

The meeting was held at 1:05 p.m. on Tuesday, April 10, 2012 at the Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4401, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Chairman
Vice Chairwoman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

George F. Ogilvie III
Marybel Batjer
Bob Coffin
Tom Collins
J. Brin Gibson
Duncan R. McCoy
Berlyn D. Miller

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Jennifer T. Crandell
Ann C. Pongracz

COMMISSION STAFF IN ATTENDANCE

Executive Director
Deputy Executive Director
Chief of Finance and Administration
Manager, Hydropower Program
Manager, Natural Resources Group
Hydropower Program Specialist
Natural Resource Analyst
Natural Resource Analyst
Senior Energy Accountant
Senior Energy Accountant
Office Manager
Administrative Assistant II
Administrative Assistant II

Jayne Harkins, P.E.
James D. Salo
Douglas N. Beatty
Craig N. Pyper
McClain L. Peterson
Michael S. Harris
Jason Thiriot
Kimberly E. Maloy
Gail L. Benton
Richard M. Sanders
Judy K. Atwood
Gina L. Goodman
Becky Miller

OTHERS PRESENT; REPRESENTING

Consultant
JNA Consulting Group
Overton Power District No. 5
Overton Power District No. 5
Self

Sara A. Price, Esq.
Martin Johnson
Mendes Cooper
Delmar Leatham
Todd Farlow

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF APRIL 10, 2012**

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The Colorado River Commission meeting was called to order by Chairman Ogilvie at 1:05 p.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

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

B. 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.

C. For Possible Action: Approval of minutes of the February 14, 2012 meeting.

Commissioner Collins moved for approval of the minutes. The motion was seconded by Commissioner Miller and approved by a unanimous vote. Vice Chairwoman Batjer was not present for the vote.

D. For Possible Action: Consideration of and possible action to appoint a Board Member and an Alternate Board Member to the Silver State Energy Association Board of Directors.

Ms. Harkins explained that James D. Salo, Deputy Executive Director, has served the Commission as Board Member and Chairman of Silver State Energy Association (SSEA) since 2007. She expressed appreciation for Mr. Salo's service and leadership to the SSEA Board of Directors.

Ms. Harkins explained that since the Hoover Power Allocation Act of 2011 (H.R. 470) was passed, several members of Staff have been focused on the processes and procedures required to undertake and meet the requirements of H.R. 470 on behalf of the State of Nevada. At this time, Mr. Salo will focus on the Hoover Allocation process and procedures.

It is possible that the SSEA may apply for Hoover power resources in the Commission's allocation process. Therefore, Staff recommends that Mr. Salo not continue to serve on the SSEA board at this time. This change is proposed to ensure that there is no appearance of a conflict of interest in the Hoover Power Allocation processes in the event that SSEA does become an applicant in that process.

Ms. Harkins clarified that the Staff recommends the appointments of Mr. Douglas Beatty, the Commission's Chief, Finance and Administration, to serve the Commission as SSEA Board Member and Mr. Robert Reese, the Commission's Assistant Director, Engineering and Operations, to serve as the Commission's Alternate Board Member on the Board of

Directors of the SSEA. Neither Mr. Beatty nor Mr. Reese is involved in the Hoover Allocation process.

Chairman Ogilvie expressed his appreciation and thanks to Mr. Salo for his service. He stated that it was unfortunate that Mr. Salo's responsibilities relative to the allocation of Hoover power required him to resign as Chairman and Board Member of SSEA.

Commissioner Coffin nominated Mr. Beatty to serve as the Commission's SSEA Board Member and Mr. Reese to serve as the Commission's Alternate Board Member of the Board of Directors of the SSEA. The motioned was seconded by Commissioner Miller and approved by a unanimous vote. Vice Chairwoman Batjer was not present for the vote.

E. For Information Only: Update on the sale and issuance of the State of Nevada Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2012E.

Mr. Martin Johnson representing JNA Consulting Group and financial adviser on this transaction provided a summary of the final savings and locked-in interest rate for the sale and issuance of the State of Nevada Colorado River Commission General Obligation (limited Tax) (Revenue Supported) Hoover Uprating Refunding Bonds, Series 2012E. The bonds were sold on Wednesday, March 7, 2012, and resulted in savings of approximately \$1,681,427.00.

Mr. Johnson explained that by completing the deal in March and joining with the State Treasurer's Office the Commission was able to take advantage of attractive rates and receive excellent savings. The transaction used is unique. It is called a "Forward Transaction" and there is a small premium cost of about one-fourth percent. This allowed the Commission to close the transaction in July 2012 with a locked-in interest rate of 1.311% replacing the previous rate of 5.375%.

Commissioner Coffin commented that he had read that the trends for these bonds are moving upwards, and that he felt that JNA Consulting has done a good thing by locking-in the rate and that the premium cost was worthwhile.

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

F. 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.

Ms. Harkins updated the Commission that oral argument has been scheduled for June 11, 2012 at the U.S. Ninth Circuit Court of Appeals of Nevada for the lawsuit of Grand Canyon Trust vs. Bureau of Reclamation on Glen Canyon Dam operations. The State of Nevada and the Commission are interveners in this case on behalf of the Federal Government.

She also updated the Commission on discussions with Mexico. Staff has been participating in discussions with the International Boundary and Water Commission, the Bureau of Reclamation, Mexico, and the Basin States to consider interim international joint cooperative measures to address water management in the Colorado River Basin.

Major components include Colorado River water order increases for Mexico under high reservoir conditions as well as water order reductions for Mexico at low reservoir conditions. Other components include the creation, accumulation, and delivery of what is termed Intentionally Created Mexican Allocation (ICMA) which is similar to the Lower Colorado Basin Intentionally Created Surplus that was established under the 2007 Interim Guidelines. Discussions are also addressing impacts to salinity as water is delivered to Mexico, water for the environment within Mexico, and pilot projects that would exchange the ICMA for Intentionally Created Surplus.

There are also other international projects, including an environmental restoration pilot project, water conservation projects that include a storage reservoir in Mexico, modernization and technical improvements within the irrigation district in the Mexicali Valley, and new water sources projects that include various desalination plants in Mexico.

Ms. Harkins also noted that if the state and the federal parties of both countries come to an agreement on the above items there will be a number of agreements that the Commission will be signatory to and the Commission will need to approve. Some of those agreements will be among the Basin States within the United States, the Lower Basin States, and some with the States and the United States Federal Government.

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

Kimberly Maloy, the Commission's Natural Resources Analyst, provided a report on the following:

- Unregulated Inflow into Lake Powell
- Storage Conditions
- Storage Conditions Comparison
- Precipitation – Colorado River Basin
- Lake Mead Daily Water Levels
- Lake Powell Daily Water Levels
- Drought & Climate
- Water Use in Southern Nevada

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

Chairman Ogilvie asked why early snow melt is a problem.

Ms. Maloy responded that early snow melt creates a few problems with water usage. Increased evaporation results from the longer period of time that the water remains in the reservoirs. Reduced moisture in the soil reduces the runoff from year-to-year. Plants

usage of the water also plays a role. The bigger problems with an early melt are noticed when there is not a reservoir to store the water and there is a dependence on the water to be released at a certain time. It may or may not cause a decrease in the runoff but there will be less accumulation for the rest of the winter period.

McClain Peterson, Manager, Natural Resources Group, added that early snow melt is more of a problem when you do not have the reservoir space to contain early runoff. Southern Nevada does not have reservoir storage problems because of the current elevation of Lake Mead. However, early runoff was a problem in prior years where the Lake was essentially full or became full because of the earlier runoff. This required spilling of more water that caused a decreased amount of available supply throughout the year. This situation would not happen if the runoff comes later when the reservoir had the capacity. Currently, Southern Nevada is not experiencing a large negative impact from the early runoff.

Chairman Ogilvie summarized the answer. Evaporation and moisture content of the soil are some of the problems with early melt of snow.

Commissioner Coffin commented that he understands why you want to have saturation of the soil first before runoff and it would be the most desirable thing for both the Upper and Lower Basin. He asked if there is expected water from the aquifer and if we ultimately end up with the water after the ground is saturated.

Mr. Peterson responded that you will have more percolation in the ground and more phreatic uses of the water and therefore less water will make it to the reservoir if you lose the water or the water runoff comes over a longer period of time. However, it would be very difficult to measure the loss of water due to soil saturation for phreatic uses.

Commissioner Coffin committed that what he was understanding from last year and the year before was, because the soil was so dry in the Upper Basin that it needed moisture and any moisture that was going to fall was going to be absorbed. The runoff was so fast that it did not have a chance to go into the soil to have a regular moisture cycle so we get the runoff. Otherwise, it just stays there.

Mr. Peterson agreed and added that it would be a very difficult thing to say that x-amount of acre-feet went into the soil. When starting over after years of drought, the first couple of years the water is used by the soil and its phreatic uses, however, once occurred it begins a regular cycle of runoff and use in the ground. It is a difficult thing to actually quantify but it does occur. It is a loss in water supply to the reservoir but is good and necessary for plants and wildlife relying on this system for replenishment.

When the water runoff is quick, as it was this year, the ground and plants do not have enough time to replenish. It is much better to have it over the season. Soil is measured throughout the year and there are ways to see how healthy it is and what is going on but it is difficult to quantify the loss of that water for our uses.

Chairman Ogilvie commented if we look at the basin as an eco-system then an earlier runoff is not good because it does not allow for as much saturation in the ground. Yet, if

we look at it from the perspective of the storage reservoir it is good thing because the water does not get absorbed by the ground and ultimately the runoff goes into the reservoir. Is that correct?

Mr. Peterson responded yes that is correct as long as the reservoir has capacity. There will be some reservoirs upstream of Lake Powell that will be filled early and will have to spill, so there is a deficient because they cannot recover that water.

Chairman Ogilvie commented that he understands and thanked Kim and McClain.

G. 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.

H. Comments and questions from the Commission members.

Commissioner Collins reminded the Commission, Staff and attendees about the Clark County Fair being held on April 12 -15, 2012 in Logandale.

I. Selection of the next possible meeting date.

The next meeting was tentatively scheduled for 1:00 p.m. on Tuesday, May 8, 2012 at the Grant Sawyer State Office Building in Suite 4401.

J. Adjournment.

The meeting adjourned at 1:35 p.m.

Jayne Harkins, P.E., Executive Director

APPROVED:

George F. Ogilvie III, Chairman