

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Vinita, Oklahoma
June 8, 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 June 8, 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 June 7, 2011, at 9:16 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 10:13 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 new Director Greg Grodhaus and other guests.

BOARD MEMBERS

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

ADMINISTRATIVE

Kevin A. Easley, General Manager/CEO	Absent
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	Present
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Gary Pruet, Pryor MUB; Ryan Powell, City of Miami; Robert Echenrode, NEOREC; Ted Hilmes, KAMO Power; Wendy Gregory, Governor's Office; Bob Biting, AEP/PSO; Randy Krehbiel, Tulsa World; Kendra Montana, Grove Sun/Miami News Record; Denton Thomason, Vinita Daily Journal; Kathy Parker, Pryor Daily Times; Bob Sullivan (GRDA retiree); Steve Rockey (GRDA retiree); Michael Blair and Dan Bewley, KOTV; Justin Alberty, Tamara Jahnke, Holly

Moore, Darrell Townsend, Melanie Earl, Grant Burget, Chuck Atkins, Casey Davis, and Dave McCollaum, GRDA.

CONSENT AGENDA

1. Regular Board Minutes of May 11, 2011

2. Claims, \$41,691,593.86

4.a. Resolutions of Commendation:

- (1) Alan C. Herring
- (2) James L. Welch

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

- (1) Cargo Winch with 100-Foot Cable
and Adapter Mounting Plate and Drop Box

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
29142	Rexel	\$14,160.00
29178	Brenntag Southwest	140,720.00
29369	APP Engineering Inc	61,168.00
29475	Kone Cranes	127,850.00
29490	MVA Power Inc	283,716.00
29510	Perfection Equipment	52,945.00
29537	MHC Kenworth	129,557.37
29545	Birmingham Controls	694,995.00
29546	Atkinson Industries	99,885.00
29550	Harlo	<u>91,534.00</u>
<i>Total Standard</i>		\$1,696,530.37
19826*	Dowley Security	\$56,544.00
23656*	Garver LLC	<u>337,075.00</u>
<i>Total Change Orders</i>		\$393,619.00
<i>Grand Total Purchases</i>		<u>\$2,090,149.37</u>

Regarding item 4.b, the items were listed in a Surplus Property Transfer Form from Steve Stough dated May 2, 2011.

Director LaGere 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).*

REGULAR AGENDA

3. Unfinished Business

3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA June 2011 Update" highlighting the EF2 tornado on Grand Lake.

4. New Business

4.c. Assets Committee Recommendations:

4.c.1. Request for a Memorandum of Understanding between GRDA and KAMO for Sale of GRDA Transmission and Substation Facilities Located near Luther, Oklahoma.

4.c.2. Request for an Agreement for Variance to Blast between GRDA and Greenhill Materials, L.C.

4.c.3. Request by Mary and Michael Hinkle for Correction of Legal Description of Property in Mayes County Oklahoma.

Director Kerns reported the Assets Committee met this morning; all members were present and recommend passing all three of these items to the next Assets Committee meeting for more information or pending further negotiations.

4.d. Engagement Letter with Oklahoma State Auditor & Inspector for Audit

Ms. Dougherty reported the state audit has begun. Each employee got an opportunity to fill out a survey. Several documentation requests have been made, and the Auditor's office has been talking to a lot of people. The engagement letter is actually

GRDA's contract with the State Auditor's office, and it is more than \$50,000, so the Board will need to approve the contract for completion of the audit. The objectives of the audit are to determine whether executive management's actions have been consistent with the statutory mission of GRDA, to determine whether the Board's actions have been consistent with the statutory mission of GRDA, and determine whether the current structure of GRDA is in the best interests of Oklahoma. The fee estimate is \$125,000. The Board will get a copy of the audit when it is completed and will have an opportunity to respond. Ms. Dougherty recommended approval of the engagement letter. Director Chernicky asked why the state is not paying for the audit, and Ms. Dougherty answered that by statute, each entity audited is required to pay for the engagement. Director LaGere moved to approve the performance audit engagement as presented in the May 17, 2011, letter from Gary A. Jones, Oklahoma State Auditor and Inspector, at an estimated fee of \$125,000; seconded by Director Kerns; and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, yes; Chernicky, no. *Motion passed (4-yes, 1-no, 0-abstained).*

4.e. Power Cost Adjustment (PCA) for the Last Six Months of 2011

Ms. Dougherty reported the PCA is a rate mechanism to pass on fuel and purchased power fluctuations to contracted customers at cost of service. The primary components are coal, freight, and handling; gas and gas transportation; and purchased power (energy and customer-owned capacity) and any transmission to get it into GRDA's system. The PCA is applicable to all of GRDA's contract sales except to the output contract with OMPA on Unit 2. GRDA follows Title 18 of the FERC Code of Federal Regulations in its chart of accounts. Fossil fuel for generation is in Accounts

501 and 547, and purchased power is in Account 555. In 2005 and 2006, GRDA bought an extraordinary amount of purchased power. That has been offset by the gas GRDA paid for the Redbud facility. The gas numbers look comparable, but GRDA is also selling more megawatt hours. The price of gas per megawatt hour is much cheaper than the purchases GRDA was making per megawatt hour. Director Chernicky added there were major outages on the coal-fired plants during that time, and Ms. Dougherty added there was also a drought that started in the fall of 2005 and early 2006. Ms. Dougherty showed how the resources are generated which showed when the outages occurred. GRDA has had decent run-of-the-river hydro over the last few years. Right now, the gas is cheaper, so GRDA has backed off on generation at Salina. Ms. Dougherty also showed the cost of generation components compared to the PCA base rate and a comparison of budgeted PCA sales to actual sales year to date. The projections presented last December appear to be on target. GRDA is projecting a 9.24 mill surcharge for the second half of the year. The current PCA is 6.44 mills. The projection in the December preliminary budget was 9.53 mills. Director LaGere moved the PCA surcharge for the period from July through December 2011 be 9.24 mills as calculated, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.f. Renewal of Annual Stream Gaging Agreement between Oklahoma Water Resources Board, United States Geological Survey, and Grand River Dam Authority

Mr. Kiefner reported this agreement is for monitoring the collection of data for GRDA's stream gauges throughout the district. Mr. Kiefner showed an example of one of the gauges below Pensacola Dam. It monitors the inflow and the lake level. The

information is linked to GRDA's Web site. GRDA's portion of the fee for this next fiscal year is \$71,000; the total fee of \$114,400 is split with the U.S. Geological Survey. GRDA's amount has not increased from last year. Director Chernicky moved to approve the renewal of the annual Stream Gaging Agreement between Oklahoma Water Resources Board, United States Geological Survey, and Grand River Dam Authority; seconded by Director Spears; and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.g. Change Order #2 to Contract 24059, Tonnece to Siloam Springs
Transmission Line, with Tribal Construction
to Revise Completion Date Due to Inclement Weather**

Mr. Herron reported the contract includes a firm completion date and liquidated damages charges. The inclement weather during the winter caused delays. The contractor requested an extension of completion deadline to May 11, 2011. It is a no-cost change. The change was included in Change Order #1 approved in April. However, additional rain occurred during April and May that delayed the project even further. The contractor is requesting an extension of completion date to June 15, 2011. This extension is also a no-cost extension and will not affect the overall completion date. The original contract was in the amount of \$292,335. The total for the changes is \$20,255.75, or 6.93 percent of the original contract amount. The revised contract total is \$312,590.75. Director Chernicky moved the Board approve Change Order #2 to Contract 24059 to extend the contract completion date due to additional inclement weather during the late spring, seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.h. Change Order #3 to Contract 22120, Tonnece Substation Construction Contract, with Ernest P. Breaux Electrical Inc. for Transporting Transformer Accessories to Site and Unloading Transmission Structures

Mr. Herron reported Change Order 3.a. would allow the contractor to haul boxed transformer accessories from the GRDA warehouse to Tonnece. The transformer for the Tonnece substation was supposed to be delivered in November 2010. Because of problems with the shipper, they were not able to deliver the actual transformer to the site, but they did receive the boxed accessories and needed someplace to put them. They were hauled to GRDA's warehouse in Pryor. GRDA then had to get the accessories from the warehouse to the actual substation site. This project involved six semi loads, 19 boxes, approximately 60 tons of materials, and two oversized load permits. Because this contractor was on site, he was asked to haul the materials as he had other things he had to get from the warehouse anyway. This work was not part of the original contract. The cost for this work is \$8,099.38. Change Order 3.b. involves steel transmission poles for the Tonnece-Siloam Springs line in the West Silaom Springs area. GRDA requested the contractor to unload poles at the lay-down area. Unloading was not part of the original contract. This work will cost \$16,615.96. The original contract amount was \$2,524,600. The total of the change orders now is \$80,354.42, or 3.18 percent of the original contract amount. Director Chernicky moved the Board approve Change Order #3 to Contract 22120 to provide for transporting transformer accessories to the site and for unloading transmission structures, seconded by Director LaGere, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.i. Affected Systems' Facilities Construction Agreement between Southwest Power Pool Inc., Osage Wind LLC, and Grand River Dam Authority

Mr. Herron reported Osage Wind LLC is constructing a 150-MW wind farm in Osage County and interconnecting to KAMO's transmission system. Study results require reinforcement of GRDA facilities as a result of this interconnection in addition to other upgrades in the area being done by KAMO and PSO. The wind farm will be required to pay for the system upgrades. The wind farm is on a 138-kV line near Burbank. KAMO will be building a substation. The line from Fairfax to Pawnee is a 69-kV line that GRDA owns. GRDA will be using that transmission right-of-way and building a line that has 69-kV on one side and 138-kV on the other side. GRDA has been told it will need to build a 138-kV switching substation on the line from Cleveland to Stillwater and intersect that line and tie the new line in. On the Pawnee line, GRDA is rebuilding approximately 19.5 miles of existing 69-kV line from Pawnee to Fairfax with double circuit towers for a double-circuit 138-kV transmission line. One side of the line will be operated at 69 kV. The estimated cost is \$9.6 million. GRDA will also build a new switching substation—a 138-kV three-breaker ring bus substation containing three 138-kV circuit breakers, associated disconnect switches, structures, relaying, grounding, fencing, and all associated and miscellaneous equipment. The estimated cost is \$2.5 million. GRDA will have to procure the property for the substation. GRDA already has easements and right-of-way for the transmission line. Milestones have been set and are included in the agreement. Authorization to proceed will be provided by June 15. The deadline for GRDA to have everything done is December 31, 2012. Final invoicing would be June 30, 2013. There is also a payment schedule. A security payment of \$500,000 was to be made on June 7, 2011. Security payments will also be made in

October, December, and March. For the first six months, GRDA will be using an engineering firm to make the designs and buy the relays, breakers and other hardware needed. The completion schedule is very aggressive. It requires a land purchase for the substation. Engineering will be performed by a consultant. GRDA has already started the DCS process to identify an engineering firm. The agreement defines the scope, timeline, payments, etc. Technically, the agreement for the power flow is with the Southwest Power Pool (SPP). GRDA is the transmission owner; SPP is the transmission provider. Osage is the generation company. GRDA will own and operate the line and receive transmission revenues through SPP. Staff recommends approval. Discussion followed regarding the payment schedule and reimbursement and if Osage is bonded, as well as the procurement of the land. Director Chernicky moved the Board approve the Affected Systems' Facilities Construction Agreement entered into by Southwest Power Pool, Inc., and Osage Wind, LLC, and Grand River Dam Authority; seconded by Director Spears; and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.j. Engineering Services Contract with Garver LLC for Sallisaw Interconnect 69-KV Breakers and for Air Products Substation Upgrade

Mr. Herron reported GRDA has used DCS process #1100032 in which GRDA gained about a half dozen projects to get engineering services. GRDA is now required to go through the state process to get engineers. This particular contract is with Garver LLC to do the Air Products substation upgrade (Task 1) and the Sallisaw Interconnect 161-kV breakers (Task 2). The 69-kV capacitor banks were removed from project Task 2 based on discussions held with the consultant after the beginning of this project. It is a not-to-exceed cost design, and staff has asked for optional inspection services.

This process started in February, and it took until May 3 to get to the point where Mr. Herron could talk to engineers about scope of services and price. GRDA initiated the process for another nine projects a month ago, so those projects will be coming before the Board. These are 15 projects being done by outside consultants. In-house staff is also working on about a dozen projects. At the Air Products substation, GRDA will be replacing three existing transformers with two larger ones. They step down to 4.16 kV. The high side of the substation will be modified, putting low-side switches, making provisions for SCADA RTU, adding a control house, etc. The cost is estimated at \$2.3 million. This substation has grown over the years, so it is a hodgepodge of things that do not work quite right. The transformers are also very old. Each of the two new large transformers will be able to serve the whole load, so one can be taken out for service without affecting the customer. Air Products is a 24/7 company. The second project is at the Sallisaw Interconnect. GRDA will be adding 161-kV breakers on the main line—an SWPA line. The control house will be modified, meters will be moved, and a second metering point will be added. The cost of construction is estimated at \$1 million. GRDA is in discussion with SWPA concerning the ownership and operations of the 161-kV breakers at Sallisaw. Depending on the outcome, GRDA may cancel part of the project. Staff wants the engineering agreement approved, so work can start if discussions are successful. GRDA will be billed only for hours used in design. The capacitor banks are still in question. They were not included in the scope of services. If needed, staff will request additional design costs, revise the scope of services, and request approval from the Board. Garver broke the price down into two pieces: Task 1 is \$303,070, and Task 2 is \$263,350. They also quoted optional inspection services. Given the number of ongoing projects, GRDA probably will not have enough in-house inspectors and may be

required to hire outside inspectors. Garver quoted inspection prices of \$139,650 for Task 1 and \$99,400 for Task 2. Mr. Herron recommended approval of the not-to-exceed design costs. If inspection services are needed, Mr. Herron will present that to the Board at a later date. Discussion followed about inspection service fees and the selection process for engineering firms. Director Kerns moved the Board approve a contract with Garver LLC for the not-to-exceed costs of \$303,070 for the Air Products substation upgrade for Task 1 and \$263,350 for the Sallisaw Interconnect 161-kV breakers for Task 2, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.k. Engineering Services Contract with C. H. Guernsey for Cushing Substation Rebuild

Mr. Herron reported this project will involve replacing six 69-kV breakers and changing out wave traps, jumpers, CCVTs, and switches. A control house will be installed, including control panels, relays, and batteries with provision for SCADA. A new AC source will be installed, and a power PT will be added as a backup station service transformer. The substation, ground grid, and rocked area will be expanded, and the substation fence will be relocated, as needed. The estimated cost of construction is \$1.4 million. The substation is fairly old, and oil breakers will be changed with gas breakers to eliminate an oil problem. Guernsey provided a not-to-exceed total of \$110,990. GRDA's contract allows Guernsey's change-of-rate date to be January 1, 2012, instead of June 1, 2012. Guernsey is on an annual basis, and if they do any changes, they will be in January. Guernsey is supposed to be done with the work before the end of the year. No total was provided for inspection services. They will provide a quote in the future if needed. Staff recommends approval. Director Spears moved the

Board approve an engineering services contract with C. H. Guernsey and Company for a not-to-exceed total of \$110,900 for design of the Cushing Substation rebuild project, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.I. Bid Award Recommendation for Contract 26532, Tonnece-Siloam Springs Transmission Line Construction

Mr. Herron reported this new line will go from the Tonnece substation down to the Siloam Springs substation. Starting from Tonnece, the line is double circuit 161 kV and 69 kV to about half way down the line, and then the 69-kV line breaks off and goes east and ties into the Siloam Springs 69-kV line at the state line. The 161-kV line continues south and joins with Feeder 105 and goes five spans into the other substation. The total length of the line is 6.7 miles with 3.4 miles of 69-kV and about a half a mile of double line rebuild. The line terminates at the Siloam Springs substation. A new bay will be installed. The existing wires will be moved to the new bay, and the new line will be located on the bay just to the north. That contract has not been let yet, so the substation work does not fall under this contract but will be under a different contract. The project was engineered by Black & Veatch a couple of years ago. Bids were opened on June 6, and seven valid bids were received. The low bidder is BBC Electric in the amount of \$1,931,213.37. Their bid is acceptable. BBC has done other projects for GRDA— Pensacola substation, Jay substation, Kerr Dam substation, and part of Feeder 105 rebuild. Staff recommends awarding the contract to the low bidder, BBC Electric. Director Kerns moved that the Board award Contract 26532 to BBC Electrical Services, Inc., for \$1,931,213.37 as the low bidder, seconded by Director Spears, and voted upon

as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.m. Change Order #3 to Work Authorization 13228
with EPS Engineering & Design for Design of Dry Gulch Substation**

Mr. Herron reported EPS is designing the Dry Gulch substation. It is a 161-kV substation that will be supplying power to an NEO distribution substation near Dry Gulch. EPS was given typical dimensions of the equipment used for design based on equipment previously purchased. When GRDA bid the station power transformer, it turned out to be a different manufacturer than the original one. It had different dimensions than the one used to do the drawings, and changes to several drawings were required. The total cost of the changes was \$3,290. GRDA also provided 161-kV breaker drawings. However, during delays in this project, the breakers had to be used on a different project. When the breakers were bid, it was a different manufacturer, so the same problem with the dimensions occurred. Several drawings had to be changed, and the cost of the changes was \$4,800. The original work authorization was in the amount of \$95,000. This change order is in the total amount of \$8,090. The total revised cost for this engineering work is \$167,030. This amount does not fall under the ten percent rule because it is an engineering service, but it does require Board approval of any changes. Director Spears moved the Board approve Change Order #3 to Work Authorization 13228 with EPS Engineering for \$8,090 for revisions of designs required due to the bid awards for equipment for the substation, seconded by Director Chernicky, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.n. Engineering Services Contract with A2V Partners LLC for Cleveland 345-KV Substation Addition

Mr. Herron reported this is another DCS project. The Southwest Power Pool has instructed GRDA to expand the Cleveland substation for another 345-kV line that will go from Cleveland to the Sooner Power Plant. The line is being built by OG&E. GRDA just has to modify its substation to allow the line to come into the substation. GRDA will be expanding the 345-kV bus; installing two new 3,000-amp 345-kV breakers; replacing an existing 345-kV breaker with a 3,000-amp model; modifying the 345-kV bus for a three-breaker ring configuration; and installing 3,000-amp switches and metering; a dead-end tower; metering, relay equipment, and control panels for the new equipment in the existing control house; and Disturbance Monitoring Equipment. The fence and ground grid may be expanded as necessary. The estimated cost of construction is \$1.9 million. A2V Partners provided fees of \$320,000 on the initial work and \$120,000 for construction observation. It is a not-to-exceed total, and they will be billing GRDA on an hourly basis. Staff recommends approval. Director Chernicky moved the Board approve an engineering services contract with A2V Partners, LLC, for a not-to-exceed total of \$320,000 for design of the Cleveland 345-kV Substation Addition project, seconded by Director Kerns, and voted upon as follows: Grodhaus, Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.o. Engineering Services Contract with Cobb Engineering Company for Gore Substation Upgrade

Mr. Herron reported this is another DCS project; it is an award to Cobb Engineering Company. This project involves replacing one 161-kV oil circuit breaker

and metering CTs and PTs; installing a 45-MVA, 161/69-kV transformer; rebuilding station service; and adding oil containment around the transformer. The estimated cost of construction is \$1.6 million. The project has two parts. The breakers have to be changed out from oil to SF6. The transformer will be changed out, and other work will be done in the substation area. The existing transformer has throat-mounted tertiary that feeds a transformer used to power GRDA's substation equipment. GRDA is not using that design anymore as there have been problems in the bus. The transformer will be changed out, and the bus work will also come out. Cobb Engineering provided a fee of \$177,250 for the engineering design. They did not provide a cost for inspection services but will later if needed. Staff recommends approval. Director Spears moved the Board approve an engineering services contract with Cobb Engineering Company for a not-to-exceed total of \$177,250 for design of the Gore Substation Upgrade project, seconded by Director LaGere; and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.p. Engineering Services Contract with EPS Engineering and Design for Childers Substation Rebuild

Mr. Herron reported this is another DCS engineer design project. The Childers substation will undergo a general rebuild. The project will consist of installing a new transformer, low-side totalizer breaker, distribution breaker, control house, relays, and batteries with provisions for SCADA. Oil containment will be installed around the transformer, and fencing will be replaced. The estimated cost of construction is \$1.1 million. The current transformers were constructed in 1941, so they are fully depreciated and used up. The substation bus area will also be upgraded. EPS's fee estimate is \$214,180. They also provided a construction observation quote of \$68,040. Staff

recommends approval of the design costs only. Director LaGere moved the Board approve an engineering services contract with EPS Engineering and Design, Inc., for a not-to-exceed total of \$214,180 for design of the Childers Substation Upgrade project, seconded by Director Spears, and voted upon as follows: LaGere, Spears, Chernicky, Grodhaus, Kerns, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.q. Bid Award Recommendation for RFP 28747, Tonnece Microwave Tower

Mr. Herron reported a microwave tower is needed at the Tonnece substation. It will need to be 160 feet tall with capacity for four six-foot microwave dishes. A bid was put out for purchase, delivery, and installation of the tower only. The bidder would construct the tower on a concrete base provided by GRDA through its contractor at that substation site. The bidder is to coordinate installation with the contractor constructing the Tonnece substation. Only one bid was received, and it was from Preferred Tank & Tower, Inc., in the amount of \$100,000. The last time work like this was bid—for the Saline substation—only two bids were received, one of which was from Preferred Tank. The bid is competitive, and it is a viable company. The bidder fabricates and installs towers worldwide for broadcasters, cable TV, cellular, wireless, microwave, and federal agencies. The bid is acceptable, and staff recommends awarding the contract to Preferred Tank. Discussion followed about the timing of the project and rebidding the project. Mr. Herron stated the project could be rebid, but the availability of contractors is limited. Director Spears moved to award Contract 28747 to Preferred Tank & Tower at \$100,000 as the lowest acceptable bidder, seconded by Chernicky, and voted upon as follows: Spears, Chernicky, Grodhaus, Kerns, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.r. Work Authorization 28800 with Burns & McDonnell for Engineering Services to Study Erosion along East Bank of Discharge Channel below East Spillway No. 2 at Pensacola Dam

Mr. Atkins reported the east bank of the discharge channel erodes during high releases from the spillway. GRDA faces constant repair and riprap replacement. FERC identified this situation as requiring a solution. The embankment provides a base for Keenan Street which provides access for local residents. It also appears to protect some residents from flooding during high East Spillway releases. Staff is proposing a project engineering study by Burns & McDonnell to complete a job site evaluation and testing plan. Burns & McDonnell would use the Corps of Engineers' Hydrologic Engineering Center's river analysis software which would allow GRDA to model a variety of spillway releases up to 100,000 cfs. The area studied would extend downstream from the spillway apron to below the affected area 1,500 feet from the gates to make sure everything is covered. Also, additional topographic surveys will be done to build an accurate model of the east spillway discharge with the various forces and velocities that occur during releases. Bank Armor alternatives will also be identified. The report will use information developed from the topographic survey and hydraulic modeling. An analysis of each option will be performed, and a projected cost will be given. Recommendations will be based on the engineering analysis, the constructability, and the longevity. About 75 percent of the cost is attributed to the hydraulic modeling and bank armor alternatives. The final study will be issued in 32 weeks. The total estimated fees are in the amount of \$89,500. Director Chernicky moved the Board approve the amount previously stated for Burns & McDonnell to perform the required engineering services that identify cost-effective solutions for the East Embankment

erosion to resolve a high-cost ongoing maintenance and potential community issue, seconded by Director LaGere, and voted upon as follows: Chernicky, Grodhaus, Kerns, LaGere, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.s. Work Authorization 29497 with Burns & McDonnell for Engineering Services to Conduct Annual Inspections and Prepare 2011 Dam Safety Surveillance and Monitoring Report

Mr. Atkins reported this proposal involves the use of GRDA's independent consultant, Burns & McDonnell (B&M). GRDA has Dam Safety Surveillance and Monitoring Plans (DSSMP) ongoing for each hydro project: Pensacola, Markham Ferry, and Salina. GRDA is required by FERC to provide a yearly safety inspection of each project and to submit the reports on all the projects to them on an annual basis. GRDA is requesting Burns & McDonnell to continue to perform this work and assist GRDA in the FERC annual inspection of each project. The inspection of Salina has already been completed. The inspection of Pensacola was completed this week. The inspection of Kerr will be completed on the 22nd of this month. There are four actions steps: an annual operation inspection, the issuance of the report, the instrumentation data review, any on-call services, plus a 2011 schedule established for project services. The project completion is based on the existing agreement for professional services between GRDA and B&M. The total estimated fees are in the amount of \$116,000. About 75 percent of the cost is for compiling the DSSMP and the instrumentation review and on-call. Director Chernicky moved the Board approve the projected compensation of \$116,000 for Burns & McDonnell to perform the 2011 Dam Safety Surveillance Monitoring Plan for Pensacola, Salina Pumped Storage and Markham Ferry and assistance with related annual FERC inspections which are required for FERC compliance; seconded by

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

4.t. Other New Business

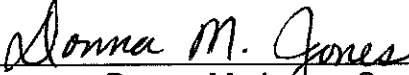
There was no other new business.

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.
7. **Ad Hoc Committee:** Director LaGere had no report.

Director Chernicky moved for adjournment at 11:25 a.m., seconded by Director Kerns, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

July 13, 2011
GRDA Board of Directors