

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

**APRIL 24, 2013
MINUTES**

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

Colorado River 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; Doug Beatty, Colorado River Commission; Edward Wright, Lincoln County Power District No. 1; Philip Speight, Southern Nevada Water Authority (via teleconference)

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 MARCH 12, 2013

ACTION: A motion was made by Rory Dwyer and seconded by Edward Wright that the agenda for the meeting and the March 12, 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 2013/2014

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

FINAL ACTION: A motion was made by Doug Beatty and seconded by Rory Dwyer to appoint Larry Moses the Chair for Fiscal Year 2013/2014. A motion was made by Phil Speight and seconded by Doug Beatty to appoint Rory Dwyer the Vice Chair for Fiscal Year 2013/2014. The motions were unanimously approved.

3. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE THE 2013/2014 ADMINISTRATIVE AND GENERAL BUDGET

Gail Bates summarized the 2013/2014 Administrative and General (A&G) budget. This budget is required by the Cooperative Agreement and includes 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, \$40,000 was budgeted for labor and operating expenses. Actual expenses at the end of the fiscal year are projected to be about \$29,000. For Fiscal Year 2013/2014, a budget of \$49,881 is proposed for A&G expenses. Labor expenses will be increasing in Fiscal 2013/2014 as the financials are becoming more complex and are requiring more time. Also, in the past the SSEA has not been asked to absorb the financial burden associated with operating expenses that are incurred by the Southern Nevada Water Authority (SNWA) or the Colorado River Commission (CRC). Those organizations have only charged their labor expenses. As a result, for Fiscal Year 2013/2014, the budget contains approximately \$5,600 to cover a portion of those operating expenses.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Phil Speight to approve the 2013/2014 Administrative and General budget. The motion was unanimously approved.

4. NOTIFICATION OF CHANGE OF THE SILVER STATE ENERGY ASSOCIATION'S REPRESENTATIVES TO THE COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION BOARD OF DIRECTORS

Scott Krantz gave official notification to the Board of the intent to change the SSEA's representative and alternate representative on the Colorado River Energy Distributors Association (CREDA) Board of Directors. On May 12, 2010, the Board authorized the Manager to make subsequent changes, with prior notice to the Board, to SSEA's CREDA representatives. The current representative is Delmar Leatham of Overton Power District No. 5 (OPD) and Mendis Cooper, OPD, is currently the alternate. Mr. Leatham will retire from OPD in July prompting the need for the change. The SSEA Working Group recommends and supports the Manager's designation of Mendis Cooper, OPD, as the new representative and Randall Ozsaki, OPD, as the alternate.

5. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE A RESOLUTION OF THE BOARD OF DIRECTORS THAT DELEGATES AUTHORITY TO THE SILVER STATE ENERGY ASSOCIATION MANAGER OR THE MANAGER'S DESIGNEE TO EXECUTE CONTRACTS AND/OR MAKE PAYMENTS, WITHOUT BOARD APPROVAL, FOR ROUTINE PURCHASING ACTIONS

Scott Krantz indicated that recently the SSEA has had to purchase routine items requiring a signature on what would appear to be the form of an agreement, a service contract or a subscription. Since the Cooperative Agreement requires that all agreements be approved by the Board, these smaller purchases would have to wait for Board approval, which, in some cases, could inhibit the efficient management of the organization. This resolution will enable the Manager to approve items that are less than \$10,000 and are already part of the budget without coming to the Board. Doug Beatty requested that the Board be provided a list at the regular meetings of the items that were purchased pursuant to this resolution.

FINAL ACTION: A motion was made by Doug Beatty and seconded by Rory Dwyer to approve a resolution of the Board of Directors that delegates authority to the Silver State Energy Association Manager or the Manager's designee to execute contracts and/or make payments, without Board approval, for routine purchasing actions. The motion was unanimously approved.

6. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE A MASTER CONFIRMATION AGREEMENT, UNDER THE WSPP AGREEMENT, BETWEEN THE SILVER STATE ENERGY ASSOCIATION AND THE CITY OF BURBANK AND AUTHORIZE THE MANAGER TO SIGN FUTURE CONFIRMATION AGREEMENTS UNDER THE WSPP AGREEMENT IN SUBSTANTIALLY THE SAME FORM AS THE STANDARD WSPP AGREEMENT

Scott Krantz stated that on April 6, 2011, the Board approved the WSPP Agreement, which gives the SSEA opportunities to buy and sell power with all other WSPP members. Often counterparties want to make slight amendments, which most of the time are mutually agreeable, to that WSPP standard form agreement. The City of Burbank (COB) is one of those counterparties that has come back with a slight amendment to the standard WSPP Agreement. In addition to editorial changes and corrections, COB wants to include a notice to reiterate and highlight step-up provisions in case of a default. Since these provisions are already stated in Project Services Agreement No. 3: Power Supply Management Services Agreement, SSEA staff agrees with the change.

In addition, instead of bringing each counterparty confirmation agreement, under the WSPP Agreement, that has undergone slight modifications to the Board for approval, the Board is being asked to authorize the Manager to sign future WSPP amendments as long as they are in substantially the same form as the standard agreement.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Doug Beatty to authorize the Manager to execute a Master Confirmation Agreement, under the WSPP Agreement, between the Silver State Energy Association and the City of Burbank and authorize the Manager to sign future confirmation agreements under the WSPP Agreement in substantially the same form as the standard WSPP Agreement. The motion was unanimously approved.

7. CONSIDERATION OF AND POSSIBLE ACTION TO AUTHORIZE THE MANAGER TO EXECUTE 1) A REVISED NOVATION AGREEMENT AMONG EXELON GENERATION COMPANY, LLC, THE COLORADO RIVER COMMISSION OF NEVADA, AND THE SILVER STATE ENERGY ASSOCIATION AND 2) A REVISED NOVATION AGREEMENT AMONG CARGILL POWER MARKETS, LLC, THE COLORADO RIVER COMMISSION OF NEVADA, AND THE SILVER STATE ENERGY ASSOCIATION TO ASSIGN THE COLORADO RIVER COMMISSION'S INTEREST IN THOSE TRANSACTIONS AND AGREEMENTS TO THE SILVER STATE ENERGY ASSOCIATION AND AUTHORIZE THE MANAGER TO EXECUTE FUTURE NOVATION AGREEMENTS IN SUBSTANTIALLY THE SAME FORM AS THE INITIAL NOVATION AGREEMENT DOCUMENT

Scott Krantz explained that on December 11, 2012, the Board approved a standard form of Novation Agreement, which is necessary when one counterparty is selling or assigning their business, all of their energy transactions, to another counterparty. The counterparties are requesting that small changes be made to the standard agreement. Exelon Generation Company (Exelon) and Cargill Power Markets (Cargill) both separated the parental guaranty agreement section from the standard Novation Agreement. A parental guaranty is not needed with Exelon and Cargill is signing an independent parental guaranty.

The Board is being asked to authorize the Manager to sign the Exelon and Cargill Novation Agreements and all other Novation Agreements as long as the agreements are in substantially the same form as the standard Novation Agreement document.

FINAL ACTION: A motion was made by Rory Dwyer and seconded by Doug Beatty to authorize the Manager to execute 1) a revised Novation Agreement among Exelon Generation Company, LLC, the Colorado River Commission of Nevada, and the Silver State Energy Association and 2) a revised Novation Agreement among Cargill Power Markets, LLC, the Colorado River Commission of Nevada, and the Silver State Energy Association to assign the Colorado River Commission's interest in those transactions and agreements to the Silver State Energy Association and authorize the Manager to execute future Novation Agreements in substantially the same form as the initial Novation Agreement document. The motion was unanimously approved.

8. 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 Krantz commented that staff has put forth much effort to get SSEA capable of buying and selling power in the market and delivering full service requirements to SNWA electrical loads as well as to the City of Boulder City. SSEA began serving SNWA electrical loads this month and all is going smoothly thus far. Those loads represent a substantial increase in the amount of energy that is being provided and delivered from SSEA. This is the first time that SSEA is transacting directly with counterparties, over the broker market, and through the electronic exchanges. Western Area Power Administration, SSEA's new balancing authority, is doing well managing the increased challenges. Everything is progressing as planned.

Edward Wright asked if the Board would be given financial statements for the power transactions and deliveries some time during the year. It was noted that different budgets are presented to the Board based on the requirements of the Cooperative Agreement and each of the project agreements and all expenditures are reported in the annual financial report each year. Gail Bates also mentioned that a number of reports are posted on the SSEA website, where SSEA expenses and member collections can be viewed.

COMMENTS BY THE GENERAL PUBLIC

There were no speakers wishing to be heard.

ADJOURN

There being no further business to come before the Board, a motion was made by Doug Beatty and seconded by Rory Dwyer to adjourn the meeting at approximately 10:24 a.m.