



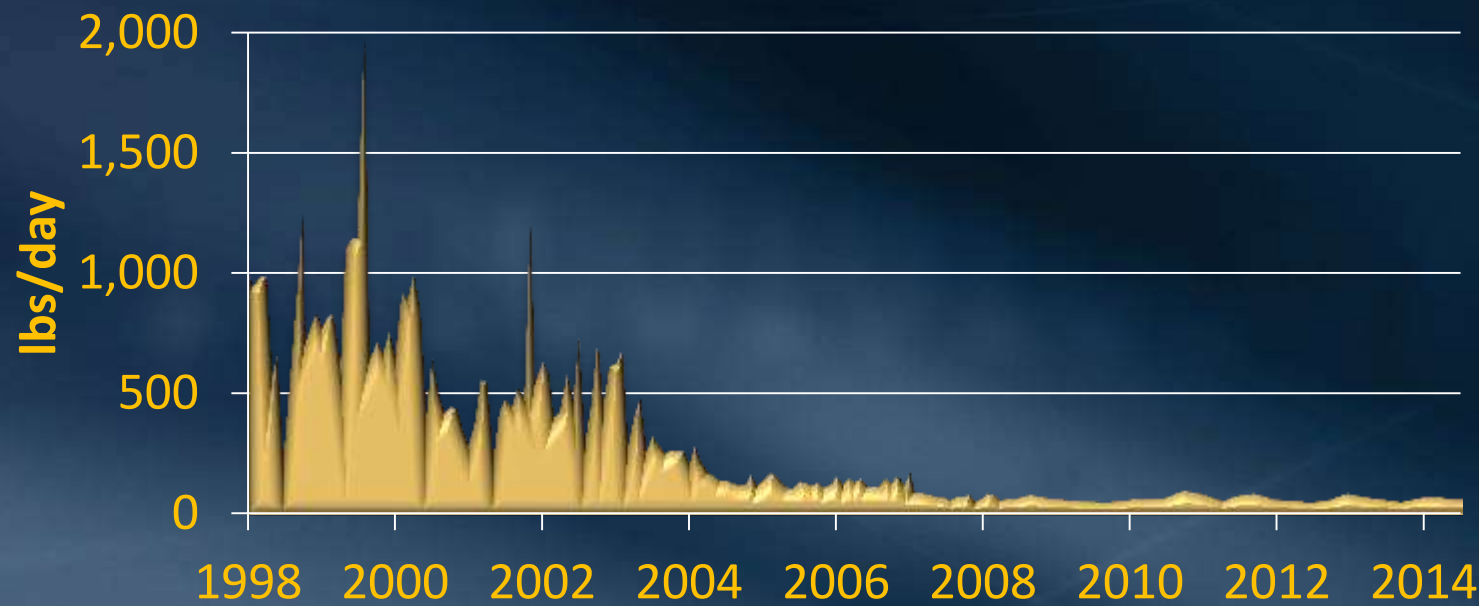
Report on *In Re Tronox, Inc.* and Request to Increase Manatt, Phelps & Phillips, LLP's Contract

Legal and Claims Committee
Item 8-5
May 12, 2015

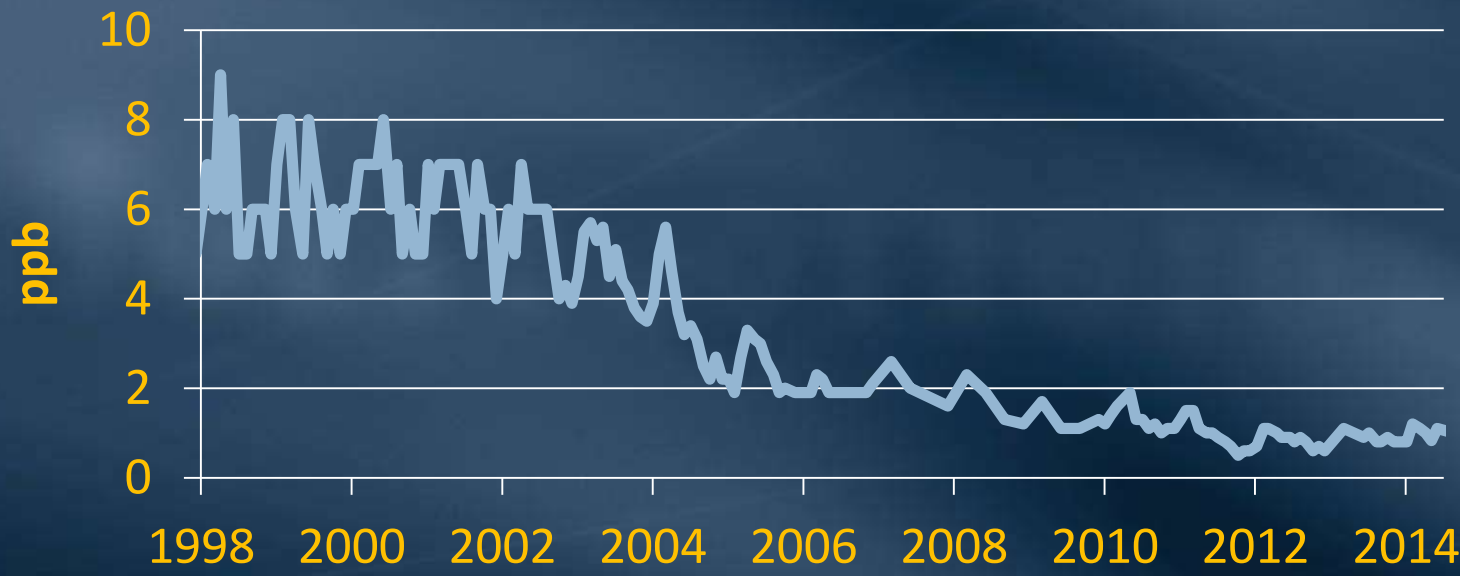
Tronox Perchlorate Plume



Continued Decline in Perchlorate Levels

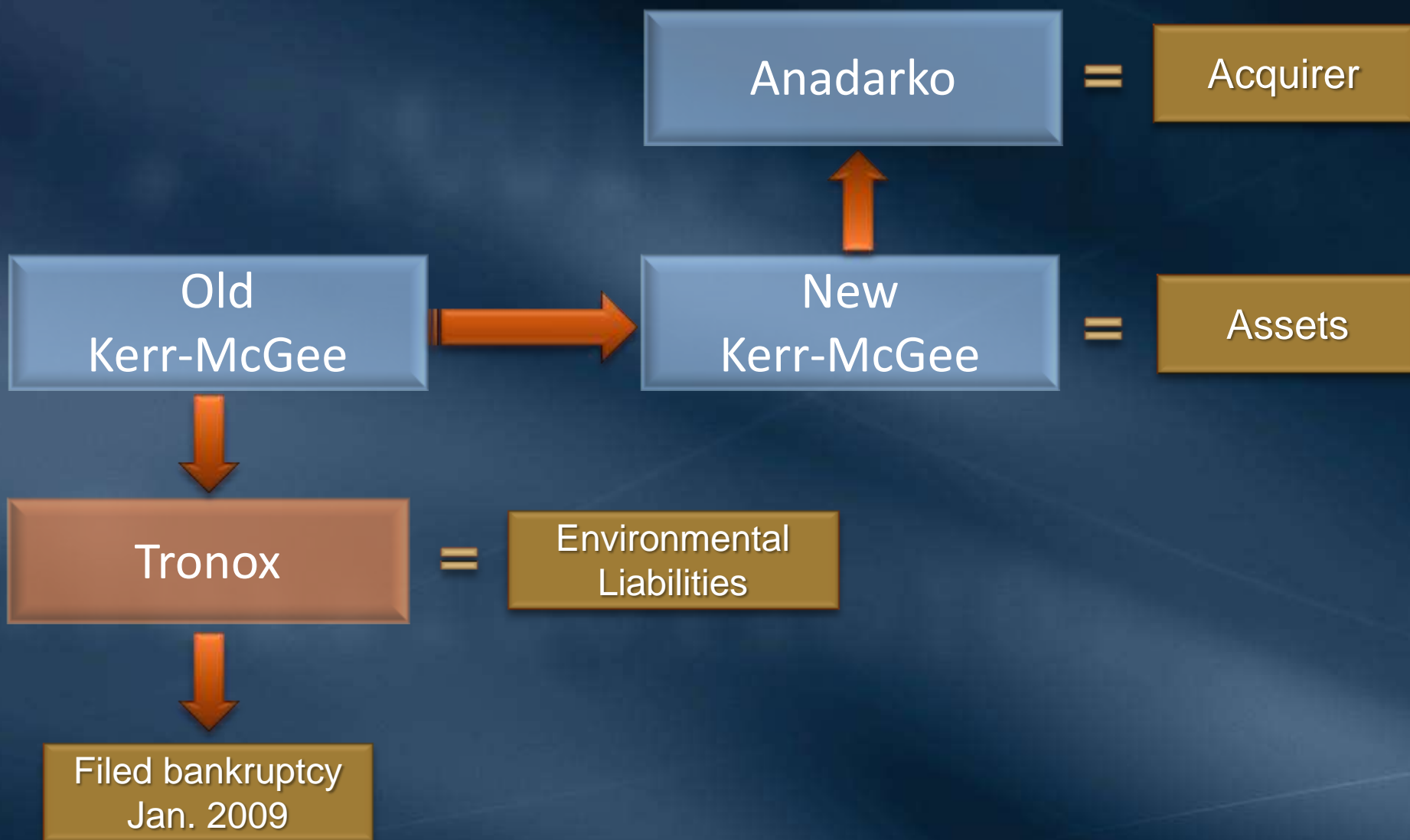


Loading into Las Vegas Wash



Levels at CRA intake at Lake Havasu

Kerr-McGee's Reorganization



Colorado River Authorities

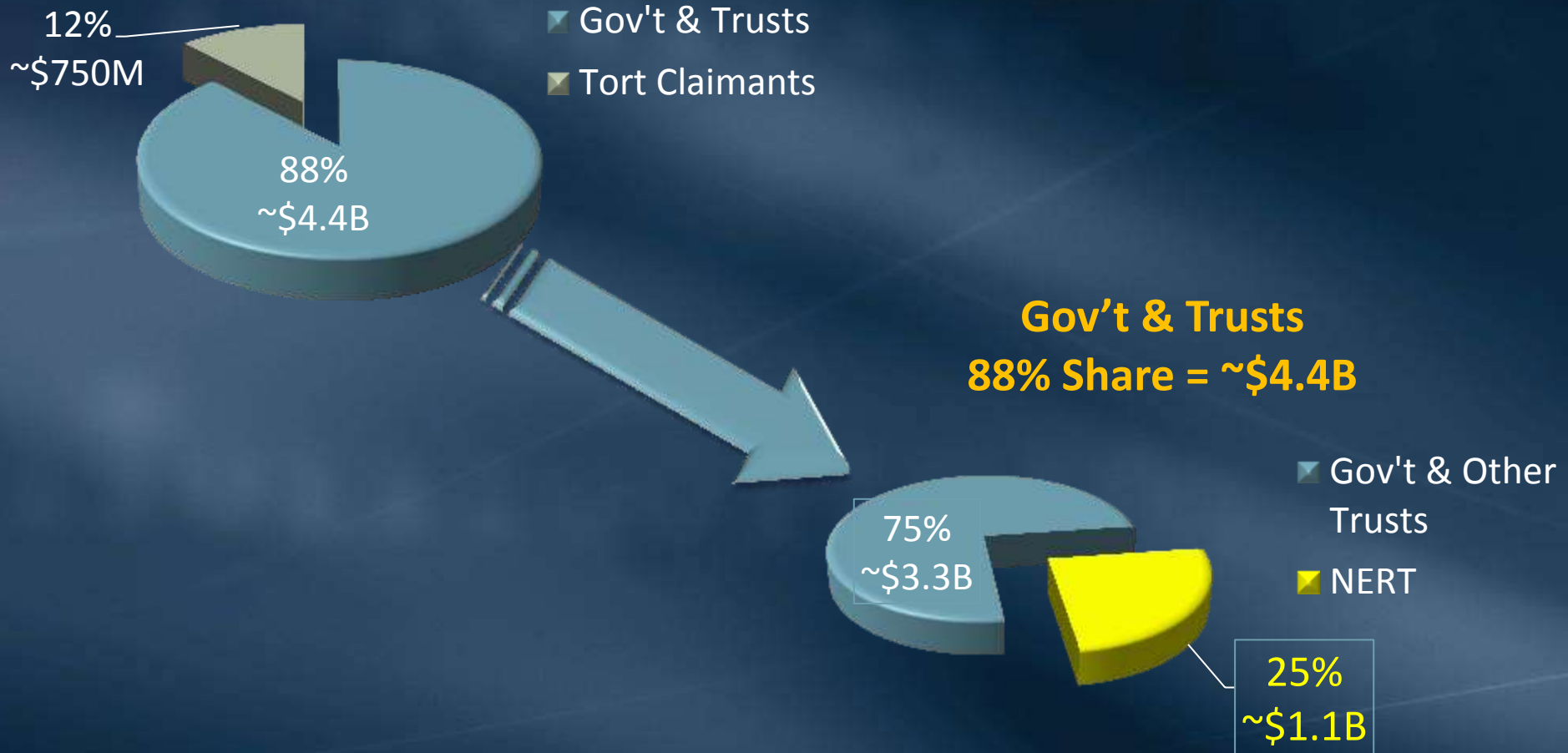
- Metropolitan Water District
- Southern Nevada Water Authority (SNWA)
- Central Arizona Water Conservation District (CAWCD)
- Nevada Division of Environmental Protection (NDEP)

Tronox Bankruptcy

- Feb. 2011: Settlement
 - Nevada Environmental Response Trust (“NERT”) created
 - 100% of certain Nevada real estate
 - ~\$81 million
 - ~25% of 88% environmental share of any net recovery in the Adversary Action
 - ~46% of Colorado River Authorities’ total costs reimbursed

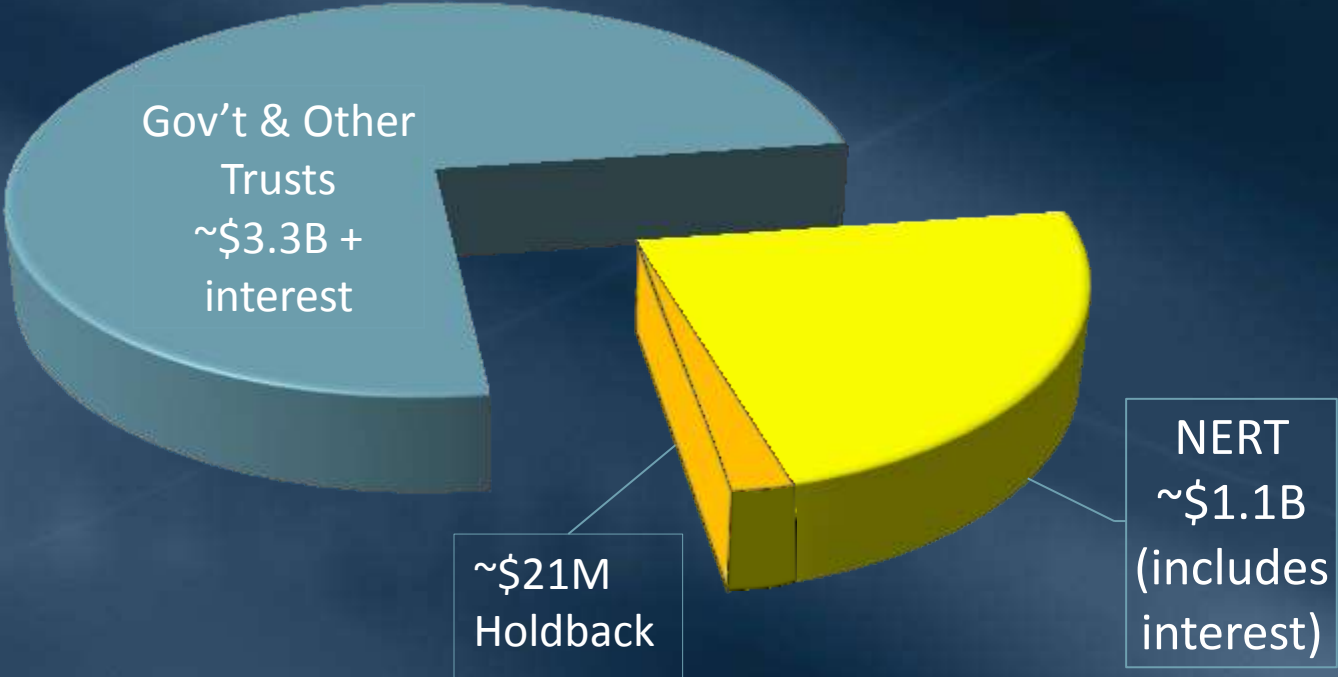
Anadarko Litigation Settlement

Total = \$5.15 Billion



NERT'S Finances

Gov't & Trusts'
88% Share = ~\$4.4B + interest



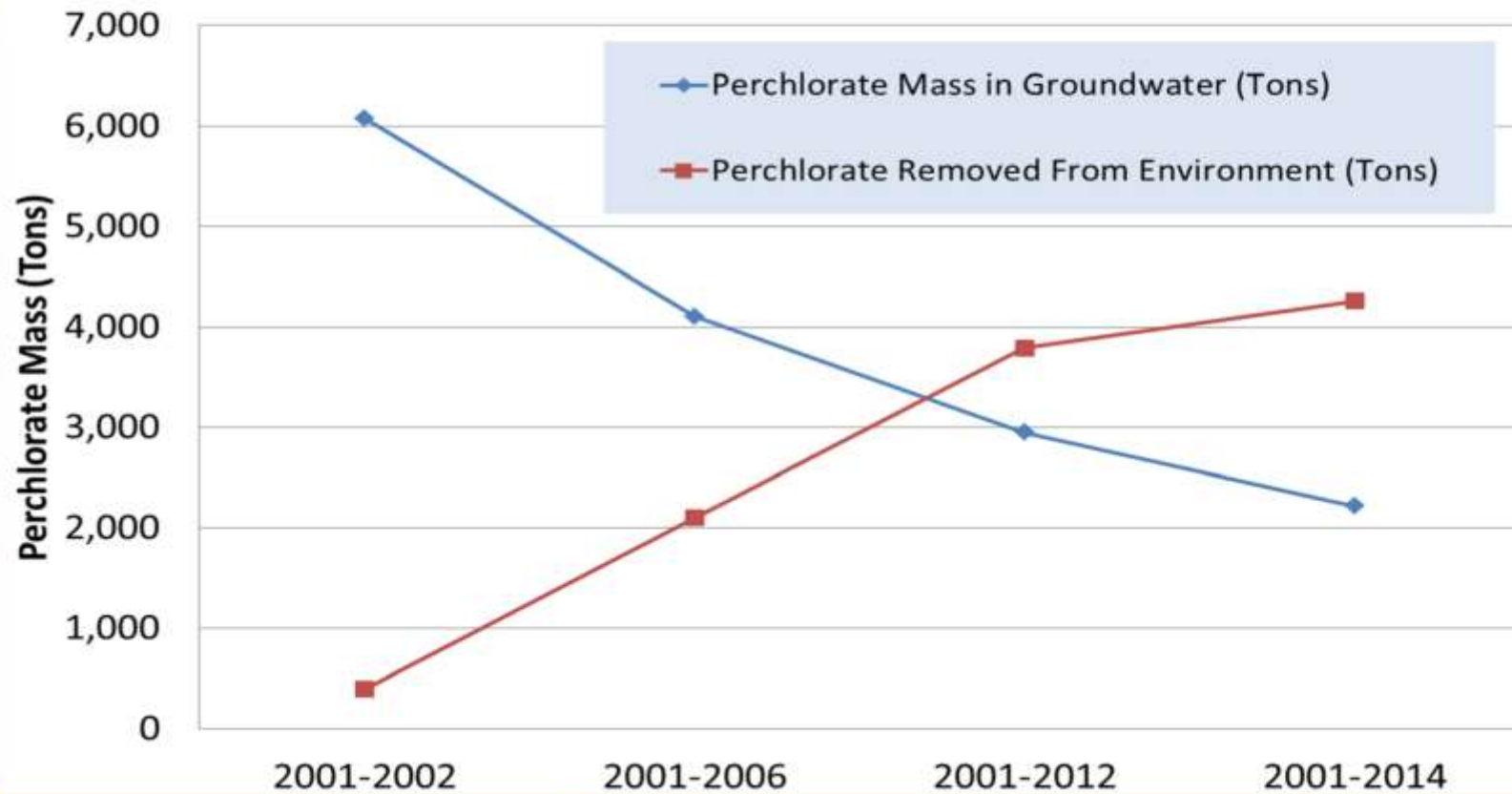
Manatt's Legal Expertise

- Prior experience with NERT Trustee
- Environmental expertise
- Insurance expertise

Remediation Progress at Tronox Site

- Metropolitan has worked with Colorado River Authorities to monitor development of work plan and cleanup
 - >4,000 tons of perchlorate removed from groundwater
 - Continued plant rehabilitation and optimization of GWETS
 - Additional investigatory activities
 - Long-term remedial plan for soil and groundwater
 - Stakeholder meetings with NDEP and the NERT
- Cleanup estimated to take several decades

Groundwater Perchlorate Mass vs Perchlorate Mass Removed

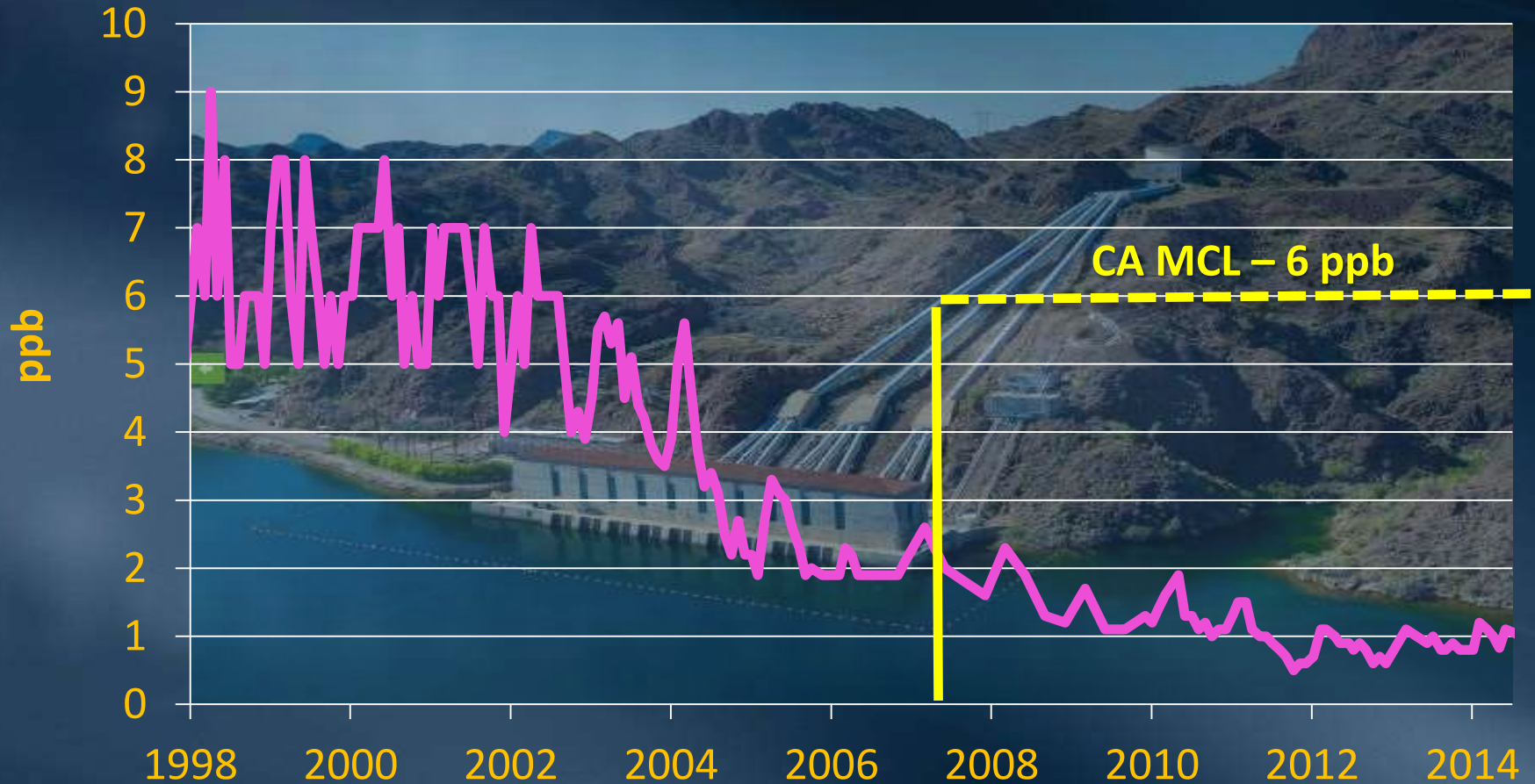


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Slide From NDEP

Continued Decline in Perchlorate Levels

CRA Intake at Lake Havasu



Regional Groundwater Investigation

- NDEP believes perchlorate from Tronox site might be distributed in larger, regional area
 - Could contribute perchlorate to the Las Vegas Wash
 - Settlement money can only be used for contaminants from Tronox site
- NDEP will take the lead
 - New Bureau of Industrial Site Cleanup
 - Work will be done in parallel with NERT

Next Steps

- Monitor and provide input on NERT's and NDEP's investigation and remediation
- Monitor distribution and use of settlement funds from Adversary Action
- Monitor and assist in resolution of claims against NERT funds
- Continue to participate in Stakeholder meetings

Options

- Option #1
 - Adopt the CEQA recommendation
 - Authorize an amendment of the contract for legal services with Manatt, Phelps & Phillips, LLP to increase the maximum amount payable by \$100,000 to a maximum amount of \$540,000
- Option #2
 - Do not amend the subject contract

Recommendation

- Option #1



Questions?