

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Tulsa, Oklahoma  
June 9, 2010**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at New Dominion LLC, Tulsa, Oklahoma, on June 9, 2010. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on December 2, 2009, at 3:33 p.m.; by submitting a notice of changed meeting to the Secretary of State on May 24, 2010, at 9:46 a.m.; by posting the agenda with the Craig County Clerk's office on June 8, 2010, at 8:51 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

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Chair Kerns called the meeting to order at 10:16 a.m. The Secretary called the roll; all members were present with the exception of Director Bartlett. Chair Kerns declared a quorum. Ms. Moore introduced guests. Mr. Easley introduced Mr. Meyers.

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**BOARD MEMBERS**

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

**ADMINISTRATIVE**

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Present
Gretchen Zumwalt-Smith, General Counsel	Present
Charles J. Barney, AGM Thermal Generation	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Dale Willis, AGM Transmission	Absent
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Harold Robertson and Robert Echenrode, NEOEC; Mike Doublehead, City of Stilwell; Gary Pruett, Pryor MUB; Duane O'Dell, City of Wagoner; Shane Woolbright, MESO; Randy Krehbiel, Tulsa World; Chris Broyles and Don Karnes, CYTE; James Kemp and Jerry Arnold, Pryor Stone; Rodney Laubach, Thoroughbred Investment; Lori Vernon, UFS/ODOT; James Irwin, Tulsa; Justin Alberty,

Holly Moore, Tamara Jahnke, Darrell Townsend, Chuck Atkins, Charlie Floyd, and Dave McCollaum, GRDA.

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**1. Regular Board Minutes of April 14, 2010**

**2. April Claims, \$40,257,958.05; May Claims, \$37,046,179.66**

**4.a. Resolutions of Commendation:**

- (1) Ada L. Beck**
- (2) Kenneth H. Burrow**
- (3) Justin B. McLain**
- (4) Joyce M. Garber**

**4.b. Contract for Commercial Service with Williams Construction Company**

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

- (1) Obsolete General Electric LCI Drive Control System Cards**
- (2) 2005 Honda Boat Motor**
- (3) 135 Bethgon Steel Railcars (Coal Transport)**
- (4) Westinghouse Exciter for Electric Generator**

**5.b. Purchase Order Report**

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
20945	Hoist Co Inc.	\$25,760.00
20951	Standley Systems Inc.	6,421.80
20979	Alstom Power Inc.	553,467.00
21284	Tower Performance Inc.	160,875.00
21290	Brenntag Southwest Inc.	185,680.00
21303	Warren Power & Machinery	95,000.00
21996	Falcon Steel	70,388.00
21787	GEXPRO	<u>69,750.00</u>
<i>Total Standard</i>		<b>\$1,167,341.80</b>
17909	Southwest Electric	\$307,244.00
19303	Dowley Security Systems	245,026.00
20656	HD Supply Utilities	1,031,913.18
20714	Insulation & Refractory Services	109,300.00
20909	Kansas & Oklahoma Railroad	12,462.00
21210	Chickasaw Telecom Inc.	147,865.00
21302	P&M Process Equipment	54,290.00

21371	Alcatel Lucent USA	109,424.00
21376	APP Engineering Inc.	83,356.00
21405	Virginia Transformer	884,778.00
21417	Virginia Transformer	392,637.00
21433	Electrical Power Products	57,874.00
21436	Schweitzer Engineering	170,070.00
21474	Virginia Transformer	903,171.00
21501	Kansas & Oklahoma Railroad	<u>12,060.00</u>
	<i>Total Emergency Orders</i>	\$4,521,470.18
	<i>Grand Total Purchases</i>	<u>\$5,688,811.98</u>

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

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## REGULAR AGENDA

### 3. Unfinished Business

#### 3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented the "GRDA June 2010 Update" highlighting the Ecosystems & Education Center grand opening/75th anniversary and an OETA news clip on GRDA.

Mr. Barney showed slides and gave an overview on the completed overhaul of Unit 1 at the Coal-Fired Complex.

Mr. Floyd gave an update on lake security and reported GRDA is providing 24/7 security on the lake, there were no reported boating accidents during the first major holiday weekend, and the buoys for Duck Creek were delivered last week and are in the process of being installed.

## **4. New Business**

### **4.d. Assets Committee Recommendations:**

**4.d.1. Request by Thoroughbred Investment, Ltd., for Lease of 86.25 Square Feet of GRDA Property Located in Grove, Oklahoma.**

**4.d.2. Request by the Oklahoma Department of Transportation for a Highway Easement on GRDA Property in Delaware County Oklahoma.**

**4.d.3. Request by James L. and Jacquelyn Irwin for a 30-Year License to Encroach on Grand Lake, Delaware County Oklahoma.**

**4.d.4. Request by Pryor Stone, Inc., for Lease of 15 Acres of GRDA Property Located in Mayes County Oklahoma.**

Regarding item 4.d.1., Director Spears reported the Assets Committee recommends approving the lease of GRDA property for a term of 30 years. Said term would be beneficial to the business of the Authority by saving administrative costs.

Regarding item 4.d.2., Director Spears reported the Assets Committee recommends granting the highway easement.

Regarding item 4.d.3., Director Spears reported the Assets Committee recommends approving a ten-year license rather than a 30-year license because of the expected life of the structure involved.

Regarding item 4.d.4., Director Spears reported the Assets Committee recommends approving a 20-year lease based on the fact it would benefit the Authority by saving administrative costs.

Director Chernicky moved to approve the recommendations of the Assets Committee, seconded by Director Spears, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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

Mr. Easley reported the stream gages are used to determine all kinds of issues related to water coming toward GRDA's lakes. It is a joint project for all the stations. GRDA's contribution is \$71,000, and the agreement is renewed annually. The amount went up a little since last year. Congress appropriates the money to the United States Geological Survey (USGS) and is cutting back on those funds, so GRDA gets hit with a little bit of increase. This is an important program for GRDA staff to understand exactly what is coming toward GRDA lakes from Kansas and Missouri. Mr. Easley asked that the Board approve renewal of the agreement, so GRDA can send its cooperative share to the Oklahoma Water Resources Board that goes on to the USGS. Director Chernicky moved to approve renewal of the agreement, seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, Frost, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.f. Change Order #6 to Contract 16737, Feeder #4 Rebuild, with KDM  
Construction LLC, to Adjust Diameter of Crushed Rock Direct Embed  
Foundations Costs for Actual Design Requirements**

Mr. Herron reported this change order is to a contract for construction of a line from Pensacola to Kerr Dam, and construction is nearing completion. The original bid included estimates for the size and depth of crushed rock direct embed poles, and the bid noted that corrections would be made after final designs. The original bid price for the holes was \$543,179. Earlier in the year, Change Order #1 modified 40 pole holes from 4.5' to 5'. That change order was in the amount of \$23,355. The engineers have since revised the design so that all the pole holes will be drilled at 5' diameter. If that

price is used based on the number of holes, the revised final total will be \$556,594.50, bringing a difference of (\$9,939.50). The change order total with this change order will be \$140,745.49, or 3.47 percent of the contract. Director Spears moved the Board approve Change Order #5 to Contract 16737 to adjust crushed rock direct embed foundation costs due to modification of hole diameters to reflect actual design requirements, seconded by Director Chernicky, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.g. Change Order #7 to Contract 16737, Feeder #4 Rebuild, with KDM Construction LLC, to Correct Quantities of Structure Types**

Mr. Herron reported this is another change order to the same contract as the item above. The original bid included estimates of the number of poles of a given size that were going to be installed. It was anticipated there would need to be corrections to reflect changes made during construction. Prices used for these changes are per-unit values provided at the original quote. Mr. Herron presented a chart that showed the changes that would be made and the cost associated with the changes. The number of poles used remains the same, but when totaling the changes, \$1,000 needs to be added to the contract price to take care of the modifications. The change order total with this change order will be \$141,745.49, or 3.49 percent of the contract. Director Meyers moved the Board approve Change Order #7 to Contract 16737 to correct the quantities of structure types to correspond to the final construction plan and profile, seconded by Director Chernicky, and voted upon as follows: Meyers, Spears, Chernicky, Frost, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.h. Ratification of Bid Award Recommendation for Contract 20748,  
Substation Construction Services for Kerr Dam Substation Expansion**

Mr. Herron showed some slides of the substation and reported the bid is for the actual construction services. The material and equipment have already been purchased. The work will involve eleven 161-kV breakers, four 15-kV breakers, two station service transformers, a control house, a 161/13.8-kV step-down transformer, bus work, and a new 161-kV bay. Four bids were received. The two low bidders did not provide a surety letter. The specs require a letter from a surety company, so the two low bids were removed from consideration. As a result, staff recommends the third low bidder, BBC Electric, as the lowest bid meeting specs. This item would have been on the May agenda. Because construction needed to start, this contract was issued. Therefore, staff recommends ratification of the contract issuance by staff. Director Chernicky moved for ratification of the issuance of Contract 20748 to BBC Electric, seconded by Director Frost, and voted upon as follows: Spears, Chernicky, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.i. Bid Award Recommendation for Contract 20830,  
Substation Construction Services  
for the 161-KV Yard at Pensacola Substation**

Mr. Herron reported this work will involve putting a bay in at the 161 tap, feeding the Pensacola substation. A 161/69-kV transformer was received May 14; GRDA installed it, and it is not part of the contract. A new 69/13.8-kV transformer that will cover NEO's load was received in May 2010 and was in service at the end of May. It replaces a 10.5-MVA unit that was fully loaded last year. The work was performed by GRDA and

is not part of the contract. The bid for construction services will include six 161-kV breakers; four 161-kV switches; two 161-kV line dead-end towers; 161-kV bus work and support structures; nine 161-voltage transformers; conduit, cabling, and connections; and rock and fencing. Eight bids were received. Dacon Corp., Tessco, and Irby Construction did not provide a surety letter. Staff recommends the second low bidder, BBC Electric, as the lowest bid meeting specs at \$611,674. Director Chernicky moved to award Contract 20830 to BBC Electric in the amount of \$611,674, seconded by Director Spears, and voted upon as follows: Chernicky, Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.j. Bid Award Recommendation for Contract 20876,  
Substation Construction Services for Jay Substation, Capacitor Banks**

Mr. Herron reported this contract involves modifying the substation with three capacitor banks. The materials have been purchased for this project. The services involve installing one 69-kV breaker; three 69-kV circuit switchers; three 69-kV capacitor banks; 69-kV bus work and support structures; three 69-voltage transformers; conduit cabling, and connections; and rock and fencing. Six bids were received. The low bidder is BBC in the amount of \$225,284, and they took no exceptions and provided a surety letter. Director Spears moved to award Contract 20876 to BBC Electric in the amount of \$225,284, seconded by Director Chernicky, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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#### **4.k. Third Amended Interchange Agreement – OAM 345-KV Transmission Line**

Mr. Herron reported the line runs from the GRDA 1 plant in Pryor to the Flint Creek Plant on the other side of the Arkansas border. This third revision affects five owners of the line: GRDA, Southwestern Electric Power, Empire District Electric, AECI, and Springfield City Utilities. The change is to acknowledge that the other four owners have modified the temperature ratings on their segments of the line. Changing the line rating from 75 degrees to 93 degrees enables more power to be able to move through the line and allows them to get more money from SPP for transmission of power during certain time periods. The new rating is 1,130 MW instead of the previous 956 MW on the Flint Creek to Morgan portion of the line. GRDA's portion of line is already rated at 1,200 MW, so it will not be changed. In addition to changing the line rating, an Emergency Services schedule has also been added to comply with NERC requirements. This agreement will be signed first by the five members, then by SPP, and then filed with FERC. Staff recommends approval by the Board and signing by the CEO. Director Chernicky moved to approve the amended agreement, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, Frost, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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#### **4.l. First Amendment to the Power Purchase and Sale Agreement with Carthage Water and Electric Plant**

Ms. Dougherty reported this item was going to be presented to the Board last month, so the only thing that has changed is the date of May to June. The effective date of this amendment is June 1 (last week). It is a standard take-or-pay contract at a minimum 75 percent load factor. The amendment will extend the termination date for

two months from May 31, 2010, through July 31, 2010, and will increase the contract demand from 5 MW to 10 MW. Each 5 MW for a month is worth about \$150,000 in revenues to GRDA. Staff has been operating under the mission to get as many short-term contracts as possible, so Ms. Dougherty recommended approval. Director Chernicky moved to approve the amendment, seconded by Director Spears, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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#### **4.m. Second Amendment to the Power Purchase and Sale Agreement with Kansas Municipal Energy Agency (KEMA)**

Ms. Dougherty reported the Board approved the second amendment at the February board meeting. The second amendment would increase the quantity up to the original 84 MW they originally requested under their contract. The second amendment previously approved has language that reads "KMEA anticipates securing an additional 4 MWs by June 1, 2010, and another 13 MWs by June 10, 2013," because that is when it was thought SPP would approve the transmission path. This amendment also updated the listing of participating members as of February 1, 2010. Between the time the Board approved it and GRDA executed it and sent it to KMEA to execute, SPP approved the whole 17 MW of transmission. Ms. Dougherty is requesting, this time, a revised second amendment that makes it clear verbal approval has been received from SPP, although transmission service agreements remain to be executed, and that SPP allowed transmission to flow effective June 1. The amendment allows the full 17 MW to start June 1, so the revenues would start coming in now instead of 2013. Director LaGere moved to approve the amendment, seconded by Director Chernicky, and voted

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

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#### **4.n. Power Cost Adjustment (PCA) for the Last Six Months of 2010**

Ms. Dougherty reported the PCA is a rate adjustment to pass on fuel and purchased power fluctuations to contracted customers at cost of service. The primary components are thermal fuel costs (coal, freight, and handling), gas fuel costs (gas and gas transportation for the Redbud plant), and purchased power. The PCA is applicable to every contract that GRDA sells under a rate schedule. The only customers GRDA sells to that are not under a rate schedule is OMPA with its 25 MW output contract on Unit 2, and any spot sales are market based. The power cost is the cost which would be recorded as fossil fuel for generation in Account 501 and Account 547, and purchased power is recorded in Account 555. Ms. Dougherty showed a slide depicting annual dispatch of resources since 2000—of which coal is the major source—and the projected coal cost compared to the PCA base cost. The coal costs are projected to continue to rise, primarily because of freight costs. GRDA's debt service starts tapering off in 2014, so even though fuel costs may rise, GRDA is probably in the best position of any utility and any competitor on the capacity side of where GRDA will be beginning 2014. While GRDA has no crystal ball to forecast what fuel and freight rates might be in the future, GRDA relies on the best estimates provided by market projections and feedback from Mr. Barney and GRDA's rate consultants. GRDA incorporates those numbers in the ten-year financial forecast that staff shares with the customers annually. While the projections are conservative, and GRDA does its best to beat them, they still provide customers a source of information to plan their own pricing strategies. When the 2.49-

mill surcharge was approved for the first half of 2000, the projection for the second half of 2010 was 8.63 mills. GRDA has had some decent sales and is very close on budget, and GRDA did a little better on spot sales. In addition, Pryor Plant Chemical came on line in the Industrial Park. The current calculation reflects a 6.11-mill surcharge for July through December 2010. Director Chernicky moved to approve the 6.11-mill PCA for the last half of 2010, seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.o. Bid Award Recommendation for Contract 20480,  
Dissolved Oxygen Monitoring Associated with  
Pensacola License Article 403 and Markham Ferry License Article 401**

Dr. Townsend reported this is an annual contract that comes before the Board. Last year, Director Spears requested the contract be bid out to see if GRDA could get a better deal with someone other than the Oklahoma Water Resources Board (OWRB). Bids were solicited this year. Engineering/environmental firms were targeted. Of those, none provided a bid, so the only bid received was from OWRB. This contract is part of the licenses for both Pensacola and Markham Ferry. In the past, the OWRB was chosen because they are a state agency responsible for monitoring and standards statewide. Dr. Townsend recommended approval of the contract. The amount was higher last year than the amount of \$79,346.08 this year. Last year, more manpower was needed to get to some remote areas to retrieve data from the probes. GRDA is now using telemetered buoys. Director Chernicky moved to award Contract 20480 to Oklahoma Water Resources Board, seconded by Director Spears, and voted upon as

follows: Chernicky, Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.p. Change Order #2 to Contract 8967, Generator Excitation Restoration, with Alstom Power Inc., for Testing of Excitation Systems**

Mr. Barney reported that GRDA had done a restoration of the generator excitation system. This change order is to increase the original scope of work to include full capacity performance testing of the new Unit 1 excitation system that could not be accomplished during commissioning due to other limiting conditions of the boiler. The contract allowed performance and test engineers to be on site for two weeks. It was not possible to get the unit to full load during that time, so the commissioning engineer team had to return to their regular offices and other projects. It is planned to have them come back June 28 to remobilize the commissioning team at the GRDA site and perform the final performance testing of GRDA Unit 1. These voltage control systems are tied directly into the GRDA system, and the excitation systems are the first line of defense in maintaining system stability and control. These same factory commissioning engineers will also perform similar testing of the excitation system of GRDA Unit 2 to ensure compliance with the latest reliability standards of NERC and SPP. NERC and SPP require the systems be fully checked out every five years. The original contract amount was \$4,518,334. Change Order #2 is in the not-to-exceed amount of \$65,000, bringing the total contract amount to \$4,944,900, or 9.4 percent of the original contract amount. Director Chernicky moved the Board approve Change Order #2 to Contract 8967 to authorize Alstom Power, Inc., to perform commissioning of GRDA Unit 1 excitation system at full load and to perform testing of both GRDA Unit 1 and 2 to meet new

reliability standards of NERC and SPP, seconded by Director LaGere, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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**4.q. Work Authorization No. 22058  
with Burns & McDonnell Engineering Company, Inc.,  
for Annual Dam Safety Surveillance and Monitoring Plans  
for Pensacola, Markham Ferry, and Salina Pumped Storage Projects**

Mr. Atkins reported this work authorization involves a Dam Safety Surveillance and Monitoring Plan (DSSMP). Because of the experiences with the Taum Sauk and TVA projects, FERC is focusing more attention to dam safety and monitoring. GRDA has annual FERC requirements for Pensacola, Markham Ferry, and Salina Pumped Storage projects. GRDA must annually perform a safety inspection of each project and submit a DSSMP to FERC. GRDA has an ongoing agreement with Burns & McDonnell (B&M), and the action requested is for them to perform, as an independent consultant, engineering services for the 2010 DSSMR and assistance with the annual FERC inspection of Pensacola, Markham Ferry, and Salina Pumped Storage Project. In addition, FERC regulations require inspection by an independent consultant of hydro projects every fifth year. A Ninth Part 12 report on Salina Pumped Storage Project is scheduled for September/October 2010, and staff is requesting B&M also perform that work. The work takes about 32 days and is scheduled when there are no outages at the Coal-Fired Complex. Mr. Atkins showed a breakdown of B&M's costs, which total an estimated \$208,500. Director Chernicky moved the Board approve the work authorization in the amount of \$208,500 for Burns & McDonnell to perform FERC-required 2010 Dam Safety Surveillance Monitoring Reports for Pensacola, Salina

Pumped Storage, and Markham Ferry, plus Ninth Part 12 inspection for Salina Pumped Storage. Discussion followed regarding previous work on the Salina Pumped Storage Project and project timing. The motion was seconded by Director Frost, and voted upon as follows: Kerns, LaGere, Meyers, Spears, Chernicky, Frost, yes. Motion passed (6-yes, 0-no, 0-abstained).

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#### **4.r. 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 Kerns had no further report.

2. **Audit Committee:** Director LaGere reported the Committee met this morning and received the annual report and comments from GRDA's auditors, Deloitte & Touche (D&T). D&T did not notice any major material deficiencies and got good cooperation from the staff. The net assets of GRDA have increased over the last seven years from virtually zero to roughly \$353 million. At year end, there was \$138 million of undistributed funds. When GRDA gets through 2014, some of the debt service falls off, and if things continue as they are, GRDA will become one of the premier public power entities in the country. Things are looking very favorable, and Director LaGere commended Ms. Dougherty as CFO and her staff. Director LaGere moved to adopt the annual report as submitted by Deloitte & Touche, seconded by Director Frost, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

3. **Coal Committee:** Director Chernicky had no report.
4. **Marketing Committee:** Director Frost had no report.
5. **Policies and Procedures Committee:** There was no report.
6. **Long-Range Planning Committee:** There was no report.
7. **Ad Hoc Committee Established for 2010 Bond Issues:**
  - (a) **Assessment and Selection of Bond Counsel Services Pursuant to Request for Proposal BC#01 in Response to Proposed Bond Issue.**
  - (b) **Assessment and Selection of Underwriting Services Pursuant to Request for Proposal UW#01 in Response to Proposed Bond Issue.**

Mr. Easley reported the Committee and staff members met yesterday and interviewed four different teams to possibly be GRDA's senior managers for a 2010 bond issue, which is expected to be around \$175 million to \$200 million. That bond issue will predominately be for transmission projects that are on the SPP list and updating of equipment and assets of GRDA. All the individuals performed extremely well yesterday during the interviews. They were Wall Street and local firms that participated. Once the team is selected, GRDA would probably go to market in the early fall. Some of the Directors feel GRDA should go to market sooner rather than later because of the timing of the financial markets and the current attractive financing available. Most of the projects will be in Mr. Herron's group, and Mr. Herron will be talking to the Directors about the projects. After the interviews, the Committee selected a very strong financial team to make sure GRDA's customers receive the best rates possible at the lowest cost possible. All the groups were extremely complimentary of the GRDA five-year turnaround and wanted to work with GRDA on doing a project because

they consider GRDA one of the stronger players in the market. The Board will vote again on the amount of the bond issue and the way it is structured.

Director LaGere recommended and moved the Board select Hawkins, Delafield & Wood to serve as Bond Counsel for the 2010 Bond Issue, seconded by Director Spears, and voted upon as follows: Meyers, Spears, Chernicky, Frost, Kerns, LaGere, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director LaGere recommended and moved Citi and BOSC be selected as Senior Managers with Citi designated as "book runner." Director LaGere also recommended Wells Fargo, BofA/MerrillLynch and Edward Jones be co-managers for the 2010 Bond Issue, seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Frost, Kerns, LaGere, Meyers, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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## **6. Executive Session Concerning a Pending Claim or Action Related to Oklahoma Ordnance Works Authority.**

Director Chernicky moved to go into executive session at 11:52 a.m., seconded by Director LaGere, and voted upon as follows: Chernicky, Frost, Kerns, LaGere, Meyers, Spears, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

Director Frost moved to return to regular session at 12:35 p.m., seconded by Director LaGere, and voted upon as follows: Frost, Kerns, LaGere, Meyers, Spears, Chernicky, yes. *Motion passed (6-yes, 0-no, 0-abstained).*

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## **7. Action on Executive Session Items**

Director Spears moved to approve the settlement agreement between GRDA and the Oklahoma Ordnance Works Authority as discussed in executive session, seconded

by Director LaGere, and voted upon as follows: Kerns, LaGere, Meyers, Spears, yes; Chernicky, abstained; Frost, yes. *Motion passed (5-yes, 0-no, 1-abstained).*

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Director Frost moved for adjournment at 12:35 p.m., seconded by Director LaGere, and voted upon as follows: LaGere, Meyers, Spears, Chernicky, Frost, Kerns, yes. *Motion passed (6-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

July 14, 2010  
GRDA Board of Directors