

MINUTES

MEETING OF THE BOARD OF EXAMINERS

March 1, 2011

The Board of Examiners met on Tuesday, March 1, 2011, in the Annex on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 11:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Catherine Cortez Masto
Secretary of State Ross Miller
Clerk Andrew K. Clinger

Others Present:

Stacey Crowley, Office of Energy
Robert Nellis, Office of Energy
Michelle Erlach, Sierra Nevada Corp.
Sherry McDonald, Sierra Nevada Corp.
Lee Novak, Gestamp Solar
Steve Polikalas, Watson Rounds
Karen Davis, NV Energy
Fred Schmidt, Sierra Nevada Corp.
Katie Armstrong, Attorney General's Office
Jeff Menicucci, Attorney General's Office
Kimberlee Tarter, Department of Administration, Purchasing
Clark Leslie, Attorney General's Office

Press

Sean Whaley, Nevada News Bureau
Guy Clifton, Reno Gazette Journal
Geoff Dorman, Nevada Appeal

***1. MASTER SERVICE AGREEMENT**

One master service agreement was submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Good Morning everyone I would like to call this special meeting of the Board of Examiners' to order. All members are present. We will move immediately to item one on the agenda, Master Service Agreement; Ms. Crowley.

Stacey Crowley: Thank you to each of you for hearing this agenda item today. We appreciate the fact you prepared a special meeting. It has taken us awhile to get some concerns addressed and we feel that we have done that. The Office of Energy along with the Department of Administration, Purchasing Division...we listened to their concerns and addressed many of them with the amended contract that is before you today. This contract is essentially a commitment to move forward on future contracts for Power Purchase as well as five state owned sites for solar power. Those power purchase agreements would be at the same if not less cost than what we are paying now. The agencies that participated in this contract those agencies felt that it was beneficial to combine their sites. These projects will also help us reach our goal of reducing our energy consumption by 20% by 2015. We are also excited to promote energy conservation and create jobs. The statistics show that over 300 jobs will be created and over two hundred and forty million in capitol reinvestment savings projects and a potential energy savings of over forty-four million dollars in the next 20 years. So we are excited to see these projects go. This special meeting has allowed us to get moving immediately. The DMV is set to meet with the contractor next week if this contract is approved. So we are looking forward to seeing this move forward. If you have any questions, I will be happy to answer them.

Governor: Thank you Ms. Crowley; in here it says that the maximum amount of the contract for the term is one cent, can you expand on that?

Stacey Crowley: Sure, as I said this is a contract to develop future contracts for power purchase agreements. This contract essentially sets forward steps in order to review each site and determine the availability of solar systems on each site and at that point each agency will develop power purchase agreements with the contractor and those contracts will have dollars on them. But this contract is just a commitment to move forward.

Governor: Is there any long term liability to the state associated with this contract?

Stacey Crowley: The way that the contract is set up there are several avenues to exit each of these projects if it appears not to be beneficial for the agency or the contractor. All along the way there are several ways to get out.

Governor: It says on the contract that the contractor achieved the highest overall score by the evaluation committee. Could you explain that for me?

Stacey Crowley: Sure, there is an evaluation team that looks at the technical merits of the proposal and then the financial merits of the proposal. Each of the evaluation criteria needed a certain percentage; those were all tallied up and this contractor was the winner of all of the criteria.

Governor: Were there other proposals?

Kimberlee Tarter: Yes, we received several proposals for this project and the proposal document that was issued identified the evaluation criteria. The evaluation weights were established prior to the proposal being released those are held confidential. The evaluation team is the only ones that have the actual weights and criteria which they receive at the time the proposals are submitted by the vendors. We have a two stage evaluation process so the first stage is strictly on their technical merit and the team evaluates on that does the ranking and then they receive the financial authorization for the vendor and the team analyzes them and assigns a score to those. At that time they combine all of the scores and according to NRS 333 and award the bid to the highest scoring vendor.

Governor: Thank you, one last question. It says here that the vendor is currently under contract with the Army National Guard and the quality of services has been satisfactory. Does the term satisfactory mean just ok? Could you expand on that please?

Kimberlee Tarter: The work at the National Guard has met expectations of the contract. There was some discussion on energy credits and so certain individuals at that agency had some concerns about that and they have had some discussions on that. They have performed to the standards that they were contracted to do. And I believe the concerns have been resolved.

Governor: Thank you, Ms. Crowley why did you need a special meeting for this contract?

Stacey Crowley: For two reasons. One, this contract hearing changed and we had a change in scope and it did end up providing us with a better contract. Also these projects are under time restraints for the rebates to the agencies. These rebates run out for NV Energy savings as well as Federal. It takes a while for these projects to get underway and get the data and the sooner we can get started the sooner we can get projects on the ground.

Governor: What happens if we lose these credits?

Stacey Crowley: I believe basically it would make these projects harder to finance. It makes it harder to provide the lowest possible pay rates for the State.

Governor: Thank you. Mr. Secretary or Madam Attorney General, do you have any questions?

Attorney General: Stacey thank you very much for the presentation. So is it also safe to say that if we were to redo the RFP there is a potential that it would ultimately result in higher costs to the State because of the delay in this process in the potential that the State or the contractors may lose out on taking advantage of the energy credits?

Stacey Crowley: That is the assumption yes.

Attorney General: Ok, Stacey can you talk a little bit about the cost component. In other words the cost rate to the State and how that would be negotiated in the process we move through beyond this particular contract for obtaining that rate.

Stacey Crowley: The contract that you have before you sets up a process. That process will include the contractor, the effected agencies and the Office of Energy. We will go through some initial discussions set up the fees ability determination and the scope of work. During that time it will become clearer as to the full scope of each project and the associated costs. At that point the contractor will come to the agency and the Office of Energy with a proposed budget and that agreement will probably depend on terms of fine points and the site requirements. But it will establish a flat rate for energy with potential savings for the next twenty years. At that time the agency, the Office of Energy and the contractor can all review the comments.

Attorney General: My understanding is that there are provisions in the contract that a state agency cannot enter into any solar or energy contracts with this particular vendor unless that rate is either budget neutral or better than the rate that they are paying at that time, is that correct?

Stacey Crowley: That is correct.

Attorney General: From your prospective and here is my concern, but I think this has been addressed to some extent based on some of the information that you have provided to the Board. With respect to the expertise in taking a look at that rate on behalf of those state agencies there is the ability for the agencies as well as your office to bring an expertise to understand the rate making process to identify whether that rate that the state will be paying is either budget neutral or better than the rate they are paying at that time, correct?

Stacey Crowley: That is correct. We will pull our resources as needed.

Attorney General: Ok thank you.

Governor: Thank you. Mr. Secretary, do you have any questions?

Secretary of State: I'll move for approval.

Governor: There is a motion for approval of item number one MSA. Is there a second?

Attorney General: I'll second the motion.

Governor: There is a second on the motion. Is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

2. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT

Governor: Is there any board members comments or public comments today? Hearing none, the chair will accept a motion to adjourn the meeting.

***3. ADJOURNMENT**

Motion By: Secretary of State Seconded By: Attorney General Vote: 3-0

Comments:

Secretary of State: So moved.

Attorney General: I'll second the motion.

Governor: It has been motioned and seconded to adjourn the special meeting of the Board of Examiners'. Any discussion on the motion? Hearing none, all in favor of the motion please say aye. The motion passes unanimously. Thank you very much; have a great day.

Respectfully submitted,

ANDREW K. CLINGER, CLERK

APPROVED:

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER