

Lincoln County Water District
181 Main Street, Suite 115, P. O. Box 206,
Pioche, NV 89043, (775) 962-5164

MINUTES

**THURSDAY, MAY 19, 2011, 10:00 A.M.,
AMBULANCE BARN, ALAMO, NV**

Action may be taken on items denoted with an asterisk*.

1. * Call to order, open meeting compliance, roll call, prayer and pledge of allegiance.

Meeting called to order at 10:06 a.m. Present: G. Tommy Rowe, E. Edwin Higbee, Jr., Paul H. Mathews, Wade Poulsen-General Manager, Dylan Frehner-Legal Counsel, and Shannon Simpson-Administrative Assistant, via telephone Anthony P. Donohue. Absent: Kevin J. Phillips. Prayer: Ed Higbee. Pledge: Tommy Rowe.

2. * Discussion/Action: Approve/Modify minutes from April 13, and May 2, 2011, meetings.

Motion by G. Tommy Rowe to approve the April 13, 2011, and May 2, 2011, meeting minutes, 2nd by Ed Higbee, motion passes unanimously.

3. * Discussion/Action: Approval of vouchers paid on check dates May 2, and 16, 2011.

Motion by G. Tommy Rowe to approve the payment of vouchers for check dates May 2, 2011, and May 16, 2011, 2nd by Ed Higbee, motion passes with one abstention by Paul Donohue on the vouchers for check date May 11, 2011, due to the payment of the Lincoln County Telephone bill.

4. Discussion - Board and Staff member reports:

Wade:

- SNWA passed our agreement with Dry Lake that was signed in our last meeting.
- Met with Doug Chen from Seeno Group over water for Kane Springs. Vidler continuing to meet with them, too.
- Continuing to work with City of Mesquite and Virgin Valley Water District (VVWD). Ken Rock is still out so they have not been able to meet and get a working group together.
- BDR Tracking: Everything is pretty much the same since last meeting. Big deal over wild horses regarding designating or not designating them as wildlife. If this passes they would be entitled to potential water rights.

Dylan:

- 05/18/11: Attended the attorney meeting at Southern Highlands in Las Vegas, NV, regarding the annexation of the City of Mesquite. City of Mesquite's attorneys informed Dylan that the stipulation/order that was approved at our last meeting to stay the proceedings, to dismiss their individual City Council members and that they would not go forward with any other annexations through July 31, 2011, has been discussed with their

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Board and it will be on their consent agenda Tuesday, May 24, 2011, for approval. Meeting scheduled June 29, 2011, hoping to have meet with VVWD before then.

- Phone conference with SNWA, John Entsminger and Dana Walsh-Legal Counsel. SNWA reset for hearing on the Dry, Delamar, Cave, and Spring Valleys September 26, 2011. Requested that Dylan be a witness on their behalf. Based on SNWA's contract with the County the first 3000 acre feet out of those basins goes to the County. The last time they went to hearing there was insufficient data submitted to the State Engineer to have that water appropriated for beneficial use within Lincoln County.
- VVWD and State Engineer's former employees are in litigation.

No Board members reporting.

5. Vidler Update. Don Pattalock unable to attend. Wade and Dylan reported:
 - 04/26/11 - Wade, Don, and Kevin went to the BLM State Office in Reno, NV, to discuss the reimbursement for the right-of-way. Didn't get far due to the Memorandum of Understanding that stated that we would take upon ourselves the total cost. We are not going to drop this. Vidler working on a letter to be sent to other individuals that may possibly turn this around. If we go straight to the Federal level once you get a decision there is no appeal process, so we are working our way up the ladder.
 - July/August 2011, plan on going to Garden and Coal Valleys to put out stream and precipitation gauges.
 - Letter sent to State Engineer pursuant to our litigation on the settlement agreement we reached. We were supposed to start meetings with third-party consultants in April, rescheduled for June. We have requested that all meetings be postponed while we continue to collect data in the Clovers and Tule Desert. None of the water will be put to use anytime soon. We would rather continue to collect data until that water is ready to be put to use.
6. * Discussion/Action: Final budget hearing for the 2011-2012 fiscal year. Dan McArthur reporting:
 - Budget is the same as the tentative budget except one change on page 6. Minor change of about \$3000.00, based upon a request from the NV Department of Taxation. The ending fund balance was slated to be \$5739.00. The Department of Taxation wanted that balance to be \$8125.00. Moving funds from Services and Supplies to meet the State's requirement.
 - No public comment.

Motion by Tommy Rowe to approve the final budget for the 2011-2012 fiscal year, 2nd by Ed Higbee, motion passes unanimously.

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7. * Discussion/Action: To move investment monies from State of Nevada investment to BNY Mellon Wealth Management in the amount of \$2.799 million.
- LCWD making less money invested with the State of NV than with Mellon.
 - Year-to-date we have made \$29,000.00, in interest with Mellon. We did not make that with the State.
 - Currently with Mellon we get 3% - 4% return per year. Money is easily accessible if we need to liquidate. State of NV return is around .6% or less.
 - Meets all of our auditing and risk management requirements.
 - Currently have 2.3 million with Mellon. Just moving the rest there.
 - Mellon offers conservative investments in T-bills, bonds and money markets.
 - Within the next couple of meetings we will have an investment policy to bring to the Board to show how monies will be invested.

Motion by Paul Donohue to move investment monies from State of Nevada investment to BNY Mellon Wealth Management in the amount of \$2.799 million, 2nd by Ed Higbee, motion passes with majority; Paul Mathews not present.

8. * Discussion/Action: Right-of-Way (ROW) application to the Bureau of Land Management (BLM) for Lincoln County Land Act (LCLA).
9. * Discussion/Action: Letter to the BLM requesting costs to be covered by LCCRDA funds for the ROW discussed in Agenda Item #8.
- Discussed items 8 and 9 together.
 - Alternate route from energy site that would go southeast down to the lower lip of the LCLA.
 - Benefit of doing this would be a loop system or end up bringing water down to one of the other points.
 - Chris Armstrong – C & O Holdings – Will there be any cost to this? Wade – The letter is requesting that the ROW be paid for out of LCCRDA funds.

Motion by Ed Higbee to sign the right-of-way (ROW) application to the Bureau of Land Management (BLM) for Lincoln County Land Act (LCLA), and to approve the letter requesting costs to be covered by LCCRDA funds, 2nd by G. Tommy Rowe, motion passes unanimously.

10. * Discussion/Action: Protest Isaiah Water Company's water applications numbers 80766 and 80767, located in Dry Lake Valley.
- Isaiah Water Company has taken over Beverly Jacobs' initiative for Dry Lake Valley.
 - They believe that there are 18,000,000 acre feet of water underneath there.
 - Beverly Jacobs went to hearing before the State Engineer a couple of years ago and was denied.

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- Drilled some holes/wells out there and they have reapplied for water applications to reinvestigate the water out there.
- They want to develop the water and wanted to know if the LCWD would be willing to buy the water from them if they were to prove up on it.
- Wade told Isaiah Water Co. that LCWD already has water applications here and that they would be before Isaiah's applications.
- By protesting it puts us at the table for discussion, keeps us in the loop as to what they are trying to prove up on, and it protects our senior water rights.
- Protest is not a negative thing. Gives us a voice if it goes to hearing to speak positively or negatively. If we don't protest we don't have a say.

Motion by Tommy Rowe to protest Isaiah Water Company's water applications numbers 80766 and 80767, located in Dry Lake Valley and to authorize staff to file the protests, 2nd by Ed Higbee, motion passes unanimously.

11. *Discussion/Action: Performance evaluation of, Wade Poulsen, General Manager. Possible action may include, but is not limited to, termination, suspension, demotion, reduction in pay, reprimand, promotion, endorsement, engagement, retention, salary increase, or 'no action'. (The Board may consider character, alleged misconduct, and professional competence, physical or mental health pursuant to NRS 241.031.)
 - Paul Mathews: Are you on track with goals? Wade: Biggest challenge is creating the revenue streams. Changing thinking of developing an actual water district. Economic status has made it a challenge. Made great strides in bonding and working with other entities through inter-local agreements.
 - Ed Higbee: Will LCWD be helpful instead of a detriment with development? Wade: We will be a positive influence in allowing these developments to go. We are a key portion of that.
 - Paul Mathews: Public perception more or less positive since you have taken over as General Manager? Wade: Difficult to say, hope more positive. Paul Mathews: Public often misunderstands the mission of LCWD and it is important to make that up front. Wade: Feel that is being accomplished with creation of Mission Statement.
 - Paul Mathews: Thinks you are doing a good job, knowledge of State water law has increased and as well as specific situations we are working on. Good relationships with people you work with.
 - Contract states that if you are to give an increase it is to be a minimum of 3%. Water District budget is sound, no issues.
 - Paul Donohue: Based on what the Board (Commission) is having to tell other Lincoln County employees he feels that no raise should be given at this time. Tommy Rowe: Thinks that Wade has a satisfactory perform but with the way that the economy is going we have a freeze on any increases. Ed Higbee: Perception to other employees at the County is very important.

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- Several positive public comments on Wade's leadership and how hard he has worked to help meet water needs, by forming agreements and policies has helped to pave the way towards everyone working together, appreciation of attending all the meetings and working with everyone.

Motion by Ed Higbee to approve Wade Poulsen's annual review and retain him as the General Manager at his current salary, 2nd by G. Tommy Rowe, motion passes with majority; Paul Donohue not present.

12. Public Comment and Discussion. No Public comment.
13. * Adjourn. ***Meeting adjourned 11:30.***

Submitted for approval by:

Shannon Simpson, LCWD Administrative Assistant Manson M. Simpson

Approved by:

Paul Mathews
Signature

Paul Mathews - LCWD Board Chairperson
Print Name Title

Date: June 15, 2011