

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

**MAY 12, 2010  
MINUTES**

**Call to Order  
10:01 A.M.**

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

**DIRECTORS PRESENT:**

James Salo, Colorado River Commission; Philip Speight, Southern Nevada Water Authority; Ned Shamo, City of Boulder City; John Christian, Lincoln County Power District No. 1; Dr. Larry Moses, Overton Power District No. 5

**STAFF PRESENT:**

Scott Krantz, James Taylor

**CALL TO ORDER**

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

**ITEM NO.**

**1. APPROVAL OF AGENDA AND MINUTES OF THE MEETING OF NOVEMBER 10, 2009**

**ACTION:** A motion was made by Ned Shamo and seconded by Larry Moses that the agenda for the meeting and November 10, 2009 meeting minutes be approved. The motion was unanimously approved.

**2. CONSIDERATION OF AND POSSIBLE ACTION TO RATIFY ACTIONS OF THE EXISTING CHAIRPERSON AND VICE CHAIRPERSON AND TO SELECT A CHAIRPERSON AND VICE CHAIRPERSON FOR FISCAL YEAR 2011**

**FINAL ACTION:** A motion was made by Larry Moses and seconded by Phil Speight to ratify the previous actions of the existing Chairman, James Salo, and Vice Chairman, Richard Wimmer, through Fiscal Year 2009/2010. The motion was unanimously approved.

**FINAL ACTIONS:** A motion was made by Ned Shamo and seconded by John Christian to appoint James Salo as Chairman for Fiscal Year 2010/2011. The motion

was unanimously approved. A motion was made by Ned Shamo to appoint Philip Speight as Vice Chairman for Fiscal Year 2010/2011. The motion was unanimously approved.

**3. RECEIVE AND POSSIBLY ACCEPT THE ANNUAL FINANCIAL AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2008 AND JUNE 30, 2009**

Richard Bowler of Piercy Bowler Taylor & Kern gave a summary of the annual financial audit reports. He indicated that the "Required Communications Letter" typically would contain findings and recommendations; however, there were none to report. The financial statements cover fiscal year ended June 30, 2009 and the period from inception through June 30, 2008. The Independent Auditors' Report, an important element of the statements, indicated no irregularities with the financial activities of the Silver State Energy Association (SSEA) for those periods. The Statement of Net Assets sets forth the assets and liabilities of the SSEA. The SSEA had approximately \$69,000 in cash and \$71,000 in deferred project costs.

FINAL ACTION: A motion was made by Ned Shamo and seconded by Philip Speight to accept the annual financial audit reports for fiscal year ended June 30, 2008 and June 30, 2009. The motion was unanimously approved.

**4. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE THE 2010/2011 ADMINISTRATIVE AND GENERAL BUDGET**

Gail Bates summarized the 2010/2011 Administrative and General budget for fiscal year July 1, 2010 through June 30, 2011. The budget for the current fiscal year is \$32,992 for administrative and general expenses. Actual expenses at the end of this fiscal year are projected to come in below budget at around \$18,000. Administrative and General expenses consist of labor, including labor from overall general management of the organization and administrative, financial and legal support; and the operating expenses, which are currently proposed at approximately \$10,000, half of which is for audit expenses. For 2010/2011, a budget of \$32,992 is proposed, which sets the working capital requirement at \$8,200.

FINAL ACTION: A motion was made by Philip Speight and seconded by John Christian to approve the 2010/2011 Administrative and General budget. The motion was unanimously approved.

**5. CONSIDERATION OF AND POSSIBLE ACTION TO APPROVE MODIFICATIONS TO THE WORKING CAPITAL PLAN**

Gail Bates explained the proposed modifications to the Working Capital Plan. In 2007, the Board adopted the initial Working Capital Plan, which had provisions for billing Administrative and General expenses on a monthly basis. In accordance with the plan, the Administrative and General budget was divided by 12 and each member was billed their respective 25% share. The members continued to be billed regardless of the level of expenses incurred. As a result, cash was accumulating in the bank without a lot of expenses to pay. Rather than continue to bill the members, staff advised the Working Group that Administrative and General expenses would not be billed and when expenses were incurred, cash in the bank would be drawn down. Therefore,

one of the major changes in the Working Capital Plan allows Administrative and General billing to be suspended if there is sufficient cash in the bank to cover expenses.

The other change relates to the Working Capital Plan's reporting requirements. Each of the project agreements has their own respective working capital requirements; however, the expenses have been small. Rather than establish separate working capital under each of the projects, it was decided that cash reserves in the bank would be drawn down until such time as additional cash was needed from the members. That presented an issue with the reporting requirements of the Working Capital Plan, which was initially set up to report to the members on Administrative and General activities. Staff felt the reporting requirements needed to be expanded to include not only Administrative and General but also the project expenses. Therefore, the other major change in the Working Capital Plan defines that requirement.

FINAL ACTION: A motion was made by Larry Moses and seconded by John Christian to approve the modifications to the Working Capital Plan. The motion was unanimously approved.

**6. CONSIDERATION OF AND POSSIBLE ACTION TO DESIGNATE A REPRESENTATIVE AND ALTERNATE TO THE COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION BOARD OF DIRECTORS AND AUTHORIZE THE SILVER STATE ENERGY ASSOCIATION MANAGER TO MAKE FUTURE CHANGES**

James Salo stated that staff and the SSEA Working Group are recommending to the Board that Delmar Leatham be appointed as the Colorado River Energy Distributors Association (CREDA) representative and David Luttrell be appointed as the alternate. It was mentioned that Delmar Leatham has been the CREDA representative for Nevada in the past under a different organization. Further, it is suggested that the Board authorize the Manager in the future to make changes to either of those designations when necessary so long as advance notice is given to the Board.

FINAL ACTION: A motion was made by Ned Shamo and seconded by Philip Speight to appoint Delmar Leatham as the representative to the Colorado River Energy Distributors Association Board of Directors and David Luttrell as the alternate. The motion was unanimously approved.

FINAL ACTION: A motion was made by Philip Speight and seconded by Ned Shamo to authorize the Manager, with prior notification to the Board, to make future changes to the designated representatives for the Colorado River Energy Distributors Association. 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 Krantz gave a status report on two SSEA projects, Project Services Agreement No. 2 (the Eastern Nevada Transmission Project), and Project Services Agreement No. 3 (the joint power management agreement).

On Project Services Agreement No. 2, Mr. Krantz reported that the environmental contractor is conducting field studies along the portions of the transmission routing where the studies have been authorized, which includes everything but small sections held by Clark County and the Lake Mead National Recreation Area (LMNRA). The Clark County right-of-entry permit is forthcoming. However, there are challenges with the portion of the route that goes through the LMNRA. Staff met with the LMNRA in scoping and outlined the project. At that time, the LMNRA stated that it would be okay to proceed with the surveys that were needed in the area. However, LMRNA later rejected SSEA's research and collections permit application. LMNRA then stated that transmission would never be allowed in the Park and that therefore it would not make sense to allow research to be done to evaluate the impacts. SSEA's only other possible routing option would go through the Sunrise Mountain Instant Study Area. However, this route is currently closed by federal statute, and an act of Congress would be required to open it. Staff is preparing a fact sheet that will be used in meetings with various federal agencies to develop a strategy for overcoming these obstacles.

Mr. Krantz next reported on Project Service Agreement No. 3. This joint power management agreement has been approved by Overton Power District No. 5, Lincoln County Power District No. 1, and Southern Nevada Water Authority (SNWA). The City of Boulder City decided not to sign the agreement, but may reconsider it in the future. This agreement provides for two types of service schedules, the Load Requirement Service (LRS) that will include all services required to provide for designated loads, and the Power Purchase and Sale Service (PPSS) that will allow members to buy or sell power with the SSEA as they desire.

Mr. Krantz reported SNWA has applied for LRS, which has triggered the SSEA to begin preparing an implementation plan to be ready to provide that service. This implementation plan includes establishment of a scheduling and balancing service agreement. SSEA staff has received offers for scheduling and balancing service from the Western Area Power Administration (WAPA) and NV Energy. After evaluating the offers, the WAPA offer is being pursued and the contracts are being prepared. The Colorado River Commission (CRC) will be shifting hydropower control to WAPA as well and coordination is being done with NV Energy on implementation of the shift.

Implementation of Project Service Agreement No. 3 will require creation of a Risk Control Committee (RCC) that includes one of the members of the Board to assume the Chair position, a designated member from each of the participants of Project Service Agreement No. 3, and the SSEA Manager. One of the items for the next Board meeting will be to fill the Chair role so the RCC can begin its work. The RCC will develop a Risk Management Policy governing risk philosophy for SSEA for consideration by the Board. Once the Risk Management Policy is established, the RCC will develop detailed procedures governing the SSEA's buying, selling and risk management activities.

## **8. PUBLIC COMMENT**

There were no speakers wishing to be heard.

## **ADJOURN**

There being no further business to come before the Board, the meeting adjourned at approximately 10:42 a.m.