services Inc.
for Substation Construction Services, Kerr Dam Substation**

Mr. Herron showed slides of the substation and the work being done. During the construction process, several changes have occurred. An original gate was to be relocated, but it is in poor condition. The contractor would like to replace the gate at the quoted price of \$1,955. Another change involves the station service transformer pads. The consultant specified fiberglass pads, but GRDA does not stock fiberglass pads. GRDA requested concrete pads instead; the contractor quoted \$2,829 for that work. An additional change involves the deadend ground wire installation. The deadends were not pre-drilled for ground wire, so the contractor drilled and tapped holes for ground wire brackets at the quoted price of \$372. The contractor also identified several cracks and splits in the bus that were caused by vibration and freezing. The contractor quoted the price of \$9,817 for bus repair. The contractor also discovered damaged bus in two more bays and removed and replaced the damaged bus at the quoted price of \$12,087.50. The total for Change Order #2 is \$27,060.50. The original contract amount was \$1,452,812. The change order total is now 2.80 percent. Director LaGere moved to approve Change Order #2 to Contract 20748 to replace a gate that is in poor condition, to require concrete pads so that GRDA does not need to purchase fiberglass pads for two transformers, and to repair and replace damaged substation bus work which was not identified until construction was started; seconded by Director Kerns; and voted upon as follows: Kerns, LaGere, Meyers, Spears, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.f. Bid Award Ratification of Contract 22119, Construction Services, Saline Creek Substation

Mr. Herron reported the current substation is located at the top of the Salina Pumped Storage Project; it is called the Chimney Rock substation. Mr. Herron showed slides of the Chimney Rock substation and the location of the Saline Creek substation. The Chimney Rock substation is a 161-kV bay. There are no breakers. It is not quite what GRDA needed, and there are problems with the location. It provides services to NEO, and it has been loaded beyond the capacity of the transformers. The new substation will not only serve NEO but will also provide backup power to the Pump Station. The bid for construction services involves 5 161-kV circuit breakers; 17 161-kV switches; 12 161-kV transformers; 8 15-kV circuit breakers; 2 161/3.8-kV transformers; bus work, foundations, and support structures; 8 control panels; conduit, cabling and connections; and rock and fencing. Eight bids were received; the low bidder was Ernest P Breaux in the amount of \$920,000. Time is of the essence because NEO needs the service from the substation and because of the bid validity period. The bid was awarded to the low bidder with a request for ratification of award by the Board. Director Meyers moved that the Board ratify the approval of award of Contract 22119 to Ernest P Breaux Electrical, Inc., as the low bidder for the quoted price of \$920,000; seconded by Director LaGere; and voted upon as follows: LaGere, Meyers, Spears, Frost, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.g. Bid Award Ratification of Contract 22120, Tonnece Substation Construction Services

Mr. Herron showed slides of an aerial view of the substation site and explained the process the contractor will follow to install the two sides of the substation while keeping

the line in service. It is a complicated project. The transformer is coming in from China and is supposed to arrive in mid-October, so the pad had to be ready. The bid involves three 345-kV circuit breakers; three 161-kV circuit breakers; two 69-kV circuit breakers; two transformers; bus work, foundations, and support structures; a control building; conduit, cabling, and connections; and rock and fencing. Eight quotes were received. The low bidder was Ernest P Breaux in the amount of \$2,524,600 and took no exceptions. The low bid is acceptable. Time is of the essence to complete the 345/161-kV transformer pad by October and because of the bid validity period. The contract was awarded to the low bidder with request for ratification of award by the Board. Director LaGere moved the Board ratify the approval of award of Contract 22120 to Ernest P Breaux Electrical, Inc., as the low bidder for the quoted price of \$2,524,600; seconded by Director Spears; and voted upon as follows: Meyers, Spears, yes; Frost, absent; Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.h. Proposed Sale of Hoot Owl Line 301H, Fort Gibson Tap to Mineral Solutions

Mr. Herron reported the Hoot Owl line has a customer tap with Lake Region Electric Cooperative. It is approximately 2.9 miles and traverses very hilly terrain. It was constructed in 1948 and was rebuilt in 2007. GRDA has one customer on the end of the line—a cooperative that has several customers tapped from the line. The line was surplus by the Board on April 12, 2006, at which time it was valued at \$11,717.80. GRDA offered to sell the line to the cooperative, but they were not interested in purchasing it. An ice storm in January 2007 basically destroyed the line. GRDA rebuilt the line with new materials, increasing the value to \$83,320.24. GRDA still has only one

customer on the line. GRDA generates about \$3,800 of annual income in electric sales from that one customer. In the spring of 2010, Lake Region indicated an interest in purchasing the line. The value as of June 30, 2010, is \$72,021.12. Lake Region agreed to purchase the line, with the customer, for that amount. Lake Region's Board approved the purchase in August 2010. GRDA staff recommends the sale of the surplus line. Because the line was surplus previously, and the value of the line has changed, staff wanted to bring it before the Board for consideration. In response to a question by Director Spears, Mr. Herron stated GRDA is forever limited to that one customer on the line. Director LaGere moved the Board approve the sale of Line 301H, the Hoot Owl Line, to Lake Region Electric Cooperative, for the quoted price of \$72,021.12, with the sale to be completed at the successful transfer of funds, easements, and physical assets; seconded by Director Spears; and voted upon as follows: Spears, Frost, Kerns, LaGere, yes; Meyers, abstained. *Motion passed (4-yes, 0-no, 1-abstained).*

4.i. Recommendation for Award of Sole Source Purchase Contract for GE SCADA Equipment

Mr. Herron reported SCADA stands for Supervisory Control and Data Acquisition. It is used to monitor, control and operate the GRDA system of transmission lines and substations in "real" time. The system runs continuously. It is comprised of work stations, servers, storage equipment, and switches. There are many North American Electric Reliability Corporation (NERC) standards that apply to the equipment and its use. GRDA operates a GE SCADA system that was purchased in 2002 and installed in 2005. The hardware was replaced in 2009, but the software release is from approximately 2004. GRDA has compliance issues with the current system that deal

with the age, limiting software version capabilities, and redundancy. GRDA can either solicit bids for a new system or upgrade the existing system via a sole-source purchase from GE. Bidding a new system would require the use of a consulting firm to assist with specifications and bid analysis. It would require about 12 to 18 months to complete and would result in new hardware and software. It would also result in the need for extensive retraining of personnel who operate and maintain the system. In comparison, a GE upgrade would result in delivery and installation of the system in ten months. There would be minimal retraining because it would basically be the same operating and control system. GRDA would reuse hardware that was replaced in 2009, however, new hardware would be needed for redundancy. GRDA could break it into a two-step process. GRDA needs a Quality Assurance System (QAS) testing system. That system could be delivered in three months, and it would cover certain compliance issues. The remaining system would be delivered in about 10 months. It would add the upgraded version of the software, would cover additional compliance issues, and would upgrade the software in QAS. An upgrade would allow the use of hardware replaced in 2009 to the 2012-13 period. GRDA would get about 40,000 hours out of the equipment by doing that. There will be new compliance requirements coming out in about two years. If GRDA waits and bids the new system in two years, the changes from NERC could be incorporated into the bid specs, so the software would meet the specs, which would allow for a more orderly changeover at that time. Staff estimated the cost of the two options. GE quoted \$1,004,660 for the hardware and software. Training would be about \$25,000. The total for that option is \$1,030,740 with a completion time of ten months. The bid option would include about \$170,000 of engineering at the front end. A new

system would be about \$1,500,000. Training would amount to about \$112,000. The total for the bid option would be about \$1,784,840 with a completion time of 12 to 18 months. Staff recommends approval of a GE upgrade because it is the most useful option to GRDA right now and would allow GRDA time for some of the regulation changes to work into those over the next three years more economically. Discussion followed. This item was passed to executive session for further discussions. *(Continued on page 18.)*

**4.j. Change Order #1 to Work Authorization 12281 with Black & Veatch
for Engineering Design Services
on the Tonnece to West Siloam Springs Transmission Line Project**

Mr. Herron showed an overall view of the transmission line. GRDA selected a route from three options provided in a study performed by Black & Veatch (B&V). GRDA's right-of-way company then began easement acquisitions. The easement procurement process resulted in a straighter route, five fewer land owners that needed approved easements, and five tangent (in-line) structures rather than seven angled structures. The angled structures that were removed would cost about \$79,000 each to install. The tangent structures cost about \$10,000 each. That change saved about \$500,000. The prices are based on Feeder 4 rebuild costs from the spring of 2010. At that point in the timeline, a State Historic Preservation Office (SHPO) survey was prepared by a subcontractor of B&V. The transmission line design was modified based on the SHPO study results to avoid nine sites of historical interest. GRDA had not yet proceeded to contact property owners for easement modification to get around those nine sites. The study was then sent to the State Archaeologist, which discarded two of the nine sites. Staff decided to modify the designs to remove accommodations that were made for those two sites. The result was an estimated construction cost savings of

\$14,102, plus unknown added costs for two easement changes which were not needed. The change order from B&V shows that they invested 469 man hours in the amount of \$58,510. The subcontractor activities for survey data processing and soil borings amounted to \$21,594. Office expenses amounted to \$4,690. The total of Change Order #1 is \$84,794; the original quote was \$273,500. Staff recommends approval. In response to a question by Director Spears, Mr. Herron stated the original design was chosen because it avoided houses and other sensitive areas. When the right-of-way crew started talking to property owners, the changes became more apparent. Director Meyers moved to approve Change Order #1 for Work Authorization 12281 to Black & Veatch to provide engineering services needed to modify drawings and designs for structure changes due to easement changes and modifications resulting from archaeological investigations, seconded by Director Spears, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.k. Revised Change Order #2 to Work Authorization 12279 with Black & Veatch for Engineering Design Services on Tonnece Substation Project

Mr. Herron reported that at the last meeting, the Board rejected this change order. After informing Black & Veatch (B&V) of the rejection, B&V requested a review of the change order items. The first item involves resizing the transformer. The Jiang Su Hua Peng Transformer Company (China) design was changed three times, which required design modifications by B&V each time. However, there is no justification in the scope of services to recognize added costs for those redesigns. The second item involves grading changes. B&V thought they had sent the initial plan in August; it was not in the drawing group received. GRDA has an email requesting the grading plan on February 4,

2010. The plan was not received until a later set of drawings. Therefore, there is no justification for added costs because they did not provide the information to GRDA in a timely fashion. The third item involves oil containment. B&V designed oil containment structures with electric pumps for draining fluids. GRDA reviewed B&V's plans and required changes to a passive drainage system (gravity drains). B&V was not familiar with that kind of system and had to do additional study to determine how to accomplish the request. The work resulted in seven drawings and 170 hours. Mr. Herron believes this charge is valid. The original change order was in the amount of \$61,690; the revised change order totals \$21,910. Invoices are billed on actual time used at quoted hourly rates by grade. Director Meyers moved the Board approve revised Change Order #2 for Work Authorization 12279 to Black & Veatch to provide the engineering services needed to modify drawings and designs for oil containment structure changes at the Tonnece Substation, seconded by Director Kerns, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Frost, yes. *Motion failed (5-yes, 0-no, 0-abstained).*

4.I. Approval to Pay FERC Annual Charges for FY 2010 Hydropower Administrative Cost

Mr. Atkins reported GRDA received its annual bill from FERC; the fees have increased \$9,951 from last year. The fee this year is \$738,290. The fees are comprised of two parts: the first is based on generation capacity and amounts to 85 percent of the fees, and the second is to recover administrative charges. Staff has reviewed the charges thoroughly and recommends approval. Director Kerns moved the Board approve payment of \$738,290 for 2010 FERC fees in order to remain compliant with

FERC license requirements, seconded by Director LaGere, and voted upon as follows:
LaGere, Meyers, Spears, Frost, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.m. Bid Award Recommendation for Contract 22441,
Pulverizer Repair Services**

Mr. Barney reported coal is continuously being ground at the Coal-Fired Complex using 12 pulverizers, seven days a week, all year long. Every hour, there is over one million pounds of coal being ground. Grinding that much coal causes substantial wear inside these pulverizers. Enormous amounts of hot air are injected to dry the coal. In the past, GRDA has successfully used a pulverizer repair service contract. That contract is expiring, so the contract was put out for bids. Four bids were received. Mechanical Construction Services (MCS) was the lowest conforming bidder in the amount of \$1,201,422.80. The apparent low bidder was DZ Atlantic in the amount of \$1,074,233.21, but they objected to many of GRDA's terms, most specifically for liquidated damages. They also expressed the desire to change the limitation of liability, warranty, and other important terms for GRDA's protection. Staff recommends awarding the service contract to Mechanical Construction Services. Director Kerns moved to award Contract 22441 for Pulverizer Repair Services to Mechanical Construction Services in the amount of \$1,201,422.80, considering their bid is the lowest price bid that meets GRDA technical requirements and takes no exceptions to GRDA contractual terms and conditions; seconded by Director Frost; and voted upon as follows: Meyers, Spears, Frost, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. 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—Approval of Audit Fees with Deloitte & Touche for 2010 Financial Audit:** Director LaGere reported the Committee met this morning. It was a unanimous vote that GRDA continue with Deloitte & Touche for the 2010 audit year. This is the last year of their August 31, 2006, proposal. Director LaGere moved to accept the last year of Deloitte & Touche's proposal in the amount of \$149,650, seconded by Director Frost, and voted upon as follows: Spears, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

3. **Coal Committee:** There was no report.

4. **Marketing Committee:** Director Frost had no report.

5. **Policies and Procedures Committee:** There was no report.

6. **Long-Range Planning Committee:** There was no report.

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

6. Executive Session Concerning Non-Public Information

Director Kerns moved to go into executive session at 11:20 a.m., seconded by Director LaGere, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Frost moved to return to regular session at 12:22 p.m., seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Frost, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

7. Action on Executive Session

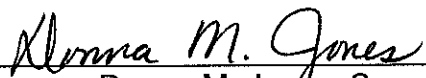
No action was deemed necessary at this time.

4.i. Recommendation for Award of Sole Source Purchase Contract for GE SCADA Equipment

(continued from page 13)

Director Meyers moved the Board approve the purchase of SCADA equipment, software, and services based on the GE Quote #845131B for the quoted price of \$1,004,660; seconded by Director LaGere; and voted upon as follows: LaGere, Meyers, Spears, Frost, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Director Frost moved for adjournment at 12:23 p.m., seconded by Director LaGere, and voted upon as follows: Meyers, Spears, Frost, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

November 3, 2010
GRDA Board of Directors