

**Minutes of Special Meeting
Grand River Dam Authority
Board of Directors
Tulsa, Oklahoma
January 13, 2010**

A special meeting of the Board of Directors of the Grand River Dam Authority was held at New Dominion LLC, Tulsa, Oklahoma, on January 13, 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 submitting a notice of special meeting to the Secretary of State on January 7, 2010, at 8:33 a.m.; by posting the agenda with the Craig County Clerk's office on January 12, 2010, at 9:07 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Vice-Chair Chernicky called the meeting to order at 10:07 a.m. The Secretary called the roll; all members were present with the exception of Directors Frost, Gay, and Kerns. Vice-Chair Chernicky declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

Betty Kerns, Chair	Absent
David J. Chernicky, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Present
Gerald H. Gay	Absent
Terry G. Frost	Absent
W. Brent LaGere	Present
Stephen R. Spears	Present

ADMINISTRATIVE

Kevin A. Easley, General Manager/CEO	Absent
Michael Kiefner, Chief Operating Officer	Absent
Gretchen Zumwalt-Smith, General Counsel	Absent
Charles J. Barney, AGM Thermal Generation	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Absent
Dale Willis, AGM Transmission and Engineering	Absent
Donna M. Jones, Secretary	Present

Others present were as follows: Danny George and Chris Broyles, Global Asset Management; Justin Alberty, Holly Moore, Tamara Jahnke, Mike Herron, and Mike Stafford, GRDA.

1. Board Minutes of December 9, 2009

Director Bartlett moved to approve the minutes, seconded by Director Spears, and voted upon as follows: Chernicky, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4. New Business

4.a. Renewable Attributes Purchase Agreement with Green Mountain Energy Company

Mr. Stafford reported GRDA offered the opportunity to competitively bid the market rights to the output of the non-certified hydro electric generation facilities (Pensacola and Kerr). The offer included renewable energy credits from the two facilities for 2010 with an option to renew the contract annually. GRDA has had a contract with Green Mountain Energy for 2007, 2008 and 2009 for \$50 a megawatt-hour (MWh). In 2007, GRDA sold 548,000 MWh and recovered \$274,002.50. In 2008, GRDA sold 1,140,029 MWh and recovered \$570,014.50. In 2009, GRDA sold 1,069,449 MWh and recovered \$534,724.50. The vendors available to GRDA were Green Mountain Energy, Spectron Energy, and Sterling Planet. Green Mountain Energy was the only responsive bidder. They bid \$.50 per MWh for the first 500,000 MWhs and \$.35 per MWh for MWhs in excess of 500,000 MWhs (not to exceed 1,000,000 MWhs). The delivery term would be from January 1, 2010, to December 31, 2010, with an option for Buyer to extend the contract through December 31, 2011. GRDA can retain the credits if the Feds or State mandate green initiatives. Mr. Stafford recommended accepting the bid proposal from Green Mountain Energy. In response to questions by Director Spears, Director Chernicky, and Director Bartlett, respectively, Mr. Stafford reported Green Mountain does not have to purchase all that GRDA generates and can quit anytime they want, the

credits are not accruable, and the money is spread back to GRDA's customers through the power cost adjustment. Director Bartlett moved to award the contract to Green Mountain Energy Company, seconded by Director Spears, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.b. Change Order #1 to Contract 16737,
Pensacola to Kerr Dam Feeder #4 Reconstruction, with KDM Construction
to Provide Larger Diameter Holes on 40 Poles Based on Geotechnical Data**

Mr. Herron reported that when the contract was approved with KDM at last month's meeting, Mr. Herron had mentioned there were some unresolved items. This change order addresses one of those items. Construction has begun, and the contractor decided to set the new poles in line and use the old wires to pull the new wires in. Geotechnical data was received after the bids were received, and the data indicated larger holes were needed on certain poles. The contractor previously quoted unit prices for the adjustments. The hole diameters need to be increased from 4.5 feet to 5 feet on 40 holes. The total calculated price is \$23,355, .58 percent of the original contract price of \$4,061,133.07. Director Bartlett moved to approve Change Order #1 to Contract 16737 to allow contractor to provide larger diameter holes on 40 poles, as determined to be needed by geotechnical data received after the bidding process, seconded by Director Spears, and voted upon as follows: Spears, Bartlett, Chernicky, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.c. Change Order #2 to Contract 16737,
Pensacola to Kerr Dam Feeder #4 Reconstruction, with KDM Construction
to Provide Storm Water Pollution Prevention Plan Services,
Modify Pole Installation Plan, and Remove Pole Hole Spoils**

Mr. Herron reported GRDA did not have the final Storm Water Pollution Prevention Plan (SWPPP) at the time the contract was bid. GRDA did not know this was required when proposals were solicited, so the contractor did not provide per-unit prices on these items. GRDA also did not have the quantities for the particular items, so Mr. Herron went through the bid documents and estimated those values. Mr. Herron listed the items that were needed under Change Order #2 which totaled \$181,360, 5.04 percent of the original contract price of \$4,061,133.07. The inspector on site will decide when some of this work will be done, and GRDA will be billed only for the items actually used. SPP wants this line back in service by July 1. Director Bartlett moved to approve Change Order #2 to Contract 16737 to allow the contractor to provide Storm Water Pollution Prevention Plan services, to modify the pole installation plan because of late delivery of materials, and to remove pole hole spoils from the job site, seconded by Director LaGere, and voted upon as follows: Bartlett, Chernicky, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.d. Approval of Insurance Premiums for November and December 2009
and January 2010 for Workers' Compensation Insurance
through CompSource Oklahoma**

Ms. Jahnke reported GRDA's current workers' compensation policy period runs from February 1, 2009, through February 1, 2010. CompSource is GRDA's current carrier. The premiums are based on GRDA's payroll. GRDA provides monthly payroll figures to CompSource, and then they bill GRDA the following month for the premiums

for the previous month. In February 2009 the Board approved an estimated premium of \$698,361 for this current year. GRDA has used that amount and still has not been billed for December or January. Ms. Jahnke requested approval of an extra not-to-exceed amount of \$160,000 to carry GRDA through the policy period, so this will not need to be brought back before the Board. The highest monthly premium has been about \$70,000. Discussion followed regarding increased payroll expenses, the experience factor that is driving the premiums, and the investigative process used for accidents. Ms. Jahnke stated the experience rating modifier is going from 1.12 to 1.61. The claims were higher in 2008. CompSource looks at the history of the past three years on claims, so GRDA will be stuck with the 2008 numbers for a while longer. GRDA has also lost a good year in the calculations. Discussion followed about a board committee looking at this item. Director LaGere stated he would look into this and get back with Ms. Jahnke about it. Director Bartlett moved to approve the insurance premiums, seconded by Director LaGere, and voted upon as follows: Chernicky, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.e. Approval of Workers' Compensation Insurance for Policy Period
February 1, 2010, through February 1, 2011**

Ms. Jahnke reported GRDA has entered into a new policy period, and therefore, solicited quotes for workers' compensation coverage for February 2010 – 2011. Two bids were received, one from CompSource and one from Liberty Mutual. CompSource's estimated premiums came back about \$200,000 less than Liberty Mutual's quote. CompSource's estimated premium this policy period is \$1,177,456. There would be a discount if GRDA chooses an option for a medical deductible. In the past GRDA had the

\$500 deductible option, which appears to be the appropriate one based upon estimated premium savings GRDA would get. GRDA has averaged about 43 claims per year over the past five years. The estimated annual payment for a \$500 deductible would be a \$21,500 premium deduction. Ms. Jahnke recommended renewing the policy with Compsource and choosing the \$500 medical deductible. CompSource stated they are looking at a five percent increase for the coming year. GRDA has seen an increase in all its insurance premiums, except for the coverage on the helicopter. Director Bartlett moved to renew the policy with CompSource with the estimated premium of \$1,177,456 and a \$500 medical deductible, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.f. Bid Award Recommendation for Contract 17084, Installation of Super Heat Panels

Mr. Barney reported the super heat panels were already purchased under another contract and are being manufactured locally. They will be installed in the Unit 1 boiler. Once the panels are assembled, all the welds are x-rayed, and each tube run is pressurized to over 3,000 pounds of pressure to prove its reliability. Installation is planned for March 2010, so it is important to make arrangements with the contractor soon to allow him to mobilize and plan the work. Mr. Barney showed slides that demonstrated the work involved. The work was placed for bid to all firms that had an interest, and it was advertised. GRDA received four good bids. The lowest bid took considerable exceptions to GRDA's form of contract in terms of liability and exposure. After review with the Legal Department, the recommendation is the lowest bid be

considered non-responsive. This is a fully bonded contract. Aquilex SMS took no exceptions to GRDA's contract. Their bid was slightly higher at \$1,534,000. The contractor has been interviewed at length and is extremely competent. The next two bids were about 50 percent higher. Mr. Barney recommended the Board award the contract to Aquilex SMS in the amount of \$1,534,000. Director Chernicky moved to award Contract 17084 for the installation of superheat panels to the lowest responsible bidder, Aquilex SMS, seconded by Director LaGere, and voted upon as follows: Spears, Bartlett, Chernicky, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.g. Change Orders to Contract 13548,
Energy Control Center Renovation and Expansion,
with Crossland Construction Company:**

**(1) Change Order #4
Additional HVAC for Communications Room**

**(2) Change Order #5
Deduction for Leaving Existing Exterior Panels in Place**

**(3) Change Order #6
Additional Micro Piles, Modification of Columns, Additional Roof Drain,
Concrete and Shotcrete**

Ms. Moore reported 20,000 square feet of the project is a remodel. Change Order #4 is for HVAC equipment and security door hardware. In the process of building the Eco Center, it was discovered that GRDA could save money overall by purchasing electrified strike crash bars that cost around \$400, or GRDA could pay the hardware vendor through Crossland \$300 for the crash bar and then pay GRDA's outside security vendor another \$400 to make that crash bar work. This will cost about \$20,000, but in the long term, it will save money because GRDA will not be paying an outside vendor.

After bidding, it was discovered more equipment had been installed in the communications area where equipment is located for metering, SCADA, data, phones, and computer systems for all GRDA. The inadequate equipment needs to be replaced to provide operating reliability. The total cost for Change Order #4 is \$86,961.16 and an extension of ten working days. Change Order #5 is a credit in the amount of \$25,000. Guernsey was going to originally remove the wall on the east side of the building. Removing the wall would expose the SCADA room to the elements of the weather as well as from a security standpoint. Change Order #6 is for additions to the exterior structure. Once the installers, the subs, Crossland, and Guernsey got on site, it was discovered additional length for the columns might be needed, and the micro piles for support of the building and deck may not work. This change order is in the not-to-exceed amount of \$86,968.75 with an extension of five working days. The total cost of all three change orders is \$148,929.91 with an extension of 15 working days. All the change orders are only 2.337 percent of the total contract price of \$7,639,967.40. The new contract total of \$7,788,897.37 is still 19 percent lower than what GRDA believed the cost would be: \$9.5 million. Director Spears moved to approve Change Order #4 to ensure critical computer equipment operation and protection of critical assets, seconded by Director LaGere, and voted upon as follows: Bartlett, Chernicky, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved to approve Change Order #5 to receive a credit back for unneeded work, seconded by Director Bartlett, and voted upon as follows: Chernicky, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

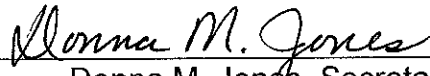
Director Spears moved to approve Change Order #6 to make modifications and additions for structural and drainage stability, seconded by Director Bartlett, and voted upon as follows: LaGere, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

5.b. Purchase Order Report

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
16950	Siemens Power Generation	\$754,557.00
17169	Siemens Power Generation	206.00
17170	Siemens Power Generation	7,062.00
18525	Foster Wheeler North America	69,855.00
18552	Warren CAT	160,000.00
18574	Foster Wheeler North America	143,900.00
18636	Fisher Scientific Company	37,472.22
18637	Fisher Scientific Company	55,560.13
18703	Dynamic Machine Repair	76,332.00
18707	W S Bunch Company Inc.	52,500.00
18739	Ritz Instrument Transformers c/o Preferred Sales	<u>57,300.00</u>
<i>Total Standard</i>		\$1,414,744.35
16473	AZZ/Central Electric Manufacturing Company	<u>\$28,038.00</u>
<i>Total Change Orders</i>		\$28,038.00
18238	Infrastruct Security Inc.	<u>\$59,660.00</u>
<i>Total Emergency Orders</i>		\$59,660.00
(1) Addendum to Purchase Order Report:		
18835	DMR H-C – Dynamic Machine Repair	<u>\$61,500.00</u>
<i>Total Addendum Orders</i>		\$61,500.00
<i>Grand Total Purchases</i>		<u>\$1,563,942.35</u>

Director Bartlett moved to approve the purchase order report, including the addendum, seconded by Director Chernicky, and voted upon as follows: Spears, Bartlett, Chernicky, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 10:52 a.m., seconded by Director Spears, and voted upon as follows: Bartlett, Chernicky, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

February 10, 2010
GRDA Board of Directors