

The meeting was held at 1:00 p.m. on Tuesday, February 11, 2014 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 Chairman	Berlyn D. Miller
Commissioner	Bob Coffin
Commissioner	J. Brin Gibson
Commissioner	Puoy K. Premsrirut
Commissioner	Steve Sisolak

COMMISSIONERS NOT IN ATTENDANCE

Commissioner	Duncan R. McCoy
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SPECIAL COUNSEL, ATTORNEY GENERAL

Special Counsel, Attorney General	Ann C. Pongracz
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COMMISSION STAFF IN ATTENDANCE

Executive Director	Jayne Harkins, P.E.
Deputy Executive Director	James D. Salo
Chief of Finance and Administration	Douglas N. Beatty
Assistant Director of Engineering and Operations	Robert D. Reese
Manager, Energy Services	Gail A. Bates
Manager, Hydropower Program	Craig N. Pyper
Assistant Hydropower Program Manager	Lisa M. Ray
Hydropower Program Specialist	Dana Corkill
Natural Resource Analyst	Jason L. Thiriot
Natural Resource Analyst	Warren Turkett
Senior Accountant	Gail L. Benton
Senior Energy Accountant	Richard M. Sanders
Senior Energy Accountant	Kalora E. Snyder
Office Manager	Judy K. Atwood
Administrative Assistant II	Melissa Dibert
Administrative Assistant II	Carla Miguel

OTHERS PRESENT; REPRESENTING

Consultant	Sara A. Price, Esq.
JNA Consulting Group, LLC	Martin Johnson
Las Vegas Cogeneration	Jeff Pangle
Overton Power District No. 5	Mendis Cooper
Overton Power District No. 5	Terry Romero
Self	Todd Farlow
Self	Ed Uehling
Sherman and Howard LLC	John Swendseid
Southern Nevada Water Authority	Jordan Bunker

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF FEBRUARY 11, 2014**

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**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF FEBRUARY 11, 2014**

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

A. Conformance to Open Meeting Law.

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

B. Comments 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 may be taken.)

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

C. *For Possible Action:* Approval of minutes of the January 14, 2014 meeting.

Commissioner Sisolak moved for approval of the minutes. The motion was seconded by Vice Chairman Miller and approved by a unanimous vote.

D. *For Possible Action:* Consideration of and possible action to approve the Colorado River Commission of Nevada (Commission) Hoover power customer contracts previously executed by the affected customers (Contractors) which agree to the repayment of their proportionate share of securities issued by the Commission to prepay Hoover power base charges, including contracts executed by American Pacific Corporation, NV Energy, and the Southern Nevada Water Authority.

Ms. Harkins gave a summary of the Hoover power Customer contracts.

At the December 10, 2013 meeting, the Commission approved contracts executed by the City of Boulder City, Lhoist North America of Arizona, Inc., Lincoln Power District No. 1, and Overton Power District No. 5; and at the January 14, 2014 meeting, the Commission approved contracts executed by Basic Water Company, Titanium Metals Corporation, Tronox LLC, and Valley Electric Association.

As stated at both the December 10, 2013 and January 14, 2014 meetings, the Commission's Hoover power Contractors currently make payments to the Commission sufficient to pay their individual proportional shares of all capital and operations and maintenance costs at Hoover Dam. Currently a portion of the costs borne by the Commission's Hoover power Contractors is associated with reimbursing the federal Treasury for construction funds advanced to construct the Hoover Visitor Center and Hoover Airslots (Federal Reimbursement Obligation(s)). The Federal Reimbursement Obligations are payable, with interest, through 2045.

The current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Visitor Center is 8.06% and the current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Airslots is 9.84%. At these interest rates, the total cost of reimbursement for Hoover power Contractors in Nevada is approximately \$80 million through 2045.

Under current and anticipated future market conditions, the total cost of Hoover hydropower could be substantially reduced if the Contractors authorized the Commission to issue securities at substantially lower interest rates to prepay the portion of Western Area Power Administration's (Western's) base charges for Hoover power to the extent necessary to prepay and thereby extinguish Nevada's share of the Federal Reimbursement Obligations, and agreed to pay the Commission for the costs of these securities through payment of their bills from the Commission.

It is currently estimated that the total cost to the Nevada Hoover power Contractors of the refinanced Federal Reimbursement Obligations with new lower interest rate securities issued by the Commission would be approximately \$60 million, which would save these Contractors approximately \$20 million.

At the request of the Commission, the 2013 Session of the Nevada Legislature passed, and the Governor approved, Senate Bill (S.B.) 438 which authorized the Commission to borrow up to \$35,000,000 and to issue general and special obligation securities for the purpose of funding prepayment of the State's share of the Federal Reimbursement Obligations.

The United States Bureau of Reclamation (Reclamation) and Western have issued "payoff letters" which acknowledge prepayment of the debt associated with the Federal Reimbursement Obligations, and that this debt will be extinguished if all federal Hoover Contractors in Arizona, California and Nevada pay 100% of those obligations on a single date. The Commission has been working with all federal Hoover Contractors, Reclamation and Western to ensure that all the federal Hoover contractors will deposit funds on a single date to extinguish those obligations.

The Commission's Hoover power Contractors have agreed to enter into contracts under which each will pay its proportionate share of the cost of the principal and interest and related costs of the securities associated with the prepayment of the Federal Reimbursement Obligations, for the full term of the securities.

These contracts also provide that the Commission will offer contracts to be effective by October 1, 2017, under which the participating Contractors will receive allocations for Schedule A and Schedule B Hoover power in a quantity equal to or not less than 95% of the Contractor's current allocation, at cost-based rates, for a term of 50 years. The Contractor's bond repayment obligation continues regardless of whether the Contractor accepts the new Hoover Power Contract effective on October 1, 2017.

Staff recommended the Commission approve Hoover power contracts previously executed by American Pacific Corporation, Nevada Power Company d/b/a NV Energy (Nevada Power Company), and the Southern Nevada Water Authority which agree to the repayment of a proportionate share of securities to be issued by the Commission to prepay Hoover power base charges, and authorize the Executive Director to execute for the Commission those approved contracts.

Ms. Harkins noted that the Nevada Power Company contract differed from the other Contractors' signed contracts. When Nevada Power Company was purchased, by MidAmerican Energy Holdings Company (MidAmerican), the new company lawyers reviewed the contract and requested certain changes. The changes requested mainly focused on the language of the contract to ensure that it covered only power purchased from the Hoover Dam. The requested changes also referenced the way in which the Commission will bill Nevada Power Company to accommodate their internal billing processes and requirements. Nevada Power Company also, initially, requested a guarantee that new bonds purchased would decrease the amount of debt owed by Nevada Power Company under the existing contract. Because of varying market conditions that cannot be foreseen, the Commission did not agree to this request; however, it was agreed that the Commission would use all best efforts to not increase costs wherever possible.

Nevada Power Company also requested a cash payment option be included in this contract. The Commission agreed to this and added this clause to the contract. Nevada Power Company also requested a waiver of trial by jury, a standard request in contracts, which was also agreed upon and added.

Chairman Ogilvie stated that he had reviewed the contract, including its requested changes, and had no questions for Staff.

Commissioner Sisolak asked if, going forward, the contract used for Nevada Power Company would be used as the model for other Contractors purchasing Hoover power.

Ms. Harkins stated that there was no plan to do so. No other Contractor had requested these changes be made, in particular that of the cash option.

Vice Chairman Miller asked if the other Contractors were given the option of adding the cash payments to their contracts.

Ms. Harkins responded that in October of 2013, when these contracts were being discussed with the Hoover power customers, the Commission did present the option of adding cash payments to the new contracts. At that time, none of the customers, including Nevada Power Company, were interested in adding this option to the contract. It was only after MidAmerican purchased Nevada Power Company that this change was requested and added to the contract.

Ms. Harkins requested that the contracts be voted upon separately in the event that any Commissioner needed to abstain from a vote on any individual contract.

Vice Chairman Miller noted for the record that he will abstain from the vote on the American Pacific Corporation contract as he is a current board member for that organization.

Chairman Ogilvie asked if any other Commissioners needed to abstain from voting on any of the contracts up for consideration.

Commissioner Gibson stated for the record that the Gibson family has been involved with American Pacific Corporation over several years. Based on the contents and the purpose of this contract, under the rules of consanguinity, there is no preclusion to prevent him from voting; and saw nothing in the contract that would cause him to become impartial in any way and will therefore vote.

Commissioner Coffin moved for approval of the American Pacific Corporation contract previously executed by the Contractor. The motion was seconded by Commissioner Premsrirut and approved by a unanimous vote of the remaining Commissioners. Vice Chairman Miller abstained from voting on this item.

Chairman Ogilvie noted that no Commissioner had a potential conflict of interest in voting for either the Nevada Power Company or the Southern Nevada Water Authority contracts and called for a combined vote on the contracts under consideration.

Vice Chairman Miller moved for approval of the Hoover power customers, Nevada Power Company d/b/a NV Energy and the Southern Nevada Water Authority, contracts previously executed by the affected Contractors. The motion was seconded by Commissioner Coffin and approved by a unanimous vote.

Chairman Ogilvie tabled Agenda Item E until printed presentations were available for Commissioners.

F. *For Possible Action:* Consideration of and possible action to approve an amendment to the Statement of Work for the Contract for Services of Independent Contractor Exeter Associates, Inc. and the Colorado River Commission of Nevada (Commission).

Gail A. Bates, Energy Services Manager, gave a summary of the amendment to the Statement of Work under consideration.

In August, 2013, the Commission approved a contract with Exeter Associates, Inc. (Exeter) to assist the Commission with various Federal Energy Regulatory Commission (FERC) and Public Utilities Commission of Nevada (PUCN) regulatory matters. Staff continues to utilize Exeter's services in these matters. In addition, Staff anticipates that NV Energy is likely to make future filings with the FERC and the PUCN which may impact the Commission's efforts to: (1) address the rates, terms and conditions of transmission, distribution and related electric services from NV Energy and other

suppliers to the Commission's customers; and (2) to market Hoover power and other electric services.

An amendment to the Statement of Work is desired to clarify that Exeter may provide professional services to the Commission regarding all of these matters; and to assist Commission Staff with developing policy positions in regulatory proceedings and with performing analysis and developing documentation related to the Commission's allocation and provision of electric services and related matters.

Chairman Ogilvie asked for clarification that the only change is to amend the original, previously approved contract to expand the scope of work that Exeter could provide to the Commission. These new capabilities would be related to the current responsibilities already covered under contract.

Ms. Bates stated that was correct.

Commissioner Sisolak asked if Exeter was a local firm.

Ms. Bates responded that the Exeter offices are located in Washington, D.C.

Commissioner Sisolak asked if there was a disclosure statement of principle available for this company.

Ms. Bates stated that she did not have that information with her at present time, but that the information could be collected and disclosed to Commissioners at a later time.

Ann C. Pongracz, Special Counsel, Attorney General, stated that she was unfamiliar with the disclosure statement requested and asked Commissioner Sisolak if that was a requirement for Clark County contracts.

Commissioner Sisolak stated that the disclosure statement includes information on the owners, principle, employee rosters, and any relationships between company employees and government employees that may create a conflict of interest. Such disclosure statements are used by municipal, city and county agencies to determine if any special interest or conflicts could arise from execution of the contract under consideration.

Ms. Harkins stated that Commissioner Sisolak had previously requested disclosure statements for contracts and that Staff has been working on implementing this change for future contracts. This amendment, however, does not have a disclosure statement available.

Chairman Ogilvie asked if there were any current projects that Staff would like to involve Exeter in completing that would be impeded or jeopardized by delaying vote on this amendment until a disclosure statement could be completed.

Ms. Pongracz stated that the main concern in delay would be the effect on submission to the Board of Examiners for approval. Delaying a vote until the next Commission meeting could cause an approval from Board of Examiners to be delayed, which may affect upcoming deadlines for Commission projects. Ms. Pongracz noted that the item under consideration today is an amendment to a current contract and not a vote for a new contract.

Ms. Harkins stated that, with approval today, this amendment would be submitted for approval at the April Board of Examiners meeting. A delay of one month until the next Commission meeting would require a further delay that would result in submission for the May Board of Examiners meeting.

Commissioner Sisolak stated that he understands the concern over timelines when considering this request; and noted the request for a disclosure statement on contracts at previous meetings. Concern was expressed that without this type of information, in advance, a Commissioner could unknowingly vote to approve a contract that could have conflicts of interest.

Commissioner Coffin noted that while this may not pose a great risk for himself; with lawyers on the Commission, it may pose a risk that an unknown association through representation may take place.

Commissioner Gibson stated that he would also appreciate a disclosure statement for future contracts under consideration. The law firm currently runs conflict checks on all parties that have been engaged; however, it would be easier knowing in advance all persons involved to avoid missing an unknown association.

Ms. Harkins responded that Staff will continue to work on implementing this change to current procedures and apply it to future contracts for consideration.

Chairman Ogilvie asked how long it would take to produce a disclosure statement for this company.

Ms. Harkins stated that it would require one to two days, depending upon the response time from Exeter, to complete the request.

Chairman Ogilvie stated that, based on the amendment up for consideration, he would be comfortable voting on the action today; and noted that he understands the request for this additional information, supports the position of Commissioner Sisolak and Commissioner Gibson, and would appreciate the disclosure statements included in future contracts.

Commissioner Coffin stated that the conditionality of this vote would depend upon the cost associated with this amendment.

Ms. Pongracz responded that this amendment would not increase the cost of the current contract.

Commissioner Coffin asked, for clarification, if that meant that the overall maximum cost of the contract would remain the same or if the hourly billed rate would remain the same.

Ms. Pongracz responded that neither the cost ceiling nor the hourly billing rate would be affected by this amendment. The only substantive change would be the scope of work that Exeter would be available to undertake on the Commission's behalf.

Commissioner Coffin asked when the current contract will expire.

Ms. Harkins stated the current contract expires on October 31, 2015.

Commissioner Coffin noted that with the amount of time left on the contract, a delay of a few days for a special meeting should not be of great issue.

Ms. Harkins responded that it would not be a problem to wait a few days to vote on this amendment, after disclosure statements could be completed by Exeter and submitted for the Commissioners' review.

Commissioner Sisolak stated that he would be comfortable voting on this item today as the contract for services with Exeter has already been executed. The disclosure statement should have been completed before approving the contract initially; and noted at this time it would be impossible to rectify that. For future considerations, the disclosure statement should be completed to avoid situations seen at the Clark County level of pre-existing relationships that could cause conflicts.

Commissioner Gibson noted that he would also be comfortable voting on this amendment today; and as a procedural matter, that in the future the disclosure statement be included with any contract up for consideration.

Commissioner Coffin requested that by the next Commission meeting a disclosure statement would be included with all new contracts up for consideration.

Ms. Harkins confirmed that, in the future, a disclosure statement will accompany all contracts.

Vice Chairman Miller moved for approval of the amendment to the Statement of Work for the Contract for Services of Independent Contractor Exeter Associates, Inc. The motion was seconded by Commissioner Coffin and approved by a unanimous vote.

G. For Information Only: Status update on Motions to Intervene in various regulatory proceedings before the Public Utilities Commission of Nevada (PUCN) and Federal Energy Regulatory Commission (FERC) proceedings.

Ms. Bates gave a summary of the pending proceedings.

FERC Docket Nos. ER13-1605-000 and ER13-1607-000: Interrelated applications made by NV Energy, Inc., on behalf of its public utility subsidiaries, Nevada Power Company (Nevada Power) and Sierra Pacific Power Company (Sierra Pacific), (collectively NV Energy) requesting authorization for: (1) the combination of the transmission and ancillary service rates of Nevada Power Company and Sierra Pacific Power Company into single-system rates (ER13-1605-000); and (2) a revision of the terms and conditions in their Open Access Transmission Tariff (OATT) to reflect the consolidation of Nevada Power and Sierra Pacific, their respective transmission systems and single-system rates (ER13-1607-000). Discovery and settlement discussions are ongoing. A partial settlement offer was filed with the FERC on January 17, 2014 resolving Schedule 4, Energy Imbalance issues.

PUCN Docket No. 13-05056: Application of Nevada Power Company d/b/a NV Energy (Nevada Power) and Sierra Pacific Power Company d/b/a NV Energy (Sierra) for approval to consolidate Nevada Power and Sierra into a single jurisdictional utility, transfer and modify Certificates of Public Convenience and Necessity to reflect the consolidated utility's new legal name of NV Energy Operating Company, and consolidate generation assets. The Joint Applicants state that the need to consolidate the legal and regulatory structures of Sierra and Nevada Power is driven by the completion of the One Nevada Transmission Line or "ON Line," which went into service on January 1, 2014. The Commission is participating in technical workshops to understand how savings under an Interim Joint Dispatch Agreement between the two utilities will be calculated. This information will aid in the parties understanding of the benefits of an operational merger.

H. For Information Only: Status update on the Colorado River Commission of Nevada's efforts to implement the provisions in the Hoover Power Allocation Act of 2011 (H.R. 470) passed by Congress.

Craig N. Pyper, Hydropower Program Manager, gave a summary on current efforts.

Western Area Power Administration (Western) has finalized its criteria for application under the Hoover Power Allocation Act of 2011 (HPAA). With criteria published, the Commission has scheduled several informal public meetings in southern Nevada to help interested parties understand the requirements and the application process.

The meetings are scheduled on February 12, 2014 in Las Vegas, Nevada and Pahrump, Nevada. A third meeting is scheduled for February 13, 2014 in Overton, Nevada. To ensure that all interested parties were aware of these meetings, Staff has participated in public outreach activities and events over recent days and weeks.

Western has designated that first priority be given to Native American Tribes. In the southern Nevada marketing area there are five Tribes eligible for application under the HPAA. Staff has worked on outreach programs to ensure that all of the Tribes are aware of this opportunity to apply and to help interested parties through the application process.

Western has designated that second priority be given to not-for-profit agencies in the marketing area. This group is mainly State agencies, municipalities and non-profit organizations, including energy co-ops. Interest has been shown by certain water departments, cities and State agencies. Staff is considering holding an informal public meeting specifically for interested State agencies in order to help them understand the requirements under the HPAA. Government agencies at the State level are eligible for application. The only government entities ineligible are Federal level agencies.

Commissioner Coffin commented that, when lake levels are discussed at meetings, it is often in the context of available drinking water supplies for the area. The lake level also affects the power output from Hoover Dam, and asked if lake levels have been adversely affecting the power output generated recently.

Mr. Pyper stated that lake levels have already impacted power output. At full capacity, Lake Mead water can generate over 2,000 mega-watts of power at Hoover Dam. The current lake level has dropped capacity to 1,700 mega-watts of power generated. The current month of February will generate only 1,400 mega-watts of power for Hoover Customers. Mr. Pyper added that, currently, it is not known what the lowest lake level that could still produce power would be. The threshold for that scenario has not occurred previously.

Commissioner Coffin asked if declining water levels could be directly correlated to declining power levels.

Ms. Harkins stated that it is not tied together that closely. A graph presentation could be put together for a future Commission meeting to show the varying factors that contribute to the overall output from Hoover Dam.

Mr. Pyper noted that with every one to two foot change of elevation, officials at Hoover Dam will re-test capacities to ensure optimal performance from the turbines. Hoover Dam is also in the process of adding and replacing certain turbines with newer, more efficient models that work more easily with lower lake and head pressure levels.

Commissioner Coffin requested that a report on power generation at Hoover Dam be completed and presented at a future Commission meeting. When discussing allocations of Hoover power, the HPAA will be lowering available power supplies to current Contractors and decreasing lake levels could cause those allocations to become even lower because of decreased capacity.

Ms. Harkins responded that the current allocations are based on proportional shares amongst the Customers. Despite actual output, all Customers receive the same allocation of the overall available power supplies each month.

Commissioner Coffin noted that these fluctuations do affect everyone as they will change the rates for power supplies.

Mr. Pyper stated that when rates are affected by power supplies available, Staff sends notification to all Customers detailing current rates and availability schedules.

E. *For Possible Action: Consideration of and possible action to approve a Bond Resolution authorizing State of Nevada (Colorado River Commission of Nevada) Bonds to provide interim financing to be used to prepay certain Hoover Power Plant base charges.*

Ms. Harkins provided a summary of the Bond Resolution.

The current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Visitor Center is 8.06% and the current interest rate associated with the Federal Reimbursement Obligation associated with the Hoover Airslots is 9.84%. At these interest rates, the total cost of reimbursement for Hoover power Contractors in Nevada is approximately \$80 million through 2045.

Under current and anticipated future market conditions, the total cost of Hoover hydropower could be substantially reduced by the issuance of State of Nevada General Obligation Bonds. The current projection of savings estimates that the long-term bond sale could result saving the Nevada Hoover power Contractors approximately \$20 million dollars over the life of the bonds.

The Bond Resolution before the board today represents the next step in the refinancing the Visitor Center and Airslots debt. At this time, all of the contracts with the Commission's Hoover power Contractors have been completed and the coordination of the issuance of debt and payment of the full-funding by all Federal contractors needs to be completed. The adoption of this Bond Resolution and the authorization of the financing plan will allow the issuance of short-term refundable debt (in the form of 5 year bonds) in order to provide the payment to the Federal Government to extinguish the existing Visitor Center and Airslots obligation. This short-term financing will provide the mechanism to ensure that all participants provide their share of the Federal obligation and that obligation is fully extinguished before the Commission issues long-term debt. Once the full Federal obligation has been extinguished the Commission will then issue 30 year bonds, the proceeds of which will replace this interim financing.

The long-term bonds will require another bond resolution and related authorization from the Commission at a future meeting, and should be issued sometime in later in the spring or early summer depending upon the State Treasurer's bond schedule and market conditions.

Staff recommended that the Commission adopt the Bond Resolution and authorize all necessary steps to complete the financing and repay the federal obligation.

Chairman Ogilvie stated for the record that the changes made on this Bond Resolution before the meeting did not violate the Open Meeting Law. The changes made are not material changes and therefore do not require a new written notice be issued.

John Swendseid, Bond Counsel, Sherman and Howard LLC., stated that was correct. The changes made were not material and each change would be explained on the record.

Douglas N. Beatty, Chief of Finance and Administration, stated that this Bond Resolution is the next step in moving towards an interim financing strategy to cover the debt detailed under this agenda item. A Request for Proposal (RFP) was issued to receive bids from companies interested in issuing these bonds. The RFP process generated three qualified responses. The lowest price bid came from Wells Fargo Bank. Since that time, Staff has been working closely with bank agents to acquire the financing needed. This Bond Resolution differs from the usual Bond Resolutions put before the Commission. Because this is a short-term financing option, bank standards and requirements vary greatly from bank to bank. When dealing with long-term options, those Bonds are generally more standard across all banks. This Resolution will cover the debt owed by the deadline of April 1, 2014 to the Federal Government for the Hoover Dam Visitor Center and Airlots. When this debt has been extinguished, Staff will present a new long-term Bond Resolution to the Commission for approval.

Martin Johnson, President, JNA Consulting Group LLC., working as a financial consultant to the Commission addressed the Commissioners. Mr. Johnson stated that the RFP Mr. Beatty referenced was sent to twenty-five financial institutions for bids. Of those sent, many returned a determination that they would not be interested in issuing these bonds. Reasons for this varied from not wanting to conduct business in Nevada to no interest in working with short-term funding options.

Commissioner Coffin asked for a more detailed reason as to why certain financial institutions did not want to conduct business in Nevada.

Mr. Johnson responded that concerns were raised over the continuing real estate issues within the local market. Others also listed the short-term nature of this transaction as a reason for not wanting to participate in the bidding process. Wells Fargo, however, was interested in the proposal and quoted for a one-year term with a rate of London Interbank Offered Rate (LIBOR) plus thirty basis points. LIBOR is currently sixteen basis points, which would mean a rate of less than half a percent interest per month under the current rate. By accepting this offer, it would enable the Commission to make monthly payments and to pay off these short-term bonds as soon as the long-term bonds are in place.

Mr. Johnson also noted that bids were received from Bank of America and Umpqua Bank. These bids were not as advantageous for the Commission as the Wells Fargo bid.

Commissioner Sisolak asked what the bid rates were for Bank of America and Umpqua.

Mr. Johnson responded that Bank of America bid LIBOR plus sixty-three basis points. Umpqua Bank bid LIBOR plus one hundred and ninety basis points.

Chairman Ogilvie thanked Mr. Johnson for his assistance and invited Mr. Swendseid to present the changes made to the Bond Resolution.

Mr. Swendseid opened his remarks by stating that the Bond Resolution under consideration will be issued as a State of Nevada bond, under which the full faith and credit of the State of Nevada will be pledged.

An overview of changes required by Wells Fargo, as presented by Mr. Swendseid, are as follows:

- Page 17 of the Bond Resolution was changed to reflect that the bond issued would mature in one year's time. It also states that principal payments will be made on October 1 of the designated years.
- Page 20 was changed to reflect the terms of transfer and exchange requested by Wells Fargo. These changes are further described in Exhibit I, which was added to the Resolution.
- Page 40 Section 905 was changed to correct a typo previously contained therein.
- Page 47 Section 1205 was added to incorporate the provisions of Exhibit I into the Resolution. Section 1206 was also changed due to re-numbering of the provision when Section 1205 was added.
- Exhibit I is a new Exhibit added to the end of the Resolution. The Exhibit is comprised of further requests by Wells Fargo for changes to the Resolution. Many of the requests are already under existing law, and therefore did not present a problem for inclusion. Requests that did conflict with existing law were negotiated out of the Resolution. The changes added to the Resolution under Exhibit I include:
 - 1. A No Immunity Clause stating that neither the State of Nevada nor the Commission can raise a defense of sovereign immunity in legal proceedings regarding this Bond.
 - 2. On request of Wells Fargo, the State shall ensure that no person who owns a controlling interest in or controls the State or the Commission shall be listed on any Blocked Person List with the Office of Foreign Assets Control (OFAC). This provision was added for Wells Fargo to remain compliant with the Foreign Corrupt Practices Act.
 - 3. A provision was added that makes it clear that the State and the Commission shall provide financial information to Wells Fargo as reasonably requested.
 - 4. A provision was added that the State and the Commission waive the right to a trial by jury in any proceedings that may arise relating to this Resolution. This is a standard inclusion in similar agreements; however, it is not provided for to waive a trial by jury in advance under current state law and therefore must be approved by the Commissioners for inclusion.

- 5. The provision 306F states that the bank may transfer the bond to another entity. This provision states that in order to transfer the bond to any other entity, the bank must first review and deem the purchaser as a qualified buyer. A statement must be provided from the potential purchaser to the Commission attesting to the fact that they meet the requirements for purchase set forth under the Resolution.

Commissioner Coffin asked if the statement, “The bond will not be rated,” is a standard term used in similar bonds.

Mr. Swendseid replied that it is a typical statement for short-term bonds.

Commissioner Coffin asked if the waiver of trial by jury was included because any potential juror called upon in litigation would have a pre-existing, vested interest in the case as a citizen of the State of Nevada.

Mr. Swendseid responded that in this case it was included because a judge would have a better understanding and grasp on the terms and conditions of a financial transaction than a potential juror pool may have. A provision of this nature is common in financial agreements and typically neither side has an objection to it.

Commissioner Coffin asked if the provision added that requires a clearance from OFAC is to protect the bank and its clients from seizure of assets or a downgrading in credit rating.

Mr. Swendseid stated that this provision is in place to ensure that the bank does not knowingly or unknowingly do business with an entity that funds terrorist activities at home or abroad. The Blocked Persons List names businesses and entities that are known to or likely to support terrorist activities or participate in money laundering operations with any available money. By adding this provision, the bank can ensure that it does not lend money to a person or entity on this list.

Commissioner Premsrirut commented that the Information section in Exhibit I was presented as being in compliance with the Open Records law, but could be potentially interpreted as creating an affirmative obligation on the part of the Commission to create detailed records and reports satisfactory to the Purchaser.

Mr. Swendseid responded that his interpretation of the clause holds that the Commission will respond only to reasonable requests submitted to Mr. Beatty on Hoover power production and financial information for the State or the Commission. A reasonable request would be considered information already available as opposed to the generation of new information or reports.

Commissioner Coffin asked for clarification on the difference between the original issued bonds and this Bond Resolution in terms of interest rates, costs and conditions.

Mr. Beatty responded that the original bonds issued to cover this debt were Federal bonds not issued by the State or the Commission. The terms and conditions, as well as the interest rate, were set by the United States Treasury Department to meet the current market conditions at the time of their creation.

Ms. Harkins noted that the Bond Resolution included in the meeting materials has a misspelling of Commissioner Premssirrut's first name which will be corrected before issuance of the official Bond Resolution.

Commissioner Sisolak asked what created the large difference in bids that saw one as LIBOR plus thirty and another as LIBOR plus one hundred and ninety.

Mr. Johnson stated that in the case of Umpqua Bank, which entered the bid of LIBOR plus one hundred and ninety, their bids are generally much higher than other financial institutions in matters such as these. Mr. Johnson further stated that the bidding prices of Umpqua have actually decreased in price over the last two years.

Commissioner Gibson moved for approval to adopt the Bond Resolution and authorize Staff to complete the financing as outlined in the resolution. The motion was seconded by Commissioner Coffin and approved by a unanimous vote.

I. *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.

Warren Turkett, Natural Resource Analyst, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Storage Conditions
- Upper Colorado River Drainage Basin
- Lake Powell End of Month Elevations
- Lake Mead Elevation 2000 – 2014
- Lake Mead End of Month Elevation Projections
- U.S. Drought Monitor
- U.S. Seasonal Drought Outlook
- Precipitation – Colorado River Basin
- Colorado Basin above Lake Powell
- Monthly Precipitation for January 2014
- Record of Precipitation Las Vegas, NV
- Clark County Regional Flood Control District Rain Gages
- Water Use in Southern Nevada
- Water Use Comparison
- Intentionally Created Surplus

Jason L. Thiriot, Natural Resource Analyst, provided information on the following:

- Glen Canyon Dam Adaptive Management Program (GCDAMP) - Dashboard

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

J. Comments 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 may be taken.)

Chairman Ogilvie asked if there were any comments from the public.

Todd Farlow, 240 North 19th Street, Las Vegas, Nevada 89101, addressed the Commission. Mr. Farlow commented that he likes the information provided on the GCDAMP Dashboard but asked why the Commission does not hold a roll call at meetings. Mr. Farlow noted that water quality in the lower basin has been poor for the last year which caused sore throats for people who had been swimming in Lake Mead. The fracking activities in Colorado may be to blame for the water quality. As lake levels lower, the concentration of contaminants in the water rises. Mr. Farlow fears the future use of Lake Mead for recreational purposes. The comment by Commissioner Coffin regarding lake levels affecting the power output at Lake Mead sounded similar to the problems experienced at Kingsley Dam. When issues arose at Kingsley Dam, they replaced the turbines with low pressure turbines from France. These turbines could produce the same amount of power with lake levels at sixty feet. Mr. Farlow also stated that fracking fluid contains materials corrosive to metal which could affect the turbines at Hoover Dam.

Chairman Ogilvie thanked Mr. Farlow for his comments and asked if any other member of the public would like to address the Commission.

Ed Uehling, Las Vegas, addressed the Commission. Mr. Uehling stated that when he attends Commission meetings, he is often left with several questions. One question is, during the Hydrology Report, much focus is placed on how much water flows into Lake Mead, but no attention is paid to what is then sent as outflow and where it goes. Another question is, when power production is decreased because of lower lake levels, the difference in electrical output creates a loss of large amounts of money. Mr. Uehling asked if anyone has an account of this difference in money and if that amount could close a financing gap that would help the Commission meet its debts without borrowing money. Mr. Uehling also stated that he was under the impression that the State of Nevada was not allowed to borrow money and that the purpose of the loan was not made clear in his opinion.

K. Comments and questions from the Commission members.

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

L. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on Tuesday, March 11, 2014, at the Grant Sawyer State Office Building, Suite 4401.

M. Adjournment.

The meeting adjourned at 2:20 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman