

The meeting was held at 1:10 p.m. on Tuesday, September 13, 2011, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

### **COMMISSIONERS IN ATTENDANCE**

Chairman	George F. Ogilvie III
Vice Chairwoman	Marybel Batjer
Commissioner	Tom Collins
Commissioner	J. Brin Gibson
Commissioner	Duncan R. McCoy

### **COMMISSIONERS NOT IN ATTENDANCE**

Commissioner	Bob Coffin
Commissioner	Berlyn D. Miller

### **DEPUTY ATTORNEYS GENERAL**

Senior Deputy Attorney General	Ann C. Pongracz
--------------------------------	-----------------

### **COMMISSION STAFF IN ATTENDANCE**

Executive Director	Jayne Harkins, P.E.
Chief, Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert Reese
Manager, Energy Services	Gail A. Bates
Manager, Hydropower Program	Craig N. Pyper
Manager, Natural Resources Group	McClain L. Peterson
Assistant Manager Hydropower Program	Lisa M. Ray
Hydropower Program Specialist	Michael S. Harris
Natural Resources Analyst	Jason Thiriot
Natural Resources Specialist	Kimberly E. Maloy
Office Manager	Judy K. Atwood
Administrative Assistant II	Carol L. Perone
Administrative Assistant II	Donna Banks

### **OTHERS PRESENT; REPRESENTING**

Boulder City	Scott Hansen
Consultant	Sara A. Price, Esq.
Office of the Governor	Terri Janison
JNA Consulting Group	Martin Johnson
NV Energy	Bill Carner
Overton Power District No. 5	Mendis Cooper
Overton Power District No. 5	Delmar Leatham

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF SEPTEMBER 13, 2011**

**INDEX**

<b><u>Agenda Item</u></b>	<b><u>Subject</u></b>	<b><u>Page No.</u></b>
A.	Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.).....	1
B.	<i>For Possible Action:</i> Conformance to Open Meeting Law.....	1
C.	<i>For Possible Action:</i> Approval of minutes of the June 14, 2011 meeting .....	1
D.	<i>For Possible Action:</i> Consideration of and possible action to approve: (1) a Network Integration Transmission Service Agreement, (2) a Distribution Only Service Agreement, and (3) a Transmission Reduction Plan between Clark County Water Reclamation District, Nevada Power Company d/b/a NVEnergy and the Colorado River Commission of Nevada .....	1
E.	<i>For Information Only:</i> Notification of receipt of the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting for the Commission’s annual financial report for the fiscal year ended June 30, 2010.....	2
F.	<i>For Information Only:</i> Briefing to inform the Commission on a proposed future bond refunding resolution that would authorize the sale and issuance of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2010X, including: the method of bond payment; bond security; levy and collection of annual general (ad valorem) taxes for the payment of such bonds; the pledge of revenues for the payment thereof; and other related matters.....	3
G.	<i>For Information Only:</i> Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.....	4

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF SEPTEMBER 13, 2011**

**INDEX CONTINUED**

<b><u>Agenda Item</u></b>	<b><u>Subject</u></b>	<b><u>Page No.</u></b>
H.	Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.) .....	5
I.	Comments and questions from the Commission members. ....	5
J.	Selection of the next possible meeting date.....	5
K.	Adjournment .....	5

The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:10 p.m. followed by the pledge of allegiance.

**A. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)**

Chairman Ogilvie asked if there were any comments or questions from the public. There were none. At this time Chairman Ogilvie welcomed Commissioner Gibson and Executive Director Jayne Harkins to the Commission.

**B. *For Possible Action: Conformance to Open Meeting Law.***

**Executive Director Jayne Harkins confirmed that the meeting was in compliance with the Open Meeting Law.**

**C. *For Possible Action: Approval of minutes of the June 14, 2011 meeting.***

**Commissioner Collins moved for approval of the minutes of the June 14, 2011 meeting as written. The motion was seconded by Vice Chairwoman Batjer and approved by a unanimous vote.**

**D. *For Possible Action: Consideration of and possible action to approve: (1) a Network Integration Transmission Service Agreement, (2) a Distribution Only Service Agreement, and (3) a Transmission Reduction Plan between Clark County Water Reclamation District, Nevada Power Company d/b/a NVEnergy and the Colorado River Commission of Nevada.***

Gail Bates, Manager, Energy Services, gave a brief explanation on the necessities of the agreements.

The Commission currently provides electrical service to meet a substantial portion of the water and/or wastewater pumping needs of the Southern Nevada Water Authority, the Las Vegas Valley Water District, the City of Las Vegas, and the City of Henderson, in accordance with the authority granted to the Commission by the Nevada Legislature in NRS 538.181 and 704.787. The Clark County Water Reclamation District (District) has requested that the Commission provide electric service to meet approximately 13 MW of load associated with its wastewater treatment facilities. The subject agreements, which govern the use of NV Energy's transmission and distribution delivery systems by retail customers, are required in order for the Commission to provide service to the District. The Distribution Agreement contains an exit fee payable to NV Energy to ensure that other customers are held harmless by the District's decision to switch energy providers. The Staff recommends that the Commission approve the agreements and authorize the Executive Director to execute them on behalf of the Commission.

Commissioner Collins disclosed that he is a former employee of NV Energy and also that he has already voted for approval of these agreements as a member of the District.

**Commissioner Collins moved to approve a Network Integration Transmission Service Agreement, a Distribution Only Service Agreement, and a Transmission Reduction Plan between the District, NV Energy and the Commission. The motion was seconded by Commissioner McCoy and approved by a unanimous vote.**

**E. *For Information Only:* Notification of receipt of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the Commission's annual financial report for the fiscal year ended June 30, 2010.**

Ms. Harkins stated that each year, the Commission submits its annual financial report to the Government Finance Officers Association (GFOA) for review and evaluation as part of the GFOA's achievement program. The report is subjected to a review by two Special Review Committee members. Both committee members must recommend award of the certificate. The review consists of evaluation in a number of categories including:

1. Reporting in conformity with General Accepted Accounting Principles.
2. Demonstration of compliance with finance-related legal and contractual provisions.
3. Completeness and clarity of a letter of transmittal and introductory section.
4. Inclusion of a complete and clear statistical section.
5. Use of standardized terminology and formatting conventions.
6. Disclosure thoroughness and detail sufficiency.
7. Minimization of ambiguities and potentials for misleading inference.
8. Cohesiveness and internal consistency.
9. Implementation of prior year comments and suggestions for improvement.
10. Readability.

We are very pleased to inform you that the Commission's annual financial report again received the certificate.

In the words of GFOA, "The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management." The Commission has received the award for its financial report every year since 1977.

Chairman Ogilvie offered his congratulations to the Commission on 34 years of receiving this award.

**F. *For Information Only:* Briefing to inform the Commission on a proposed future bond refunding resolution that would authorize the sale and issuance of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2010X, including: the method of bond payment; bond security; levy and collection of annual general (ad valorem) taxes for the payment of such bonds; the pledge of revenues for the payment thereof; and other related matters.**

Doug Beatty, Chief, Finance and Administration presented a review of the bond process.

In accordance with the state's securities law, the Commission can borrow money and otherwise become obligated in a total principal amount which is approved by the legislature or the Interim Finance Committee and may issue general obligations securities payable from taxes, additionally secured with net pledged revenues securities constituting special obligations payable from net pledged revenues or any combination of these securities.

In the past, the Commission has incurred debt to construct various capital projects. The Commission has incurred debt in two different forms, the debt incurred for the Southern Nevada Water System in the form of a repayment contract with the federal government, and the debt that was funded by the Commission's issuance of general obligation bonds. The bonds the Commission has issued to date have always been "double-barreled" bonds that are secured by the taxing authority of the state and by the Commission's ability to generate revenue.

In 1995 the Commission had almost \$500 million in debt. In 1996 the Commission transferred the Southern Nevada Water System to the SNWA, along with the related debt. After the 1996 transfer, the Commission had \$82 million in debt. In 1997 and 1999 the Commission issued debt for the construction of the Power Delivery System. Currently with the debt for the Hoover Uprating Program and the Power Delivery System, the Commission has \$98 million in General Obligation Bonds.

The Commission has the opportunity to refund existing Hoover bonds. We have been working with the State Treasurer and with Marty Johnson of JNA Consulting Group (JNA) which has a contract with the State Treasurer.

The Commission is working with the state to bundle our bond refunding with a larger package of bonds, in order to reduce the Commission's issuance costs.

Mr. Beatty then asked Mr. Marty Johnson with JNA to brief the Commission on the current bond market.

Mr. Johnson explained that refunding bonds is very much like refinancing a home mortgage. Interest rates have come down and the Commission hopes to sell the bonds by the end of October. By bundling with the state, JNA hopes to save the Commission over

\$100,000.00 in issuance costs. Mr. Johnson then gave a report on how the savings are generated.

Currently the Commission has \$6.3 million debt outstanding from its 2001 series bonds. These bonds have a coupon rate of 5.375% and the payments total \$8.3 million in principal and interest over the remaining life of the bonds. In doing a refunding we need to pay the accrued interest up through the date we are able to pay the old bonds off; there are transaction costs which means we need to borrow \$6.4 million to refinance these bonds. In doing so, the principal payment is higher but the coupon rate is substantially lower which should generate a \$1.1 million in savings. The current bonds mature October 1, 2017 and the new bonds will mature October 1, 2017.

At the October 11, 2011 Commission meeting, the Commission will be asked to adopt a bond resolution which will authorize the execution and delivery of an escrow agreement to refund the bonds and a bond purchase agreement if deemed necessary by the bank and authorize the use of the Commission's information in the official statement we send out to the market. This will be a negotiated sale through the State Treasurer.

Some key dates are: October 11, 2011, when the Commission will be asked to adopt the Bond Resolution; October 26, 2011, when the bond interest rate will be locked in; November 16, 2011, the date of the bond closing; and November 21, 2011, which is the date for the prior redemption of 2001 bonds.

**G. *For Information Only:* Status update on the hydrologic conditions, drought, and climate of the Colorado River Basin, Nevada's consumptive use of Colorado River water, and other developments on the Colorado River.**

McClain Peterson, Manager, Natural Resources Group, provided a report on the following:

- Unregulated Inflow Into Lake Powell
- Storage Conditions
- Precipitation Colorado River Basin
- Upper Colorado River Drainage Basin
- Lake Powell Daily Water Levels
- Lake Mead Daily Water Levels
- U.S. Drought Monitor
- U.S. Seasonal Drought Outlook
- Water Year 2012 Operations
- Water Use In Southern Nevada

Chairman Ogilvie asked for information regarding the percentage capacity of the system wide storage of Lake Mead for Water Year 2012.

Mr. Peterson stated that he will have that information at the next Commission meeting.

A copy of the report is attached and made a part of the minutes. (See Attachment A.)

**H. Comments and questions from the public. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)**

Chairman Ogilvie asked if there were any comments or questions from the public. There were none.

**I. Comments and questions from the Commission members.**

Chairman Ogilvie asked if there were any comments or questions from the Commission members. There were none.

**J. Selection of the next possible meeting date.**

The next meeting is tentatively scheduled for 1:00 p.m. on Tuesday, October 11, 2011 at the Grant Sawyer State Office Building in Suite 4401.

**K. Adjournment.**

The meeting adjourned at 1:56 p.m.

\_\_\_\_\_  
Jayne Harkins, P.E., Executive Director

APPROVED:

\_\_\_\_\_  
George F. Ogilvie III, Chairman