

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
OCTOBER 18, 2012
MINUTES**

CALL TO ORDER 9:01 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, Greg Walch, Phil Speight, Ron Zegers, Zane Marshall, Marc
Jensen

OTHERS PRESENT Marc McGuinness, Marsh Risk and Insurance Services

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

COMMENTS BY THE GENERAL PUBLIC

None

1. Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Director Collins to approve the agenda for this meeting and the minutes of the regular meeting of September 20, 2012. The motion was approved.

2. Approve a cooperative agreement between the State of Nevada, Division of Forestry, and the Authority to conduct inmate conservation work detail services for the period from October 31, 2012, through October 31, 2014, for an amount not to exceed \$200,000, and authorize the General Manager to approve future amendments to the agreement to extend the period of performance for an additional two years at the current contracted daily rate.

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

3. Approve and authorize the General Manager, or designee, to sign a right-of-way grant offered by the Bureau of Land Management for the construction, maintenance, and termination of an existing access road across federal land to the Phillips Ranch in Spring Valley, Nevada, and to pay 30 years of rental fees for the road to the federal government in the amount of \$1,651.10.

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

4. Approve an agreement, in substantially the same form, retaining Marsh Risk and Insurance Services, the Authority's current insurance broker, and approve an extension of the Builders Risk Insurance and Terrorism Insurance on the Lake Mead Intake No. 3 Project.

Director Collins noted Marsh Risk and Insurance Services' excellent reputation as an insurance provider, and asked for an update on the intake's insurance policy. Ms. Mulroy reported that Marsh is only one of eight insurance companies insurance that offer insurance on tunnel projects of the intake's magnitude. Director Sisolak asked if there was a pending claim with Marsh due to the tunnel's inflow events. Ms. Mulroy confirmed that the SNWA is currently in arbitration.

Director Coffin asked about the policy's terms. Mark McGuinness, managing director of Marsh and McLennan, provided the board with information regarding the Authority's Builder Risk Insurance. He noted there is \$580 million worth of builder's risk insurance for the intake project, which includes the tunnel and tunnel boring machine. He noted the project's complexities, and listed those companies that are on the risk currently: Munich RE, the leading insurer who sets the terms, Star Underwriting, Great Lakes Reinsurance, SCOR Reinsurance, HDI Gerling, and Zurich. Mr. McGuinness went on to note that these insurance companies are all syndicates of Lloyds, and fully-insured, A-rated and leaders in their field. These companies are obliged to stay on the risk through the completion of the project, regardless of delays. Following the inflow events, the insurance companies required some reassurance that the project was continuing without problems and that the Authority and its contractors was adhering to the "tunneling code of conduct." The insurance companies were pleased with the tunnel's progress.

Director Coffin asked if the insurance companies have asked for a retrospective re-rating of the policy. Mr. McGuinness indicated the insurance companies did not require a re-rating, and noted it is a guaranteed cost.

Director Sisolak asked if this money was available within the bond proceeds; Ms. Mulroy confirmed it was.

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

5. Receive a report on the Water Resource Plan and, if appropriate, adopt the current plan for another year.

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

6. 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, the development of in-state water resources, and the status of the third intake project.

Zane Marshall, SNWA Environmental Resources director, provided the Board with an update of drought conditions and local water use information. A copy of his presentation is included with these minutes. Director Sisolak asked Ms. Mulroy to explain how the lake is impacted by rain events. Ms. Mulroy replied, stating that when the Las Vegas Valley experiences an inch of rain, Lake Mead is also increased by approximately one inch. Director Sisolak asked that the Authority promote the influence of rain events on Lake Mead elevations in its outreach efforts.

Director Coffin discussed his recent visit at the Authority's Northern Resource Properties, and noted that he was impressed with the conditions of the properties and its resources, as well as the Authority's business approach to the properties' maintenance and management.

Marc Jensen, SNWA Engineering director, provided the Board with an update on the status of Intake No. 3. A copy of his presentation is included with these minutes.

NO ACTION REQUIRED

Public Comment

Ed Uehling, Las Vegas, disagreed with the General Manager's response regarding Lake Mead impacts from rain events, and discussed the Authority's methods used to report information. He also asked to access the Authority's agenda backup online.

Mary Joy Alderman asked for information related to the Authority's Integrated Resource Planning Advisory Committee.

Adjournment

There being no further business to come before the board, the meeting adjourned at 9:32 a.m.

APPROVED:

Shari Buck, Chair

Patricia Mulroy, General Manager

SOUTHERN NEVADA WATER AUTHORITY

Update on Drought Conditions and Water Use

October 18, 2012

Drought Monitor

Legend:

- Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Zones:

- 1 = Short-Term: normally 45 months (e.g. agriculture, groundwater)
- 2 = Long-Term: normally 18 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast discussion.

Released Thursday, October 11, 2012
Author: Matthew Rosemeads, NCA/NWS/DCEP/CDC
<http://droughtmonitor.unl.edu/>

Seasonal Drought Outlook

(Valid October - December 2012)

KEY:

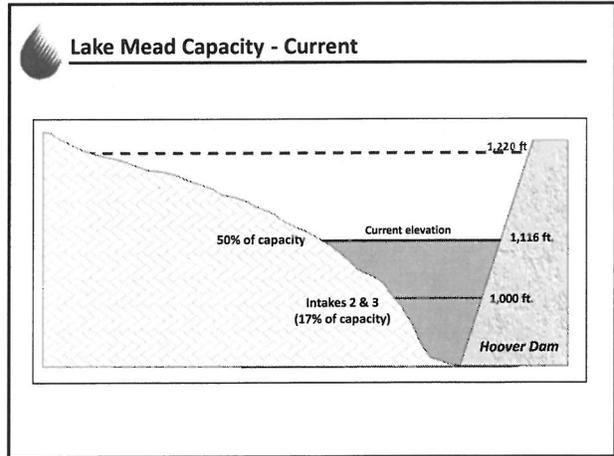
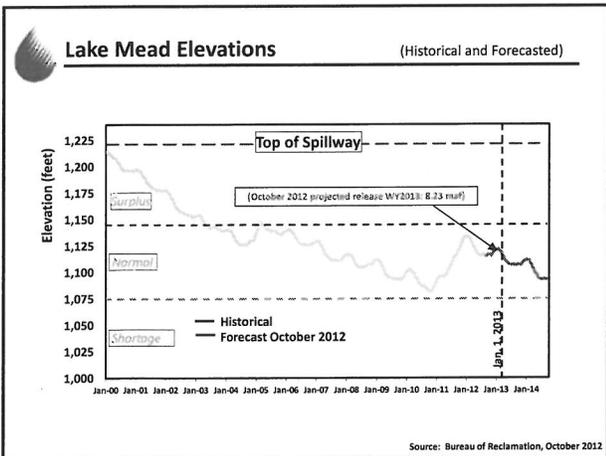
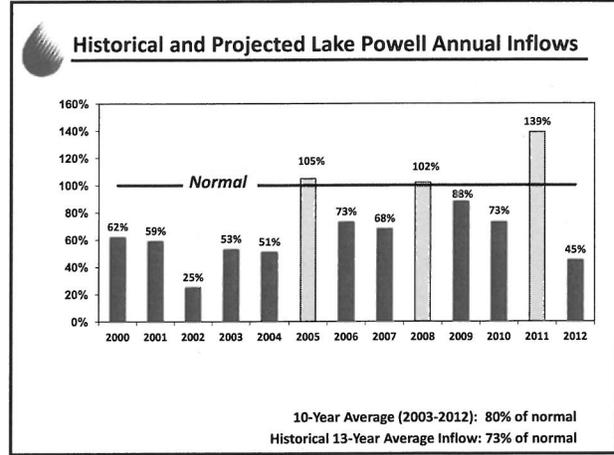
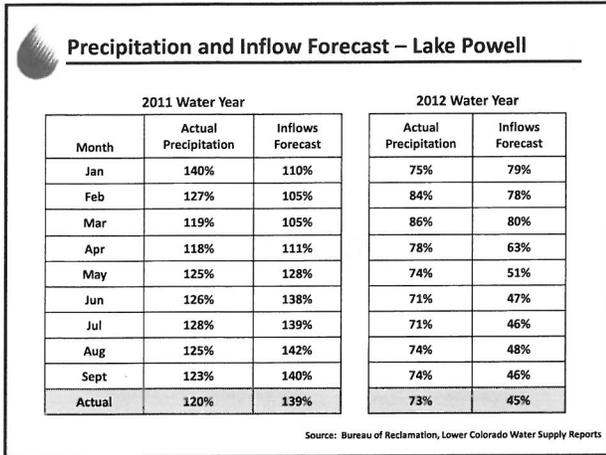
- Drought to persist or intensify
- Drought ongoing, some improvement
- Drought likely to improve, impacts ease
- Drought development likely

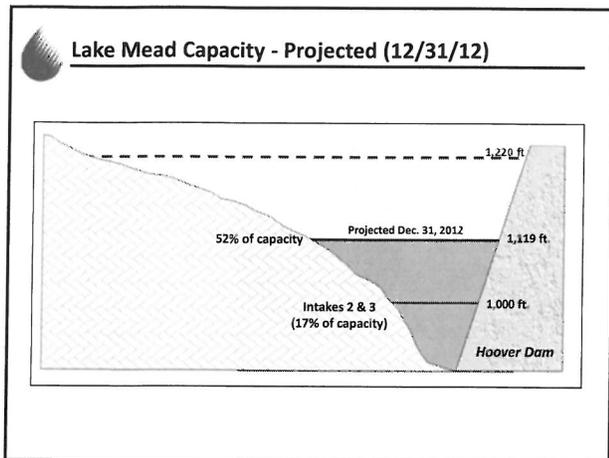
Source: National Oceanic Atmospheric Administration and the U.S. Department of Commerce

Colorado River Basin Conditions

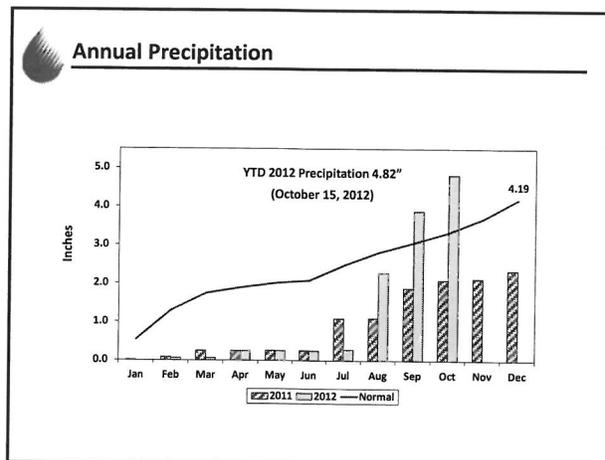
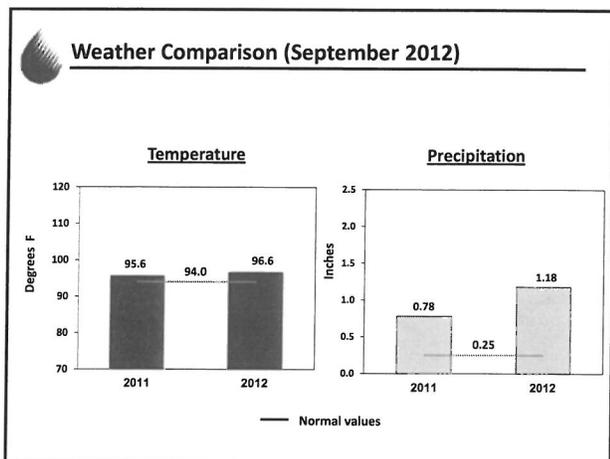
Seasonal Precipitation, October 2011 - September 2012

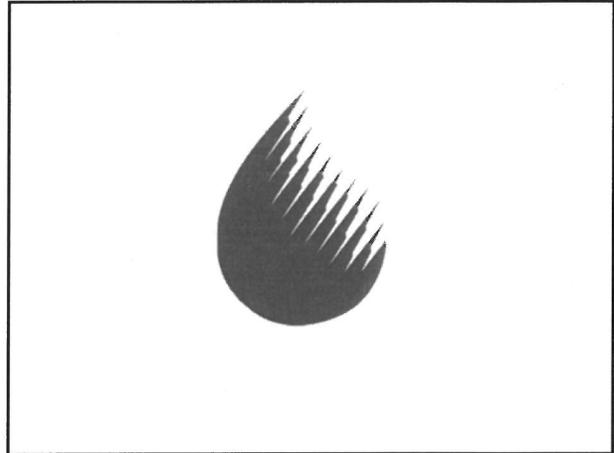
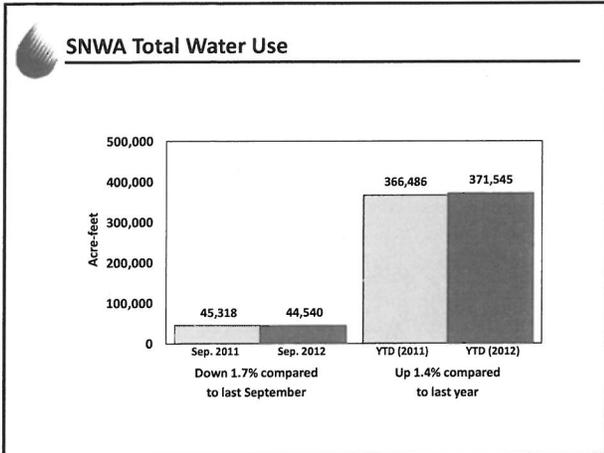
- September inflow to Lake Powell: 25% of average
- Water Year 2012 Precipitation: 73% of average
- Water Year 2012 Inflow to Lake Powell: 45% of average

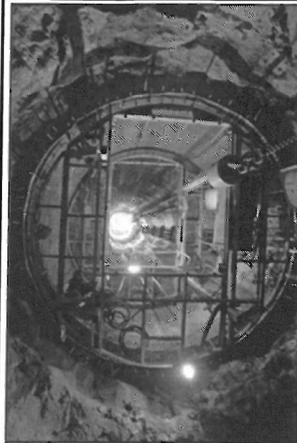




SNWA Water Use



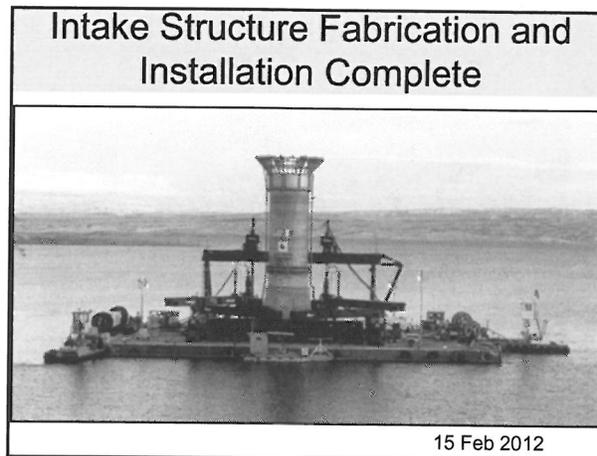
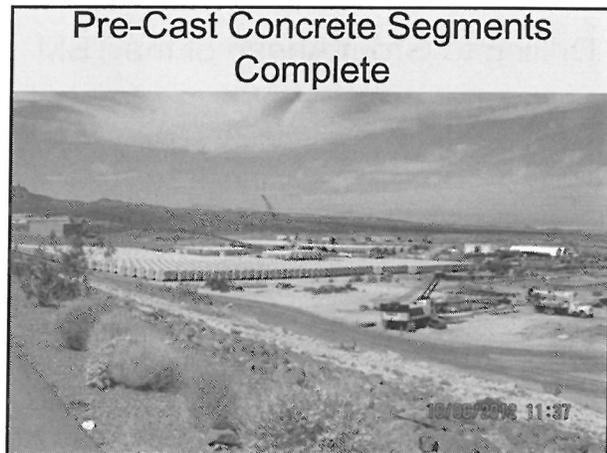
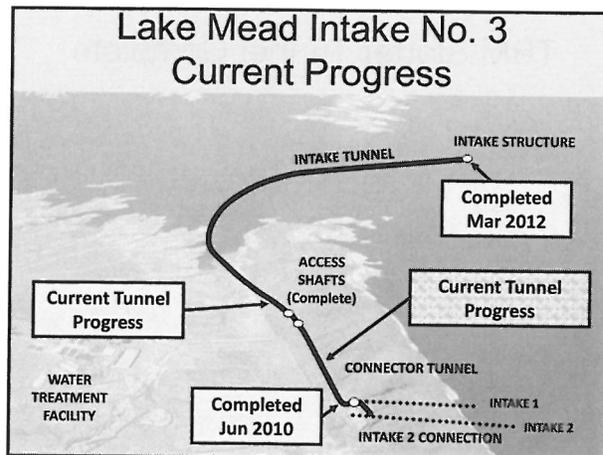




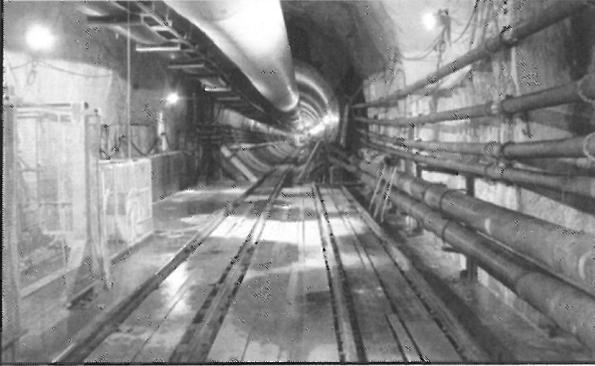
**LAKE MEAD
INTAKE NO. 3**

SNWA Board of Directors
Progress Report

18 October 2012



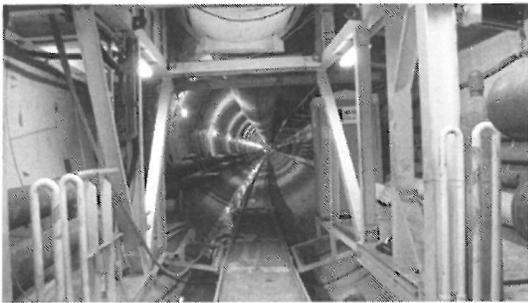
TBM Starter Tunnel Complete



TBM Support Equipment Complete



Tunnel Boring Machine
Excavated 1,400 feet



Drilling to Grout Ahead of the TBM

