

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Vinita, Oklahoma  
April 8, 2015**

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 April 8, 2015. 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 25, 2014, at 1:46 p.m.; by posting the agenda with the Craig County Clerk's office on April 7, 2015 at 9:56 a.m.; by posting said agenda at [www.grda.com](http://www.grda.com); and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

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Chair Kimball called the meeting to order at 10:03 a.m. The Secretary called the roll. All members were present, and Chair Kimball declared a quorum. Mr. Burget introduced guests.

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**BOARD MEMBERS**

Tom Kimball, Chair	Present
Ed Townsend, Chair-Elect	Present
Chris Meyers	Present
Pete Churchwell	Present
James B. Richie	Present
Stephen R. Spears	Present
Joseph Vandevier	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 Fuel and Generation Projects	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Brian Edwards, AGM Chief of Law Enforcement/Lake Operations	Present
Mike Herron, AGM Engineering, System Operations & Reliability	Present
Darrell Townsend II, AGM Ecosystems/Lake Management	Present
John Goodwin, AGM Human Resources	Present
Steve Anderson, AGM Grand River Energy Center Operations	Absent
Steve Jacoby, AGM Hydro Electric Projects	Present
Sheila Allen, Secretary	Present

Others present were as follows: Mike Williams, Shangri-La; Bob Corlett, Tom Haynes, John Cilleson, Island Park HOA; Gretchen Z. Smith, Attorney; Ted Hilmes, KAMO; Jerry Darnell, Black & Veatch; David Rountree, City of Miami; Justin Alberty, Tamara Jahnke, Melanie Earl, Jeff Brown, Grant Burget, Holly Moore, Nathan Reese, Heath Lofton, Ash Mayfield, GRDA.

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## CONSENT AGENDA

### 2. March Claims, \$67,954,318.62.

#### 4.a. Resolutions of Commendation:

- (1) Gary Cupp
- (2) Kim Giles
- (3) Scott A. Messer, Black & Veatch

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

- (1) Lincoln Idealarc Welder

#### 4.c. Power Cost Adjustment (PCA) of \$0.00692 per kWh for May 2015

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

PO Number	VENDOR/DESCRIPTION	Pursuant to	Amount
40913	STANDLEY SYSTEMS INC, OKLAHOMA CITY, OK A 36-month lease agreement for two Savin multifunction devices for ETC.	ITSW171	\$9,408.80
40914	MAYES COUNTY PETROLEUM PRODUCTS, PRYOR, OK Blanket agreement for various Mobil lubricants for the Grand River Energy Center for a six month period beginning 5/14/15	RFQ 18359	\$213,138.80
40916	BRENNTAG SOUTHWEST INC, NOWATA, OK Blanket agreement for Coherex ash haul road dust treatment compound for the Grand River Energy Center to meet dust suppression specifications required by the Oklahoma Department of Environmental Quality (ODEQ) for the period 5/13/15 thru 5/12/16.	RFQ 18428	\$65,760.00
40917	BRAINERD CHEMICAL COMPANY INC, TULSA, OK Blanket agreement for sulfuric acid for the Grand River Energy Center from 5/1/15 thru 04/30/16.	RFQ 18426	\$308,700.00
40918	NORTHERN RELIABILITY INC, WAITSFIELD, VT To comply with FAA aerial obstruction standards, four structures and six spans on Feeder 22 and two structures and three spans on Feeder 39 require these obstruction lighting (6 lighting systems) and aerial markers (40) to be installed. These lights will need to be monitored and the monitoring equipment will be ordered separately from this purchase order. WO 107-00.55-02-RF014-00671	RFQ 18321	\$56,330.00
40919	BRENNTAG SOUTHWEST INC, NOWATA, OK Blanket agreement for sodium hydroxide for the Grand River Energy Center for the period of 5/8/15 - 5/7/16	RFQ 18427	\$122,000.00
40926	KONE INC DBA KONE ELEVATORS AND ESCALATORS, OKLAHOMA CITY, OK Refurbishment of coal crusher building elevator	RFQ 18303	\$344,087.00

PO Number	VENDOR/DESCRIPTION	Pursuant to	Amount
	necessary to return to safe operational condition at GREC.		
61310	MIDWEST COOLING TOWERS INC, CHICKASHA, OK Four right angle fan drives and driveshafts for Unit 2 cooling tower at Grand River Energy Center.	RFQ 18234	\$136,060.00
61358	BEARING DISTRIBUTORS INC - BDI, STRATFORD, CT Four fan hub bushings for the Unit 2 cooling tower at the Grand River Energy Center.	RFQ 18234	\$4,704.00
61605	SECURITAS SECURITY SERVICES USA INC, TULSA, OK Ratification agreement for labor costs for security services at GREC following expiration of contract 40620.	Settlement	24,763.85
61637	SCHWEITZER ENGINEERING LABORATORIES INC, PULLMAN, WA Four line panels, one annunciator panel, and a spare RTU rack for Hulbert switch station. Hulbert 69 is a new station being constructed for the needs of the Hulbert area. WO 107-00.55-02-RF008-00287	RFQ 18375	87,200.00
61655	PELCO STRUCTURAL LLC, CLAREMORE, OK These steel structures are emergency transmission poles to be used on 345kV transmission system in the event of a pole failure. These four poles are reusable and can be assembled on site without the need for a foundation or drilling.	RFQ 18439	229,249.32
<b>Total Standard Orders</b>			<b>\$1,601,401.77</b>
<b>Change Orders &amp; Renewals</b>			
38732	HAROLDS AUTO PARTS OF LANGLEY, LANGLEY, OK Increase amount on blanket \$15,000 in accordance with SW Contract extension for period of 1/1/2015-6/30/2015.	SW307A	\$15,000.00
39836	NAPA / PRYOR AUTOMOTIVE SUPPLY INC, PRYOR, OK To increase the amount on the existing blanket by \$20,000 in accordance with Statewide Contract extension period of 1/1/ 15 thru 6/30/15.	SW307A	\$20,000.00
40922	WARREN POWER & MACHINERY LP DBA WARREN CAT, TULSA, OK Parts and labor to repair Caterpillar heavy equipment at Grand River Energy Center from 4/3/15 thru 5/6/18.	SW455	\$100,000.00
<b>Total Change Orders</b>			<b>\$135,000.00</b>
<b>Grand Total All Orders</b>			<b>\$1,736,401.77</b>

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

Number	Title	Amount
RF008-00287	Revised – Construct Hulbert Tap Switch Station	\$2,524,000.00
RF015-00675	Gerald Gay Transmission Line Work	\$1,619,603.00
RF015-00695	ECC Control Rooms AV Equipment Replacement	\$303,082.00
RF015-00697	Wolf Creek Park – Phase III	\$136,439.00

<b>Number</b>	<b>Title</b>	<b>Amount</b>
RF015-00701	SPSP Bluff Stabilization	\$1,843,021.00
<b>Grand Total Work Orders</b>		<b>\$6,426,145.00</b>

Before the Board approved the Consent Agenda, Chairman Kimball asked that corrections be made to the Change Order section of the Purchase Order Report to reflect the correct amounts, changing the \$26,406.20 amount to \$15,000.00, the \$9,800.00 amount to \$20,000.00, and the \$15,460.00 amount to \$100,000.00, as well as making corrections to the numbers.

Director Churchwell moved to approve the consent agenda, seconded by Director Townsend, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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## **REGULAR AGENDA**

### **1. Regular Board Minutes of March 17, 2015**

Director Richie would like to modify the minutes from March 17, 2015, to reflect that his vote to approve the minutes from February 11, 2015, be corrected as he abstained due to absence at that Board meeting.

Director Vandevier moved to approve the regular board minutes of March 17, 2015, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, yes, Vandevier, abstain. Motion passed (6-yes, 0-no, 1-abstained).

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### **3. Unfinished Business**

#### **3.a. Progress Reports**

Mr. Sullivan and Mr. Edwards presented a Life Saving Award to Patrol Officer Sabrina Ann Criswell for her efforts in trying to save Mr. Scott Messer with Black & Veatch at our Grand River Energy Center on April 1, 2015. Mr. Edwards said he is very proud she is a part of the GRDA Police Force and he and the staff are very happy to have her on our team. Ms. Criswell is a 10-year veteran of the Sapulpa Police Department. Chairman Kimball expressed how pleased he was we could honor Ms. Criswell in this way and thanked her for her service.

Mr. Sullivan reported there has been a lot of activity since the last Board meeting. He said an off-road event, the Big Meat Run, was held on GRDA property about 2 weeks ago. GRDA hosted a recognition event on behalf of GRDA, South Grand Lake Chamber and others at the Ecosystems and Education Center for John and Edie Sumner who have been organizing this event for many years. Mr. Sullivan showed photos from this and thanked them for bringing this large event to Grand Lake. These photos included shots of the traffic across Pensacola Dam and all the off-road vehicles present. He stated there were approximately over 600 vehicles crawling the rocks below Pensacola Dam and about 10,000 spectators from all over the country. This event cannot be done anywhere and the area below the dam is perfect terrain for them. Mr. Sullivan said this event has been happening for several years and he felt it was a great opportunity to recognize the economic impact to the area and make sure GRDA does what it can to support it. These dollars are being spent in the community in March that would not have been spent otherwise and nearby hotels and campgrounds were full, as well as there being lines at the gas pumps in Disney to get fuel. Mr. Sullivan expressed his appreciation for Chairman Kimball being there and said the Governor was present and rode in one of the vehicles.

Chairman Kimball said a significant part of the event was the clean-up afterward. He said there was a group of participants assigned to come back and take care of this large project. Mr. Sullivan said GRDA is supplying the dumpster for them and they are supplying all the physical help to clean the area. He said he believes they recognize there are few places where they can do this and they are trying to be good stewards of the area. There was only 1 very unfortunate circumstance during this event and little trouble associated with our law enforcement.

Mr. Sullivan discussed the recent storms. He showed photos of a storm coming over the Grand River Energy Center which was the same storm that hit Sand Springs that same day. The photo was taken by one of the GRDA Police officers as he was entering the storm shelter. Mr. Sullivan showed a photo of our crews replacing a structure that was down after storms came through the Afton area last week. Power was restored under some very difficult circumstances as the area was very muddy. GRDA crews even pulled a couple of television crews out while they were there filming.

Mr. Sullivan reported the MESO Public Power Day was held yesterday at the capitol. There was a good turnout from GRDA. He presented a photo of himself, Nathan Reese, Gary Pruett with the City of Pryor, and Director Spears. Chairman Kimball was there as well. Mr. Sullivan said they had good meetings with legislators, and had a great meeting with Speaker Hickman and his office which went much longer than expected. He stated this was the first annual event and everyone will be working on preparing this for next June.

Mr. Sullivan reminded the Board of our Annual Lake Launch event on May 8th at our Ecosystems and Education Center from 6:00 p.m. to 9:00 p.m. He said everyone is invited to come and help us start off the 2015 lake season. Mr. Sullivan said he was

looking forward to all the things the new team working on this has planned, as it is a family event and will have games for the kids and something for everyone.

Mr. Sullivan had an opportunity to appear on The Verdict, a show on Tulsa's Cox cable for the last 10 to 15 years, filmed in Oklahoma City and hosted by Oklahoma City Mayor Mick Cornett and Attorney Kent Meyers. He said the show gave him a chance to talk about GRDA and it gave them an opportunity to ask questions about what GRDA is doing. Mr. Sullivan said it was a good experience and showed a photo from the filming.

### **3.b. GRDA's Economic Impact Update**

Mr. Sullivan stated he would like to conclude by talking about an updated version of our economic impact study done by the Oklahoma Department of Commerce. In 2012, GRDA asked them to look at this and update the information. Mr. Sullivan told the Board he would run through the highlights of the result and GRDA would have this posted to our Web site following this meeting. He said a significant part of this is the projected \$541 million in economic activity GRDA generates in 2016 and the 2,870 jobs in 2016 we generate, not all GRDA employees. Mr. Sullivan explained the broad impact with \$150 million in real disposable income in 2016 which GRDA helps to generate. He said one of the most fascinating things he saw in this report was the portion on the population increase from 1940-2010 and to see statistically the impact and what GRDA has done for not only Northeast Oklahoma, but for the entire state. The region around Grand Lake and Lake Hudson posted a 33 percent population growth rate during this time, which is phenomenal when compared to other parts of Oklahoma. There was a 5 percent decline in other non-metro counties during this same time period, and Oklahoma's non-metro counties experienced virtually no population growth during the same period. Flood mitigation is something else the Department of Commerce looks at.

Mr. Sullivan said they have compared that \$1 spent on GRDA's flood mitigation projects benefits the economy greater than \$6 in avoided economic costs and damages. He said this is something GRDA continues to work with the Corp. of Engineers on in coming up with the best plans to deal with flood waters. Related to tracking industry, Mr. Sullivan explained GRDA knows its reliable low-cost power is a very important factor, particularly in the MidAmerica Industrial Park, but also with all customers as GRDA is 20-45 percent lower than the national average. To companies that are looking at expanding, with multiple locations and additional investment, the low cost power can be a part of the decision-making process. He said he personally know Baker Hughes conducted an analysis when they began to look at adding their testing facility in GRDA's customer city of Claremore. That facility was originally headed for Houston and from what GRDA has heard the power cost was one of the factors that encouraged them to place it in Claremore. Mr. Sullivan said when you factor in the construction activity, GRDA is estimated to facilitate \$960 million to a little over \$1 billion in the state's economy during the first 2 years of construction, and this only decreases to about \$940 million in the last year of construction, having a \$840-\$850 million impact in Oklahoma overall. He stated GRDA's operational impact between 2015 and 2020 represents \$510 to \$581 million in the state's economy, keeping in mind revenues are far less than this. Mr. Sullivan explained GRDA's construction and investment activities are projected to generate \$210 million in additional economic activity in the first year of our Grand River Energy Center project and increase to \$214 million in the second year, tapering off as the combined-cycle gas unit becomes operational. GRDA is estimated to support over 7,100 jobs in Oklahoma's economy in 2015-2016 across all customers. During the construction phase at the Grand River Energy Center, the employment impact is estimated to be over 1,900 jobs in the first two years of the project and taper off to 1,000 jobs as the project is

completed in the third year. He expressed the importance to GRDA the impact resulting from tourism, quality of life and relative power costs which contribute \$240-\$260 million into Oklahoma's economic activity. The impact resulting from tourism, quality of life and power costs are estimated to support over 2,400 jobs in Oklahoma's economy. GRDA is estimated to increase the Oklahoma labor force by over 1,250 workers in 2016. Mr. Sullivan said GRDA is estimated to support an annual real disposable income impact of \$310-\$337 million in Oklahoma's economy between 2015 and 2020. He stated this concluded his report, with the exception of the video.

Director Townsend commented these numbers are terribly understated and talked about how the economic impact in the lake area is dramatically larger than what is shown. He would like to see this expanded upon. Mr. Sullivan said Dr. Townsend and the staff are working on our economic impact study strictly looking at the lakes and the water. He stated he believes this will be a good augment of this report.

The "I Am GRDA" video was shown and Mr. Sullivan told the Board he hoped they find these videos to be very informative, as he does. He expressed his appreciation for this opportunity to highlight some of GRDA's different areas of operation and providing a chance for the Board to get to know a few of our employees.

Chairman Kimball asked if GRDA employs many of our interns. Mr. Sullivan told the Board he does not know the exact number, but is confident there are a fairly significant number of long-term, full-time employees that began their career at GRDA as a Summer employee. He said it was a great opportunity for these employees and for GRDA.

**3.c. Consideration, Discussion and Possible Approval of Request by the Island Park Homeowners Association for Modification of an Existing Facility Located in Delaware County, Oklahoma and for Waivers (i) to Exceed the 1/3 of the Cove Rule, (ii) to Exceed the 125-Foot Rule and (iii) for Slips to be Located Parallel to the Shoreline.**

Director Churchwell reported that the Assets Committee had three items to bring before the Board. The first one being in regards to a request for approval from the Island Park HOA. He asked Dr. Townsend to walk everyone through the presentation presented to the committee that morning.

Dr. Townsend showed maps related to the location of the Island Park. He then said Island Park Homeowners Association submitted an application to us requesting to add 2 additional slips onto dock #3. Dr. Townsend said as Island Park came to us, we discovered initially this was approved by FERC in 1997 but the docks in place currently were not built to the original FERC requirements and were in fact a bit larger, pointing out the additional slips added. He expressed GRDA's intention to try to bring these docks into compliance at the FERC level and told the Board about previous discussion items on this matter, including violation of the 1/3 of the Cove Rule for which he showed a diagram. Dr. Townsend said at the last staff meeting on this it was recommended to approve waivers for docks 1 and 2 on the 1/3 of the Cove Rule, Parallel Slip Rule and the 125' foot rule. The staff originally did not recommend the approval of one proposed slip on dock 3 primarily due to the violation of the 1/3 of the Cove Rule. He explained that Island Park's attorney requested GRDA take another look at this at 750-foot Mean Seal Level instead of the 745-foot level. Dr. Townsend showed a diagram showing how this difference in measure would not help in the approval of slips for dock#3.

Director Churchwell said, on behalf of the Assets Committee, in an effort to be fair and since these docks were originally approved in 1997 and there have been a number of changes in compliance rules and regulations since then, in this particular case the Assets Committee recommends approval of:

- a. Island Park Homeowners Association should submit revised "As built scaled drawings" that accurately reflect the dimensions of their current docks and

slips;

Director Churchwell said this has been done.

- b. Dock 1 as it exists with Waiver of 125' foot, parallel slip and 1/3 cove based on FERC Order dated November 6, 1997;
- c. Dock 2 as it exists with Waiver of 125' Rule and Parallel Slip and 1/3 cove rule based on the FERC Order dated November 6, 1997;
- d. Dock 3 as it exists with Waiver of 125' Rule and Parallel Slip Rule and approve the request for 2 additional slips.

Director Richie commented that on item d for dock 3 the 1/3 of the Cove Rule should be added to the language. Director Churchwell agreed and asked for the adjustment to be made.

Chairman Kimball asked if all 3 docks were built at the same time. Mr. Bob Corlett with the Island Park Homeowners Association said they were built in phases, but all were approved at the same time. Chairman Kimball asked if all 3 docks have had permits from the time they were built. Dr. Townsend said what was built did not comply with the permits they received. Chairman Kimball asked if the permit fee was paid every year. Mr. Corlett said it was an oversight that the dock fees were not paid and have recently began paying them. Director Kimball asked for clarification on the dock fees. Mr. Corlett said there has been an agreement reached that, rather than go back 10 years, GRDA would collect 2 years' of dock fees and Island Park would continue paying them from now on.

Director Townsend said these docks were originally approved by FERC and in the sense of fairness for the residents in that area the Board should approve.

Director Vandevier stated the 2 additional slips on dock 3 are going to violate the 1/3 of the Cove Rule and on that basis he would question the rationale in approving

them. Director Townsend said from his perspective all 3 docks violate this rule and dock 3's 2 additional slips would still be the least of the 3 docks. Director Churchwell said the rationale would be the same as GRDA has waived this essentially since the time they were built in 1997.

Chairman Kimball asked if what FERC approved complied with the 1/3 of the Cove Rule or if there was a 1/3 of the Cove Rule at that time. Director Churchwell said the 1/3 of the Cove Rule has been in existence since some time in the 1980's and went on to explain that it has not been enforced. Chairman Kimball asked since these docks were not built to the specifications in length as to what FERC approved, would what FERC approved abide by the 1/3 of the Cove Rule. Dr. Townsend said dock 1 and dock 2 were already built when approved. After looking at the aerial photo again, Chairman Kimball said the docks do not seem to affect access to and from the cove. He said he would like to accommodate anyone who would like to have a boat on GRDA's lakes. However, he also stated the Board has to protect the other property owners' rights and that he has tried to be very consistent since he began his time on the Board. He asked Mr. Corlett if there were any other docks to his knowledge where there are permit issues. Mr. Corlett said this is the first time he has been aware there has been a permit fee problem.

Chairman Kimball explained this project came to his attention about 2 years ago from a friend who asked his advice on adding a couple of slips. The Chairman referred him to Mr. Edwards and Dr. Townsend. He asked if Mrs. Edwards thought he should abstain from voting on this due to his association. Mrs. Edwards told the Chairman his personal knowledge of the project should not be an issue, but this would be up to him. She then advised him to abstain if he felt this knowledge might influence his decision or if he was uncomfortable voting.

Director Vandevier asked Mr. Corlett if there were any plans for additional docks. Mr. Corlett said there was not shoreline available for this and there was not.

Director Spears said he can accept the fact Island Park Homeowners Association had a FERC permit and believes GRDA should allow them to keep what is there, but has a problem with expanding a bad situation and he would not be able to vote for it.

Director Richie talked about the importance of our rules, but said he does not think we need to be so stringent in these rules that we can't use the word "waiver."

Director Meyers asked for clarification on the 2 slips being added to dock 3. He asked if these were permitted by FERC. Mr. Sullivan said on dock 3, the existing footprint exceeds what was approved by FERC originally. He said the 2 slips that are to be added were not included in the FERC approval and that this is the new item. Discussion ensued about dock 3 and the 2 additional slips.

Chairman Kimball said it was disappointing that FERC approved the docks one way and they were built another. He said he is also disappointed the permit fees were not paid as they should have been. The Chairman shared his personal experience and said he cannot see why this would impede entry or exit of the cove.

Director Townsend expressed his faith in Mr. Corlett and believes all the issues to be an honest oversight.

Director Meyers commented the Board must be very careful about this and moving forward the Board must be consistent and not just pick and choose what gets approved without some sort of real basis. He said he can see both sides of this issue.

Director Vandevier commented he agrees we should be empathetic to this, but that he struggles with adding the 2 additional slips and violating the 1/3 of the Cove Rule arbitrarily. He expressed his concern that someone could now come to GRDA for approval of something similar.

Director Townsend moved the Board approve the application as submitted by Island Park Homeowners Association:

- a. Island Park should submit revised "As built scaled drawings" that accurately reflects the dimensions of their current docks and slips;
- b. Dock 1 as it exists with Waiver of 125' foot, parallel slip and 1/3 cove based on FERC Order dated November 6, 1997;
- c. Dock 2 as it exists with Waiver of 125' Rule and Parallel Slip and 1/3 cove rule based on the FERC Order dated November 6, 1997;
- d. Dock 3 as it exists with Waiver of 125' Rule and Parallel Slip Rule and 1/3 cove rule and approve the request for 2 additional slips;

seconded by Director Richie, and voted upon as follows: Churchwell, yes, Kimball, yes, Meyers, no, Richie, yes, Spears, no, Townsend, yes, Vandevier, no. Motion passed (4-yes, 3- no, 0-abstained).

Director Churchwell said for the record this should show this Board's sincere interest in getting back to following our own rules as quickly as we possibly can going forward. He pointed out this is an exception, and sometimes you do have to make these exceptions to the rules. Director Churchwell stated going forward more and more of these types of situations will come up over the next several years as part of our shoreline management plan and relicensing. He anticipates difficult votes in the future.

Director Richie left the room at 10:43 a.m. and returned at 10:45 a.m.

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#### **4. New Business**

##### **4.d.1. Consideration, Discussion and Possible Approval of Request of an Assignment of a License to Encroach from Wayne and Marilyn Blackmon's Living Trusts to Stanley and Patsy Rhea for Property Located in Mayes County, Oklahoma.**

##### **4.d.2. Consideration, Discussion, and Possible Approval of Request by Salina Spavinaw Telephone Company to Install Fiber Optic across Kerr Dam in Mayes County, Oklahoma.**

Regarding item 4.d.1., this is a request to transfer an existing License to Encroach from the Wayne and Marilyn Blackmon Living Trust who are selling the property located in Mayes County to Stanley and Patsy Rhea who are buying the property.

Director Vandevier moved the Board approve assignment of the 30 year License to Encroach from Wayne and Marilyn Blackmon to Stanley and Patsy Rhea., seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

Regarding item 4.d.2., this item is a request by Salina Spavinaw Telephone Company to install fiber optic cable across the Kerr Dam in Mayes County. The staff recommendation is to approve this.

Director Vandevier asked if there was capacity to do more things similar to this across Kerr Dam. Mr. Jacoby said it is pretty restrictive on what we can do in the future, but there would be some space. He also said this one allows the redundancy we need.

Director Vandevier moved that GRDA issue a 5-year permit to Salina Spavinaw Telephone, Inc. for the creation of a communication cable crossing of the Kerr Dam whereby Salina Spavinaw Telephone shall compensate GRDA \$2,500 for processing the proposed construction plans and details with GRDA and FERC and \$500 annually; the details of the installation shall be subject to approval by the Chief Dam Safety

Engineer and review by the Federal Energy Regulatory Commission, seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

#### **4.e. Recommendation to Award Contract #40676 for Substation Construction Services, Hulbert 69 Station**

Mr. Herron showed a photo of the Hulbert Tap area and a diagram as to the location. He said GRDA will construct a 4-terminal, ring bus, 69 kV switching station on Feeder 11. It is a Greenfield site and was designed by a consultant in 2008. GRDA has had problems getting the land. Mr. Herron said the completion date in the bid documents is 120 days after Notice to Proceed with liquidated damages of \$1,000 per day. He then showed the bids received for this project, as well as showing a “No Bid” from Wilson Construction Company. Mr. Herron stated the staff is recommending the low bidder, Integrated Power Company (IPC). Integrated Power Company is a new contractor for GRDA, but took no exceptions to the bid documents and their references checked acceptably. He told the Board the Nebraska Public Power District (NPPD) has even listed IPC as a “Preferred Provider”. Mr. Herron said the funding for this project originally in 2008 was for \$1,524,000, with expenditures to date of \$914,000. He explained GRDA has bought equipment, materials, paid the consultant in full, and purchased some land with this funding. The remaining funds from the original allotment is \$610,000. Mr. Herron stated the staff is proposing transfer of \$1 million from another 2015 budget item which will make \$1,610,000 available for this particular project.

Director Richie asked, since there was only about a \$2,000 difference in bids between IPC and KC Electric, would GRDA consider selecting a higher bidder if we had worked with them in the past. Mr. Herron told the Board GRDA has done business with KC Electric before and they had done a good job. He said if IPC’s references would not

have checked out, or if there was any other issue, we would have moved to the second lowest bidder.

Mr. Sullivan said by utilizing a new company this adds to GRDA's bid pool going forward as there have been problems getting bidders at times, depending on workflow, etc.

Chairman Kimball asked where IPC is located and where KC Electric is located. Mike said IPC is in Colorado and KC Electric is in Kansas City.

Director Vandevier asked if there was a performance bond on this type of work. Mike said there is.

Director Churchwell moved the Board approve Contract #40676 for Substation Construction Services, Hulbert 69 Station be awarded to the low bidder, Integrated Power Company, for the quoted price of \$1,537,750, seconded by Director Vandevier, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

#### **4.f. Recommendation to Award Contract #40860 for Substation Construction Services, GREC #3 Interconnect Station**

Mr. Herron explained this item is for the GRDA3 plant. It is needed to construct a 345kV interconnect substation. He said it will have breakered positions for 3 transformers at the combined cycle plant, and breakered positions for in-an-out connections for Feeder 90 between GRDA2 and Tulsa North. Mr. Herron said the contract duration is 270 days after Notice to Proceed and liquidated damages of \$1,000 per day. However, this contract does not include transmission line work between the substation and GRDA3 and between this substation and Feeder 90. This will be a

separate bid in the Fall of this year, as GRDA is still working on the final design. Mr. Herron showed a list of the bidders, with E.P. Breaux being the lowest bidder at \$3,736,720, taking no exceptions to GRDA's terms. He said GRDA also received a bid from a company called ISOLUX CORSAN. However, they did not attend the mandatory pre-bid meeting and were disqualified. Their bid was for \$4,479,430,23, not among the low bids. Mr. Herron stated there was also a "No Bid" received from Wilson Construction Company. E P Breaux submitted all required documents and has worked for GRDA in the past. Their work was good on the Tonnece Substation, but they had mixed reviews on 3 smaller projects regarding quality and timeliness issues for other organizations. Mr. Herron said they do appear to be well-staffed for this project and will have more employees on site for this as it is a larger project.

Chairman Kimball asked if we would attribute their past issues to lack of staffing or something else. Mr. Herron said the corrections were very minor items and it was only a matter of the company going back to finish these small thing. The actual substations they constructed were operational, but items that needed were mostly cosmetic. Chairman Kimball asked Mr. Herron if he felt confident there would not be issues on this project. Mr. Herron said he does feel confident there will not be any issues.

Mr. Herron said the Black & Veatch estimate for this project was \$4,038,059 and the funding for this would be from bond funds for the GRDA3 plant.

Director Spears moved the Board approve Contract #40860 for Substation Construction Services, GREC#3 Interconnect Station be awarded to the low bidder, E.P. Breaux, for the quoted price of \$3,736,720, seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

Director Churchwell left the room at 11:18 a.m. and returned at 11:20 a.m.

#### **4.g. Work Authorization 40923 to Burns and McDonnell Engineering for Salina Bluff Stabilization**

Mr. Jacoby reminded the Board about the relocation of the Salina substation near the area shown in his presented photo. He explained there is very hard rock in the lower portions of the Keokuk Formation in this area that is overlain by rather fractured and jointed material. Percolation of water causes a lot of freeze and thaw damage and raveling occurs over time and undercuts the overhanging boulders that sit on top of the formation which are boulders of up to 3 foot in diameter. Mr. Jacoby stated this talus accumulates below and hits Penstock No. 1, as shown in his photo, where it has taken the finish off of the outside. This work order includes engineering design, geotechnical exploration, excavation by GRDA crews and specialty stabilization work, with primary work to be done by GRDA crews next Summer. He said in support of this, staff is proposing services by performed by Shannon & Wilson in conjunction with Burns & McDonnell Engineering on specialty design, development of layout and specifications, and to be on-call for unusual circumstances. They have worked on the Pensacola Dam previously. Mr. Jacoby told the Board he will later be bringing a work authorization before the Board for proposed geologic testing services to develop 2 geologic borings, rock strength testing, water testing and an engineering report.

Director Vandevier said obviously this engineering work needs to be done, but would like to know what the cost of the broader scope of the project will be. Mr. Jacoby told him we have projected what this work will cost GRDA based on this type of work done at our Pensacola Dam. He explained in addition to the tie-back work similar to Pensacola's work, a larger shelf to catch the falling rock is needed as the previous one has filled up with debris rather quickly. He also said his estimate for the total cost would

be roughly \$1.9 million. Director Vandevier asked if we had money in the capital budget for this. Mr. Jacoby said there is \$2 million of the capital budget set aside for this work.

Discussion ensued about what had been done previously in regards to design and maintenance before Director Vandevier moved the Board approve Work Authorization No. 40923 be authorized to Burns & McDonnell Engineering, for engineering services needed for the design of the Salina West Penstock Bluff Stabilization Project in an amount not to exceed \$119,400, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

#### **4.h. Recommendation for Contract Change Order Request No. 1 – Contract 40555 – DCS Modifications for Unit 2**

Mr. Barney greeted the Board and explained that DCS is an acronym for Distributed Control Systems. He said this original contract was awarded to Emerson in the amount of \$415,000 and the purpose of this was to integrate the existing control system on Unit 2 with all the updates being made. Mr. Barney stated the changes to this contract are relatively minor, but he would like to take this opportunity to give the Board an update on the activity associated with Unit 2 and the installation of the activated carbon silos for mercury removal. He showed photos of the installation of the silos and described each and how they related to the work being done on Unit 3. Mr. Barney said there are 3 changes to this contract. GRDA has asked Emerson to add a 24V power supply for the fire suppression control system that will have a price of \$5,865. He said GRDA has also identified some reductions in scope of the control logic for the burner management and fans with a reduction in price of \$10,900, which was negotiated with Emerson with the help of Black & Veatch. Mr. Barney explained there should also be less of a need for field services for a reduction in cost of \$13,786. The net reduction in

costs for this change order would be \$18,821. Mr. Barney apologized to the Board for bringing a somewhat incidental item to them for approval, but cited Title 61 requirements for the need.

Director Townsend moved the Board approve Change Order No. 1 to Contract 40555, DCS Modifications for Unit 2, to revise the scope as described, and reduce the Contract amount by \$18,821, seconded by Director Spears, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

#### **4.i. Recommendation to Grant Easement to Myall, Inc. in Mayes County, Oklahoma**

Mr. Barney said this is something that was brought to GRDA's attention in an urgent manner about 2 days ago and it was not possible to get any information to the Board before the meeting. He said due to his involvement with our gas pipeline and being quite familiar with the area there, Mr. Sullivan and staff asked him to become involved with this particular matter. Myall, Inc. is installing a new 24" water line, working with the MidAmerica Industrial Park to install new facilities. On April 6, GRDA was contacted with an urgent request from Myall that GRDA consider granting an easement for this new water line due to a small anomaly in their routing. The easement requested is 15' x 270' and is near the North property boundary of the GRDA MAID Substation. Mr. Barney showed a labeled aerial view of the properties, showing the pipeline routing. He then showed a street-level photo of the easement location, labeled with where the water pipeline route would be relative to other items located on this property. Mr. Barney said he inspected this property and believes this to be a very important project to the park and will help promote industry in the local area. He told the Board GRDA staff and the park are supportive of this and that he has discussed this with Mr. Herron and his

staff to ensure this utility easement can be granted without interfering with the substation or interfering with GRDA's future plans. Mr. Barney said the staff recommends granting the requested water line easement. The charge for the easement would be based on 75% of land market value, with a recommended charge of \$2,092.

Director Spears asked if the fair market value was based on what they charged us for land in the park for our substations. Mr. Barney said it is.

Director Spears moved the Board grant an easement for a water line to Myall, Inc. in Mayes County, Oklahoma, in the amount of \$2,092, subject to the approval of the easement terms by the Chief Executive Officer and General Counsel, seconded by Director Meyers, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, yes, Townsend, abstain, Vandevier, yes. Motion passed (6-yes, 0- no, 1- abstained).

#### **4.j. Other New Business**

There was no other new business.

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### **5. Reports**

#### **5.a. Board of Directors Committee Reports**

- 1. Assets Committee:** Director Churchwell had no further report.
- 2. Audit, Finance, Budget and Policy Committee:**
  - (a) Review, Discussion, and Possible Action Regarding the Results of the 2014 Deloitte Financial Statement Audit**

Regarding item a, Director Townsend reported the committee met with Deloitte on April 2, 2015 to go over the 2014 audit completed March 31, 2015. He stated the committee established a level of comfort with the numbers. Having served on these

audit committees before, Director Townsend said he was very comfortable with the whole process, as Deloitte was very thorough. He stated the most significant changes related to increases in Net Assets and Net Liabilities because of the Revenue Bonds issued and the proceeds deposited in the construction funds prior to year end, as total assets of the Authority increased by \$367 million to a total of \$1.837 billion and the Authority's equity position increased to \$584 million with generated profits for the fiscal year. The liabilities went from \$907 million to \$1.25 billion. He explained the Net Position increased due to favorable electric utility operations and lower debt payment. Director Townsend said the Audit Committee member met with the auditors when staff was excused from the meeting and covered all of the expected questions. As this was an unqualified audit opinion, he stated they had no questions and were very complimentary of the staff. Deloitte did not see anything that would keep the organization from producing the numbers needed to run the Authority and do so properly.

Chairman Kimball expressed his appreciation of Director Townsend and the committee and complimented them on their significant time commitment.

Directors Richie and Townsend both have relatives that are employed by Deloitte, but Deloitte ruled there is no independence issue in regards to this audit.

Director Townsend moved the Board accept Deloitte's audit of the Authority's financial statements for the years ended December 31, 2014 and 2013, seconded by Director Churchwell, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. Motion passed (7-yes, 0- no, 0-abstained).

**3. Fuel Committee:** Director Spears had no report.

**4. Compensation and Marketing Committee:** Director Kimball had no report, but said the committee will have a meeting directly following this Board meeting.

5. **Long-Range Planning Committee:** Director Meyers had no report.

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**6. Executive Session:**

- a. **Executive Session Pursuant to 25 O.S. § 307(B)(7) and 82 O.S. § 862.1(2)(a&b) to Confer on Matters Pertaining to Coal Contracts and Coal Transportation Including Pending Claims, Disclosure of Which, GRDA has Determined with the Advice of Its Attorneys, Will Seriously Impair the Ability of the Public Body to Process the Claim in the Public Interest.**
- b. **Executive Session Pursuant to 25 O.S. § 307(B)(4) for the Purpose of Confidential Communications Between the Board and Its Attorneys Concerning a Pending Claim and Investigation, Disclosure of Which, GRDA has Determined with the Advice of Its Attorneys Will Seriously Impair the Ability of the Public Body to Process the Claim or Conduct a Pending Investigation in the Public Interest.**

Director Churchwell moved to go into executive session at 11:48 p.m., seconded by Director Vandevier, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

Director Churchwell moved to return to regular session at 12:45 p.m., seconded by Director Townsend, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*

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**7. Action on Executive Session Items**

- a. **Action, As Necessary, Regarding Matters Pertaining to Coal Contracts and Coal Transportation.**
- b. **Action, As Necessary, on Matters Pertaining to Confidential Communications between the Board and its Attorneys Concerning a Pending Claim and Investigation.**

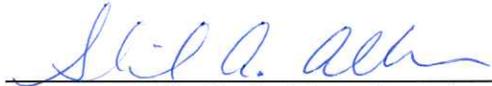
Regarding item a, there is no action needed on this item today.

Regarding item b, there is no action needed on this item today.

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Director Richie said he would not be available for the next Board of Directors Meeting on May 13, 2015, and asked if this could be moved to May 6, 2015. No known issues from the other directors, but Director Spears and Director Myers would need to check their calendars after the meeting. They will get in touch with the Board Secretary as to their availability.

Director Churchwell moved for adjournment at 12:50 p.m., seconded by Director Richie, and voted upon as follows: Churchwell, Kimball, Meyers, Richie, Spears, Townsend, Vandevier, yes. *Motion passed (7-yes, 0-no, 0-abstained).*



Sheila A. Allen, Secretary

DATE APPROVED:

May 6, 2015  
GRDA Board of Directors