

**SOUTHERN NEVADA WATER AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
NOVEMBER 16, 2017
MINUTES**

CALL TO ORDER 9:03 a.m., Colorado River Conference Rooms, Southern Nevada Water Authority, 100 City Parkway, Seventh Floor, Las Vegas, Nevada

BOARD MEMBERS PRESENT Marilyn Kirkpatrick, Chair
Bob Coffin, Vice Chair
Isaac Barron
Jim Gibson
Peggy Leavitt
John Marz
Steve Sisolak

BOARD MEMBERS ABSENT

STAFF PRESENT John Entsminger, Julie Wilcox, Dave Johnson, Greg Walch, Brian Thomas

OTHERS PRESENT Bill Nelson, Piercy Bowler Taylor & Kern

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

There were no speakers.

ITEM NO.

1. ***For Possible Action: Approve agenda with the inclusion of tabled and/or reconsidered items, emergency items and/or deletion of items, and approve the minutes from the regular meeting of September 21, 2017.***

FINAL ACTION: A motion was made by Director Gibson to approve the agenda for this meeting and to approve the minutes from the regular meeting of September 21, 2017. The motion was approved.

BUSINESS AGENDA

2. ***For Possible Action: Adopt a resolution designating the General Manager as its authorized representative to take action to protect the Authority's legal interests.***

Greg Walch, General Counsel, said that the Nevada Supreme Court ruled in July 2017 that legal filings by a public body without prior approval or ratification by the governing board at a public meeting prior to the filing deadline would be dismissed. Since the Authority Board typically meets approximately every 60 days, the proposed resolution would give the General Manager authority to make timely protective filings until the Board could meet to discuss and take action on the matter.

Director Gibson asked if historically the Authority had needed to make a legal filing before the Board could consider the action. Mr. Walch said that from time to time, particularly with Federal Energy Regulatory Commission filings, which have 10-day timelines, the Authority has had to file before the deadline and then bring the action to the Board for consideration and ratification. Mr. Walch said that the recent Nevada Supreme Court ruling would invalidate that process.

Director Leavitt asked if other public bodies were considering similar action. Mr. Walch said that staff had discussed the matter with Clark County staff. Director Sisolak said that the Board of County Commissioners has had to take action at recent public meetings regarding these types of legal filings. However, Clark County was not under the same time pressure as the Authority since the County Commission meets every two weeks.

Chair Kirkpatrick said that many of the regional boards' meeting schedules would make it difficult to meet the Nevada Supreme Court's standard, so the proposed resolution would help address that challenge.

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

3. ***For Possible Action: Approve and authorize the General Manager to sign an agreement between Louis Berger U.S., Inc., and the Authority to provide professional engineering services for the Tropicana Weir Project for the amount of \$618,159.***

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

4. ***For Possible Action: Approve and authorize the General Manager to sign an agreement, in substantially the same form as that attached hereto, between Black & Veatch Corporation and the Authority to provide professional engineering services for AMSWTF Filter Improvements, Phase III, for the amount of \$1,429,415.***

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

5. ***For Possible Action: Authorize the General Manager to sign an amendment to the existing agreement between the Colorado River Commission of Nevada and the Authority for advance funds for the Parker-Davis Project, and sign a modification of Exhibit 3 to the existing renewal contract between the Colorado River Commission of Nevada and the Authority for sale of electric power from the Parker-Davis Project.***

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

6. ***For Possible Action: Adopt the Annual Operating Plan for the Southern Nevada Water System.***

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

7. ***For Possible Action: Adopt the 2017 Water Resource Plan.***

John Entsminger gave a summary presentation of the proposed resource plan. A copy of the presentation is attached to these minutes.

Vice Chair Coffin asked what impact extreme drought restrictions, such as eliminating turf watering, would have on water resources should those restrictions become necessary. Mr. Entsminger said that the Water Smart Landscapes program had been successful in helping to reduce per capita water use by 38 percent. Staff estimated that the program had converted approximately 50 percent of the eligible turf in the Las Vegas Valley. In the future, the conversion rebate may need to be increased to incentivize continued program participation and achieve additional water conservation. However, if outdoor water use was restricted, Southern Nevada's water resources would be greatly extended due to Colorado River return-flow credits.

Chair Kirkpatrick asked if the the purpose of reviewing the water resource plan annually was to make necessary adjustments to long-range plans well in advance of potential issues. Mr. Entsminger confirmed that the intent of the water resource plan was to ensure that the Authority continued to plan for Southern Nevada's water needs over a rolling 50-year planning period.

Director Leavitt thanked staff for the comprehensive approach taken in the report and encouraged the public to learn more about the community's water resources by reading the report.

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

8. ***For Possible Action: Adopt the 2017 Water Budget.***

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

9. ***For Possible Action: Accept the Authority's Comprehensive Annual Financial Report and corresponding Independent Auditors' Report on Financial Statements and Supplementary Information for the period ending June 30, 2017, and authorize its submission to the Nevada Department of Taxation.***

Bill Nelson, Piercy Bowler Taylor & Kern (PBTK), presented the Authority's financial report and required communications letter. He said that the required communications letter reflected PBTK's comment regarding an audit adjustment due to understating capitalized interest as a result of a misinterpretation of governmental accounting standards. The size of the audit adjustment was sufficient to bring it to the attention of the Board.

Director Sisolak asked staff for an explanation of the miscalculation. Brian Thomas, Chief Financial Officer, said that staff had evaluated the way the Authority was accumulating interest against capital projects rather than expensing the interest and determined that a more conservative approach would be to expense this interest rather than charging it to

capital projects. After discussing the accounting approach with PBTK during the audit, it was decided that in the future, the Authority would capitalize interest against each project on an ongoing basis. He noted that the adjustment impacted reported expenses (lowering them, increasing net income) and increased net assets, but did not affect rates and charges, reserve balances or cash flow. Director Sisolak asked why staff had not consulted PBTK before changing its accounting practice. Mr. Thomas said that in the future, staff would consult external accounting professionals before changing practices, consistent with the auditor's recommendation.

Director Gibson asked staff for an explanation of why the reporting practice had changed. Mr. Thomas said that staff believed that the change was a better way to book the interest as it was a more conservative practice to recognize the interest expense during the year it was paid. But, after discussion with the external auditors, it was determined to revert to capitalizing interest.

Chair Kirkpatrick asked if her summary of the discussion was correct by stating that staff and PBTK decided that returning to the previous way staff had booked interest better conformed with today's general accounting practices. Mr. Thomas agreed with her summary.

Director Marz, Vice Chair Coffin and Director Sisolak said that staff should consult external accounting professionals before changing methodology. Mr. Entsminger said that staff would consult external professionals before changing practices in the future, and noted that this was the lesson learned. The audit adjustment was a function of two different interpretations of accounting standards and would be avoided in the future by consulting with outside experts before making such changes.

Director Gibson asked if the Authority consulting with PBTK on its accounting practices would impact PBTK's ability to independently audit the Authority. Mr. Nelson said that it would not impair PBTK's independence and that PBTK would still be able to audit the Authority.

Chair Kirkpatrick disclosed that she used PBTK for her campaign accounting, and asked General Counsel if that would preclude her from voting on the item. Mr. Walch confirmed that the disclosure was sufficient and would not preclude her from voting.

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

10. ***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 Plan, activities on the Colorado River, the development of in-state water resources, and the status of construction activities near Lake Mead.***

Mr. Walch gave an update presentation on water resources. A copy of his presentation is attached to these minutes.

NO ACTION REQUIRED

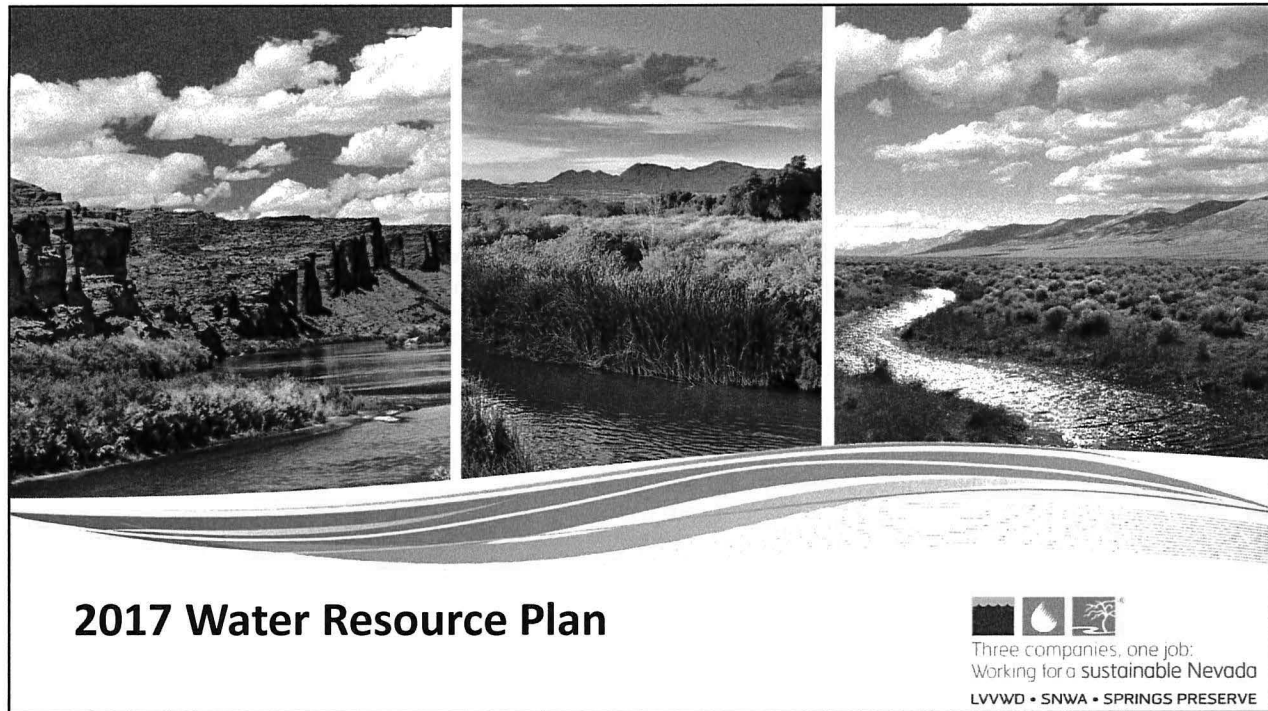
Public Comment

There were no speakers.

Adjournment

There being no further business to come before the Board, the meeting adjourned at 10:06 a.m.

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.



The SNWA is required to review its resource plan annually and make updates as needed.

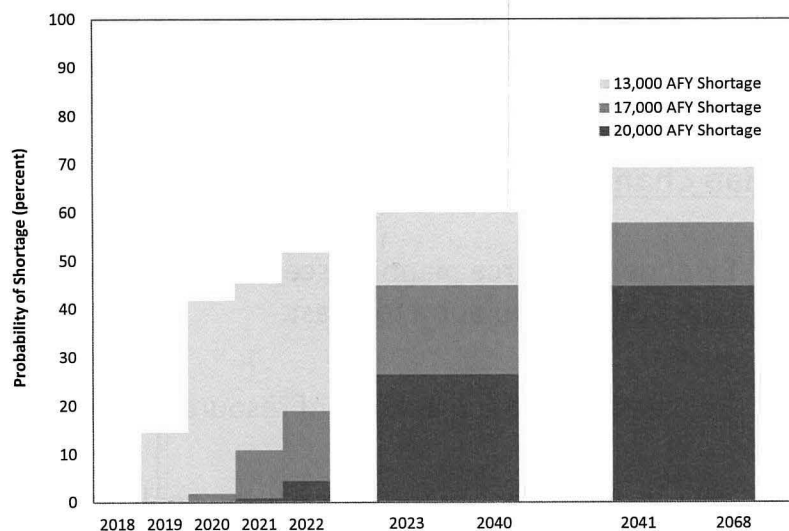
Key Plan Changes:

- Extended resource planning scenarios through 2068 based on latest CBER population forecast.
- Adjusted timing and volume of resources based on need.
- Transitioned/translated conservation goals and progress to net GPCD.

Key Plan Changes:

— Updated text and charts to reflect current conditions:

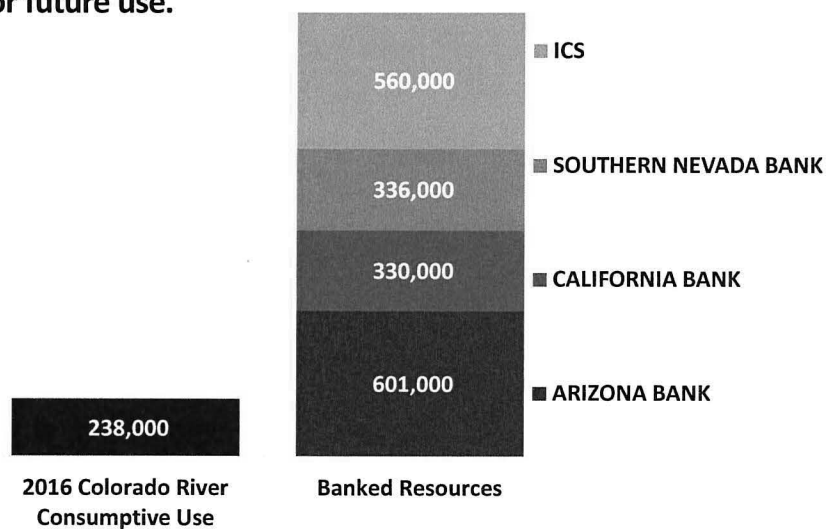
- Lake Mead storage / Colorado River inflows
- Probabilities of shortage
- Progress on Low Lake Level Pumping Station
- Status and volumes of resources by resource type
- New international agreements (Minute 323)
- Conservation achievements

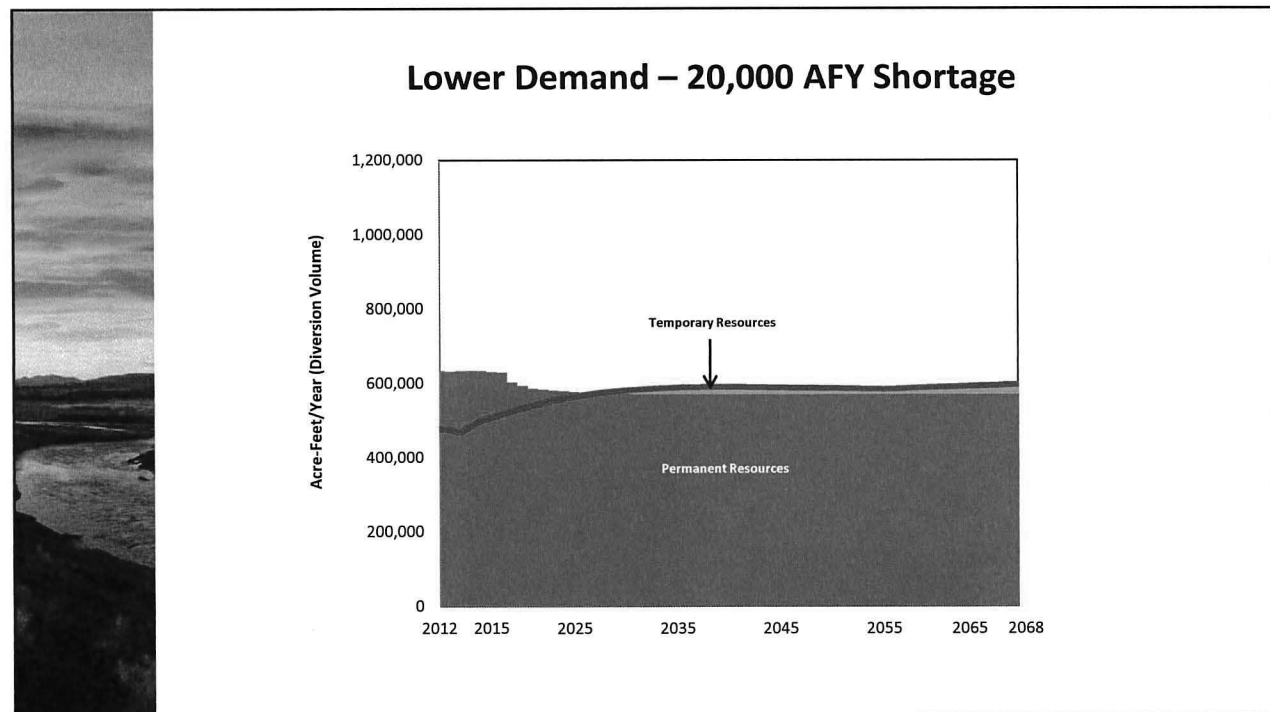
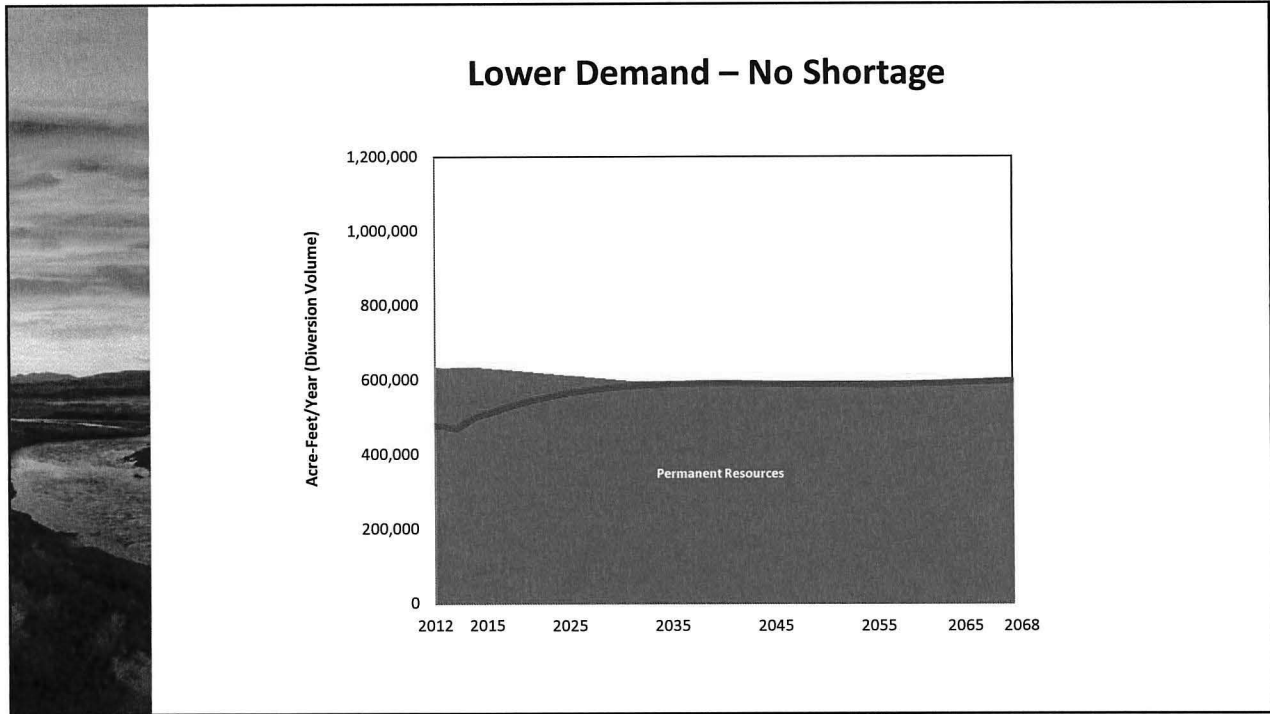


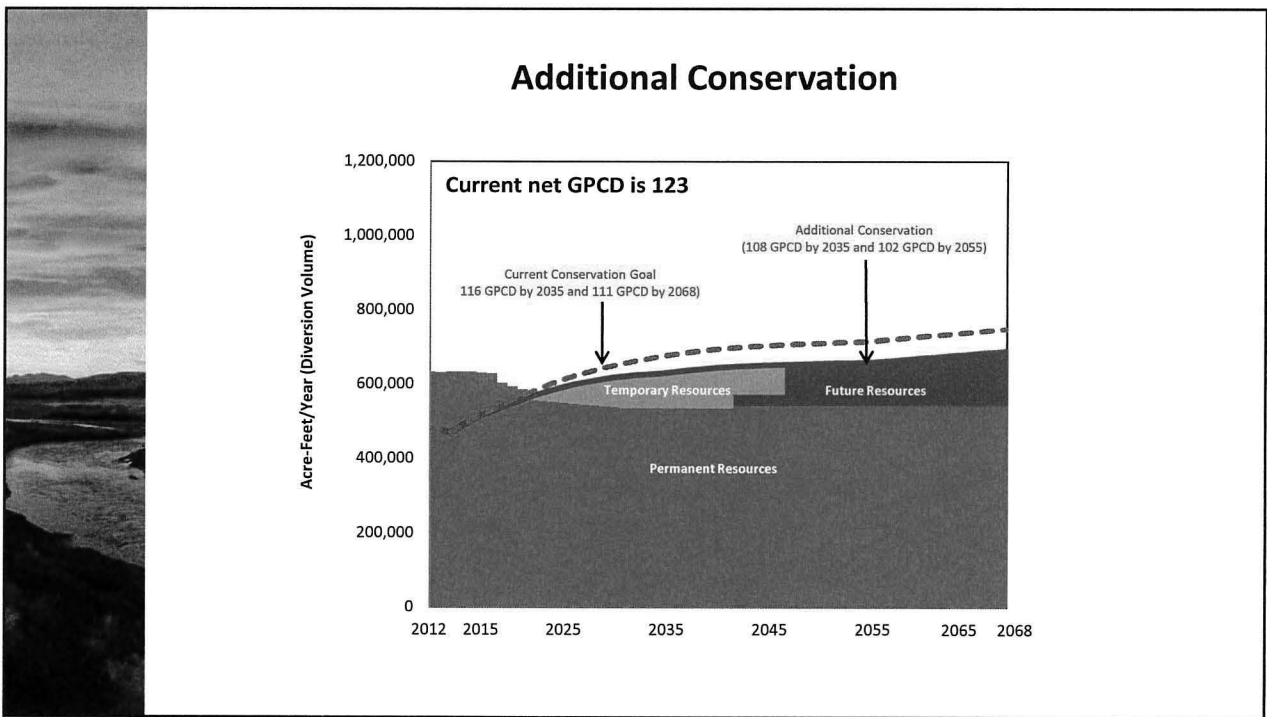
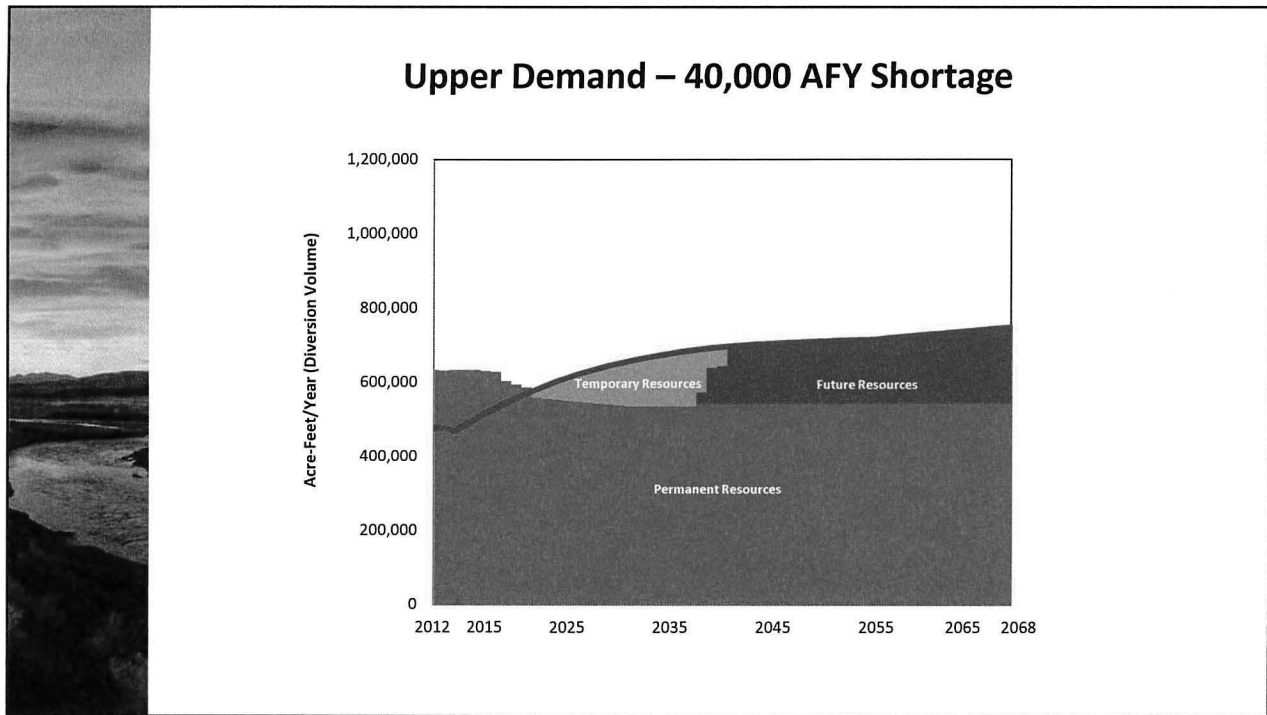
SNWA's Water Resource Portfolio includes a diverse set of resource options that will be used to reliably meet the community's current and future water resource needs.

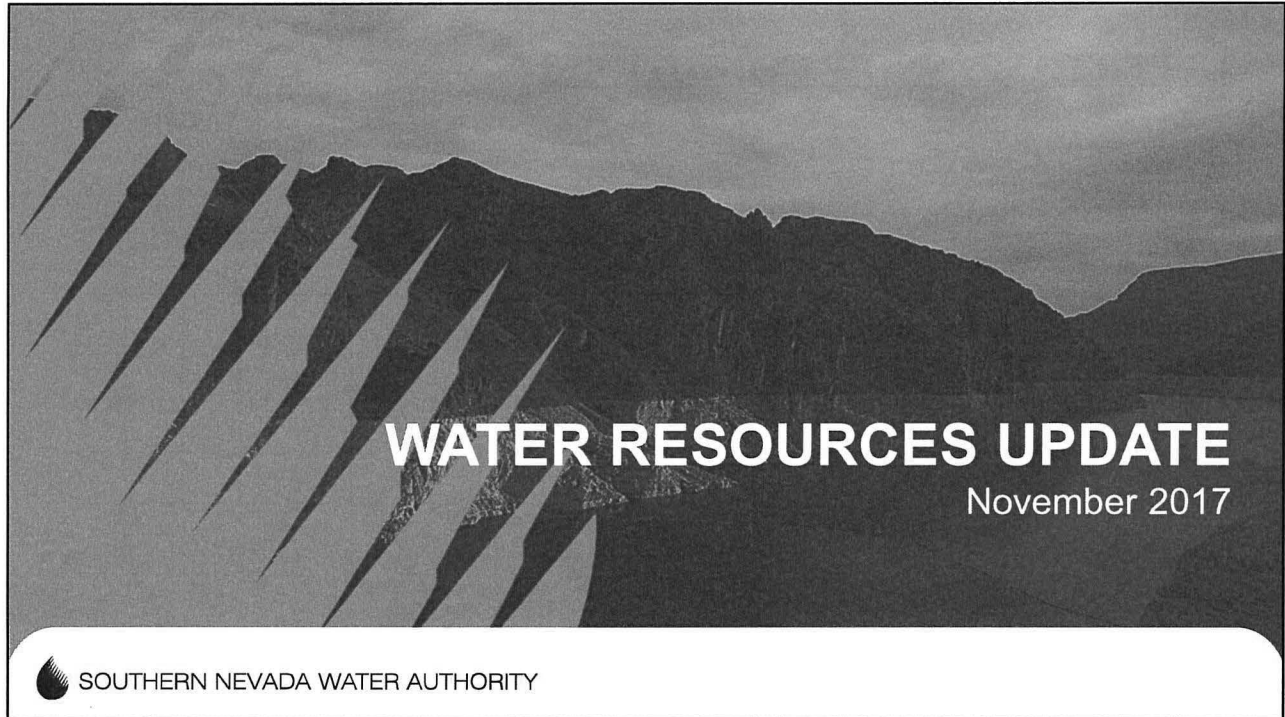
Permanent Resources	Temporary Resources	Future Resources
Colorado River	Southern Nevada Groundwater Bank	Virgin River / Colorado River Augmentation
Nevada Unused Colorado River (non-SNWA)	Interstate Banks (Arizona and California)	Transfers / Exchanges
Tributary Conservation/Imported ICS	Intentionally Created Surplus (storage in Lake Mead)	In-State Groundwater
Las Vegas Valley Groundwater Rights		Desalination
Direct Reuse		

Southern Nevada continues to store water for future use.



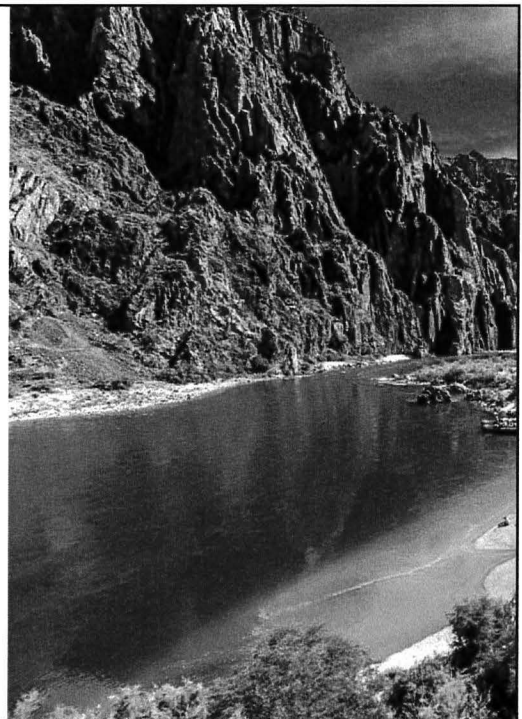






COLORADO RIVER CONDITIONS

- No shortage in 2018
- Slightly above elevations for shortage determinations in 2019
- Lower Basin projected to use less than 7.0 million acre-feet in 2017 due to conservation programs



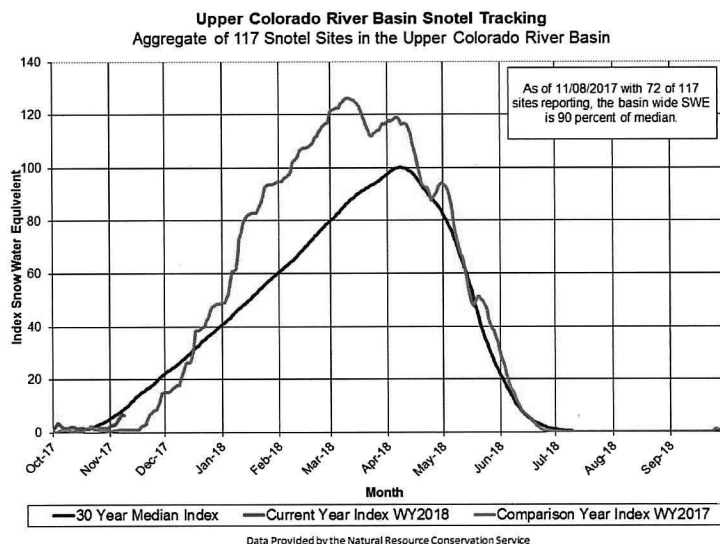
UPPER BASIN SNOW CONDITIONS

Water Supply

- Precipitation to date: 62% of average

Forecasted Inflow to Lake Powell

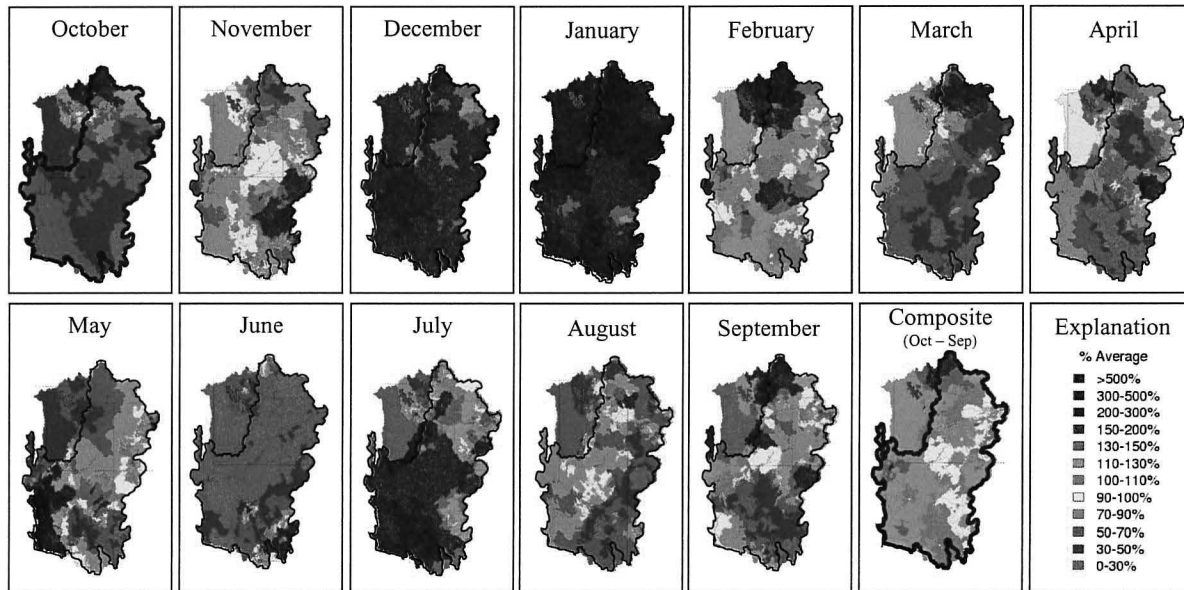
- WY 2017: 113% of average
- WY 2018: Too Soon To Tell



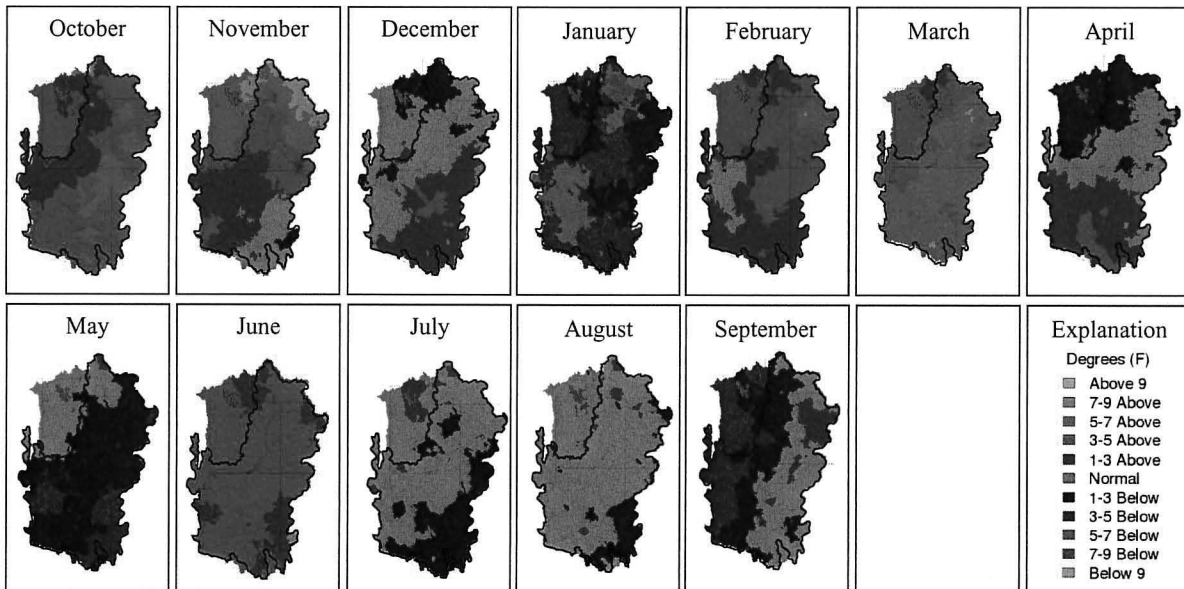
RESERVOIR STATUS

Reservoir	Percent Full	Content (1,000 acre-feet)	Elevation
Lake Powell	59%	14,451	3,626.38
Lake Mead	39%	10,146	1,081.62
Total System Contents	55%	32,515	
System Contents Last Year (11/12/2016)	50%	29,721	

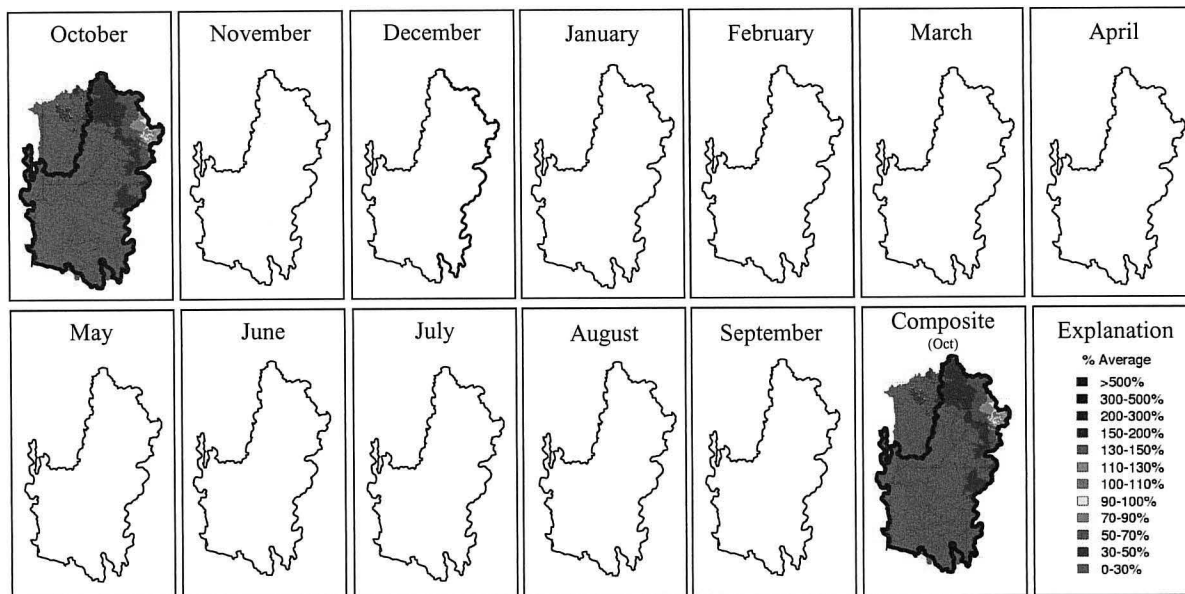
MONTHLY PRECIPITATION (2017)



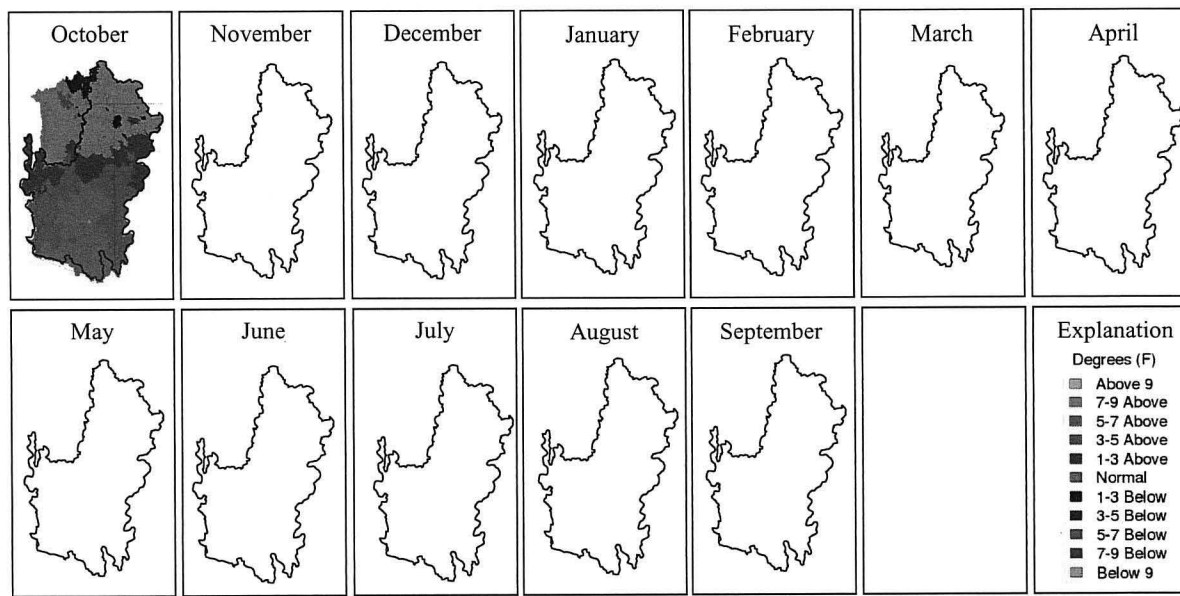
MAX TEMPERATURE (2017)



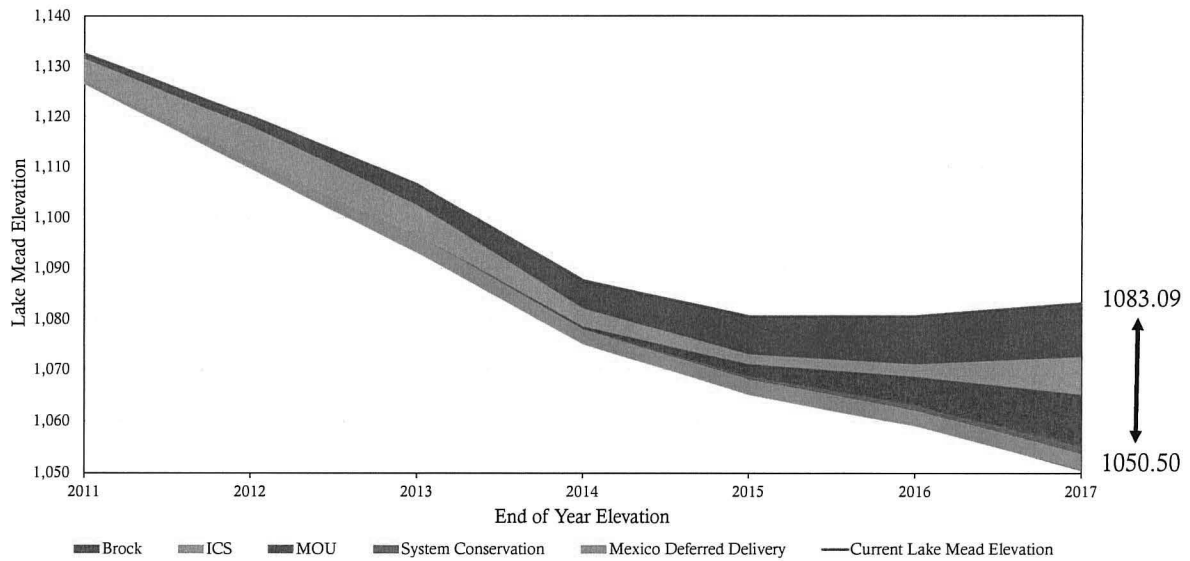
MONTHLY PRECIPITATION (2018)



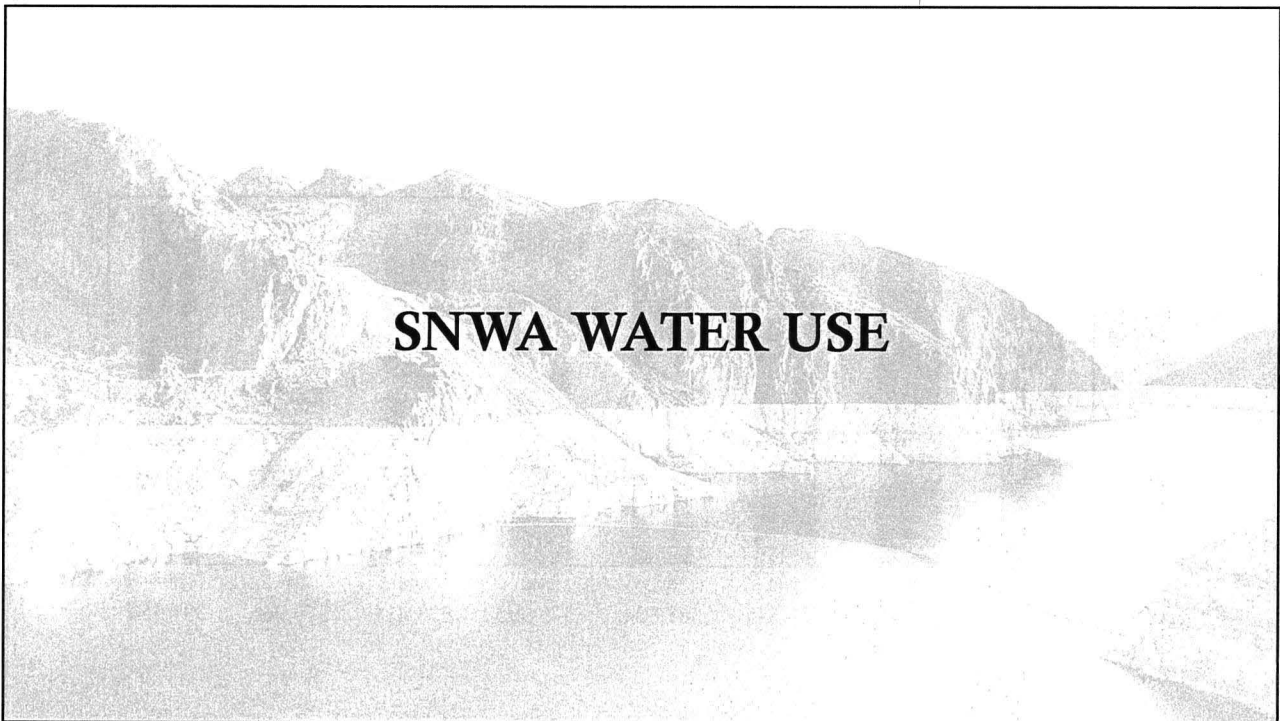
MAX TEMPERATURE (2018)



LAKE MEAD CONSERVATION

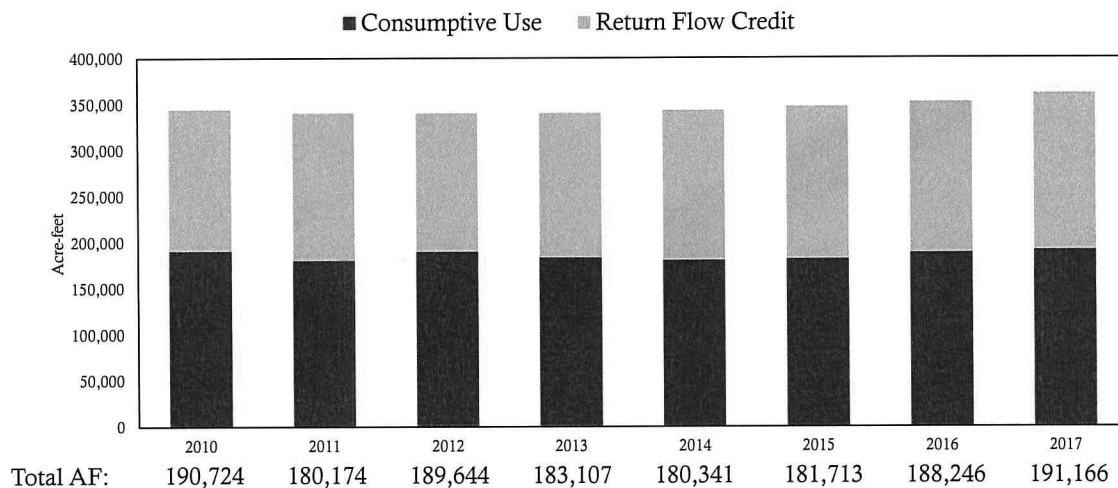


SNWA WATER USE



COLORADO RIVER CONSUMPTIVE USE

JANUARY THROUGH SEPTEMBER



SNWA WATER USE

JANUARY THROUGH SEPTEMBER

