

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
MAY 17, 2012
MINUTES**

CALL TO ORDER 9:03 a.m., SNWA Board Chambers, Southern Nevada Water Authority
100 City Parkway, Seventh Floor, Las Vegas, Nevada

BOARD MEMBERS PRESENT Shari Buck, Chair
Mary Beth Scow, Vice Chair
Sam Bateman
Bob Coffin
Tom Collins
Duncan McCoy
Steve Sisolak

BOARD MEMBERS ABSENT None

STAFF PRESENT Pat Mulroy, John Entsminger, Greg Walch, Rick Holmes, Brian Chally,
Marc Jensen, Catherine Muir

OTHERS PRESENT Members of the SNWA's Youth Advisory Council

Unless otherwise indicated, all members present voted in the affirmative.

COMMENTS BY THE GENERAL PUBLIC

Ed Uehling noted that he sent board members letters regarding items on the agenda. He spoke in opposition to agenda item No. 5 and dissatisfaction with the committee selection process associated with agenda item No. 8.

1. Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Director Sisolak to approve the agenda for this meeting and the minutes of the regular meeting of April 15, 2012, and the special meetings of March 15, 2012, and April 15, 2012. The motion was approved.

2. Receive a presentation from the SNWA Youth Advisory Council and direct staff accordingly.

Members of the Youth Advisory Council presented about their annual activities, which included coordinating an environmental summit for high school students and participating in World Water Day at the Springs Preserve.

NO ACTION REQUIRED

The board formally recessed the meeting at 9:20 a.m. to take pictures with the Youth Advisory Council. The meeting reconvened at 9:23 a.m.

3. Conduct a Public Hearing on the Tentative Budget for the Southern Nevada Water Authority and subsequently adopt a Final Budget for fiscal year 2012/2013.

Chairman Buck opened the public hearing. Ed Uehling suggested the Authority secure additional Colorado River supplies from California farmers, and made remarks related to the Authority's Fiscal Year 2012/2014 budget. Chairman Buck closed the public hearing.

FINAL ACTION: A motion was made by Director Collins to follow staff's recommendation. The motion was approved.

4. Adopt the 2012 Revenue Refunding Bond Resolution, authorizing the issuance of the SNWA Revenue Refunding Bonds, Series 2012, and delegating to the Treasurer of the Authority the ability to fix certain terms and conditions of the sale.

FINAL ACTION: A motion was made by Vice Chair Scow to follow staff's recommendation. The motion was approved.

5. **Approve a two-year lease agreement between Faiss Foley Warren and the Authority for 3,000 square feet of office space in the Molasky Corporate Center in the amount of \$6,000 per month, with an option to extend the lease for additional two-year terms.**

Pat Mulroy reviewed the available space within the Authority's floors of the Molasky building and reminded the board of their recommendation to consider opportunities to rent available space. This lease agreement represents approximately 10 percent of the Authority's vacant office space. Director Sisolak asked if staff performed a cost comparison of comparable office space in the valley. Brian Chally reported that staff conducted an analysis and found the Authority's lease fees comparable to similar office space. Vice Chair Scow asked if the option to extend the lease would be at the existing rate. Mr. Chally responded, noting the rate, if the lease was extended, would be mutually-agreed upon and allows some flexibility should market conditions change.

FINAL ACTION: A motion was made by Director Coffin to follow staff's recommendation. The motion was approved.

6. **Approve Change Order No. 7 to Contract No. 070F 02 C2, Intake No. 3 – Connector Tunnel, for the amount of \$4,988,214, and extend the final completion date by 219 calendar days.**

Marc Jensen reported that the change order takes into account the additional grouting days and associated costs needed to complete the project. He also noted that the other construction bids received for this project included these types of change orders due to the project's challenging scope and size.

Director Sisolak asked if there is any type of measure for reasonable costs associated with the change orders. Mr. Jensen noted that the Authority uses comparisons among similar types of projects, and reported that the Authority utilizes the expertise of an independent consultant to evaluate the reasonableness of construction costs and change orders. Director Coffin noted the unpredictability associated with the project.

FINAL ACTION: A motion was made by Director Coffin to follow staff's recommendation. The motion was approved.

7. **Approve and authorize the General Manager to sign a Programmatic Agreement, in substantially the same form, among the Department of the Interior, Bureau of Land Management, the Nevada State Historic Preservation Officer, the Advisory Council on Historic Preservation, and the Authority regarding National Historic Preservation Act Section 106 Compliance for the Groundwater Development Project in Clark, Lincoln, and White Pine Counties, Nevada.**

FINAL ACTION: A motion was made by Director Collins to follow staff's recommendation. The motion was approved.

8. **Make appointments to the Citizens Advisory Committee for integrated resource planning in Southern Nevada.**

Ms. Mulroy reported that to date, the board has appointed the following individuals: Phil Ralston, David Scherer, Virginia Valentine, Tom Burns, John Restrepo, Bob Kasner, Otto Merida, Danny Thompson, Warren Hardy, Jennifer Lewis, Katherine Jacobi, Dwight Jones, Garry Goett, Mike Forman, Kirk Clausen, Bobbi Miracle, Scot Rutledge, Bob Ferraro, Carol Jefferies and Thalia Dondero. Ms. Mulroy noted that a board member was awaiting a call back to make one final appointment to fill the Labor category.

Director Coffin suggested appointing alternates to the committee. Ms. Mulroy explained the challenges with alternates, in that the committee meetings build upon the next; therefore, alternates would have to attend meetings regularly to be able to understand the issues and make educated recommendations. If a committee member is unable to attend, they are typically provided verbatim of the meeting and meets with the facilitator to review the information.

Director Sisolak noted the significant commitment being asked of the committee members and wanted to punctuate the importance of establishing meeting dates ahead of time.

FINAL ACTION: A motion was made by Director Collins to appoint 21 individuals to the Citizens Advisory Committee for integrated resource planning. The motion was approved.

9. **Approve and authorize the General Manager to sign an agreement, in substantially the same form, between CDM Smith, Inc., and the Authority for facilitation services in an amount not to exceed \$125,000.**

Director Sisolak noted his preference of hiring locally.

FINAL ACTION: A motion was made by Director Collins to follow staff's recommendation. The motion was approved.

10. **Receive an update from staff on water resources including, but not limited to, drought conditions in the Colorado River Basin, the results of the implementation of the Authority's Water Resource and Conservation Plans, activities on the Colorado River, and on the development of in-state water resources.**

John Entsminger, Senior Deputy General Manager, provided the Board with an update. A copy of his presentation is included with these minutes.

NO ACTION REQUIRED

Public Comment

None

Adjournment

There being no further business to come before the board, the meeting adjourned at 10:08 a.m.

APPROVED:

Shari Buck, Chair

Patricia Mulroy, General Manager

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.

WebMaster@snwa.com

05/15/2012 11:37 AM

Please respond to
ross.steven@lv.sysco.com

To contactsnwa@snwa.com

cc

Subj SNWA.com - Contact Us Form
ect

First Name: Steven
Last Name: Ross
Address Line 1: 6201 East Centennial Parkway
Address Line 2:
City: Las Vegas
State: NV
ZIP code: 89115
Phone: (702) 812 - 1099
Email: ross.steven@lv.sysco.com

Message: I cannot attend the meeting on Thursday but I would like to put in a formal complaint regarding the infrastructure surcharge. To have such a high charge on our fire/life safety meters is a crime. We have 5 meters at our facility. 2 of them are 8 inch life /safety which are only used for an emergency. Slight usage for testing. These have the highest surcharge! That should be a crime! These are for emergency use! This needs to go public.

May 16, 2012

Board of Directors
Southern Nevada Water Authority
Las Vegas, Nevada

Re: Agenda Item #8 of the May 17, 2012 Board Meeting—"Citizens' Committee"

Dear Director:

Full disclosure: I made a public request (demand?) at the May 1 LVVWD meeting to serve the next in SNWA's series of Orwellian "Citizens'" Committees, because I was (and am still) convinced that they are handpicked by Pat Mulroy for the purpose of rubber stamping her plans for empire building and because I regarded (and still regard) a diversity of opinion as being not only useful but necessary for such policy bodies. John Entsminger told me that he would inform each of the directors that I was interested in serving. I appreciated that.

Shortly after I was told by one of my "targets" that my appointment to the Committee would be impossible, because "Pat Mulroy would never agree to it", thus confirming my previous impression of how SNWA committees are organized. Next I tried to determine the criteria and procedure by which you Directors would make appointments and was told by 2 administration officials, one of whom is the Director of Misinformation, that the names would be brought by the Directors to the May 17 meeting and the Committee appointed. Both said further that that had been the procedure designed at the April meeting of the Board and that they knew nothing further.

I then was told by a very reliable source that each Director was assigned three categories and had to fit their appointments within the categories to produce the total of 21 people on the Committee. I was then told that the Directors had to submit their three names to Ms. Mulroy and assumed (probably correctly) that this would be the way she, and not the directors, would control the membership. To verify this I called Karen (?) Wilcox, who informed me that I was misinformed and who educated me about true level of built-in chaos that would allow Ms. Mulroy to completely control the names of the people who would be submitted for (rubber stamp--my words) approval at tomorrow's Board meeting. She told me:

1. That clear categories were NOT assigned each Board member.
2. That members could submit more than three names for more than 3 categories.
3. That she would then discuss duplicated categories with the respective Board members who had submitted duplicated appointments until arriving at the elimination of duplicates.
4. That she could not tell me how many names had been submitted, how many appointees were received for any of the categories (with the exception of 2 golf industry candidates for one position) or how many of the Board members had already submitted their names.

5. That she would give me her (Pat Mulroy's) list at or before 9 AM, Thursday (which I regard to be a better bet than the promise of the Director of Misinformation who promised Monday to inform me of the procedure for compiling the list, but who has not called as of 3pm Wednesday. BTW, I requested that he send me a copy of the notice sent to each Director about my interest in serving.

While even I am not so naive as to believe that any or all of the Directors have more than a whimper of a voice in the operations of SNWA, I request that this item be held until a **clear** (i.e., non-chaotic) and **fair** (i.e., not preselected, as in the past, by Ms. Mulroy) process for the selection of the Committee can be articulated by the Board and in a motion, so, at least, I can talk with the actual decision-maker and not waste the time of those who of you who have nothing to do with the appointments of the "two Clark County Residents" and "one senior citizen".

Thank you in advance for considering my request.

Ed Uehling

808-6000

evu2@cox.net

"Liars are basically cowards", Ed Uehling, 2012

May 16, 2012

Board of Directors
Southern Nevada Water Authority
Las Vegas

Re: Agenda of May 17, 2012; general comments

Dear Director:

Based on my unhappy experience of trying to get accurate information from SNWA and LVVWD, I decided to go directly to the 7th floor office on Monday May 14, 2012 to directly request information about Items 3, 4, 5, 8 and 10. A very gracious lady from the office of Pat Mulroy met me in the lobby and immediately referred me to Randall Buie for my questions about the budget and then proclaimed complete ignorance about either of the next two Items on my list (5 and 8), referring me to the "Information Officer".

Ms. Mulroy will undoubtedly be happy to learn that her assistant's proclamations of ignorance and referrals to an office so misnamed that I suspect that it has been taken straight out of Orwell's "1984" caused me to drop my inquiries about Items 4 and 10. While I will discuss Item #4 and my treatment by the budget office at the May 17, meeting, I am submitting separate letters for the two items I have a number of questions about, #5 and #8.

My original concern in even looking at the agenda was that the membership of the so-called "Citizens Committee" would be chosen, as past SNWA "Citizen" Committees, by their propensity to rubber stamp the aspirations and already determined plans, the SNWA administration. My specific questions observations are contained in the separate letter regarding Item #8 as indicated above.

As per the instructions of the very gracious lady, I posed my questions to the "Information" Officer who promised to get the answers. Needless to say I have not even received a phone call, email or message from him. Obviously he is a fine asset to this Orwellian agency and well worth the \$176,000 he received last year and 12% raise in base pay in just 2 years (from 2009 to 2011)—while we in the private sector have watched our salaries and assets DECLINE by more than his percentage INCREASE during the same period! Oh, excuse me, facts like these don't even register on the radar of kleptocracies and kleptocrats.

Ed Uehling

808-6000
evu2@cox.net

May 16, 2012

Board of Directors
Southern Nevada Water Authority
Las Vegas

Re: Agenda item #5, "Lease" of space to Faiss Foley and Warren

Dear Director

When speakers at the February 29 meeting, myself included, suggested that the SNWA lease its vacant space in order to reduce the need for water rate increases, none of us dreamed that our idea would be cynically turned into a gift to some favored private party.

This "lease" puts in black and white the incompetence with which SNWA is run and the incestuous relationships between the supporters of its water and money grabs. Helen Foley, a partner in the "lessee" is a rock solid supporter of every scheme ever imagined. Without talking to them I would suspect that even poverty-line PLAN would be willing to pay \$6000 per month for rent with free electricity, free water, free property taxes, free inclusion in the landlord's insurance policy, free maintenance, free equipment, a free option to lease more space at the lessee's request and without competitive bids, free options to extend for 2 year periods (without defining the number of options), in a building where existing rents have to be much higher and where the market value of the FREE parking alone extrapolates to a value of \$14,000 per month.

The agenda item points out that this same law firm receives payments for contracts with SNWA. That alone should subject this item to very piercing questions and investigations. But in the corrupt world of Patricia Mulroy, who has got to know about this corrupt give-away and dissemblance of public input, and her paid parrots who appear at public hearing without announcing they are on the payroll of SNWA, this is par for the course. At no time have I heard Helen Foley in her public testimony in favor of the water grab disclose that she or her company is paid by the SNWA. The snakes don't just live out on the desert where they will be duly "protected" by the pipeline builders.

I asked the following questions, which I believe pertinent in any lease, much more a complete transfer of public trusts assets to private parties, particularly one that packs more juice than Tropicana, acts so unethically and presents the possibility (likelihood) of personal relationships that could easily be translated into personal financial relationships, with SNWA executive staff.

1. How was the price per square foot determined? What is its relationship to market values? To cap rates related to the cost of purchasing the property?
2. Who else was given a chance to bid on this lease?
3. Can I see the notice published in the newspaper?
4. How else was the lease publicized?

Southern Nevada Water Authority

2012/2013 Fiscal Year Budget Hearing

May 17, 2012

1

Fiscal Year 2012/2013 Budget Process

Key Dates

- April 16 – Tentative Fiscal Year 2012/2013 budget submitted to State
- April 19 – Budget Workshop
- May 17 – Public Hearing
- June 1 – Deadline to file approved Fiscal Year 2012/2013 budget with State

2

Budget Challenges

Southern Nevada's current economic situation continues to trail national conditions.

Source: The Center for Business and Economic Research, UNLV

3

Budget Challenges

Water sales are projected to be below 2001 levels.

4

Budget Challenges

Regional connection charges are expected to stay at approximately \$12 million.

5

Fiscal Year 2012/2013 Budget

The Fiscal Year 2012/2013 Budget reflects three key programmatic objectives:

- Maintain a \$10 million funding level for rebates for the Water Smart Landscapes Program
- Continue progress on construction of Intake No. 3
- Complete the Environmental Impact Statement for the Clark, Lincoln and White Pine Counties Groundwater Development Project

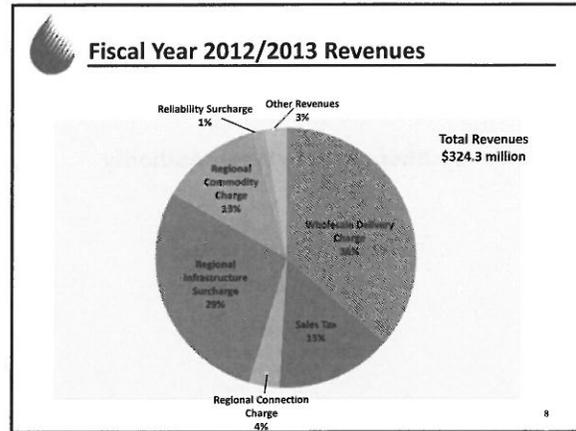
In addition, the organization will continue to pursue process improvements and efficiencies, and reduce and defer costs where possible.

6

Fiscal Year 2012/2013 Revenues

Revenues (in million \$)

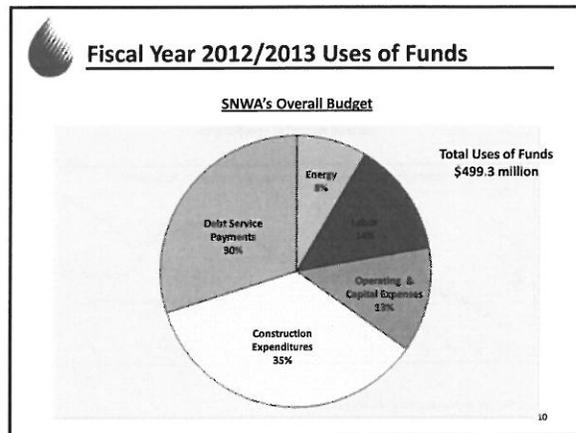
| | FY 2012 Budget | FY 2013 Budget | Difference (Under)/Over | % (Under)/Over |
|-----------------------------------|-------------------|-------------------|----------------------------|-------------------|
| Wholesale Delivery Charge | \$123.9 | \$117.5 | (\$6.4) | -5.2% |
| Sales Tax | \$43.9 | \$47.5 | \$3.6 | 8.3% |
| Regional Connection Charge | \$7.1 | \$12.0 | \$4.9 | 69.2% |
| Regional Infrastructure Surcharge | - | \$92.9 | \$92.9 | NA |
| Regional Commodity Charge | \$41.4 | \$40.8 | (\$0.6) | -1.5% |
| Reliability Surcharge | \$4.5 | \$4.7 | \$0.2 | 4.3% |
| All Other Revenues | \$15.7 | \$8.8 | (\$6.9) | -43.7% |
| TOTAL REVENUES | \$236.5 | \$324.3 | \$87.8 | 37.1% |



Fiscal Year 2012/2013 Uses of Funds

Uses of Funds (in million \$)

| | FY 2012 Budget | FY 2013 Budget | Difference (Under)/Over | % (Under)/Over |
|---------------------------|-------------------|-------------------|----------------------------|-------------------|
| Energy | \$48.2 | \$42.5 | (\$5.7) | -11.9% |
| Personnel | \$69.1 | \$68.6 | (\$0.5) | -0.7% |
| Operating Expenses | \$63.4 | \$62.4 | (\$1.0) | -1.6% |
| Construction Expenditures | \$163.3 | \$176.5 | \$13.2 | 8.1% |
| Debt Service | \$144.2 | \$149.3 | \$5.1 | 3.5% |
| Recharge | \$3.6 | - | (\$3.6) | -100.0% |
| TOTAL USES | \$491.8 | \$499.3 | \$7.5 | 1.5% |



Wholesale Delivery Charge

- In May 2011, the SNWA Board approved a Wholesale Delivery Charge of \$10.
- The factors driving a three-year increase of \$10 per year have changed.
 - Lower than expected debt costs for the Silverhawk Generating Station
 - Refunding of SNWS debt softened the spike in FY 2013/2014.
- The recommendation by member agency staff is to forgo a FY 2012/2013 increase (the rate will remain at \$293 per acre-foot).

Wholesale Delivery Charge

| | |
|----------------------------------|-----------------|
| Beginning Balance (July 1, 2012) | \$ 20.6 |
| Sources of Funds | |
| Wholesale Delivery Charge | \$ 117.5 |
| Interest Income | 0.1 |
| LV Wash Program Fees | (0.3) |
| Other Revenues | 0.3 |
| Total Sources of Funds | \$ 117.6 |
| Uses of Funds | |
| Energy | \$ 39.3 |
| Payroll | 35.6 |
| Operating Capital and Expenses | 24.7 |
| Debt Service | 13.5 |
| Total Uses of Funds | \$ 113.2 |
| Fiscal Year Net Change | \$ 4.4 |
| Ending Balance (June 30, 2013) | \$ 25.0 |

Amounts may be slightly off due to rounding.

New Expansion Debt Service and MCCP

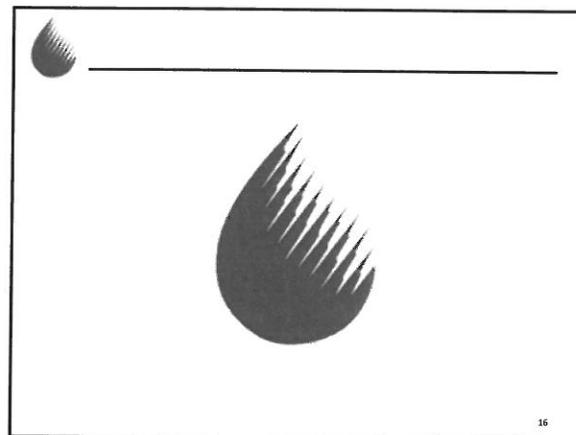
| | Major Construction and Capital Costs | Net Expansion Debt Service |
|---|--------------------------------------|----------------------------|
| Beginning Balance (July 1, 2011) | \$ 203.4 | \$ 203.4 |
| Total Proceeds | 201.0 | - |
| Expenditure of Capital and Loan | (28.4) | (28.2) |
| Balance after Transactions | 224.4 | 288.0 |
| Sources of Funds: | | |
| Interest Income | \$ 0.0 | \$ 0.0 |
| Infrastructure Charge | 91.9 | 91.9 |
| State Tax | 42.2 | 42.2 |
| Regional Commission Charge | 48.0 | 48.0 |
| Regional Commission Charge | 12.0 | 12.0 |
| California surcharge | 4.4 | 4.4 |
| Other Revenues | 4.3 | 4.3 |
| Interfund Loans | - | (3.2) |
| Total Sources of Funds | \$ 203.4 | \$ 288.0 |
| Uses of Funds: | | |
| Cap. Cost Expenditures | \$ 148.7 | \$ - |
| Operating Capital and Expenses | 27.5 | 4.6 |
| Payroll | 9.8 | 11.9 |
| Repair | 2.2 | - |
| Debt Service | - | 124.8 |
| Total Uses of Funds | \$ 208.4 | \$ 147.3 |
| Fiscal Year Net Change | \$ 16.0 | \$ 140.7 |
| Ending Balance (June 30, 2012) | \$ 240.4 | \$ 429.1 |

Groundwater Management Program and Las Vegas Wash

| | Las Vegas Valley Groundwater Management Program | Las Vegas Wash |
|---|---|----------------|
| Beginning Balance (July 1, 2012) | \$ 1.1 | \$ 0.8 |
| Sources of Funds: | | |
| Groundwater Program Fees | \$ 0.9 | \$ - |
| Interfund Loans | - | 5.1 |
| Sales Tax | - | 3.1 |
| Other Revenues | - | 1.1 |
| LV Wash Program Fees | - | 0.8 |
| Total Sources of Funds | \$ 0.9 | \$ 10.1 |
| Uses of Funds: | | |
| Operating Capital and Expenses | \$ 0.6 | \$ 1.5 |
| Payroll | 0.4 | 1.6 |
| Cap Cost Expenditures | - | - |
| Total Uses of Funds | \$ 1.0 | \$ 3.1 |
| Fiscal Year Net Change | \$ (0.1) | \$ 7.0 |
| Ending Balance (June 30, 2012) | \$ 1.0 | \$ 7.8 |

Fiscal Year 2012/2013 Summary

| | 2012 | | 2013 | | 2012/2013 % Change |
|---|----------|----------|----------|----------|--------------------|
| | Actual | Budget | Actual | Budget | |
| Beginning Balance (July 1, 2012) | \$ 244.4 | \$ 244.4 | \$ 244.4 | \$ 244.4 | 0.0% |
| Total Proceeds | 201.0 | 201.0 | 201.0 | 201.0 | 0.0% |
| Expenditure of Capital and Loan | (28.4) | (28.4) | (28.4) | (28.4) | 0.0% |
| Balance after Transactions | 224.4 | 224.4 | 224.4 | 224.4 | 0.0% |
| Sources of Funds: | | | | | |
| Interest Income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| Infrastructure Charge | 91.9 | 91.9 | 91.9 | 91.9 | 0.0% |
| State Tax | 42.2 | 42.2 | 42.2 | 42.2 | 0.0% |
| Regional Commission Charge | 48.0 | 48.0 | 48.0 | 48.0 | 0.0% |
| Regional Commission Charge | 12.0 | 12.0 | 12.0 | 12.0 | 0.0% |
| California surcharge | 4.4 | 4.4 | 4.4 | 4.4 | 0.0% |
| Other Revenues | 4.3 | 4.3 | 4.3 | 4.3 | 0.0% |
| Interfund Loans | - | (3.2) | - | (3.2) | - |
| Total Sources of Funds | \$ 203.4 | \$ 203.4 | \$ 203.4 | \$ 203.4 | 0.0% |
| Uses of Funds: | | | | | |
| Cap. Cost Expenditures | 148.7 | 148.7 | 148.7 | 148.7 | 0.0% |
| Operating Capital and Expenses | 27.5 | 27.5 | 27.5 | 27.5 | 0.0% |
| Payroll | 9.8 | 9.8 | 9.8 | 9.8 | 0.0% |
| Repair | 2.2 | 2.2 | 2.2 | 2.2 | 0.0% |
| Debt Service | - | 124.8 | - | 124.8 | - |
| Total Uses of Funds | \$ 208.4 | \$ 208.4 | \$ 208.4 | \$ 208.4 | 0.0% |
| Fiscal Year Net Change | \$ 16.0 | \$ 16.0 | \$ 16.0 | \$ 16.0 | 0.0% |
| Ending Balance (June 30, 2013) | \$ 260.4 | \$ 260.4 | \$ 260.4 | \$ 260.4 | 0.0% |



- ### Organizational Response
- The SNWA has deferred and cut costs to reduce customer impacts.
 - Operational Costs** – Reductions have totaled more than **\$56 million**. Since 2009, the SNWA has reduced workforce expenditures by \$26 million (25 percent) and reduced staff by 226 employees.
 - Capital Costs** – Deferred more than **\$395 million** in capital projects.
 - Water Smart Landscapes Program** – Financing strategies will defer approximately **\$57 million**.
 - Arizona Water Banking** – Modification to the payment schedule will provide approximately **\$125 million** in cash relief through 2014.
 - Virgin and Muddy River Leases** – Extended expiring lease agreements at a lower cost, saving approximately **\$4.73 million**.
 - Debt Refinancing** – Refinancing activity is providing approximately **\$103 million** in cash-flow relief through the 2011/2012 fiscal year. An additional **\$191 million** in cash-flow relief will be realized in future years.

SOUTHERN NEVADA WATER AUTHORITY

Update on Drought Conditions and Water Use

May 17, 2012

Seasonal Drought Outlook

(Valid May – July 2012)

KEY:

- Drought to persist or intensify
- Drought ending, some improvement
- Drought likely to improve, much less severe
- Drought development likely

Source: National Oceanic Atmospheric Administration and the U.S. Department of Commerce

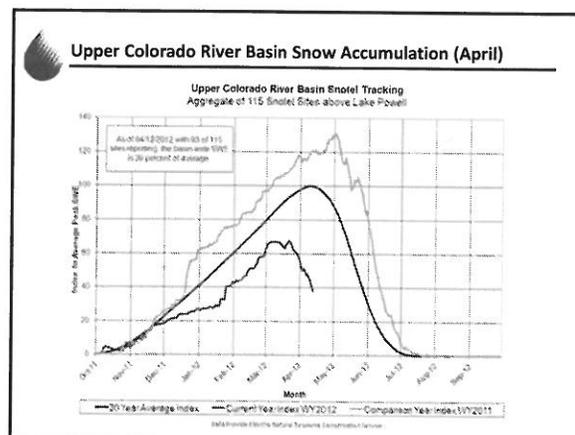
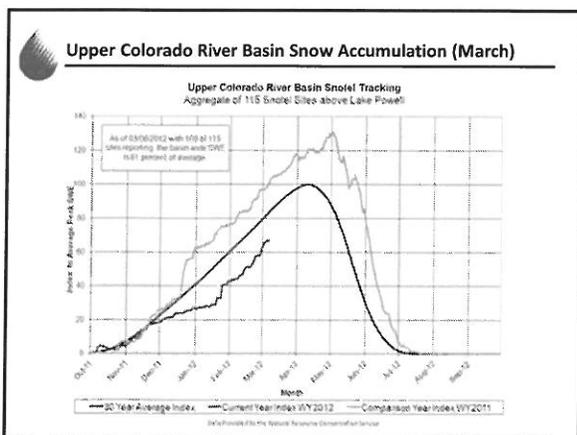
Colorado River Basin Conditions

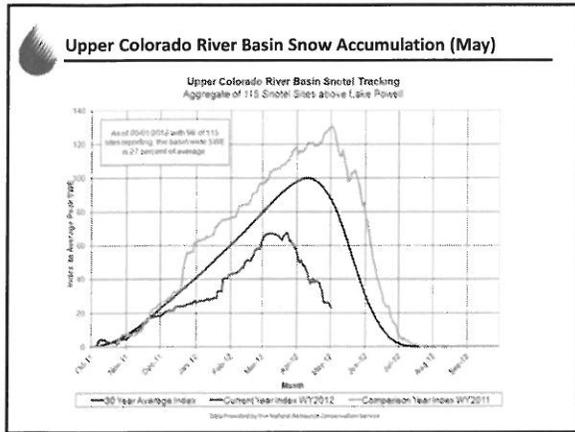
Seasonal Precipitation, October 2011 - April 2012

- April inflow to Lake Powell: 72% of average
- Snow pack: 16% of average
- Water Year 2012 Precipitation: 74% of average
- Forecasted Water Year 2012 Inflow to Lake Powell: 51% of average

National Oceanic and Atmospheric Administration (NOAA)

- April 2012 was the third warmest on record
- April snow cover was the third smallest on record
- January – April 2012 was the warmest such period on record
- May 2011 – April 2012 was
 - the second hottest summer;
 - the fourth warmest winter;
 - the warmest March; and
 - the warmest consecutive 12-month period for the contiguous United States in recorded history

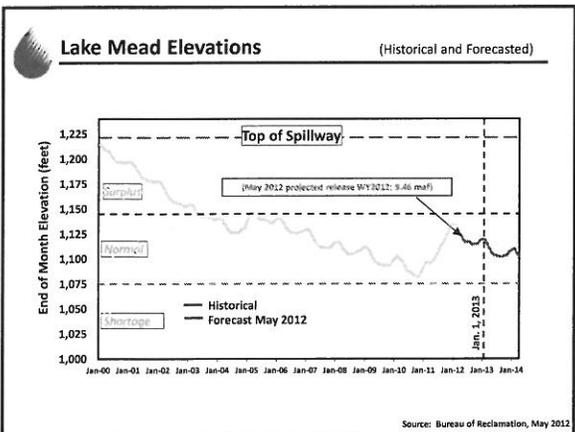
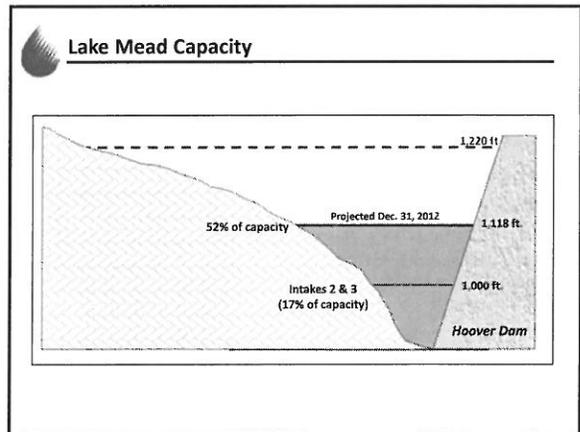
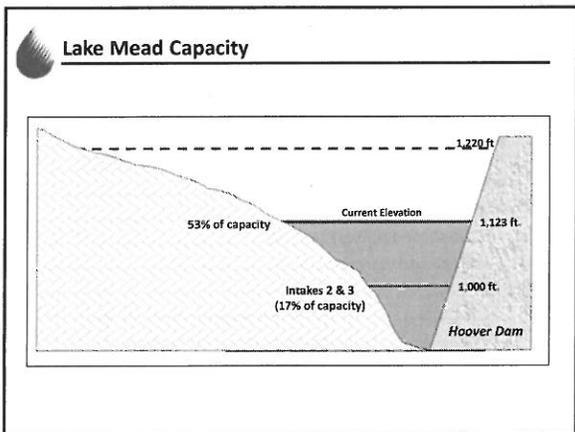




Precipitation and Inflow Forecast – Lake Powell

| Month | 2011 Water Year | | 2012 Water Year | |
|--------|----------------------|------------------|----------------------|------------------|
| | Actual Precipitation | Inflows Forecast | Actual Precipitation | Inflows Forecast |
| Jan | 140% | 110% | 75% | 79% |
| Feb | 127% | 105% | 84% | 78% |
| Mar | 119% | 105% | 86% | 80% |
| Apr | 118% | 111% | 78% | 63% |
| May | 125% | 128% | 74% | 51% |
| Jun | 126% | 138% | | |
| Jul | 128% | 139% | | |
| Aug | 125% | 142% | | |
| Sept | 123% | 140% | | |
| Actual | 120% | 139% | | |

Source: Bureau of Reclamation, Lower Colorado Water Supply Reports



SNWA Water Use

