

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
NOVEMBER 19, 2015
MINUTES**

CALL TO ORDER 9:02 a.m., Colorado River Conference Rooms, Southern Nevada Water Authority, 100 City Parkway, Seventh Floor, Las Vegas, Nevada

BOARD MEMBERS PRESENT Mary Beth Scow, Chair
Sam Bateman, Vice Chair
Marilyn Kirkpatrick
Bob Coffin
Duncan McCoy
Steve Sisolak
Anita Wood

BOARD MEMBERS ABSENT None

STAFF PRESENT John Entsminger, Greg Walch, Julie Wilcox, Dave Johnson, Gina Neilson

OTHERS PRESENT Bill Nelson, Piercy Bowler Taylor & Kern (PBTK)

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

Ed Uehling, Las Vegas, spoke in reference regarding item 8 and provided comments about the Molasky purchase. He stated that SNWA should lower the rates instead of purchasing the additional floors. He felt that there should be better appraisals of real estate transactions and felt that the SNWA was paying too much for the property.

1. For Possible Action: Approval of Agenda & Minutes

FINAL ACTION: A motion was made by Vice Chair Bateman to approve the meeting's agenda and the meeting minutes of September 17, 2015.

CONSENT AGENDA: The following items are considered routine and were taken in one motion.

- 2. For Possible Action: Approve and authorize the General Manager to sign Change Order No. 2 to Contract No. 070F 07 C2, Low Lake Level Pump Station – Surface Mass Excavation, and extend the final completion date by 21 calendar days.**
- 3. For Possible Action: Approve and authorize the General Manager to sign an amendment to the existing agreement between Black & Veatch Corporation and the Authority for professional engineering services for Project No. 320O, AMSWTF Filter Improvements Demonstration.**
- 4. For Possible Action: Authorize the issuance of a purchase order to Morton Salt, Inc., for the purchase of sodium chloride for a period of one year from date of award, with an option to renew for four one-year periods, and authorize an increase not to exceed 5 percent for each of the renewal terms.**
- 5. For Possible Action: Adopt the 2015 Water Budget for the Authority.**
- 6. For Possible Action: Adopt the Annual Operating Plan for the Southern Nevada Water System.**

FINAL ACTION: Director Wood made a motion to approve staff recommendations. The motion was approved.

BUSINESS AGENDA

- 7. For Possible Action: Approve and authorize the General Manager to sign a Portfolio Energy Credit Purchase and Sale Agreement between Switch, Ltd., and the Authority for the sale of Portfolio Energy Credits certified by the Public Utilities Commission of Nevada.**

John Entsminger, General Manager, provided a brief overview of the agenda item. Director Sisolak recognized Switch for its investment and involvement in the community.

FINAL ACTION: Director McCoy made a motion to approve staff's recommendation. The motion was approved.

8. ***For Possible Action: Approve exercising the purchase option for the 12th and 14th floors of the Molasky Corporate Center and authorize the General Manager, or his designee, to execute, in substantially the same form, the Purchase and Sale Agreement; Amended and Restated Lease and Option Agreement and Grant of Rights of First Refusal; and any ministerial documents necessary to effectuate the transaction.***

Mr. Entsminger gave a presentation that outlined the terms of the agreement; a copy of his presentation is included with the meeting minutes. Director Sisolak asked if there was a significant cost-benefit analysis done for this proposal. Mr. Entsminger reported that there had been a cost-benefit analysis completed and specifically noted that the Authority has a fixed long-term lease, and purchasing the floors is a better option than finishing the lease. Director Sisolak if the present value was calculated. Gina Neilson, Chief Financial Officer, clarified the present value calculation of the floors, noting that present value is \$43 million and that the \$45.15 million is the future value after 12 years.

Director Wood asked about the purchase price as compared to when the Authority last purchased floors at Molasky. Greg Walch, General Counsel, answered that the cost is more per floor; however, the price is fixed in the contract.

Director Coffin asked about fair market price with other tenants in the building and their appraisals and negotiations. Mr. Walch restated that the purchase price is fixed for the Authority, as a term of the contract, and they are adjusting the option price. Board members sought additional clarification on the terms of the agreement, leases with other tenants in the building, and valuations of floors.

Director McCoy stated approval of the item would save money and provide options for the future, such as leasing or selling the floors.

FINAL ACTION: Director McCoy made a motion to approve staff's recommendation. The motion was approved.

9. ***For Possible Action: Approve and authorize the General Manager to sign a Conservation Program Contribution Agreement among Alon Las Vegas Resort, LLC, the Las Vegas Valley Water District and the Authority.***

FINAL ACTION: Vice Chair Bateman made a motion to approve staff's recommendation. The motion was approved.

10. ***For Possible Action: Accept the Authority's Comprehensive Annual Financial Report for the period ending June 30, 2015, as presented by the Authority's external auditor, Piercy Bowler Taylor & Kern, and authorize its submission to the Nevada Department of Taxation.***

Director Wood disclosed that Piercy Bowler Taylor Kern (PBTk) manages her campaign's finances.

Bill Nelson, PBTk, reported that the audit, completed by PBTk, determined that there were no deficiencies or material weaknesses found within the audit, and thanked the staff for their assistance throughout the audit. Director Sisolak asked Mr. Nelson to confirm that there were no significant findings, weaknesses or deficiencies. Mr. Nelson stated this was correct.

FINAL ACTION: Director Wood made a motion to approve staff's recommendation. The motion was approved.

11. ***For Possible Action: Adopt a resolution requesting the Clark County Board of Commissioners to take the necessary steps toward the issuance of bonds in the maximum principal amount of \$666 million to refinance certain outstanding bonds for the Authority.***

Mr. Entsminger reminded the Board that a substantial amount of bond refundings were going to mature and be available over the course of 2015 and 2016. Approval of this item is the next step in the series of those refundings, and noted that a net present value of savings of approximately 9.4 percent or approximately \$60 million over the lifetime of the bonds is expected.

FINAL ACTION: Director McCoy made a motion to approve staff's recommendation. The motion was approved.

12. ***For Possible Action: 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 construction activities near Lake Mead.***

Mr. Walch gave a presentation about drought conditions in the Colorado River Basin; a copy of his presentation is included with the meeting minutes. Director Coffin asked about El Nino patterns and how they affect rainfall and snowpack. Mr. Entsminger reported that El Nino conditions may cause wetter conditions in southern parts of the basin and dryer conditions in northern parts.

FINAL ACTION: No action required.

Public Comment

Ed Uehling, Las Vegas, commented on item 8, and noted his skepticism at the proposed lease amounts.

Adjournment

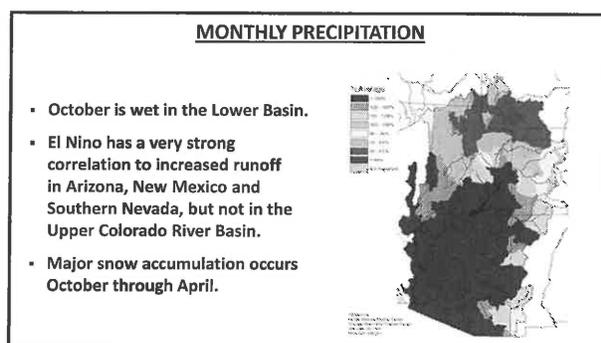
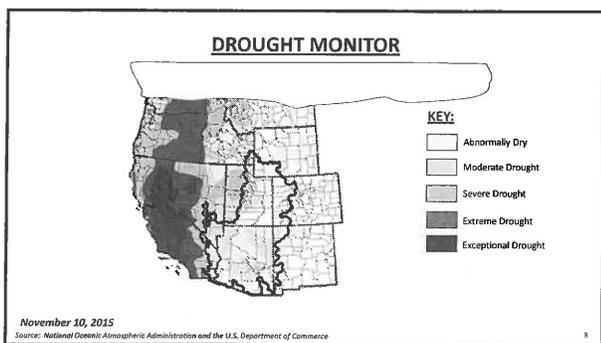
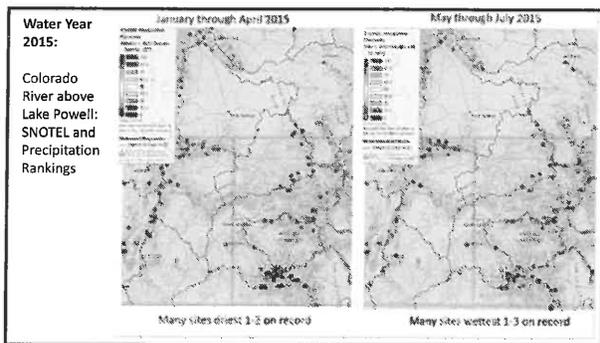
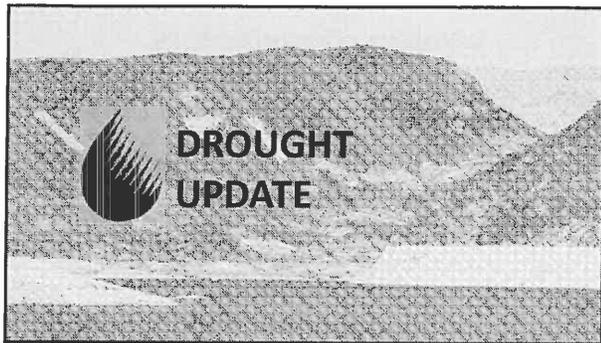
There being no further business to come before the board, the meeting adjourned at 9:37 a.m.

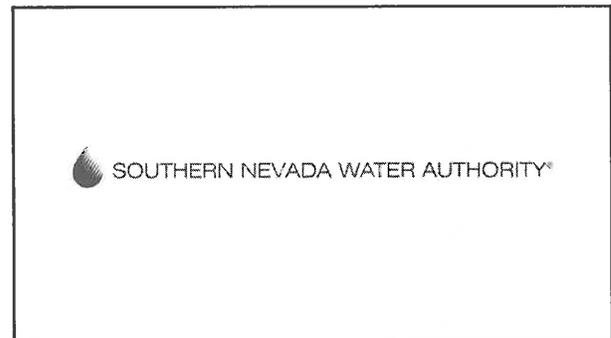
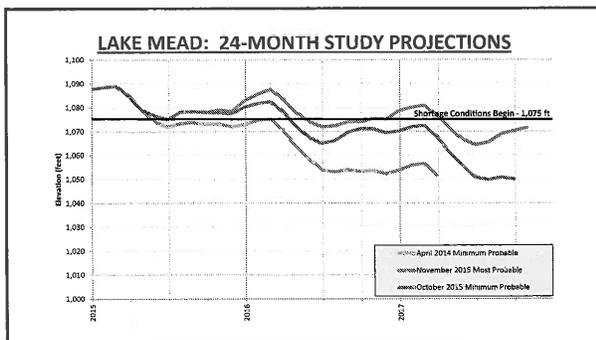
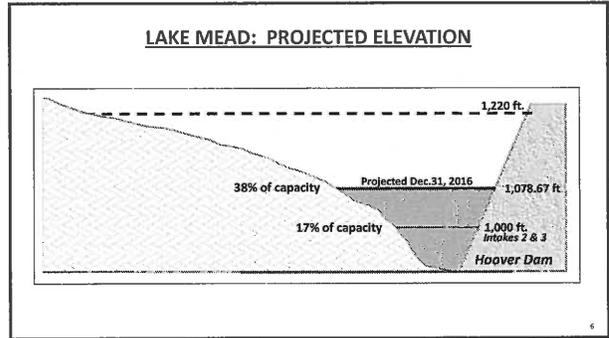
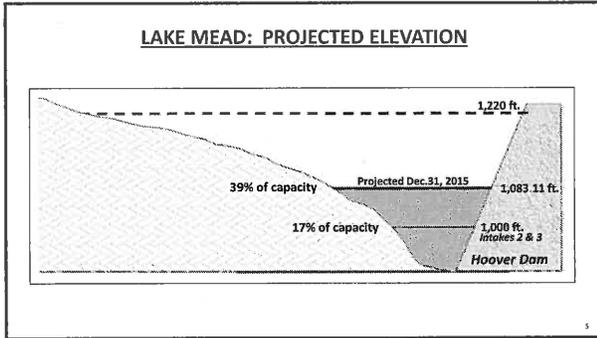
APPROVED:

Mary Beth Scow, Chair

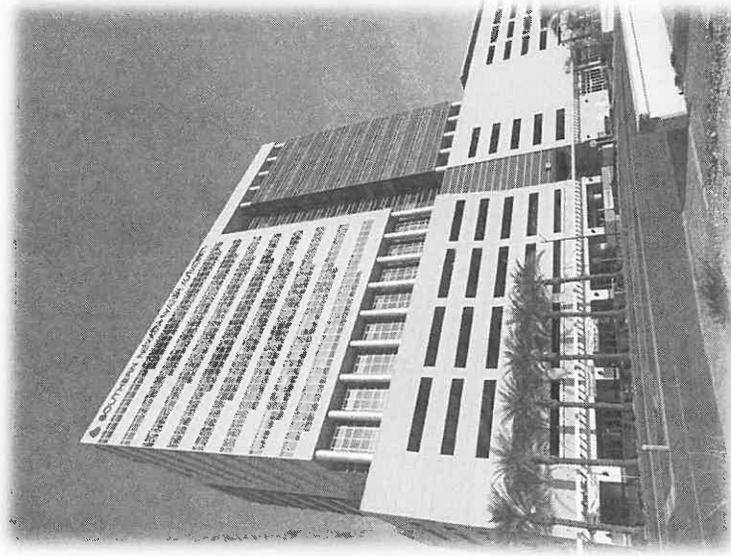
John J. Entsminger, General Manager

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.





MOLASKY CORPORATE CENTER



Floors owned: 7, 8, 9, 10, 11
Floors leased: 12, 14

Cost to finish lease	\$45,155,480
<u>Purchase Price</u>	<u>-\$36,512,241</u>
Savings	\$ 8,643,239

Purchase price recouped in 10.4 years, but could be as early as 6.8 years if floors are leased.