

**Minutes of Regular Meeting
Grand River Dam Authority
Board of Directors
Tulsa, Oklahoma
October 10, 2013**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Engineering and Technology Center, Tulsa, Oklahoma, on October 10, 2013. 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 November 6, 2012, at 2:51 p.m.; by submitting a notice of changed meeting to the Secretary of State on January 9, 2013, at 1:15 p.m.; by submitting a notice of changed meeting to the Secretary of State on September 12, 2013, at 8:45 a.m., by posting the revised agenda with the Craig County Clerk's office on October 9, 2013, at 9:26 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

Chair Meyers called the meeting to order at 10:01 a.m. The Secretary called the roll. All members were present. Chair Meyers declared a quorum. Ms. Moore introduced guests.

BOARD MEMBERS

| | |
|--------------------------|---------|
| Chris Meyers, Chair | Present |
| Tom Kimball, Chair-Elect | Present |
| Betty Kerns | Present |
| Stephen R. Spears | Present |
| Ed Townsend | Present |
| Allen B. Wright | Present |

ADMINISTRATIVE

| | |
|---|---------|
| Daniel S. Sullivan, General Manager/CEO/Director of Investments | Present |
| Tim Brown, Chief Operating Officer | Present |
| Ellen Edwards, General Counsel | Present |
| Charles J. Barney, AGM Thermal and Hydro Generation | Present |
| Allison Goodpaster-Carter, AGM Human Resources | Absent |
| 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 |
| Darrell Townsend II, AGM Ecosystems & Lake Operations | Present |
| Dale Willis, AGM Transmission | Absent |
| Donna M. Jones, Secretary | Present |

Others present were as follows: Anthony Due and Tom Mixen, NEOREC; Randy Bundy, KAMO Power; Mike Williams, Shangri-La; Gary Dutton, PSA; Rick Frantz, ITC;

Tom Gray, Smith & Gray Co.; David Cordell and Rebecca Stanglin, Connor & Winters; Randy Krehbiel, Tulsa World; Justin Alberty, Grant Burget, Melanie Earl, Heath Lofton, Holly Moore, and Lori Starks, GRDA.

CONSENT AGENDA

2. Claims, \$43,593,850.37

4.a. Resolutions of Commendation:

- (1) Dan Hudnall**
- (2) David M. Garrett**
- (3) Richard C. Howard**

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

- (1) Louis Allis 15-HP DC Drive, Relay, Power Supply, Speed Control Cards (2), Speed Control 3-Channel Card, Speed Control 1-Channel Card, Relay Transistor, Linear Control Card, Universal Speed Card, SCR, and Rectifier Bridges (2)**
- (2) 2004 Heritage Tandem Axel, 2006 Honda 225-HP Motor, 2005 Seadoo Personal Water Craft, 1988 Lowe Hysky Jon Boat, 1988 Haul Rite Boat Trailer, 1997 Jetcraft, 1997 Baker Tandem Axel Boat Trailer, 1999 Edgewater, 1999 Performance Boat Trailer, 2001 Baja 252 Islander, 2001 Heritage Tandem Boat Trailer, 2003 Baja 242 Islander, Heritage Boat Trailer**
- (3) 1932 Laerdal Resusci-Baby Mannequin, 2002 Laerdal Resusci-Anne Mannequin, CPR Prompt Coaching Tool**

4.c. Power Cost Adjustment (PCA) of \$0.00202 per kWh for November 2013

5.b. Approval/Ratification of Purchase Orders Which Are Consistent with GRDA Policies and Procedures (* Denotes Addenda Items)

| <i>PO No.</i> | <i>Vendor/Description</i> | <i>Pursuant to</i> | <i>Amount</i> |
|-------------------------------|--|---------------------------|----------------------|
| <i>Standard Orders</i> | | | |
| 40258 | Buckman Laboratories / Bottom Ash Treatment | RFQ 16051 | \$21,340.00 |

| | | | |
|------------------------------|---|-----------------------|-----------------------|
| 40261 | Mail Finance Inc / Mail Machine Lease | PR 21691 | \$9,380.16 |
| 40163 | Alcatel-Lucent USA Inc / OmniSwitch | PR 21730 | \$206,141.40 |
| 40264 | Shannahan Crane & Hoist Inc / Crane Service – Hydro | RFQ 15977 | \$159,792.00 |
| 40266 | Unifirst Holdings Inc / Shop Towel Exchange – Hydro | RFQ 16041 | \$60,000.00 |
| 40267 | Air Systems & Pump Solutions LLC / Inspection & Repair Ingersoll Rand | RFQ 16031 | \$62,058.88 |
| 40268 | Alstom Grid Inc / Unit 2 Generator Breaker Repair | RFQ 15985 | \$303,950.00 |
| 40271 | Klint Pursley Trucking / Fill Dirt | RFQ 16109 | \$118,404.00 |
| 40273 | Circa Inc / Inspection & Repair for UPS | RFQ 16040 | \$261,950.00 |
| 47654 | Southwire Company / Wire/Cable | RFQ 16019 | \$63,150.00 |
| 47743 | GFRC Acquisitions / Control House | RFQ 15959 | \$148,897.00 |
| 47907 | Southwest Power Pool / Interconnection Study | OAC 300:20-1-15(c)(4) | \$10,000.00 |
| 47909 | Southwest Power Pool / Interconnection Study | OAC 300:20-1-15(c)(4) | \$150,000.00 |
| 47991 | Thomas & Betts / Steel Structures | RFQ 16088 | \$2,599,190.00 |
| Total Standard Orders | | | \$4,174,253.44 |

| | | | |
|----------------------------|---|-----------|-------------------|
| Change Orders | | | |
| 33188 | Unifirst Holdings Inc / Shop Towel, Mop Service | RFQ 10035 | \$2,706.44 |
| 40098 | Thomson West / Online Legal Services | RFQ 15354 | \$1,476.00 |
| Total Change Orders | | | \$4,182.44 |

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|-------------------------------|--|--|-----------------------|
| Grand Total All Orders | | | \$4,178,435.88 |
|-------------------------------|--|--|-----------------------|

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

| <i>Number</i> | <i>Title</i> | <i>Amount</i> |
|--------------------------------|--|---------------------|
| RF013-00598 | Security Upgrades and Access Control to ETC | \$55,385.00 |
| RF013-00600 | Feeder 120 Regulator Bank | \$91,179.45 |
| RF013-00601 | GRDA1 Change Relays on Transformer #3 | \$97,372.66 |
| Grand Total Work Orders | | \$243,937.11 |

Director Kerns moved to approve the consent agenda, seconded by Director Wright, and voted upon as follows: Kimball, Meyers, Spears, Townsend, Wright, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

REGULAR AGENDA

1. Regular Board Minutes of September 11, 2013

Director Kerns moved to approve the regular board minutes of September 11, 2013; seconded by Director Wright; and voted upon as follows: Meyers, Spears, Townsend, Wright, Kerns, Kimball, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

3. Unfinished Business

3.a. Progress Reports

Mr. Sullivan welcomed everyone to the Tulsa Engineering and Technology Center, which is still under construction and awaiting approval from the state Fire Marshall's office.

This week is Public Power Week. Mr. Sullivan attended the APPA Board of Directors meeting on Monday and Tuesday. He was formally elected to the Board to complete Cindy Holman's unexpired term.

Several of GRDA's transmission employees recently competed in MESO's Lineman Rodeo. Cody Ritter placed second in the Three-Phase Replacement event, Faron Sullivan placed second in the Hurt Man Rescue event, Casey Walters placed second in the Mutual Aid event, and Colt Smith placed third in the Mutual Aid event. Media Services presented a video highlighting the Lineman Rodeo. MESO Executive Director Tom Rider has been working on mutual aid agreements with all the utilities in Oklahoma, and GRDA has been participating in those discussions.

There is a scheduled outage starting tomorrow at the Coal-Fired Complex for Unit 2. The Pryor City #2 substation was re-energized this week after it was rebuilt.

Media Services presented a video entitled "GRDA October 2013 Update," highlighting a wrap-up review of the summer 2013 lake season.

4. New Business

4.d. Change Order #1 to Contract 40018, Transmission Line Construction Services, Feeder 105-Part 3, Kansas-Siloam Springs, to BBC Electrical Services, Inc., for Per-Unit Quantity Items Required During First Phase of Construction Project

Mr. Herron reported this is a rebuild project of 13 miles of 161-kV line. The cost is \$4,291,440.19. The time was 180 days to start after April 15, 2013. The first 8.7 miles from Kansas Tap to West Siloam have been completed. Work has started on the last 4.2 miles from West Siloam to Siloam Springs. Bid documents included per-unit quantities for items with unknown quantities at the time of the bid award. Change Order #1 covers ten of those items. Items 1 through 5 are casings required on some piers to prevent collapse of the shafts during concrete pours. Items 6 through 9 are for culverts installed for vehicle access along the right-of-way. They will be left in place for future GRDA maintenance. Item 10 is for construction and removal of a five-acre lay-down

area. GRDA used three acres of that site, so GRDA is adjusting the price for 60 percent of the quoted price. The total of this change order is \$101,928, or a 2.38 percent increase over the original contract price. Director Spears moved that the Board approve Change Order #1 to Contract 40018 with BBC Electrical Services, Inc., for \$101,928 to compensate the contractor for per-unit quantity items required during the first phase of the construction project; seconded by Director Wright; and voted upon as follows: Spears, Townsend, Wright, Kerns, Kimball, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.e. Change Order #2 to Contract 40018, Transmission Line Construction Services, Feeder 105-Part 3, Kansas-Siloam Springs, to BBC Electrical Services, Inc., to Extend Completion Date Due to Unsecured Line Outage

Mr. Herron reported there is a segment of line about 0.7 miles long between the Kansas Tap and the Kansas substation. GRDA had to have an outage approval to take that line out of service and was not able to get it when the contractor originally wanted it. This change order is to extend the contract completion date by 28 days; it is a no-cost change order. Director Spears moved the Board approve Change order #2 to Contract 40018 with BBC Electrical Services, Inc., to extend the completion date by 28 days due to GRDA's being unable to secure a line outage on the section between Kansas Tap and the Kansas Substation when the contractor needed it; seconded by Director Kimball; and voted upon as follows: Townsend, Wright, Kerns, Kimball, Meyers, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

**4.f. Bid Award Recommendation for Contract 40187,
Transmission Line Construction Services
for Feeder 52 from Miami to Hockerville**

Mr. Herron reported this is for a combined transmission services contract to cover Feeder 52 pole replacement, Feeder 70, and Feeder 74. Staff grouped these three projects in an effort to draw more competitive bidding. The Feeder 52 project replaces about 28 structures on an 18-mile line. That will correct 161-kV phase-to-ground clearance issues identified under the NERC Alert review about a year and a half ago, and they are required corrections. Feeder 70 rebuild goes from the MAID substation to the Pryor Foundry. It is about one mile long and is 69 kV. The line will be rebuilt with new poles and conductor. It is an SPP-required project due to loading issues on the line. The Feeder 74 project goes from MAID to Redden Substation and is the same criteria as the Feeder 70 project. It is also required by SPP. Six bids were received. Prices ranged from \$1.9 million to \$4.6 million. Upon evaluation of the bids, the low bidder, Bloom Electrical Services, was deemed acceptable. They are a new contractor for GRDA, but they appear to be qualified, and their paperwork was acceptable. Discussion followed about the substantial difference in the bids and Bloom's being a new contractor. Mr. Herron reported staff checked into other projects Bloom has done. This price will allow Bloom to get into the business and have experience working for GRDA. Staff is willing to give them a chance. Director Townsend suggested examining their financial statements. Mr. Sullivan stated this is bonded work, and they are a group of former OG&E employees who started their own construction business. Director Wright moved that Contract 40187, Transmission Line Construction Services for Feeder 52 Pole Replacement, Feeder 70 MAID to Pryor Foundry Rebuild, and Feeder 74 MAID

to Redden Rebuild, be awarded to the low bidder, Bloom Electrical Services, for the quoted price of \$1,922,018; seconded by Director Spears; and voted upon as follows: Wright, Kerns, Kimball, Meyers, Spears, Townsend, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.g. Overview of Engineering Department Projects

Mr. Herron reported this discussion is background information for the next agenda item. Engineering Department staffing presently consists of nine engineers: eight electrical and one civil. Of these, 3.5 FTEs are doing NERC compliance duties, and more than a third of the engineering staff is not doing design work. Mr. Herron reviewed 22 construction projects on the current listing, one of which has been completed. Some projects have been engineered by staff; others have either not been engineered or have been done by consultants and are pending. Mr. Herron reviewed the NERC Alert analyses which involve checking line clearance on all lines 100 kV and above. It was a three-year project. Mr. Herron showed a list of other projects which are known but not on the current construction schedule. GRDA staff will design all but two large substations. GRDA staff needs design assistance when a project timeline does not allow enough time to do in-house, when a customer requires service for a project not on the current schedule, to assist in designing SPP and NERC-required projects with fixed deadlines not on the current schedule, and for certain technical studies. GRDA has no in-house staff to perform Cultural Resources surveys, Endangered Species surveys, wetlands and other environmental assessments, and Storm Water Pollution Prevention Plans. GRDA also has to have other permitting requirements performed by outside agencies. Mr. Herron showed a list of 11 items required on the Feeder 105 project

which consisted of only 13 miles of line. Some projects have required up to 36 permits. These items are farmed out to consultants with specialists in the certain areas. The current positions open in the Engineering Department is for a Relay and/or Project Engineer (already approved by the State), a Standards and/or Transmission Engineer (already approved by the State), Field Construction Inspector (waiting for approval), and a Compliance Specialist (not yet submitted to the State). Discussion followed regarding recruiting quality candidates, projects required by the SPP market, and the status of the requests to the State.

4.h. Recommendation for Award of Multi-Year IDIQ Engineering Service Agreement Contract from CAP# 13SOL025 PCON Process

Mr. Herron explained when GRDA wants to hire an engineering firm, the State construction and Procurement agency has a set process to go through. After permission is requested from the State, they send a list of all the qualified consulting firms. GRDA then sends a request to all those consulting firms. They notify GRDA if they are interested and provide information on what they can do. GRDA analyzes the responses and forms a short list of four or five companies and gives them on-site interviews. GRDA then notifies the state of which company GRDA recommends. The State then checks all the paperwork and notifies GRDA if it may proceed to talk with the company. GRDA then talks with the company to define the scope of services, a price, and come up with a contract. That process takes at least three months to do. The State has come up with a Continuing Services Agreement for indefinite delivery, indefinite quantity (IDIQ) which just requires a task authorization and a price. When a task authorization is needed, a scope of services would be agreed upon, a not-to-exceed price would

negotiated, a task authorization would be created, and the task authorization would be presented to the Board for approval. GRDA followed the State Construction and Properties (CAP) process and received submittals from 13 engineering firms. Those were evaluated and four firms were interviewed. The recommendations and process were approved by CAP. Staff recommends agreements with all four firms: Black & Veatch, Burns & McDonnell, Garver, and Stanley Consultants. Continuing Service Agreements have been signed by all four firms. Each firm would be guaranteed \$5,000 of work annually. Maximum work per year is \$500,000 per company. The agreements have a one-year term and may be extended annually four times. There is no requirement that work be awarded to any of the firms. The intent is that GRDA staff engineers do as much in-house engineering as possible. The task assignments will fill the remainder. Discussion followed regarding the IDIQ process and the length of time that process takes versus the process GRDA used to use. Mr. Herron explained this is not a typical IDIQ process. There is no seven percent fee to pay the State with these agreements because the State is not handling anything. GRDA can choose another engineer on the list if a fee cannot be agreed upon or if the engineering company is too busy. Director Kimball expressed his concerns about hiring outside engineers rather than hiring GRDA's own engineers. Mr. Sullivan explained the problem with recruiting qualified candidates and stated staff is sensitive that is the direction the Board wants to take, and that is what staff wants to do as well. Mr. Herron added two new engineers were hired and one was retained because of the Tulsa office.

Director Spears moved that the Board approve a Continuing Services Agreement with Black & Veatch Corporation as a result of the completion of the CAP#13SOL025

PCON process, seconded by Director Kerns, and voted upon as follows: Kerns, Kimball, Meyers, Spears, Townsend, Wright, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Spears moved that the Board approve a Continuing Services Agreement with Burns & McDonnell as a result of the completion of the CAP#13SOL025 PCON process, seconded by Director Meyers, and voted upon as follows: Kimball, Meyers, Spears, Townsend, Wright, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Spears moved that the Board approve a Continuing Services Agreement with Garver LLC as a result of the completion of the CAP#13SOL025 PCON process, seconded by Director Meyers, and voted upon as follows: Meyers, Spears, Townsend, Wright, Kerns, Kimball, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Spears moved that the Board approve a Continuing Services Agreement with Stanley Consultants, Inc., as a result of the completion of the CAP#13SOL025 PCON process; seconded by Director Meyers; and voted upon as follows: Spears, Townsend, Wright, Kerns, Kimball, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.i. Change Order #3 to Contract 41217, Multi-Site Construction Services with Ernest P. Breaux Electrical Inc., for Costs Incurred Due to Time Delays

Mr. Herron reported this contract is for construction services at four substations: Pryor City #2, Centrillift, Claremore Interconnect, and Jay. The original quote was \$685,000 with a completion of 120 days. Notice to Proceed was issued on April 24, 2013, and the completion deadline was August 22, 2013. Change Order #1 was for foundation modifications in the amount of \$46,000. Change Order #2 was for a 30-day time extension at no cost. Change Order #3 covers costs for lost man-hours and for

rental equipment totaling \$13,864.50. There was also a delay in the Jay Substation because GRDA was not able to obtain an outage, and the contractor had to demobilize and mobilize again. That cost is \$8,500. The total for all change orders is \$68,364.50, or 9.98 percent of the original contract price. Director Meyers moved the Board approve Change Order #3 to Contract 41217 with Ernest P. Breaux Electrical, Inc., due to delays in receipt of GRDA-furnished materials, equipment discrepancies, and time lost when an outage at the Jay Substation was not approved by SPP due to system loadings; seconded by Director Spears; and voted upon as follows: Townsend, Wright, Kerns, Kimball, Meyers, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.j. Status Report on Engineering and Technology Center (ETC) Project

Ms. Moore reported the building was purchased in May 2012; the Engineering Department and network security moved in June 2012. Since then, other departments saw the benefits of this location. The DCS process and design began in September 2012, and finalized 100 percent construction documents in June 2013 and sent them to the State Fire Marshall. In addition to the employees hired that Mr. Herron mentioned, GRDA has also been able to recruit a hydroelectric engineer, a SCADA position, an energy marketing position, and retained several employees who were looking for other jobs. GRDA is waiting for the permit to begin official construction. Some demo work has been done in the meantime. Ms. Moore showed drawings of the plans for both the upper and lower levels. Ms. Moore explained how the scope of the project has grown from May 2012 to September 2013 and how planning for the future growth will be more cost effective. GRDA took on general contracting the project internally to avoid markup by an outside company. Because of occupancy, construction will be done in phases.

Over the past few months, the Board has been approving blankets for subcontractors. GRDA will be getting mini proposals from each subcontractor, so GRDA can check the numbers and keep track of spending. Several projects have yet to be bid out, so there are still unknowns. The Arts in Public Places program is no longer in existence, so GRDA was able to get some of that money back. Ms. Moore reviewed the original cost comparison between constructing a new Engineering/Transmission/Backup Control Center in Pryor versus constructing a new Transmission building in Pryor and purchasing and renovating the Tulsa office for Engineering and a Backup Control Center. The current savings are slightly greater. The computer equipment was not as expensive as anticipated, but because of making accommodations for future plans, the construction cost is slightly more than first anticipated, so there will be a revised work order that will be brought back to the Board. As soon as the permit is received, roofing, electrical, mechanical, and plumbing will be ready to start. It is hoped the project will be complete by the fall of 2014. Work will begin moving forward regarding the Transmission building in Pryor. There are preliminary design documents, but staff will be meeting with the employees in that building to make sure their needs have not changed. Discussion followed regarding tenants in the Tulsa office.

4.k. Task Authorization No. 4 under Black & Veatch Work Authorization No. 38680 – Engineering Evaluation of Gas Transportation Options

Mr. Barney reported GRDA previously went through a process of selecting Black & Veatch to do all work associated with emission upgrades and the possible combined-cycle unit at the Coal-Fired Complex. It was agreed and directed by the Board that when there was work to be done under that work authorization, it would be approved by

the Board under individual task items. Staff's assessment at this time is that gas transportation is available, and there are possible options. GRDA is not locked into one supplier at this point. There are potential savings to GRDA's customers in the long term that is expected to possibly exceed savings of several hundred thousand dollars a year. This was discussed with the Fuel Committee. An overview of the project involves evaluating natural gas transportation proposals, to research the options in detail, and provide GRDA with some economic analysis as to price benefits of the various connections GRDA can make. It is anticipated one of the end results is there will be a presentation available to the Fuel Committee and Board when this work is complete. Director Spears added it was the full recommendation of the Fuel Committee to approve this work authorization. It is believed the information obtained will be very valuable with negotiations, and this and much more will be recovered over a period of time. Director Spears moved the Board approve the proposed Task Request No. 4 under Work Authorization 38680 with Black & Veatch to perform Engineering Evaluation of Gas Transportation Options in a not-to-exceed amount of \$38,000, seconded by Director Townsend, and voted upon as follows: Wright, Kerns, Kimball, Meyers, Spears, Townsend, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

4.I. 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 report.

2. **Audit, Finance, Budget and Policy Committee:** Director Townsend had no report.
3. **Fuel Committee:** Director Spears had no further report.
4. **Compensation and Marketing Committee:** Director Kimball had no report.
5. **Long-Range Planning Committee:** Director Meyers had no report.
6. **Ad Hoc Resource Committee:** Director Spears stated he and Mr. Sullivan need to discuss if there is a need to continue this committee.

Chair Meyers stated he made some reassignments to the committees. When the vacant seat gets filled, they may be changed again.

6. Executive Sessions:

a. Executive Session Concerning the Pending Claim, *Kiefner v. GRDA et al.*, in the District Court of Craig County Oklahoma, Case No. CJ-2013-84.

Director Wright moved to go into executive session at 11:19 a.m., seconded by Director Spears, and voted upon as follows: Kerns, Kimball, Meyers, Spears, Townsend, Wright, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Spears moved to return to regular session at 12:39 p.m., seconded by Director Kimball, and voted upon as follows: Kimball, Meyers, Spears, Townsend, Wright, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

7. Action on Executive Session Items

a. Action on Executive Session Item Concerning Pending Claim, *Kiefner v. GRDA et al.*, in the District Court of Craig County Oklahoma, Case No. CJ-2013-84.

No action was deemed necessary at this time.

Director Kimball moved for adjournment at 12:40 p.m., seconded by Director Wright, and voted upon as follows: Meyers, Spears, Townsend, Wright, Kerns, Kimball, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Donna M. Jones

Donna M. Jones, Secretary

DATE APPROVED:

November 13, 2013
GRDA Board of Directors