

**SOUTHERN NEVADA WATER AUTHORITY  
BOARD OF DIRECTORS  
REGULAR MEETING  
SEPTEMBER 18, 2014  
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

Mary Beth Scow, Chair  
Sam Bateman, Vice Chair  
Susan Brager  
Bob Coffin  
Duncan McCoy (by telephone)  
Steve Sisolak  
Anita Wood

BOARD MEMBERS ABSENT

STAFF PRESENT

John Entsminger, Phil Speight, Julie Wilcox, Dave Johnson, Greg Walch,  
Dave Wright

OTHERS PRESENT

Kathy Ong, Brian Thomas

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

**COMMENTS BY THE GENERAL PUBLIC**

*For complete comments, audio is available online at [snwa.com](http://snwa.com)*

There were no persons wishing to speak.

**1. For Possible Action: Approval of Agenda & Minutes**

Staff requested that item five be moved up in the agenda to accommodate Director McCoy, who participated in the meeting by telephone.

FINAL ACTION: A motion was made by Director Brager to approve the agenda for this meeting with item five being heard at the beginning of the agenda, and to approve the meeting minutes of July 17, 2014. The motion was approved.

**5. For Possible Action: Adopt a resolution approving the issuance of Las Vegas Valley Water District refunding bonds in the maximum principal amount of \$317,185,000 to refinance certain outstanding bonds for the Authority.**

Dave Wright, Chief Financial Officer, gave an overview presentation on the resolution. A copy of his presentation is attached to these minutes. Director Coffin asked if staff had factored in the impact of possible Federal interest rate increases in the recommendation to refinance the outstanding bonds. Mr. Wright said that this resolution before the board initiated the lengthy process of refinancing the bonds, and that the process could be halted should interest rates become unfavorable.

Director Sisolak asked if the savings represented by staff included the costs of refinancing the bonds. Mr. Wright said that the cost-saving estimates were net savings, which included the costs of refinancing. Director Sisolak asked if refinancing the bonds through the Las Vegas Valley Water District would negatively impact the District's ability to secure financing for its projects or its bond rating. Mr. Wright said that the measure would not impact the District's borrowing capacity since the bonds were secured by Authority revenues.

Director Sisolak asked why the bonds were originally issued through the state and not through the District. Kathy Ong, Hobbs Ong & Associates, said that at the time the bonds were issued, the state had a better credit rating than the District so the interest rate was more favorable.

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

**CONSENT AGENDA** Items 2 - 4 are routine and can be taken in one motion unless a Director requests that an item be taken separately.

2. *For Possible Action:* Ratify the approval of the assistance agreement between the Bureau of Reclamation and the Authority to accept a grant in an amount not to exceed \$300,000 to support the Authority's Water Smart Landscape Rebate Program, and authorize the General Manager to approve future modifications only if the future modifications do not fiscally impact the Authority.
3. *For Possible Action:* Ratify the approval of an assistance agreement between the Bureau of Reclamation and the Authority to accept a grant in an amount not to exceed \$100,000 to support the Authority's Water Smart Landscape Rebate Program, and authorize the General Manager to approve future modifications only if the future modifications do not fiscally impact the Authority.
4. *For Possible Action:* Approve and authorize the General Manager to sign an interlocal agreement between the City of Las Vegas and the Authority for a landscape conversion at Angel Park Golf Course, for an amount not to exceed \$300,000.

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

**BUSINESS AGENDA**

6. *For Possible Action:* Approve and authorize the General Manager to sign an agreement between Grove Madsen Industries and the Authority for the purchase and installation of Allen-Bradley medium voltage contactors to retrofit motor control centers at three pump stations for an amount not to exceed \$662,088.

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

7. *For Possible Action:* Approve and authorize the General Manager to sign a joint funding agreement between the U.S. Geological Survey and the Authority for hydrologic data collection for an amount not to exceed \$232,600.

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

8. *For Possible Action:* Approve and authorize the General Manager to sign a Water Lease Agreement between the Authority and the Virgin Valley Water District, execute any ministerial documents necessary to effectuate the transaction, and pay the associated option and lease payments for an amount not to exceed \$4,000,000.

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

9. *For Possible Action:* Approve and authorize the General Manager to sign an agreement between the Water Research Foundation and the Authority to conduct research on bromate formation during ozone treatment, authorize the Authority to contribute \$100,000 in monetary funds and \$30,000 in cost-share services as its co-participant portion, and accept funds and in-kind services in a combined amount of \$207,000.

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

10. *For Possible Action:* Approve and authorize the General Manager to sign a task order between Carollo Engineers, Inc., and the Authority for the Authority's continued participation in the Texas Water Development Board study, "Testing Water Quality in a Municipal Wastewater Effluent Treated to Drinking Water Standards," and accept additional funds in the amount of \$38,000.

Director Coffin said that participating in studies that advance water treatment technologies ultimately benefits the Authority and that he supported the item.

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

11. ***For Possible Action: Authorize a membership for the Authority to include its purveyor members in the Water Research Foundation for fiscal year 2014/2015 for the subscription amount of \$304,369.***

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

12. ***For Possible Action: Make appointments to fill two vacancies on the Integrated Resource Planning Advisory Committee.***

John Entsminger, General Manager, said that Brian McAnallen had left the Las Vegas Metro Chamber of Commerce, so the Chamber had recommended that Paul Moradkhan be appointed in Mr. McAnallen's stead to the Integrated Resource Planning Advisory Committee. Also, Garry Goett had desired to step down from the committee and asked that Olympia Companies' Vice President, Chris Armstrong, be appointed in his stead.

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

13. ***For Information Only: 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.***

Mr. Walch gave a presentation on drought conditions, which is attached to these minutes. Director Brager asked what impact the recent rains had on the level of Lake Mead. Mr. Entsminger said that heavy rainfall in the Las Vegas Valley has a small effect on Lake Mead. Director Sisolak said that many residents think that large rainfall events signal the end of the drought, and he suggested that more be done to educate the public. Mr. Entsminger said that staff agreed and would continue to use its speaker's bureau and advertising to help convey that message. Director Coffin said that advertising should continue to focus on conservation messaging.

Director Coffin asked what effects, if any, the floods had on Lake Mead water quality. Dave Johnson, Deputy General Manager of Engineering/Operations, said that staff monitored flood inflows at the lake, and the impacts to water quality at the intake locations were negligible.

Marc Jensen, Director of Engineering, provided a brief update on Lake Mead Intake No. 3, also attached to these minutes. Director Sisolak asked how much progress the Tunnel Boring Machine made on average per day. Mr. Jensen said on average the crew advanced about 28 feet per day over the last three months.

NO ACTION NECESSARY

#### **Public Comment**

There were no persons wishing to speak.

#### **Adjournment**

There being no further business to come before the board, the meeting adjourned at 9:48 a.m.

APPROVED:

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Mary Beth Scow, Chair

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John J. Entsminger, 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.

## Bond Refunding Opportunities

September 18, 2014



### BOND REFUNDING

- Similar to refinancing a home mortgage
- Originally issued as 20-30 year bonds
  - Callable at 10 years
- Not extending the life of the bonds - refunding bonds will be repaid over 10-20 years
- Savings structured similar to original bond structure
- SNWA Bonds issued through:
  - State Bond Bank
  - County Bond Bank
  - Las Vegas Valley Water District

2

### BOND REFUNDING PLAN

- Up to **\$1.24 billion in outstanding debt** can be refunded for savings over the next two years
  - \$915 million of SNWA Obligations
  - \$325 million of LVVWD Debt
- At today's interest rates - Present Value (PV) savings equal **\$150 million**
  - Above 10% of refunded par
  - Significantly greater than 3% threshold

3

### REFUNDING SAVINGS ARE SIGNIFICANT

- At today's interest rates present value savings estimates:
  - \$108 million for the SNWA
  - \$42 million for the LVVWD
- Even if interest rates rise 100 basis points (1.0%) – estimated present value savings are significant:
  - \$50 million for SNWA
  - \$19 million for LVVWD
- Approximate annual cash flow savings at today's interest rates
  - \$9 million from 2018-2027 for SNWA
  - \$3.5 million from 2017-2027 for LVVWD

4

### THREE TYPES OF OUTSTANDING DEBT

#### **\$313 million of SNWA Obligations Issued Through the State**

- \$317.185 million of Refunding Bonds to be issued through LVVWD
  - Addresses timing concerns
  - Takes advantage of LVVWD's higher credit ratings
- Requires Debt Management Commission (DMC) approval

#### **\$602 million of SNWA Obligations Issued Through the County**

- Refunding Bonds to be issued through the County Bond Bank
- Does not require DMC approval

#### **\$325 million of LVVWD Debt**

- Refunding Bonds will be issued by LVVWD
- Does not require DMC approval

5

### SEVERAL TRANSACTIONS ARE NECESSARY

#### Phase 1

- Refund \$451 million of Debt
- Issue LVVWD Bonds in June 2015
- Refund State Bonds Series 2005F, 2005H, 2005I (A)
- Refund LVVWD Bond Series 2005A
- NPV Savings \$31.3 - \$59.6 million

#### Phase 2

- Refund \$383 million of Debt
- Issue LVVWD Bonds and County Bonds in April 2016
- Refund State Bond Series 2006D (A)
- Refund County Bond Series 2006 (June) (A)
- Refund LVVWD Bond Series 2006A
- NPV Savings \$18.9 - \$45.3 million

#### Phase 3

- Refund \$416 million of Debt
- Issue County Bonds in August 2016
- Refund County Bond Series 2006 (A) (November)
- NPV Savings \$19.1 - \$46.1 million

6

## SUMMARY OF REFUNDINGS

	SNWA	LVVWD
Final maturity date	2031	2036
Average annual savings (\$mm)	\$ 6.6	\$ 2.4
Phase	1, 2, 3	1, 2
Refunding Bonds Par Amount (\$mm)	\$ 868.7	\$ 296.2
Refunded Bonds Par Amount (\$mm)	\$ 914.9	\$ 324.8
Average Interest Rate of Refunded Bonds	4.73%	4.88%
True Interest Cost on Refunding Bonds	2.91%	3.05%
NPV Savings (\$mm)	\$ 108.8	\$ 42.1
NPV Savings (%)	11.80%	12.98%

Note: All estimates are based on current interest rates

## Schedule and Actions

- Phase 1 and 2: September 18, 2014 – SNWA Board Resolution Request (Series 2005F, 2005H, 2005I, Series 2006D)
- Phase 1 and 2: October 7, 2014 – LVVWD Board DMC Resolution (Series 2005F, 2005H, 2005I, Series 2006D)
- Phase 1 and 2: October 9, 2014 – DMC Meeting (Series 2005F, 2005H, 2005I, Series 2006D)
- Phase 1 and 2: November 4, 2014 – LVVWD Board Resolution of Intent (Series 2005F, 2005H, 2005I, Series 2006D)
- Phase 1 and 2: December 2, 2014 – LVVWD Board Public Hearing (Series 2005F, 2005H, 2005I, Series 2006D)
- Phase 1: May 5, 2015 – LVVWD Board considers Bond Resolution (Series 2005A, 2005F, 2005H, 2005I)
- Phase 1: June 16, 2015 – Bond Closing (Series 2005A, 2005F, 2005H, 2005I)
- Phase 1: July 2015 – Results shared with SNWA and LVVWD Boards (Series 2005A, 2005F, 2005H, 2005I)
- Phase 2: January 21, 2016 – SNWA Board Resolution Request (Series 2006A, 2006D, 2006-June)
- Phase 2: March 1, 2016 – Board of County Commissioners considers Bond Ordinance and LVVWD Board considers Bond Resolution (Series 2006A, 2006D, 2006-June)
- Phase 2: March 17, 2016 – SNWA Board Resolution Request (Series 2006 - November)
- Phase 2: April 21, 2016 – Bond Closing (Series 2006A, 2006D, 2006-June)
- Phase 2: April 2016 – Results shared with SNWA and LVVWD Boards (Series 2006A, 2006D, 2006-June)
- Phase 2: May 17, 2016 – Board of County Commissioners considers Bond Ordinance (Series 2006 - November)
- Phase 2: May 19, 2016 – SNWA Board considers Bond Resolutions (Series 2006 - November)
- Phase 2: August 3, 2016 – Bond Closing (Series 2006 - November)
- Phase 2: August 2016 – Results shared with SNWA Board (Series 2006 - November)

## CONCLUSION AND RECOMMENDATION

- Opportunity to lower SNWA and LVVWD debt service cost over the next 2 years – up to \$150 million on a present value basis
- Action:
  - The SNWA Board adopt a Resolution approving the issuance by the Las Vegas Valley Water District of refunding bonds in the maximum principal amount of \$317,185,000 to refinance certain outstanding bonds for the SNWA

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## APPENDIX

## SUMMARY OF REFUNDINGS

Purpose	SNWA			LVVWD
	2015 A Refunding Series June 2005F Phase 1	2015 B Refunding Series June 2005H Phase 2	2015 C Refunding Series June 2005I Phase 2	2015 A Current Refunding June 2005A
Final maturity date	2031	2037	2037	2037
Average annual savings (\$mm)	\$ 2.6	\$ 8.8	\$ 0.4	\$ 2.5
Phase	1	1, 2	1	1
Refunded Bonds Par Amount (\$mm)	\$ 175.9	\$ 85.0	\$ 28.7	\$ 296.2
Refunding Bonds Par Amount (\$mm)	\$ 175.9	\$ 78.6	\$ 27.8	\$ 296.2
Average Interest Rate of Refunded Bonds	4.00%	4.70%	4.70%	4.88%
True Interest Cost on Refunding Bonds	2.73%	2.88%	2.88%	2.70%
NPV Savings (\$mm)	\$ 26.1	\$ 6.3	\$ 6.5	\$ 26.2
NPV Savings (%)	11.80%	11.82%	11.47%	12.98%

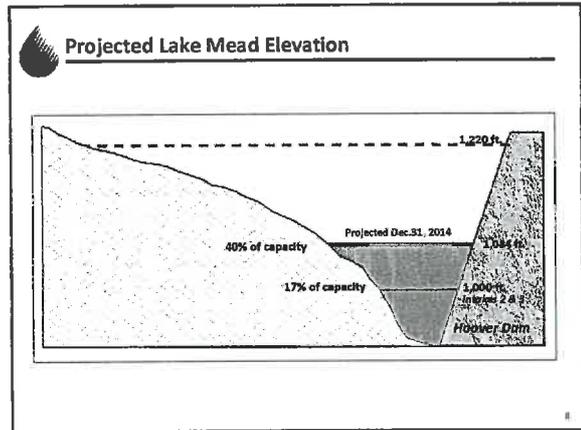
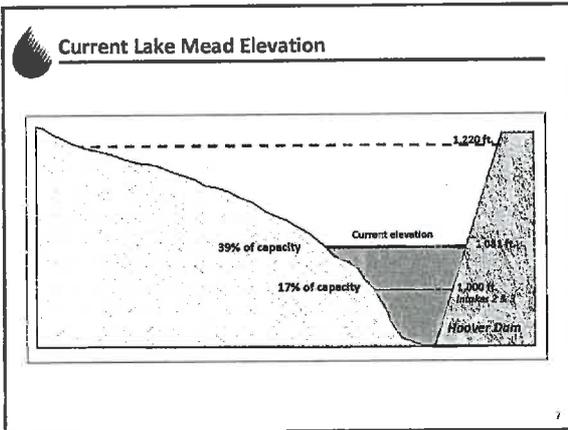
Note: All estimates are based on current interest rates

## SUMMARY OF REFUNDINGS

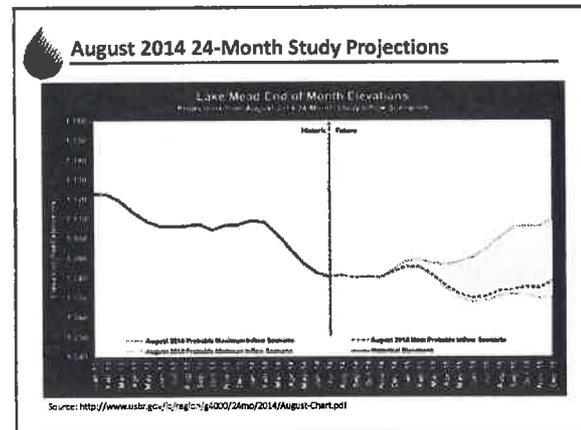
Purpose	2006A		2006B	2016A	2016C
	Refunding Year's Serial Bonds (by date)	Refunding County's Serial 2006 (by date)	Current Refunding	Current Refunding County's 2016 Serial 1A (by date)	Current Refunding County's 2016 Serial 1B (by date)
Final maturity date	2036	2036	2036	2036	2036
Average annual savings (\$mm)	\$ 4.8	\$ 5.7	\$ 1.0	\$ 1.0	\$ 0.1
Phase	2	2	2	2	2
Refunded Bonds Per Amount (\$mm)	\$ 81.4	\$ 80.1	\$ 118.2	\$ 118.2	\$ 271.8
Refunded Bonds Per Amount (\$mm)	\$ 68.9	\$ 67.6	\$ 105.7	\$ 105.7	\$ 246.4
Average Interest Rate of Refunded Bonds	4.93%	4.79%	4.91%	4.91%	4.98%
True Interest Cost on Refunding Bonds	2.19%	2.04%	3.40%	3.40%	3.35%
NPV Savings (\$mm)	\$ 6.2	\$ 22.4	\$ 14.8	\$ 14.8	\$ 40.1
NPV Savings (%)	10.7%	11.6%	11.8%	11.8%	11.9%

Note: All estimates are based on current interest rates

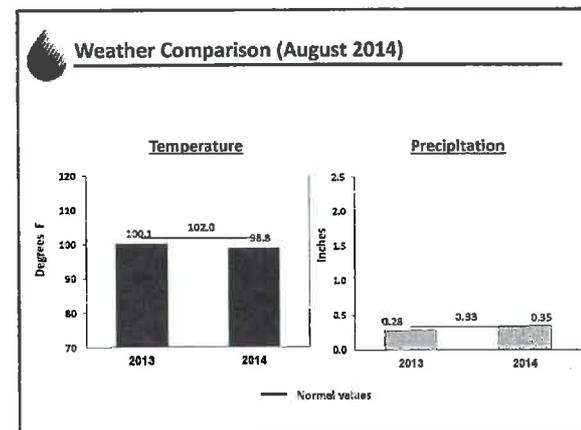


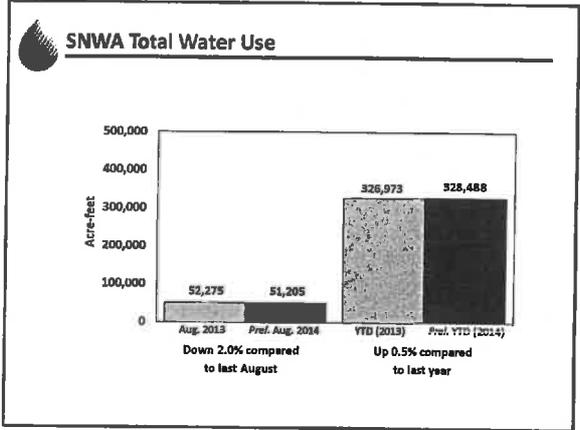
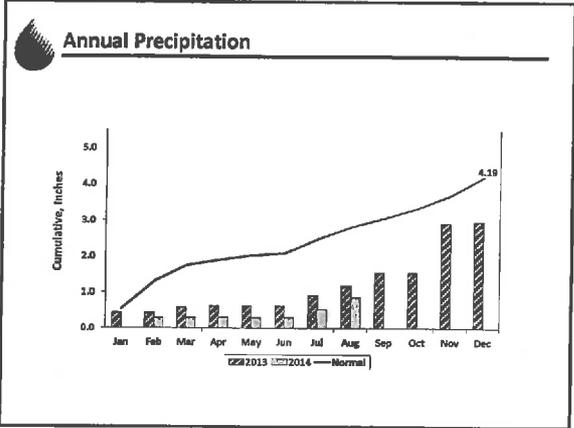


- ### Water Year 2015 Operations
- Pursuant to the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead
  - Lake Powell's operation will be governed by the Upper Elevation Balancing Tier with an initial release volume of 8.23 maf
  - Highly likely an April adjustment to equalization or balancing will occur
  - The most probable release based upon the projected adjustments in April is 9.0 maf



# SNWA Water Use





# Questions?

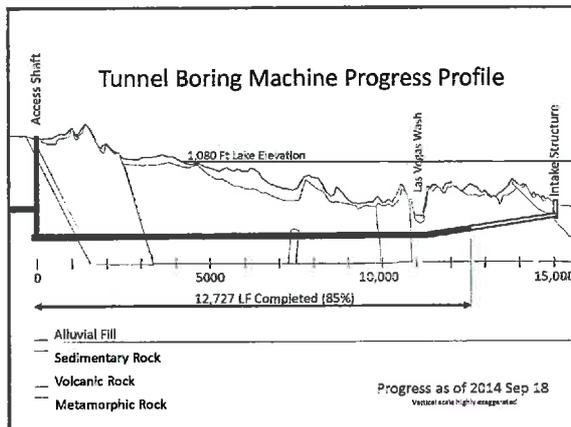
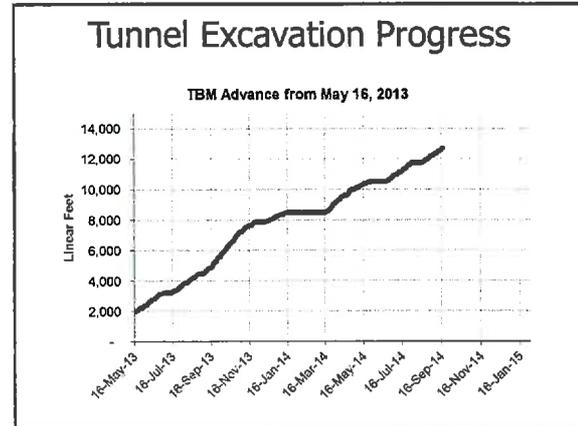
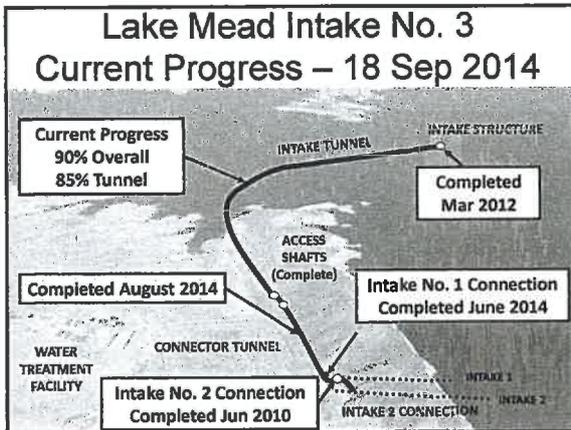
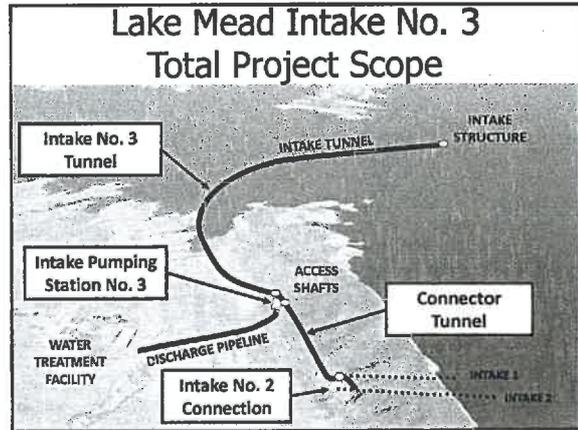




**Southern Nevada Water Authority**

**Lake Mead Intake No. 3 Update**

SNWA Board of Directors  
September 18, 2014



### Assuring Successful Intake Docking

- On-target arrival at Intake Structure:
  - Frequent checks of TBM location
  - 3<sup>rd</sup> party verification using advanced survey equipment
  - Remote underwater video monitoring to position the TBM at the optimum point within the Intake Structure
- Preventing water ingress:
  - Concrete encasement around structure
  - Closed-mode TBM operation
  - Grouting around the TBM during structure penetration
  - Controlled drainage of water from structure to verify water-tight bulkhead seal
  - Secondary seal with welded plate around the TBM front shield

