

February 27, 2010

To: Members of the Nevada Legislature (via Julie Wilcox)

From: Peter W. Miller, Managing Director
Public Financial Management, Inc.

Re: Credit concerns relating to water resource reliability in southern Nevada

I have been asked to review the briefing paper previously provided to you by Guy Hobbs regarding the concerns arising from the recent Supreme Court decision affecting the Southern Nevada Water Authority's water rights and water resource plan. Following are my observations and comments.

If the Southern Nevada Water Authority's water resource plan, including the water importation component of that plan, is called into question as a result of the Supreme Court decision, it is expected that the credit markets will view this as a noteworthy and negative development for the future of southern Nevada. Clearly, the reliable delivery of water into the future will be a determining factor for future investment in the community and, consequently, the economic growth and development of the area. Without sufficient and reliable water resources, it would be expected that the credit markets would view this as a material weakness in the future prospects of the community. Less than positive feelings on the part of the credit markets will translate into higher costs of borrowing for the community and diminished credit ratings.

I concur with the viewpoint previously noted in Mr. Hobbs' analysis that mitigation of the problems created by the Supreme Court decision should be considered at the earliest possible opportunity. Dealing with this issue now will help avoid the potential of near-term credit implications for Nevada issuers caused by the gap in the Southern Nevada Water Authority's water resource plan.

Peter W. Miller
Managing Director
Public Financial Management, Inc.
50 California Street, 23rd Floor
San Francisco, CA 94111



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Peter Miller

Managing Director

Email: millerp@pfm.com
Business Specialty: Financial Management

Office: **San Francisco**
50 California Street
Suite 2300
San Francisco, CA 94111
Phone: 415-982-5544
Fax: 415-982-4513

Peter W. Miller, a Managing Director, joined Public Financial Management, Inc. in 1991 and is currently the manager of the firm's Western United States Practice.

Mr. Miller has, structured, and managed the sale of over \$20 billion of tax-exempt debt. He has advised clients regarding the issuance of many types of debt including: fixed and variable rate general airport revenue bonds (both senior and subordinate), passenger facility charge revenue bonds, general obligation bonds, sales tax revenue bonds, lease and installment purchase certificates of participation, lease revenue bonds, tax increment bonds, water and sewer revenue bonds, current and advanced refunding bonds, general, special assessment and Mello-Roos special tax bonds, and tax and revenue anticipation notes.

A sample of Mr. Miller's clients include: San Francisco International Airport, McCarran International Airport (Las Vegas, NV), the City and County of San Francisco, the cities of Modesto, Folsom, Roseville, Rancho Cordova, Pittsburg, and Lincoln, Solano County, Clark County (NV), Clark County Regional Transportation Commission, and Contra Costa Transportation Authority, among others.

Mr. Miller was the Director of Public Finance for the City and County of San Francisco from 1986 to 1991. He was responsible for all debt issuance sold by the City. Some of the major financings and accomplishments during Mr. Miller's tenure as Director of Public Finance include: \$137 Million Lease Revenue Bonds for the expansion of the Moscone Convention Center; \$60.5 million Lease Revenue Bonds refunding the 1979 Moscone Lease Revenue bonds; \$145 million sewer revenue bonds used to build secondary treatment facilities; \$316 million in general obligation bonds issued in six series; the creation of San Francisco's land-based financial plan (a series of Mello-Roos districts) to pay for the construction of the public infrastructure in the 300-acre Mission Bay multi-purpose development project; the development of San Francisco's first equipment lease-purchase program using tax exempt bonds; assisting the San Francisco Redevelopment Agency issue its first series of Mello-Roos bonds and several series of tax increment bonds totaling approximately \$70 million, and developing the first strategic plan for the purchase and construction of City office buildings.

Mr. Miller received his Bachelor of Arts degree in American Studies from Syracuse University, his Master's Degree in Economics from Tufts University and his Masters Degree in City and Regional Planning from Harvard University, John F. Kennedy School of Government.