

**SILVER STATE ENERGY ASSOCIATION  
BOARD OF DIRECTORS MEETING**

**MAY 20, 2014  
MINUTES**

**Call to Order  
10:00 A.M.**

Grand Canyon Conference Room, Southern Nevada Water Authority  
100 City Parkway, Suite 700, Las Vegas, Nevada

**DIRECTORS PRESENT:**

Dr. Larry Moses, Overton Power District No. 5; Rory Dwyer, City of Boulder City; Bob Reese, Colorado River Commission (alternate); Edward Wright, Lincoln County Power District No. 1 (via teleconference); David Wright, Southern Nevada Water Authority

**STAFF PRESENT:**

Scott Krantz, Chuck Hauser

**CALL TO ORDER**

The meeting was called to order by Larry Moses, who noted that the meeting was noticed and posted in accordance with the Nevada Open Meeting law.

**COMMENTS BY THE GENERAL PUBLIC**

There were no speakers wishing to be heard.

**ITEM NO.**

**1. APPROVAL OF AGENDA AND MINUTES OF THE MEETING OF OCTOBER 30, 2013**

**ACTION:** A motion was made by Bob Reese and seconded by Rory Dwyer that the agenda for the meeting and the October 30, 2013 meeting minutes be approved. The motion was unanimously approved.

**2. CONSIDERATION OF AND POSSIBLE ACTION TO SELECT A CHAIRPERSON AND VICE CHAIRPERSON FOR FISCAL YEAR 2014/2015**

Larry Moses opened nominations for a new Chairperson and Vice Chairperson.

FINAL ACTION: A motion was made by Larry Moses and seconded by Bob Reese to appoint Rory Dwyer the Chair for Fiscal Year 2014/2015. A motion was made by Bob Reese and seconded by Rory Dwyer to appoint Doug Beatty the Vice Chair for Fiscal Year 2014/2015. The motions were unanimously approved.

**3. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE THE 2014/2015 ADMINISTRATIVE AND GENERAL BUDGET**

Gail Bates summarized the 2014/2015 Administrative and General budget. This budget is required by the Cooperative Agreement and consists of labor and expenses that are not associated with any of the projects, including preparing the financials, paying the bills, maintaining the Silver State Energy Association (SSEA) website and general functions of the organization. For the current fiscal year, \$49,881 was budgeted for labor and operating expenses and it is expected almost all of that amount will be spent by the end of the fiscal year. For Fiscal Year 2014/2015, it is proposed that the budget be increased to \$60,596. There are two main reasons for the increase: 1) SSEA auditors indicated their charges of \$5,000 per year will increase; and 2) an employee, hired by Southern Nevada Water Authority (SNWA), will be added to the SSEA organization to help oversee financial responsibilities for the back office.

FINAL ACTION: A motion was made by Larry Moses and seconded by Bob Reese to approve the 2014/2015 Administrative and General budget. The motion was unanimously approved.

**4. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE PROJECT SERVICES AGREEMENT NO. 2A: THE EASTERN NEVADA TRANSMISSION PROJECT DEVELOPMENT AGREEMENT BETWEEN THE SILVER STATE ENERGY ASSOCIATION AND ITS SPECIFIED MEMBERS: CITY OF BOULDER CITY, LINCOLN COUNTY POWER DISTRICT NO. 1, OVERTON POWER DISTRICT NO. 5 AND SOUTHERN NEVADA WATER AUTHORITY**

Scott Krantz explained that Project Services Agreement No. 2: the Eastern Nevada Transmission Project Development Agreement (PSA No. 2), which was approved for the purpose of building a transmission line to interconnect each of the members, originally had a three-year term that was extended through an amendment for an additional three years. No work has been done on PSA No. 2 for some time because the right-of-way was blocked by the Sunrise Mountain Instant Study Area and the environmental and permitting process had been taken as far as it could go. Congress recently removed the Instant Study Area designation, which allows the project to move forward again. The term of PSA No. 2 will expire in June and as a result, Project Services Agreement No. 2A: the Eastern Nevada Transmission Project Development Agreement (PSA No. 2A) is being brought to the Board for approval to reduce the remaining budget and the scope of work to include only obtaining the

right-of-way grant from the Bureau of Land Management. In comparison, where initially \$2.6 million had been budgeted for PSA No. 2, approximately \$450,000 of which has been spent to date, the budget for PSA No. 2A is \$100,000 to complete the right-of-way. PSA No. 2A was reduced in scope to eliminate further interconnection studies, transmission rating studies, and some of the initial design and engineering work. A separate project will be brought to the Board for that work.

**FINAL ACTION:** A motion was made by David Wright and seconded by Bob Reese to approve Project Services Agreement No. 2A: the Eastern Nevada Transmission Project Development Agreement between the Silver State Energy Association and its specified members: City of Boulder City, Lincoln County Power District No. 1, Overton Power District No. 5 and Southern Nevada Water Authority. The motion was unanimously approved.

**5. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO ENTER INTO A FUTURES AND OPTIONS ACCOUNT AGREEMENT WITH ADM INVESTOR SERVICES, INC. TO FACILITATE IMPLEMENTATION OF THE RISK MANAGEMENT POLICY**

Scott Krantz indicated that in order for SSEA to transact any financial products and trading through online commodity exchanges, a broker is typically used. SSEA has been using Jefferies Bache for several years. When SSEA's main customer contact left Jefferies Bache and moved to ADM Investor Services (ADM), he offered the SSEA a discount to switch its brokerage account to ADM. ADM offers identical services and features at half the price, saving the SSEA approximately \$50,000 per year.

**FINAL ACTION:** A motion was made by Bob Reese and seconded by Edward Wright to authorize the Manager to enter into a Futures and Options Account Agreement with ADM Investor Services, Inc. to facilitate implementation of the Risk Management Policy. The motion was unanimously approved.

**6. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE AN AGREEMENT BETWEEN STINSON LEONARD STREET LLP AND THE SILVER STATE ENERGY ASSOCIATION FOR SPECIALIZED LEGAL SERVICES AND CONSULTING REGARDING ELECTRICAL POWER ISSUES IN AN AMOUNT NOT TO EXCEED \$100,000 IN ANY FISCAL YEAR**

Scott stated that SSEA currently has an agreement with the Leonard Street & Deinard, a law firm with which Craig Silverstein was associated. Craig, who Colorado River Commission and SNWA have used in the past, is an expert in Federal Energy Regulatory Commission (FERC) legal matters. In January 2014, Leonard Street & Deinard merged with Stinson Leonard Street. In order for SSEA to have the capability to retain legal counsel if a critical FERC issue or other legal matter arose,

the Board is being asked to approve the same agreement with this new firm. There are no retainer-type fees and services will only be used as needed.

**FINAL ACTION:** A motion was made by Larry Moses and seconded by Bob Reese to approve an agreement between Stinson Leonard Street LLP and the Silver State Energy Association for specialized legal services and consulting regarding electrical power issues in an amount not to exceed \$100,000 in any fiscal year. The motion was unanimously approved.

**7. RECEIVE ANY UPDATES FROM STAFF ON ANY ELECTRIC RESOURCES AND TRANSMISSION ISSUES ASSOCIATED WITH THE NEEDS OF, REQUIREMENTS FOR, OR IMPACTS ON THE SSEA OR ANY OF THE SSEA MEMBERS**

Scott gave an update on SSEA expenditures under the Purchasing Actions Resolution, which was adopted last year to allow the Manager to execute small agreements and payments under \$10,000 for routine-type business. When the resolution was approved, one of the Board members requested a report on those expenses incurred under the resolution. There have been four items to date: 1) NGI Indexes and Publications, a market price index publication used to verify market prices; 2) Powerdex Indexes, power price indexes used to validate power prices; 3) OnviSource recording software used to record SSEA trades, which are reviewed periodically as part of the compliance plan; 4) Platts Indexes, gas price indexes used to verify gas prices. The aforementioned are all agreements or expenses SSEA incurred in the past under SNWA, who passed the charges on to SSEA. SSEA is directly contracting now for these annual services.

Next Scott presented a summary of the SSEA energy portfolio. He commented that SSEA, which was organized in August 2007, has come a long way for an organization that brought together a coalition of public power entities. Annual energy budgets for SNWA and its purveyor entities – Las Vegas Valley Water District, City of Las Vegas, City of Henderson, Clark County Water Reclamation District and City of North Las Vegas – as well as annual power purchases of City of Boulder City, Lincoln County Power District No. 1 and Overton Power District No. 5 were shown. SSEA is growing steadily, with a current energy portfolio totaling just over \$100 million, including those member resources being managed by SSEA.

**8. COMMENTS BY THE GENERAL PUBLIC**

There were no speakers wishing to be heard.

**9. ADJOURN**

There being no further business to come before the Board, a motion was made by David Wright and seconded by Larry Moses to adjourn the meeting at approximately 10:21 a.m.