

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
March 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 March 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 March 8, 2011, at 8:47 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 10:41 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett and Meyers. 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	Absent

ADMINISTRATIVE

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Absent
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: Gary Pruet, Pryor MUB; Mike Doublehead, Stilwell Utilities; Mark Chesney, TPWA; Wendy Gregory, Governor's Office; Kendra Montana, Grove Sun/Miami News Record; Denton Thomason, Vinita Daily Journal; Randy Krehbiel, Tulsa World; Tom Gruber, Gable Gotwals; William and Carol LaRue; Julia Neftzger, George Tipton, and Jeff Harris, RWD#6, Mayes County; Jason Cook, Smith Roberts Land Service; Jody Cason, OWRB; Justin Alberty, Tamara Jahnke, Holly Moore, Darrell Townsend, Melanie Earl, and Dave McCollaum, GRDA.

-
- a. Nominations for Treasurer**
 - b. Election of Treasurer**
 - c. Nominations for Secretary**
 - d. Election of Secretary**

Chair Chernicky declared nominations open for Treasurer and Secretary. Director Chernicky moved to nominate Carolyn Dougherty for Treasurer, seconded by Director Kerns. There being no other nominations, the nomination was voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained)*. Director Chernicky nominated Donna Jones for Secretary, seconded by Director Spears. There being no further nominations, the nomination was voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained)*.

CONSENT AGENDA

- 1. Regular Board Minutes of January 12, 2011**
- 2. January Claims, \$39,514,807.76; February Claims, \$34,882,078.52**
 - 4.a. Resolutions of Commendation:**
 - (1) Michael C. Waddell**
 - (2) Terry L. Fink**
 - 4.b. Declare Surplus and Not Necessary to the Business of the District:**
 - (1) Kubota Riding Lawn Mower**
 - (2) Mini Refrigerator**
 - (3) WM6X Paper Shredder**
 - (4) Kenmore Under-Counter Refrigerator, NEC Projector, and Da-Lite Projector Screen**
 - (5) One Transformer and Eleven Oil Circuit Breakers (OCBs)**
 - (6) Hewlett Packard Design Jet 750C Plus Plotter**
 - (7) Oil Circuit Breaker (OCB)**
 - (8) Oil Circuit Breaker (OCB)**

4.c. Contracts for Commercial Service:

(1) L & S Hauling

(2) IBT, Inc.

(3) Preferred Waste Solutions

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
26843	American Wire Group	\$76,710.00
26866	Alstom Power	50,835.42
27035	Air Compressor Supply	94,000.00
27091	Automatic Protection Systems	2,880.00
27243	US Lime	4,032,000.00
27305	HVB AE Power Systems	1,579,600.00
27306	WS Bunch	55,180.00
27328	DXP Enterprises	56,126.00
27489	Hydrotex Dynamics	87,383.00
27549	Mayes County Petroleum	174,124.31
27581	Trench Limited	72,570.00
27704*	ABB Inc % JH Davidson & Associates LLC	<u>53,403.00</u>
<i>Total Standard</i>		\$6,334,811.73
23275	Mayes County Petroleum	\$169,108.41
23422	Dowley Pepper-Lawson	<u>113,613.97</u>
<i>Total Change Orders</i>		\$282,722.38
26781	Chickasaw Telecom	\$58,511.20
26920	Helena Chemical Company	191,650.00
27042	Royal Switchgear Manufacturing	69,050.00
27049	Techline	84,250.00
27094	HVB AE Power Systems	1,172,500.00
27098	Alstom Grid	658,000.00
27577	Pelco Structural	<u>325,644.00</u>
<i>Total Emergency Orders</i>		\$2,559,605.20
<i>Grand Total Purchases</i>		<u>\$9,177,139.31</u>

5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF011-00429	Gore Substation Upgrade	\$1,600,000.00
RF011-00430	Sallisaw Interconnect Sub Capacitors/Breakers	1,000,000.00
RF011-00431	Stilwell Community Park 69-KV Relocation	133,289.95

RF011-00433 Replace Riprap-North Side Chimney Rock
Grand Total Work Orders

73,907.00
\$2,807,196.95

Regarding item 4.b, the items were listed in a Surplus Property Transfer Forms from (1) John Zibert dated October 26, 2010; (2) Sam Ziara dated December 21, 2010; (3) Monica Fowler dated December 22, 2010; (4) Monica Fowler dated January 4, 2011; (5) Dewey Epps dated January 6, 2011; (6) Jeff Tullis dated January 26, 2011; (7) Dewey Epps dated January 26, 2011, and (8) Dewey Epps dated February 8, 2011. Mr. Easley asked that this item be removed from the consent agenda as it requires five votes.

Director Chernicky moved to approve the consent agenda with the removal of item 4.b. (surplus), seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-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 March 2011 Update' highlighting the 2011 blizzard and how GRDA performed during the record-setting snows that fell across the GRDA area.

4. New Business

4.d. Assets Committee Recommendations:

4.d.1. Request by William LaRue for Waiver of the One-Third-of-Cove Rule for Installation of a Private Dock in Sweetwater Cove on Grand Lake in Delaware County Oklahoma.

4.d.2. Request by Oklahoma Gas & Electric for a Transmission Easement Located in Osage County Oklahoma.

4.d.3. Request by Mayes County Rural Water District No. 9 for Second Amendment to Lease for Use of GRDA Land, Extending the Lease to August 9, 2051.

4.d.4. Request by Mayes County Rural Water District No. 6 for a Permanent Easement for Water Intake Pipeline Located in Mayes County Oklahoma.

4.d.5. Consideration and Discussion of Capacity Study Conducted by the Oklahoma Water Resources Board.

4.d.6. Request by Mayes County Rural Water District No. 6 for a New Raw Water Contract Increasing the Raw Water Amount Allowed to Take from Lake Hudson.

4.d.7. Request by Shangri-La Country Club to Lease GRDA Land for Golf Course.

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

Regarding item 4.d.1., Director Kerns reported the Assets Committee approved the waiver with a 2-to-1 vote. The Committee felt the item met the criteria defined in the Shoreline Management Plan. Director Kerns moved to approve the request, seconded by Director Chernicky, and voted upon as follows: Spears, no; Chernicky, Kerns, LaGere, yes. *Motion passed (3-yes, 1-no, 0-abstained).*

Regarding item 4.d.2., Director Kerns reported the Assets Committee recommends approval of the easement and moved to approve same, seconded by Director Chernicky, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 4.d.3., Director Kerns reported the Assets Committee passed this item to the next meeting.

Regarding item 4.d.4., Director Kerns reported the Assets Committee recommends approval of this 20-foot wide easement and moved to approve same, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item 4.d.5., Director Kerns reported the Assets Committee reviewed and discussed this item. No action was required.

Regarding item 4.d.6., Director Kerns reported the Assets Committee tabled this item.

Regarding item 4.d.7., Director Kerns reported this item cannot be addressed as it requires five votes.

4.e. Change Order #6 to Contract 20748, Substation Construction Services, Kerr Dam Substation, with BBC Electrical Services, Inc., to Extend Completion Date

Mr. Herron reported GRDA delayed the contractor because of late delivery of materials and equipment. During the fall, the contractor was pulled off the job and was remobilized in December. The contractor needs the completion deadline extended due to the liquidated damages clause in the contract. This change order is an extension only and does not involve any cost. Director Chernicky moved the Board approve Change Order #6 to Contract 20748 to extend the contractor's original completion date due to delays in receipt of GRDA-supplied materials and equipment, seconded by Director Kerns, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.f. Change Order #3 to Contract 22118, Sallisaw Interconnect Transformer Project, with Irby Construction Company, to Provide Access Opening in Concrete Transformer Containment Pad

Mr. Herron reported the conduits supplying the transformer were to be relocated by GRDA's crews to avoid the containment pad. Because of time requirements on other projects, GRDA crews were unable to relocate the conduits. The contractor was then requested to form an opening around the conduits in the transformer's containment pad. The opening would then be filled with impervious clay after the concrete is poured. The cost of the change is \$978.70. The contractor is to install impervious clay as the base for the containment structures. The clay the contractor was able to get requires sifting to remove debris. Sifting requires additional time, and the contractor has requested 20 calendar days be added to the contract completion date to avoid a liquidated damages clause. This was a zero price adder. The total for Change Order #3 is \$978.70. The revised contract total is \$246,836.54. The new change order total is 9.80 percent of the original contract amount of \$224,796. Director LaGere moved the Board approve Change Order #3 to Contract 22118 to provide an access opening in the concrete transformer containment pad for future relocation of transformer conduits and to provide the additional time required to sift the clay fill material, seconded by Director Kerns, and voted upon as follows: Spears, Chernicky, Kerns, Lagere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.g. Recommendation to Approve OATI (Open Access Technology International, Inc.) Services for 2011

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 the job to OATI. At that time, GRDA purchased software and had to train GRDA operators to use the software. GRDA has continued to use OATI since then. SPP also uses OATI, so GRDA's interface with them is with the same computer usage. Services are billed on a monthly basis, but because of the annual total of approximately \$77,000, it requires Board approval on an annual basis. Staff recommends the Board approve the use of OATI for power sales and congestion management services in 2011 for the estimated cost of \$77,000. Director Chernicky moved to approve staff's recommendation, seconded by Director Spears, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.h. Change Order #2 to Contract 20876, Substation Construction Services, Jay Substation, with BBC Electrical Services Inc., for a Deduction for Three Structures

Mr. Herron reported the contractor was not able to set three of the structures which were originally listed in the bid. GRDA could not get an outage with NEO to be able to take NEO out of service to do the work. The contractor did install the pier foundations for the structures, and they have been left on site, so the structures can be installed at a later time. This Change Order 2a is a deduction of \$736, and there is no change in the completion date. Change Order 2b involved additional services performed

by the contractor—mark and drill holes, raise and lower stands and columns, cut and mount spacers, redo pipe and cap switches, pull two runs of wire to breakers, and change out junction boxes—in the amount of \$7,429. The contractor was also approved to drill weep holes in the 69-kV bus work as Change Order 1c approved in November. However, before the contractor could perform the work, GRDA crews were able to drill the holes. Therefore, the previously approved change needs to be rescinded. Change Order 2c resulted in a cost savings of \$1,520. The total cost for Change Order #2 is \$5,173. The total of all change orders to date is \$18,145.50, or 8.05 percent of the original contract amount of \$225,284. The revised contract total is now \$243,429.50. Director Chernicky moved the Board approve Change Order #2 to Contract 20876 as the contractor was not required to set three structures, the contractor performed additional minor work, and GRDA crews performed some of the work approved for the contract in a previous change order so that approval was rescinded; seconded by Director Spears; and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.i. Change Order #2 to Contract 20830, Substation Construction Services
for the 161-KV Yard at Pensacola Substation,
with BBC Electrical Services Inc., to Extend Completion Date
and Deduct for Deletion of Fencing and Razor Wire**

Mr. Herron reported the contractor was slowed during construction because of delays in receiving equipment ordered by GRDA. The contractor has requested an extension of the completion date to February 28, 2011. Staff agrees with that extension, and there are no added costs involved with this change. The original contract documents included fencing around the substation site. GRDA had previously installed

part of the new fence prior to the contractor's arrival but after the contract was sent out for bids. GRDA decided not to install razor wire at this location, and that was also removed from the contract. Change Order #2 is an overall deduction of \$11,004. The original contract amount was \$611,671. The new contract total is \$637,339, and the change order total has been reduced to 4.20 percent. Director LaGere moved the Board approve Change Order #2 to Contract 20830 to revise the completion date due to delays in receipt of GRDA equipment and materials and to account for items deleted from the contractor's installation requirements, seconded by Director Spears, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

**4.j. Change Order #1 to Contract 22117,
GRDA 1 Substation Expansion Project, with Re-Con Company Inc.,
to Replace Incorrect Fittings and Reinstall One Column**

Mr. Herron reported that during the project, the contractor was issued incorrect high-voltage bus fittings which he installed. The fittings must be changed. The contractor was also issued some incorrect cable which was also installed. Since then, GRDA has replaced the cable. After completion, a bus support column was hit by an unknown vehicle and knocked out of alignment, damaging the anchor bolts. Repairs will involve removing the column, drilling the concrete base, installing new anchor bolts in epoxy, and reinstalling the column. At this time, the contract was not yet closed out. GRDA requested a change order for the needed work. The total cost is \$20,800. The original contract amount was \$576,282. The revised contract total is \$597,082. The change order is 3.48 percent. Director Chernicky moved the Board approve Change Order #1 to Contract 22117 to replace incorrect bus fittings and to reinstall a damaged

bus support column, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.k. Change Order #1 to Contract 22696, Energy Control Center/Kerr Dam Security Fencing Project, with Crossland Construction Company, Inc., for Lost Days Due to Inclement Weather

Ms. Moore reported there is no cost related to this change order; it is just an extension to the contract completion date. Because of the amount of ice and snow received in February—18 inches the first week in February and another 22 inches the second week of February—the ground conditions were not suitable for fencing installation. The original contract has liquidated damages for April 15, 2011. The contractor has requested 17 days to take the completion date to May 10, 2011. The goal of the contractor is that those days will not need to be used. The work is in progress at this time. Director Spears moved the Board approve Change Order #1 to Contract 22696 to revise liquidated damages in the contract because of weather conditions, seconded by Director Kerns, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.l. Bid Award Recommendation for Contract 26510, Welding Services

Mr. Barney reported that to maintain high reliability at the Coal-Fired Complex, it is necessary to periodically perform round-the-clock welding repairs, particularly during boiler overhauls and emergency repairs for a plant that is in operation 24/7. Mr. Barney showed a sample of a tube that experienced a blowout. Mr. Barney also showed slides of examples of typical welding jobs. GRDA has maintained a welding services contract

at the plant for many years, and it has been very successful. The current contract is expiring, so bids were solicited. Three very competent firms bid the work. The existing contract is held by JV Industrial Companies. They have a local office in Skiatook, and virtually all the employees who work at the plant are local. During outages, there could be as many as 100 people on site for a one-month period. The contract is used, so GRDA does not have to have full-time employees throughout the year to staff these intermittent projects. JV Industrial took no exceptions to GRDA's form of contract. They are fully bonded, and they have done a good job for GRDA in the past. Mr. Barney recommended the contract be awarded to JV Industrial Companies, the apparent low bidder, in the amount of \$2,104,967. It is a one-year contract, subject to renewal. Discussion followed regarding the two percent escalation if the contract is renewed. Director Spears moved to award Contract 26510 for welding services to JV Industrial Companies Ltd. in the amount of \$2,104,967, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.m. Bid Award Recommendation for Contract 26513, Scaffolding Services

Mr. Barney reported this contract is similar to the previous contract. It is necessary to periodically perform repairs at the Coal-Fired Complex that use extensive temporary scaffolding, particularly during overhauls and emergencies. GRDA solicited bids, and it is a very competitive industry. Most of the firms that bid are in the Tulsa area. The low bidder was Phoenix Industrial Insulation Corp. in the amount of \$315,109. Phoenix Industrial holds the existing contract. They took no exceptions to GRDA's contract

terms. The proposed contract will have a one-year term and will automatically be renewed in one-year increments (maximum of four renewals), unless either GRDA or the contractor notify of no renewal. Director Chernicky moved that Contract 26513 for scaffolding services be awarded to Phoenix Industrial Insulation Corp. in the amount of \$315,109, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.n. Interagency Agreements with the Oklahoma Water Resources Board (OWRB):

(1) Pensacola Dissolved Oxygen Testing for 2011

(2) Kerr Dissolved Oxygen Testing for 2011

Dr. Townsend reported these are ongoing projects that were started in 2008 when GRDA brought the Tennessee Valley Authority (TVA) in to help GRDA address the dissolved oxygen (DO) issues. This is the next step from what was learned from last year's studies. This work is tied to FERC Articles 401 and 403, so it deals with compliance issues. TVA made some recommendations as to what they thought would resolve the DO issues downstream of Kerr Dam. TVA recommended installing DO equipment on GRDA's turbines. However, when GRDA proposed that remedy to the Fish and Wildlife Service, they objected to the plan. Since then, FERC has ordered GRDA to do further DO testing at Kerr. The Fish and Wildlife Service recommended cracking a gate to try to address the DO issues. GRDA did crack a gate and had testing monitors placed down the river to the 69A bridge—about two miles downstream. That proved unsuccessful, and Fish and Wildlife want to look at what it might take to get the area oxygenated. The TVA philosophy of thought indicates if GRDA installs DO

enhancement equipment on the turbines, GRDA can then generate the water and push oxygenated water downstream. When that is done, it only affects part of the channel, and they want all of the channel addressed. Through consultation with the U.S. Fish and Wildlife, the State Wildlife Department, and the Oklahoma Water Resources Board, an additional study plan has been developed to implement this summer to determine what impacts there might be on DO for cracking various gates and also getting a baseline on what turbine releases would have on DO. The contract for Kerr is in the not-to-exceed amount of \$143,891. Essentially, half of that cost is for a monitoring buoy at Kerr. At Pensacola, TVA's recommendation was to install vacuum breaker bypass valves that allowed GRDA to oxygenate downstream essentially throughout the entire range of turbine operation. Before TVA's involvement, GRDA could only oxygenate when under full load. GRDA can now operate at much lower loads which allows GRDA to conserve water levels in Grand Lake to meet the rule curve and also allows GRDA to put oxygenated water downstream. It is a delicate balance between meeting rule curve requirements and meeting downstream dissolve oxygen requirements. The contract for Pensacola is in the not-to-exceed amount of \$142,634, basically half of which is for a monitoring buoy at Pensacola. Director LaGere moved the Board approve interagency agreements with the Oklahoma Water Resources Board to meet FERC compliance with Articles 401 and 403 of the Markham Ferry and Pensacola licenses, respectively; seconded by Director Chernicky; and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.o. 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 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.

**6. Executive Session Concerning the Appraisal of Real Property
Located in Grove, Delaware County Oklahoma.**

**7. Executive Session Concerning a Pending Action with the
Oklahoma Department of Environmental Quality.**

**8. Executive Session Concerning a Pending Investigation, Claim, or Action
Related to the Validity of Board Actions and Contract(s).**

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, Spears, yes.
Motion passed (4-yes, 0-no, 0-abstained).

Director Chernicky moved to return to regular session at 1:02 p.m., seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes.
Motion passed (4-yes, 0-no, 0-abstained).

9. Action on Executive Session Items

- a. **Transfer of Title of Real Property Located in Grove, Delaware
County Oklahoma.**

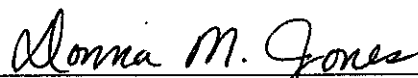
- b. Action, As Necessary, Related to Pending Action with the Oklahoma Department of Environmental Quality.**
- c. Approval of Outside Counsel Contract and Possible Action Related to Executive Session Item 8.**

Regarding item a, no action was taken.

Regarding item b, Director Chernicky moved the Board approve the withdrawal of the pending permit application with the Oklahoma Department of Environmental Quality to consider alternatives in light of regulatory changes, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item c, Director Chernicky moved the Board approve the hiring of the Gable Gotwals law firm to represent GRDA concerning pending claims or actions related to the validity of Board actions and contracts, seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved for adjournment at 1:04 p.m., seconded by Director Spears, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

April 13, 2011
GRDA Board of Directors