

The Colorado River Commission of Nevada meeting was held at 1:34 p.m. on Tuesday, June 12, 2018 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

#### **COMMISSIONERS IN ATTENDANCE**

Chairwoman  
Vice Chairwoman  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Puoy Premsrirut  
Kara J. Kelley  
Marilyn Kirkpatrick  
John F. Marz  
Steve Sisolak  
Cody T. Winterton

#### **COMMISSIONER(S) NOT IN ATTENDANCE**

Commissioner

Dan H. Stewart

#### **DEPUTY ATTORNEY(S) GENERAL**

Special Counsel, Attorney General  
Special Counsel, Attorney General

Christine Guerici  
Jennifer Crandell

#### **COMMISSION STAFF IN ATTENDANCE**

Executive Director  
Deputy Executive Director  
Chief of Finance and Administration  
Assistant Director of Energy Services  
Assistant Director of Engineering and Operations  
Manager Hydropower Program  
Assistant Hydropower Manager  
Natural Resources Program Manager  
Natural Resource Analyst  
Natural Resource Analyst  
Natural Resource Specialist  
Senior Energy Accountant  
Senior Energy Accountant  
Senior Energy Accountant  
Assistant Director of Energy Information Systems  
Office Manager  
Administrative Assistant IV  
Administrative Assistant IV

Jayne Harkins, P.E.  
Eric Witkoski  
Douglas N. Beatty  
Gail A. Bates  
Robert D. Reese  
Craig N. Pyper  
Lisa Ray  
Angela K. Slaughter  
Peggy Roefer  
Warren Turkett, Ph. D.  
Rebecca Suafoa  
Gail L. Benton  
Richard M. Sanders  
Stephanie A. Salleroli  
Kaleb Hall  
Gina L. Goodman  
Kathryn Aguilar  
Kira Bakke

#### **OTHERS PRESENT; REPRESENTING**

City of Boulder City  
Overton Power District No. 5  
Overton Power District No. 5  
Self  
Southern Nevada Water Authority

Shannon Reiman  
Melisa Garcia  
Randall Ozaki  
Sara Price  
Jordan Bunker

**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF JUNE 12, 2018**

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**COLORADO RIVER COMMISSION  
OF NEVADA  
MEETING OF JUNE 12, 2018**

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The Colorado River Commission of Nevada meeting was called to order by Chairwoman Premsrirut at 1:34 p.m. followed by the pledge of allegiance.

**A. Conformance to Open Meeting Law.**

Executive Director Jayne Harkins, P.E. confirmed that the meeting was posted 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 will be taken.)**

Chairwoman Premsrirut asked if there were any comments from the public. There were none.

**C. For Possible Action: Approval of minutes of the May 8, 2018 meeting.**

Vice Chairwoman Kelley moved for approval of the minutes with minor grammatical changes provided by Vice Chairwoman Kelley. The motion was seconded by Commissioner Winterton and approved by those present.

**D. For Possible Action: Consideration of and possible action to approve the Notice and Invitation to Apply for the Allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024, including the criteria, as well as consideration and possible action to approve the Application for the Allocation of Power.**

Manager of Hydropower Program, Craig Pyper explained that the Commission's current contracts with Western Area Power Administration (WAPA) and with its customers for SLCAIP hydropower expire on September 30, 2024. WAPA began the process for the post-2024 allocations in 2015 and the Commission has been offered a contract through September 30, 2057 which contains the same allocation amounts it currently holds - **20,851 kW** of capacity and **37,944,500 kWh** of energy (Summer Season) and **27,414 kW** of capacity and **50,267,119 kWh** of energy (Winter Season).

Before the Commission commits to purchasing this resource through 2057, it must ensure that there are customers in Nevada who will purchase the resource from the Commission. To that end, the Commission will need to allocate the resource through the process recently revised in NAC 538.455. Staff has prepared a Notice and Invitation to Apply for the resource which contains the criteria which will be utilized by the Commission in determining the allocations awarded. An application form has also been prepared.

Staff held a workshop on May 15, 2018, regarding those documents and the criteria. Comments were solicited and due to Staff by May 25, 2018. Staff received comments from the City of Boulder City and Overton Power District No. 5 and

revised the draft criteria and application form in response to some of the comments received. The initial Notice of Workshop, including the draft Notice and Invitation to Apply, draft Application, minutes of the Workshop, comments received, and Staff's response were provided as back up material.

Vice Chairwoman Kelley asked about current contract restrictions with use of hydropower in certain energy markets.

Mr. Pyper advised that the current contract contains restrictions in its resale provisions.

Chairwoman Premsrut queried about the timeliness of the process.

Mr. Pyper confirmed that the timeline is appropriate. The Commission is actually behind WAPA's timetable.

Commissioner Kirkpatrick asked about changes to the criteria component in the regulations.

Ms. Harkins answered that changes were made based on public comments. The changes were not related to the regulation changes, the changes were in regard to the process for applications.

Commissioner Kirkpatrick requested further information regarding criteria number twelve in the Notice and Invitation to Apply for the Allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024, and how it would be interpreted.

Ms. Harkins explained that it is interpreted based on statutes and regulations. The private entities that are sold power are required to provide collateral. Specific exemptions in Nevada statute are given to political subdivisions and State agencies. Regulations further specify exemptions to entities in the power business. Between the statutes and regulations, exceptions are specific.

Commissioner Sisolak arrived at the Commission meeting at 2:37 p.m.

Commissioner Sisolak requested clarification on reselling power.

Mr. Pyper answered that the original contracts had resale provisions appropriate to the energy markets at that time, however the energy markets have changed. The old resale provisions were intended to restrict reselling federal hydropower for a profit. Under the new markets, all energy is placed into the electrical grid at fixed prices and then returned at fixed prices. The new federal resale provisions allow for transactions in certain markets as long as the benefits of federal hydropower remain with the customer.

Ms. Harkins stated the change occurred during Hoover negotiations. During the negotiations, Arizona, California, Nevada, and the Federal Government revised contractual language to ensure that entities within the California Independent



System Operator (Cal ISO) would still be able to use its Hoover power and work within those energy markets. The language in this contract is very similar to the Hoover contract. The benefit of the hydropower must stay in Nevada and to the entity its allocated to, not necessarily the hydropower.

Commissioner Kirkpatrick asked for clarification on the benefits and stabilization of rates for Nevada.

Ms. Harkins confirmed that the stabilization of rates for Nevada with this allocation was the goal.

Vice Chairwoman Kelley acknowledged her appreciation of the references to the deadline in the notice and the application because it was an issue previously.

Chairwoman Premsrirut commended the Staff on the depth of the responses to comments and the comments matrix.

A copy of the presentation was attached and made a part of the minutes. See Attachment A.

**Vice Chairwoman Kelley moved for approval of the Notice and Invitation to Apply for the Allocation of Salt Lake City Area Integrated Projects (SLCAIP) Hydropower Post 2024, including the criteria, and to approve the Application for the Allocation of Power. The motion was seconded by Commissioner Kirkpatrick and approved by a unanimous vote.**

<p><b>E. <i>For Possible Action:</i> Consideration of and possible action to approve Amendment No. 1 to the Agreement for Capacity Services between Western Area Power Administration (WAPA), the Silver State Energy Association (SSEA), and the Commission.</b></p>
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Assistant Director of Energy Services, Gail Bates explained that the Silver State Energy Association (SSEA) is an association of public agencies that is comprised of a subset of the Commission's hydropower customers. The members of the SSEA include the Southern Nevada Water Authority (SNWA), the City of Boulder City (Boulder City), Lincoln County Power District No. 1, Overton Power District No. 5, and the Commission. The SSEA manages the procurement and delivery of electric power resources to meet the needs of Boulder City and the SNWA, for its water pumping and wastewater loads. Boulder City and a substantial portion of the SNWA loads are located in WAPA's Balancing Area and WAPA provides certain ancillary services and scheduling services to the SSEA on behalf of Boulder City and SNWA.

On March 20, 2013, WAPA, the Commission, and the SSEA entered into Contract No. 12-DSR-12389 which provides for WAPA to be able to utilize, and compensate the SSEA for unused hydropower capacity available from Hoover Dam that is provided by the Commission to SNWA and Boulder City. When WAPA utilizes this capacity, the SSEA receives a credit against certain ancillary services provided by WAPA which is then passed through to SNWA and Boulder City. Additional

monetary payments are made by WAPA to the SSEA for unused capacity beyond what is available for ancillary service credits.

Amendment No. 1 extends the term of the existing Capacity Services Agreement through September 30, 2033 and updates the dollar amount in Section 3.6 of Exhibit A of the Agreement which is the amount that WAPA will pay the SSEA for use of its unused capacity.

Amendment No. 1 was approved by the SSEA Board on May 15, 2018. Staff recommended that the Commission approve Amendment No. 1 to the Capacity Services Agreement and authorize the Executive Director to execute Amendment No. 1.

**Commissioner Kirkpatrick moved for approval of Amendment No. 1 to the Agreement for Capacity Services between Western Area Power Administration (WAPA), the Silver State Energy Association (SSEA), and the Commission. The motion was seconded by Commissioner Winterton and approved by a unanimous vote.**

**F. *For Possible Action:* Consideration of and possible action to approve a two-year contract with a two-year extension option in the total amount of \$760,000 for an Engineering Services Agreement between Burns & McDonnell Engineering Company, Inc. and the Commission.**

Assistant Director of Engineering and Operations, Robert Reese explained that the Commission owns, operates and maintains seventeen high-voltage substations staffed by seven Commission employees in the Commission's Power Delivery Project. In addition, the Commission is responsible for the operation and maintenance of ten substations owned by the Southern Nevada Water Authority and three owned by the Clark County Water Reclamation District.

In 2001, the Commission hired its first in-house electrical engineer to provide engineering support for the system. As a result, Commission Staff performs many routine engineering support functions. However, the Commission occasionally requires further engineering support for its operation and maintenance functions; and an engineering firm to assist with the preparation of designs for ongoing and future projects.

Areas of expertise required periodically include: civil engineering for foundation, grading and structural design; communication engineering for assistance with the Commission's fiber optic and microwave radio communication system and system studies. On a less frequent basis, the Commission requires expertise in environmental engineering and structural engineering for minor projects and problems.

In order to have a ready source of engineering expertise, the Commission began the process of recruiting qualified engineering firms through a Request for Proposals (RFP) process. The previous contract with Burns and McDonnell Engineering Company, Inc. (Burns and McDonnell) expires this year, and to

preserve the continuity of existing projects, it is necessary to establish a new contract with Burns and McDonnell.

Mr. Reese also explained that Burns & McDonnell is a multi-discipline engineering company with expertise in all areas that may be required by the Commission's operation and maintenance function and for construction projects.

The agreement proposes to retain the services of Burns & McDonnell for an initial contract term of two years, anticipated to begin August 14, 2018, subject to Board of Examiners approval, with an option to renew for two additional years. Work under the agreement will be authorized by Commission Staff as needed through the development and execution of written task authorizations. The total combined value of task authorizations under this agreement shall not exceed \$760,000 over the term of the contract.

Chairwoman Premsrirut inquired about the reasoning behind the contract extension and if it was because the Commission is midstream in a current project with Burns and McDonnell.

Mr. Reese confirmed and included that there will be another request for proposal for another Engineering Services provider to have on contract.

Vice Chairwoman Kelley asked about the remaining funds in the contract.

Mr. Reese estimated that \$150,000 was remaining on the contract.

Vice Chairwoman Kelley further asked about the extension amount of \$610,000 for a total of \$760,000 for the contract.

Mr. Reese responded that the scope of work has expanded and the funding is for multiple projects.

Chairwoman Premsrirut asked about the three funding sources and if they are in agreement on the amount of the contract.

Mr. Reese confirmed the three funding sources are in agreement of the amount needed.

Commissioner Kirkpatrick queried if there had been an increase in the cost of an engineer's ability to deliver the scope of work.

Mr. Reese commented that he had not seen an increase.

Commissioner Kirkpatrick added that it would be interesting to see the local interest with the next request for proposal.

Commissioner Sisolak inquired about local presence.



Mr. Reese clarified the advertising procedures and that there were not any local bids.

Commissioner Sisolak asked about travel expenses and costs annually.

Mr. Reese explained that travel expenses for the contractor are dictated by the same state regulations as applicable to state employees and are based on Federal reimbursement rates. The historical average percentage of the previous contract paid for travel costs is 4.7%, and as Staff is able to use internet conferencing and other means to minimize the travel costs we expect travel costs under this new contract to continue at that level.

Commissioner Marz asked about why there were not any local firm bids.

Mr. Reese further explained that the expertise is somewhat specialized and may account for the lack of local contractor applications.

Chairwoman Premsrirut confirmed the lack of contractor applications and the efforts the Commission has taken to ensure that local contractors are aware of the option to apply.

Vice Chairwoman Kelley asked about the criteria for a company to be considered local.

Mr. Reese answered the company must have paid Nevada State taxes for five years.

**Commissioner Kirkpatrick moved for approval of a two-year contract with a two-year extension option in the total amount of \$760,000 for an Engineering Services Agreement between Burns & McDonnell Engineering Company, Inc. and the Commission. The motion was seconded by Vice Chairwoman Kelley and approved by a unanimous vote.**

**G. *For Possible Action:* Consideration of and possible action to approve a four-year contract in the total amount of \$1,200,000 for Contract No. SA-18-01 for Materials Purchasing Services between Anixter Inc. and the Commission.**

**H. *For Possible Action:* Consideration of and possible action to approve a four-year contract in the total amount of \$1,200,000 for Contract No. SA-18-02 for Materials Purchasing Services between PEAK Substation Services and the Commission.**

Items G and H were combined by Chairwoman Premsrirut.

Assistant Director of Engineering and Operations, Robert Reese explained under Nevada State purchasing guidelines, designated Power Delivery Group (PDG) Staff have the ability to purchase items costing less than \$5,000 from those vendors with whom the Commission has established accounts. This purchasing mechanism allows the PDG to purchase small tools and items such as low voltage

wire, conduit, and replacement luminaries. However, many individual items and replacement parts within the Commission's transmission system cost in excess of \$5,000. Relays and metering equipment typically cost between \$5,000 and \$30,000, communication modules cost between \$3,000 and \$10,000, transformer bushings cost up to \$100,000 each, tap changer controls cost approximately \$12,000, and replacement switches can cost between \$7,000 and \$15,000. Replacement transformers cost up to \$1,200,000.

To provide the Commission's Power Delivery Group (PDG) with the ability to obtain replacement equipment and material which costs more than \$5,000, and to replace the previous materials purchasing contracts that are expired, a Request for Proposals (RFP) for Materials Purchasing Services was issued on March 30, 2018. The RFP was posted on the websites for the Commission and the Nevada State Purchasing Division, advertised in the Las Vegas Review-Journal and sent to various wholesale distributors.

On the proposal opening date May 21, 2018, two proposals were received—one from Anixter, Inc. and another from Peak Substation Services. Contract No. SA-18-01 for Commission consideration is with Anixter, Inc. Contract No. SA-18-02 for Commission consideration is with PEAK Substation Services.

This contract is an enabling type contract that allows the Commission's PDG to receive a quotation each time a purchase is to be made. If the Commission has contracts with multiple vendors, quotations will be solicited from each vendor and compared. The vendor offering the most favorable terms will be issued a purchase order to furnish the required items.

Under the proposed Contracts, a not-to-exceed amount of \$1,200,000 has been established for a contract term of four years. The Contracts are non-exclusive. The Commission is not obligated to purchase materials under either contract.

The Commission's only financial obligations to Anixter, Inc. and PEAK Substation Services (other than for the materials provided) will be to reimburse each of them for the cost of the required performance bond. If materials are purchased by the Commission, either company would be reimbursed for the cost of the material plus a service fee. The contract contains the Commission's standard requirements relating to performance bonds, insurance, liability, and payments.

The materials purchasing contracts being considered under this agenda item are intended to serve as a means to purchase needed materials costing in excess of \$5,000. Materials for capital projects and large-scale replacement purchases will continue to be brought before the Commission for consideration.

Staff recommended the Commission approve the contracts with Anixter, Inc. and PEAK Substation Services and authorize the Executive Director to sign them on behalf of the Commission.

Chairwoman Premsrirut asked about the cost of the contracts, is the amount of \$1,200,000 for both contracts or should it be considered \$2,400,000 expenditure.

Mr. Reese confirmed that it should be \$2,400,000. Task authorizations and purchase order processes are used to establish these contracts as enabling contracts. Mr. Reese further explained the process of task authorizations and customer approval.

Chairwoman Premsrirut inquired about the benefits to the Commission by having two contracts in regard to availability, scheduling, and choice.

Mr. Reese confirmed the benefits to the Commission would be availability and cost comparisons.

Commissioner Kirkpatrick asked if purchase orders are allowed to stay open to allow the project to move forward during the budget process.

Mr. Reese confirmed the purchase orders could stay open.

**Vice Chairwoman Kelley moved for approval of two four-year contracts each in the amount of \$1,200,000 for Contract No. SA-18-01 for Materials Purchasing Services between Anixter Inc. and the Commission, as well as approval for Contract No. SA-18-02 for Materials Purchasing Services between PEAK Substation Services and the Commission. The motion was seconded by Commissioner Kirkpatrick and approved by a unanimous vote.**

<p><b>I. <i>For Information Only:</i> Introduction of the Commission's fiscal year 2020 and 2021 budget recommendation.</b></p>
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Chief of Finance and Administration, Douglas N. Beatty introduced the FY 2020 and FY 2021 draft budget to the Commission. A first draft was provided to all of the Commission's customers at the end of April. Staff met with the power customers on May 2, 2018 to review the proposed budget and other information.

Staff received questions and requests for changes to the proposed budget at the power customer meeting and from the independent review by the Staff of the SNWA. These questions and requests resulted in significant changes to the proposed budget and a revised budget document was emailed to all customers on May 18, 2018.

Highlights of the proposed budget were presented. The budget will be on the agenda at the July meeting for adoption. Any further changes resulting from additional customer and Commission review after this introduction will be presented at the July meeting.

Commissioner Kirkpatrick commended Mr. Beatty on his presentation, and asked about the budgeted salary increases and position vacancies.

Mr. Beatty responded that the increases are related to three items, the positions that are unfilled which must be budgeted at a reasonable salary level, an included estimate of the three percent COLA increases, and positions that are still eligible

for merit increases (estimated at five percent each year). Positions that have been vacant for over a year will require justification to the Budget Office for keeping that position in the budget.

Commissioner Kirkpatrick asked about the specific positions that are currently vacant.

Mr. Beatty replied the vacant positions are Natural Resource Specialist, Power Facilities Communication Technician, two Hydropower Program Specialists, and Energy Accountant.

Commissioner Kirkpatrick asked about the increase in costs associated with our Attorney General Special Counsel positions.

Mr. Beatty answered with an explanation of the Attorney General's office budget processes and how the Special Counsel amounts are allocated to all state agencies.

Vice Chairwoman Kelley asked about the budgeted contract increases.

Mr. Beatty clarified that the presented budget amounts are provided for specifically in the Agency's statute but, while included in the budget, will require Board approval for specific related contracts before the dollars are billed to Commission customers and paid to the approved contractor.

Chairwoman Premsrirut asked about the Executive Summary and the \$400,000 Power Administrative Charge increase, which appears to be due to revenues decreasing and costs increasing.

Mr. Beatty confirmed that the increase is related to both, but that the decrease in revenue is primarily responsible for the projected Administrative Charge increase as it is the most significant change.

Chairwoman Premsrirut noted the current Administrative Charge rate has not been changed for ten years.

Mr. Beatty confirmed the rate has been in place for just over for ten years.

Chairwoman Kelley asked about Agency vehicles and replacement schedules for vehicles.

Mr. Beatty responded there are were six utility vehicles related to the Power Delivery Fund and state criteria provide for replacement after eight years or one hundred thousand miles.

Commissioner Winterton asked about the drop in revenue in the Power Delivery Fund shown in the five-year comparison.



Mr. Beatty explained that Silver State Energy Association (SSEA) sales no longer flow through the Commission's account, but was included in past years.

Ms. Harkins further explained that there are also market power sales for customers requiring resources over the hydropower available to them included in that fund and that the past year has seen a significant drop in those purchases.

Commissioner Winterton asked about power deliveries overall.

Ms. Harkins explained that the drop in revenue for both the Power Delivery Fund and the Power Administrative Charge is because less power is being sold overall. The Hydropower resources are down due to lake levels and market purchases are down due to customer load decreases.

Mr. Beatty further explained market power and procurement processes indicating that all Hydropower resources available to the Commission will be sold to customers, but only some customers require market purchases from the Commission. Many customers obtain market power resources through other means therefore, if Commission provided market power decreases then the revenues in the Power Delivery Fund and the Administrative Charge revenues in the Commission's general administrative fund also decrease.

Chairwoman Premsrirut called Agenda Item L and Agenda Item M forward and asked to move Agenda Items J and K to the July meeting.

**J. For Possible Action:** Consideration of and possible action to approve proceeding on a Bill Draft Request (BDR) for the 2019 Legislative Session that would address any potential statute changes necessary as a result of the Energy Choice Initiative.

This item was continued by Chairwoman Premsrirut.

**K. For Possible Action:** Consideration of and possible action to approve to change Commission's posting procedures for Commission meeting materials.

This item was continued by Chairwoman Premsrirut.

**L. For Possible Action:** Discussion of Eide Bailly, LLP audit of Commission's FY 2017 Financial Statements including timeline and Required Communications Letter; discussion and possible decision to seek contract for independent review of all or part of the audit.

**M. For Possible Action:** Consideration of and possible action to establish a Financial and Audit Subcommittee for the Commission, including nomination of members and scope.

Items L and M were combined by Chairwoman Premsrirut.

Ms. Harkins explained at the May 8, 2018 Commission meeting, there was some discussion about having a third-party review the audit findings and make a presentation to the Commission on its opinion of the audit. It was suggested at the meeting that Staff may be able to find a volunteer to perform the work without charge. Staff did reach out to various individuals including Certified Public Accountants to see if they could obtain such a service for free, but was unable to obtain such services.

Thus, if the Commission still desires a third-party review, Staff requests guidance on a scope of work so Staff can solicit proposals. Additionally, Commission guidance on a maximum amount it desires to budget for such a review would be helpful.

If it is a desire of the Commission to have Staff do a solicitation and seek a contract with a firm, Staff will seek to bring back a contract for the Commission to consider at the Commission's meeting in July.

Alternatively, related Agenda Item M allows the Commission to form a Financial and Audit subcommittee made up of three Commissioners to gather more information about the audit and report back to the full Commission. The purpose of the Financial and Audit subcommittee would be to gather additional information and understanding of the audit and the options the Commission may want to consider or whether additional action is necessary.

If the Commission desired additional information at this meeting, Staff had prepared a presentation for the Commissioners that describe the four audit entries and information related to the Required Communications Letter and timeline. Based on the presentation, the Commissioners may be able to determine whether they want additional information or whether the explanation of the audit answers their questions. Or they may want to defer the presentation to the Financial and Audit subcommittee and allow that committee to report back to the Commission at a later meeting.

Ms. Harkins explained that this agenda item M is the result of Staff research into methods to advise the Commission on detailed items such as the recent financial audit. Many organizations have standing financial and/or audit subcommittees to assist the larger governing body with financial activities of the organization and it may be useful for the Commission to establish a committee to assist with its oversight responsibilities.

A subcommittee would be made up of a portion of the Commission and have a minimum number of three members. Staff recommended a three-person subcommittee, as a number that would be sufficient but not overly burden the full Commission. The meetings of the subcommittee would be scheduled as needed.

Regardless of the size of the subcommittee, its meetings will be subject to the open meeting law and must be posted and accessible by the public. A quorum of the appointed members must be present, either in person or by phone, at any meeting

of the subcommittee for a meeting to occur and for any action to be taken. The actions of the subcommittee are advisory and are not binding on the full Commission.

Discussion regarding the usefulness of such a subcommittee, the makeup of the membership of the subcommittee, the scope of the assignment of the subcommittee, and the nature of the reporting will need to be discussed and determined at the meeting. The agenda includes the ability to nominate and appoint, and direct the activities of the subcommittee.

Chairwoman Premsrirut gave an overview of the current audit and material weakness, and the Commission's concern regarding the extent of the weakness.

Chairwoman Premsrirut reviewed the three options presented:

A: Engage in a neutral third party to look at differences in FY2017 audit and provide the Commission input on how material the weakness is;

B: Appointment of a subcommittee, using members of the Commission; or

C: Both

Ms. Harkins clarified that the audit was complete.

Chairwoman Premsrirut recommended to identify a third party to give the Commission an educated understanding of the FY 2017 audit.

Commissioner Kirkpatrick agreed with Chairwoman Premsrirut but expressed concern over public controversy and recommended the use of the subcommittee as well to improve cooperation and dialogue.

Commissioner Sisolak commented that there is usually more dialogue between two audit companies when a new audit firm comes in. It is common that new auditors view the financials differently from the previous auditor.

Chairwoman Premsrirut asked further questions about the formation of the subcommittee and recommended a third-party review.

Ms. Harkins responded that the subcommittee could assist in the scope of work of an independent review. The subcommittee would be where the audit firm would present first and the subcommittee could make recommendations.

Chairwoman Premsrirut further clarified that the subcommittee could make a recommendation to engage a third party.

Commissioner Marz stated that the subcommittee is a useful tool to move forward however he felt the Commission still needed a third party to give recommendations based on the two conflicting points of view.

Commissioner Sisolak requested legal information about subcommittee formation authority.

Special Counsel Christine Guerici responded that it is implied in law that the Commission could create a subcommittee. The subcommittee would have the same requirements as the Commission and would be comprised of Commission members and subject to the Open Meeting Law.

Chairwoman Premsrirut asked about the inclusion of three committee members.

Ms. Guerici explained that three subcommittee members was suggested and not mandatory but should not include a quorum of members of the Commission.

**Commissioner Sisolak moved for approval to seek a contract for an independent review of all or part of the Commission's FY2017 Financial Statements completed by Eide Bailly, LLP, including timeline and Required Communications Letter; and to establish a Financial and Audit Subcommittee for the Commission with Vice Chairwoman Kelley, Commissioner Kirkpatrick and Commissioner Stewart as members of the subcommittee. The motion was seconded by Commissioner Winterton and approved by a unanimous vote.**

**N. *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.**

Natural Resources Analyst Dr. Warren Turkett delivered a 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.

- Water Use in Southern Nevada
- Precipitation and Temperature
- Upper Basin Snowpack Accumulation
- Unregulated Inflow, Current and Projected Reservoir Status
- Summary

Commissioner Winterton commended Dr. Turkett on his presentation.

A copy of the report was attached and made a part of the minutes. See Attachment B.

**O. *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.)***

Chairwoman Premsrirut asked if there were any comments or questions from the public.

There were none.



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

Chairwoman Premsrirut asked if there were any other comments or questions from the commission members.

There were none.

**Q. Selection of next possible meeting date.**

The next meeting is tentatively scheduled for 1:30 p.m. on Tuesday, July 10, 2018, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4412, Las Vegas, Nevada.

**R. Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 3:09 pm.

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Jayne Harkins, P.E., Executive Director

APPROVED:

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Puoy Premsrirut, Chairwoman