

**A G E N D A**  
**LAS VEGAS VALLEY WATER DISTRICT**  
**BOARD OF DIRECTORS**

**REGULAR MEETING**  
**9:00 A.M. – JANUARY 2, 2018**

**COMMISSION CHAMBERS**  
**CLARK COUNTY GOVERNMENT CENTER**  
**500 S. GRAND CENTRAL PARKWAY, LAS VEGAS, NEVADA**  
**(702) 258-3100**

**Board of Directors**  
Marilyn Kirkpatrick, President  
Steve Sisolak, Vice President  
Susan Brager  
Larry Brown  
Jim Gibson  
Chris Giunchigliani  
Lawrence Weekly

*John J. Entsminger,*  
*General Manager*

Date Posted: December 21, 2017

The Las Vegas Valley Water District makes reasonable efforts to assist and accommodate persons with physical disabilities who desire to attend the meeting. For assistance, call the Agenda Coordinator (702) 258-3939 at least 24 hours prior to the meeting.

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**THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED IN THE FOLLOWING LOCATIONS:**

**LAS VEGAS VALLEY WATER DISTRICT**  
**1001 SOUTH VALLEY VIEW BOULEVARD**  
**LAS VEGAS, NEVADA**

**GRANT SAWYER STATE OFFICE BUILDING**  
**555 EAST WASHINGTON AVENUE**  
**LAS VEGAS, NEVADA**

**CLARK COUNTY GOVERNMENT CENTER**  
**500 SOUTH GRAND CENTRAL PARKWAY**  
**LAS VEGAS, NEVADA**

**REGIONAL JUSTICE CENTER**  
**200 LEWIS AVENUE**  
**LAS VEGAS, NEVADA**

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All items listed on this agenda are for action by the Board of Directors, unless otherwise indicated. Items may be taken out of order. The Board of Directors may combine two or more agenda items for consideration, and/or may remove an item from the agenda or delay discussions relating to an item on the agenda at any time.

Visit our website at [http://www.lvvwdd.com/about/board\\_meetings.html](http://www.lvvwdd.com/about/board_meetings.html) or main office at 1001 S. Valley View Boulevard, Las Vegas, Nevada for Las Vegas Valley Water District agenda postings, copies of supporting material and approved minutes. To receive meeting information, including supporting material, contact the LVVWD Agenda Coordinator at (702) 258-3939 or [agendas@lvvwdd.com](mailto:agendas@lvvwdd.com).

**CALL TO ORDER, INVOCATION AND PLEDGE OF ALLEGIANCE**

**COMMENTS BY THE GENERAL PUBLIC**

**NO ACTION MAY BE TAKEN:** At this time, the Board of Directors will hear general comments from the public on items listed on this agenda. If you wish to speak to the Board about items within its jurisdiction, but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Please limit your comments to three minutes or less.

**ITEM NO.**

1. *For Possible Action:* Approve agenda with the inclusion of tabled and/or reconsidered items, emergency items and/or deletion of items, and approve the minutes from the regular meeting of December 5, 2017.
2. *For Possible Action:* Select a President and Vice President for calendar year 2018.

**CONSENT AGENDA** **Items 3 - 4 are routine and can be taken in one motion unless a Director requests that an item be taken separately.**

3. *For Possible Action:* Approve and authorize the President to sign an interlocal agreement between Clark County and the District for installation of water facilities at the Orr Park 4 Restrooms Project.
4. *For Possible Action:* Approve and authorize the President to sign an interlocal agreement between Clark County and the District for installation of water facilities at the Southwest Regional Sports Park Phase 2 Project.

**BUSINESS AGENDA**

5. *For Possible Action:* Adopt the 2018B SNWA Refunding Bond Resolution, providing for the issuance of the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2018B, to refinance outstanding bonds for the District additionally secured by SNWA pledged revenues.
6. *For Possible Action:* Conduct a public hearing regarding the issuance of General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues) for the purpose of financing water projects for the Las Vegas Valley Water District.

**COMMENTS BY THE GENERAL PUBLIC**

**NO ACTION MAY BE TAKEN:** At this time, the Board of Directors will hear general comments from the public on matters under the jurisdiction of the Las Vegas Valley Water District. Please limit your comments to three minutes or less.

**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
DECEMBER 5, 2017  
MINUTES**

CALL TO ORDER	9:02 a.m., Commission Chambers, Clark County Government Center, 500 South Grand Central Parkway, Las Vegas, Nevada
DIRECTORS PRESENT	Marilyn Kirkpatrick, President Steve Sisolak, Vice President Susan Brager Larry Brown James Gibson Chris Giunchigliani Lawrence Weekly
DIRECTORS ABSENT	None
STAFF PRESENT	John Entsminger, Julie Wilcox, Dave Johnson, Greg Walch, Brian Thomas
OTHERS PRESENT	Mary Miller, Office of the Clark County District Attorney William Nelson, Piercy Bowler Taylor & Kern

*Unless otherwise indicated, all members present voted in the affirmative.*

**COMMENTS BY THE GENERAL PUBLIC**

*For full public comment, visit [www.lvwd.com/apps/agenda/lvwd/index.cfm](http://www.lvwd.com/apps/agenda/lvwd/index.cfm)*

Margaret Coleman discussed perceived water quality issues on Coleman Street.

**ITEM NO.**

**1. Approval of Agenda & Minutes**

FINAL ACTION: A motion was made by Director Giunchigliani to approve the agenda and the minutes from the regular meeting of November 7, 2017. The motion was approved.

**BUSINESS AGENDA**

**2. Award a contract for Network Infrastructure Upgrade Services to Adobe Communications Electronics, Inc., for the amount of \$4,436,622, plus line item quantity adjustments of \$563,378, for a total amount not to exceed \$5,000,000; and authorize the General Manager to sign the construction agreement.**

John Entsminger, General Manager, stated that the District is upgrading from radio to fiber optic communications between facilities and this contract is to perform that upgrade.

Director Giunchigliani mentioned that the County plans to coordinate broadband fiber optic within the jurisdiction and wanted to ensure those efforts are not duplicated unnecessarily. Mr. Entsminger stated that this specific upgrade is to interconnect the District's own facilities for stand-alone secure communications, primarily for the SCADA system. He did reassure that the District communicates with other jurisdictions regularly.

FINAL ACTION: A motion was made by Director Giunchigliani to approved staff's recommendations. The motion was approved.

**3. Adopt a resolution designating the General Manager as its authorized representative to take action to protect the District's legal interests.**

Greg Walch, General Counsel, stated that this resolution request arises from a June 2017 Supreme Court opinion and, if not adopted, may be problematic for the District in a few, rare scenarios that require immediate response. The resolution authorizes the General Manager to make protective filings as he deems necessary, until the Board can act on the matter.

Director Giunchigliani asked what the notification process to the Board would be with the adoption of this resolution. Mr. Walch stated that the District would bring a request to ratify at the next regularly scheduled meeting.

Vice President Sisolak stated that the Board of County Commissioners gets briefed on all legal issues pertaining to the County, and this resolution would be contrary to the way the County proceeds with legal matters. He specified a preference for having consistency on how all agencies handle legal issues.

President Kirkpatrick stated that she could appreciate a shortened response time frame that a water utility may need to react to, as it relates to legal matters. Mr. Walch reiterated that this is designed to cover rare instances where it is difficult to get the Board together to act on short notice, and potentially miss opportunities that could be problematic if an appeal was deemed void.

Vice President Sisolak requested an example of what may be so time sensitive where the General Manager may need to take action on a legal matter prior to Board approval. Mr. Walch stated, in rare instances, a writ proceeding or a TRO application may require a quick response.

Mary Miller, Clark County District Attorney Office, addressed the Board and stated that while it is not fully understood how the Supreme Court will interpret these resolutions, the District cannot risk the chance, in those limited circumstances, where the local government will not have sufficient notice. She stated that the appeal will be made by the attorneys, then the entity will immediately notify the governing body and that the governing body retains the right to terminate an appeal if desired. The Clark County District Attorney's Office supports the adoption of this resolution.

FINAL ACTION: A motion was made by Director Brown to adopt the resolution. The motion was approved.

- 4. Adopt a resolution of intent proposing the issuance of, and authorizing the publication of notices relating to, General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues) in the maximum aggregate principal amount of \$100,000,000 for the purpose of financing water projects for the Las Vegas Valley Water District; providing the manner, form and content of the notices thereof; authorizing the Chief Financial Officer to arrange for the sale of such bonds; and providing the effective date hereof.**

FINAL ACTION: A motion was made by Director Giunchigliani to approve staff's recommendations. The motion was approved.

- 5. Accept the District's Comprehensive Annual Financial Report and corresponding Independent Auditor's Report on Financial Statements and Supplementary Information for the period ending June 30, 2017, and authorize their submission to the Nevada Department of Taxation.**

William Nelson, with Piercy Bowler Taylor & Kern, addressed the board stating that his company had performed the audit of the financial statements of the Las Vegas Valley Water District for the period ending June 30, 2017. They issued an unqualified opinion on the financial statements and noted no material weaknesses or deficiencies. President Kirkpatrick and Directors Brown and Weekly disclosed for the record that Percy Bowler Taylor & Kern handle their own financial reporting. Greg Walch, General Counsel, stated that it was still appropriate for them to vote.

FINAL ACTION: A motion was made by Director Brager to approve staff's recommendations. The motion was approved.

#### **COMMENTS BY THE GENERAL PUBLIC**

There were no speakers.

#### **Adjournment**

There being no further business to come before the board, the meeting adjourned at 9:23 a.m.

APPROVED:

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Marilyn K. Kirkpatrick, President

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John J. Entsminger, General Manager

Copies of all original agenda items and minutes, including all attachments, are on file in the General Manager's office at the Las Vegas Valley Water District, 1001 South Valley View Boulevard, Las Vegas, Nevada.



**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

<b>Subject:</b> Selection of President and Vice President	<b>Director's Backup</b>
<b>Petitioner:</b> John J. Entsminger, General Manager	
<b>Recommendations:</b> That the Board of Directors select a President and Vice President for calendar year 2018.	

**Fiscal Impact:**

None by approval of the above recommendation.

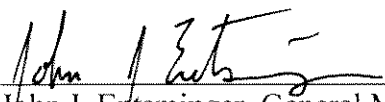
**Background:**

The Las Vegas Valley Water District Act requires that the Board of Directors annually select, from among its members, a President and Vice President for the ensuing year. Currently, Marilyn Kirkpatrick serves as President and Steve Sisolak serves as Vice President.

At this time, the Board is being asked to select a President and Vice President for calendar year 2018.

This action is authorized pursuant to Section 8 of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved this agenda item.

Respectfully submitted:

  
\_\_\_\_\_  
John J. Entsminger, General Manager  
JJE:JAW:AMB:KH:jb

AGENDA  
ITEM #

2

**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

<b>Subject:</b> Agreement	<b>Director's Backup</b>
<b>Petitioner:</b> David L. Johnson, Deputy General Manager, Engineering/Operations	
<b>Recommendations:</b> That the Board of Directors approve and authorize the President to sign an interlocal agreement between Clark County and the District for installation of water facilities at the Orr Park 4 Restrooms Project.	

**Fiscal Impact:**

None by approval of the above recommendation.

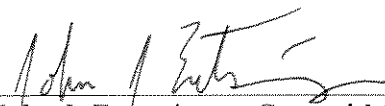
**Background:**

Clark County (County) has submitted plans to the District for the installation of one 2-inch domestic meter with one 2-inch reduced pressure principle assembly at the project known as Orr Park 4 Restrooms, Project #125917 (Project). This Project is located on Twain Avenue, west of Spencer Street, as generally shown on Attachment A.

If approved, the attached Interlocal Agreement No. 116594 provides the terms and conditions for installation of the water facilities at the County's sole expense. During construction, the County will ensure payment for all construction water use and provide the District with easements to the water facilities. Upon completion of the Project, the water facilities will become the property of the District.

This agreement is being entered into pursuant to NRS 277.180 and Sections 1(5) and 1(13) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved the agreement.

Respectfully submitted:

  
John J. Entsminger, General Manager  
JJE:DLJ:GPK:DJM:djs  
Attachments

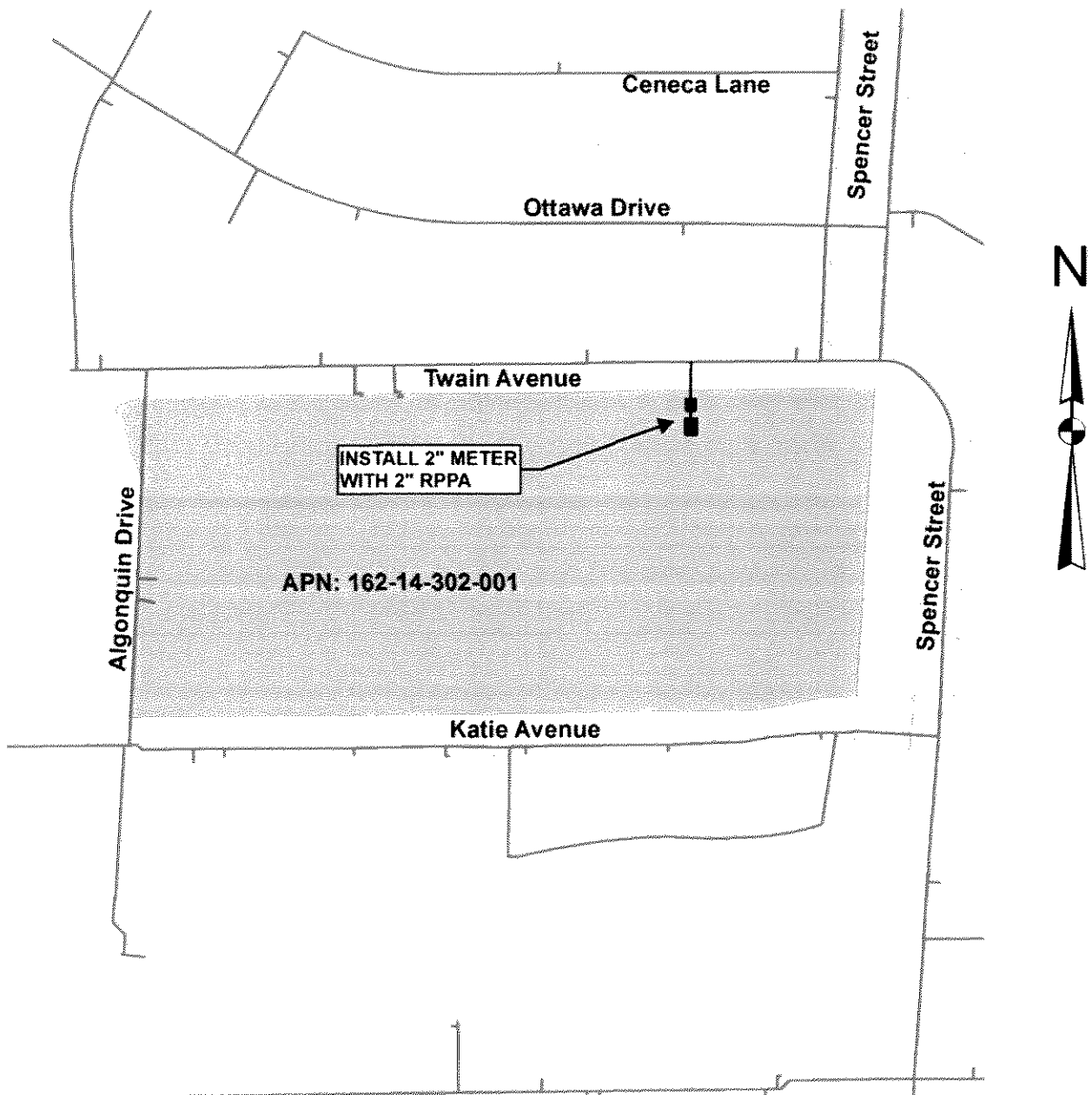
AGENDA  
ITEM #

3

**BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

**ORR PARK 4 RESTROOMS  
PROJECT # 125917**



INTERLOCAL AGREEMENT FOR  
CLARK COUNTY  
ORR PARK 4 RESTROOMS

THIS AGREEMENT, made and entered into by and between the COUNTY OF CLARK, a political subdivision of the State of Nevada, hereinafter called "COUNTY", and the LAS VEGAS VALLEY WATER DISTRICT, a political subdivision of the State of Nevada, hereinafter called "DISTRICT", WITNESSETH:

RECITALS

WHEREAS, the DISTRICT is engaged in the business of distributing potable water in the City of Las Vegas, Nevada, and portions of the County of Clark, Nevada; and

WHEREAS, the COUNTY is engaged in the development of real property generally located on Twain Avenue, west of Spencer Street, further referenced as Clark County Assessor's Parcel Number 162-14-302-001, is desirous of receiving a commitment for potable water from the DISTRICT and has made application for water service to said project; and

WHEREAS, the COUNTY has approved the development of the real property for an upgrade to the existing park and has authorized a distribution of water to the property for this development subject to the DISTRICT'S Service Rules; and

WHEREAS, DISTRICT is willing to serve said real property with water pursuant to its Service Rules as adopted by its Board of Directors and subject to the COUNTY performing all of the terms, conditions and provisions hereinafter set forth and required of the COUNTY; and

WHEREAS, the COUNTY is willing to construct at its sole cost and expense the required water service connection and appurtenances for the purpose of providing water service to said real property; and

WHEREAS, both the COUNTY and the DISTRICT are authorized to enter into interlocal agreements pursuant to NRS 277.180.

NOW, this Agreement WITNESSETH:

ARTICLE I

COUNTY AGREES:

- A. This Agreement provides a water commitment on a conditional basis only for additional restrooms for the existing Orr Park, located on Twain Avenue, west of Spencer Street, on Clark County Assessor's Parcel Number 162-14-302-001. The conditional water commitment is provided in accordance with the DISTRICT'S Service Rules which are made a part of the Agreement by reference and applies only to the development identified in this paragraph.
- B. The water commitment will be conditional until all water facilities identified in paragraph D of this Article I are constructed by the COUNTY and accepted by the DISTRICT for the complete development described in paragraph A of this Article I.
- C. In the event the use of the property changes and modifications to the water facilities are required, the COUNTY will be required to either obtain a new conditional water commitment from the DISTRICT, or at the option of the DISTRICT, to amend the Agreement.

- D. At COUNTY'S sole cost and expense to furnish all necessary materials, labor, and equipment for the construction of the water main(s), fire hydrants and laterals, service connections, backflow prevention assemblies, and appurtenances, from the main to the point where the water being delivered leaves the piping owned by the DISTRICT, hereinafter called "WATER FACILITIES", shown on that certain plan or plans entitled:

**CLARK COUNTY  
ORR PARK 4 RESTROOMS  
Utility Plan**

- E. Said WATER FACILITIES may be sized to ultimately provide water service to development other than described herein, however the conditional water commitment is only for that portion of the project described herein and any additional construction requires a separate and additional conditional water commitment from the DISTRICT.
- F. Said WATER FACILITIES shall be constructed in the locations shown, and in accordance with the above-mentioned plan or plans, as approved by the DISTRICT, and in conformance with DISTRICT specifications.
- G. To comply with the DISTRICT'S Service Rules that are in force on the effective date of this agreement including those sections pertaining to the water commitment process and construction of the WATER FACILITIES identified in Article I, paragraph D above.
- H. All work shall be subject to inspection and approval by an authorized representative of the DISTRICT and the DISTRICT shall be notified a minimum of 48 hours in advance of actual construction start and 24 hours prior to an inspection of any part of the work, in order that necessary inspection can be arranged.
- I. At COUNTY'S sole cost and expense, to perform all survey work necessary to ensure installation of the WATER FACILITIES to the location and grades called for in the plans.
- J. At COUNTY'S sole cost and expense, to disinfect and pressure test the WATER FACILITIES to the satisfaction of the DISTRICT and the health authorities having jurisdiction.
- K. Connections to existing mains shall be made only in the presence of an authorized representative of the DISTRICT and at the times specified by the DISTRICT.
- L. The WATER FACILITIES shall be located outside of driveways, driveway approaches, or other areas subject to vehicular traffic. In the event the WATER FACILITIES are located within those areas either inadvertently or otherwise, the COUNTY shall cause such WATER FACILITIES to be relocated outside of the driveways, driveway approaches or other areas described above, in accordance with DISTRICT'S requirements, or shall reimburse the DISTRICT for the cost of relocating said WATER FACILITIES. If extraordinary conditions exist that would prevent compliance with this requirement, the COUNTY may submit to the DISTRICT a written request for a waiver of this requirement pursuant to the DISTRICT'S Service Rules.
- M. To furnish to the DISTRICT easements, in a form satisfactory to the DISTRICT, where WATER FACILITIES are approved to be installed in other than dedicated street or alleys. Said easements shall conform to the requirements as indicated on the approved water plan or plans and be perpetual. The conditions of said easements shall be such that no buildings, structures, trees, shrubs, or other improvements which would interfere with its use by DISTRICT can be placed upon it, that DISTRICT will have the right to operate, maintain, repair, replace, and/or change the size and/or number of WATER FACILITIES; and that proper access to all parts of the easement by DISTRICT forces and equipment is provided. The conditions of said easements shall further provide that the property owner agrees to pay any and all costs incurred by the DISTRICT to make and/or maintain said easements accessible to the DISTRICT. It may be provided that other utility lines can be installed in said easement, so long as they do not interfere with its use by DISTRICT, and are in compliance with state laws and

regulations. If access to a DISTRICT easement is obstructed, absent an emergency situation, the COUNTY will be notified and given an opportunity to remove the obstruction before the DISTRICT incurs cost to remove the obstruction.

- N. Should any defective material or workmanship affecting the WATER FACILITIES installed by the COUNTY be disclosed within one (1) year of the date of completion and acceptance of the WATER FACILITIES by the DISTRICT, the COUNTY shall immediately cause the defect to be corrected, or shall reimburse DISTRICT for its cost to correct said defect. For the purpose of this Agreement, failures including, but not limited to, any leak or break in the WATER FACILITIES, or any pavement settlement, shall be considered conclusive evidence of defective materials and/or workmanship.
- O. Upon completion of construction of the work and acceptance of the work by the DISTRICT, the COUNTY will provide the DISTRICT with all its right, title, and interest, in and to the WATER FACILITIES. The COUNTY will warrant at the time of said final acceptance that there are no encumbrances for material and labor claims.
- P. All water will be taken through metered service connections, in accordance with DISTRICT'S Service Rules. The COUNTY will require its contractor to install the meters in a timely manner.
- Q. All water delivered through service connections will be metered and the COUNTY is responsible for all monthly bills for such water calculated at the current rate for metered construction water until such time as the first occupant activates the water service account with the DISTRICT'S Customer Care Division.
- R. To require its contractor to protect all existing WATER FACILITIES during construction and to promptly undertake the repair of damaged facilities upon authorization of the DISTRICT.
- S. Any of the WATER FACILITIES installed under this Agreement, once disinfected and tested to the satisfaction of the DISTRICT and once connected to existing DISTRICT facilities, must maintain established water quality standards throughout the installed system. Should the DISTRICT determine that water quality standards are not being maintained following the connection of the approved facilities to the DISTRICT'S system, a Water Quality Mitigation Plan (WQ Plan) will be required for review and implementation at the sole expense of the COUNTY.

## ARTICLE II

### DISTRICT AGREES:

- A. Upon completion of construction of the WATER FACILITIES, acceptance of same by the DISTRICT, and fulfillment by the COUNTY of all requirements of this Agreement, to supply water to, and to thereafter operate and maintain the WATER FACILITIES installed pursuant to this Agreement in accordance with the DISTRICT'S Service Rules as the same are established and amended.
- B. Construction water may be provided through metered fire hydrants and/or metered service connections in accordance with the DISTRICT'S Service Rules.

## ARTICLE III

### IT IS MUTUALLY AGREED:

- A. The parties understand that this Agreement does not create "water rights", but only rights to conditional water service as a potential customer. This Agreement does not create a property interest in such water service and the COUNTY is not deemed a DISTRICT water customer until the WATER FACILITIES and development identified herein are completed as specified.
- B. The WATER FACILITIES installed under this Agreement shall be and remain the exclusive property of the DISTRICT, and shall become a part of the DISTRICT'S general water distribution system after acceptance by the DISTRICT.

- C. In the event a portion of the WATER FACILITIES are constructed but this Agreement terminates, the above-described property shall have no water commitment by virtue of the installation of the WATER FACILITIES. Requests for future use of said WATER FACILITIES if retained in place, shall require that a new water commitment be obtained before the WATER FACILITIES can be utilized.
- D. This Agreement shall terminate and the conditional commitment shall be void if any of the following occurs:
  - a. Construction of the WATER FACILITIES covered by the plan or plans identified in Article I, paragraph D of this Agreement is not diligently commenced within one (1) year from the date of DISTRICT approval of said plan or plans; or
  - b. If active construction work is discontinued for a period of one (1) year; or if such construction is commenced within said one (1) year period, but is not diligently prosecuted to completion in a manner acceptable to the DISTRICT.
- E. If this Agreement terminates in accordance with its terms, right, title and interest of all or any portion of the WATER FACILITIES installed, as determined solely and exclusively by the DISTRICT, shall become the exclusive property of the DISTRICT for the DISTRICT to use, modify, or to dispose of as the DISTRICT deems appropriate.
- F. Noncompliance or violation of the DISTRICT'S Service Rules or any provision of this Agreement by the COUNTY or its officers, employees, agents, contractors, licensees or invitees shall be cause for the DISTRICT, at its sole discretion, to discontinue water service to COUNTY'S project without liability for any damages caused by said discontinuation.
- G. The COUNTY will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its officers or employees; the COUNTY does not waive the conditions and limitations of NRS Chapter 41. The DISTRICT will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its officers and employees; the DISTRICT does not waive the conditions and limitations of NRS Chapter 41.
- H. This Agreement shall not be deemed to be for the benefit of any entity or person who is not a party hereto, and is not a commitment for water service, and neither this Agreement, nor any interest therein, may be assigned without the prior written consent of the non-assigning party.
- I. This Agreement represents the entire understanding of the COUNTY and the DISTRICT relative to the installation of the WATER FACILITIES in conjunction with the COUNTY'S project.
- J. Should any part of this Agreement be rendered void, invalid, or unenforceable by any court of law, for any reason, such determination shall not render void, invalid, or unenforceable, any other part of this Agreement.
- K. The laws of the State of Nevada will govern as to the interpretation, validity, and effect of this Agreement.
- L. Each party shall not discriminate against employees or applicants based on race, color, religion, sex, sexual orientation, age, or national origin, and shall ensure that applicants are employed and employees are treated without regard to the above-mentioned factors and agrees to post in conspicuous places for employees and applicants' notices provided by the Equal Employment Opportunity Commission setting forth these provisions. Each party further agrees that solicitation for employees shall state that qualified applicants will receive consideration without regard to the above-mentioned factors and will send to labor unions or collectives with which he/it has an agreement a notice of the commitments required herein and each party will comply with all local, state and federal laws prohibiting discrimination in hiring or employment opportunities.

IN WITNESS WHEREOF, the parties hereto have entered into this Interlocal Agreement on the \_\_\_\_\_ day  
of \_\_\_\_\_ 20\_\_\_\_\_

COUNTY OF CLARK

LAS VEGAS VALLEY WATER DISTRICT

\_\_\_\_\_  
Steve Sisolak, Chair  
Board of County Commissioners

\_\_\_\_\_  
Marilyn Kirkpatrick, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Lynn Goya, Clark County Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy District Attorney

\_\_\_\_\_  
Gregory J. Walsh, General Counsel



**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

<b>Subject:</b> Agreement	<b>Director's Backup</b>
<b>Petitioner:</b> David L. Johnson, Deputy General Manager, Engineering/Operations	
<b>Recommendations:</b> That the Board of Directors approve and authorize the President to sign an interlocal agreement between Clark County and the District for installation of water facilities at the Southwest Regional Sports Park Phase 2 Project.	

**Fiscal Impact:**

None by approval of the above recommendation.

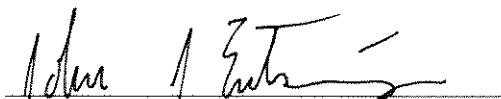
**Background:**

Clark County (County) has submitted plans to the District for the installation of one 8-inch domestic meter, which replaces the existing 6-inch domestic meter, at the project known as Southwest Regional Sports Park Phase 2, Project #126006 (Project). This Project is located on Robindale Road, east of Cimarron Road, as generally shown on Attachment A.

If approved, the attached Interlocal Agreement No. 116595 provides the terms and conditions for installation of the water facilities at the County's sole expense. During construction, the County will ensure payment for all construction water use and provide the District with easements to the water facilities. Upon completion of the Project, the water facilities will become the property of the District.

This agreement is being entered into pursuant to NRS 277.180 and Sections 1(5) and 1(13) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved the agreement.

Respectfully submitted:



John J. Entsminger, General Manager  
JJE:DLJ:GPK:DJM:djs  
Attachments

AGENDA  
ITEM #

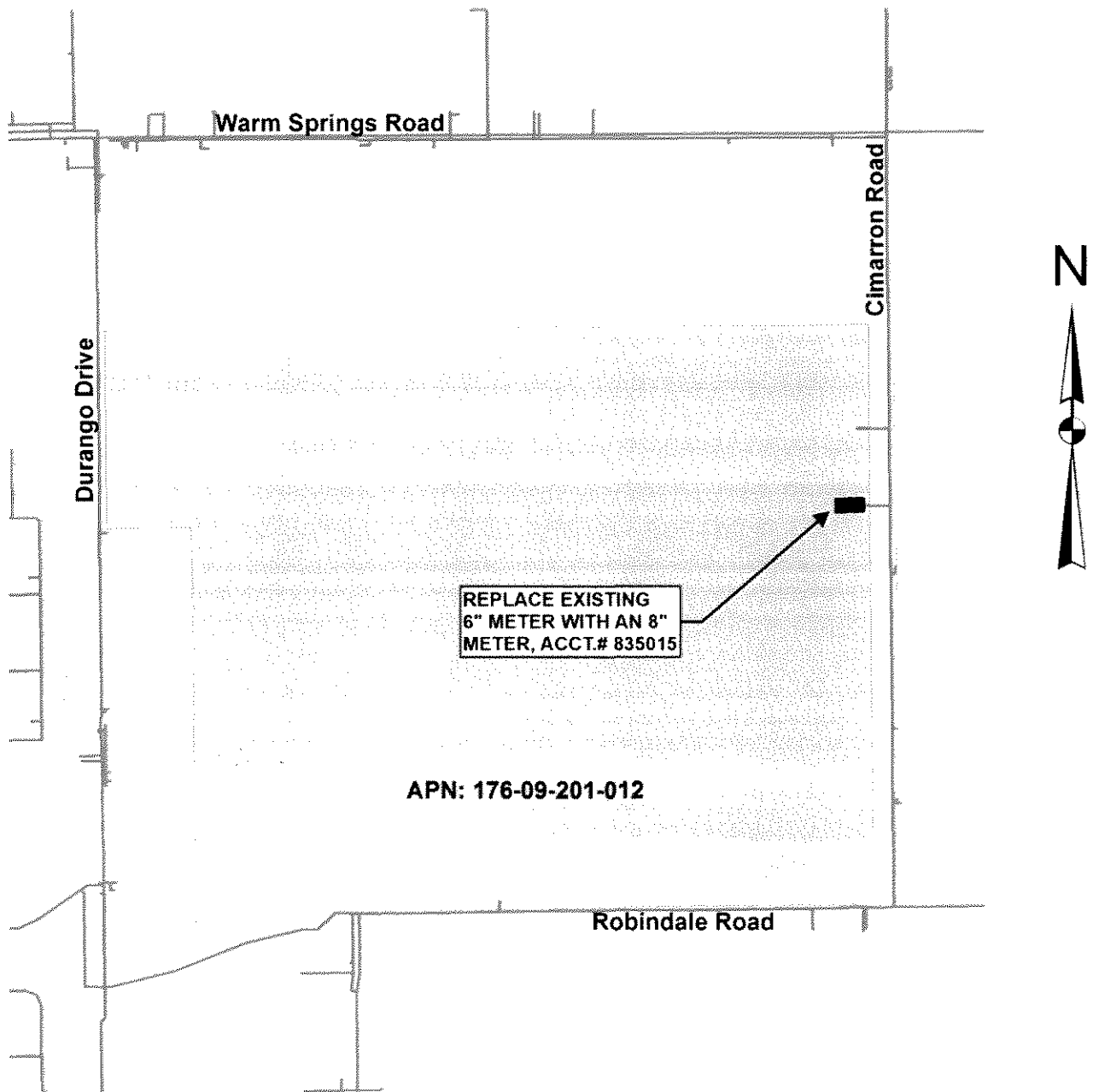
4

**BOARD OF DIRECTORS**

**AGENDA ITEM**

January 2, 2018

**SOUTHWEST REGIONAL SPORTS PARK PHASE 2  
PROJECT # 126006**



**INTERLOCAL AGREEMENT FOR  
CLARK COUNTY  
SOUTHWEST REGIONAL SPORTS PARK PHASE 2**

THIS AGREEMENT, made and entered into by and between the COUNTY OF CLARK, a political subdivision of the State of Nevada, hereinafter called "COUNTY", and the LAS VEGAS VALLEY WATER DISTRICT, a political subdivision of the State of Nevada, hereinafter called "DISTRICT", WITNESSETH:

**RECITALS**

WHEREAS, the DISTRICT is engaged in the business of distributing potable water in the City of Las Vegas, Nevada, and portions of the County of Clark, Nevada; and

WHEREAS, the COUNTY is engaged in the continued development of real property generally located on Robindale Road east of Cimarron Road, further referenced as Clark County Assessor's Parcel Number 176-09-201-012, is desirous of receiving a commitment for potable water from the DISTRICT and has made application for water service to said project; and

WHEREAS, the COUNTY has approved the development of the real property as a regional sports park and has authorized a distribution of water to the property for this development subject to the DISTRICT'S Service Rules; and

WHEREAS, DISTRICT is willing to serve said real property with water pursuant to its Service Rules as adopted by its Board of Directors and subject to the COUNTY performing all of the terms, conditions and provisions hereinafter set forth and required of the COUNTY; and

WHEREAS, the COUNTY is willing to construct at its sole cost and expense the required water service connection and appurtenances for the purpose of providing water service to said real property; and

WHEREAS, both the COUNTY and the DISTRICT are authorized to enter into interlocal agreements pursuant to NRS 277.180.

NOW, this Agreement WITNESSETH:

**ARTICLE I**

**COUNTY AGREES:**

- A. This Agreement provides a water commitment on a conditional basis only for Phase 2 for the existing Southwest Regional Sports Park, located on Robindale Road, east of Cimarron Road, on Clark County Assessor's Parcel Number 176-09-201-012. The conditional water commitment is provided in accordance with the DISTRICT'S Service Rules which are made a part of the Agreement by reference and applies only to the development identified in this paragraph.
- B. The water commitment will be conditional until all water facilities identified in paragraph D of this Article I are constructed by the COUNTY and accepted by the DISTRICT for the complete development described in paragraph A of this Article I.
- C. In the event the use of the property changes and modifications to the water facilities are required, the COUNTY will be required to either obtain a new conditional water commitment from the DISTRICT, or at the option of the DISTRICT, to amend the Agreement.

- D. At COUNTY'S sole cost and expense to furnish all necessary materials, labor, and equipment for the construction of the water main(s), fire hydrants and laterals, service connections, backflow prevention assemblies, and appurtenances, from the main to the point where the water being delivered leaves the piping owned by the DISTRICT, hereinafter called "WATER FACILITIES", shown on that certain plan or plans entitled:

**CLARK COUNTY**  
**SOUTHWEST REGIONAL SPORTS PARK PHASE 2**  
Utility Plans

- E. Said WATER FACILITIES may be sized to ultimately provide water service to development other than described herein, however the conditional water commitment is only for that portion of the project described herein and any additional construction requires a separate and additional conditional water commitment from the DISTRICT.
- F. Said WATER FACILITIES shall be constructed in the locations shown, and in accordance with the above-mentioned plan or plans, as approved by the DISTRICT, and in conformance with DISTRICT specifications.
- G. To comply with the DISTRICT'S Service Rules that are in force on the effective date of this agreement including those sections pertaining to the water commitment process and construction of the WATER FACILITIES identified in Article I, paragraph D above.
- H. All work shall be subject to inspection and approval by an authorized representative of the DISTRICT and the DISTRICT shall be notified a minimum of 48 hours in advance of actual construction start and 24 hours prior to an inspection of any part of the work, in order that necessary inspection can be arranged.
- I. At COUNTY'S sole cost and expense, to perform all survey work necessary to ensure installation of the WATER FACILITIES to the location and grades called for in the plans.
- J. At COUNTY'S sole cost and expense, to disinfect and pressure test the WATER FACILITIES to the satisfaction of the DISTRICT and the health authorities having jurisdiction.
- K. Connections to existing mains shall be made only in the presence of an authorized representative of the DISTRICT and at the times specified by the DISTRICT.
- L. The WATER FACILITIES shall be located outside of driveways, driveway approaches, or other areas subject to vehicular traffic. In the event the WATER FACILITIES are located within those areas either inadvertently or otherwise, the COUNTY shall cause such WATER FACILITIES to be relocated outside of the driveways, driveway approaches or other areas described above, in accordance with DISTRICT'S requirements, or shall reimburse the DISTRICT for the cost of relocating said WATER FACILITIES. If extraordinary conditions exist that would prevent compliance with this requirement, the COUNTY may submit to the DISTRICT a written request for a waiver of this requirement pursuant to the DISTRICT'S Service Rules.
- M. To furnish to the DISTRICT easements, in a form satisfactory to the DISTRICT, where WATER FACILITIES are approved to be installed in other than dedicated street or alleys. Said easements shall conform to the requirements as indicated on the approved water plan or plans and be perpetual. The conditions of said easements shall be such that no buildings, structures, trees, shrubs, or other improvements which would interfere with its use by DISTRICT can be placed upon it, that DISTRICT will have the right to operate, maintain, repair, replace, and/or change the size and/or number of WATER FACILITIES; and that proper access to all parts of the easement by DISTRICT forces and equipment is provided. The conditions of said easements shall further provide that the property owner agrees to pay any and all costs incurred by the DISTRICT to make and/or maintain said easements accessible to the DISTRICT. It may be provided that other utility lines can be installed in said easement, so long as they do not interfere with its use by DISTRICT, and are in compliance with state laws and regulations. If access to a DISTRICT easement is obstructed, absent an emergency

situation, the COUNTY will be notified and given an opportunity to remove the obstruction before the DISTRICT incurs cost to remove the obstruction.

- N. Should any defective material or workmanship affecting the WATER FACILITIES installed by the COUNTY be disclosed within one (1) year of the date of completion and acceptance of the WATER FACILITIES by the DISTRICT, the COUNTY shall immediately cause the defect to be corrected, or shall reimburse DISTRICT for its cost to correct said defect. For the purpose of this Agreement, failures including, but not limited to, any leak or break in the WATER FACILITIES, or any pavement settlement, shall be considered conclusive evidence of defective materials and/or workmanship.
- O. Upon completion of construction of the work and acceptance of the work by the DISTRICT, the COUNTY will provide the DISTRICT with all its right, title, and interest, in and to the WATER FACILITIES. The COUNTY will warrant at the time of said final acceptance that there are no encumbrances for material and labor claims.
- P. All water will be taken through metered service connections, in accordance with DISTRICT'S Service Rules. The COUNTY will require its contractor to install the meters in a timely manner.
- Q. All water delivered through service connections will be metered and the COUNTY is responsible for all monthly bills for such water calculated at the current rate for metered construction water until such time as the first occupant activates the water service account with the DISTRICT'S Customer Care Division.
- R. To require its contractor to protect all existing WATER FACILITIES during construction and to promptly undertake the repair of damaged facilities upon authorization of the DISTRICT.
- S. Any of the WATER FACILITIES installed under this Agreement, once disinfected and tested to the satisfaction of the DISTRICT and once connected to existing DISTRICT facilities, must maintain established water quality standards throughout the installed system. Should the DISTRICT determine that water quality standards are not being maintained following the connection of the approved facilities to the DISTRICT'S system, a Water Quality Mitigation Plan (WQ Plan) will be required for review and implementation at the sole expense of the COUNTY

## ARTICLE II

### DISTRICT AGREES:

- A. Upon completion of construction of the WATER FACILITIES, acceptance of same by the DISTRICT, and fulfillment by the COUNTY of all requirements of this Agreement, to supply water to, and to thereafter operate and maintain the WATER FACILITIES installed pursuant to this Agreement in accordance with the DISTRICT'S Service Rules as the same are established and amended.
- B. Construction water may be provided through metered fire hydrants and/or metered service connections in accordance with the DISTRICT'S Service Rules.

## ARTICLE III

### IT IS MUTUALLY AGREED:

- A. The parties understand that this Agreement does not create "water rights", but only rights to conditional water service as a potential customer. This Agreement does not create a property interest in such water service and the COUNTY is not deemed a DISTRICT water customer until the WATER FACILITIES and development identified herein are completed as specified.
- B. The WATER FACILITIES installed under this Agreement shall be and remain the exclusive property of the DISTRICT, and shall become a part of the DISTRICT'S general water distribution system after acceptance by the DISTRICT.

- C. In the event a portion of the WATER FACILITIES are constructed but this Agreement terminates, the above-described property shall have no water commitment by virtue of the installation of the WATER FACILITIES. Requests for future use of said WATER FACILITIES if retained in place, shall require that a new water commitment be obtained before the WATER FACILITIES can be utilized.
- D. This Agreement shall terminate and the conditional commitment shall be void if any of the following occurs:
  - a. Construction of the WATER FACILITIES covered by the plan or plans identified in Article I, paragraph D of this Agreement is not diligently commenced within one (1) year from the date of DISTRICT approval of said plan or plans; or
  - b. If active construction work is discontinued for a period of one (1) year; or if such construction is commenced within said one (1) year period, but is not diligently prosecuted to completion in a manner acceptable to the DISTRICT.
- E. If this Agreement terminates in accordance with its terms, right, title and interest of all or any portion of the WATER FACILITIES installed, as determined solely and exclusively by the DISTRICT, shall become the exclusive property of the DISTRICT for the DISTRICT to use, modify, or to dispose of as the DISTRICT deems appropriate.
- F. Noncompliance or violation of the DISTRICT'S Service Rules or any provision of this Agreement by the COUNTY or its officers, employees, agents, contractors, licensees or invitees shall be cause for the DISTRICT, at its sole discretion, to discontinue water service to COUNTY'S project without liability for any damages caused by said discontinuation.
- G. The COUNTY will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its officers or employees; the COUNTY does not waive the conditions and limitations of NRS Chapter 41. The DISTRICT will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its officers and employees; the DISTRICT does not waive the conditions and limitations of NRS Chapter 41.
- H. This Agreement shall not be deemed to be for the benefit of any entity or person who is not a party hereto, and is not a commitment for water service, and neither this Agreement, nor any interest therein, may be assigned without the prior written consent of the non-assigning party.
- I. This Agreement represents the entire understanding of the COUNTY and the DISTRICT relative to the installation of the WATER FACILITIES in conjunction with the COUNTY'S project.
- J. Should any part of this Agreement be rendered void, invalid, or unenforceable by any court of law, for any reason, such determination shall not render void, invalid, or unenforceable, any other part of this Agreement.
- K. The laws of the State of Nevada will govern as to the interpretation, validity, and effect of this Agreement.
- L. Each party shall not discriminate against employees or applicants based on race, color, religion, sex, sexual orientation, age, or national origin, and shall ensure that applicants are employed and employees are treated without regard to the above-mentioned factors and agrees to post in conspicuous places for employees and applicants' notices provided by the Equal Employment Opportunity Commission setting forth these provisions. Each party further agrees that solicitation for employees shall state that qualified applicants will receive consideration without regard to the above-mentioned factors and will send to labor unions or collectives with which he/it has an agreement a notice of the commitments required herein and each party will comply with all local, state and federal laws prohibiting discrimination in hiring or employment opportunities.

IN WITNESS WHEREOF, the parties hereto have entered into this Interlocal Agreement on the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

COUNTY OF CLARK

LAS VEGAS VALLEY WATER DISTRICT

\_\_\_\_\_  
Steve Sisolak, Chair  
Board of County Commissioners

\_\_\_\_\_  
Marilyn Kirkpatrick, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Lynn Goya, Clark County Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy District Attorney

  
\_\_\_\_\_  
Gregory J. Walsh, General Counsel

**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

<b>Subject:</b> 2018B SNWA Refunding Bond Resolution	<b>Director's Backup</b>
<b>Petitioner:</b> Brain G. Thomas, Chief Financial Officer	
<b>Recommendations:</b> That the Board of Directors adopt the 2018B SNWA Refunding Bond Resolution, providing for the issuance of the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2018B, in the maximum principal amount of \$90,380,000, to refinance outstanding bonds for the District additionally secured by SNWA pledged revenues.	

**Fiscal Impact:**

The District will be obligated to make debt service payments from revenues received from the Southern Nevada Water Authority; in the event those revenues are insufficient, payments will be made from general ad valorem taxes. This bond refunding will result in lower annual debt service costs.

**Background:**

On September 21, 2017, the Southern Nevada Water Authority (SNWA) Board of Directors passed a resolution requesting that the District take the necessary steps to issue bonds to refund the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2008B (the "2008B Bonds"). On November 7, 2017, the District adopted a resolution making a finding (the "Finding") that the revenues to be received by the SNWA would at least equal the amount necessary to pay the 2018B Bonds and forwarded such resolution to the Clark County Debt Management Commission (the "DMC"). On November 16, 2017, the DMC approved the Finding, thus exempting any ad valorem tax levied by the District for the payment of the 2018B Bonds from the abatement requirements.

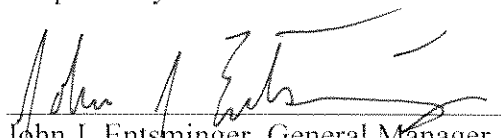
The 2018B SNWA Refunding Bond Resolution (Resolution) authorizes the issuance of General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2018B (2018B Bonds), in the maximum principal amount of \$90,380,000, and delegates to the Chief Financial Officer and the General Manager of the District the ability to accept the final interest rates and terms for the 2018B Bonds.

The proceeds of the 2018B Bonds will be used to refund a portion of the 2008B Bonds and to pay the costs of issuing the 2018B Bonds. The resulting savings is expected to reduce debt service payments for the SNWA.

The Resolution authorizes the 2018B Bonds to be sold via competitive sale.

This action is authorized pursuant to NRS Chapter 350, including NRS 350.684, and Section 27 of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada, 1947. The office of the General Counsel has reviewed and approved the Resolution.

Respectfully submitted:



John J. Entsminger, General Manager  
JJE:BGT:kan  
Attachments

AGENDA  
ITEM #

**5**



Summary - A resolution authorizing the issuance by the Las Vegas Valley Water District, Nevada of its General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B and providing other matters relating thereto.

## **RESOLUTION**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAS VEGAS VALLEY WATER DISTRICT DESIGNATED THE “2018B SNWA REFUNDING BOND RESOLUTION”; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) (ADDITIONALLY SECURED BY SNWA PLEDGED REVENUES) WATER REFUNDING BONDS, SERIES 2018B; FIXING THE TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING THERETO; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BONDS; ADDITIONALLY SECURING THEIR PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE SOUTHERN NEVADA WATER AUTHORITY; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF SAID BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO.**

**WHEREAS**, the Las Vegas Valley Water District, Nevada (the “District”) was duly organized and is operating in accordance with the provisions of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada, 1947, as amended (the “District Act”); and

**WHEREAS**, pursuant to Section 27 of the District Act, the Board of Directors of the District (the “Board”), on behalf of the Southern Nevada Water Authority, in Clark County, Nevada (the “SNWA”), has the authority to issue general obligations of the District which are additionally secured by SNWA Pledged Revenues (as defined herein); and

**WHEREAS**, pursuant to the District Act and Chapter 350 of Nevada Revised Statutes (“NRS”), and all laws amendatory thereof, which includes the Local Government Securities Laws, being NRS 350.500 through 350.720, NRS, and all laws amendatory thereof (the “Bond Act”), the Board is authorized to issue bonds for the purpose of defraying wholly or in part the cost of issuing bonds for the purpose of refunding, paying and discharging all or any

part of the outstanding bonds of any one or more issues for the purpose of reducing interest costs or effecting other economies (the “Refunding Project”); and

**WHEREAS**, the Board has previously issued its Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2008B (the “2008 Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Bonds, Series 2009A (Taxable Direct Pay Build America Bonds) (the “2009A Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Bonds, Series 2009B (the “2009B Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water and Refunding Bonds, Series 2009D (the “2009D Bonds,” and together with the 2009A Bonds and the 2009B Bonds, the “2009 Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2011A (the “2011A Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2011B (Taxable) (the “2011B Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2011C (Tax-Exempt) (the “2011C Bonds,” and together with the 2011A Bonds and the 2011B Bonds, the “2011 Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Bonds, Series 2012B (the “2012 Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015 (the “2015 Refunding Bonds”); Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015B (the “2015B Bonds”); and Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2015C (the “2015C Bonds,” and together with the 2015 Refunding Bonds and the 2015B Bonds, the “2015 Bonds”); and Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Improvement and Refunding Bonds, Series 2016A (the “2016 Bonds”); and its Las Vegas Valley

Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues), Series 2017B (the “2017 Bonds”); and

**WHEREAS**, pursuant to Section 5 of the SNWA/LVVWD Master Bond Repayment Agreement, the SNWA has requested and consented to the issuance of general obligation (limited tax) refunding bonds of the District that are additionally secured by SNWA Pledged Revenues for the purpose of refunding some or all of the outstanding 2008 Bonds (the “Refunding Project”); and

**WHEREAS**, the Board has determined and does hereby declare that it is necessary and for the best interest of the District to issue refunding bonds of the District to effect the Refunding Project; and

**WHEREAS**, the Board is therefore authorized by the District Act and the Bond Act, and all laws amendatory thereof, without any further preliminaries:

A. To issue and sell the District’s General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B (the “Bonds”) for the Refunding Project; and

B. To exercise the incidental powers provided in the Bond Act in connection with the powers authorized therein as otherwise expressly provided therein; and

**WHEREAS**, the District’s Chief Financial Officer (the “Chief Financial Officer”) or, in his absence, the District’s General Manager (the “General Manager”), is hereby authorized to sell the Bonds to the best bidder therefor (the “Purchaser”) and to accept a binding bid for the Bonds; and to specify in the Escrow Agreement (defined herein) which maturities of the 2008 Bonds (the “Refunded Bonds”), if any, will be refunded with a portion of the proceeds of the Bonds; and

**WHEREAS**, the Bonds are to bear interest at the rates per annum provided in the Sale Certificate (defined below), which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer before bids for the Bonds are received, and are to be sold at a price equal to the principal amount thereof, plus any accrued interest to the date of delivery of the Bonds, plus a premium, or less a discount not exceeding 9% of the principal amount thereof, all as specified by the Chief Financial Officer or the General Manager in a certificate dated on or before the date of delivery of the Bonds (the “Sale Certificate”); and

**WHEREAS**, the Board hereby elects to have the provisions of Chapter 348 of NRS (the “Supplemental Bond Act”) apply to the Bonds; and

**WHEREAS**, the Board has determined and hereby declares:

A. It is necessary and for the best interests of the District and SNWA that it issue the Bonds; and

B. Each of the limitations and other conditions to the issuance of the Bonds in the Bond Act, the Supplemental Bond Act and in any other relevant act of the State of Nevada or the United States has been met; and pursuant to NRS 350.708, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LAS VEGAS VALLEY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

SECTION 1. Short Title. This Resolution shall be known and may be cited as the “2018B SNWA Refunding Bond Resolution.”

SECTION 2. Definitions. In addition to the terms defined elsewhere in this Resolution, the terms in this Section defined shall have the meanings herein specified unless the context by clear implication otherwise requires:

(1) “Bond Act” means NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law.

(2) “Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, as such principal, premiums and interest become due at maturity or on a redemption date, or otherwise.

For purposes of computing the Bond Requirements of variable interest rate Superior Lien Obligations or Parity Lien Obligations with respect to which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing the maximum annual principal and interest requirements,

and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under this Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the Bond Requirements of a Qualified Swap with respect to which no Superior Lien Obligations or Parity Lien Obligations remain outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of outstanding Superior Lien Obligations or Parity Lien Obligations to which such Qualified Swap relates, (a) for purposes of Sections 39 through 47 hereof, the interest payable thereon shall be deemed to be the net amount positive or negative, if any, required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap, and (b) for purposes of any computation of Bond Requirements for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the District to the Qualified Swap Provider thereunder or (expressed as a negative number) by the Qualified Swap Provider to the District thereunder.

For purposes of computing the maximum annual principal and interest requirements and for purposes of any other computations for the issuance of additional superior or parity securities (including refunding securities), in making any calculation of the Bond Requirements to be paid for a period after the date of computation on any bonds with respect to which the District expects to receive a BAB Credit (as defined in the resolutions authorizing the issuance of the 2009 Bonds), "interest" for any Bond Year shall be treated as the amount of interest to be paid by the District on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the resolution or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the District for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as the date of such a calculation, "interest" shall be the total amount of interest to be paid by the District on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer of the District

may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the maximum annual principal and interest requirements and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities).

(3) “combined maximum annual principal and interest requirements”

means the maximum sum of the principal of and the interest (including any BAB Credit received by the District and any payments to be made (positive or negative) on any Qualified Swap as provided in the definition of “Bond Requirements”) on the Bonds and any other Superior Lien Obligations or Parity Lien Obligations, falling due during any one fiscal year for the period beginning with the fiscal year in which such computation is made and ending with the fiscal year in which any Bonds last become due and payable, but not including any securities which are no longer outstanding under the defeasance provisions in Section 55 hereof. If any Superior Lien Obligation or Parity Lien Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Lien Obligations or Parity Lien Obligations or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Lien Obligations or Parity Lien Obligations is accepted by the District or if such index is no longer published, such other securities index as the District reasonably selects.

(4) “Escrow Account” means the Escrow Account established pursuant to the Escrow Agreement.

(5) “Escrow Agreement” means the Escrow Agreement between the District and The Bank of New York Mellon Trust Company, N.A., as escrow bank, relating to the Refunded Bonds.

(6) “Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

(7) “General Taxes” means general (ad valorem) taxes levied by Clark County, Nevada against all taxable property within the boundaries of the District.

(8) “Parity Lien Obligations,” “parity securities,” or “parity bonds” means bonds or securities which have a lien on the SNWA Pledged Revenues that is on a parity

with the lien thereon of the Bonds, including, but not limited to, the 2008 Bonds, the 2009 Bonds, the 2011 Bonds, the 2012 Bonds, the 2015 Bonds, the 2016 Bonds, the 2017 Bonds and any bonds hereafter issued on a parity with the lien of the Bonds.

(9) “Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or any successor serving as paying agent for the Bonds.

(10) “Qualified Swap” means any financial arrangement (i) that is entered into by the District with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) that provides that the District shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to a designated principal amount of variable interest rate Superior Lien Obligations or Parity Lien Obligations outstanding as described therein, and that such entity shall pay to the District an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Superior Lien Obligations or Parity Lien Obligations) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing by the District as a Qualified Swap with respect to such obligations.

(11) “Qualified Swap Provider” means a financial institution whose senior long-term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated by whichever of Standard and Poor’s Ratings Service or Moody’s Investors Service as then has a rating in effect for the Bonds or both such agencies if both then have a rating in effect for the Bonds, at the time the subject Qualified Swap is entered into at least “Aa” in the case of Moody’s and “AA” in the case of Standard & Poor’s, or the equivalent thereof.

(12) “Registered owner” means the person in whose name a Bond shall be registered on the records of the District kept for that purpose by the Registrar in accordance with the provisions of this Resolution.

(13) “Registrar” means The Bank of New York Mellon Trust Company, N.A., or any successor serving as registrar for the Bonds.

(14) “Regular Record Date” means the fifteenth day of the calendar month next preceding each interest payment date.

(15) “SNWA Agreement” means the SNWA/LVVWD Master Bond Repayment Agreement dated as of July 1, 1996, as amended, between the SNWA and the District pursuant to which the SNWA Pledged Revenues are paid to the District.

(16) “SNWA Pledged Revenues” means the revenues received by the District from the SNWA pursuant to the SNWA Agreement.

(17) “Special Record Date” means a special date fixed by the Paying Agent to determine the names and addresses of registered owners of the Bonds for the payment of any defaulted interest on any Bonds, as further provided in Section 14 hereof.

(18) “State” means the State of Nevada.

(19) “Superior Lien Obligations,” “superior securities” or “superior bonds” means bonds or securities which have a lien on the SNWA Pledged Revenues that is superior to the lien thereon of the Bonds.

(20) “Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

(21) “Treasurer” means the Treasurer of the District.

SECTION 3. Authorization and Use of Preliminary and Final Official Statements. The Chief Financial Officer or the General Manager is each authorized to proceed with the sale of the Bonds on the terms and conditions provided herein. Distribution, use of, and the execution of the Preliminary Official Statement is hereby authorized, ratified and confirmed; distribution, use of, and the execution of the final Official Statement for the Bonds in substantially the form of the Preliminary Official Statement, with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith, as may be approved by the Chief Financial Officer or the General Manager by the execution of the final Official Statement, and any supplements or amendments thereto, is hereby authorized.

SECTION 4. Ratification. All action heretofore taken by the Board, the officers of the District and the SNWA directed toward the Refunding Project and toward the issuance, sale and delivery of the Bonds is ratified, approved and confirmed.

SECTION 5. Estimated Life of Facilities. The Board, on behalf of the District and SNWA, has determined and does hereby declare:

A. The estimated life or estimated period of usefulness of the facilities to be financed with the Bonds is not less than 10 years; and



B. The Bonds shall mature at such time or times not exceeding such estimated life or estimated period of usefulness.

SECTION 6. Necessity of Refunding Project and Bonds. It is necessary and in the best interests of the Board, SNWA, its officers, and the inhabitants of the District that the District and SNWA effect the Refunding Project and defray wholly or in part the cost thereof by the issuance of the Bonds; and it is hereby so determined and declared.

SECTION 7. Authorization of Refunding Project. The Board, at the request of and on behalf of the SNWA, hereby authorizes the Refunding Project.

SECTION 8. Resolution to Constitute Contract. In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the District and the registered owners from time to time of the Bonds.

SECTION 9. Bonds Equally Secured. The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the registered owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Resolution.

SECTION 10. General Obligations. All of the Bonds, as to the Bond Requirements, shall constitute general obligations of the District, which hereby pledges its full faith and credit for their payment. So far as possible, the Bond Requirements of the Bonds shall be paid from SNWA Pledged Revenues. However, the Bonds as to all Bond Requirements shall also be payable from General Taxes (except to the extent that other moneys such as SNWA Pledged Revenues are available therefor) as herein provided.

SECTION 11. Limitations upon Security. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District or SNWA and no property of the District or SNWA shall be liable to be forfeited or taken in payment of the Bonds; but the payment of the Bonds is secured by the proceeds of General Taxes and the other money hereinafter pledged for the payment of the Bonds.

SECTION 12. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Resolution authorizing their issuance or any other instrument relating

thereto, against any individual member of the Board or any officer or other agent of the Board, the District, or SNWA past, present or future, either directly or indirectly through the Board, the District, or SNWA or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

SECTION 13. Authorization of Bonds. For the purpose of providing funds to pay all or a portion of the cost of the Refunding Project, the District shall issue the "Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B" in the aggregate principal amount set forth in the Sale Certificate (not to exceed \$90,380,000).

SECTION 14. Bond Details. The Bonds shall be issued in fully registered form. The Bonds shall be dated initially as of the date of delivery thereof and except as otherwise provided in Section 19 hereof shall be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be numbered from 1 upward. The Bonds shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective rates set forth in the Sale Certificate, payable semiannually on June 1 and December 1 of each year, commencing on the first June 1 or December 1 that is at least one month after the date of issuance of the Bonds; provided that those Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown below from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds shall mature on the dates in each of the amounts of principal as designated in the Sale Certificate (not to exceed 10 years from the date of delivery of the Bonds).

The principal and redemption premium, if any, on any Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Paying Agent or at such other office as shall be designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity or prior redemption, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. Except as otherwise provided in Section 19, payment of interest

on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day) to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar as of the close of business on the Regular Record Date; but any such interest not so timely paid shall cease to be payable to the registered owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the registered owner thereof at his or her address as shown on the registration records of the Registrar as of the close of business on the Special Record Date. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the registered owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. Prior Redemption.

A. Optional Redemption. Bonds, or portions thereof (\$5,000 or any integral multiple) maturing on or after the date set forth in the Sale Certificate, if any, shall be subject to redemption prior to their respective maturities, at the option of the District, on and after the date set forth in the Sale Certificate, if any, in whole or in part at any time from any maturities selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium not to exceed 9 percent of the principal amount of the Bonds, if any, as set forth in the Sale Certificate.

B. Partial Redemption. In the case of Bonds in a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial

redemption of Bonds of a single maturity pursuant to Subsection (A) hereof, the Paying Agent shall select the Bonds to be redeemed by lot at such time as directed by the District (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar, and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.

C. Mandatory Redemption. The Bonds maturing on the dates specified in the Sale Certificate (the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Bond Fund on or before the dates designated in the Sale Certificate, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem (after credit is provided below) on the dates and in the amounts provided in the Sale Certificate. The Registrar shall call the Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in Section 16 of this Resolution.

Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments.

At the option of the District to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the District or, (ii) specify a principal amount of Term Bonds, or portion thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or

previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the District on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the District determines. In the event the District shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled or in the event the Bonds are registered in the name of Cede & Co. as provided in Section 19 of this Resolution, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

SECTION 16. Notice of Redemption. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar electronically, as long as Cede & Co. is registered owner of the Bonds and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access (EMMA) system and to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the MSRB or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that the notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the provisions of this Subsection, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of

funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

SECTION 17. Negotiability. Subject to the registration and payment provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each registered owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

SECTION 18. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 19 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity and interest rate of other authorized denominations, as provided in Section 14 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the registered owner thereof, the Registrar may make a sufficient charge to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating a new Bond. No such charge shall be made in the case of an exchange resulting from an optional prior redemption of a Bond.

B. The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the date of mailing by the Registrar of a notice of prior redemption of Bonds and ending at the

close of business on the date of such mailing, or (ii) any Bond after the mailing of notice calling such Bond, or any portion thereof, for redemption as herein provided.

C. The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 14 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the District may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the Board, upon request.

#### SECTION 19. Use of Depository.

A. The District may provide for the Bonds to be issued in book entry only form in which case the Bonds shall be evidenced by one or more Bonds for each year in which the principal of the Bonds comes due, in denominations equal to the amount of principal coming due in that year. Such Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

(1) To any successor of The Depository Trust Company or its nominee which successor must be both a "clearing corporation" as defined in NRS 104.8102,

and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended;

(2) Upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A or a determination by the Board that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the designation by the Board of another depository institution, acceptable to the Board which must be both a “clearing corporation” as defined in NRS 104.8102 and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(3) Upon the resignation of The Depository Trust Company or a successor depository or new depository under clause (1) or (2) of Subsection A or a determination by the Board that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the failure by the Board, after reasonable investigation, to locate another qualified depository institution acceptable to the Board under clause (2) to carry out the functions of The Depository Trust Company or such successor or new depository. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of Subsection A hereof or in the case of designation of a new depository pursuant to clause (2) of Subsection A hereof upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a single new Bond shall be issued to such successor or new depository, as the case may be, for each maturity of the Bonds then outstanding, registered in the name of such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a determination under clause (3) of Subsection A hereof and the failure, after reasonable investigation to locate another depository institution for the Bonds acceptable to the Board and upon receipt of outstanding Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 14 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall



not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

B. The District shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes of this resolution and any applicable laws notwithstanding any notice to the contrary received by the Registrar or the District, and the District shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection A hereof.

C. The District and the Registrar shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of Subsection A hereof in effectuating payment of the Bond Requirements of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the day they are due.

#### SECTION 20. Execution and Authentication.

A. Prior to the execution of any Bonds by facsimile signature, and pursuant to NRS 350.638, the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and the Supplemental Bond Act, the President of the District (the "President"), the Treasurer and the District Secretary (the "Secretary") shall each file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bonds shall be approved, signed and executed in the name of and on behalf of the District with the manual or facsimile signature of the President, shall be countersigned and executed with the manual or facsimile signature of the Treasurer and shall bear a manual impression or a facsimile of an impression of the official seal of the District attested with the manual or facsimile signature of the Secretary.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered

pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

SECTION 21. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the execution of the Bonds shall be valid and binding obligations of the District, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The President, the Treasurer and the Secretary, at the time of the execution of a signature certificate relating to the Bonds, may each adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

SECTION 22. Incontestable Recital. Pursuant to NRS 350.628, the Bonds shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

SECTION 23. State Tax Exemption. Pursuant to NRS 350.710, the Bonds, their transfer and the income therefrom must forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

SECTION 24. Bond Execution. The President, the Treasurer and the Secretary are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

SECTION 25. Registration. The Registrar shall maintain the registration records of the District for the Bonds, showing the name and address of the owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and its interest rate, principal amount and Bond number.

SECTION 26. Bond Form. Subject to the provisions of this Resolution, the Bonds shall be in substantially the following form with such omissions, insertions, endorsements and variations as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**LAS VEGAS VALLEY WATER DISTRICT, NEVADA  
GENERAL OBLIGATION (LIMITED TAX)  
(ADDITIONALLY SECURED BY SNWA PLEDGED REVENUES)  
WATER REFUNDING BONDS  
SERIES 2018B**

No. \_\_\_\_\_ \$ \_\_\_\_\_

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Dated As of</b>	<b>CUSIP</b>
_____ %	_____ 1, _____	_____	

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:** \_\_\_\_\_ **DOLLARS**

The Las Vegas Valley Water District, a political subdivision of the State of Nevada, on behalf of the Southern Nevada Water Authority ("SNWA") in Clark County, in the State of Nevada (the "District" and the "State", respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, on the Maturity Date specified above (unless called for earlier redemption) and to pay interest thereon on June 1 and December 1 of each year, commencing on \_\_\_\_\_ 1, 2018, at the Interest Rate per annum specified above, until the principal sum is paid or payment has been provided for. This Bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of this Bond. The principal on this Bond is payable upon presentation and surrender hereof at the principal office of the District's paying agent (the "Paying Agent") or at such other office as may be designated by the Paying Agent, presently The Bank of New York Mellon Trust Company, N.A., who is also now acting as the District's Registrar (the "Registrar"). Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed to the person in whose name this Bond is registered (the "registered owner") in the registration records of the District maintained by the Registrar, at the address appearing thereon, as of the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. If the payment of any installment of principal of this Bond is not made when due, interest on such installment shall continue at the

interest rate for such installment referred to above until such principal installment is paid in full. All such payments shall be made in lawful money of the United States without deduction for any service charges of the Paying Agent or Registrar.

This Bond may not be exchanged or transferred except in circumstances specified in Section 19 of the Resolution of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds of the series of which this Bond is one (the "Bonds") and designated in Section 1 thereof as the "2018B SNWA Refunding Bond Resolution" (the "Resolution") and only at the times and subject to payment of the charges specified in the Resolution.

The District, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

[The Bonds maturing on and after the date set forth in the Sale Certificate are subject to redemption prior to their respective maturities at the option of the District on and after the date set forth in the Sale Certificate in whole or in part (\$5,000 or any integral multiple thereof) at any time from such maturity or maturities selected by the Board, and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed and accrued interest thereon to the redemption date, plus a premium, if any, as set forth in the Sale Certificate.]

[Certain of the Bonds are subject to mandatory prior redemption as set forth in the Resolution and the Sale Certificate.]

Notice of redemption, unless waived, will be given by the Registrar as set forth in the Resolution. Notice of redemption having been given, the Bonds or portions thereof so called for redemption and for which payment has been provided shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions thereof shall cease to bear interest.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond must be registered in the name of the registered owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Resolution. No transfer of this Bond shall be valid unless made on the registration records

maintained at the principal office of the Registrar by the registered owner or his or her attorney duly authorized in writing.

The Bonds are issued by the District upon its behalf and upon the credit thereof for the purpose of defraying wholly or in part the cost of the Refunding Project as defined in the Resolution, all as more fully described in the Resolution, under the authority of and in full compliance with the Constitution and laws of the State and pursuant to the Resolution.

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the District and SNWA in the issuance of this Bond; that the total indebtedness of the District, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State; that provision has been made for the levy and collection of annual general (ad valorem) taxes ("General Taxes") against all the taxable property within the District sufficient to pay the principal of and interest on the Bonds (the "Bond Requirements") when the same become due (except to the extent other funds and revenues are available therefor), subject to the limitations imposed by the Constitution and by the statutes of the State; and that the full faith and credit of the District are hereby irrevocably pledged to the punctual payment of the Bond Requirements of this Bond according to its terms.

This Bond is issued pursuant to Chapter 167, Statutes of Nevada, 1947, as amended and supplemented; pursuant to Nevada Revised Statutes ("NRS") 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act") and pursuant to NRS Chapter 348; and pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 350.710, the Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

Payment of the principal and interest on the Bonds is additionally secured by a pledge of revenues, (herein, the "SNWA Pledged Revenues") derived by the District from SNWA, as more specifically provided in the Resolution.

The Bonds are equally and ratably secured by a lien on the SNWA Pledged Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the SNWA Pledged Revenues, subject to the superior or parity liens of any obligations issued superior to or on a parity with the Bonds. Bonds and other securities, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from the SNWA Pledged Revenues having a lien thereon subordinate and junior or on a parity to the lien or, subject to additional expressed conditions, having a lien thereon prior and superior to the lien of the Bonds, in accordance with the provisions of the Resolution.

Reference is made to the Resolution, the District Act, and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions

upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the District, and other rights and remedies of the owners of this Bond.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution may be amended or otherwise modified by action of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of SNWA Pledged Revenues under the Resolution may be discharged at or prior to the respective maturities or prior redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Resolution or other instrument pertaining thereto against any individual member of the Board, or any officer or other agent of the District or SNWA, past, present, or future, either directly or indirectly through the Board, SNWA, or the District or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Board of Directors of the Las Vegas Valley Water District in the County of Clark and State of Nevada, on behalf of the Southern Nevada Water Authority, has caused this Bond to be executed in its name with the manual or facsimile signature of the President of its Board of Directors, to be attested, signed and executed with a manual or facsimile signature of the Secretary of the Board of Directors, has caused a manual or facsimile impression of the seal of the District to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the District Treasurer, all as of

\_\_\_\_\_.

LAS VEGAS VALLEY WATER DISTRICT

By: (Manual or Facsimile Signature)  
President, Board of Directors

Countersigned:

(MANUAL OR FACSIMILE DISTRICT  
SEAL)

(Manual or Facsimile Signature)  
District Treasurer

Attest:

(Manual or Facsimile Signature)  
Secretary, Board of Directors

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication and registration \_\_\_\_\_

This is one of the Bonds described in the within-mentioned Resolution, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.

By (Manual Signature)  
Authorized Signatory

(End of Form of Registrar's Certificate of Authentication for Bonds)



(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the District, in accordance with the terms of the Resolution authorizing the issuance of this Bond.

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<u>Date of Prepayment</u>	<u>Principal</u>	Signature of Authorized Representative of DTC

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto the within Bond and hereby irrevocably constitutes and appoints attorney to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature(s) guarantee should be made by a  
guarantor institution participating in the  
Securities Transfer Agents Medallion Program

Name of Transferee:

Address of Transferee:

Social Security or other tax  
identification number of  
Transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED RESOLUTION.

SECTION 27. Continuing Disclosure Undertaking. The District covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the Continuing Disclosure Certificate in substantially the form now on file with the District, to be executed by the Chief Financial Officer or the General Manager and delivered in connection with the delivery of the Bonds.

SECTION 28. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall reasonably determine that the Registrar or Paying Agent has become incapable of performing its duties hereunder, or that it is in the best interests of the District to replace the Paying Agent or Registrar, the Board may, upon notice mailed to each registered owner of the Bonds at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

SECTION 29. Deposit of Proceeds. When the Bonds have been issued, the Treasurer shall cause the proceeds of the Bonds to be applied as follows:

A. First, there shall be deposited into the Escrow Account established pursuant to the Escrow Agreement, an amount fully sufficient, together with any other moneys therein (including any monies deposited therein from the debt service fund for the Refunded Bonds) and the proceeds of any Federal Securities designated for purchase in the Escrow Agreement (defined below), if any, to pay the Bond Requirements of the Refunded Bonds as provided in the Escrow Agreement.

B. Second, the balance remaining after the deposit described above shall be set aside in a special account hereby created and designated as the “Las Vegas Valley Water District, Nevada General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, Costs of Issuance Account” (the “Costs of Issuance Account”) to be used for the purpose of paying the cost of issuance of the Bonds. After the Refunding Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Costs of Issuance Account shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bonds.

SECTION 30. Use of Investment Gain. Pursuant to NRS 350.658, and except as may otherwise be required for deposit into the Rebate Account created herein, any gain from any investment and any reinvestment of any moneys accounted for in a fund pursuant to this Resolution, shall be deposited promptly upon the receipt of such gain at any time or from time to time into that fund. Nothing herein prevents the commingling of moneys accounted for in any two or more accounts or funds created herein or otherwise maintained by the District, for purposes of investment in any investments permitted under the laws of the State.

SECTION 31. Prevention of Bond Default. Subject to the provisions of Sections 33 and 36 hereof, the Treasurer shall use any Bond proceeds credited to the Costs of Issuance Account, without further order or warrant, to pay the Bond Requirements of the Bonds as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Refunding Project. The Treasurer shall promptly notify the Board and the Board of Directors of the SNWA of any such use.

SECTION 32. Purchaser Not Responsible. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Refunding Project, or any part thereof, or to the proper completion of the Refunding Project. The Purchaser of the Bonds, any associate thereof, and any subsequent registered owner of any Bond shall in no manner be responsible for the application or disposal by the District, SNWA

or by any of their officers, agents and employees of the proceeds derived from the sale of the Bonds or of any other moneys herein designated.

SECTION 33. General Tax Levies. So far as possible, the Bond Requirements of the Bonds shall be paid from revenues received by the District from SNWA Pledged Revenues, and after the payment from such revenues of the annual debt service requirements and any sinking fund and reserve fund requirements of any Superior Lien Obligations of the District. However, pursuant to NRS 350.596, any sums falling due on the Bonds at any time when there are not on hand sufficient funds to pay such Bond Requirements, shall be paid out of a general fund of the District or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available from the Revenue Fund as defined herein) and available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created separate accounts designated respectively as the “Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, Principal Account” (the “Principal Account”), and the “Las Vegas Valley Water District, Nevada, General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, Interest Account” (the “Interest Account;” collectively, the Principal Account and Interest Account are referred to herein as the “Bond Fund”). Pursuant to NRS 350.592 and 350.594, there shall be duly levied immediately after the issuance of the Bonds and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the District fully sufficient, together with the revenue which will result from application of the rate to the net proceeds of minerals, to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bonds becoming due after such initial installment, and to pay and retire the Bonds as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of the Bond Requirements. In the preparation of the annual budget or appropriation resolution for the District, the Board shall

first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the District, including, without limitation, the Bonds, subject to the limitation imposed by NRS 361.453 and Section 2, art. 10, of the State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the legally available revenues received by the District.

SECTION 34. Priorities for Bonds. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the District by all overlapping units within the boundaries of the District exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the District and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the District and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

SECTION 35. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bonds shall be kept in the Principal Account and in the Interest Account, which accounts shall be used for no other purpose than the payment of principal of and interest on the Bonds, respectively, as the same fall due.

SECTION 36. Use of General Fund and Other Funds. Any sums becoming due on the Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from the general fund on hand belonging to the District, reimbursement to be made to the general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

SECTION 37. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the District, if such action is necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the District to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of and the interest on the Bonds. Such General Taxes, when collected, shall be kept for and applied only to the payment of the principal of and the interest on the Bonds as hereinbefore specified.

SECTION 38. Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

SECTION 39. Pledge of Revenues. Subject only to the right of the District and the SNWA to cause amounts to be withdrawn to pay the cost of the Refunding Project as provided herein, the SNWA Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any fund or account under this Resolution, excluding, however, those funds held in the Escrow Account and the Rebate Account, are hereby pledged to secure the payment of the Bond Requirements of the Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the moneys, as received by the District and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District, except for any outstanding securities authorized, as herein provided, the liens of which on the SNWA Pledged Revenues are superior to or on a parity with the lien thereof of the Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as herein otherwise provided) irrespective of whether such parties have notice thereof, the lien of this pledge for the Bonds, the Outstanding Parity Lien Obligations and any Parity Lien Obligations hereafter issued shall be equally and ratably secured by the pledge of the

SNWA Pledged Revenues hereunder, and the Bonds, the Outstanding Parity Lien Obligations and any Parity Lien Obligations hereafter issued are not entitled to any priority one over the other in the application of SNWA Pledged Revenues.

SECTION 40. SNWA Funds. There is hereby continued in the Treasury of the District the SNWA Pledged Revenues Fund created by the District in a resolution adopted by the Board on July 5, 1995 and continued herein (the "Revenue Fund"). There is hereby created and established in the Treasury of the District additional special fund designated General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, Rebate Account (the "Rebate Account").

SECTION 41. Revenue Fund. All moneys received by the District from SNWA pursuant to the SNWA Agreement and any other repayment agreement hereafter entered into between SNWA and the District, which by its terms requires the District to deposit revenues received pursuant to that agreement in the Revenue Fund, shall be paid into the Revenue Fund, and no disbursements shall be made from the Revenue Fund except as provided in this Resolution.

SECTION 42. Superior Lien Bond Fund. First, payments shall be made, as necessary, from the Revenue Fund to any fund hereafter created to pay, when due, principal of and interest on any Superior Lien Obligations (including payments due on any Qualified Swap), together with any amount required to be paid to the United States in compliance with Section 148(f) of the Tax Code for the Superior Lien Obligations.

SECTION 43. Superior Lien Reserve Fund. Second, payments shall be made as required by any resolution authorizing the issuance of any Superior Lien Obligation to any reserve fund created for the Superior Lien Obligation.

SECTION 44. Bond Fund. Third, and concurrently with the transfers to the bond funds created with respect to the outstanding Parity Lien Obligations, the following transfers shall be made to the Bond Fund, on or before the date the District is required to transmit the corresponding payment to the Bondholders, to pay the principal of and interest on the Bonds together with any Parity Lien Obligations hereafter issued (including payments due on any Qualified Swap).

So long as any of the Bonds are outstanding, there shall be transferred to and placed in the Bond Fund (together with any other moneys from time to time available therefor



from whatever source): (i) a sum at least equal to the amount of the interest coming due on the Bonds on the first interest payment date of the Bonds, and semiannually thereafter, a sum equal to the amount necessary to pay the next maturing installment of interest on the Bonds; and (ii) a sum at least equal to the amount of the principal coming due on the Bonds on the first principal payment date of the Bonds, and annually thereafter, a sum equal to the amount necessary to pay the next maturing installment of principal of the Bonds then outstanding. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the Bond Requirements become due.

SECTION 45. Rebate Account. Fourth, and concurrently with transfers to the rebate accounts created with respect to the outstanding Parity Lien Obligations, there shall be credited to the Rebate Account and any rebate account hereafter created for any Parity Lien Obligations, such amounts as are required to be deposited in each and to the Rebate Account such amounts as are required to be deposited therein to meet the District's obligations under Covenant 5 contained in Section 54, hereof, in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code and amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

SECTION 46. Termination of Deposits; Defraying Delinquencies.

A. No payment need be made into the Bond Fund if the amounts in the Bond Fund equal a sum at least equal to the entire amount of the outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

B. If at any time (including a date on which a payment under a Qualified Swap is due) the District shall for any reason fail to pay into the Bond Fund or the Rebate Account the full amount above stipulated from the SNWA Pledged Revenues, then an

amount shall be paid first into the Bond Fund and second into the Rebate Account at such time equal to the difference between that paid from the SNWA Pledged Revenues and the full amount so stipulated, from the first SNWA Pledged Revenues available therefor. If securities (other than the Bonds) are outstanding, the payment of which are secured by a lien on the SNWA Pledged Revenues which lien is on a parity with the lien hereon of the Bonds, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate account therefor, then the moneys replaced in such bond fund, reserve fund or rebate account shall be replaced on a pro rata basis related to the principal amount of the then outstanding Bonds and the then outstanding other parity securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate accounts.

SECTION 47. Lien of the Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the SNWA Pledged Revenues, subject to the parity liens of the outstanding Parity Lien Obligations, and subject to any liens on the SNWA Pledged Revenues of any future outstanding Superior Lien Obligations and Parity Lien Obligations of the District issued on behalf of SNWA.

SECTION 48. Issuance of Superior Lien Obligations or Parity Lien Obligations. Nothing herein prevents the issuance by the District of additional Superior Lien Obligations or Parity Lien Obligations nor prevents the issuance of bonds or other securities refunding all or a part of the Bonds, but before any such additional Superior Lien Obligations or Parity Lien Obligations are authorized or actually issued:

A. At the time of the adoption of the resolution authorizing the issuance of the additional Superior Lien Obligations or Parity Lien Obligations, the District shall not be in default in making any payments required into the debt service, sinking or reserve funds for any outstanding obligations secured with a lien on the SNWA Pledged Revenues; and

B. (1) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) derived in the fiscal year immediately preceding the date of issuance of the additional Superior Lien Obligations or Parity Lien Obligations shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements of the outstanding Bonds and any other outstanding Superior Lien Obligations and Parity Lien Obligations, and the obligations proposed to be issued; or

(2) The SNWA Pledged Revenues (subject to adjustment as hereinafter provided) projected by the District General Manager or an independent accountant or consulting engineer to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the additional Parity Lien Obligations or Superior Lien Obligations are issued or (ii) the first fiscal year in which all principal and interest payable on the additional Parity Lien Obligations or Superior Lien Obligations to be paid from proceeds of the SNWA Pledged Revenues, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that fiscal year) of the Bonds, any other outstanding Parity Lien Obligations and Superior Lien Obligations and the obligations proposed to be issued.

C. In any determination of whether or not additional parity securities may be issued in accordance with the foregoing earnings test (i) the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer of the District certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with the term of one year or less, calculated based on an interest rate equal to the “25 Bond Revenue Index” most recently published in The Bond Buyer prior to the date of certification.

D. For the purposes of Subsection B of this Section, if any Superior Lien Obligation or Parity Lien Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Superior Lien Obligations or Parity Lien Obligations or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Lien Obligations or Parity Lien Obligations is accepted by the District or if such index is no longer published such other similar long-term bond index as the District reasonably selects. In addition, any such variable interest rate securities must meet the requirements of the insurer of the Bonds, if any.

E. Termination payments due under a Qualified Swap Agreement must be subordinate to the payments of the Bond Requirements of any Bonds, unless all of the outstanding Bonds are insured by a bond insurer whose rating issued by Standard and Poor's Rating Services or Moody's Investors Service or both (whichever has a rating in effect for the outstanding Bonds) is equal to or better than the rating the Bonds would have without such insurance, and the insurer of the outstanding Bonds consents to the lien position of such termination payment prior to the execution of such Qualified Swap Agreement.

F. In connection with the authorization of any such additional securities the Board may on behalf of the District adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District herein. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Resolution.

SECTION 49. Certification of Revenues. A written certification or written opinion based upon estimates, as provided above, that the annual revenues when adjusted as herein provided are sufficient to pay such amounts as provided in Subsection B of Section 48 hereof, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional bonds, notes, or other additional securities on a parity with or superior to the Bonds.

SECTION 50. Subordinate Obligations Permitted Without Earnings Test. Nothing herein prevents the District from issuing additional bonds or other additional securities payable from the SNWA Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

SECTION 51. Superior Lien Obligations Permitted with Earnings Test. Nothing herein permits the District to issue additional bonds or additional securities payable from the SNWA Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds, unless the issuance of such bonds, notes, or additional securities meets the earnings test for issuance of Parity Lien Obligations listed above and meets any applicable earnings test required by any resolutions authorizing the issuance of any then outstanding Superior Lien Obligations.

SECTION 52. Issuance of Refunding Securities.

A. At any time after the Bonds, or any part thereof, are issued and remain outstanding, if the District shall find it desirable to refund any outstanding Bonds or other outstanding parity or subordinate securities, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the District's option upon proper call, unless the owner or owners of all such outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the SNWA Pledged Revenues is changed (except as provided in Section 52(D) hereof).

B. If so provided in the instrument authorizing the refunding securities, the refunding securities so issued shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

C. Any refunding bonds or other refunding securities payable from any SNWA Pledged Revenues shall be issued with such details as the Board may by resolution provide, subject to the provisions of this Section but without any impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unrefunded portion of the outstanding securities of any one or more issues (including, without limitation, the Bonds).

D. If only a part of the outstanding Bonds and other outstanding securities of any issue or issues payable from the SNWA Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

(1) Unless the refunding bonds or other refunding securities do not increase for any bond year the aggregate principal and interest requirements evidenced by the refunding securities and by the outstanding securities not refunded on and before the last maturity date or last redemption date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the SNWA Pledged

Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or

(2) Unless the lien on any SNWA Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 48 hereof.

SECTION 53. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than any funding or refunding securities) payable from the SNWA Pledged Revenues shall be used only to pay the cost of a project, including incidental expenses, for the betterment, enlargement, extension, other improvement and equipment of water projects as permitted by Section 27 of the District Act.

SECTION 54. Protective Covenants. The District hereby particularly covenants and agrees with the registered owners of the Bonds and makes provisions which shall be a part of its contract with such registered owners to the effect and with the purposes set forth in the following provisions of this Section:

Covenant 1. Completion of Refunding Project. Immediately following delivery of the Bonds, the District shall commence the completion of the Refunding Project with all practical dispatch.

Covenant 2. Enforcement of Agreement with SNWA. The District shall enforce the terms of the SNWA Agreement, and shall not consent to an amendment of that agreement which would reduce or delay the receipt of SNWA Pledged Revenues by the District.

Covenant 3. Records and Accounts. The District will keep proper books of record and account, in accordance with sound accounting practice, in which complete and correct entries shall be made of the revenues received from SNWA; which, shall at all times be subject to the reasonable inspection of the registered owner or owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding or their representatives duly authorized in writing. The District will cause its records and accounts of SNWA Pledged Revenues to be audited annually by an independent certified public accountant and will make available for inspection by the registered owners of such Bonds, at the office of the District Treasurer in Las

Vegas, Nevada, a copy of the report of such accountant, and will also, upon payment of a reasonable charge, furnish a copy thereof upon request to the registered owner of any Bond.

Covenant 4. No General Tax Priorities. The District will not issue any obligations having a priority over the Bonds for payment of principal and interest from General Taxes.

Covenant 5. Tax Covenant. The District covenants for the benefit of the registered owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Covenant 6. Qualified Swap Covenant.

A. At least 15 days in advance of entering into a Qualified Swap, the District will give written notice to Moody's Investors Service and Standard and Poor's Ratings Service, of such Qualified Swap and to provide Moody's Investors Service and Standard and Poor's Ratings Service with the proposed documentation evidencing such Qualified Swap.

B. If a termination payment under a Qualified Swap is unconditionally due and payable in accordance with the terms of the Qualified Swap, and the District determines that payment of such termination payment on its due date would be unduly burdensome, the District will use its best efforts to issue bonds or other obligations and use the proceeds thereof for the purpose of paying such termination payment.

C. Any Qualified Swap entered into by the District will contain a provision requiring the Qualified Swap Provider to (i) maintain at least an "A" rating from Standard and Poor's Ratings Service on its senior long-term debt obligations, or on the senior long-term debt obligations of the financial institution that guarantees the District's

obligations under the Qualified Swap, or (ii) to collateralize its obligations under the Qualified Swap in a manner reasonably acceptable to Moody's Investors Service and Standard and Poor's Ratings Service.

SECTION 55. Defeasance. When all Bond Requirements of any Bond have been duly paid, the pledge, the lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond, or upon any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 56. Remedies for Enforcement. In addition to all other remedies provided by law or in equity, any registered owner of a Bond of the District, including a trustee for such registered owners, shall have the right, subject to any contractual limitation binding upon such registered owners or trustee, and subject to the prior or superior rights of others:

A. By mandamus or other suit, action or proceedings, at law or in equity, to enforce his or her right against the District and the Board, including the right to require the District and the Board to fix and collect rates and charges adequate to carry out any agreement as to, or pledge of, the revenues produced by such rates or charges, and to require the District and the Board to carry out any other covenants and agreements with the registered owners of the Bonds and to perform its and their duties pursuant to law.



B. By action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of the registered owners of the Bonds.

C. By action or suit in equity to require the District to act as if it were the trustee of an express trust for the registered owners of the Bonds.

D. By suit, action or proceeding in court exercising equitable jurisdiction to obtain the appointment of a receiver of the enterprise in which the District is engaged or any part or parts thereof, who may enter and take possession of such utility or any part or parts thereof, including all property, land, property rights, easements and other adjuncts of the utility, and such receiver may operate and maintain the same, and collect and receive all revenues thereafter arising therefrom in the same manner as the District itself might do, and shall deposit all such moneys in a separate account or accounts and apply the same in accordance with the obligations of the District as the court shall direct; provided, however, no registered owner of a Bond, including a trustee for such registered owners, shall have the right to accelerate the principal of or interest on a Bond before its due date.

SECTION 57. Consents of Bondholders. No consent or notice to the registered owners of the Bonds is required for an amendment which cures any ambiguity, formal defect or omission herein, or which is not adverse to the Bondholders' interests. The consents of the registered owners of the Bonds provided for in Sections 57 to 65 inclusive hereof shall relate solely to the amendment, waiver or modification of covenants and provisions specified herein except as provided in Section 64 hereof. Any act relating to the amendment, waiver or modification of any of the said covenants or provisions consented to by the registered owners of the Bonds owning at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of outstanding Bonds, exclusive of Bonds, if any, owned by the District, shall be binding upon the registered owners of all of the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution or of the Bond Act, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no registered owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Board or any officer of the District from taking any action pursuant thereto.

SECTION 58. Calling Bondholders' Meeting. If the Board shall desire to obtain any consent described in Section 57 hereof, it shall duly adopt a resolution calling a meeting of the registered owners of the Bonds for the purpose of considering the action, the consent to which is desired.

SECTION 59. Notice of Meeting. Notice specifying the purpose, place, date and hour of such Bondholders' meeting shall be mailed by registered mail to each registered owner of the Bonds, such mailing to be not less than 60 days and not more than 90 days prior to the date fixed for the meeting. Such notice shall set forth the nature of the proposed action, consent to which is desired. The place, date and hour of holding such meeting and the date of mailing such notice shall be determined by the Board, in its discretion. The actual receipt by any registered owner of notice of any such meeting shall not be a condition precedent to the holding of such meeting and failure to receive such notice shall not affect the validity of the proceedings thereat. A certificate by the Secretary, approved by resolution of the Board, that the meeting has been called and that notice thereof has been given as herein provided shall be conclusive as against all parties and it shall not be open to any registered owner to show that he or she failed to receive notice of such meeting.

SECTION 60. Voting Qualifications. The person in whose name a Bond is registered shall be conclusively deemed the owner thereof for the purpose of voting.

SECTION 61. Issuer-Owned Bonds. The Board covenants that it will present at the meeting a certificate, signed and verified by the Registrar and by the Treasurer, stating the maturities of all Bonds owned by, or held for account of, the District, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such a certificate, or any Bond which it shall be established at or prior to the meeting is owned by the District, directly or indirectly, and no such Bond (in this Resolution referred to as a "issuer-owned Bond") shall be counted in determining whether a quorum is present at the meeting.

SECTION 62. Quorum and Procedure. A representation of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) shall be necessary to constitute a quorum at any meeting of the registered owners, but less than a quorum may adjourn the meeting, from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall

have been had by a quorum or by less than a quorum. The Board shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary. At any meeting each registered owner shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he or she shall be entitled to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Board, by its duly authorized representative, may attend any meeting of the registered owners, but shall not be required to do so.

SECTION 63. Vote Required. At any such meeting held as aforesaid there shall be submitted for the consideration and action of the registered owners a statement of proposed action, consent to which is desired, and if such action shall be consented and approved by registered owners holding at least sixty-six and two-thirds percent (66-2/3%) in aggregate amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and the secretary of the meeting shall so certify in writing to the Board, and such certificate shall constitute complete evidence of consent of the registered owners under the provisions of this Resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

SECTION 64. Amendments.

A. This Resolution may be amended by the Board:

(1) Without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein or to make any change herein which the Board determines does not materially, adversely affect the holders of any outstanding Bonds; and

(2) With the consent of the insurer of all of the Bonds, if any (as long as the insurer has not defaulted on its insurance policy with respect to such Bonds and only if the rating of the insurer issued by Standard and Poor's Rating Service or Moody's Investors Service or both, whichever has a rating in effect for the outstanding Bonds, is equal to or better than the rating the Bonds would have without such insurance), in connection with any other amendment.

B. No amendment to this Resolution shall permit without the consent of such insurer of the Bonds, if any, and registered owners of all Bonds adversely affected thereby:

(1) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon;

(2) A reduction in the principal amount of any Bond or the rate of interest thereon;

(3) A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the registered owners of which is required for any modification or amendment;

(4) The establishment of priorities as between Bonds issued and outstanding under the provisions of this Resolution; or

(5) The modification of or otherwise materially and prejudicially affecting the rights or privileges of the registered owners of less than all of the Bonds then outstanding.

C. Copies of any amendments to the Resolution consented to by the insurer of the Bonds must be sent to Moody's Investors Service and Standard & Poor's Rating Services.

#### SECTION 65. Maintenance of Escrow Account.

A. The Escrow Account shall be maintained by the District in an amount at the time of the initial deposit therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same becomes due up to and including the redemption date for the Refunded Bonds; and to redeem on such date the Refunded Bonds, in accordance with the resolution authorizing the issuance of the Refunded Bonds.

B. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of interest due in connection with the Refunded Bonds, and in accordance with the provisions of the Escrow

Agreement, shall cause the notices of call for prior redemption of the Refunded Bonds to be effected. Any moneys remaining in the Escrow Account after provision shall have been made for the redemption in full of the Refunded Bonds shall be applied to any lawful purpose of the District as the Board may hereafter determine.

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the District shall forthwith from the first moneys available therefore deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest and any redemption premiums due in connection with the Refunded Bonds as herein provided.

SECTION 66. Call Notice; Redemption of Refunded Bonds. The Board hereby authorizes the delivery by the registrar of the Refunded Bonds, on behalf of the District, of a notice of prior redemption calling the Refunded Bonds for prior redemption in the manner required by the resolution authorizing the issuance of the Refunded Bonds. Provided the Bonds are issued, the Board hereby irrevocably authorizes the deposit of the net proceeds of the Bonds into the Escrow Account for use in paying the principal of and interest on the Refunded Bonds on the redemption date thereof.

SECTION 67. Consent of All Owners. Notwithstanding anything contained in the foregoing provisions hereof, the terms and the provisions of this Resolution or of any instrument amendatory hereof or supplemental hereto and the rights and the obligations of the District and of the registered owners of the Bonds hereunder may be modified or amended in any respect upon the adoption by the District and upon the filing with the Secretary of an instrument to that effect and with the consent of the registered owners of all the then outstanding Bonds.

SECTION 68. Delegated Powers. The officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing of the Bonds, including a statement of insurance, if applicable;

B. The execution of such certificates as may be reasonably required by the Purchaser, relating, inter alia,

(1) the signing of the Bonds,

(2) the tenure and identity of the officials of the District,

(3) the assessed valuation of the taxable property in and the indebtedness of the District,

(4) the exemption of interest on the Bonds from federal income taxation,

(5) the delivery of the Bonds, the deposit of the Bonds through The Depository Trust Company, and the receipt of the Bond purchase price, and

(6) if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity of the Bonds;

C. The assembly and dissemination of financial and other information concerning the District and the Bonds, including, but not limited to, the deeming final of the Preliminary Official Statement and the execution of the final Official Statement relating to the Bonds;

D. The execution of any documentation required to accept the best bid for the Bonds; and

E. The completion and execution of (i) the Escrow Agreement, and (ii) any agreement between the District and the Paying Agent.

SECTION 69. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the District and the registered owners of the Bonds and shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as herein provided.

SECTION 70. Repealer. All resolutions, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, bylaw or order, or part hereof, heretofore repealed.

SECTION 71. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 72. Effective Date. This Resolution shall be effective upon the adoption and approval by the Board.

INTRODUCED, ADOPTED AND APPROVED on this January 2, 2018.

[DISTRICT SEAL]

Attest:

---

John J. Entsminger, Secretary  
Las Vegas Valley Water District

---

Marilyn K. Kirkpatrick, President  
Las Vegas Valley Water District

STATE OF NEVADA        )  
                                  )  
COUNTY OF CLARK        ) ss.  
                                  )  
LAS VEGAS VALLEY        )  
WATER DISTRICT         )

I, John Entsminger, the duly chosen and qualified Secretary of the Las Vegas Valley Water District (the "District"), do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution designated in Section 1 thereof by the short title "2018B SNWA Refunding Bond Resolution" adopted by the Board of Directors of the District (the "Board") on January 2, 2018.

2. The original of the resolution has been approved and authenticated by the signatures of the President of the District and the Board and myself as Secretary of the District and the Board, and sealed with the seal of the District, and has been recorded in the minute book of the Board kept for that purpose in my office which record has been duly signed by such officers and properly sealed.

3. All of the members of the Board present at the meeting voted on the passage of the resolution as follows:

Those Voting Aye:

Susan Brager  
Lawrence L. Brown III  
James Gibson  
Chris Giunchigliani  
Marilyn Kirkpatrick  
Steve Sisolak  
Lawrence Weekly

Those Voting Nay:

\_\_\_\_\_

Those Abstaining:

\_\_\_\_\_

Those Absent:

\_\_\_\_\_

4. All members of the Board were given due and proper notice of the meeting.



5. Pursuant to NRS 241.020, written notice of the meeting was given by 9:00 a.m. at least three working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

- (a) By giving a copy of the notice to each member of the Board;
- (b) By posting a copy of the notice on the State of Nevada's website, the District's website, at the principal office of the Board, or if there is no principal office, at the building in which the meeting is to be held, and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Las Vegas Valley Water District  
1001 South Valley View Blvd.  
Las Vegas, Nevada 89107;
- (ii) Clark County Government Center  
500 South Grand Central Parkway  
Las Vegas, Nevada 89155;
- (iii) Grant Sawyer State Office Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101; and
- (iv) Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89101;

and

- (c) By giving a copy of the notice to each person, if any, who has requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given of the meeting of the Board is attached hereto as Exhibit A.

7. Upon request, the District provides, at no charge, at least one copy of the agenda for its public meetings, any proposed ordinance or regulation which will be discussed at the public meeting, and any other supporting materials provided to the members of the Board for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Las Vegas Valley Water District in Clark County, Nevada, this January 2, 2018.

---

John J. Entsminger, Secretary  
Las Vegas Valley Water District

EXHIBIT A

(Attach Copy of Notice of Meeting)

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY \_\_, 2018**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: S&P: “\_\_”  
Moody’s: “\_\_”  
See “RATINGS” herein**

*In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the respective dates of delivery of the 2018 Bonds (the “Tax Code”), and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS — Federal Tax Matters.”*

**\$ \_\_\_\_\_ \***  
**Las Vegas Valley Water District, Nevada**  
**General Obligation (Limited Tax)**  
**(Additionally Secured by SNWA Pledged Revenues)**  
**Water Refunding Bonds, Series 2018B**

**Dated: Date of Delivery**

**Due: June 1, as shown herein**

The 2018 Bonds (defined herein) are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds. See “THE 2018 BONDS — Book-Entry Only System.” The 2018 Bonds bear interest at the rates set forth herein, payable semiannually on June 1 and December 1 of each year commencing June 1, 2018, to and including the maturity dates shown herein (unless redeemed earlier). Interest on the 2018 Bonds will be paid by check or draft mailed to the registered owner of the 2018 Bonds, initially Cede & Co, as nominee of DTC. The principal of, and premium, if any, on the 2018 Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2018 Bonds. See “THE 2018 BONDS.”

**The maturity schedule for the 2018 Bonds appears on the inside cover page of this Official Statement.**

The 2018 Bonds are not subject to redemption prior to their respective maturities.

Proceeds of the 2018 Bonds will be used to: (i) refinance, together with other available funds, the District’s outstanding General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds Series 2008B, which were issued by the District on behalf of the Southern Nevada Water Authority (the “SNWA”), as more particularly described herein; and (iii) pay the costs of issuing the 2018 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2018 Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. The 2018 Bonds are additionally secured by a pledge of certain revenues received by the District from the SNWA scheduled in an amount sufficient to pay debt service on the 2018 Bonds. See “SECURITY FOR THE 2018 BONDS — SNWA Pledged Revenues.”

**This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

The 2018 Bonds are offered when, as, and if issued by the District and accepted by the Purchaser, subject to the approval of legality of the 2018 Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Reno, Nevada, has acted as disclosure counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by the District’s General Counsel. It is expected that the 2018 Bonds will be available for delivery through the facilities of DTC on or about March \_\_, 2018.

**BIDS TO BE RECEIVED ON FEBRUARY \_\_, 2018**

Dated February \_\_, 2018

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\* Preliminary, subject to change.

**MATURITY SCHEDULE**  
**(CUSIP® 6-digit issuer number: 517845)**

\$ \_\_\_\_\_\*  
**Las Vegas Valley Water District, Nevada**  
**General Obligation (Limited Tax)**  
**(Additionally Secured by SNWA Pledged Revenues)**  
**Water Refunding Bonds, Series 2018B**

<i>Maturing (June 1)</i>	<i>Principal Amount†</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP®† Issue No.</i>
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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District, the SNWA or the Purchaser and are included solely for the convenience of the registered owners of the applicable 2018 Bonds. None of the District, the Authority or the Purchaser is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2018 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2018 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2018 Bonds.

## USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2018 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Las Vegas Valley Water District, Nevada (the "District") or the Southern Nevada Water Authority, Nevada (the "SNWA"). The District and the SNWA each maintain an internet website; however, except as expressly incorporated by reference herein, the information presented in those websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2018 Bonds.

The information set forth in this Official Statement has been obtained from the District, the SNWA and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District. SNWA has represented to the District that the information provided by the SNWA set forth herein is accurate in all material respects. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2018 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the SNWA, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2018 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2018 Bonds have not been registered with the Securities and Exchange Commission (the "SEC") due to an exemption contained in the Securities Act of 1933, as amended. The 2018 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document. For purposes of compliance with Rule 15c2-12 of the SEC, as amended, and in effect on the date hereof, this document in the form of a Preliminary Official Statement constitutes an official statement of the District that has been deemed final by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

UNDER CERTAIN CIRCUMSTANCES, THE INITIAL PURCHASER MAY OFFER AND SELL THE 2018 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT YIELDS HIGHER THAN THOSE STATED ON THE PAGE IMMEDIATELY FOLLOWING THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE INITIAL PURCHASER. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2018 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## **LAS VEGAS VALLEY WATER DISTRICT, NEVADA**

### **Board of Directors**

Marilyn Kirkpatrick, President  
Steve Sisolak, Vice President  
Susan Brager  
Larry Brown  
James Gibson  
Chris Giunchigliani  
Lawrence Weekly

### **Officers and Staff**

John J. Entsminger, General Manager  
David L. Johnson, Deputy General Manager, Engineering/Operations  
Julie A. Wilcox, Treasurer and Deputy General Manager, Administration  
Gregory J. Walch, Esq., General Counsel  
Brian Thomas, Chief Financial Officer

### **MUNICIPAL ADVISORS**

Hobbs, Ong and Associates, Inc.  
Las Vegas, Nevada

PFM Financial Advisors LLC  
Seattle, Washington

### **BOND COUNSEL**

Sherman & Howard L.L.C.  
Las Vegas, Nevada

### **DISCLOSURE COUNSEL**

Stradling Yocca Carlson & Rauth, a Professional Corporation  
Reno, Nevada

### **REGISTRAR, PAYING AGENT AND ESCROW BANK**

The Bank of New York Mellon Trust Company, N.A.  
Dallas, Texas

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## OFFICIAL STATEMENT

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**Las Vegas Valley Water District, Nevada**  
**General Obligation (Limited Tax)**  
**(Additionally Secured by SNWA Pledged Revenues)**  
**Water Refunding Bonds, Series 2018B**

### INTRODUCTION

#### General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Las Vegas Valley Water District, Nevada (the "District"), to provide information about the District, the Southern Nevada Water Authority, Nevada (the "SNWA") and the District's \$ \_\_\_\_\_ \* General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B (the "2018 Bonds"). The 2018 Bonds will be issued pursuant to a resolution adopted by the District's Board of Directors (the "Board") on January 2, 2018 (the "Bond Resolution").

*The offering of the 2018 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2018 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized. Undefined capitalized terms have the meanings given in the Bond Resolution. See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."*

#### The District

The District was created under a special act of the Nevada State Legislature (the "Legislature") in 1947 as a governmental subdivision of the State of Nevada (the "State") and a quasi-municipal corporation. The District was created for the purpose of obtaining and distributing water primarily in the Las Vegas Valley, which includes the metropolitan area of Clark County, Nevada (the "County") and the City of Las Vegas. The Clark County Board of Commissioners serves as the District's Board and governs the activities of the District. See APPENDIX B — "INFORMATION RELATING TO THE LAS VEGAS VALLEY WATER DISTRICT."

#### The SNWA

The SNWA is a regional agency created in 1991 by seven governmental agencies in the County (each a "Member" and together, the "Members") to address water issues, develop additional water supplies, and build and operate water treatment and transmission facilities on a regional basis. The Members are the District, the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas, the Big Bend Water District and the Clark County Water Reclamation District. The SNWA was formed and operates pursuant to an Amended Cooperative Agreement among the Members, originally effective as of July 25, 1991, and subsequently amended (as amended, the "Cooperative Agreement"). After its formation, the SNWA assumed assets and liabilities of the Southern Nevada Water System ("SNWS") owned by the Colorado River Commission ("CRC") from the CRC and purchased all SNWS assets formerly owned by the federal government.

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\* Preliminary. subject to change.

See the captions “SOUTHERN NEVADA WATER AUTHORITY” and “SOUTHERN NEVADA WATER SYSTEM.”

The District operates and maintains the SNWS, as agent for the SNWA, pursuant to the 2012 Amended Facilities and Operations Agreement, effective September 5, 2012 (the “Operations Agreement”), between the SNWA and four of the Members (City of Boulder City, City of Henderson, City of North Las Vegas and the District. Pursuant to the Operations Agreement, the foregoing parties to the Operations Agreement (and certain other users as described herein) (collectively, the “Purveyor Members”) have contracted with the SNWA for the provision of potable water. The District is the largest Purveyor Member of the SNWA, accounting for approximately 69.2% of the water deliveries from the SNWS in fiscal year 2016-17.

The SNWA has no employees; the District provides all employees and operations for the SNWA. The SNWA pays the District for the costs of providing the employees and operations in an amount equal to the costs of the services provided and is responsible for a proportionate share of the District’s pension liability. See “SOUTHERN NEVADA WATER AUTHORITY.”

### **The 2018 Bonds; No Prior Redemption**

The 2018 Bonds are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds. See “THE 2018 BONDS — Book-Entry Only System.” The 2018 Bonds will be dated as of the date of delivery and will mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of principal and interest on the 2018 Bonds is described in “THE 2018 BONDS — Payment Provisions.”

The 2018 Bonds are not subject to redemption prior to their respective maturities.

### **Authority for Issuance**

The 2018 Bonds are being issued pursuant to Chapter 167, Statutes of Nevada, 1947 as amended and supplemented (the “District Act”), Nevada Revised Statutes (“NRS”) Chapter 350.500 through 350.720, designated as the “Local Government Securities Law” (the “Bond Act”), Chapter 348 of NRS and the Bond Resolution.

### **Purpose**

**General.** Proceeds of the 2018 Bonds are expected to be used to: (i) refinance, together with other available funds, all of the District’s outstanding General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Refunding Bonds, Series 2008B (the “Refunded Bonds”) as more particularly described below (the “Refunding Project”); and (ii) pay the costs of issuing the 2018 Bonds. See “SOURCES AND USES OF FUNDS.” The table below shows the Refunded Bonds to be paid at maturity or redeemed, as applicable, from a portion of the proceeds of the 2018 Bonds.

### Series 2008B Bonds to be Refunded with 2018 Bond Proceeds

<i>Amount Outstanding as of June 1, 2017</i>	<i>Amount Refunded</i>	<i>Maturity Date (June 1)</i>	<i>Redemption Date</i>	<i>Refunded CUSIP</i>
\$8,835,000	\$8,835,000	2018	— <sup>(1)</sup>	517840L69
9,285,000	9,285,000	2019	June 1, 2018	517840L77
9,760,000	9,760,000	2020	June 1, 2018	517840L85
10,255,000	10,255,000	2021	June 1, 2018	517840L93
10,780,000	10,780,000	2022	June 1, 2018	517840M27
11,330,000	11,330,000	2023	June 1, 2018	517840M35
11,825,000	11,825,000	2024	June 1, 2018	517840M43
12,385,000	12,385,000	2025	June 1, 2018	517840M50
13,015,000	13,015,000	2026	June 1, 2018	517840M68

<sup>(1)</sup> To be paid at maturity.

### Security for the 2018 Bonds

**General Obligation.** The 2018 Bonds constitute direct and general obligations of the District and the full faith and credit of the District is pledged to the payment of principal and interest due thereon. If necessary, and subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes, the District will levy ad valorem property taxes to pay debt service on the 2018 Bonds. Under State law, however, the District is obligated to pay debt service on the 2018 Bonds from available District funds prior to the levy of any ad valorem property tax. See the captions “SECURITY FOR THE 2018 BONDS” and “LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE” in Appendix B hereto.

Generally, the combined overlapping ad valorem tax rate is limited by State statute to \$3.64 per \$100 of assessed valuation. Compliance with such limit excludes \$0.02 of the statewide property tax rate of \$0.17 per \$100 assessed valuation. State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness. In any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, State constitutional and statutory provisions require that a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon. The District cannot predict how such provisions would be enforced by the courts if such provision were to be implemented. See “SECURITY FOR THE 2018 BONDS — General Obligation Bonds” and “PROPERTY TAX INFORMATION — Property Tax Limitations.”

**SNWA Pledged Revenues Additionally Secure the 2018 Bonds.** The 2018 Bonds are additionally secured by an irrevocable lien on the SNWA Pledged Revenues (as defined below) paid to the District by the SNWA pursuant to the SNWA/LVVWD Master Bond Repayment Agreement dated as of July 1, 1996, as amended (as amended, the “MBRA”), between the District and SNWA. The MBRA requires the SNWA to pay the District an amount sufficient to pay all debt service on bonds issued by the District at the request of the SNWA. Bonds issued by the District at the request of the SNWA include the 2018 Bonds and bonds and other obligations payable from SNWA Pledged Revenues on a parity with the 2018 Bonds (the “MBRA Parity Obligations”). The SNWA’s obligation to make payments under the MBRA is a special obligation of the SNWA, secured solely by and payable from SNWA Water Revenues (as defined below) after payment by the SNWA of operations and maintenance expenses and debt service on SNWA Superior Obligations (as defined below) (currently outstanding in the aggregate principal amount of \$3,405,000) and any MBRA Senior Lien Obligations (as defined below) that may be issued in the future, all in accordance with the Southern Nevada Water System Act of 1995 and the MBRA. “SNWA Pledged Revenues” is defined in the Bond Resolution as the revenues received by the District from the SNWA pursuant to the MBRA.

The District may issue, at the request of the SNWA, bonds or other obligations payable solely from SNWA Pledged Revenues on a senior basis to the MBRA Parity Obligations (the “MBRA Senior Lien Obligations”). There are currently no outstanding MBRA Senior Lien Obligations and the SNWA currently does not have plans to request the District to issue any MBRA Senior Lien Obligations.

The SNWA has outstanding certain bonds or other obligations with a lien on the SNWA Water Revenues that are superior to, on a parity with and subordinate to the lien thereon of the MBRA Parity Obligations (which will include the 2018 Bonds). The SNWA currently does not have any plans to issue additional SNWA Superior Lien Obligations. See the table in “SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations.” SNWA receives certain revenues which are not SNWA Water Revenues. See the caption “SOUTHERN NEVADA WATER SYSTEM — Capital Improvement Funding Plan.”

“SNWA Water Revenues” are revenues derived from the operation of the SNWS, including all revenues, charges or fees for commodities and services rendered by the SNWS, which include, but are not limited to, connection fees, tap fees, flat fees, meter charges and all other charges made for services, water or other commodities furnished by the SNWS and all other amounts received directly or indirectly, under the Cooperative Agreement (the “SNWA Water Revenues”). See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

As described in “SOUTHERN NEVADA WATER AUTHORITY - Funding Sources,” the Operations Agreement requires that the Members reimburse the SNWA for all operations and maintenance expenses, capital costs, debt service and reserve requirements of the SNWS. Pursuant to the Operations Agreement, the SNWA derives the majority of the SNWA Water Revenues from payments received from the Members. Although not mandated by the Operations Agreement, each Member may pass through the amounts needed to reimburse the SNWA to its water system customers. Also see “SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement.”

## **Professionals**

Sherman & Howard, L.L.C., Las Vegas, Nevada is serving as Bond Counsel to the District in connection with the issuance of the 2018 Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, Reno, Nevada is serving as Disclosure Counsel to the District in connection with the preparation of this Official Statement. The District’s municipal advisors in connection with the issuance of the 2018 Bonds are Hobbs, Ong and Associates, Inc., Las Vegas, Nevada, and PFM Financial Advisors LLC, Seattle, Washington (collectively, the “Municipal Advisors”). See “MUNICIPAL ADVISORS.” The fees being paid to Bond Counsel, Disclosure Counsel and the Municipal Advisors are contingent upon the issuance of the 2018 Bonds.

The audited basic financial statements of the SNWA and the District contained in Appendix A and Appendix B-1, respectively, include the respective reports of Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as registrar and paying agent for the 2018 Bonds (the “Registrar” and the “Paying Agent”) and also is acting as the escrow bank (the “Escrow Bank”) in connection with the Refunding Project.

Certain mathematical computations regarding the escrow accounts established for the Refunding Project will be verified by Grant Thornton LLP, independent certified public accountants, Minneapolis, Minnesota. See “SOURCES AND USES OF FUNDS — The Refunding Project — Verification of Mathematical Computations.” See “SOURCES AND USES OF FUNDS — The Refunding Project.”

## **Tax Status**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds is excluded from gross income under federal

income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the respective dates of delivery of the 2018 Bonds (the “Tax Code”), and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS — Federal Tax Matters.”

The 2018 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of the NRS. See “TAX MATTERS — State Tax Exemption.”

### **Continuing Disclosure Undertakings**

The District and the SNWA each will execute continuing disclosure certificates (collectively, the “Disclosure Certificates”) at the time of the closing of the 2018 Bonds. The Disclosure Certificates will be executed for the benefit of the beneficial owners of the 2018 Bonds. The District will covenant in the Bond Resolution to comply with the terms of its Disclosure Certificate and the SNWA has covenanted in the MBRA to furnish such information as is reasonably required to effectuate the purpose of the MBRA which includes the issuance of the 2018 Bonds. The Disclosure Certificates will provide that so long as the 2018 Bonds remain outstanding, the District and the SNWA, as applicable, will annually provide the following information to the Municipal Securities Rulemaking Board (“MSRB”): (i) certain financial information and operating data on an annual basis; and (ii) notice of certain enumerated events. The form of each Disclosure Certificate is attached hereto as Appendix E. Neither the District nor the SNWA has failed to materially comply with any continuing disclosure undertakings entered into pursuant to the Rule in the last five years.

### **Forward-Looking Statements**

This Official Statement, particularly (but not limited to) the sections entitled “SNWA FINANCIAL INFORMATION” and LAS VEGAS VALLEY WATER DISTRICT FINANCIAL INFORMATION” in Appendix B hereto, descriptions of interim, estimated or other unaudited financial results for certain portions of fiscal year 2017-18, descriptions of budgeted amounts for fiscal year 2017-18, and other descriptions of the future plans, operations and finances of the District and the SNWA, contains statements relating to future events or results that are “forward- looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of SNWA Pledged Revenues to pay debt service on the 2018 Bonds.

### **Additional Information**

This introduction is only a brief summary of the provisions of the 2018 Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the District, the SNWA, the Refunding Project, the 2018 Bonds and the Bond Resolution are included in this Official Statement. All references herein to the 2018 Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *The Official Statement speaks only as of its date, and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District and the Municipal Advisors at the addresses set forth below:

Las Vegas Valley Water District  
Attn: Chief Financial Officer  
1001 S. Valley View Boulevard  
Las Vegas, Nevada 89153  
Telephone: (702) 658-3106

Hobbs, Ong and Associates, Inc.  
3900 Paradise Road, Suite 152  
Las Vegas, Nevada 89169  
Telephone: (702) 733-7223

PFM Financial Advisors LLC  
1200 Fifth Avenue, Suite 1200  
Seattle, Washington 98101  
Telephone: (206) 264-8900

## SOURCES AND USES OF FUNDS

### Sources and Uses of Funds

The proceeds from the sale of the 2018 Bonds and certain other funds are expected to be applied in the following manner.

## SOURCES AND USES OF FUNDS

	<i><b>2018 Bonds</b></i>
<b>SOURCES:</b>	
Principal Amount .....	\$
Plus: Net Original Issue Premium .....	
Other Available Funds <sup>(1)</sup> .....	_____
Total .....	\$ _____
<b>USES:</b>	
Refunding Project .....	\$
Costs of Issuance <sup>(2)</sup> .....	_____
Total .....	\$ _____

<sup>(1)</sup> Consists of funds on deposit in the debt service funds for the Refunded Bonds.

<sup>(2)</sup> Includes fees for the Paying Agent, Municipal Advisors fees, legal fees, printing costs, rating agencies fees, Purchaser's discount and other costs of delivery.

Source: The Municipal Advisors.

### The Refunding Project

**General.** The District is undertaking the Refunding Project at the request of the SNWA for economic savings. A portion of the 2018 Bond proceeds will be used to refund the Refunded Bonds identified in the table entitled "Series 2008B Bonds to be Refunded with 2018 Bond Proceeds" (see "INTRODUCTION — Purpose").

To accomplish the Refunding Project, the District will deposit a portion of the 2018 Bond proceeds, together with other available funds, with the Escrow Bank pursuant to an escrow agreement (the "Escrow Agreement") to be dated the date of delivery of the 2018 Bonds. The amounts deposited with the Escrow Bank will be deposited into an escrow account created under the Escrow Agreement and invested in Federal Securities maturing at such time and in such amounts as required to provide funds sufficient to pay the principal and interest due on the Refunded Bonds on June 1, 2018 and to redeem on June 1, 2018, the Refunded Bonds maturing on



and after June 1, 2019, at a price equal to the principal amount to be redeemed, without premium, as identified in the escrow agreement.

***Verification of Mathematical Computations.*** Grant Thornton LLP, a firm of independent public accountants, will deliver to the District, on or before the settlement date of the 2018 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of and interest on the Refunded Bonds.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the District and its representatives. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the District and its representatives and has not evaluated or examined the assumptions or information used in the computations.

## **THE 2018 BONDS**

### **General**

The 2018 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2018 Bonds will be dated as of the applicable date of delivery and will mature as set forth on the inside cover page of this Official Statement. The 2018 Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2018 Bonds. See "Book-Entry Only System" below.

### **Payment Provisions**

Interest on the 2018 Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2018. Interest is payable by the Paying Agent on the interest payment date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each 2018 Bond is registered (i.e., to Cede & Co.), on the 15th day of the month preceding the interest payment date in which the interest payment date occurs with respect to the 2018 Bonds (the "Regular Record Date") at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date; but any such interest not so timely paid shall cease to be payable to the registered owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the registered owner thereof at his or her address as shown on the registration records of the Registrar as of the close of business on the Special Record Date. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2018 Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2018 Bonds by such alternative means as may be mutually agreed to between the registered owner of such 2018 Bonds and the Paying Agent. The principal on any 2018 Bonds shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity and upon presentation and surrender at the office of the Paying Agent. If any 2018 Bonds shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the 2018 Bonds until the principal thereof is paid in full. All payments of principal and interest shall be made in lawful money of the United States without deduction for any service charges of the Paying Agent or Registrar.

Notwithstanding the foregoing, payments of the principal of and interest on the 2018 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the

registered owner of the 2018 Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

### **No Redemption**

The 2018 Bonds are not subject to redemption prior to their respective maturities.

### **Defeasance**

When all Bond Requirements (defined in Appendix C) of any 2018 Bonds have been duly paid, the pledge, the lien and all obligations under the Bond Resolution as to such 2018 Bonds shall thereby be discharged and that such 2018 Bonds shall no longer be deemed to be outstanding within the meaning of such Bond Resolution. Except as provided in the last sentence of this paragraph, there shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined below) in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of any 2018 Bonds, as the same become due to the final maturity of such 2018 Bonds. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities (as defined in Appendix C) which are not callable for redemption prior to their maturities except at the option of the owner thereof.

### **Book-Entry Only System**

The 2018 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2018 Bonds. The ownership of one fully registered 2018 Bond for each maturity as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix D – Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2018 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2018 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the District, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix D), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2018 Bonds as further described in Appendix D to this Official Statement.

### **Debt Service Requirements**

For information on the total debt service payable by the District on its outstanding bonds and obligations (including those subject to the pledge under the MBRA) and SNWA on its currently outstanding obligations, including the 2018 Bonds, see "SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations — SNWA Total Debt Service Requirements." The following table reflects the debt service requirements for the 2018 Bonds. For information on the total debt service payable by the District on its currently outstanding general obligation bonds, see "LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE — District Debt Service Requirements" in Appendix B attached hereto.

## DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

*Fiscal Year  
Ending  
June 30*

*Principal*

*Interest*

*Total*

Total

<sup>(1)</sup> Totals may not add due to rounding.  
Source: The Municipal Advisors.

## SECURITY FOR THE 2018 BONDS

### General Obligation Bonds

The 2018 Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged to the payment of principal and interest due thereon. If necessary, and subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes, the District will levy ad valorem property taxes to pay debt service on the 2018 Bonds. Under State law, however, the District is obligated to pay debt service on the 2018 Bonds from available District funds prior to the levy of any ad valorem property tax.

Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. Compliance with such limit excludes \$0.02 of the statewide property tax rate of \$0.17 per \$100 assessed valuation. State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness. In any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon. The District cannot predict how such provisions would be enforced by the courts if such provision were to be implemented. See "PROPERTY TAX INFORMATION — Property Tax Limitations." The 2018 Bonds are payable from general ad valorem taxes on all taxable property in the District. Pursuant to statute, the District's boundaries include all of the property within the County, except for the property included within the boundaries of the Virgin Valley Water District ("VVWD").

The District has never levied an ad valorem tax because revenues pledged for debt service on the District's various bond issues (including the SNWA Pledged Revenues) have always been sufficient to pay debt service on all of the District's bonds and obligations; however, in any year in which those pledged revenues are insufficient to pay debt service, and other District funds are insufficient therefor, the District is obligated to levy ad valorem taxes to pay debt service. Due to the statutory process required for the levy of taxes, in any year in

which the District is required to levy property taxes, there may be a delay in the availability of revenues to pay debt service on the 2018 Bonds. See “PROPERTY TAX INFORMATION — County Property Tax Collections.”

NRS 350.596 provides, “Any sums coming due on any general obligation municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus advanced when the taxes herein provided for have been collected.” (Under this provision of the NRS, the 2018 Bonds are “general obligation municipal securities”, and the District is a “municipality.”) In addition, the Bond Resolution provides as follows: “Use of General Fund and Other Funds. Any sums becoming due on the 2018 Bonds at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from the general fund on hand belonging to the District, reimbursement to be made to the general fund in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596. Nothing in this Bond Resolution prevents the District from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.”

The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (e.g., the State, the County, the School, any city, or any special district, including the District) in each year. Those limitations are described in “PROPERTY TAX INFORMATION — Property Tax Limitations.” In any year in which the total property taxes levied within the District by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. The District cannot predict how such provisions would be enforced by the courts if such provision were to be implemented. In addition, State law requires the abatement of property taxes in certain circumstances. See “PROPERTY TAX INFORMATION — Property Tax Limitations” and “Required Property Tax Abatements.”

### **Other Security Matters**

***No Repealer.*** Nevada statutes provide that no act concerning the 2018 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2018 Bonds or their security until all of the 2018 Bonds have been discharged in full.

***No Pledge of Property.*** The payment of the 2018 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District or the SNWA and no property of the District or the SNWA, except as expressly set forth in the Bond Resolution, shall be liable to be forfeited or taken in payment of the 2018 Bonds; provided that the payment of the 2018 Bonds is secured by the proceeds of general (ad valorem) taxes and the SNWA Pledged Revenues pledged for the payment of the 2018 Bonds.

***No Recourse.*** No recourse shall be had for the payment of the principal of, any interest on any 2018 Bonds, or for any claim based thereon or otherwise upon the Bond Resolution authorizing their issuance, against any individual member, officer, or other agent of the District, past, present or future, either directly or indirectly by virtue of any statute or rule of law.

***District Obligation to Pay Debt Service From Certain District Revenues.*** The District currently expects that if SNWA Pledged Revenues were insufficient to pay debt service on MBRA Parity Obligations, including the 2018 Bonds, the District would apply District reserves to pay such debt service. If such reserves were insufficient to pay debt service on MBRA Parity Obligations, including the 2018 Bonds, the District would apply District water revenues remaining after the payment of debt service on District Bonds (as defined below) to pay MBRA Parity Obligations debt service. See the caption “CERTAIN RISK FACTORS — Limitation of Remedies — Bankruptcy, Federal Lien Power and Police Power.”

The District has certain outstanding bonds and obligations (collectively, the “District Bonds”) which are secured by District revenues and are not secured by SNWA Pledged Revenues. See the caption “LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE — Outstanding Indebtedness” in Appendix B hereto a description of the District’s outstanding bonds secured by District water revenues.

### **SNWA Pledged Revenues**

**General.** The 2018 Bonds and all Outstanding MBRA Parity Obligations are equitably and ratably secured by a lien on the SNWA Pledged Revenues. SNWA Pledged Revenues are defined in the Bond Resolution as all revenues received by the District from the SNWA pursuant to the MBRA. The SNWA may request that the District issue bonds or other obligations payable from SNWA Pledged Revenues on a senior basis to the MBRA Parity Obligations (which will include the 2018 Bonds). There are currently no outstanding MBRA Senior Lien Obligations and the SNWA does not have plans to request the District to issue any MBRA Senior Lien Obligations.

**The Master Bond Repayment Agreement.** Under the MBRA, upon a request of the SNWA, the District may issue District general obligation bonds and loan the proceeds thereof to the SNWA for the purpose of financing or refinancing capital additions and expansions to the SNWS. The 2018 Bonds are being issued by the District, pursuant to such a request.

The MBRA requires the SNWA to pay to the District an amount sufficient to pay all debt service on the District bonds or other obligations which are issued by the District on behalf of the SNWA under the MBRA. Such amounts paid by the SNWA to the District pursuant to the MBRA constitute SNWA Pledged Revenues under the Bond Resolution. The SNWA’s obligation to make payments under the MBRA to the District is a special obligation of the SNWA payable solely from and secured solely by a lien on the SNWA Water Revenues received by the SNWA from its operation of the SNWS. The lien of the MBRA on the SNWA Water Revenues is subject to and payable after the payment of SNWA’s operation and maintenance expenses, and subordinate to the lien thereon of the SNWA Superior Obligations (currently outstanding in the aggregate principal amount of \$3,405,000) and any MBRA Senior Lien Obligations that may be issued in the future, all in accordance with the Southern Nevada Water System Act of 1995 and the MBRA.

After the issuance of the 2018 Bonds, the lien of the MBRA on SNWA Water Revenues will secure \$ \_\_\_\_\_\* aggregate principal amount of bonds issued by the District on behalf of the SNWA. Such lien on the SNWA Water Revenues is on a parity with the lien thereon of the bonds and other obligations issued by the SNWA or by agencies on behalf of the SNWA (other than the District) currently outstanding in the aggregate principal amount of \$1,989,310,000. In addition, the District and other entities (including the SNWA) may issue obligations on behalf of the SNWA in the future that have a lien on the SNWA Water Revenues superior to or on a parity with the lien thereon of the MBRA.

Under the MBRA, the SNWA is obligated to enforce the collection of SNWA Water Revenues from Purveyor Members (which include the Big Bend Water District, the City of Boulder City, the City of Henderson, the City of North Las Vegas and any other public entity which is engaged in the retail delivery of potable water within the County and which is admitted as a Purveyor Member pursuant to the Operations Agreement). The SNWA has covenanted and agreed under the MBRA to maintain rates and charges for all services furnished by the SNWS as will generate annually, together with other funds legally available for such purpose, sufficient SNWA Water Revenues to make timely payment of all amounts which are required to be paid from SNWA Water Revenues, including amounts required to be paid pursuant to the Southern Nevada Water System Act of 1995 and under the MBRA. Pursuant to the MBRA, the SNWA is obligated to make payments thereunder to the

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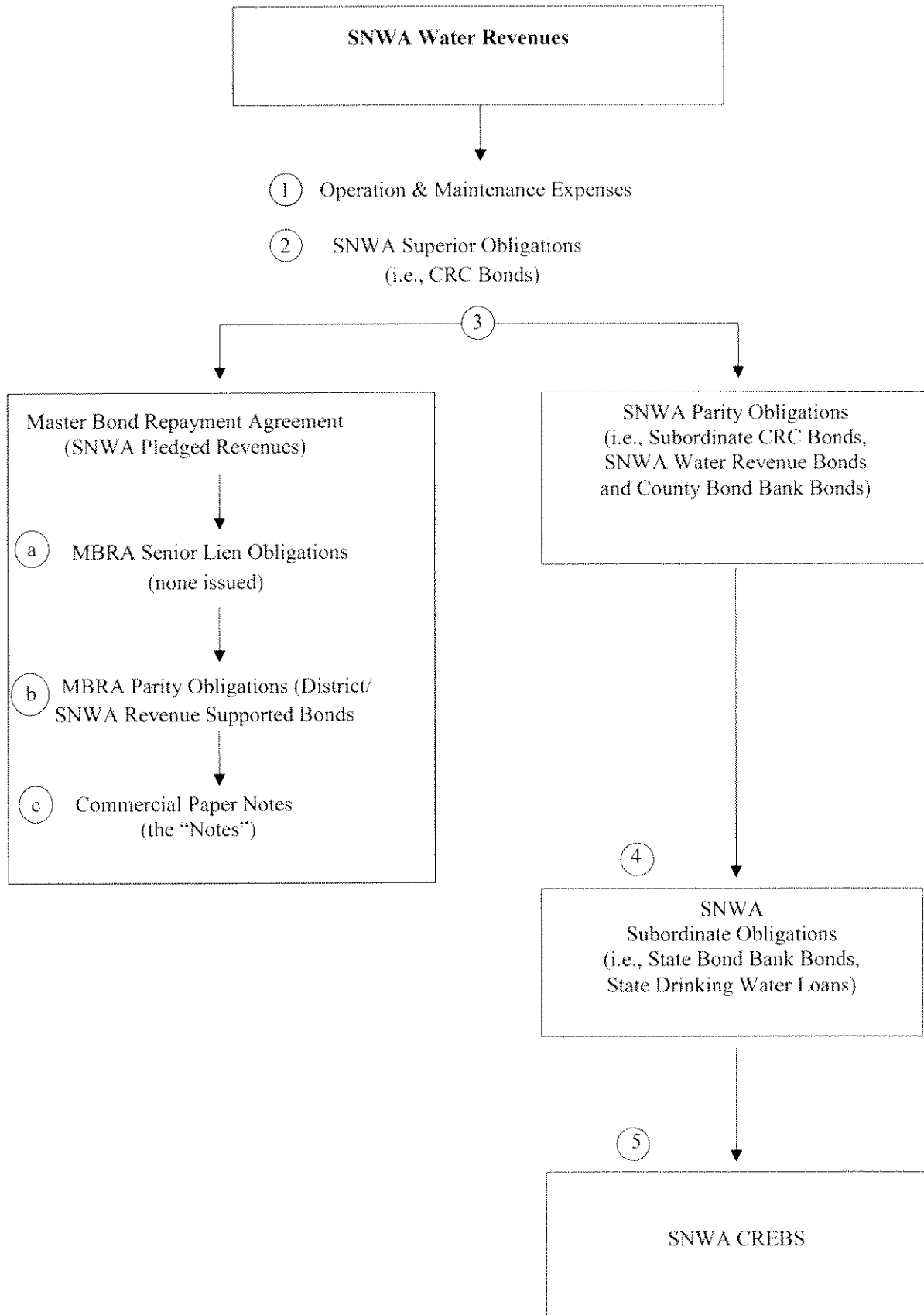
\* Preliminary, subject to change.

District no later than two business days prior to the date on which the District is obligated to make debt service payments on bonds or other obligations which are issued pursuant to the SNWA's requested under the MBRA.

The SNWA may issue additional SNWA Superior Obligations and additional SNWA Parity Obligations and the District, upon the request of the SNWA, may issue MBRA Senior Lien Obligations and additional MBRA Parity Obligations after satisfaction of the conditions described under the caption "Additional Securities" below. In addition, as described below, agencies other than the District also may issue bonds or obligations on behalf of the SNWA; those obligations do not and will not have a lien on the SNWA Pledged Revenues, but currently have (and may have in the future) a lien on the SNWA Water Revenues (which secure the MBRA and therefore provide all of the SNWA Pledged Revenues) that is superior to or on a parity with the lien thereon of the MBRA.

The following chart illustrates the general application of the SNWA Water Revenues, including the relative lien priority of the SNWA Superior Obligations, the MBRA Senior Lien Obligations (if any are incurred in the future), the MBRA Parity Obligations and the SNWA Parity Obligations. Also see Appendix C – Summary of Certain Provisions of the Bond Resolution—Flow of Funds. In addition, the SNWA has issued Subordinate Lien Revenue Bonds (Clean Renewable Energy), Series 2008 ("SNWA CREBS"), which have a lien on the SNWA Water Revenues subordinate to the MBRA and the SNWA Obligations.

Under the Operations Agreement, delinquencies by a Purveyor Member in payments due thereunder may be apportioned by the SNWA to the other Purveyor Members up to 100% (i.e. two times) the amount that each non-delinquent Purveyor Member would otherwise be required to pay absent such delinquency. See the caption "SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement — *Optional Step-Up Charges*."



**SNWA Water Revenues.** The following table sets forth a history of the SNWA Water Revenues. As previously described, the SNWA Water Revenues do not include all revenues of the SNWA, but rather, include only moneys derived by the SNWA from the operation of the SNWS, including all revenues, charges or fees for commodities and services rendered by the SNWS, which include, but are not limited to, connection fees, tap fees, flat fees, meter charges and all other charges made for services, water or other commodities furnished by the SNWS and all other amounts received directly or indirectly, under the Cooperative Agreement. Other nonoperating revenues (which include sales tax revenue and the other funding sources described in “SOUTHERN NEVADA WATER SYSTEM — Capital Improvement Funding Plan”) are not included in SNWA Water Revenues. Certain of those revenues are included in unrestricted fund balance set forth below and while such fund balances are not pledged under the MBRA, such fund balances are available to pay debt service. *There is no assurance that SNWA Water Revenues or any other SNWA revenues will be generated at the levels indicated in this table in the future.* For information about the total available revenues of the SNWA (including operating revenue and nonoperating revenue), see Appendix A attached hereto.

### HISTORY OF SNWA WATER REVENUES For Fiscal Years Ended June 30, 2013 to 2017

	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)
<b>Operating Revenues</b>					
Wholesale Delivery Charges	\$ 117,534,578	\$ 121,045,154	\$ 121,100,263	\$ 125,054,059	\$ 130,115,594
Regional Connection Charges <sup>(1)</sup>	22,915,416	44,819,669	66,015,927	63,781,176	57,024,817
Regional Water Charges <sup>(2)</sup>	45,641,138	48,209,644	53,761,657	61,704,236	70,650,728
Regional Infrastructure Charges	79,114,278	80,244,881	87,046,856	106,459,684	132,471,445
<b>Total SNWA Water Revenues</b>	<b>\$ 265,205,410</b>	<b>\$ 294,319,348</b>	<b>\$ 327,924,703</b>	<b>\$ 356,999,155</b>	<b>\$ 390,262,584</b>
 Operating Expenses <sup>(3)</sup>	 \$ 108,170,994	 \$ 138,110,567	 \$ 127,494,786	 \$ 134,936,152	 \$ 166,458,183
 Net SNWA Water Revenues	 \$ 157,034,416	 \$ 156,208,781	 \$ 200,429,917	 \$ 222,063,003	 \$ 223,804,401
 Annual Debt Service on the SNWA Superior Obligations <sup>(4)</sup>	 \$ 5,991,327	 \$ 5,991,328	 \$ 5,866,247	 \$ 9,028,367	 \$ 1,219,797
<b>Remaining SNWA Water Revenues<sup>(5)</sup></b>	<b>\$ 151,043,089</b>	<b>\$ 150,217,453</b>	<b>\$ 194,563,670</b>	<b>\$ 213,034,636</b>	<b>\$ 222,584,604</b>
 Beginning Unrestricted Fund Balance <sup>(6)</sup>	 \$ 236,252,384	 \$ 308,634,591	 \$ 322,928,812	 \$ 382,138,848	 \$ 422,030,778
 Funds Available for Debt Service <sup>(7)</sup>	 \$ 387,295,473	 \$ 458,852,044	 \$ 517,492,482	 \$ 595,173,484	 \$ 644,615,382
 Annual Debt Service on Total Parity Obligations <sup>(8)</sup>	 \$ 125,228,410	 \$ 142,080,455	 \$ 147,289,037	 \$ 203,944,002	 \$ 256,706,714
Less: Capitalized Interest <sup>(9)</sup>	(14,226,472)	(17,015,050)	--	--	--
<b>Net Annual Debt Service on Parity Obligations</b>	<b>\$ 111,001,938</b>	<b>\$ 125,065,405</b>	<b>\$ 147,289,037</b>	<b>\$ 203,944,002</b>	<b>\$ 256,706,714</b>
 <b>Parity Obligations Debt Service Coverage<sup>(10)</sup></b>	 <b>3.49</b>	 <b>3.67</b>	 <b>3.51</b>	 <b>2.92</b>	 <b>2.59</b>

<sup>(1)</sup> The SNWA adjusted actual collections of connection charges by the net effect of a pending regional connection charge refund liability account as prescribed by external auditors. The liability account attempts to estimate connection charges collected in past periods that have a reasonable chance to be refunded in future periods. The pending refund contingency was discontinued in fiscal year 2015-16. For a discussion of Regional Connection Charges, see “SNWA FINANCIAL INFORMATION — Budgeting.”

<sup>(2)</sup> Consists of Regional Commodity Charge and Regional Reliability Surcharge.

<sup>(3)</sup> Other non-cash adjustments are included. Fiscal year 2016-17 reflects a one-time non-cash adjustment resulting from expensing certain costs that had been carried in Construction Work in Progress.

(Footnotes continued on following page)



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- <sup>(4)</sup> Debt service accrued in each fiscal year is accounted for when owed to entities issuing the SNWA's Superior Obligations as required by the terms of the agreements with those entities.
- <sup>(5)</sup> Represents SNWA Water Revenues that are available to pay debt service on the SNWA Parity Obligations and the MBRA.
- <sup>(6)</sup> SNWA also may use other legally available moneys (including available fund balance) to pay debt service on its outstanding obligations. These figures represent beginning unrestricted fund balances (comprised of unrestricted cash, unrestricted investments and sales tax revenues regardless of classification) for each fiscal year provided by the SNWA. The numbers in this table are not presented using GAAP.
- <sup>(7)</sup> For a description of the computation of funds available for debt service, see the audited financial statements of the SNWA in Appendix A.
- <sup>(8)</sup> Includes debt service paid on the SNWA Parity Obligations and the MBRA Parity Obligations, but does not include debt service on the Notes. Debt service is reduced for "Build America Bond" subsidies received.
- <sup>(9)</sup> Reflects interest capitalized on the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledge Revenues), Water Bonds, Series 2012B Bonds.
- <sup>(10)</sup> The MBRA does not require the SNWA to maintain rates and charges to produce SNWA Water Revenues in excess of amounts necessary to pay operating expenses, debt service on SNWA Superior Obligations and amounts due under the MBRA.

Source: SNWA's audited financial statements for fiscal years 2012-13 through 2016-17.

As illustrated in "SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations — SNWA Total Debt Service Requirements," the combined maximum annual debt service on the MBRA Parity Obligations and the SNWA Parity Obligations is \$258,065,237.96 in fiscal year 2024, after issuance of the 2018 Bonds and completion of the Refunding Project. The amounts referenced above exclude the District's Water Commercial Paper Notes (the "Notes") which are currently outstanding in the amount of \$400,000,000.

See the caption "*Projected SNWA Water Revenues*" below for the SNWA's projected SNWA Water Revenues and operating expenses.

***History of SNWA Pledged Revenues.*** Pursuant to the MBRA, the SNWA must pay to the District an amount sufficient to pay the debt service on outstanding District bonds or other obligations secured by the SNWA Pledged Revenues. The Taxable BABs, Series 2009A (see "SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations — Currently Outstanding SNWA Obligations") were issued on behalf of the SNWA by the District as "Build America Bonds" or "BABs." Prior to the 8.7% reduction in the payment of BAB subsidies that went into effect on March 1, 2013 (7.2% effective as of October 1, 2013, 7.3% effective as of October 1, 2014, 6.8% effective as of October 1, 2015 and 6.9% effective as of October 1, 2016) as a result of federal budget cuts known as "sequestration," the District and the SNWA expected to receive a BAB Credit in an amount equal to 35% of the interest due on those bonds. The District and the SNWA are unable to predict the duration or extent of the current or any future reductions in the BAB Credit. However, the District and the SNWA do not believe that the current sequester will have a material adverse effect on their ability to pay debt service on the BABs. The amounts payable by the SNWA under the MBRA are net of the BAB Credit to the extent it is received in each year.

The following table sets forth a history of the SNWA Pledged Revenues, which exactly equal the amounts payable on the District bonds and other obligations issued by the District on behalf of the SNWA under the MBRA, including debt service on the Notes.

## HISTORICAL SNWA PLEDGED REVENUES<sup>(1)</sup>

<i>Fiscal Year</i>	<i>SNWA Pledged Revenues</i>
2013	\$70,780,624
2014	87,602,090
2015	91,693,149
2016	122,884,252
2017	169,109,454

<sup>(1)</sup> Amounts shown are net of the BAB Credit received. Only includes net SNWA Water Revenues paid by the SNWA to the District under the MBRA. Excludes debt service on SNWA Parity Obligations.

Source: Southern Nevada Water Authority.

**Projected SNWA Water Revenues.** The following table sets forth the SNWA's projected SNWA Water Revenues and operating expenses for fiscal years 2017-18 through 2021-22. The financial forecast represents the SNWA's estimate of projected financial results based on the assumptions set forth in the footnotes to the chart set forth below. Such assumptions are material in the development of the SNWA's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

## PROJECTION OF SNWA WATER REVENUES For Fiscal Years Ended June 30, 2018 to 2022

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<b>Operating Revenues</b>					
Wholesale Delivery Charges	\$ 130,773,096	\$ 135,706,801	\$ 141,396,929	\$ 147,187,398	\$ 148,648,394
Regional Connection Charges	54,173,576	54,173,576	54,173,576	54,173,576	54,173,576
Regional Water Charges <sup>(1)</sup>	73,852,236	74,590,759	75,336,666	76,090,033	76,850,933
Regional Infrastructure Charges <sup>(2)</sup>	<u>149,098,164</u>	<u>155,062,091</u>	<u>156,612,712</u>	<u>158,178,839</u>	<u>157,760,627</u>
<b>Total SNWA Water Revenues</b>	<b>\$ 407,897,072</b>	<b>\$ 419,533,226</b>	<b>\$ 427,519,883</b>	<b>\$ 435,629,846</b>	<b>\$ 439,433,531</b>
 Operating Expenses <sup>(3)</sup>	 \$ 168,872,325	 \$ 173,938,495	 \$ 179,156,650	 \$ 184,531,349	 \$ 190,067,289
 Net SNWA Water Revenues <sup>(4)</sup>	 \$ 239,024,747	 \$ 245,594,731	 \$ 248,363,233	 \$ 251,098,497	 \$ 249,366,241
 Annual Debt Service on the SNWA Superior Obligations <sup>(5)</sup>	 \$ <u>1,220,815</u>	 \$ <u>1,220,355</u>	 \$ <u>1,218,416</u>	 \$ <u>--</u>	 \$ <u>--</u>
<b>Remaining SNWA Water Revenues<sup>(6)</sup></b>	<b>\$ 237,803,933</b>	<b>\$ 244,374,377</b>	<b>\$ 247,144,817</b>	<b>\$ 254,098,497</b>	<b>\$ 246,366,241</b>
 Beginning Unrestricted Fund Balance <sup>(7)</sup>	 \$ 432,240,362	 \$ 354,712,245	 \$ 290,399,419	 \$ 236,161,024	 \$ 187,676,443
 Funds Available for Debt Service <sup>(8)</sup>	 \$ 670,044,295	 \$ 599,086,622	 \$ 547,544,236	 \$ 487,259,521	 \$ 437,042,685
 Annual Debt Service on Total Parity Obligations <sup>(9)</sup>	 \$ 249,953,977	 \$ 260,526,570	 \$ 261,429,103	 \$ 263,661,416	 \$ 264,731,450
 <b>Parity Obligations Debt Service Coverage<sup>(10)</sup></b>	 <b>2.68</b>	 <b>2.30</b>	 <b>2.06</b>	 <b>1.85</b>	 <b>1.65</b>

<sup>(1)</sup> Consists of projected Regional Commodity Charge and Reliability Surcharge. Projected to increase at approximately 1.0% per annum.

(Footnotes continued on following page)

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- (2) The Regional Infrastructure Charge is a per-meter charge based on meter size. Projected to increase by 4.0% in Fiscal Year 2018-19 and by approximately 1.0% per annum thereafter, reflecting growth in number of accounts. See "SOUTHERN NEVADA WATER AUTHORITY—The Operations Agreement — Charges" and "SNWA FINANCIAL INFORMATION — Budgeting" for a further discussion of the Regional Infrastructure Charge.
- (3) Projected to increase at approximately 3.0% per annum.
- (4) Amounts shown above do not assume the receipt of the BAB Credit.
- (5) Debt service accrued in each fiscal year is accounted for when owed to entities issuing the SNWA's Superior Obligations as required by the terms of the agreements with those entities.
- (6) Represents SNWA Water Revenues that are available to pay debt service on the SNWA Parity Obligations and amounts due under the MBRA.
- (7) SNWA also may use other legally available moneys (including available fund balance) to pay debt service on its outstanding obligations. Unrestricted fund balances are projected to remain stable.
- (8) For a description of the computation of funds available for debt service, see the audited financial statements of the SNWA in Appendix A.
- (9) Includes projected debt service on the SNWA Parity Obligations and the MBRA Parity Obligations, but does not include projected debt service on the Notes.
- (10) The MBRA does not require the SNWA to maintain rates and charges to produce SNWA Water Revenues in excess of amounts necessary to pay operating expenses, debt service on SNWA Superior Obligations and amounts due under the MBRA.

Source: Southern Nevada Water Authority.

### **Additional Securities**

***SNWA Superior Obligations and SNWA Parity Obligations.*** The SNWA may issue SNWA Superior Obligations payable from the SNWA Water Revenues the constitute a lien thereon superior to the lien under the MBRA (payments under which constitute SNWA Pledged Revenues that secure the 2018 Bonds), provided that prior to the issuance of such SNWA Superior Obligations, the SNWA must (i) meet the earnings test for issuance of SNWA Parity Obligations contained in the Bond Resolution (described below), and (ii) meet any applicable earnings test required by any resolutions authorizing the issuance of any then-outstanding SNWA Superior Obligations. *The SNWA also may request that entities other than the District (i.e. CRC, the State and the County) issue obligations on its behalf secured by the SNWA Water Revenues. Those obligations may have a lien on certain of the SNWA Water Revenues which is on a parity with (or in certain circumstances, superior to) the lien of the MBRA.*

***Issuance of MBRA Senior Lien Obligations and MBRA Parity Obligations.*** Nothing in the Bond Resolution prevents the issuance of additional obligations that have a lien on the SNWA Pledged Revenues superior to or on a parity with the lien of the 2018 Bonds subject to the following conditions:

(a) At the time of the adoption of the resolution authorizing the issuance of the additional MBRA Senior Lien Obligations or MBRA Parity Obligations, the District shall not be in default in making any payments required to be made into the debt service, sinking or reserve funds for any outstanding obligations secured with a lien on the SNWA Pledged Revenues; and

- (b)
  - (1) The SNWA Pledged Revenues (subject to adjustment as described below) derived in the fiscal year immediately preceding the date of issuance of the MBRA Senior Lien Obligations or MBRA Parity Obligations shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements of the outstanding 2018 Bonds and any other outstanding MBRA Senior Lien Obligations and MBRA Parity Obligations, and the obligations proposed to be incurred; or
  - (2) The SNWA Pledged Revenues (subject to adjustment as provided below) projected by the District's General Manager or an independent accountant or consulting engineer to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the additional MBRA Senior Lien Obligations or MBRA Parity Obligations are issued or (ii) the first fiscal year in which all principal and interest payable on the additional MBRA Senior Lien

Obligations or MBRA Parity Obligations is to be paid from the proceeds of the SNWA Pledged Revenues, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that fiscal year) of the 2018 Bonds, any other outstanding MBRA Parity Obligations and MBRA Senior Lien Obligations and the obligations proposed to be incurred.

(c) In any determination of whether or not other additional obligations may be issued in accordance with the foregoing earnings test (i) the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities; and (ii) the respective annual principal and interest requirements shall be reduced to the extent of the amount of principal and interest of any outstanding securities with a term of one year or less which the General Manager or Chief Financial Officer of the District certifies are expected to be refunded. The certificate shall also provide an estimate of the debt service for the long-term refunding obligations that will refund the securities with the term of one year or less, calculated based on an interest rate equal to the "25 Bond Revenue Index" most recently published in The Bond Buyer prior to the date of certification.

(d) For the purposes of paragraph (b) above, if any MBRA Senior Lien Obligation or MBRA Parity Obligation bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those MBRA Senior Lien Obligations or MBRA Parity Obligations or a rate equal to the "25 Bond Revenue Index" as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed superior lien obligations or parity lien obligations is accepted by the District or if such index is no longer published such other similar long-term bond index as the District reasonably selects.

For purposes of computing the principal and interest requirements (the "Bond Requirements") for purposes of paragraph (b) above for MBRA Senior Lien Obligations or MBRA Parity Obligations for which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the District to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the District pursuant to the Qualified Swap; or (b) for purposes of computing combined average annual principal and interest requirements, for purposes of computing the maximum annual principal and interest requirements, and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities) shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under the Bond Resolution shall take into account payments due the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the maximum annual principal and interest requirements and for purposes of any other computations for the issuance of additional superior or parity securities (including refunding securities), in making any calculation of the Bond Requirements to be paid for a period after the date of computation on any bonds with respect to which the District expects to receive a BAB Credit, such as the 2009A Bonds, "interest" for any Bond Year shall be treated as the amount of interest to be paid by the District on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the resolution or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the District for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as the date of such a calculation, "interest" shall be the total amount of interest to be paid by the District on the bonds without a deduction for the credit to be paid by the United States under 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of computing the maximum annual

principal and interest requirements and for purposes of any other computation for the issuance of additional superior or parity securities (including refunding securities).

(e) Termination payments due under a Qualified Swap Agreement must be made subordinate to the payments of the Bond Requirements of any 2018 Bonds (with certain exceptions for insured bonds as set forth in the Bond Resolution).

(f) In connection with the authorization of any such additional securities, the Board may, on behalf of the District, adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District. Any finding of the District to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met.

A written certification or written opinion based upon estimates, as provided above, that the SNWA Water Revenues when adjusted as above provided are sufficient to pay the amounts described above, shall be conclusively presumed to be accurate in determining the right of the District to authorize and incur such other additional obligations.

***Subordinate Lien Obligations.*** Nothing in the Bond Resolution prevents the District from issuing additional bonds or other obligations payable from the SNWA Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the 2018 Bonds, nor prevents the issuance of bonds or securities refunding all or a part of the 2018 Bonds. The SNWA (or other entities on its behalf) also may issue additional obligations having a lien on the SNWA Water Revenues that is subordinate to the lien thereon of the MBRA.

## **CERTAIN RISK FACTORS**

### **General**

The purchase of the 2018 Bonds involves certain investment risks that are discussed throughout this Official Statement. Such risks include, but are not limited to, the factors described below, as well as risks related to the availability of sufficient water supplies due to growth, drought or other factors. See “SOUTHERN NEVADA WATER AUTHORITY” and “SOUTHERN NEVADA WATER SYSTEM” below and “INFORMATION RELATING TO THE LAS VEGAS VALLEY WATER DISTRICT” attached as Appendix B hereto. Accordingly, each prospective purchaser of the 2018 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

### **Certain Risks Associated With Property Taxes**

***Delays in Property Tax Collections Could Occur.*** Although the 2018 Bonds are general obligations of the District, the District may only levy property taxes to pay debt service on the 2018 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see “PROPERTY TAX INFORMATION — County Property Tax Collections.” As described under the caption “— *Other Risks Related to Property Taxes*” below, to the extent SNWA Pledged Revenues are insufficient to pay debt service on the 2018 Bonds, the District shall pay from available moneys debt service on the 2018 Bonds. The District shall be reimbursed from the ad valorem property tax when such amounts are received. As a result, there may be a default in the payment of debt service on the 2018 Bonds when due in the event District funds are not available therefor and the levy of the ad valorem property tax is necessary.

In addition, due to the statutory process required for the levy of taxes, in any year in which the District is required to levy property taxes, there may be a delay in the availability of property tax revenues and time may elapse before the District receives property taxes levied to cover any insufficiency of SNWA Pledged Revenues.

***Property Tax Limitation.*** The State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county. The District can make no assurances that such caps on the overlapping tax rates will in the future result in an ad valorem property taxes levy sufficient to pay debt service on the 2018 Bonds. See the caption “PROPERTY TAX INFORMATION — Property Tax Limitations” below.

***Other Risks Related to Property Taxes.*** Numerous other factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include property tax limits described under the captions “SECURITY FOR THE 2018 BONDS — General Obligation Bonds” and “PROPERTY TAX INFORMATION — Property Tax Base and Tax Roll” and “—Property Tax Limitations” and “—Required Property Tax Abatements,” the valuation of property within the District, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Real estate values in the County has experienced overall increases in recent years after steep declines during the severe recession beginning in the late 2000s. There can be no assurance that property values will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies, or the national economy. It cannot be predicted at this time the extent of the impact such deterioration would have on District property tax collections should the District be required to levy an ad valorem tax in the future.

***Certain Risks Associated with Certain District Revenues.*** The generation of sufficient District revenues is important to the timely payment on the 2018 Bonds should SNWA Pledge Revenues be insufficient to the payment thereof. If the District’s water system becomes inoperable due to damage, destruction, environmental restriction or for any other reason, or if the District should lack adequate water supply to serve existing customers because of drought or for any other reason, or if the District is unable to increase rates and charges for any reason or if the District incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, there may not be sufficient District revenues, if necessary, to pay debt service on the 2018 Bonds. See the caption “SECURITY FOR THE 2018 BONDS — General Obligation Bonds.” Also see “LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE — Outstanding Indebtedness” in Appendix B hereto a description of the District’s outstanding bonds secured by District water revenues.

#### **Certain Risks Associated With the SNWA Pledged Revenues**

***General.*** The generation of sufficient SNWA Pledged Revenues is important to the timely payment on the 2018 Bonds. If the SNWS becomes inoperable due to damage, destruction, environmental restriction or for any other reason, or if the SNWA should lack adequate water supply to serve existing and future customers because of drought or for any other reason, or if the SNWA is unable to increase rates and charges for any reason or if the SNWA incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, SNWA Pledged Revenues may not be sufficient to pay debt service on the 2018 Bonds.

***Reliance on Colorado River.*** Approximately 90% of Southern Nevada’s water supply comes from the Colorado River. According to a study released by the U.S. Bureau of Reclamation in 2012, the Colorado River Basin is projected to have significant water shortages in the coming years due to many factors, including population growth in the Colorado River Basin, droughts and climate change. Any shortages of Colorado River water under the current operational guidelines could impact the SNWA’s ability to access the State’s full allotment of Colorado River water. It is not possible at this time to know when or if such shortages will occur or what impact they would have on the District and the SNWA, but the U.S. Bureau of Reclamation publishes Projected Future Conditions generally twice a year that discusses modeled probabilities for shortage which can be accessed on the U.S. Bureau of Reclamation’s website. According to the U.S. Bureau of Reclamation, there is a 15% chance a shortage will be declared in 2019 increasing to approximately 50% over the next five years. SNWA’s Water Resource Plan demonstrates SNWA’s ability to continue to meet demands during the currently defined shortage levels and even beyond. It should be noted that projections of water resources availability and

water demands are subject to uncertainty resulting from numerous variables and that actual results may differ, possibly materially, from those contemplated in the projections. See “SOUTHERN NEVADA WATER SYSTEM — Water Supply in the Service Area” and “— Colorado River Study and Drought Impact.”

**Regulatory Risks.** The SNWS is subject to numerous federal and State statutory and regulatory requirements. Those laws are subject to change at any time. The SNWA works with all regulatory agencies and personnel to stay abreast of future regulatory requirements as failure to comply with regulatory changes, or the inability to comply with them in a timely manner, could cause portions of the SNWS to be unavailable. Although highly unlikely, any disruption of service could negatively impact SNWA Pledged Revenues.

The most significant law governing public drinking water systems is the federal Safe Drinking Water Act. Primary enforcement authority for this act in Nevada has been delegated by the U.S. Environmental Protection Agency (the “EPA”), to the Nevada Division of Environmental Protection (“NDEP”). The EPA sets standards for ensuring safe drinking water and administers programs to protect drinking water sources. The NDEP’s Bureau of Safe Drinking Water and the Clark County Health Department work together with the the SNWA to assure that all drinking water standards have been and will continue to be met. The SNWA is in full compliance with all current regulatory requirements and currently is not aware of any forthcoming regulatory requirements that would significantly impact compliance costs.

### **Limitation of Remedies**

**Judicial Remedies.** Upon the occurrence of an Event of Default under the Bond Resolution, each owner of the 2018 Bonds is entitled to enforce the covenants and agreements of the District by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the SNWA Pledged Revenues and other moneys held under the Bond Resolution (including General Taxes, if any) and not against any other fund or properties of the District.

The enforceability of the Bond Resolution is also subject to equitable principles affecting the enforcement of creditors’ rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the District under the Bond Resolution, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2018 Bonds.

**Bankruptcy, Federal Lien Power and Police Power.** The enforceability of the rights and remedies of the owners of the 2018 Bonds and the obligations incurred by the District in issuing the 2018 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

**No Acceleration.** The 2018 Bonds are not subject to acceleration in the event of a default in the payment of principal of or interest on the 2018 Bonds. Consequently, remedies available to the owners of the 2018 Bonds would have to be enforced from year to year.

## **Future Changes in Laws**

Various State laws apply to the imposition, collection, and expenditure of ad valorem property taxes as well as the operation and finances of the District. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues, including ad valorem property taxes, if the District collects them at some time in the future. For example, State law currently requires abatements of property taxes under certain circumstances; the levy of taxes to pay debt service on some bond issues is not exempt from the abatement provisions. See “PROPERTY TAX INFORMATION — Property Tax Limitations” and “— Required Property Tax Abatements.” While the District does not currently impose a property tax, if it does so in the future the receipts of that tax may be impacted to an extent that cannot be determined at this time.

In addition, from time to time, amendments to federal or state laws or regulations may be enacted that could result in negative consequences to owners of the 2018 Bonds. See “TAX MATTERS.”

## **Secondary Market**

No guarantee can be made that a secondary market for the 2018 Bonds will develop or be maintained by the Purchaser of the 2018 Bonds or others. Thus, prospective investors should be prepared to hold their 2018 Bonds to maturity.

## **Ratings**

There is no assurance that any credit rating given to the 2018 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely, if, in the judgment of Standard & Poor’s Financial Services LLC (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”), as applicable, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2018 Bonds.

## **PROPERTY TAX INFORMATION**

The 2018 Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged to the payment of principal and interest due thereon, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “— Property Tax Limitations” below. The 2018 Bonds are payable from general ad valorem taxes on all taxable property in the District in the event that SNWA Pledged Revenues and District revenues required to be applied thereto are insufficient therefor. Pursuant to statute, the District’s boundaries include all of the property within the County, except for the property included within the boundaries of the VVWD.

### **Property Tax Base and Tax Roll**

**General.** The assessed valuation of property within the District for the fiscal year ending June 30, 2017, is calculated to be approximately \$73.9 billion (excluding the assessed valuation attributable to the various redevelopment agencies located within the District (together, the “Redevelopment Agencies”).

State law requires that county assessors reappraise, at least once every 5 years, all real and secured personal property (other than certain utility owned property, which is centrally appraised and assessed by the Nevada Tax Commission). While State law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the Clark County Assessor to reappraise all real and secured personal property in the County each year. State law currently requires that property be assessed at 35% of taxable value; that percentage



may be adjusted upward or downward by the Legislature. Based upon the assessed valuation for fiscal year 2016-17, the taxable value of all taxable property within the District is approximately \$210 billion.

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement made which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

**History of Assessed Valuation.** Because the District has never levied an ad valorem property tax, neither the State nor the County Assessor prepares or maintains an official assessed valuation for the District. The District’s boundaries encompass all of the County, excluding the property within the VVWD. Accordingly, the District has calculated its assessed valuation by deducting the assessed valuation of the VVWD from the County’s assessed valuation. The following table illustrates a history of the assessed valuation in the District using this calculation. However, due to property tax abatement laws enacted in 2005 (described in “—Required Property Tax Abatements” below) the taxes collected by taxing entities within the County are capped and likely will not change at the same rate as the assessed value.

#### **HISTORY OF ASSESSED VALUATION - LAS VEGAS VALLEY WATER DISTRICT, NEVADA**

<i>Fiscal Year Ended June 30</i>	<i>Clark County<sup>(1)</sup></i>	<i>Virgin Valley Water District</i>	<i>Las Vegas Valley Water District</i>	<i>District % Change</i>
2014	\$55,220,637,749	\$552,847,949	\$54,667,789,800	--
2015	62,904,942,089	597,761,396	62,307,180,693	14.0%
2016	69,266,468,466	657,935,991	68,608,532,475	10.1
2017	74,597,622,262	698,894,176	73,898,728,086	7.7
2018	78,890,801,494	736,597,040	78,154,204,454	5.8

<sup>(1)</sup> Excludes assessed valuation of the Boulder City Redevelopment Agency, the Las Vegas Redevelopment Agency, the North Las Vegas Redevelopment Agency, the Henderson Redevelopment Agency, the Mesquite Redevelopment Agency and the Clark County Redevelopment Agency (collectively, the “Redevelopment Agencies”) in the following amounts: 2014 - \$1,076,210,139, 2015 - \$1,347,691,561, 2016 - \$1,788,784,767, 2017 - \$2,035,576,833 and 2018 - \$2,415,329,758.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2012-13 through 2016-17.

#### **County Property Tax Collections**

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three

installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

The County's tax roll collection record appears in the following table. The District does not currently levy an ad valorem property tax. Therefore, the figures in the following table represent property taxes that *are not* available to pay debt service on the 2018 Bonds. The information is included only to provide information with respect to the historic collection rates for the County and may not be relied upon to predict what collection rates would be within the District should it levy an ad valorem property tax in the future. Numerous factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. See "CERTAIN RISK FACTORS."

**PROPERTY TAX LEVIES, COLLECTIONS AND  
DELINQUENCIES - CLARK COUNTY, NEVADA<sup>(1)</sup>**

<i>Fiscal Year Ending June 30</i>	<i>Net Secured Roll Tax Levy<sup>(2)</sup></i>	<i>Current Tax Collections</i>	<i>% of Levy (Current) Collected</i>	<i>Delinquent Tax Collections</i>	<i>Total Tax Collections</i>	<i>Total Tax Collections as % of Current Levy<sup>(3)</sup></i>
2013	\$1,460,273,292	\$1,446,106,236	99.03%	\$13,884,136	\$1,459,990,372	99.98%
2014	1,467,872,914	1,453,556,514	99.02	13,974,137	1,467,530,651	99.98
2015	1,515,656,611	1,506,108,484	99.37	8,974,492	1,515,082,976	99.96
2016	1,582,427,349	1,572,448,659	99.37	7,901,964	1,580,350,622	99.87
2017	1,630,216,658	1,620,819,654	99.42	3,323,548	1,624,143,202	99.63
2018	1,718,180,084	922,956,732 <sup>(4)</sup>	53.72	N/A <sup>(5)</sup>	922,956,732	53.72

(1) Represents the real property tax roll levies and collections. Subject to revision.

(2) Adjusted county tax levied for the fiscal year.

(3) Percentage of total taxes collected to date (calculated on the Net Secured Roll Tax Levy).

(4) Collections as of October 31, 2017 (unaudited).

(5) Fiscal year 2018 delinquent collections in progress.

Source: Clark County Treasurer's Office.

**Principal Taxpayers in the District**

The following table represents the ten largest property-owning taxpayers in the County and the District based on fiscal year 2016-17 assessed valuations. The fiscal year 2016-17 assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll. No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the District. Further, because the assessed values set forth below include all of the property within the County owned by each taxpayer, certain of the property owned by any particular taxpayer may be located in VVWD and not included within the boundaries of the District.

**TEN LARGEST TAXPAYERS IN THE COUNTY AND THE DISTRICT<sup>(1)</sup>  
SECURED AND UNSECURED TAX ROLL  
FISCAL YEAR 2017-18**

<i><b>Taxpayer</b></i>	<i><b>Type of Business</b></i>	<i><b>Assessed Value</b></i>	<i><b>% of Total Assessed Value<sup>(1)</sup></b></i>
MGM Resorts International	Hotels/Casinos	\$ 3,729,884,054	4.63%
Caesars Entertainment Corporation <sup>(2)</sup>	Hotels/Casinos	1,980,576,639	2.46
NV Energy	Utility	1,814,717,852	2.25
Las Vegas Sands Corporation	Hotels/Casinos	963,349,099	1.20
Wynn Resorts Limited	Hotels/Casinos	935,228,090	1.16
Station Casinos Incorporated	Hotels/Casinos	738,555,229	0.92
Boyd Gaming Corporation	Hotels/Casinos	484,665,011	0.60
Howard Hughes Corporation	Developer	435,626,875	0.54
Eldorado Energy LLC	Solar Energy	417,745,527	0.52
Nevada Property 1 LLC	Hotels/Casinos	379,172,394	0.47
<b>Total</b>		<b><u>\$ 11,879,520,770</u></b>	<b><u>14.75%</u></b>

(1) Based on the District's fiscal year 2017-18 assessed valuation of \$80,569,534,212 (which includes the assessed valuation attributable to the Redevelopment Agencies).

(2) Caesars Entertainment Corporation ("CEC") owns, directly or indirectly, numerous properties within the boundaries of the County. In 2015, Caesars Palace Realty Corp., which is an entity related to CEC, filed a voluntary bankruptcy petition under Chapter 11 of Title 11 of the United States Code. On October 6, 2017, CEC exited from bankruptcy when its court-approved bankruptcy plan went into effect.

Source: County Assessor's website (report dated October 31, 2017).

### **Property Tax Limitations**

**Overlapping Property Tax Caps.** Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 in assessed valuation in the case of certain entities that are in financial difficulties (or require a combined overlapping tax rate of \$5.00 per \$100 of assessed valuation in certain circumstances of severe financial emergency); and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 assessed valuation is not included in computing compliance with this \$3.64 cap. (-This \$0.02 is, however, counted against the \$5.00 cap. State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness. In any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon. The District can make no assurances that such caps on the overlapping tax rates will not in the future prevent the District from levying the ad valorem property tax in sufficient amounts should revenues for general obligations (such as the 2018 Bonds) of overlapping entities become insufficient to pay debt service. See the caption "— Overlapping Tax Rates and Estimated Overlapping General Obligation Indebtedness" below.

**Local Government Property Tax Revenue Limitation.** State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2018 Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows: the assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the

tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

The County and cities within the County levy various tax overrides as allowed or required by State statutes.

State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of the public schools within the county school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

### **Required Property Tax Abatements**

**General.** In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. For residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a formula. The first part of the formula requires a determination of the greater of: (1) the average percentage change in the assessed valuation of all taxable property in the County, as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; (2) the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year or (3) zero. The second part of the formula requires determination of the lesser of: (1) 8% and (2) the percentage determined in the previous sentence. After making both determinations, whatever part of the formula yields the lowest percentage is used to establish the maximum percentage of increase (over the prior year) in tax liability for each property. This abatement formula also must be applied to residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year. For example, in the County for fiscal year 2016-17, the Abatement Act formula results in a maximum percentage increase of tax liability for each parcel of 0.2% over the prior year for all types of properties, including residential properties and low-income rental properties.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are

exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

***Levies for Debt Service.*** Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Based on a resolution passed by the County Debt Management Commission on November 16, 2017, ad valorem tax rate increases to pay debt service on the 2018 Bonds would be exempt from the Abatement Act formulas.

***General Effects of Abatement.*** Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

***Additional Abatement of Taxes for Severe Economic Hardship.*** In 2002, following voter approval of a State constitutional amendment, the Legislature enacted a law implementing an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence. Pursuant to that legislation, the low-income owner (defined by law) of a single-family residence with an assessed value of \$175,000 or less may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if certain requirements specified in the legislation are met. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer.

## **Overlapping Tax Rates and Estimated Overlapping General Obligation Indebtedness**

***Overlapping Tax Rates.*** The following table presents a history of State-wide average tax rates and a representative overlapping tax rate for several taxing districts located in the City of Las Vegas, the County seat and the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the District vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the District currently is \$3.4030 in Mt. Charleston Town.

# **HISTORY OF STATEWIDE AVERAGE AND SAMPLE OVERLAPPING PROPERTY TAX RATES<sup>(1)</sup>**

<i>Fiscal Year Ended June 30</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Average Statewide rate	\$ 3.1212	\$ 3.1232	\$ 3.1360	\$ 3.1500	\$ 3.1615
Clark County	\$ 0.6541	\$ 0.6541	\$ 0.6541	\$ 0.6541	\$ 0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
City of Las Vegas	0.7715	0.7715	0.7715	0.7715	0.7715
Las Vegas-Clark County Library District	0.0942	0.0942	0.0942	0.0942	0.0942
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
State of Nevada <sup>(2)</sup>	0.1700	0.1700	0.1700	0.1700	0.1700
Total	\$ 3.2782	\$ 3.2782	\$ 3.2782	\$ 3.2782	\$ 3.2782

<sup>(1)</sup> Per \$100 of assessed valuation.

<sup>(2)</sup> \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments — State of Nevada, Department of Taxation, 2013-14 through 2017-18.

**Estimated Overlapping General Obligation Indebtedness.** In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the District. In addition to the entities listed below, other governmental entities may overlap the District but have no general obligation debt outstanding. The following table sets forth the estimated overlapping general obligation debt chargeable to property owners within the District as of January 1, 2018.

## **ESTIMATED OVERLAPPING NET GENERAL OBLIGATION INDEBTEDNESS AS OF JANUARY 1, 2018**

<i>Entity <sup>(1)</sup></i>	<i>Total General Obligation Indebtedness</i>	<i>Presently Self-Supporting General Obligation Indebtedness</i>	<i>Net Direct General Obligation Indebtedness</i>	<i>Percent Applicable<sup>(2)</sup></i>	<i>Overlapping Net General Obligation Indebtedness<sup>(3)</sup></i>
Clark County	\$2,592,572,884	\$2,587,980,000	\$ 4,592,884	99.07%	\$ 4,550,170
Clark County School District	2,889,245,000	679,575,000	2,209,670,000	99.07	2,189,120,069
Henderson	214,258,861	184,598,861	29,660,000	100.00	29,660,000
Las Vegas	537,805,000	466,820,000	70,985,000	100.00	70,985,000
Mesquite	21,879,059	14,650,059	7,229,000	100.00	7,229,000
North Las Vegas	411,267,958	401,502,958	9,765,000	100.00	9,765,000
Clark County Water Reclamation District	449,814,449	449,814,449	0	100.00	0
Las Vegas-Clark County Library District	7,265,000	0	7,265,000	100.00	7,265,000
Boulder City Library District	655,000	0	655,000	100.00	655,000
Big Bend Water District	3,124,406	3,124,406	0	100.00	0
Virgin Valley Water District	19,240,110	14,462,110	4,778,000	100.00	4,778,000
State of Nevada	1,566,083,500	323,995,000	1,242,088,500	69.92	868,468,279
TOTAL	\$8,713,211,227	\$5,126,522,843	\$3,586,688,384		\$3,192,475,518

<sup>(1)</sup> Other taxing entities overlap the County and may issue general obligation debt in the future.

<sup>(2)</sup> Based on fiscal year 2017-18 assessed valuations in the respective jurisdictions. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the County.

<sup>(3)</sup> Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Clark County Department of Finance; Hobbs, Ong & Associates; Nevada Department of Taxation; and/or the respective jurisdiction/agency.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the District as of January 1, 2018. The District can make no assurances that State constitutional caps on overlapping tax rates will not in the future prevent the District from levying the ad valorem property tax in sufficient amounts should revenues for general obligations (such as the 2018 Bonds) of overlapping entities become insufficient to pay debt service.

#### NET DIRECT & OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS

Total General Obligation Indebtedness	\$3,150,600,000
Less: Self-supporting General Obligation Indebtedness	3,150,600,000
Net Direct General Obligation Indebtedness	0
Plus: Overlapping Net General Obligation Indebtedness	2,710,190,545
Net Direct & Overlapping Net General Obligation Indebtedness	2,710,190,545

Source: Compiled by Hobbs, Ong and Associates, Inc.

#### Selected Debt Ratios

The following table sets forth selected District debt ratios for the periods shown.

#### SELECTED DIRECT GENERAL OBLIGATION DEBT RATIOS

<i>Fiscal Year Ended June 30</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Population <sup>(1)</sup>	2,069,450	2,118,353	2,166,181	2,198,682	2,198,682
Assessed Value <sup>(2)</sup>	\$ 54,667,789,800	\$ 62,307,180,693	\$ 68,608,532,475	\$ 73,898,728,086	\$ 78,154,204,454
Taxable Value <sup>(2)</sup>	\$ 156,193,685,143	\$ 178,020,516,266	\$ 196,024,378,500	\$ 211,139,223,103	\$ 223,297,727,011
<u>Gross Direct G.O. Debt<sup>(3)</sup></u>	\$ 2,675,690,000	\$ 2,674,900,000	\$ 2,852,886,000	\$ 3,164,495,000	\$ 3,150,600,000
<b>RATIO TO:</b>					
Per Capita	\$ 1,292.95	\$ 1,262.73	\$ 1,317.01	\$ 1,439.27	\$ 1,432.95
Percent of Assessed Value	4.89%	4.29%	4.16%	4.28%	4.03%
Percent of Taxable Value	1.71%	1.50%	1.46%	1.50%	1.41%
<u>Net Overlapping G.O. Debt<sup>(3)</sup></u>	\$ 3,280,677,423	\$ 3,219,357,065	\$ 3,030,602,041	\$ 2,681,707,036	\$ 3,192,475,518
<b>RATIO TO:</b>					
Per Capita	\$ 1,585.29	\$ 1,519.75	\$ 1,399.05	\$ 1,219.69	\$ 1,452.00
Percent of Assessed Value	6.00%	5.17%	4.42%	3.63%	4.08%
Percent of Taxable Value	2.10%	1.81%	1.55%	1.27%	1.43%

(1) Reflects State Demographer estimates for the County as of July 1 of each year shown. The population figure for 2017-18 is the same as the estimated figure for fiscal year 2016-17 because no population estimates yet exist.

(2) See "Property Tax Base and Tax Roll" for an explanation of Assessed Value and Taxable Value. The assessed valuations of the Redevelopment Agencies were not included in calculating debt ratios.

(3) As of June 30 in each year except fiscal year 2017. Fiscal year 2018 debt information is as of January 1, 2018. (Does not include the issuance of the 2018 Bonds and the Refunding Project).

Sources: Municipal Advisors for debt information only.

#### SOUTHERN NEVADA WATER AUTHORITY

##### General

On July 25, 1991, the Members (City of Boulder City, City of Henderson, City of Las Vegas, the District, City of North Las Vegas, the Big Bend Water District and the Clark County Water Reclamation District) formed the SNWA as a regional water agency pursuant to NRS Chapter 277 and the Cooperative Agreement. SNWA addresses water resource management and water conservation on a regional basis and is the agency charged with planning, managing and developing additional supplies of water for southern Nevada.

The SNWA is governed by a seven-member board of directors, composed of one director from each member agency (the “SNWA Board”). SNWA Board members serve at the will of the appointing Member. Current members of the SNWA Board are as follows:

<i>Name and Title</i>	<i>Representing</i>	<i>Elected Position</i>
Marilyn Kirkpatrick, Chair	Las Vegas Valley Water District	Clark County Commissioner
Bob Coffin, Vice Chair	City of Las Vegas	Las Vegas City Councilman
John J. Lee	City of North Las Vegas	Mayor of North Las Vegas
James Gibson	Clark County Water Reclamation District	Clark County Commissioner
Peggy Leavitt	City of Boulder City	Boulder City Councilwoman
John Marz	City of Henderson	Henderson City Councilman
Steve Sisolak	Big Bend Water District	Clark County Commissioner

The District acts as the SNWA’s operating agent and, pursuant to annual appointment, the District’s General Manager currently acts as the General Manager for the SNWA. The SNWA has no employees; the District provides all employees and operations for the SNWA. The SNWA pays the District for the costs of providing the employees and operations in an amount equal to the costs of the services provided and is responsible for a proportionate share of the District’s pension liability. For fiscal year 2016-17, the District’s recognized pension cost and post-employment benefits allocated to the SNWA was approximately \$75 million. See “LAS VEGAS VALLEY WATER DISTRICT — Employees, Employee Relations and Pension Benefits” in Appendix B for more information on the District’s pension liability.

### **Funding Sources**

To meet its debt service requirements and to provide funds for the costs of operation and maintenance of the SNWS, the SNWA entered into the Operations Agreement with its Purveyor Members. The Operations Agreement requires that the Purveyor Members reimburse the SNWA for all operation and maintenance expenses (excluding depreciation), debt service and reserve requirements of the SNWS.

The Operations Agreement permits the SNWA Board to establish rates and charges for operating and capital budgets and for the satisfaction of its liabilities (described below). For fiscal year 2016-17, charges for the SNWA operations and capital budget were apportioned among the Purveyor Members as follows:

<i>Member<sup>(1)</sup></i>	<i>Percent of Revenues</i>	<i>Fiscal Year 2016-17 Revenues (in millions)<sup>(2)</sup></i>
Las Vegas Valley Water District	70.9%	\$277
City of Henderson	16.1	63
City of North Las Vegas	11.7	46
City of Boulder City	1.1	4
Others <sup>(3)</sup>	0.1	1
Total	100.0%	\$391

(1) See “SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement — Optional Step-Up Charges,” herein for a description of the SNWA’s right to apportion delinquencies to other Purveyor Members.

(2) Includes revenues and capital contributions attributable to the Purveyor Members.

(3) Includes the Nellis Air Force Base, the City of Las Vegas and the Clark County Water Reclamation District.

### **Allocation of SNWA Water Revenues**

In the 1995 Legislative session, the Legislature enacted the Transfer Act which transferred certain rights, powers, obligations and liabilities relating to the SNWS from the State and CRC to the SNWA effective January 1, 1996. Pursuant to the Transfer Act, the SNWA holds in its own name and assumes all liabilities of



the State and the CRC relating to the SNWS. The debt of the CRC related to the SNWS is composed of general obligation bonds of the State (see “SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations”) which are additionally secured by the SNWA Water Revenues which is superior to the lien thereon of the MBRA, which secure the 2018 Bonds. The SNWA has obtained title to all SNWS facilities originally constructed by the federal government.

Section 3 of the Transfer Act provides that the SNWA Water Revenues (as defined herein) must be applied in the following order generally:

- (1) the costs of operation and maintenance of the SNWS.
- (2) the payment of compensation and expenses to the SNWA and all other obligations incurred through performance by the SNWA of its duties under the Transfer Act, including the CRC’s general obligation bonds issued prior to January 1, 1996 (no CRC general obligation bonds issued prior to January 1, 1996 remain outstanding).
- (3) the payment of the principal, interest and any other charges related to any obligations incurred to refund any general obligations of the State issued for the acquisition, construction, improvement or equipment of the SNWS, presently outstanding in the aggregate principal amount of \$3,405,000.
- (4) the payment of the principal, interest and any other charges related to any obligations incurred by the SNWA for the acquisition, construction, improvement or equipment of the SNWS or other facilities designed to provide water to southern Nevada, including: (i) any Outstanding SNWA revenue bonds; (ii) obligations to the District and the State to repay money borrowed by SNWA to provide funds to improve the SNWS; and (iii) any obligations incurred to refund any of those obligations (collectively, the “SNWA Obligations”). See “SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations” below.
- (5) the payment of expenses incurred by the SNWA related to the acquisition, construction, improvement or equipment of the SNWS or other facilities designed to provide water to southern Nevada.

### **The Operations Agreement**

*The following is a brief description of the Operations Agreement. The SNWA is obligated to impose rates and charges with respect to the use of the SNWS, together with funds legally available for such purpose, sufficient to pay the 2018 Bonds and all other SNWA obligations. However, the Operations Agreement may be amended, modified and/or repealed in any or all respects at any time in accordance with its terms.*

**Charges.** Under the Operations Agreement, the SNWA establishes, revises as necessary, and uses every reasonable effort to collect charges, which in the aggregate, will have the purpose of funding, and will be set at levels sufficient to fund (i) reserves authorized or required by the Operations Agreement or required by any bond or other debt instrument for which the SNWA is responsible, directly or indirectly, relating to the SNWS and (ii) the payment when due of all costs, expenses, capital outlays not otherwise funded, and liabilities including debt service of the SNWA relating to the SNWS.

The SNWA currently assesses five types of charges: (1) a Wholesale Delivery Charge, (2) a Regional Connection Charge, (3) a Regional Commodity Charge, (4) a Reliability Surcharge and (5) a Regional Infrastructure Charge. The Wholesale Delivery Charge is a delivery charge to be paid by the City of Boulder City, the City of Henderson, the City of North Las Vegas and the District for each acre-foot of water delivered to the Purveyor Member; Nellis Air Force Base also pays a modified Wholesale Delivery Charge. The Connection Charge is a charge for each new connection within the service areas of the City of Henderson, the City of North Las Vegas, and the District. The Commodity Charge is a charge for each 1,000 gallons of potable water, from any source whatsoever, delivered and metered by the City of Henderson, the City of North Las Vegas and the District to their customers. The Reliability Surcharge is a surcharge on all residential customers

at a rate of 0.25% of the total water bill and at a rate of 2.5% for all other customer classes. The Regional Infrastructure Charge varies based on meter size and is collected by each Purveyor Member and remitted to the SNWA monthly.

The Regional Connection Charge, the Regional Commodity Charge, the Reliability Surcharge, the Regional Infrastructure Charge and certain payments due from the City of Boulder City are to be used primarily to pay debt service on bonds issued for expansion of the SNWS ("New Expansion Debt"), debt service on the obligations listed as "SNWA Parity Obligations" and "Subordinate Obligations" in the table entitled "SNWA Obligations" below and "SNWA FINANCIAL INFORMATION — Outstanding SNWA Obligations", and any required debt service reserve and to pay the capital cost of improvements or expansions to the SNWS. The SNWA is required to set the Connection Charge and Commodity Charge at levels at least sufficient to ensure that the SNWA will at all times have available sufficient funds for the purposes described above. To the maximum extent practicable the Connection Charge and the Commodity Charge shall be set (after taking into account the amount of other resources including proceeds of the sales tax and the Reliability Surcharge then available) at levels with respect to each other so that over the total period during which New Expansion Debt is amortized (but not necessarily in any particular fiscal year): (i) the Connection Charge shall pay that portion of the total cost of construction of facilities to improve and expand the SNWS, including debt service, which is substantially the same as the percentage of additional capacity that has been allocated to service new connections within the service area of the Purveyor Members and (ii) the Commodity Charge shall pay that portion of the total cost of construction of facilities to improve and expand the SNWS, including debt service, which is substantially the same as the percentage of additional capacity that has been allocated to increase system reliability. Revenue from the Regional Infrastructure Charge, as well as revenue from other SNWA fees and charges, is forwarded by the Purveyor Members to the SNWA.

The Wholesale Delivery Charge is to be charged against the Purveyor Members and is to be used for the purpose of providing, and set at levels to ensure that the SNWA at all times will have available sufficient funds to pay, the following: (1) operation, maintenance, and replacement costs of the SNWS, including water delivery and other charges of the United States; (2) capital outlays not related to the improvement or expansion of the SNWS; (3) the SNWA administrative expenses relating to the SNWS; (4) an appropriate part of the SNWA's contribution to the CRC's water administrative and operating budget; (6) maintenance of an operations and maintenance reserve fund at required levels; (7) debt service on any bonds or other obligations issued for the purpose of funding the repair, replacement, or reconstruction of SNWS facilities or to refund any such bonds or other obligations; and (8) any other cost, expense, capital outlay, or liability of the SNWA with respect to the SNWS, including liabilities of the CRC assumed by the SNWA pursuant to the Transfer Act, other than New Expansion Debt.

If revenues from the Connection Charge, the Commodity Charge, the Wholesale Delivery Charge and, to the extent not required to be maintained at a specified level by any debt instrument, funds in the new expansion debt service reserve fund established under the Operation Agreement are insufficient for payment of debt service, the SNWA is required to equitably make assessments to Henderson, North Las Vegas and the District to pay such insufficiencies.

***Optional Step-Up Charges.*** If any Purveyor Member is delinquent for more than 60 days in making payment to the SNWA of any amount due as a Regional Connection Charge, Regional Commodity Charge, Regional Infrastructure Charge, or Wholesale Delivery Charge, or Boulder City is delinquent for more than 60 days in making payments to the SNWA under the Operations Agreement, and the SNWA has determined that, as a result of such delinquency, either default in the payment of any debt service will occur within the next 90 days or reserve funds required to be maintained under any debt instrument will be depleted below the required level within the next 90 days, then the SNWA shall have the right, but not the obligation, to immediately require the payment of such delinquency by the other Purveyor Member. Such delinquency shall be apportioned proportionate to the liability of such Purveyor Member for such charge during the preceding month. In no event, however, shall the delinquency apportioned to a Purveyor Member with respect to any of the Connection Charge, Commodity Charge, or Wholesale Delivery Charge for any period of delinquency be greater than 100% of (i.e.

two times) the amount of such charge the Purveyor Member is otherwise required to pay with respect to such period absent such delinquency. Such Purveyor Members are required to pay any such step-up charges assessed within 45 days of billing. The SNWA may continue to apportion such delinquencies to Purveyor Members for so long as a delinquency by a Purveyor Member of more than 60 days continues to exist.

***Withholding of Water Deliveries; Late Charges.*** The SNWA may, but is not required to, withhold in whole or in part delivery of water to any Purveyor Member that is delinquent in the payment of any charges or other amounts payable to the SNWA under the Operations Agreement, for more than 90 days after such payment was due. While the Operations Agreement authorizes the withholding of water deliveries to a Purveyor Member for delinquent payment, the District and the SNWA cannot make any assurances as to the feasibility of such remedy. The SNWA shall have the right to establish late charges to be paid by a Purveyor Member which is delinquent by more than 60 days in any charge or other payment due under the Operations Agreement.

***Automatic Assignment of Connection Charges.*** If any of the City of Henderson, the City of North Las Vegas, or the District is delinquent for more than 60 days in making payment to the SNWA of any Connection Charges due under the Operations Agreement, such delinquent Purveyor Member without any further notice or demand by the SNWA, has assigned and transferred to the SNWA all connection fees and charges, tap fees, and similar fees and charges (the "Assigned Fees"), if any, payable to the delinquent Purveyor Member by each customer whose connection gives rise to a Connection Charge under the Operations Agreement, together with the right, power, and authority to collect all such Assigned Fees directly from such customer. The SNWA shall be entitled to retain all such Assigned Fees and shall credit them to the delinquent Connection Charge, any late charge assessed by the SNWA, interest due on the delinquent Connection Charge, and all of the costs and expenses incurred by the SNWA in collecting the Assigned Fees.

***Absolute Obligation of Purveyor Members.*** The Operations Agreement requires each Purveyor Member to pay when due all charges and other amounts provided for therein. Such obligation of each Purveyor Member to make such payments is absolute and unconditional and is not subject to any right of set-off. The obligation of each Purveyor Member to make its payments under the Operations Agreement is a special obligation, payable from and secured by a lien on the gross revenues of the water system of such Purveyor Member.

The Operations Agreement requires each Purveyor Member to maintain sufficient gross revenues from its water system, or from a combination of its water system and other legally available sources that are specifically designated or authorized to be used for such purpose, such that there will be available in each fiscal year from such sources adequate moneys to make all payments to be paid from such sources, including amounts due under the Operations Agreement. Each Purveyor Member has represented and covenanted in the Operations Agreement that all payments to be made under the Operations Agreement constitute operating expenses of its water system, payable from such Purveyor Member's gross revenues prior to its obligation to make payments of the principal of an interest on any and all outstanding bonds.

See the caption "— Capital Improvement Funding Plan" below for information with respect to the SNWA's application of revenues (including amounts paid under the Operations Agreement) to capital projects.

## **SOUTHERN NEVADA WATER SYSTEM**

### **The Service Area**

The SNWS treats and delivers wholesale water to its Purveyor Members that serve the major metropolitan areas of Clark County, Nevada. This service area is arid desert characterized by small amounts of precipitation, little snow, low humidity, abundant sunshine, short and relatively mild winters, long, hot summers, and wide extremes in daily temperatures.

## **Water Supply in the Service Area**

**General.** The Big Bend Water District, the City of Boulder City, the City of Henderson, the City of North Las Vegas, and the District are members of the SNWA and provide retail potable water service to approximately 96% of the population of Clark County. There are two primary sources of water supply in the SNWS service area - Colorado River water and groundwater. Permanent groundwater supplies totaling approximately 46,000 acre-feet per year are owned by the City of North Las Vegas and the District. Prior to the 1970's, water providers relied on groundwater sources to provide water service. Since that time, Colorado River water (discussed below) has become the primary source and has provided the overwhelming majority of water served within the SNWA's service area. Although the SNWA continues to pursue groundwater rights from locations in North-Central Nevada (see "Integrated Water Planning; In-State Water Resources" below), both the water rights and federal right-of-way grant are the subject of ongoing litigation. Colorado River water is delivered primarily through the SNWS. The SNWA also provides wholesale water service to Nellis Air Force Base through the SNWS.

The State's annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water withdrawn, less water that is returned to the river. The SNWA and its Purveyor Members' share of the State's annual Colorado River consumptive use right is about 272,000 acre-feet annually plus Nevada unused Colorado River apportionment of non-SNWA water users. In 2017, SNWA diverted approximately 430,000 acre-feet of water from the Colorado River through the SNWS. This figure takes into account southern Nevada's extraordinary water reuse system, which returns approximately 40 percent of the community's total water use back to the Colorado River system. Through this return flow credit process, southern Nevada consumes less water than it diverts each year. In 2016, approximately 238,000 acre-feet of Nevada's Colorado River water allocation was consumed. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior. See "Seven Basin States Record of Decision" below.

**Additional Purveyors.** There are additional water purveyors located in Clark County that are not customers of the SNWA. These purveyors include the VVWD, which serves the City of Mesquite and the surrounding area, and the Moapa Valley Water District, which serves Logandale, Overton, Moapa, and Glendale. In addition, the District provides water service to the communities of Jean, Kyle Canyon, Blue Diamond, and Searchlight. Water supplies for these communities are supplied from locally available water resources and not from the SNWA. The District also manages the Big Bend Water District pursuant to a contract with its board of trustees; water for Big Bend Water District is provided from an allocation of Colorado River water.

## **Water System Facilities**

The SNWS has two major components: Transmission Facilities and Treatment Facilities. The Transmission Facilities are composed primarily of three source-of-supply intakes at Lake Mead; two large tunnels through the River Mountains; approximately 175 miles of large diameter water transmission pipelines; 28 pumping stations; 38 reservoirs and forebays; 35 metering stations; and other appurtenant facilities. Collectively, these facilities have a nominal capacity to treat and deliver 1,015 million gallons of water per day.

The Treatment Facilities include the Alfred Merritt Smith Water Treatment Facility and the River Mountains Water Treatment Facility, which are used to treat Lake Mead water to drinking water standards. Raw water is drawn through at least one of the three source-of-supply intakes at Saddle Island on Lake Mead and transported to the Treatment Facilities via high capacity pumping stations. The Treatment Facilities utilize ozonation, chlorination, aeration, coagulation, flocculation, and filtration processes. All filter backwash water is reclaimed and recycled to the influent of each facility. Residual solids from the backwash process are collected, spread on drying beds and then hauled from each facility. Automated monitoring and testing equipment aids treatment operators in achieving continuous compliance with water quality standards.

The Treatment Facilities are subject to regulatory requirements relating to State law and the Federal Safe Drinking Water Act. The SNWS meets the primary and secondary standards established by the Federal Safe Drinking Water Act in all areas. Increased Federal and State regulation of facilities such as the SNWS may be anticipated in the future. The SNWA cannot predict the impact of such regulations, if any, on the operation of the SNWS or the costs thereof.

### **Water Resource Plan, Drought Planning and Integrated Water Resource Planning**

**General.** As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan to provide a comprehensive overview of projected water demands in southern Nevada, as well as the water resources available to the SNWA to meet those demands over time. It should be noted that projections of water resources and water demands are subject to uncertainty resulting from numerous variables and that actual results may differ, possibly materially, from those contemplated in the projections.

**Water Resource Plan.** In 1996, the SNWA approved its first Water Resource Plan to outline the community's existing water resources and summarize projected demands. As with previous plans, the 2017 Water Resource Plan, approved by the SNWA Board in November 2017, provides a comprehensive overview of projected water demands in southern Nevada, as well as the water resources available to the SNWA to meet those demands over a 50-year planning horizon. In developing this plan, the SNWA considered a number of factors including potential impacts of continued drought and climate change on water resource availability, particularly Colorado River supplies, and the potential impacts of economic conditions, climate change, and water use patterns on long-term water needs. To address these factors, a scenario-based planning approach is used to represent future water resource needs under variable supply and demand conditions.

Southern Nevada's water resources include a portfolio of permanent, temporary and future water resources. The SNWA's permanent resources are focused predominantly on the Colorado River, which accounts for approximately 90 percent of the water presently delivered to southern Nevadans. Specifically, permanent resources include the SNWA's 272,205 acre-feet Colorado River apportionment, the Nevada unused Colorado River apportionment of non-SNWA water users, Las Vegas Valley groundwater rights, Tributary Conservation Intentionally Created Surplus from Muddy and Virgin River surface water rights, Coyote Spring Valley Groundwater Imported Intentionally Created Surplus, and direct water reuse. Temporary resources take a variety of forms, but largely rely upon the Colorado River as a delivery mechanism. Temporary resources include water stored in the Arizona Groundwater Bank, California Water Bank, Southern Nevada Groundwater Bank, and Intentionally Created Surplus stored in Lake Mead. Intentionally Created Surplus resources include short-term Virgin and Muddy River leases and Brock Reservoir credits, among others. Some temporary resources are not available during shortage declarations. Future resources include supplies that are hydrologically independent of the river and projects producing water that can be conveyed through Lake Mead. These future water resources include the In-State Groundwater and Colorado River augmentation projects, transfers and exchanges such as ocean desalination (via exchange agreement), brackish desalination (via exchange agreement), and agricultural conservation. The Water Resource Plan approved in November 2017, indicates that additional water resources will be needed in approximately twenty to forty years or more.

Creating and managing temporary water supplies through water banking helps bridge resources in the event of shortages and provides a resource "savings account." As described below, the SNWA maintains banking arrangements in Arizona, in southern California and locally in the Las Vegas Valley.

**Arizona Groundwater Bank.** In 2013, the SNWA approved an amendment to the 2001 Interstate Banking agreement among the Arizona Water Banking Authority, the Central Arizona Water Conservation District, and the Colorado River Commission of Nevada. This Interstate Banking Agreement allows Colorado River water to be stored underground in Arizona's aquifers for the SNWA's future use. The SNWA has paid approximately \$133.9 million to parties in Arizona for interstate banking and has accrued 601,041 acre-feet in long-term storage credits. The SNWA can recover 40,000 acre-feet water banked in Arizona per year. Such recovery can be further limited if Arizona municipal customers are impacted by severe shortages. Up to 1.25

million acre-feet of additional water can be stored on a pay-as-you-go basis. The SNWA anticipates banking approximately 13,000 acre-feet of water in Arizona in 2018.

***Southern California Water Bank.*** The SNWA has entered into agreements with the Metropolitan Water District of Southern California (“Metropolitan”) and the U.S. Bureau of Reclamation to store a portion of the State’s unused Colorado River water in southern California. Under those agreements, the SNWA can recover up to 30,000 acre-feet per year from storage. As of the end of 2016, the SNWA has over 330,000 acre-feet of water stored by Metropolitan.

***Southern Nevada Groundwater Bank.*** As of December 2017, the SNWA has accumulated approximately [337,000] acre-feet of water stored in the Las Vegas Valley aquifer for future use through an agreement with the District. Recovery of such stored water is subject to certain regulatory approvals by the Nevada Division of Water Resources.

***Water Conservation Efforts.*** Since its formation, the SNWA and its Members have worked collaboratively to establish and achieve water conservation goals. Conservation is achieved through four primary areas: education, incentives, regulation, and water pricing. The SNWA has invested over \$210 million in incentive programs like the Water Smart Landscapes program where customers receive rebates for converting water-thirsty turf to water-efficient landscaping. Conservation has proven to be a cost-effective option for meeting southern Nevada’s water needs.

Drought continues to impact Colorado River resources, the source of approximately 90 percent of southern Nevada’s available supplies. Over the last 17 years, the Colorado River Basin has been experiencing one of the worst droughts on record, which has affected Lake Mead reservoir levels. There is no certainty as to when the current drought will end. However, it is clear that multiple, successive years of above average run-off are required to rebuild storage in major Colorado River system reservoirs like Lake Powell and Lake Mead. In 2007, the states who share the Colorado River’s water resources came to an agreement about how shortages would be declared and managed. Should the drought worsen and Lake Mead’s elevation fall below 1,075 feet, Arizona and Nevada’s Colorado River allocation would be reduced. The SNWA’s Water Resource Plan outlines how water demands would be met under two different shortage scenarios. The “increased shortage” scenario includes reductions above and beyond those currently required in the 2007 Interim Guidelines in order to demonstrate SNWA’s ability to meet demands despite ongoing and prolonged drought on the river.

From January 1, 2017, to January 1, 2018, Lake Mead’s elevation increased slightly due in large part to a release of 9.0 million acre-feet from Lake Powell for the water year ended September 30, 2017, an equivalent release to Lake Mead in water-year 2016, and conservation efforts by water users. Lake Mead is currently projected to begin calendar 2018 at elevation 1,083 and fall to 1079 by 2019 continuing the overall downtrend observed since 2000. Such projected level could trigger a shortage declaration for 2019, but none of the respective lake level shortage elevations of 1,075, 1,050 or 1,025 more fully described below would have a material impact on the District’s or the SNWA’s ability to meet projected demand. [Loss of water in Lake Mead due to evaporation is estimated at 5% in water year 2018, [which approximates historical amounts]].

The SNWA has sought out and capitalized on opportunities to increase the volume of water stored for southern Nevada’s use in Lake Mead as authorized by the Department of Interior’s 2007 Record of Decision entitled Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (further discussed below). Four such opportunities involve (1) leasing and purchasing surface water rights on the Virgin and Muddy Rivers systems that are tributary to the Colorado River; (2) reducing the amount of water lost to the Colorado River system through construction of reservoirs and treatment of water; (3) diversion and transmission of Coyote Springs Valley Basin groundwater rights to Lake Mead; and (4) working cooperatively with Mexico to conserve water. In the most recent Bureau of Reclamation reporting year (calendar year 2016), the Bureau credits SNWA with 531,562 acre-feet of additional stored water in Lake Mead. In addition, the SNWA continues to collaborate with the Bureau of Reclamation and other Colorado River Basin States and water users to develop voluntary programs to increase Lake Mead’s elevation. These

efforts are intended to forestall the declaration of and reduce the severity of shortages by helping to stabilize lake elevations. One such effort is the Pilot System Conservation Agreement, whereby approximately \$20 million has been committed to fund conservation projects that will create additional Colorado River system water, such as land fallowing, water efficiency, desalination, and reuse. The total expected volume of water to be stored in Lake Mead from this program through 2025 is approximately 120,000 acre-feet.

### **Seven Basin States Record of Decision**

On December 13, 2007, the Secretary signed a Record of Decision (“ROD”) approving adoption of “Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead.”

The ROD approves and outlines specific interim Lower Basin shortage guidelines and coordinated management strategies for Lakes Powell and Mead under low reservoir conditions. These guidelines and strategies are intended to remain in effect through 2036 regarding water supply and through 2026 regarding reservoir operating decisions. Other elements of the agreement relating to tributary and imported water will be in effect past the expiration of reservoir operating and water supply guidelines and strategies.

As approved and adopted, the guidelines implement interim reservoir operations that are designed to minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin through an operating strategy for Lakes Powell and Mead that strives to balance the water supply between these reservoirs, while maximizing their use. The guidelines replaced the then-existing Interim Surplus Guidelines by modifying and extending the Interim Surplus Guidelines through 2025, and implementing shortage conditions when Lake Mead’s elevation is at 1,075 feet or lower. The guidelines also provide an opportunity for Lower Basin States to develop, store and access “Intentionally Created Surplus” water through extraordinary conservation efforts, tributary conservation, system efficiency projects or importation of non-Colorado River water into the mainstream of the Colorado River.

With regard to shortage conditions, Arizona and Nevada have executed a Shortage Sharing Agreement premised upon the Secretary’s reductions in deliveries within the United States of defined amounts per year based upon specific Lake Mead water elevations. At a Lake Mead elevation of 1,075 feet, an annual reduction of 333,000 acre-feet is required, with Nevada’s share being 13,000 acre-feet and Arizona’s share being 320,000 acre-feet. At a Lake Mead elevation of 1,050 feet, an annual reduction of 417,000 acre-feet is required, with Nevada’s share being 17,000 acre-feet and Arizona’s share being 400,000 acre-feet. Finally, at a Lake Mead elevation of 1,025 feet, an annual reduction of 500,000 acre-feet is required with Nevada’s share being 20,000 acre-feet and Arizona’s share being 480,000 acre-feet. The SNWA’s Water Resource Plan demonstrates the SNWA’s ability to continue to meet demands during these currently defined shortage levels and even beyond. Moreover, the Seven Basin States are actively discussing Lower Basin Drought Contingency Plans to further protect Lake Mead in the event of ongoing drought.

The guidelines provide for the development of procedures that will allow Nevada’s pre-compact tributary and imported groundwater water resources to be introduced, conveyed through and diverted from the Colorado River system. Nearly all (95%) of this water would be recoverable and available during any shortage and could contribute to return flow credits. The guidelines also allowed Nevada to participate in the implementation of system efficiency projects such as the Brock Reservoir along the All American Canal in California and the Yuma Desalting Plant in Arizona, as well as future augmentation projects. Participation in the Brock Reservoir project gives Nevada access to a one-time supply of water (400,000 acre-feet) that can be accessed in future years on an as-needed basis at a rate of up to 40,000 acre-feet per year.

### **Colorado River Study and Drought Impact**

On December 13, 2012, the Bureau of Reclamation released a study that projects water supply and demand imbalances throughout the Colorado River Basin and adjacent areas over the next 50 years. The study

includes a wide array of adaptation and mitigation strategies proposed by stakeholders and the public to address the projected imbalances. One of the key findings in the study is a large range of projected future supply and demand imbalances. The study projects a median imbalance in the Colorado River Basin of approximately 3.2 million acre-feet per year by 2060, with smaller projected imbalances occurring sooner. The study also projects that the largest increase in demand will come from municipal and industrial users, primarily due to population growth.

## Historic Water Demand

The following table sets forth treated water deliveries by the SNWA to each of the Purveyor Members and Nellis Air Force Base during the past 10 fiscal years. Water deliveries fluctuate from year-to-year based on, among other factors, weather patterns, hydrological conditions and population shifts.

### ANNUAL WATER DELIVERED BY THE SOUTHERN NEVADA WATER SYSTEM<sup>(1)</sup>

<i>Fiscal Year Ended June 30</i>	<i>City of Boulder City</i>	<i>City of Henderson</i>	<i>Las Vegas Valley Water District</i>	<i>Nellis Air Force Base</i>	<i>City of North Las Vegas</i>	<i>Total Deliveries</i>
2017	10,496	69,224	298,110	1,213	51,476	430,519
2016	10,458	65,284	287,374	1,044	49,569	413,729
2015	10,378	64,167	280,195	1,008	44,934	400,682
2014	10,688	61,890	280,417	1,097	46,459	400,551
2013	10,280	62,127	284,196	1,088	44,414	402,105
2012	10,514	63,450	284,662	1,069	48,120	407,815
2011	10,534	64,262	296,672	1,334	50,256	423,058
2010	10,845	63,092	283,052	1,511	50,302	408,802
2009	11,121	64,611	301,854	1,800	51,306	430,692
2008	11,345	66,897	328,435	2,664	53,987	463,328

<sup>(1)</sup> Amounts shown in acre-feet. Amounts may not total due to rounding.  
Source: Southern Nevada Water Authority.

## Capital Improvement Funding Plan

**General.** The SNWA currently has two capital construction programs: (1) the Major Construction and Capital Plan (“MCCP”), and (2) the Las Vegas Wash Capital Improvements Plan (“LVWCIP”). As required by the SNWA’s Cooperative Agreement and the Operations Agreement adopted by each of the municipal water purveyors, these capital plans are established to define and authorize endeavors and initiatives that are necessary to maintain facilities in a sound and functional condition, maintain or improve water quality, develop water resources, reduce operating costs, address environmental and safety issues, provide support facilities (including power), and meet other objectives defined by the SNWA Board.

The MCCP encompasses capital endeavors involving water resource acquisition, water system facilities construction, repair, and replacement, water quality enhancements, and water-related energy resources and facilities. The LVWCIP is focused on capital projects associated with improving water quality in the Las Vegas Wash, the natural channel that conveys surface water from the Las Vegas Valley to Lake Mead.

Because the MCCP includes endeavors that have long-term objectives associated with the viability and sustainability of southern Nevada’s water supply and delivery capabilities, it is a dynamic, evolving program with changes represented by periodic amendments. The latest amendment to the MCCP, which includes approval by the Purveyor Members, identifies work with a cost to complete of approximately \$1.145 billion.



The LVWCIP is comprised of approximately \$161 million for a defined collection of projects funded by SNWA's portion of sales tax revenues and various grants. The LVWCIP is approximately 85% complete.

One of the largest active MCCC projects is Lake Mead Intake No. 3 with a total estimated cost of \$1.441 billion. Lake Mead's Intake No. 3 is critical to help protect the community from the effects of prolonged drought in the Colorado River Basin. Intake No. 3 is planned to protect municipal water customers from water quality issues and reduced system capacity associated with declining lake levels. Components of the Intake No. 3 project include an intake tunnel, underground pumping forebay, pumping station, electrical power connections and discharge pipelines to the water treatment facilities. Intake No. 3 was originally envisioned to maintain the SNWA's ability to draw upon Colorado River water at lake elevations as low as 1,000 feet above sea level, assuring system capacity if lake levels fall low enough to put the existing Intake No. 1 out of service. However, with the ongoing drought affecting the water levels of Lake Mead, the SNWA board, acting on recommendations from IRPAC, in December 2014 directed that the pumping station be redesigned to establish the ability to draw water at lake elevations as low as 875 feet above sea level, well below the level currently possible with the Intake No. 1 and Intake No. 2. The latest amendment to the MCCC represents this new directive, involving construction of the more capable low lake level pumping station at an estimated cost of \$650 million. The intake tunnel portion of the Intake No. 3 project became operational in September of 2015. The low lake level pumping station component of the Intake No. 3 Project is scheduled for completion in 2020.

Other active MCCC projects include: Interim Colorado River Supplies which includes Arizona Banking; Water Resource Acquisition and Development; Clark, Lincoln and White Pine Counties Groundwater Development, Virgin and Muddy Rivers Water Resources Acquisition; and other general system improvement projects. Capital expenditures for the MCCC in the SNWA's fiscal year 2017-18 budget are projected to be \$225.6 million.

The funding for most of the MCCC expenditures has come from the sale of municipal bonds (including tax-exempt bonds and taxable Build America Bonds). These bonds are being repaid from the following revenue sources (1) Regional Connection Charge; (2) Regional Infrastructure Charge; (3) Quarter Cent Sales Tax (as defined herein); (4) Regional Commodity Charge; (5) Regional Reliability Surcharge; and (6) funds received by the SNWA from the Southern Nevada Public Lands Management Act. Each is discussed below. See also "SECURITY FOR THE 2018 BONDS — SNWA Pledged Revenues — History of SNWA Water Revenues."

The SNWA expects to spend approximately \$650 million on capital improvement projects in the next five fiscal years and expects to fund \$400 million from revenues and unrestricted reserves and fund \$250 million from existing bond proceeds.

***Regional Connection Charge.*** The Regional Connection Charge is charged by the SNWA to a Purveyor Member for any new customer who connects to the system of such Purveyor Member. Under the Operations Agreement, the Regional Connection Charge is required to be paid by the Purveyor Members to the SNWA monthly. The amount is based on various factors. In the last ten fiscal years, the SNWA has received approximately \$364.5 million in Regional Connection Charges. This revenue source has been volatile, but funds received are expected to be used to fund the MCCC and for repayment of bonds.

***Regional Infrastructure Charge.*** On February 29, 2012, the SNWA Board approved the Regional Infrastructure Charge, which is a charge to help stabilize revenue streams affected by the erosion of connection charges experienced since 2009. The Regional Infrastructure Charge, which is based on meter size, initially added approximately \$5 to the average residential monthly bill. On January 1, 2018, the charge increased to \$12.92 per month. The charge is collected by the Purveyor Member and remitted to the SNWA monthly. The Regional Infrastructure Charge took effect in April 2012. Since the Regional Infrastructure Charge has been implemented, SNWA has received approximately \$501.5 million in Regional Infrastructure Charges.

***Regional Commodity Charge.*** The third major revenue source for the MCCC is the Regional Commodity Charge imposed by the SNWA per 1,000 gallons of water delivered from any source by the Purveyor

Members of the SNWA. The rate is currently \$0.48 cents per 1,000 gallons. Under the Operations Agreement, the Regional Commodity Charge is required to be paid by the Purveyor Members to the SNWA by the first day of the second month after such deliveries were made. In the last ten fiscal years, the SNWA has received approximately \$376.5 million of Regional Commodity Charge revenues. The Operations Agreement provides for the commodity charge to be applied to all future water deliveries to the District, the City of Henderson and the City of North Las Vegas.

***Sales Tax.*** The fourth major source of revenue for the MCCP is a 0.25% sales tax (the “Quarter Cent Sales Tax”), which was added to the County sales tax rate in April 1999. This revenue is collected by the State Department of Taxation and remitted to the SNWA monthly with a two-month lag. The SNWA shares this revenue with wastewater agencies in the Las Vegas valley, rural water and wastewater systems, and for projects related to the Las Vegas Wash. The Quarter Cent Sales Tax was originally scheduled to sunset on June 30, 2025, or when \$2.3 billion had been collected, whichever occurs first. However, legislation extending the Quarter Cent Sales Tax sunset provisions was enacted during the 2011 Legislative session, subject to approval from the Clark County Board of Commissioners. The extension removes the limit on both the time and amount that can be raised by the Quarter Cent Sales Tax. Under the original sales tax legislation, the SNWA projected that it would receive approximately 58% of the gross proceeds of the Quarter Cent Sales Tax; projections as to the amount the SNWA will retain under the legislation are still being examined, [but it is currently believed that the percentage will increase]. In the last ten fiscal years, the SNWA has received approximately \$507.4 million of Quarter Cent Sales Tax revenues. The Quarter Cent Sales Tax revenues can be used to make MCCP debt service payments, or to pay construction costs directly which reduces the amount of money that needs to be borrowed. In the past, the SNWA has used Quarter Cent Sales Tax to pay construction costs directly; however the SNWA currently plans to use most of the Quarter Cent Sales Tax to pay debt service. **The Quarter Cent Sales Tax is not included in the SNWA Water Revenues which secures the MBRA.**

***Regional Reliability Surcharge.*** The Regional Reliability Surcharge is an SNWA charge paid by the SNWA Purveyor Members. The charge is equal to 0.25% of the total water bill for residential customers and 2.5% for commercial customers. In the last ten fiscal years, the SNWA has received approximately \$46.1 million of Regional Reliability Surcharge revenues.

***Southern Nevada Public Lands Management Act.*** The Southern Nevada Public Lands Management Act (“SNPLMA”) is a 1998 federal law that gives the SNWA 10% of the sale price of certain public lands in Clark County to defray some of the cost of the SNWA capital improvement plan. This revenue was not anticipated when the MCCP Funding Plan was developed in 1997. Because the parcels of land to be sold and their sale prices are unknown, revenues from this source are not predictable. In the last ten fiscal years, the SNWA has received approximately \$30.9 million from the SNPLMA. Such sales revenues are not included in the SNWA Water Revenues which secure the MBRA.

## **Electrical Power**

State law allows local governments to opt out of the private purchase of power for water/wastewater functions if alternative sources of power are available. Pursuant to State law and a Cooperative Agreement (the “SSEA Cooperative Agreement”) Among the City of Boulder City, the CRC, the Lincoln County Power District No. 1, the Overton Power District No. 5 and the SNWA, the Silver State Energy Association (the “SSEA”) was formed in 2007 to manage power resources and own, finance, construct and operate electrical power facilities for the benefit of its members. Each member appoints a representative to SSEA’s board of directors. The CRC and the SNWA provide all necessary staff to the SSEA and staff time is charged by such entities to the SSEA. Beginning in 2013, the SNWA has purchased over 95% of its annual power requirements from the SSEA. SNWA also receives a small amount of its energy needs from federal hydropower from Hoover and Parker Davis Dams.

The SSEA has entered into a number of futures contracts to hedge its portfolio of forward energy contracts with its member agencies, including the SNWA. Although the SNWA does not believe it has any

obligations with respect to payments and other liabilities under such forward energy contracts other than its allocable share of costs thereunder billed by the SSEA, the SNWA and other members to the SSEA Cooperative Agreement have agreed to indemnify the SSEA and its members for claim arising thereunder.

Financings for capital improvements by the SSEA will be included in SSEA's capital improvement plans and costs thereof will be allocated to the SSEA members pursuant to the SSEA Cooperative Agreement.

## **SNWA FINANCIAL INFORMATION**

### **Annual Reports**

The SNWA prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the SNWA as of June 30 of each fiscal year. The CAFR is the official financial report of the SNWA. The latest completed report is for the year ended June 30, 2017. The SNWA's audited basic financial statements (prepared in accordance with GAAP) for fiscal year ended June 30, 2017, which are included in SNWA's CAFR, are attached to this Official Statement as Appendix A.

Certain prior period adjustments were made in the SNWA's audited financial statements within the last five fiscal years to comply with revised accounting rules, however, such prior period adjustments related to certain non-cash items and would have had no effect on coverage calculations set forth under the caption "SECURITY FOR THE 2018 BONDS — SNWA Pledged Revenues — *SNWA Water Revenues*." In addition, in fiscal year 2016-17, the SNWA included as operating expenses certain construction costs that were previously classified as Construction in Progress.

### **Budgeting**

**General.** Prior to April 15 of each year, the SNWA submits to the State Department of Taxation the tentative budget for the next fiscal year, which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the SNWA upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the SNWA Board is required to conduct public hearings on the third Thursday in May. The SNWA Board is required to adopt the final budget on or before June 1. The SNWA management is authorized to transfer budgeted amounts within functions, but any other transfers must be approved by the SNWA Board.

**Fiscal Year 2017-18 Budget Considerations.** The SNWA submitted its fiscal year 2017-18 Tentative Budget to the State by April 15, 2017, and held a public hearing on the budget (followed by approval of a Final Budget) on May 18 2017. For the 2017-18 budget, non-payroll operating expenses (excluding debt service) are budgeted to increase by \$10.8 million (approximately 3.5%) from fiscal year 2016-17 budgeted amounts. This increase is due to higher projected costs in materials, supplies, maintenance, and repairs. Payroll costs are budgeted to increase by \$5.6 million (approximately 7.9%) from fiscal year 2016-17 budgeted amounts. This increase is due to cost of living adjustments, merit increase, and additional staff. Capital expenditures are budgeted to increase by \$6.3 million (2.9%).

The MCCP remains in place and consolidates all capital projects of the previous Capital Improvements Plan. "SOUTHERN NEVADA WATER SYSTEM — Capital Improvement Funding Plan."

**SNWA Water Revenues.** The SNWA has relied on contributions from its Members to fund its operations. The advent of the Regional Infrastructure Charge in April 2012 and an overall increase in capital contributions revenue has contributed to an increase in unrestricted fund balance. Unrestricted fund balance was approximately \$432.2 million at the end of fiscal year 2016-17 compared to approximately \$422.7 million at the end of fiscal 2015-16. The SNWA management has stated that its policy is to expend fund balance for its

intended purpose (i.e., to continue SNWA operations and capital expenditures during reduced revenue periods) as reasonably necessary, but also to preserve fund balance consistent with the SNWA's reserve policy.

Current SNWA financial estimates reflect that Regional Connection Charges should remain relatively stable for the foreseeable future. Regional Connection Charges increased from approximately \$22.9 million in fiscal year 2012-13 to \$57.0 million in fiscal year 2016-17. Capital revenues consist of Regional Connection Charges, Regional Commodity Charges, and/or Regional Infrastructure Charges. The fiscal year 2017-18 final budget (and internal SNWA forecasting) projects that the SNWA's unrestricted ending fund balance is expected to increase by approximately \$2.8 million (to approximately \$435.0 million) by the end of fiscal year 2017-18. These figures will change if the SNWA implements any additional rate increases in future years. *Investors are cautioned, however, that the financial estimates discussed in this paragraph are based upon economic and financial assumptions that may not be realized. See "INTRODUCTION — Forward-Looking Statements."*

**Unrestricted Reserves.** Since the formation of the SNWA, its financial model has included provisions for the establishment and maintenance of substantial unrestricted fund balances. On January 21, 2016, the SNWA Board approved a policy for maintaining reserves of cash and investments, consisting of four components in the following order of priority: 180 days of operating and maintenance expenses, one year of maximum annual debt service, one year average of future capital needs and one percent of assets subject to depreciation to mitigate one-time unforeseen infrastructure or major capital equipment failures. As of June 30, 2017, the reserve target based on the reserve policy was \$417.5 million, with the actual reserves at \$432.2 million.

### **Outstanding SNWA Obligations**

**General.** The SNWA may issue bonds or enter into interlocal agreements with other governmental entities pursuant to which bonds are issued for the benefit of the SNWA and the payment of which is the responsibility of the SNWA. The SNWA has issued bonds through or entered into such interlocal agreements with the District, the County (which loans money to the SNWA through its bond bank) and the State (which also loans money to the SNWA through its bond bank). These obligations are payable from the SNWA Water Revenues, or specified portions thereof.

**Currently Outstanding SNWA Obligations.** The following table illustrates the SNWA's outstanding long-term obligations as of January 1, 2018. The lien priority of the various obligations is described in "INTRODUCTION — Security" and "SECURITY FOR THE 2018 BONDS — SNWA Pledged Revenues."

## SNWA OBLIGATIONS

	<i>Issue Date</i>	<i>Original Amount</i>	<i>Principal Outstanding</i>
<b><u>SUPERIOR OBLIGATIONS<sup>(1)</sup></u></b>			
State of Nevada Refunding Bonds, Series 2010B	06/24/10	\$ 7,405,000	<u>\$ 3,405,000</u>
Total Superior Obligations			\$ 3,405,000
<b><u>PARITY OBLIGATIONS<sup>(2)</sup></u></b>			
<b>MBRA Parity Obligations<sup>(3)</sup></b>			
LVVWD Refunding Bonds, Series 2008B <sup>(3)</sup>	02/19/08	171,720,000	\$ 97,470,000
LVVWD Water Bonds, Series 2009A (Taxable BABs)	08/05/09	90,000,000	90,000,000
LVVWD Water Bonds, Series 2009B	08/05/09	10,000,000	835,000
LVVWD Water Refunding Bonds, Series 2009D	12/23/09	71,965,000	40,990,000
LVVWD Refunding Bonds (Taxable), Series 2011A	05/26/11	58,110,000	49,355,000
LVVWD Refunding Bonds, Series 2011B	10/19/11	129,650,000	110,955,000
LVVWD Refunding Bonds, Series 2011C	10/19/11	267,815,000	220,825,000
LVVWD Water Bonds, Series 2012B	07/31/12	360,000,000	339,555,000
LVVWD Water Refunding Bonds, Series 2015	01/13/15	332,405,000	332,405,000
LVVWD Water Refunding Bonds, Series 2015B	06/01/15	177,635,000	155,795,000
LVVWD Water Refunding Bonds, Series 2015C	06/18/15	42,125,000	36,755,000
LVVWD Water Improvement and Refunding Bonds, Series 2016A	04/04/16	497,785,000	492,255,000
LVVWD Water Refunding Bonds, Series 2017B	03/07/17	22,115,000	22,115,000
LVVWD Water Refunding Bonds, Series 2018B (this issue) <sup>(3)</sup>	03/01/18	100,000,000	
Total MBRA Parity Obligations			\$1,989,310,000
LVVWD Commercial Paper Notes <sup>(4)</sup>	various	400,000,000	<u>\$ 400,000,000</u>
Total MBRA Obligations			\$2,389,310,000
<b><u>SNWA Parity Obligations<sup>(5)</sup></u></b>			
Clark County Water Revenue Bond, Series 2006	11/02/06	604,140,000	\$ 69,545,000
Clark County Water Revenue Bonds, Series 2008 <sup>(6)</sup>	07/02/08	400,000,000	9,635,000
Clark County Revenue Refunding Bond, Series 2009	11/10/09	50,000,000	40,175,000
Clark County Revenue Refunding Bonds, Series 2012	06/20/12	85,015,000	79,515,000
Clark County Revenue Refunding Bonds, Series 2016A	03/03/16	263,955,000	226,905,000
Clark County Revenue Refunding Bonds, Series 2016B	08/03/16	271,670,000	267,885,000
Clark County Refunding Bonds, Series 2017B	03/14/17	22,115,000	<u>321,640,000</u>
Total SNWA Parity Obligations			\$1,015,300,000
<b><u>SUBORDINATE OBLIGATIONS<sup>(6)</sup></u></b>			
State of Nevada Safe Drinking Water Loan #1	09/01/99	12,269,695	\$ 2,054,101
State of Nevada Safe Drinking Water Loan #2	06/29/01	10,000,000	2,532,161
SNWA Water Revenue Bonds, Series 2009 (State of Nevada)	12/11/09	2,214,457	1,518,485
SNWA Water Revenue Refunding Bonds, Series 2013A (State Bond Bank)	01/29/13	21,720,000	<u>21,720,000</u>
Total Subordinate Obligations			\$ 27,875,266
<b><u>OTHER SUBORDINATE REVENUE OBLIGATIONS<sup>(7)</sup></u></b>			
Subordinate Lien Revenue Bond (Clean Renewable Energy), Series 2008	07/30/08	6,900,000	<u>\$ 2,300,000</u>
Total Outstanding SNWA Obligations			<u>\$3,438,190,266</u>

<sup>(1)</sup> Payable from the SNWA Water Revenues prior to any payments due under the MBRA. No SNWA Water Revenues become subject to the MBRA until all SNWA operation and maintenance expenses and all obligations with respect to the SNWA Superior Obligations are paid.

<sup>(2)</sup> SNWA Water Revenues are available to make payments due under the MBRA after the SNWA Superior Obligations are paid.

<sup>(3)</sup> The District expects to refund all of the outstanding 2008B Bonds from a portion of the proceeds of the 2018 Bonds.

<sup>(4)</sup> Payable from the SNWA Pledged Revenues after payment of the MBRA Parity Obligations. The District is authorized to have a maximum of \$400,000,000 in Notes outstanding at any time; all of which are outstanding. See footnote (4) on page B-16 with respect to the credit facilities for the Notes.

(Footnotes continued on following page)

(Continued from previous page)

- (5) The SNWA Parity Obligations are payable from SNWA Water Revenues on a parity with amounts due under the MBRA.
- (6) Payable from SNWA Water Revenues after payment of the SNWA Parity Obligations.
- (7) The SNWA CREBs have a lien on the SNWA Water Revenues that is subordinate to the lien thereon of the MBRA and the SNWA Parity Obligations and on a parity with the obligations listed as "Subordinate Obligations" in the table above. The CREBs also are secured with a lien on the quarter-cent Sales Tax (discussed in "SOUTHERN NEVADA WATER SYSTEM — Capital Improvement Funding Plan" above).

Source: Southern Nevada Water Authority; compiled by the Municipal Advisors.

***SNWA Total Debt Service Requirements.*** The following table sets forth the debt service requirements for the outstanding bonds and other obligations for borrowed money payable from the SNWA Water Revenues

(except the Notes), as of January 1, 2018 (without taking into account the issuance of the 2018 Bonds and the Refunding Project).

### SNWA ANNUAL DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

<i>Fiscal Year Ending June 30</i>	<i>Outstanding Superior Obligations</i>	<i>Outstanding Parity Obligations<sup>(2)</sup></i>	<i>Outstanding Subordinate Obligations<sup>(3)</sup></i>	<i>Grand Total</i>
2018	\$1,157,907	\$ 150,612,744.41	\$ 1,184,327.09	\$ 152,954,979
2019	1,220,355	255,309,988.46	2,825,963.17	259,356,306
2020	1,218,416	255,219,690.16	2,820,581.14	259,258,688
2021	--	257,324,997.96	1,948,536.61	259,273,535
2022	--	257,747,243.96	1,594,684.03	259,341,928
2023	--	258,041,816.06	1,240,831.40	259,282,647
2024	--	258,065,237.96	778,140.40	258,843,378
2025	--	248,577,584.70	778,140.40	249,355,725
2026	--	248,524,505.80	778,140.40	249,302,646
2027	--	239,981,208.80	778,140.40	240,759,349
2028	--	202,521,937.50	22,172,340.40	224,694,278
2029	--	189,415,037.50	126,540.40	189,541,578
2030	--	190,095,912.50	63,270.20	190,159,183
2031	--	163,356,525.00		163,356,525
2032	--	163,062,875.00		163,062,875
2033	--	163,645,775.00		163,645,775
2034	--	168,143,755.00		168,143,755
2035	--	163,554,005.00		163,554,005
2036	--	168,367,630.00		168,367,630
2037	--	168,315,212.50		168,315,213
2038	--	168,267,510.00		168,267,510
2039	--	164,595,840.00		164,595,840
2040	--	53,996,350.00		53,996,350
2041	--	53,993,000.00		53,993,000
2042	--	53,995,150.00		53,995,150
2043	--	30,387,750.00		30,387,750
2044	--	30,387,750.00		30,387,750
2045	--	30,390,250.00		30,390,250
2046	--	30,387,000.00		30,387,000
<b>Total</b>	<b>\$ 3,596,678</b>	<b>\$ 4,786,284,383.27</b>	<b>\$ 37,089,636.04</b>	<b>\$ 4,826,970,598</b>

<sup>(1)</sup> Totals may not add due to rounding. Excludes debt service on the Notes.

<sup>(2)</sup> Combined debt service on the MBRA Parity Obligations and the SNWA Parity Obligations. The 2009A Bonds were issued as BABs. Prior to the 8.7% reduction in the payment of BAB Subsidies that went into effect on March 1, 2013 (7.2% as of October 1, 2013, 7.3% as of October 1, 2014, 6.8% as of October 1, 2015, 6.9% as of October 1, 2016 and 6.6% as of October 1, 2017), as a result of federal budget cuts known as "sequestration," the District expected to receive the BAB Credit in an amount equal to 35% of the interest due on those bonds. There is no assurance that the BAB Credit will be received in the future; accordingly, amounts shown here reflect total interest; the amounts are not reduced to reflect applicable BAB Credit amounts. If the BAB Credit is received, the interest payable on certain of the bonds will be lower. Does not include debt service on the 2018 Bonds.

<sup>(3)</sup> Reflects debt service on the Subordinate Lien Revenue Bond (Clean Renewable Energy), Series 2008.

Source: Southern Nevada Water Authority; compiled by the Municipal Advisors.

**Additional Obligations.** See Note 13 in the audited financial statements attached hereto as Appendix A for a description of certain other SNWA commitments, including operating leases, forward power contracts and gas and power swaps as of June 30, 2017. Investors are cautioned that market conditions, which can change at any time, may affect the value of certain of the contracts and other commitments involved to an extent that cannot be stated at this time.

The SNWA also reimburses the District for amounts paid as operating expenses on its behalf. The District has allocated a portion of its OPEB liability to the SNWA. See Notes 1 and 15 in the audited financial statements attached hereto as Appendix A for a description of those related party transactions.

### **SNWA Additional Contemplated Indebtedness**

The SNWA may issue additional bonds in the future to fund portions of its capital plans (see “SOUTHERN NEVADA WATER SYSTEM — Capital Improvement Funding Plan” above). The SNWA may issue additional bonds or other obligations as needed upon the satisfaction of all legal requirements, including refunding obligations. The SNWA may, but has no immediate plans, to issue or cause to be issued on its behalf, obligations to refund the Notes on a parity with, or senior to, the 2018 Bonds, either on a fixed or variable rate basis. Alternatively, the SNWA may choose to amortize all or a portion of the Notes as they mature or refund the Notes with obligations that impose a lien on the SNWA Pledged Revenues that is subordinate to the lien of the 2018 Bonds.

## **TAX MATTERS**

### **Federal Tax Matters**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2018 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2018 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2018 Bonds; (b) limitations on the extent to which proceeds of the 2018 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2018 Bonds above the yield on the 2018 Bonds to be paid to the United States Treasury. The District will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2018 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the 2018 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2018 Bonds.



The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2018 Bonds. Owners of the 2018 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2018 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2018 Bonds may be sold at a premium, representing a difference between the original offering price of those 2018 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2018 Bonds. Owners of the 2018 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the applicable delivery date of the 2018 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2018 Bonds, the exclusion of interest on the 2018 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2018 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2018 Bonds. Owners of the 2018 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2018 Bonds. If an audit is commenced, the market value of the 2018 Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the 2018 Bonds owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the SNWA, the Municipal Advisors, the Purchaser, Bond Counsel or Disclosure Counsel is responsible for paying or reimbursing any 2018 Bonds holder with respect to any audit or litigation costs relating to the 2018 Bonds.

### **State Tax Exemption**

The 2018 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

## **LEGAL MATTERS**

### **Litigation**

In the opinion of the District's General Counsel, there is no litigation or controversy of any nature now pending, or to the knowledge of the General Counsel threatened, (i) restraining or enjoining the issuance, sale or delivery of the 2018 Bonds or (ii) in any way contesting or affecting the validity of the 2018 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the 2018 Bonds. Further, the General Counsel is of the opinion that current litigation facing the District will not materially affect the District's ability to perform its obligations to the owners of the 2018 Bonds.

The SNWA's legal counsel is of the opinion that there is no litigation, either pending or threatened which may materially affect the SNWA's financial condition or its ability to perform its obligations to the owners of the 2018 Bonds.

Bond Counsel and Disclosure Counsel have advised the District and the SNWA on certain matters relating to the issuance of the 2018 Bonds.

### **Approval of Certain Legal Proceedings**

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2018 Bonds on the delivery date of the 2018 Bonds. The form of Bond Counsel opinion is attached to this Official Statement as Appendix F. The opinion will include a statement that the obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Stradling Yocca Carlson & Rauth, a Professional Corporation, Las Vegas, Nevada has acted as Disclosure Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel.

### **Police Power**

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

### **Sovereign Immunity**

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the District may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law and may not apply to actions in other states.

## **MUNICIPAL ADVISORS**

Hobbs, Ong and Associates, Inc. and PFM Financial Advisors LLC, are serving as municipal advisors to the District in connection with the 2018 Bonds. Contact information for the Municipal Advisors can be found in "INTRODUCTION — Additional Information." The Municipal Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

## **PURCHASE AND REOFFERING**

The 2018 Bonds were purchased at a competitive sale on February \_\_, 2018 by \_\_\_\_\_ (the “Purchaser”), for an aggregate purchase price of \$ \_\_\_\_\_ (representing the aggregate principal amount of the 2018 Bonds plus an original issue premium of \$ \_\_\_\_\_ and less a Purchaser’s discount of \$ \_\_\_\_\_). The Notice of Sale provides that the Purchaser will purchase all of the 2018 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions in the Notice of Sale, the approval of certain legal matters by counsel and certain other conditions.

Under certain circumstances, the initial public offering yields stated on the page immediately following the cover of this Official Statement may be changed from time to time by the Purchaser. The Purchaser may offer and sell the 2018 Bonds to certain dealers (including dealers depositing the 2018 Bonds into investment trusts), dealer banks, banks acting as agent and others at yields higher than said public offering yields.

## **INDEPENDENT AUDITORS**

The audited basic financial statements of the SNWA and the District as of and for the years ended June 30, 2017 and June 30, 2016, and the reports rendered thereon by Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants, Las Vegas, Nevada have been included in this Official Statement as Appendix A and Appendix B-1, respectively.

The audited basic financial statements of the District and SNWA, including the auditors reports thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of its reports, Piercy Bowler Taylor & Kern has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in those reports and also has not performed any procedures relating to this Official Statement.

## **RATINGS**

S&P and Moody’s will assign the 2018 Bonds the rating of “\_\_\_” and “\_\_\_,” respectively. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of the ratings given by Moody’s may be obtained from Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Other than the District’s and SNWA’s obligations under the Disclosure Certificates, neither the District, the SNWA nor any of the Municipal Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2018 Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change or withdrawal of such ratings could have an adverse effect on the marketability and market price of the 2018 Bonds.

In providing a rating on the 2018 Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Bond Resolution and the MBRA. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District or the SNWA as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of debt service on the 2018 Bonds or for any other purpose.

The District and the SNWA have covenanted in Continuing Disclosure Certificates to file on EMMA, notices of any ratings changes on the 2018 Bonds. See the caption “INTRODUCTION — Continuing Disclosure Undertakings” above and Appendix E hereto. Notwithstanding such covenants, information relating to ratings changes on the 2018 Bonds may be publicly available from the rating agencies prior to such information being

provided to the District and the SNWA and prior to the date notice of such rating change is obligated to be filed on EMMA. Purchasers of the 2018 Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2018 Bonds after the initial issuance of the 2018 Bonds.

#### **OFFICIAL STATEMENT CERTIFICATION**

The undersigned official of the District confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2018 Bonds have been duly authorized by the Board.

LAS VEGAS VALLEY WATER DISTRICT, NEVADA

By: \_\_\_\_\_  
Chief Financial Officer

## **APPENDIX A**

### **AUDITED BASIC FINANCIAL STATEMENTS OF THE SOUTHERN NEVADA WATER AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE: The audited basic financial statements of the SNWA included in this Appendix A have been excerpted from the SNWA's CAFR for the fiscal year ended June 30, 2017. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto have purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the SNWA. Other items contained in the CAFR also have been excluded from this Appendix A.

## APPENDIX B

### LAS VEGAS VALLEY WATER DISTRICT

*The following information is provided by the District as a Purveyor Member of the SNWA. The District manages the SNWA pursuant to the Operations Agreement and currently also is the largest customer of the SNWA. The District accounted for approximately 69.2% of the SNWA's fiscal year 2016-17 water deliveries. Capitalized terms used in this Appendix B and not defined shall have the meanings set forth in the Official Statement.*

#### General

The District was created under the District Act for the purpose of obtaining and distributing potable water within its service area, consisting primarily of the Las Vegas Valley and the communities of Blue Diamond, Jean and Searchlight, Nevada. The District manages the Kyle Canyon Water District and the Coyote Springs Water Resources General Improvement District under contract with the County. The District also manages the Big Bend Water District pursuant to a contract with its board of trustees. The District is the largest purveyor of potable water for municipal and industrial use in southern Nevada.

The District's boundaries originally consisted primarily of the Las Vegas Valley. In July 1989, the Legislature extended the boundaries of the District to be coterminous with the County's boundaries. In July 1993, the Legislature excluded the VVWD from the District's boundaries. Nellis Air Force Base and the cities of Boulder City, Henderson, Mesquite and North Las Vegas are included within the District's boundaries, but have their own municipal water systems. As of June 30, 2017, the District had 387,829 active customer accounts.

The District is the largest member of the SNWA, which is responsible for, among other things, developing additional water supplies for the District, providing water treatment services for the District, and providing some pumping and distribution facilities to the District. See "Intergovernmental Relationships," particularly "SOUTHERN NEVADA WATER AUTHORITY" and "SOUTHERN NEVADA WATER SYSTEM" in the Official Statement. The District also operates the SNWS on behalf of the SNWA. The District Act grants the District the responsibility to construct, maintain and operate the SNWA's regional treatment and transmission system, the right of eminent domain, the power to cause taxes to be levied, the power to create assessment districts for the purpose of acquiring water projects, and the power to incur indebtedness.

#### Governing Body

The District is governed by a seven-member Board; the Board members are the elected Clark County Commissioners and serve four-year terms. The Board has the sole power to set rates and charges for water. Water charges cannot be put into effect until after a public hearing.

The present members of the Board are as follows:

<i>Name</i>	<i>Expiration of Term</i>
Marilyn Kirkpatrick, President	2021
Steve Sisolak, Vice President	2021
Susan Brager, Member	2019
Larry Brown, Member	2021
Chris Giunchigliani, Member	2019
James Gibson, Member	2019
Lawrence Weekly, Member	2021

## **Administration**

The General Manager and officers of the District are appointed by the Board. All other staff members are appointed by the General Manager. The following are brief biographies of the District's General Manager and other staff members.

***John J. Entsminger, General Manager.*** Mr. Entsminger was appointed General Manager of the District and the SNWA in February 2014, after serving as Senior Deputy General Manager since 2011. He joined the organization in 1999 as Deputy Counsel. Mr. Entsminger earned a Bachelor of Arts degree in history and legal studies from the University of Northern Colorado and a Juris Doctor from the University of Colorado School of Law.

***Brian Thomas, Chief Financial Officer.*** Mr. Brian Thomas serves as the Chief Financial Officer of the District. Mr. Thomas was previously a managing director with PFM and has over 30 years of senior management experience in the public sector, including 10½ years as the Assistant General Manager and Chief Financial Officer for the Metropolitan Water District of Southern California. Mr. Thomas is responsible for financial planning, financial reporting, purchasing, rates and charges, and all other aspects of financial management. Mr. Thomas earned Bachelor of Science degrees in Biology and Economics from California State Polytechnic University, Pomona, and has a Master's Degree and Doctorate Degree in Economics from the University of California, Riverside.

***David L. Johnson, Deputy General Manager, Engineering/Operations.*** Mr. Johnson was named Deputy General Manager of Engineering and Operations for the District and the SNWA in 2014, after serving as Director of SNWA Water Quality & Treatment. He previously worked in chemical manufacturing management in both New York and Nevada before joining the SNWA in 2004. He earned a Bachelor of Science degree in chemical engineering from Purdue University.

***Julie A. Wilcox, Deputy General Manager, Administration.*** Ms. Wilcox was named Deputy General Manager of Administration for the District and the SNWA in 2014, after serving as Director of Public Services and Executive Director of the Springs Preserve. She also serves as Chief Lobbyist, and has worked in the organization since 1993 as well as in various capacities at state and local government since 1984. She earned a Bachelor of Arts degree from UNLV, as well as a Master's degree in political science.

***Gregory J. Walch, Esq., General Counsel.*** Mr. Walch was named General Counsel of the District and the SNWA in May 2012. Prior to joining the organization, he practiced law in the areas of environmental, administrative, water, land use, mining and eminent domain in southern Nevada and co-founded the law firm now known as Holley, Driggs, Walch, Puzey & Thompson. He earned a Bachelor of Science degree in Agricultural Engineering from Iowa State University and a Juris Doctor from Lewis & Clark Northwestern School of Law.

## **Employees, Employee Relations and Pension Benefits**

***General.*** The District considers employee relations to be very good. As of December 1, 2017, District had approximately 1,264, full-time equivalent positions. There are four bargaining units represented by three associations and Teamster's Local Union No. 14. The main office field employees (largely consisting of repairmen, meter readers, and inspectors) are represented by the Water Employees Association. The front-line supervisors are represented by the Water Supervisors Association of Nevada. The Las Vegas Valley Public Employees Association represents the office technical staff. These employee associations are independent and are not affiliated with any national labor organization or any other public employees association. Teamster's Local Union No. 14 represents the trade, crafts and related positions at the District. The remaining positions, including exempt positions, are not represented by any group, association or union. The working rules concerning their employment are adopted by the Board. All collective bargaining agreements were successfully

renegotiated in 2015 and expire on June 30, 2020. The District has not experienced any work stoppages as a result of disagreement with its employee associations.

**Recent Events.** In July 2016, a former District employee was indicted in a scheme to steal from the District and then sell more than \$6.7 million worth of ink and toner cartridges over multiple years. The District has instituted additional internal controls to minimize the likelihood of similar incidences in the future.

**Pension Plan.** The District contributes to the Las Vegas Valley Water District Pension Plan ("Plan"), a single-employer pension trust fund, which was established by the District to provide pension benefits solely for the employees of the District.

All District employees are eligible to participate in the Plan after attaining age 20 and completing six months of employment, with vesting after five years of employment. The District contributes amounts it determines are necessary on an actuarial basis to fund the Plan in order to pay benefits when due. Such contributions cannot revert to or be recoverable by the District or be used for any other purpose than the exclusive benefit of the participants. The District pays 100% of the Plan's annual required contributions (determined as part of actuarial valuations at July 1 of each plan year) when due. The District's contributions to the Plan were \$29.4 million and \$31.1 million for the fiscal years ended June 30, 2016 and 2017, respectively.

A more detailed description of the Plan, including additional details regarding benefits, calculation of average monthly compensation, the vesting schedule for benefits, the valuation date, actuarial cost method, asset valuation method (including the use of smoothing techniques) and other significant actuarial and other assumptions for the fiscal year ended June 30, 2017, can be found in Note 16 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix B-1.

The components of net pension liability of the Plan are:

	<i>As of June 30, 2017</i>	<i>As of June 30, 2016</i>
Total Pension Liability	\$ 583,905,760	\$ 534,426,915
Fiduciary Net Position	<u>396,658,965</u>	<u>330,934,926</u>
Net Pension Liability	\$ 187,246,795	\$ 203,491,989
Fiduciary Net Position as a Percentage of Total Pension Liability	67.93%	61.92%
Covered Payroll	\$ 118,090,682	\$ 110,683,142
Net Pension Liability as a Percentage of Covered Payroll	158.56%	183.85%

Through December 31, 2013, benefit obligations were recognized and paid when due by purchasing annuity contracts from a life insurance company. Beginning January 1, 2014, benefit obligations are paid by the Plan through Wells Fargo Bank, N.A. Cost of living adjustments for benefit obligations that were initially paid by purchasing annuity contracts from a life insurance company continue to be paid by purchasing additional annuity contracts from a life insurance company. The obligation for the payment of benefits covered by these annuity contracts have been transferred to a life insurance company and are excluded from the Plan assets.

If the assets and liabilities for retirees or their beneficiaries whose benefits were purchased with annuity contracts from a life insurance company were included with the Plan assets, the Fiduciary Net Position would increase as follows:



	<i>As of June 30, 2017</i>	<i>As of June 30, 2016</i>
Fiduciary Net Position as a Percent of Total Pension Liability	75.26%	71.17%

The District adopted GASB Statement No. 68 effective for fiscal year 2014-15. The cumulative effect of applying the new Statement is reported as a restatement of the beginning net position as of the beginning of the initial period of implementation and is set forth below.

Beginning net position as previously reported at June 30, 2014	\$ 1,047,961,519
Prior period adjustment – implementation of GASB 68 – net pension liability	<u>(103,832,297)</u>
Net position as restated, July 1, 2014	<u>\$ 944,129,222</u>

**Other Post-Employment Benefits.** The District provides life insurance and group health insurance in accordance with its working rules and labor agreements to all full-time employees who retire from the District with 30 years of service or after attaining age 60 with at least 10 years of service (“Retirees”). The payment of the premiums for such insurance coverage constitutes other post-employment benefits (“OPEB”) for purposes of Governmental Accounting Standards Board Statement No. 45 (“GASB 45”). For Retirees who retire with pension benefits unreduced by early retirement, the District pays 100% of life insurance and group health insurance premiums (through a group plan offered by the County as generally described below) for the retirees and 85% of the group health insurance premiums for their dependents, until Retirees become eligible for Medicare benefits. Retirees who retire early with reduced pension benefits must pay the full premium to the County as the District’s insurance provider. The County offers two types of health insurance, a self-funded preferred provider organization plan (“PPO”) and a health maintenance organization (“HMO”) plan. Retirees can elect to continue coverage under either of these plans on payment of the required premium for themselves and their dependents. The premium is based on the number of persons covered (i.e., the premium is greater for a Retiree who elects to also have dependents covered). However, since the County charges the District the same premiums for Retirees as for active employees, the retiree premium rates are being subsidized by the District through the premiums paid on behalf of active members. As of July 1, 2016, the most recent actuarial valuation date, there were 143 Retirees receiving OPEB benefits, which are funded on a pay-as-you-go basis. OPEB benefits are vested benefits.

The annual OPEB cost reported in the District’s financial statements is equal to the annual required contributions (“ARC”) of the District, which are calculated using an actuarial valuation based upon the methods and assumptions applied in determining the plan’s funding requirements, plus one year’s interest on the beginning-of-the-year net OPEB obligations and plus or minus other adjustments. The OPEB obligation at June 30, 2017, is determined by adding the annual OPEB cost to the OPEB obligation at the beginning of the fiscal year and deducting any contributions to the plan during the year. The pay-as-you-go basis currently requires lower contributions than the ARC. Detailed information about the District’s OPEB obligations as of June 30, 2017, including eligibility requirements, the funding policy, actuarial methods and significant assumptions (which are not certain to be realized), funding status and funding progress, insured benefit information and information about ARC and unfunded actuarial accrued liability can be found in Note 14 and in the Required Supplementary Information in the audited financial statements attached hereto as Appendix B-1.

For fiscal year 2016-17, the District obtained an updated actuarial study of the District’s OPEB obligations as of July 1, 2016. According to that study, which among other significant assumptions, assumed a discount rate of 4.0%, the District’s Actuarial Accrued Liability (“AAL”) was \$41.3 million (as compared to \$28.4 million as of July 1, 2014). The District has not funded a trust with respect to its OPEB liabilities; as a result, the liabilities are 0% funded and the District’s Unfunded Actuarial Accrued Liability (“UAAL”) also was \$41.3 million as of July 1, 2016. The normal cost for fiscal year 2016-17 was \$4,928,062 and the ARC was \$5,431,809 (as compared to a normal cost of \$2,940,260 and ARC of \$3,176,606 for fiscal year 2015-16). The District funds its OPEB costs on a pay-as-you-go basis (\$2,005,883 in fiscal year 2016-17); as a result, its UAAL and its ARC are expected to increase in each year. The District expects to fund a trust for its OPEB obligations,

but has not made any definitive plans to do so. The District does not expect the funding of a trust for its UAAL and ARC to have a material adverse effect on its financial operations.

## **Risk Management**

The District employs a multi-faceted approach to risk management, which includes prevention, reduction, transfer, avoidance, and/or elimination of risk of loss. The District purchases insurance from the commercial insurance market on real and personal property, including coverage for terrorism, earthquake and flood insurance with standard policy restrictions. The District's insurance covers direct physical loss or damage to buildings, fixtures, equipment, boilers, machinery and supplies. The blanket limit of liability under the property insurance program (including industrial equipment) is \$500 million with a deductible of \$1 million for all locations except earthquake and flood insurance, which has limits of \$100 million and \$50 million respectively, and a deductible of \$100,000. This program also provides terrorism insurance for all locations with a blanket limit of \$500 million for all terrorist acts. The District self-insures the first \$1 million for automobile and general liability exposure and purchases excess liability insurance in the amount of \$30 million over the \$1 million self-insured retention. In addition, the District purchases employee fidelity insurance in the amount of \$3 million and other miscellaneous coverage. It also self-insures its workers' compensation exposure for \$500,000 per claim and purchases excess workers' compensation insurance with statutory limits.

In construction contracts, the District obtains indemnification and hold-harmless agreements. These agreements usually require that contractors name the District as an additional insured under the indemnitor's insurance coverage. The District provides builders risk insurance for construction projects with a blanket limit of \$500 million per occurrence, based on the value reported for the project, subject to a \$50,000 deductible per claim, except earthquake and flood, which has a deductible of \$500,000 per claim.

## **Litigation**

The District's legal counsel is of the opinion that there is no litigation, either pending or threatened which may materially affect the District's financial condition or its ability to perform its obligations to the owners of the 2018 Bonds.

## **Intergovernmental Relationships**

**General.** The District serves potable water to customers in the City of Las Vegas and the unincorporated urban areas of the County. As the largest water purveyor in the County, the District has taken a leadership role in conservation and regional water issues. The District plays a vital role in the management and provision of water resources in southern Nevada. To fulfill this role, the District must work effectively and cooperate with State and federal governments, numerous local jurisdictions and other local water purveyors. The following describes these intergovernmental relationships.

**Major Water Purveyors.** The major water purveyors and the percentages of Colorado River water distributed in the Las Vegas area for the twelve months ended June 30, 2017 are as follows: the City of Boulder City (2.4%), the City of Henderson (16.1%), the City of North Las Vegas (12.0%) and the District (69.2%).

**Wastewater Treatment Agencies.** The wastewater treatment agencies within the County are as follows: the City of Boulder City, the City of Henderson, the City of Las Vegas, the City of North Las Vegas and the Clark County Water Reclamation District. The wastewater treatment agencies also are members of the SNWA. Return flow credits (provided primarily by returning treated wastewater to Lake Mead) allow the diversion of water in excess of the consumptive use allotment; accordingly, the wastewater treatment agencies are an important component of the SNWA.

**Southern Nevada Water Authority.** In 1991, the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, the Clark County Water Reclamation District and the District

(each a "Member" and together, the "Members") formed the SNWA to develop additional water supplies for its Members and to address water issues on a regional basis. The SNWA Board consists of one member selected from each of the Member agencies. The District operates the SNWS on behalf of the SNWA, including providing the operating staff for the SNWA. Each year, the SNWA Board considers and renews the appointment of the General Manager of the District as the General Manager of the SNWA. The General Manager of the District has been appointed the General Manager of the SNWA each year since 1993. As described in Official Statement under "SOUTHERN NEVADA WATER AUTHORITY," all SNWA staff is provided by the District. During the annual budgeting process, the District allocates projected costs of staff time to the SNWA.

As described in "Major Water Purveyors" above, the District is the largest customer of the SNWA and purchases the largest allotment of Colorado River water from the SNWA. The District purchases nearly 90% of its water from the SNWA. Certain information about SNWA and its operations is provided in "SOUTHERN NEVADA WATER AUTHORITY" in the Official Statement.

***Southern Nevada Water System.*** The SNWS is the regional system consisting of water treatment plant, pumping and distribution facilities that supply water to the retail water purveyors in southern Nevada. Prior to 1996, portions of the SNWS were owned by the Colorado River Commission ("CRC") and the federal government. In accordance with legislation passed during 1995 by the Nevada Legislature, the portions of the SNWS owned by the CRC were transferred to the SNWA in January 1996. In addition, in July 2001, the SNWA purchased the portions of the SNWS owned by the United States Bureau of Reclamation (the "Robert B. Griffith Water Project") by prepaying certain federal loans used to finance construction of those portions of the SNWS. As a result, the SNWA now owns all of the assets comprising the SNWS. Certain information about SNWS is provided in "SOUTHERN NEVADA WATER SYSTEM" in the Official Statement.

***Colorado River Commission.*** The CRC is a State agency created in the mid-1930's to acquire and protect Nevada's right to water and power resources from the Colorado River. Colorado River water is apportioned among the seven Colorado River basin states and Mexico. The CRC also is responsible for the negotiation and execution of contracts, leases or agreements with respect to electric power in the State. The seven-member CRC is made up of four members appointed by the governor (including the chairperson) and three SNWA Board members.

***U.S. Bureau of Reclamation.*** The U.S. Bureau of Reclamation, Department of the Interior, is responsible for managing the Colorado River for the benefit of the users with rights to Colorado River water. Any changes to the laws governing the Colorado River that would benefit the State will require the cooperation and approval of the federal government and all seven of the basin states.

## **Water System**

***Water Treatment.*** Other than chlorinating water produced by its groundwater wells, the District does not own water treatment facilities (the SNWA provides treated water to the District). Water produced from the District's wells is subject to water quality standards established by the federal Safe Drinking Water Act. Due to the District's chlorination system and monitoring of groundwater sources, the District currently meets, or exceeds, existing standards for water quality as established by the Safe Drinking Water Act. However, water quality standards could become more stringent in the future, possibly necessitating additional capital and/or operation and maintenance costs. The District continually monitors the development of regulations that are being promulgated by the United States Environmental Protection Agency to satisfy the requirements of the Safe Drinking Water Act and plans for and takes appropriate action to position itself to satisfy the requirements of new regulations. Although these actions and future necessary steps likely will increase the cost of operation of the District's Water System (and the SNWS), the District believes that these cost increases will not have a significant adverse effect on the overall cost of operating the District's water system.

***Water Distribution.*** Due to differences in ground elevations across the Las Vegas Valley, the distribution system is divided into 24 principal pressure zones with elevations ranging from 1,845 to 3,665 feet

above sea level. The District's water system includes reservoir storage with over 900 million gallons ("mg") of storage capacity, approximately 60 pumping stations, over 100 wells capable of producing slightly more than 200 mg per day, and over 4,500 miles of pipeline ranging in size from 4" to 96" in diameter. In calendar year 2017, the District produced approximately 110,605 mg of water for distribution. Of that amount, approximately 13,314 mg was pumped from wells (the maximum day production was 103 mg); the remainder was purchased from the SNWA. The average daily water production from the SNWS to the purveyors in 2017 was 387 mg. The peak daily usage for 2017 was 543 mg from the SNWS to the purveyors.

**Electrical Power.** As described in the Official Statement under the caption "SOUTHERN NEVADA WATER SYSTEM — Electrical Power," the SNWA and certain other public agencies formed the Silver State Energy Association to finance and manage power resources for its members. The District has an interlocal agreement with the SNWA for the purchase of approximately half of its electrical power, while the other half is provided by the investor-owned and publicly-regulated local utility, NV Energy. See Note 13 in the audited financial statements attached hereto as Appendix B-1 for a further discussion of the District's power contracts. To a limited extent, the District also utilizes natural gas provided by Southwest Gas Corporation, which is also a investor-owned and publicly-regulated utility. Since October 2017, the District has been receiving approximately 10% of its supply needs from federal hydropower from Hoover Dam. See the caption "SOUTHERN NEVADA WATER SYSTEM — Electrical Power" in the Official Statement for information with respect to the SNWA's obligation to indemnify the SSEA and its members under certain circumstances.

**Capital Program.** The District maintains a long-range facility planning process to determine the type, size and location of water distribution capital facilities needed to meet the water services demands within its service area. The focus of the capital projects has moved from system expansion due to significant growth over the last several decades to greater emphasis on system reliability as growth levels off. As much of the overall distribution system is relatively new, the District has implemented a proactive asset management program to ensure that facilities are replaced or improved before they become aged or obsolete. This asset management effort has been incorporated into the District's long range financial planning effort.

The current ongoing capital plan includes new and replacement pumping stations, reservoirs and wells, land acquisition, new water pipelines, and other distribution system facilities. Some of these projects will become operational in fiscal year 2017-18, while other projects will be completed in subsequent fiscal years. Maintenance of District facilities are on-going and are generally included within the District's yearly operations budgets. The District's projects are currently funded with a combination of loans from the State of Nevada through the State Revolving Drinking Water funds and pay-as-you-go funding sources. The District expects to spend approximately \$300 million on capital improvement projects in the next five fiscal years and expects to fund approximately \$150 million of such amount from unrestricted funds and to finance approximately \$150 million of such amounts from the issuance of bonds.

**Competition.** Certain areas within the District's boundaries receive service from privately-owned water companies or individually-owned wells. The private companies are few and declining in number and most of them are regulated directly by the State through the Public Service Commission. District officials estimate the population so served to be an insignificant portion of the District's total population.

**Effects of Environmental Regulations.** Various other environmental laws, regulations, and legal proceedings at both the state and federal levels could affect future operations of the Water System. Generally, the environmental requirements relate to environmental impact, land use, appropriation of water, and water quality. The District's ability to use and develop water rights in the future, and the associated costs, may be adversely affected by such environmental requirements.

**Drought Planning.** Over the last seventeen years, southern Nevada and the Colorado River Basin have been experiencing one of the worst droughts on record. As part of its response to these drought conditions, the SNWA and its member agencies (including the District) use a scenario planning approach in the SNWA's Water Resource Plan. The SNWA is working also with the seven basin states to develop a Colorado River lower basin

drought contingency plan. See “SOUTHERN NEVADA WATER SYSTEM — Water Resource Plan, Drought Planning and Integrated Water Resource Planning” in the Official Statement for a general description of such drought planning. It should be noted that projections of water resources availability and water demands are subject to uncertainty resulting from numerous variables and that actual results may differ, possibly materially, from those contemplated in the projections.

### Customer Information

**Accounts.** The following table shows the number of the District’s accounts in the last five fiscal years.

#### HISTORIC DISTRICT ACCOUNTS

<i>As of June 30,</i>	<i>Number of Active Customer Accounts</i>	<i>Percentage Increase</i>
2013	360,125	N/A
2014	367,482	2.0%
2015	373,080	1.5
2016	380,791	2.1
2017	387,829	1.8

Source: Las Vegas Valley Water District.

The following table is a description of the District’s accounts, the number of gallons of water consumed per billing and the revenue produced for the fiscal year ended June 30, 2017.

#### DISTRICT ACCOUNTS AND CONSUMPTION INFORMATION<sup>(1)</sup>

<i>Description</i>	<i>Number of Active Accounts as of June 30, 2017</i>	<i>Annual Consumption Per Billing (1,000 gal.)</i>	<i>Annual Revenue Produced<sup>(2)</sup></i>
Residential, Single Service	350,777	46,816,937	\$ 222,794,232
Residential, Duplex/Triplex/Fourplex	2,821	699,597	3,115,520
Apartment, Condominium and Townhouse	4,356	16,321,023	64,068,319
Residential, other	205	1,054,444	3,171,759
Hotels	238	9,748,887	38,582,909
Motels	252	1,204,671	5,085,992
Community Facilities	1,037	2,222,950	9,928,354
Schools	680	1,786,227	7,817,456
Fireline	5,150	499,253	25,466,084
Irrigation	6,760	15,177,585	55,826,054
Commercial/Business	8,475	8,878,970	43,299,656
Recreational	70	223,266	951,024
Industrial	1,268	1,366,087	6,729,171
Construction Water	5,417	1,594,122	7,894,206
Other	323	613,752	2,459,640
<b>TOTAL</b>	<b>387,829</b>	<b>108,207,771</b>	<b>\$ 497,190,376</b>

<sup>(1)</sup> As of June 30, 2017. Totals may not add due to rounding.

<sup>(2)</sup> Includes SNWA regional revenues, charges and delinquent fees and other charges.

Source: Las Vegas Valley Water District.

**Largest Ratepayers.** The following table represents the top ten principal ratepayers for calendar year 2016. No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the ratepayers listed, or that any such ratepayer will continue to maintain its status as a top ten ratepayer in the future.

#### TOP TEN PRINCIPAL RATEPAYERS - CALENDAR YEAR 2016

<i>Ratepayer</i>	<i>Revenue<sup>(1)</sup></i>	<i>Rank</i>	<i>Percentage of Total Revenue</i>
Clark County School District	\$ 10,009,101	1	2.02%
City of Las Vegas	5,770,113	2	1.17
Clark County	5,328,262	3	1.08
Venetian Casino and Resort LLC	2,133,816	4	0.43
Mandalay Bay Resort and Casino	2,095,954	5	0.42
Wynn Las Vegas	1,984,059	6	0.40
Bellagio LLC	1,955,529	7	0.39
Clark County Aviation	1,830,974	8	0.37
MGM Grand Hotel and Casino	1,549,318	9	0.31
Southern Highlands Golf Club LLC	1,441,126	10	0.29
Total	<u>\$ 34,098,252</u>		6.89%

<sup>(1)</sup> Based on total water revenue of \$495,108,001 for calendar year 2016, including SNWA revenues.  
Source: The District.

#### Water Rates and Charges

The District Act authorizes the District to (a) establish reasonable rates and charges pertaining to the services furnished by the Water System, (b) to pledge such revenues for the payment of its securities and (c) to enforce the collection of such revenues by civil action foreclosure of lien against the property served, the collection of penalty charges, the discontinuance of utility services, or by any other means provided by law. The term “bonds issued by the District for the benefit of the District” does not include bonds such as the 2018 Bonds which are payable from and secured by SNWA Pledged Revenues. See “SECURITY FOR THE 2018 BONDS” in the Official Statement.

In February 2016, the Board convened a new advisory committee, the Rates and Rules Citizens Advisory Committee (“CAC”), to evaluate organizational initiatives and make recommendations regarding the District’s Service Rules and water rates. The CAC met nine times between February 17, 2016 and October 20, 2016, completing a process that consisted of education on the District’s Service Rules, asset management and backflow prevention; evaluation of rate structure scenarios; and formulation of recommendations.

After evaluation of the issues and options, the CAC developed 11 recommendations for consideration by the District’s Board. On January 3, 2017, the District Board approved the recommendations. Two of the Board approved recommendations will significantly affect the District’s water rates in a positive manner from a revenue perspective. Water rates are largely comprised of two components: a consumption charge per thousand gallons used and a daily service charge. One of the approved recommendations was to increase water rates by 3.0% on February 1, 2017, and another 3.0% on January 1, 2018. The other recommendation affecting water rates states that on January 1, 2019 and each January 1 thereafter, water rates will increase annually in accordance with the Consumer Price Index (CPI), with the increase not exceeding 4.5% or falling below 1.5%.

**Consumption Charges.** The water consumption (usage) charges are based on a four-tier system to promote conservation (i.e., as more water is used, the rate per 1,000 gallons increases). Rate tiers determine the rate charged to the customer and are based on how much water is used. Thresholds (determined by gallons used) mark the level of usage where one rate tier ends and another begins. Under the current rate structure, the rate

for each tier increases. The cost per 1,000 gallons ranges from \$1.23 to \$4.86, depending on the amount used. Water rates for construction purchases are set at \$3.28 per 1,000 gallons for all meter sizes. Non-potable water rates, including recycled water for golf courses, are set at \$2.33 per 1,000 gallons. Mobile home parks are billed pursuant to a formula based upon meter size and the number of spaces.

**Service Charges.** Daily service charges for all rate classes increase with meter size. The daily service charge for a 5/8" residential meter is set at \$0.3560 per day (approximately \$10.68 per month), while the charge for a larger meter can range up to \$ 18.5895 per day (approximately \$557.69 per month) for a 12" commercial/industrial meter.

**SNWA Charges.** As described in the Official Statement under the captions "SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement" and "SNWA FINANCIAL INFORMATION — Capital Improvement Funding Plan," the SNWA charges the District a Regional Commodity Charge, a Regional Reliability Surcharge, and a Regional Infrastructure Charge. [The District currently passes such charges onto its retail customers.] The Regional Commodity Charge is \$0.48/1,000 gallons for all billed consumption (except in Jean, Nevada). This charge was last increased by four cents, from \$0.44 to \$0.48/1,000 gallons on January 1, 2017. The District bills the Regional Reliability Surcharge (excise tax) on all residential customers at 0.25% of the total water bill, less the SNWA Regional Infrastructure Charge, and at 2.5% for all other customer classes. The Regional Infrastructure Charge is a fixed monthly charge, based on meter size. For residential customers, the monthly charge ranges from \$11.72 per month for 5/8" and 3/4" meters to \$1,117.46 for meters that are 10" and larger. The monthly charge for non-residential customers ranges from \$25.77 for 5/8" and 3/4" meters to \$2,245.05 for meters that are 10" and larger. Non-residential fire meters pay a monthly charge ranging from \$3.34 per month to \$290.43 per month.

**Connection Charges.** The District charges service connection installation charges, frontage connection charges (a service connection or main extension connecting to an existing main), a Regional Connection Charge to fund SNWA improvements, and over-sizing charges. The District also charges various application and inspection fees. The District Facilities Connection Charge is based on meter size (beginning at \$1,548 for a 5/8" meter and ranging to \$263,160 for a 12" meter). One of the other recommendations from the CAC that was subsequently approved by the Board was to increase the Facilities Connection Charge annually by 7.5% for four years, beginning on February 1, 2017, and each January 1 thereafter. After those four increases, beginning January 1, 2021 and each January 1 thereafter, the Facilities Connection Charge will be adjusted annually in accordance with the Engineering News Record's Construction Cost Index.

**Billing and Collection.** The District reads meters or estimates service and bills for service monthly. Current bills not paid by the date of the next regular monthly bill are subject to assessment of late charges of 4% of all amounts in arrears. Service may be disconnected if not paid within 14 calendar days after the billing date shown on that bill. If service is shut off, the customer must pay all past due charges plus a delinquent processing fee of \$20, plus a service turn-on fee of \$10. In addition, the District may place a lien against any property which is not exempt.

**Water Rates Comparison.** The following table contains a comparison of the average monthly bill of other water service providers within the vicinity of the District, based on calendar year 2017 water rates, average monthly consumption of 11,000 gallons and a 5/8" or 3/4" meter.

#### COMPARISON OF AVERAGE MONTHLY BILLS

<i>Purveyor</i>	<i>Average Monthly Water Bill</i>
<b>Las Vegas Valley Water District</b>	\$45.14
City of Henderson	44.17
City of North Las Vegas	48.21
City of Boulder City	35.03

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Source: District

## **LAS VEGAS VALLEY WATER DISTRICT FINANCIAL INFORMATION**

### **Annual Reports**

**General.** The District prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR is the official financial report of the District. The latest completed report is for the year ended June 30, 2017. The District's audited basic financial statements (prepared in accordance with GAAP) for fiscal year ended June 30, 2017, which are included in the District's CAFR, are attached to this Official Statement as Appendix B-1.

[Certain prior period adjustments were made in the District's audited financial statements within the last five fiscal years to comply with revised accounting rules, however, such prior period adjustments related to certain non-cash items and would have had no effect on coverage calculations for the District's outstanding bonds.]

**Certificate of Achievement.** The Government Finance Officer's Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2016. This is the 38<sup>th</sup> consecutive year that the District has received this recognition.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The District believes its CAFR for the fiscal year ended June 30, 2017 continues to conform to certificate requirements and submitted it to the GFOA for consideration.

### **Budgeting**

**General.** Prior to April 15 of each year, the District submits to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the District upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the Board is required to conduct public hearings on the third Monday in May. The Board normally is required to adopt the final budget on or before June 1.

With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all uncommitted funds lapse at the end of the fiscal year.

**Factors Affecting the District's Budget for Fiscal Year 2017-18.** The District's fiscal year 2017-18 budget includes total uses of funds of \$633,032,177, including SNWA charges, reflecting a 7.4 percent increase compared to the District's 2016-17 adopted budget. The District's 2017-18 budget includes projected increases



in consumption charge revenues of approximately 5% and service charge revenues of approximately 4%. The District's fiscal year 2017-18 budget also projects a 1.5% growth in the number of active services.

Including the consumption-based water revenues, anticipated total sources of funds, excluding SNWA charges, were projected to increase over \$16.9 million or 5.0%, compared to the 2016-17 adopted budget.

In response to the significant decline in growth related revenues resulting from the slowdown in the local economy beginning in 2009-10, the District's expenditures were significantly reduced through a concerted effort by the District's management and staff. Excluding SNWA related charges, which are passed on to the District's customers and thereby offset with an equal amount of revenue, the District's fiscal year 2017-18 total uses of funds will increase by 12.0% percent as compared to the fiscal year 2016-17 adopted budget. The primary component driving this increase is higher budgeted capital expenditures due to the necessity to perform a number of high priority production and distribution system asset management projects.

The District's sources of funds were projected to exceed uses by \$75.5 million. Projected sources and uses of funds assumed the District will experience a normal weather pattern in fiscal year 2017-18 and will continue to be affected by water resource conditions in the Colorado River Basin, mandatory watering restrictions, and continued conservation measures. If drought conditions worsen and stricter watering restrictions are implemented, the District's revenue stream could be significantly affected.

The District's fiscal year 2017-18 budget projects a decrease of \$2.3 million in the SNWA charges.

## Historical and Projected Operating Results

**Historic Operating Results.** The following table is a summary of the District's historic operating results for fiscal years 2012-13 through 2016-17. This table should be read in conjunction with the District's most recent audited financial statements, which are attached hereto as Appendix B-1.

### DISTRICT HISTORICAL OPERATING RESULTS For Fiscal Years Ended June 30, 2013 to 2017

	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)
<b>Revenues</b>					
Total Operating Revenues <sup>(1)</sup>	\$ 336,432,153	\$ 338,947,519	\$ 337,790,425	\$ 339,986,389	\$ 354,888,515
Facilities Connection Charges	6,867,660	11,049,850	17,657,015	13,239,500	12,241,154
Investment Earnings	256,072	1,094,644	1,265,650	2,577,164	1,042,888
<b>Total Revenues</b>	<b>\$ 343,555,885</b>	<b>\$ 351,092,013</b>	<b>\$ 356,713,090</b>	<b>\$ 355,803,053</b>	<b>\$ 368,172,557</b>
<b>Operating Expenses<sup>(2)</sup></b>	<b>\$ 246,358,474</b>	<b>\$ 252,968,239</b>	<b>\$ 245,997,419</b>	<b>\$ 243,312,822</b>	<b>\$ 250,732,755</b>
<b>Net Revenues</b>	<b>\$ 97,197,411</b>	<b>\$ 98,123,774</b>	<b>\$ 110,715,671</b>	<b>\$ 112,490,231</b>	<b>\$ 117,439,802</b>

<sup>(1)</sup> Excludes the SNWA Regional Commodity Charge, the Regional Reliability Surcharge, and the Regional Infrastructure Charge. The District excludes SNWA charges and operating expenses from its financial statements. See the captions "LAS VEGAS VALLEY WATER DISTRICT — Water Rates and Charges — SNWA Charges" above and "SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement" in the Official Statement.

<sup>(2)</sup> Excludes depreciation expense.

Source: District's audited financial statements for fiscal years 2012-13 through 2016-17.

The following table projects the District's operating results for the current and next four fiscal years. The financial forecast represents the District's estimate of projected financial results based on the assumptions set forth in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial

results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

### DISTRICT PROJECTED OPERATING RESULTS For Fiscal Years Ended June 30, 2018 to 2022

	2018	2019	2020	2021	2022
<b>Revenues</b>					
Total Operating Revenues <sup>(1)</sup>	\$ 364,119,555	\$ 382,292,037	\$ 396,132,189	\$ 409,797,605	\$ 423,597,889
Facilities Connection Charges	14,058,627	15,113,024	15,566,414	16,033,407	16,514,409
Investment Earnings	<u>2,652,683</u>	<u>2,595,457</u>	<u>2,737,265</u>	<u>3,191,601</u>	<u>4,793,679</u>
<b>Total Revenues</b>	<b>\$ 380,831,264</b>	<b>\$ 400,000,518</b>	<b>\$ 414,435,869</b>	<b>\$ 429,022,613</b>	<b>\$ 444,905,977</b>
<b>Operating Expenses<sup>(2)</sup></b>	<b>\$ <u>252,120,487</u></b>	<b>\$ <u>277,625,100</u></b>	<b>\$ <u>286,661,298</u></b>	<b>\$ <u>295,859,327</u></b>	<b>\$ <u>305,304,372</u></b>
<b>Net Revenues</b>	<b>\$ 128,710,777</b>	<b>\$ 122,375,418</b>	<b>\$ 127,774,571</b>	<b>\$ 133,163,287</b>	<b>\$ 139,601,605</b>

<sup>(1)</sup> Excludes projected amounts of the SNWA Regional Commodity Charge, the Regional Reliability Surcharge, and the Regional Infrastructure Charge. The District excludes SNWA charges and operating expenses from its financial statements. See the captions "LAS VEGAS VALLEY WATER DISTRICT — Water Rates and Charges — SNWA Charges" above and "SOUTHERN NEVADA WATER AUTHORITY — The Operations Agreement" in the Official Statement. Includes the Board adopted adjustments to water rates and water charges, which are estimated to increase annually by 2.5% beginning on January 1, 2019. Also includes the facilities connection charge rate adjustments of 7.5% on January 1, 2019 and January 1, 2020, followed by rate increases estimated at 3.1% beginning January 1, 2021 and annually thereafter. Includes revenue generated from the Springs Preserve, from application and inspection fees, and other revenues.

<sup>(2)</sup> Excludes any projected depreciation expense.

Source: The District.

### District Reserve Policy

On January 5, 2016, the Board approved a policy for maintaining reserves of cash and investments, consisting of four components in the following order of priority: 180 days of operating and maintenance expenses, one year of maximum annual debt service, one year average of future capital needs and one percent of assets subject to depreciation to mitigate one-time unforeseen infrastructure or major capital equipment failures. As part of the advisory process described earlier in the "Water Rates and Charges" section, the CAC recommended, and the Board subsequently approved, a plan to set the water rates and charges with the objective of achieving these reserve targets within the 10-year planning horizon. As of June 30, 2017, the reserve target based on the reserve policy was \$301.8 million, with the actual reserves at \$276.8 million.

### LAS VEGAS VALLEY WATER DISTRICT DEBT STRUCTURE

#### Debt Limitation

The District has no statutory or constitutional debt limitation. As a planning matter, the District's policy is to pay debt service on its bonds from revenue sources rather than property taxes. Accordingly, the District's ability to issue and pay debt service on bonds issued for the benefit of the District is a function of its capital needs and revenues generated from District facilities. The term "bonds issued by the District for the benefit of the District" does not include bonds such as the 2018 Bonds which are payable from and secured by SNWA Pledged Revenues.

#### Outstanding Indebtedness

The following table illustrates the District's outstanding general obligation bonds as of January 1, 2018 and takes the issuance of the 2018 Bonds and the Refunding Project into account.

**DISTRICT OUTSTANDING INDEBTEDNESS  
AS OF JANUARY 1, 2018**

	<i>Issue Date</i>	<i>Original Amount</i>	<i>Amount Outstanding</i>
<b><u>GENERAL OBLIGATION DISTRICT REVENUE SUPPORTED BONDS<sup>(1)</sup></u></b>			
<b>Parity Lien Obligations</b>			
Water Improvement and Refunding Bonds, Series 2008A	02/19/08	\$ 190,760,000	\$ 3,990,000
Water Bonds (Taxable BABS), Series 2010A	06/15/10	75,995,000	75,995,000
Water Refunding Bonds, Series 2010B	06/15/10	31,075,000	27,900,000
Series 2011D, Tax-Exempt Refunding Bonds	10/19/11	78,680,000	58,010,000
Water Refunding Bonds, Series 2012A	09/05/12	39,310,000	39,310,000
Water Bond, Series 2014 <sup>(2)</sup>	12/01/14	20,000,000	19,929,329
Water Refunding Bonds, Series 2015A	06/01/15	172,430,000	148,620,000
Water Refunding Bonds, Series 2016B	04/06/16	108,220,000	105,530,000
Water Bonds, Series 2016C <sup>(2)</sup>	09/15/16	15,000,000	8,750,048
Water Bonds, Series 2017 <sup>(2)</sup>	05/03/17	15,000,000	2,999,554
Water Refunding Bonds, Series 2017A	03/14/17	130,105,000	<u>130,105,000</u>
Total Parity Lien Obligations			\$ 639,460,000
<b>Subordinate Lien Obligations</b>			
Adjustable Rate Water Refunding Bonds, Series 2016D	07/18/16	125,650,000	<u>\$ 121,830,000</u>
Total Subordinate Lien Obligations			<u>\$ 121,830,000</u>
Total District Revenue Supported Bonds			\$ 761,290,000
<b><u>GENERAL OBLIGATION SNWA REVENUE SUPPORTED BONDS<sup>(3)</sup></u></b>			
<b>MBRA Parity Obligations</b>			
Refunding Bonds, Series 2008B <sup>(4)</sup>	02/19/08	\$ 171,720,000	\$ 97,470,000
Water Bonds, Series 2009A (Taxable BABS)	08/05/09	90,000,000	90,000,000
Water Bonds, Series 2009B	08/05/09	10,000,000	835,000
Tax Exempt, Series 2009D	12/23/09	71,965,000	40,990,000
Taxable Refunding Bonds, Series 2011A	05/26/11	58,110,000	49,355,000
Refunding Bonds, Series 2011B	10/19/11	129,650,000	110,955,000
Refunding Bonds, Series 2011C	10/19/11	267,815,000	220,825,000
Water Bonds, Series 2012B	07/31/12	360,000,000	339,555,000
Refunding Bonds, Series 2015	01/13/15	332,405,000	332,405,000
Refunding Bonds, Series 2015B	06/01/15	177,635,000	155,795,000
Refunding Bonds, Series 2015C	06/18/15	42,125,000	36,755,000
Water Refunding Bonds, Series 2016A	04/06/16	497,785,000	492,255,000
Water Refunding Bonds, Series 2017B	03/14/17	22,115,000	22,115,000
Water Refunding Bonds, Series 2018B (this issue) <sup>(4)</sup>			
Total SNWA Parity Obligations			\$ 1,989,310,000
<b>MBRA Subordinate Obligations</b>			
Water Commercial Paper Notes <sup>(5)</sup>	03/10/04	\$ 400,000,000	<u>\$ 400,000,000</u>
Total SNWA Revenue Supported Bonds			2,389,310,000
TOTAL OUTSTANDING GENERAL OBLIGATION BONDS			<u>\$ 3,150,600,000</u>
<b>Clean Renewable Energy Bond<sup>(6)</sup></b>			
Clean Renewable Energy Bond, Series 2008	07/15/08	\$ 2,520,000	<u>\$ 840,000</u>
GRAND TOTAL			<u>\$ 3,151,440,000</u>

<sup>(1)</sup> District general obligation bonds additionally secured by net pledged revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds.

<sup>(2)</sup> "Original Amount" reflects maximum principal amount authorized to be drawn under the respective State Revolving Fund loan and "Amount Outstanding" reflects amount drawn and outstanding under the respective loan.

(Footnotes continued on following page)

(Continued from previous page)

- (3) District general obligation bonds additionally secured by SNWA Pledged Revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The Notes are payable from the MBRA Revenues, but are payable after the other bonds in this category.
- (4) The District expects to refund all of the outstanding 2008B Bonds from a portion of the proceeds of the 2018 Bonds.
- (5) The Notes are secured by existing credit facilities which provide that amounts owed to a credit facility provider (a "Provider") to reimburse advances made to pay maturing principal of a Note can, subject to certain conditions, be converted to a term loan. However, the existing facilities provide that upon the occurrence of certain events, term loans will no longer be available and all amounts owed to a Provider are immediately due and payable, but at the same lien priority as debt service on the Notes. Such events include, but are not limited to, failure to pay amounts due to a Provider by the applicable grace period, payment defaults with respect to obligations senior to or on a parity with the Notes, certain rating downgrades and certain litigation, bankruptcy and insolvency related events.
- (6) In July 2008, the District issued the SNWA CREBS to finance the cost of constructing and equipping a solar energy project. The SNWA CREBS are payable from District revenues; the lien of the SNWA CREBS is subordinate to all of the obligations listed under "General Obligation/District Revenue Supported Bonds" in the table above.

Source: The District; compiled by the Municipal Advisors.

### **Other Outstanding Bonds and Obligations**

The District is a party to various other agreements and has other obligations outstanding. Certain of those obligations are discussed in Notes 12 and 13 in the audited financial statements attached hereto as Appendix B-1.

### **Additional Contemplated Indebtedness**

The District may issue general obligation bonds by means of authority granted to it by its electorate or the Legislature or, under certain circumstances, without an election as provided in existing statutes. State law currently provides that general obligation bonds secured by pledged revenues do not require an election if it is determined prior to issuance that the revenues pledged will be sufficient to pay all of the debt service on the proposed bonds unless a petition signed by 5% of the registered voters is filed within a 90-day petition period. The District reserves the privilege of issuing general obligation bonds or other securities, for itself or on behalf of the SNWA, at any time legal requirements are satisfied.

The District has approved bonds to be issued in fiscal year 2017-18 in the amount of \$[100,000,000], which are expected to be issued in [May 2018]. The District can make no assurance as to whether such bonds will be issued. The District has obtained approval of \$50,000,000 on borrowing authority from the State Revolving Fund and as of December 31, 2017, the District had \$31,678,931 aggregate principal amount of loans outstanding under the State Revolving Fund.

The District also may issue additional bonds on behalf of the SNWA as described in "SNWA FINANCIAL INFORMATION — SNWA Additional Contemplated Indebtedness" in the Official Statement.

### **District Debt Service Requirements**

The following table illustrates the annual debt service requirements for the District's outstanding general obligation bonds, all of which are revenue supported, as of January 1, 2018 (without taking the issuance of the 2018 Bonds and the effect of the Refunding Project into account). This table does not include debt service attributable to the Notes, but includes debt service on the District's SNWA CREBS.

As indicated in the footnotes to the following table, certain of the District's bonds were issued as BABs. Prior to the 8.7% reduction in the payment of BAB subsidies that went into effect on March 1, 2013 (7.2% as of October 1, 2013, 7.3% as of October 1, 2014, 6.8% as of October 1, 2015, 6.9% as of October 1, 2016 and 6.6% as of October 1, 2017) as a result of federal budget cuts known as "sequestration," the District expected to receive a BAB Credit in an amount equal to 35% of the interest due on those bonds. The District and the SNWA do not

expect the current sequester will have a material adverse effect on their ability to pay debt service on the BAB's. However, there is no assurance that the BAB Credit will be received in the future; accordingly, amounts shown in the table below reflect total interest; the amounts are not reduced to reflect applicable BAB Credit amounts. If the BAB Credit is received, the interest payable will be lower.

### DISTRICT ANNUAL DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

<i>Fiscal Year Ending June 30</i>	<i>General Obligation – District Revenue-Supported Bonds<sup>(2)(3)</sup></i>		<i>General Obligation – SNWA Revenue-Supported Bonds<sup>(2)(4)</sup></i>		<i>Grand Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2018	\$ 30,240,000.00	\$ 15,684,568.75	\$ 56,140,000.00	\$ 49,277,569.06	\$ 151,342,137.83
2019	31,108,252.65	32,171,079.17	73,645,000.00	95,899,013.46	232,823,345.28
2020	33,077,970.58	31,130,250.11	76,890,000.00	92,677,840.16	233,676,060.85
2021	38,057,588.85	29,634,074.94	82,585,000.00	88,97,397.96	237,274,061.76
2022	37,837,628.21	27,988,287.45	86,865,000.00	85,144,268.98	237,835,184.62
2023	39,671,818.63	26,273,699.11	91,390,000.00	80,890,468.06	238,225,983.60
2024	41,617,279.71	24,457,740.02	95,810,000.00	76,474,262.96	238,369,282.69
2025	43,654,042.05	22,571,529.81	91,000,000.00	71,781,734.70	229,007,306.56
2026	45,747,136.56	20,635,849.89	95,645,000.00	67,050,280.80	229,078,267.25
2027	38,881,595.23	18,531,005.93	89,600,000.00	62,280,108.80	209,292,709.96
2028	32,202,450.76	16,774,996.55	56,170,000.00	58,220,587.50	163,368,034.81
2029	33,749,736.28	15,360,245.82	45,670,000.00	55,732,562.50	150,512,544.60
2030	35,358,486.20	13,874,968.27	46,965,000.00	53,497,582.60	149,706,018.97
2031	37,068,735.52	12,315,667.63	38,140,000.00	51,188,350.00	138,712,753.15
2032	38,855,520.27	10,677,640.46	56,510,000.00	48,303,250.00	155,346,410.75
2033	31,663,877.05	8,957,066.28	73,165,000.00	48,488,250.00	160,274,193.33
2034	33,098,843.58	7,683,149.87	76,815,000.00	42,795,980.00	160,392,973.45
2035	34,615,458.55	8,347,807.66	80,605,000.00	38,958,480.00	160,526,546.21
2036	36,188,761.34	4,948,963.89	84,550,000.00	34,977,055.00	180,664,780.23
2037	18,391,878.08	3,482,549.29	88,675,000.00	30,800,900.00	141,350,327.37
2038	18,477,939.90	2,705,626.25	117,500,000.00	26,421,110.00	165,104,676.15
2039	16,390,000.00	1,921,755.00	114,500,000.00	20,095,840.00	162,907,595.00
2040	17,325,000.00	967,525.00	42,160,000.00	11,836,350.00	72,306,875.00
2041	0.00	0.00	44,205,000.00	9,768,000.00	53,993,000.00
2042	0.00	0.00	48,355,000.00	7,640,150.00	53,995,150.00
2043	0.00	0.00	25,000,000.00	5,387,760.00	30,387,750.00
2044	0.00	0.00	26,250,000.00	4,137,750.00	30,390,250.00
2045	0.00	0.00	27,585,000.00	2,825,250.00	30,387,000.00
2046	0.00	0.00	28,940,000.00	1,447,000.00	0.00
Total	<u>\$ 761,290,000.00</u>	<u>\$ 355,125,847.17</u>	<u>\$ 1,989,310,000.00</u>	<u>\$ 1,321,915,120.44</u>	<u>\$ 4,427,640,957.61</u>

<sup>(1)</sup> Totals may not add due to rounding. Does not include debt service on the Notes.

<sup>(2)</sup> District general obligation bonds additionally secured by District net pledged revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The District's 2010A Bonds were issued as BABs; the amounts shown are not reduced to reflect applicable BAB Credit amounts.

<sup>(3)</sup> Includes estimated debt service on the District's subordinate lien 2016D Bonds in the aggregate principal amount of \$121,830,000, with an assumed sinking fund schedule and interest estimated at 2% for fiscal year 2017-18, 3% for fiscal years 2018-19 through 2035-36. However, the interest rate on the 2016D Bonds will vary and if the average annual rate of interest exceeds the interest rates indicated above in any one year, the interest paid will be higher than the amounts shown. Also includes the estimated debt service on the Water SRF Bonds, Series 2014 in the amount of \$20,000,000 with an estimated interest rate of 2.57%; the Series 2016 Bonds and the Series 2017 Bonds, each in the amount of \$15,000,000 with an estimated interest rate of 1.78% and 2.41%, respectively.

<sup>(4)</sup> District general obligation bonds additionally secured by SNWA Pledged Revenues. If such revenues are not sufficient, the District may levy an ad valorem tax to pay the difference between such revenues and debt service requirements of the respective bonds. The District's 2009A Bonds were issued as BABs; the amounts shown are not reduced to reflect applicable BAB Credit amounts. Does not include the issuance of the 2018 Bonds and the effect of the 2018B Refunding Project.

Source: Compiled by the Municipal Advisors.

## **APPENDIX B-1**

### **AUDITED BASIC FINANCIAL STATEMENTS OF LAS VEGAS VALLEY WATER DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE: The audited basic financial statements of the District included in this Appendix B-1 have been excerpted from the District's CAFR for the fiscal year ended June 30, 2017. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto have purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the District. Other items contained in the CAFR also have been excluded from this Appendix B-1.

## **APPENDIX C**

### **SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series and each maturity of the 2018 Bonds, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect



from time to time. Beneficial Owners of 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2018 Bonds documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bonds certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2018 Bonds certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.*

## APPENDIX E

### FORMS OF CONTINUING DISCLOSURE CERTIFICATE FOR THE DISTRICT AND SNWA

#### FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Las Vegas Valley Water District, Nevada (the "District") in connection with the issuance of the District's General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds") issued pursuant to the bond resolution adopted by the Board of Directors of the District on January 2, 2018 (the "Resolution"). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months following the end of the District's fiscal year of each year, commencing nine months following the end of the District's fiscal year ending June 30, 2017, provide to the MSRB in electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this

Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall file or cause to be filed in a timely manner with the MSRB, a notice in substantially the form attached as Exhibit "A".

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;
- (ii) if the Dissemination Agent is other than the District, send written notice to the District at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and
- (iii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with accounting principles generally accepted in the United State of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the last fiscal year only of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

If the information in section 4(b) above can be derived from the financial statements required to be filed in 4(a) above, failure to file separate tables under section 4(b) above shall not constitute a default hereunder. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The District shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person<sup>1</sup>;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist the District in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, with the approving opinion of nationally recognized bond counsel but without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The District will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by any holder or beneficial owner of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of holders or beneficial owners of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No holder or beneficial owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as holder or beneficial owner and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no right in any other person or entity.

DATE: \_\_\_\_\_, 2018.

LAS VEGAS VALLEY WATER DISTRICT, NEVADA

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Treasurer

**EXHIBIT "A"**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Bond Issuer: Las Vegas Valley Water District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B

CUSIP: 517845

Date of Issuance: \_\_\_\_\_, 2018.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Resolution adopted on January \_\_\_, 2018 and the Continuing Disclosure Certificate executed on \_\_\_\_\_, 2018 by the District. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

LAS VEGAS VALLEY WATER DISTRICT, NEVADA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT “B”**

History of Assessed Valuation - Las Vegas Valley Water District, Nevada  
Property Tax Levies, Collections and Delinquencies - Clark County, Nevada  
Ten Largest Taxpayers in the County and the District  
Historic District Accounts  
Top Ten Principal Ratepayers - Calendar Year 2016  
District Historical Operating Results  
District Outstanding Indebtedness

## FORM OF SNWA CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Southern Nevada Water Authority (the "Authority") in connection with the issuance of the Las Vegas Valley Water District General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") issued pursuant to the bond resolution of the Las Vegas Valley Water District (the "District") adopted by the Board of Directors of the District on January 2, 2018 (the "Resolution"). The Authority covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### **SECTION 3. Provision of Annual Reports.**

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than nine months following the end of the Authority's fiscal year of each year, commencing nine months following the end of the Authority's fiscal year ending June 30, 2017, provide to the MSRB in electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report.

(b) If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall file or cause to be filed in a timely manner with the MSRB, a notice in substantially the form attached as Exhibit "A".



- (c) The Dissemination Agent shall:
  - (i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;
  - (ii) if the Dissemination Agent is other than the Authority, send written notice to the Authority at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and
  - (iii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided..

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with accounting principles generally accepted in the United State of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the last fiscal year only of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

If the information in section 4(b) above can be derived from the financial statements required to be filed in 4(a) above, failure to file separate tables under section 4(b) above shall not constitute a default hereunder. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Authority shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Authority shall file or cause to be filed with the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person<sup>2</sup>;

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Authority shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist the Authority in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, with the approving opinion of nationally recognized bond counsel but without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate

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<sup>2</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Authority will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Authority to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to make such filing. Notwithstanding the foregoing, no action may be undertaken by any holder or beneficial owner of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of holders or beneficial owners of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

No holder or beneficial owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Authority satisfactory written evidence of their status as holder or beneficial owner and a written notice of and request to cure such failure, and the Authority shall have refused to comply therewith within a reasonable time.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the District, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no right in any other person or entity.

DATE: \_\_\_\_\_, 2018.

SOUTHERN NEVADA WATER AUTHORITY,  
NEVADA

\_\_\_\_\_  
Treasurer

**EXHIBIT "A"**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Bond Issuer: Las Vegas Valley Water District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) (Additionally Secured by SNWA Pledged Revenues) Water Refunding Bonds, Series 2018B

CUSIP: 517845

Date of Issuance: \_\_\_\_\_, 2018.

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed on \_\_\_\_\_, 2018 by the Authority. The Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

SOUTHERN NEVADA WATER AUTHORITY,  
NEVADA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT “B”**

History of SNWA Water Revenues  
Annual Water Delivered by the Southern Nevada Water System

**APPENDIX F**  
**FORM OF APPROVING OPINION OF BOND COUNSEL**

## APPENDIX G

### ECONOMIC AND DEMOGRAPHIC INFORMATION

This Appendix G contains general information concerning the historic economic and demographic conditions in the County and the District. This Appendix G is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historical in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

#### Population and Age Distribution

**Population.** The table below shows the population growth of the County and the State since 1970. According to U.S. Census figures, between 2000 and 2017, the County's population increased approximately 60% and the State's population increased approximately 49%.

#### POPULATION

<i>Year</i>	<i>Clark County</i>	<i>Percent Change</i>	<i>State of Nevada</i>	<i>Percent Change</i>
1970	273,288	--	488,738	--
1980	463,087	69.5%	800,493	63.8%
1990	741,459	60.1	1,201,833	50.1
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2011	1,967,722	0.8	2,721,794	0.8
2012	1,988,195	1.0	2,750,217	1.1
2013	2,031,723	2.2	2,800,967	1.8
2014	2,069,450	1.9	2,843,301	1.5
2015	2,118,353	2.4	2,897,584	1.9
2016	2,166,181	2.3	2,953,375	1.9
2017	2,298,682	1.5	2,982,630	1.0

Source: United States Department of Commerce Bureau of the Census (1970-2010 statistics as of April 1) and Nevada State Demographer's Office (2011-2016 estimates as of July 1<sup>st</sup>; 2017 projection is as of March 1, 2017). Populations are subject to periodic revisions.

#### Income

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the United States.

**PER CAPITA PERSONAL INCOME<sup>(1)</sup>**

<i>Year</i>	<i>Clark County</i>	<i>State of Nevada</i>	<i>United States</i>
2012	\$38,562	\$39,211	\$44,282
2013	38,028	38,939	44,493
2014	39,860	40,718	46,494
2015	41,915	43,118	48,451
2016	42,284	43,567	49,246

<sup>(1)</sup> As of November 2017. All figures subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

**Employment**

The State of Nevada's Employment and Security Department ("DETR") began publishing labor force and industrial employment data using a new Bureau of Labor Statistics ("BLS") methodology for defined metropolitan statistical areas ("MSA") where applicable. The average annual labor force summary for the Las Vegas-Paradise MSA is as follows:

**AVERAGE ANNUAL LABOR FORCE SUMMARY<sup>(1)</sup>  
LAS VEGAS-HENDERSON-PARADISE MSA, NEVADA  
(ESTIMATES IN THOUSANDS)**

<i>Calendar Year<sup>(1)</sup></i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017<sup>(2)</sup></i>
TOTAL LABOR FORCE	999.5	1,005.0	1,019.9	1,039.4	1,048.0	1,063.6
Unemployment	112.5	96.9	81.4	71.4	60.8	53.8
Unemployment Rate <sup>(3)</sup>	11.3%	9.6%	8.0%	6.9%	5.8%	5.1%
Total Employment <sup>(4)</sup>	886.9	908.1	938.4	967.9	987.2	1,009.8

<sup>(1)</sup> Numbers for 2012-2016 revised December, 2017.

<sup>(2)</sup> Averaged figures through October 31, 2017.

<sup>(3)</sup> The annual average U.S. unemployment rates for the years 2012 through 2016 are 8.1%, 7.4%, 6.2%, 5.3% and 4.9%, respectively.

<sup>(4)</sup> Adjusted by census relationships to reflect number of persons by place of residence.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in the Las Vegas-Paradise MSA.



**INDUSTRIAL EMPLOYMENT<sup>(1)</sup>**  
**LAS VEGAS-HENDERSON-PARADISE MSA, NEVADA (CLARK COUNTY)**  
**(ESTIMATES IN THOUSANDS)**

<i>Calendar Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017<sup>(2)</sup></i>
Natural Resources and Mining	0.3	0.3	0.4	0.3	0.3	0.3
Construction	37.4	41.1	45.4	51.1	55.3	62.7
Manufacturing	20.2	20.7	21.1	21.6	22.1	22.5
Trade (Wholesale and Retail)	117.7	120.0	124.1	128.3	128.3	128.0
Transportation, Warehousing & Utilities	36.3	36.6	38.3	40.5	41.5	40.1
Information	9.7	9.8	10.6	10.6	11.1	10.9
Financial Activities	41.7	43.3	43.6	46.0	48.3	50.3
Professional and Business Services	106.7	111.6	117.7	126.6	133.8	140.2
Education and Health Services	75.6	79.2	82.3	86.6	91.7	95.1
Leisure and Hospitality (casinos excluded)	103.9	109.6	115.7	121.4	127.6	131.4
Casino Hotels and Gaming	157.9	157.8	162.6	161.1	158.5	159.3
Other Services	24.0	24.4	25.4	26.7	30.7	32.5
Government	<u>93.9</u>	<u>95.1</u>	<u>96.4</u>	<u>98.0</u>	<u>100.0</u>	<u>101.1</u>
<b>TOTAL ALL INDUSTRIES</b>	<u><b>825.1</b></u>	<u><b>849.4</b></u>	<u><b>883.4</b></u>	<u><b>918.7</b></u>	<u><b>949.2</b></u>	<u><b>974.2</b></u>

<sup>(1)</sup> Totals may not add up due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

<sup>(2)</sup> Averaged figures through October 31, 2017.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

**CLARK COUNTY'S TEN LARGEST EMPLOYERS 2<sup>ND</sup> QUARTER 2017**

<i>Employer</i>	<i>Employment Range</i>	<i>Industry</i>
Clark County School District	30,000 - 39,999	Public education
Clark County	8,500 - 8,999	Local government
Wynn Las Vegas	8,000 - 8,499	Casino hotel
Bellagio LLC	7,500 - 7,999	Casino hotel
MGM Grand Hotel/Casino	7,500 - 7,999	Casino hotel
Aria Resort & Casino LLC	7,000 - 7,499	Casino hotel
Mandalay Bay Resort and Casino	7,000 - 7,499	Casino hotel
The Venetian/Palazzo Casino Resorts LLC	6,000 - 6,499	Casino/hotel
University of Nevada – Las Vegas	5,500 - 5,999	University
Caesars Palace	5,000 - 5,499	Casino/hotel

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

**Construction**

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of the number and valuation of new single-family (including townhomes) building permits within the County and its incorporated areas.

**RESIDENTIAL BUILDING PERMITS  
CLARK COUNTY, NEVADA  
(VALUES IN THOUSANDS)**

<i>Calendar Year</i>	<i>2013</i>		<i>2014</i>		<i>2015</i>		<i>2016</i>		<i>2017<sup>(2)</sup></i>	
	<i>Permits</i>	<i>Value</i>	<i>Permits</i>	<i>Value</i>	<i>Permits</i>	<i>Value</i>	<i>Permits</i>	<i>Value</i>	<i>Permits</i>	<i>Value</i>
Las Vegas	1,538	\$ 201,412	1,453	\$ 202,296	1,663	\$ 243,674	1,503	\$ 309,105	1,287	\$ 239,548
North Las Vegas	506	70,222	491	66,508	698	91,462	804	107,004	678	106,336
Henderson	1,352	185,094	1,318	196,285	1,696	255,663	2,197	317,413	1,804	206,932
Mesquite	202	33,066	196	34,323	206	40,564	246	56,274	252	56,179
Unincorporated										
Clark County	3,593	449,225	3,428	452,740	3,847	492,320	4,048	518,263	3,635	490,475
Boulder City <sup>(1)</sup>	10	3,401	16	5,199	22	6,977	3	962	3	1,195
<b>TOTAL</b>	<b>7,201</b>	<b>\$ 942,420</b>	<b>6,902</b>	<b>\$ 957,351</b>	<b>8,132</b>	<b>\$ 1,130,660</b>	<b>8,801</b>	<b>\$ 1,309,021</b>	<b>7,659</b>	<b>\$ 1,100,663</b>

<sup>(1)</sup> Boulder City imposed a strict growth control ordinance effective July 1, 1979.

<sup>(2)</sup> As of September 30, 2017.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

The following table is a summary of the total valuation of all building permits within the County and its incorporated areas.

**TOTAL VALUATION OF ALL PERMITS**

<i>Calendar Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017<sup>(1)</sup></i>
Las Vegas	\$ 411,022,949	\$ 497,750,543	\$ 596,103,559	\$ 602,775,475	\$ 690,905,467	\$ 700,647,595
North Las Vegas	158,651,851	203,590,405	263,192,557	262,266,938	394,803,755	440,703,849
Henderson	243,753,376	359,371,027	385,009,871	423,923,070	595,334,431	275,903,937
Mesquite	28,789,392	38,879,662	38,059,247	45,697,056	66,907,918	66,831,218
Unincorporated						
Clark County	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	2,306,747,407	1,830,901,872
Boulder City	96,450,660	333,212,307	29,391,159	18,566,548	92,521,659	6,510,589
<b>TOTAL</b>	<b>\$ 2,600,301,031</b>	<b>\$ 3,064,708,766</b>	<b>\$ 3,299,412,085</b>	<b>\$ 3,604,736,410</b>	<b>\$ 4,147,220,637</b>	<b>\$ 3,321,499,060</b>
Percent Change	60.59%	17.86%	7.66%	9.25%	15.05%	--

<sup>(1)</sup> As of September 30, 2017.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

**Federal Activities**

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

**Hoover Dam.** Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

**Nellis Air Force Base.** Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

**Nevada National Security Site.** The Nevada National Security Site ("NNSS"), previously the Nevada Test Site, was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years

under the direction of the Department of Energy's (DOE) Nevada Operations Office, NNSS use has diversified into many other areas, including hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects which can best be conducted in the remote desert area. The NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center and comprises 1,360 square miles surrounded by thousands of additional acres of land which were withdrawn from the public domain to be used as a protected wildlife range and a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

**LAS VEGAS VALLEY WATER DISTRICT  
BOARD OF DIRECTORS  
AGENDA ITEM**

January 2, 2018

<b>Subject:</b> LVVWD 2018 Water Bonds – Conduct Public Hearing	<b>Director's Backup</b>
<b>Petitioner:</b> Brian G. Thomas, Chief Financial Officer	
<b>Recommendations:</b> That the Board of Directors conduct a public hearing regarding the issuance of General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues) in the principal amount of up to \$100,000,000 for the purpose of financing water projects for the Las Vegas Valley Water District.	

**Fiscal Impact:**

Annual debt service will be paid from water revenues. The District's water rate plan and adopted 2017/18 budget included capital funding from bond proceeds.

**Background:**

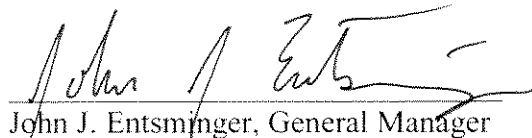
On November 7, 2017, the Board of Directors adopted the 2017 Debt Management Commission (DMC) Request Resolution, requesting that the DMC meet and approve the District's proposal to issue bonds. On November 16, 2017, the DMC met and approved the proposal.

On December 5, 2017, the Board adopted the 2018 Resolution of Intent to Issue LVVWD Bonds, which authorized the Chief Financial Officer to arrange for the sale of \$100,000,000 in General Obligation (Limited Tax) Water Bonds (additionally secured by pledged revenues). The Resolution of Intent authorized the publication of a notice of intent to issue the bonds and a notice setting a public hearing on January 2, 2018, at 9:00 a.m. regarding the issuance of the bonds.

Three notices of public hearing were published at least ten days in advance of the January 2, 2018, date of the public hearing. The dates of the notices were December 8, 15, and 22, 2017. The President is requested to open the public hearing, accept any public comment, and close the public hearing. No other action is required by the Board.

This public hearing is authorized pursuant to NRS 350.020(3) and Section 1(10) of the Las Vegas Valley Water District Act, Chapter 167, Statutes of Nevada 1947. The office of the General Counsel has reviewed and approved this item.

Respectfully submitted:

  
John J. Entsminger, General Manager

JJE:BGT:kan

AGENDA  
ITEM #

6