

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Langley, Oklahoma
August 8, 2012**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Ecosystems and Education Center, Langley, Oklahoma, on August 8, 2012. 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 1, 2011, at 11:04 a.m.; by submitting a notice of changed meeting to the Secretary of State on July 20, 2012, at 4:09 p.m.; by posting the agenda with the Craig County Clerk's office on August 6, 2012, at 3:50 p.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Spears called the meeting to order at 10:17 a.m. The Secretary called the roll; all members were present with the exception of Directors Chernicky and Kerns. Chair Spears declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

Stephen R. Spears, Chair	Present
Greg R. Grodhaus, Chair-Elect	Present
Dewey F. Bartlett, Jr. (arrived 10:20 a.m.)	Present
David J. Chernicky	Absent
Betty Kerns	Absent
W. Brent LaGere	Present
Chris Meyers	Present

ADMINISTRATIVE

Daniel S. Sullivan, General Manager/CEO/Director of Investments	Present
Tim Brown, Chief Operating Officer	Absent
Ellen Edwards, General Counsel	Present
Charles J. Barney, AGM Thermal and Hydro Generation	Present
Allison Goodpaster-Carter, AGM Human Resources	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Brian Edwards, AGM Chief of Law Enforcement/Homeland Security	Absent
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Michael Kiefner, AGM Land Management and Properties	Present
Darrell Townsend II, AGM Ecosystems & Lake Operations	Present
Dale Willis, AGM Transmission	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Anthony Due, Harold Robertson, and Rick Shurtz, NEOREC; Ted Hilmes, KAMO Power; Patrick Boulden, City of Bixby; Julie Hudgins, Stilwell Utilities; Wendy Gregory, Governor's Office; Randy Krehbiel, Tulsa World; Mike Williams, Shangri-La; Justin Alberty, Tamara Jahnke, Holly Moore, Melanie Earl, Grant Burget, Heath Lofton, Dave McCollaum, Katie Cole, and Chester Rothhammer (and wife Frances), GRDA.

CONSENT AGENDA

1. Regular Board Minutes of July 11, 2012

2. Claims, \$49,137,577.86

4.a. Resolutions of Commendation:

(1) Vicki M. Rocky

(2) Transmission Crews and Staff

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

(1) Mercury 2002 Outboard, Mercury 2003 Outboard, 24' Fisher Pontoon with 1999 Honda 130 Motor, 22' Jet Craft 1998 with Kodiak 454 Motor, Tandem Axel Yacht Club Pontoon Trailer, and Tandem Axel Baker Jet Boat Trailer

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

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
37750	WS Bunch Services	\$51,480.00
37975	Dell Marketing LP	40,866.00
35371	Dell Marketing LP	21,891.20
38075*	Mercury Marine	<u>1,591.24</u>
<i>Total Standard</i>		\$115,828.44
 <i>Grand Total Purchases</i>		 <u>\$115,828.44</u>

5.c. Work Order Report (* Denotes Addenda Items)

<i>Number</i>	<i>Title</i>	<i>Amount</i>
12207-00017*	Feeder 72, Line 705 Retirement	\$159,981.66
RF012-00514	Engineering & Technology Center Project	2,912,492.38
RF012-00518	Incident Response & Network Forensics Coverage for ETC	282,881.47

RF012-00519	Inline Anti-Malware Solution for ETC	169,661.24
RF012-00520	HP Tipping Point Intrusion Prevention System for ETC	185,211.71
RF012-00522	Split Corporate Network from Operations/Field Network	520,739.81
RF012-00523	Transmission Building Project	<u>1,650,180.00</u>
	<i>Grand Total Work Orders</i>	<u>\$5,881,148.27</u>

Regarding item 4.b, the items were listed in a Surplus Property Transfer Form from Keet McGuire dated July 17, 2012. Director Spears stated this item will be passed until Director Bartlett arrives as it takes five votes to declare items surplus.

Director LaGere moved to approve the consent agenda, with the removal of item 4.b., Surplus; seconded by Director Meyers; and voted upon as follows: Grodhaus, LaGere, Meyers, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Chair Spears congratulated Ms. Rockey on her retirement.

Chair Spears commented on the drought and fires that have hit Oklahoma hard and thanked Dale Willis for allowing GRDA employees to help the different cities. Chair Spears read aloud the resolution commending the Transmission crews and staff for fighting fires and restoring service to customers of the Authority. Mr. Rothhammer, who was representing those employees, also commended Team GRDA and thanked the staff for giving them the needed equipment and resources and stated it took the dedicated effort of many GRDA employees. About 50 structures were saved. Chair Spears added that the city managers also send their gratitude.

REGULAR AGENDA

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

(1) Mercury 2002 Outboard, Mercury 2003 Outboard, 24' Fisher Pontoon with 1999 Honda 130 Motor, 22' Jet Craft 1998 with Kodiak 454 Motor, Tandem Axel Yacht Club Pontoon Trailer, and Tandem Axel Baker Jet Boat Trailer

In response to a question by Director Bartlett about policies ensuring items are not surplus too soon, Mr. Sullivan stated about half of the boat fleet is under repair. The temperatures and pounding on the lake has wreaked havoc on GRDA's assets this summer. The purchase of three new boats was approved last month. Others need to be taken out of service so as not to maintain assets that are detrimental to GRDA's efforts. Director Bartlett moved to declare the items surplus, seconded by Director Grodhaus, and voted upon as follows: LaGere, Meyers, Spears, Bartlett, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

3. Unfinished Business

3.a. Progress Reports

Mr. Sullivan reported a lot of GRDA employees have been helping with the recent fires, and GRDA has received some congratulatory messages from Stillwater regarding the fire there.

GRDA had a fatality on the lake a couple of weeks ago. A boat struck a breakwater near Arrowhead South, and there was one fatality. That accident is under investigation, and the information will be turned over to the District Attorney's office.

Mr. Sullivan stated he received an appointment by the head of American Public Power Association (APPA) to the CEO Climate Change and Generation Task Force.

GRDA has filed with FERC a request to receive a waiver of the rule curve because GRDA has not been able to keep the lake level to the amount of the rule curve because

of the lack of inflow. GRDA is at less than a tenth percentile of inflow to Grand Lake right now, and it does not look to change anytime soon.

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA August 2012 Update" highlighting the summer 2012 drought conditions and the recent wildfires that have resulted.

Mr. Sullivan reported that he, Dr. Townsend, and Ms. Jahnke went to Washington and met with FERC and discussed the drought conditions with them, and the FERC staff indicated they could not tell GRDA what to do. Staff put together a plan and submitted it to FERC, and a positive official response is expected by the end of the week. Normally, this time of year, GRDA would be dropping the lake level to the 741' elevation from the 744' elevation. To just spill that water in these drought conditions would not be prudent. To hold the water to use for dissolved oxygen issues at Pensacola and maintain the lake level at Hudson, so the Salina Pumped Storage can be operated which is very vital to GRDA's operations this time of year is the better plan. That puts the rule curve license requirement, DO testing, and others at odds, and that is what FERC is assessing. Staff has also instituted weekly conference calls with FERC to keep them updated.

Director Bartlett asked about GRDA's helicopter having the ability to haul water for wildfires. Mr. Sullivan stated staff has had discussions regarding what needs to be done to improve GRDA's ability to protect its assets. Staff has not discussed that aspect yet but will take a look at it.

4.c. Assets Committee Recommendations:

4.c.1. Request by City of Bixby for Release of a Transmission Line Easement Related to Line K705 Located in Tulsa County Oklahoma.

4.c.2. Approval to Release Remaining Transmission Line Easements Related to Line K705 Located in Tulsa County Oklahoma.

4.c.3. Declaration of Easement for Right of Way and Maintenance Agreement between the Grand River Dam Authority and the Oklahoma Department of Transportation Regarding the Highway 28 across Pensacola Dam and Spillways in Mayes County Oklahoma.

4.c.4. Request by Meghan Coves for a Dock Modification for a Facility Located in Delaware County Oklahoma and for Waiver of the Application Fee.

Director Spears reported the Assets Committee did not meet this morning, so these items will be considered by the full Board.

Regarding item 4.c.1., Director Spears reported Items 4.c.1, 4.c.2, 4.d. and 4.g. relate to Line K705. Ms. Jahnke reported this item deals with releasing a portion of line K705. Patrick Boulden is present from the City of Bixby. The .86 section to the north is to be discussed first; it crosses the Arkansas River at Bixby. The line was built around 1952 and has H-frame structures and two steel towers, one on each side of the Arkansas River. The line originally ran from the Dawson Substation to the Bixby Substation. GRDA acquired the line from KAMO and traded the portion of the line north of the river to PSO. The line has been de-energized for almost 20 years, and the portion that was transferred to PSO has been removed. There is a steel lattice tower on the south side of the river and also a wood tower by Bixby's treatment plant and another wooden pole structure to the south of that. The agreement states GRDA will remove the line and steel tower on the south side of the Arkansas River, and Bixby would be

responsible for removing the wood poles. The foundation of the steel tower on the south side of the river would remain. The steel tower and the wooden pole on the north side of the river was transferred to PSO. GRDA would also release the easement south of the Arkansas River. Director Spears asked about the cost. Mr. Herron reported that the removal of the river crossing portion was originally quoted at \$95,970. It was originally bid as removing the towers on both sides of the river. Once it was learned PSO owned the line on the north side, it was decided not to bid the project like that. The \$22,000 is what the cost would be to remove each tower, so there is a \$22,000 deduction from the \$95,970 which would equal \$73,970. Director Spears asked what portion Bixby is willing to share of the cost. Mr. Boulden stated the City agreed to remove the wooden structures on the south side on the Bixby property as well as the property just south of that on the private property. Director Spears asked if Bixby is willing to also remove the wire. Mr. Boulden stated the City feels that if GRDA is not using the line for its initial intended purpose, it should be removed by GRDA or whoever the owner is as it is interfering with Bixby's use of the property. Director Meyers asked if there was any future need for the right of way. Mr. Sullivan stated staff has talked with OG&E, and they do not have any need for it. The problem is GRDA has lost the easement between the two segments of line, so the remaining easements are stranded. Staff recommends entering into the agreement with the City of Bixby. Director Bartlett asked if GRDA could be forced to move the line in the future if it is not removed now. Ms. Jahnke responded GRDA has had that situation on other parts of the line where a landowner will bring a lawsuit against GRDA, claiming abandonment of the line. That case was settled. Mr. Bartlett suggested more discussion between the two parties. Mr. Sullivan added the

issue for the north segment is that staff has had meetings with Bixby. Staff feels this is the best resolution with GRDA. If GRDA does get into any litigation, those expenses add rapidly. The City has agreed to remove the other wooden structures south of their maintenance yard. Staff feels it would be better to remove the line and cut GRDA's expenses as much as possible and resolve it. Director Grodhaus added that GRDA may set a precedent that if GRDA ever abandons anything, that GRDA will not do what is right to remove what it puts up. Mr. Sullivan stated GRDA does not typically give away easements, but with these easements being stranded, there is really no value to them. Director Bartlett moved to approve the Agreement to Remove Transmission Facilities and Release Easement, seconded by Director Grodhaus, and voted upon as follows: Meyers, Spears, Bartlett, Grodhaus, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.2., Mr. Herron reported the south segment of Line K705 is about 1.3 miles. There are three options: remove the transmission facilities and retain interest in the property, remove the transmission facilities and release interest in the property, or take no action. Mr. Sullivan added GRDA had a proposed bid that included removal of the line with both of the sections and some other projects. It was thought packaging all those projects would generate a better bid. If GRDA is going to have a crew removing the line on the north end, the question is whether or not to proceed in the removal of the line and structures on the southern end and be done with the line. Mr. Herron added there were two add alternates in the bid documents. One was to remove the remainder of the line in total, and the price of that was \$88,145 to take down the poles, the hardware, and the wire in the south section. The other alternate was to

remove the wire and hardware only and leave the poles for the property owners to take down. That price was \$58,430. What staff decided is covered under item 4.g. under the contract award. Director Spears asked if there had been a request for this release, and Mr. Herron stated no, but there may be some interest once the northern portion is removed. Director Spears suggested GRDA take the lines down itself if there is enough time and leave the poles, and as property owners come in and ask for a release, to release it then. Mr. Sullivan added this was presented as a separate item to get the Board's direction. It was a consensus of the Board that after the line is declared surplus, the easements can be released at a later date.

Regarding item 4.c.3., Ms. Jahnke reported Highway 28 runs across the dam and two spillways. It was discovered there is actually no written easement in place to ODOT for this road, nor is there any kind of agreement, as far as maintenance goes, who will share what responsibility. Ms. Jahnke and Mr. Barney have been working with ODOT on an agreement for maintenance and also the easement. The road bed actually sits on the structure of the Pensacola Dam and spillways. The agreement provides that GRDA will be responsible for the concrete curbs, the rails, the sidewalks, and dam structure itself. ODOT will be responsible for general repair and maintenance of the road bed curb to curb which would be potholes, milling, and resurfacing; and they would be responsible for replacing expansion joints. Through this agreement the two parties will work together on the road bed and also the structure. Staff recommends the maintenance agreement and easement be approved by the Board. Ms. Jahnke showed some slides of the problem areas on the road. Mr. Barney added this is a good agreement for GRDA. The agreement says the structural devices and concrete stops

would remain GRDA's responsibility, and ODOT would take responsibility of maintenance on the roadway. The roadway needs a complete refurbishment which would cost several million dollars. This agreement would put in place arrangements whereby ODOT would feel comfortable performing the work at their expense. The highway has deteriorated because of use by the public. The road is very narrow; the width is only 19 feet. GRDA discussed ODOT's plans for the long term, and they are thinking they would actually build a completely new road. It is apparent to the ODOT engineers this highway would need to be replaced. In the meantime, the road needs to be restored to be serviceable for the next 10 to 20 years. This agreement would save GRDA money and is long overdue. Ms. Jahnke added the dam is on the historic register, so it will not change. Director Bartlett asked who would be responsible for the drain system. Mr. Barney stated the original design included drain grates, and it would be necessary to maintain those drains, and would be part of their effort. Right now, the water actually pours onto some of the underlying structures, and another solution may need to be done. When the road is resurfaced, it is expected the holes would be filled in. ODOT's preliminary plan was to mill off the surface and apply a special bonded epoxy-type concrete. Director LaGere moved the Board approve the Declaration of Easement for Right of Way and Maintenance Agreement with the Oklahoma Department of Transportation, seconded by Director Grodhaus, and voted upon as follows: Spears, Bartlett, Grodhaus, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

Regarding item 4.c.4., Dr. Townsend requested this item be passed until next month.

4.d. Declare Surplus and Not Necessary to the Business of the District Poles and Conductor Related to Line K705 in Tulsa County Oklahoma

Mr. Herron reported this line originally went up to Dawson. The yellow portion on the slide is the PSO section that GRDA gave to PSO, and it goes down to the river. GRDA owns the portion down south to Bixby. The part to be declared surplus is the 1.3-mile southern section. GRDA nor KAMO have any customers on this line. It is a radial dead end at present. A section 1.5 miles long has already been retired in two other sections. Bixby has requested that an additional .86-mile segment be removed at the river. Removal work was included in Contract 37328, the award of which is later on the agenda. The north section (river crossing) is in the amount of \$95,970. Since the bid, it was learned the PSO tower was not GRDA's, so that is a deletion of \$22,000 for that tower. The revised north end removal cost is \$73,970. The south tower will be taken down and removed, but the foundation will be left in place. The lattice tower will be saved for spare parts. The question to the Board was whether or not to remove the southern 1.3 miles of line. The cost quotes for doing that is \$58,430 to remove the wire and hardware, \$88,145 to remove everything, or no cost if left in place. Director Grodhaus asked about doing the work now while the north end is being removed rather than doing it later. Mr. Herron said that was his intent when the project was bid. It was thought numbers of \$15,000 to \$30,000 would be in the two quotes, which would be more realistic as to what the contractor's actual cost would be. To take the 1.3 miles of line down, other than mobilizing and getting equipment in there, is not a major problem. The easement is relatively farmland, so there will be no access problem. The bids received were much higher than expected. If the bids had been as expected, Mr. Herron

would be recommending to take the line out now. However, the Cushing crew will probably go down when they have time, and it will probably cost about \$30,000 for GRDA to do it. Plus, there have been no requests at present to remove this portion of the line. Once the part from Bixby is removed, the property owners on the south end will probably request removal. This is being discussed today because this item has been on the agenda for three months, and this is the conclusion of that discussion, and this is a follow-up. Director Spears added the line needs to be declared surplus, and then when the GRDA crews have time to do it, they will get it done. Director Grodhaus moved to declare surplus the remainder of Line K705, seconded by Director Spears, and voted upon as follows: Bartlett, Grodhaus, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.e. Payment of Operating Permit Fees in the Amount of \$318,411.05 to Oklahoma Department of Environmental Quality for the Coal-Fired Complex

Mr. Barney reported these fees are for the annual operating permit of the Coal-Fired Complex. The annual fees are over \$50,000 and require Board approval, and they are about the same amount every year. The fees are somewhat dependent on the load GRDA is running, and the fees are calculated through a process the state uses to recover its expenses for the overall state operation. It is necessary to pay the fee if GRDA wants to continue to operate the plant. Mr. Barney recommended approval. Director Grodhaus moved the Board approve the \$318,411.05 annual operating permit fee from the Oklahoma Department of Environmental Quality (ODEQ), seconded by Director LaGere, and voted upon as follows: Grodhaus, LaGere, Meyers, Spears, Bartlett, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.f. Bid Award Recommendation for Contract 37237, Cleveland 345-KV Substation Construction Services

Mr. Herron reported part of this Southwest Power Pool (SPP) project is to modify the 345-kV bus, and PSO will be bringing a new line in from the west side for a 345-kV connection to the Sooner Power Plant. The line is to be complete by December 31, 2012. GRDA will have to have its substation complete by that time, so the line can be energized. The substation design has already been done by A2V Partners. The specifications and drawings were prepared by them and approved by GRDA. The bid documents included a completion deadline of 120 days with a liquidated damages clause. Construction bids were opened on July 30, 2012. Seven viable bids and seven "no-bids" were received. Utility Line Construction was the low bidder, but they had exceptions and clarifications in their bid documents which were contrary to what some of the specifications were. Therefore, that bid was removed from consideration. Can-Fer was the next low bidder, and Can-Fer took no exceptions. Can-Fer Utilities Construction has a good reputation and has worked for GRDA previously and performed satisfactorily. Staff recommends award to the second low bidder at the quoted price of \$919,628. Director Meyers moved the Board award Contract 37237 for Cleveland 345-kV Substation Construction Services to Can-Fer Utility Services, LLC, for the quoted price of \$919,628 as the lowest and best bid; seconded by Director Grodhaus; and voted upon as follows: LaGere, Meyers, Spears, Bartlett, Grodhaus, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

4.g. Bid Award Recommendation for Contract 37238, Transmission Line Construction L350, L340, and K705

Mr. Herron reported GRDA has two fairly small transmission line projects. The two have been bundled, along with the removal of the Bixby work, to interest the contractors to come on site to do the work. Line 350, Feeder #11, involves rebuilding one mile of 69-kV with double circuit from Tahlequah West Substation to the Sleepy Hollow Tap. Line 340, Feeder #86, involves rebuilding 0.5 miles of 161-kV line with double circuit from the Claremore Interconnect Substation to the Centrilift Substation. This work is being done in conjunction with work being done by the City of Claremore. The City has additional load at the Baker Hughes plant, and GRDA is providing a new feeder to that plant. Line K705, Feeder #72, involves the removal of 0.9 miles of 69-kV line across the Arkansas River at Bixby and the removal of two lattice steel towers at the river crossing. There were two bid alternates for the removal of the 1.3-mile line south of there. The bids were opened on July 30, 2012. Three viable quotes and five "no-bids" were received. The low bidder was BBC Electrical Services, and the bid is acceptable. Mr. Herron noted the River Crossing amount is \$95,970. Staff determined that the north river tower is owned by PSO, so GRDA will not remove it. BBC quoted \$44,000 for the two towers, and removal of one tower will be \$22,000, so there is a \$22,000 reduction in their bid. The revised bid total is \$1,041,130.68. Staff recommends award of the revised bid total to the low bidder. The recommendation on any alternates will be removed. Director LaGere asked about the other project BBC had bid on. Mr. Herron stated that based on what SPP has indicated, the contract will be canceled and not awarded to anybody. Ms. Edwards added the bidders have been notified, and bid bonds have been returned. Mr. Herron added SPP is going to restudy the whole project. It is not known if

SPP will recommend doing the project. Staff is looking at other options. Mr. Sullivan added SPP had changed their planning process. The need for the additional capacity never materialized, so SPP has gone back to the drawing board as well. SPP is the one who asked GRDA to construct this substation. If GRDA has to build it in the future, it could be built in another location that would not require operating this in an energized line area. Director Spears moved to award Contract 37238 to BBC Electrical Services, Inc., for the base bid total of \$1,041,130.68 for transmission line construction services; seconded by Director Grodhaus; and voted upon as follows: Meyers, Spears, Bartlett, Grodhaus, LaGere, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.h. Recommendation to Cancel Contract 22119,
Saline Creek Substation Construction Services, with E. P. Breaux**

Mr. Herron reported GRDA awarded a contract to construct the Saline Creek Substation with E. P. Breaux in August 2010 for \$920,000. GRDA provided Breaux with a Notice to Proceed shortly thereafter. Mr. Herron showed a slide of an overview of the area. The substation was to be on the high ground area above the Salina Pumped Station. When NERC came to look at the site, they noticed the rocks falling off the cut for the substation. The rocks were falling onto the penstock, and NERC wanted GRDA to address that problem. One of the ways to address it is to terrace the hill, but that takes up land on the top and leaves no room for the substation. It was decided to move the equipment to a pad GRDA constructed down below, plus a transformer and switches for NEO to take service out of there. Because it was all GRDA property, the trees were trimmed to bring transmission down across the dam, and a pad was built for the substation. Riprap was added on the north side. The pad was elevated above the

flood height of the dam. The contract was then awarded to E. P. Breaux. On September 28, 2010, Breaux was notified to put the project on hold. Because the substation property was part of the Salina Pump Station Project, FERC approval was required for any modifications to the original project plan. GRDA staff began the process of obtaining FERC permission to construct the substation. GRDA staff has not yet received approval for the project. Both Breaux and GRDA staff agree it is best to cancel the contract. If it were to be restarted, the change order request to meet current wages and materials costs would exceed the ten percent limit on the project total for change orders. It is also not known when GRDA will be allowed to restart the project. Breaux purchased fencing which has been turned over to GRDA; it was never installed. The cost for the fencing was \$54,450, and Breaux has been paid for the fencing. There are no other outstanding charges on this contract. Director Meyers moved the Board approve cancellation of Contract 22119 with E. P. Breaux for Saline Creek Substation Construction Services due to delays in obtaining needed FERC approval to proceed with the project, seconded by Director Grodhaus, and voted upon as follows: Spears, Bartlett, Grodhaus, LaGere, Meyers, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.i. IDIQ Contract ID11032a with Cyntergy AEC
for Design and Construction Administration Services
for Transmission Building in Pryor, Oklahoma**

Ms. Moore reported that in May the Board approved a new approach to the Engineering/Transmission/IT Division property and building needs. Staff got with the Department of Central Services (DCS), and DCS recommended through its IDIQ process that GRDA work with Cyntergy AEC to develop a scope of work and for Cyntergy to give GRDA a fee proposal because GRDA does not have staff internally to

perform the functions as far as programming to identify the needs, the drawings, specifications, engineering services, and construction administration. Cyntergy gave a fee proposal. The original fee proposal was \$140,100. Staff was able to negotiate the fee down by 13.2 percent. The design fee percentage of construction cost was 7.73 percent. Ms. Moore showed a slide of estimated project costs. The Board approved a work order which includes the architect fees as well as the DCS fees. In response to Director LaGere's question, Mr. Sullivan stated the plan is to take the Transmission facility in Pryor down to the steel structure and rebuild it. Additional space is not needed which was the driving factor previously. However, this approach will address the issues of the flat roof and the lack of insulation in exterior walls. If GRDA saves the foundation and the steel, it will save a lot of money. Ms. Moore distributed a breakdown of a comparison of the costs for the previous approach versus the new approved approach, showing a revised total savings of \$2,058,522.24 which is an increase over the previous projection in May of \$1.7 million in savings. And by saving the foundation and steel structure of the building in Pryor, it is estimated now there will be an additional \$300,000 savings. Discussion followed about the bond money available for the project. Director Grodhaus suggested GRDA respond in print regarding the money GRDA is saving. Mr. Sullivan stated GRDA will be able to report those savings once they are approved by the Board. Director Grodhaus moved the Board authorize purchase orders for the architect and engineering services from Cyntergy AEC on DCS #ID11032a for the not-to-exceed amounts of \$100,500 and \$21,100 and approve a payment to the Oklahoma Department of Central Services for the not-to-exceed amount of \$8,512 for handling

fees, seconded by Director LaGere, and voted upon as follows: Bartlett, Grodhaus, LaGere, Meyers, Spears, yes. *Motion passed (5-yes, 0-no, 0-abstained).*

**4.j. IDIQ Contract ID11032b with Cyntergy AEC
for Design and Construction Administration Services
for the Engineering & Technology Center (ETC) Building
in Tulsa, Oklahoma**

Ms. Moore reported the Department of Central Services (DCS) felt because these projects were integrated previously and now split apart but all GRDA related and multi-functioning that Cyntergy should be the firm GRDA contracts to do the design work on the Engineering & Technology Center in Tulsa. The total design fee is in the not-to-exceed amount of \$196,100. The original fee proposal from Cyntergy was \$247,700, and it was negotiated down 12.4 percent, or to \$216,600. Of the not-to-exceed amount of \$196,100, there is \$27,500 that will be discussed further. It is possible the UPS and backup generator electrical design can be done in-house. Director Meyers asked that the equipment be functional and meet standards but to be prudent and not be excessive. Director Grodhaus moved the Board authorize purchase orders for the architect and engineering services from Cyntergy AEC on DCS #ID11032b for the not-to-exceed amounts of \$196,100 and \$20,500 and approve a payment to the Oklahoma Department of Central Services for the not-to-exceed amount of \$15,162 for handling fees, seconded by Director LaGere, and voted upon as follows: Grodhaus, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.k. Approval to Pay FERC Annual Charges for FY 2012 Hydropower Administrative Cost

Mr. Barney reported GRDA recently received a bill from FERC to operate GRDA's three hydroelectric facilities. The fee is designed to recover the expenses of FERC in regulating facilities. Board approval is needed annually because the amount exceeds \$50,000. The fees are consistent with the kilowatt ratings of the units, and that is how FERC assigns the cost. FERC is treating GRDA in a similar fashion to other hydroelectric facilities. The fees are comparative to previous billings and are in the amount of \$165,977.87 for Pensacola Dam, \$170,434.42 for Markham Ferry Dam, and \$410,305.08 for Salina Pumpback Storage. FERC has various divisions that staff works with, along with the Legal Department, and FERC has been very responsive and competent. They have civil engineers that come to GRDA's site on a regular basis. They work with GRDA on its Emergency Action Plans, and this year dam safety training and exercises will be performed at which FERC representatives will be present. Mr. Barney recommended approval. Director LaGere moved the Board approve the \$746,717.37 annual administrative charges from the Federal Energy Regulatory Commission (FERC), seconded by Director Spears, and voted upon as follows: LaGere, Spears, Bartlett, Grodhaus, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

4.l. Update on Request for Review of RFQ 10269 by the Oklahoma State Auditor & Inspector

Director Grodhaus reported GRDA did engage the State Auditor, who did the performance audit, to also audit GRDA's procurement services, specifically to RFQ 10269. GRDA had gotten some questions on it from one of the people who did not prevail on the contract. The State Auditor's group reviewed it and reviewed GRDA's

practices and procedures in GRDA's auditing and procurement department, as well as looked at the specific bid to see how GRDA was following its own policies. On July 3, GRDA received a clean bill of health, and the letter said that from an auditing perspective, barring other reasons to disqualify, GRDA would not have an issue in procedures GRDA followed or with GRDA's awarding of the bid. For good governance GRDA opened this up, and it has been reviewed by the State Auditor, and this closes the matter.

4.m. Other New Business

There was no other new business.

5. Reports

5.a. Board of Directors Committee Reports

- 1. Assets Committee:** There was no report.
- 2. Audit and Budget Committee:** Director LaGere had no report.
- 3. Fuel Committee:** There was no report.
- 4. Marketing Committee:** Director Grodhaus reported there is a huge project going on as far as fishing tournaments. There will be a huge amount of economic benefit to the state of Oklahoma, the Grand Lake region, and GRDA as the keeper of Grand Lake. There is more than \$3 million in facilities and upgrades and work being done to support it. This will bring economic development and tax revenues to the state and GRDA's area that will be in tens of millions of dollars over the years by all projections. There has been a group of agencies and cities that have been supporting this project. The City of Grove has given a tremendous amount of property to the

project. GRDA received a request to contribute \$270,000. From a public relations, governance, and duties as keeper of the lake GRDA would be remiss if it did not participate in the project. On the other hand, there is concern about monies that are spent that could be used to lower rates. A potential solution would be to use some of the \$300,000 budgeted for community outreaches. Director Grodhaus suggested this project is for economic development that will benefit all the local economy, and from September through next August GRDA could reallocate \$270,000 to this project and spread the remaining to all the other projects GRDA normally donates to. This way GRDA would not be increasing its expenditures any. If this is put in place, it is permanent revenue generated for Oklahoma and GRDA's customers. As the lake grows, so does GRDA's customer base. Director Spears stated he believed there is a state statute that limits the amount of money that can be spent in any one community or any one project. Director Spears expressed his concerns and stated he sees no problem for the people who are directly assisted in the Grand Lake area who agree to the reallocation, but it won't help the other communities so far away from the lake that do not receive any benefit from that reallocation. The small festivals depend on the money, and the impact on those communities is as great as it is in this area. Mr. Sullivan stated the City of Grove will be investing \$1 million, ODOT will be investing about \$900,000, and the Department of Wildlife will be providing a 75 percent match. The biggest part of the request is \$200,000 which is for construction of the ramps. That would be matched by the Department of Wildlife. That ramp would actually be on GRDA property. Lake access and lake improvements are different than community issues. Forty thousand dollars of the request is money that is already set aside in the GRDA

Technical Committee fund which is part of the FERC mitigation plan. The Technical Committee has discussed this and said they feel that \$40,000 of that fund would be appropriate for some of the improvements that are going to be made in the facility for maintaining the safety of the fish, etc. Those are monies that have already been set aside and could be a part of GRDA's overall wildlife mitigation required by FERC. That leaves another \$30,000 that could more in the traditional line of assisting the lakes and communities in advertising and marketing. The question is does GRDA want to make the kind of investment of the \$200,000 to improve the ramps, to provide the access for all the other tournaments. GRDA can do it separately or in the context of what GRDA's overall commitment is to the communities GRDA serves, and the lake is a community GRDA serves. Director Spears expressed his concerns about encouraging more fishing tournaments and the stress it would put on the lake in terms of wildlife. Dr. Townsend stated that most of the stress associated with the Bassmaster Classic has to do with hot temperatures, and the Bassmaster Classic will be in February, and there will only be 50 participants. Plus, there is big money lost if a fish is lost, so the fishermen are very conscientious of that fact. The tournaments do not have a big impact on the fishery at this point. If it became a trend where the fish were removed permanently, that could have an impact. The general sport of tournament fishing return those fish to the lakes. There is a small percentage of fish lost, especially during tournaments in August, and GRDA has changed some of its regulations to address those issues. That is part of the interest of the Technical Committee is to protect the fish of the smaller tournaments that could have a greater impact. Ms. Dougherty stated that monies designated to the lake area are divided into four quadrants, and the statutory limitation is \$15,000. Therefore,

that means there is basically \$60,000 each year budgeted for the lake. It may be appropriate to use that money for the \$30,000. Mr. Sullivan asked if the \$200,000 for the ramp is something that GRDA as the stewards of the lake should be participating in when the other agencies are spending money on it. Director Spears pointed out that the difference is they are spending tax dollars, and GRDA would be spending the customers' money. Mr. Sullivan added that is why its a struggle to determine a way that provides a positive impact on the lake that is needed but not put additional strain on the budget or the customers. Another thing GRDA has been looking at is using an in-kind contribution such as providing fly ash to use as road bed material. Director Bartlett expressed his belief that GRDA would be remiss if it did not make some kind of commitment for the boat ramp that is on GRDA's own lake. More discussion followed about the communities GRDA serves and the money allocations. The Committee will put together a plan and present it to the Board at a later date.

5. Policy Committee: Director Bartlett had no report.

6. Compensation Committee: Director Grodhaus reported the Committee did have a presentation but because of the length of the meeting and the fact that three members are not present, it will be presented at the next meeting.

7. Long-Range Planning Committee: There was no report.

8. Ad Hoc Resource Committee: Director Spears had no report.

6. Proposed Executive Sessions:

- a. Proposed Executive Session Concerning a Pending Investigation, Claim, or Action Related to Non-Public Information.**

b. Proposed Executive Session Concerning a Pending Action Related to Non-Public Customer Information the Authority is Contractually Obligated to Keep Confidential.

Director Grodhaus moved to go into executive session at 12:19 p.m., seconded by Director LaGere, and voted upon as follows: Spears, Bartlett, Grodhaus, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director LaGere moved to return to regular session at 12:50 p.m., seconded by Director Bartlett, and voted upon as follows: Bartlett, Grodhaus, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items:

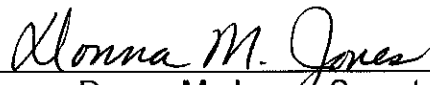
a. Action, As Necessary, Concerning Non-Public Information.

b. Action, As Necessary, Concerning Non-Public Customer Information.

Regarding item 7.a., no action was deemed necessary at this time.

Regarding item 7.b, no action was deemed necessary at this time.

Director Grodhaus moved for adjournment at 12:51 p.m., seconded by Director Bartlett, and voted upon as follows: Grodhaus, LaGere, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

September 12, 2012
GRDA Board of Directors