

A meeting of the Walker River Irrigation District (WRID) Board of Directors was held on February 7, 2019. The meeting was called to order at 10:03 AM at the District Board Room, 410 N. Main St, Yerington, Nevada by President Jim SNYDER.

Present:

Jim SNYDER	President
David GIORGI	Vice President
Richard NUTI	Treasurer
Dennis ACCIARI	Director
Marcus MASINI	Director
Robert BRYAN	General Manager
Jessica HALTERMAN	Secretary
Gordon DePAOLI	Legal Counsel

Public Present:

George Lindesmith	Isaac Metcalf, NDOW	Wayne Bull, NDOW
Robbie Irvin, NDOW	Joanne Sarkisian, USBWC	Taylor Thomas, USBWC
Chad Walling, NSE	Sarah Fichtner, NSE	Ed Ryan, SV/MVCD
Angela Bezzone, MBK	Bob McKnight	John Peters, Mono Co.
Bentley Regehr, Mono Co.	David Sceirine	Louie Scatena
Pete Fenili		

1. Public Comment:

None presented.

2. Roll Call and Determination of Quorum:

All five board members present.

3. Consideration of Minutes of the January 7, 2018 Regular meeting.

Director MASINI requested the minutes be made available within a week of the meeting. Treasurer NUTI made a motion to approve the minutes. Director MASINI offered a second. The vote was called for and passed unanimously.

4. Water Master's Report:

Joanne reported water is being stored. Bridgeport currently has 25,100 acre-feet (60%) and Topaz currently has 30,500 acre-feet (52%). The February 1st forecast reported the basin is 106% of median compared to 42% last year, 137% snow water equivalent and 121% average precipitation for this time of year. Joanne stated they are going to continue to store and get ready for the irrigation season.

5. Staff Reports:

A. Treasurer's Report

Treasurer NUTI gave the Treasurer's report as of December 31, 2018:

Cash in Checking:	\$ 100,178.64
Cash in Money Market	\$1,265,742.32
Cash in CDs	<u>\$1,242,660.75</u>
Total	\$2,608,581.71

B. Consideration of Bills and Payroll for payment.

Bills & Payroll for January 2019

<u>Check Number</u>	<u>Effective Date</u>	<u>Vendor Name</u>	<u>Check Amount</u>
120578	1/7/2019	AFLAC	\$ 35.70
120579	1/7/2019	Ameritas Life Insurance Corp	\$ 848.70
120580	1/7/2019	Ferguson Enterprises, Inc. 1423	\$ 468.20
120581	1/7/2019	Frontier	\$ 282.53
120582	1/7/2019	AT&T Mobility	\$ 176.50
120583	1/7/2019	Associated Concrete Pumping	\$ 1,435.56
120584	1/7/2019	Pitney Bowes Global Financial	\$ 212.02
120585	1/7/2019	Quill	\$ 388.78
120586	1/7/2019	NV Energy	\$ 262.41
120587	1/7/2019	Alhambra	\$ 120.07
120588	1/7/2019	Southwest Gas Corporation	\$ 311.54
120589	1/7/2019	Standard Insurance Company	\$ 263.00
120590	1/7/2019	Woodburn & Wedge	\$ 27,903.66
120591	1/14/2019	Giomi, Inc.	\$ 404.33
120592	1/14/2019	AT&T	\$ 137.42
120593	1/14/2019	Sticks and Stones Buildings	\$ 1,007.51
120594	1/14/2019	John Deere Credit	\$ 85.70
120595	1/14/2019	NAPA AUTO & TRUCK PARTS	\$ 393.92
120596	1/14/2019	Lyon County Recorder	\$ 24.50
120597	1/14/2019	Mason Valley Quicknet	\$ 410.00
120598	1/14/2019	True Value	\$ 235.83
120599	1/14/2019	Quill	\$ 75.22
120600	1/14/2019	Jim Menesini Petroleum	\$ 325.19
120601	1/14/2019	NV Energy	\$ 36.20
120602	1/14/2019	Tyres International	\$ 366.00
120603	1/14/2019	Wells Fargo Card Services	\$ 10,603.75
120604	1/14/2019	City of Yerington	\$ 121.07
120605	1/14/2019	Sierra Office Solutions	\$ 53.40
120606	1/14/2019	Yerington Ready Mix	\$ 2,936.42
120607	1/14/2019	Artistic Fence	\$ 1,264.55
120608	1/14/2019	MF Barcellos	\$ 1,762.99
120609	1/14/2019	Verizon Wireless	\$ 498.99

120610	1/14/2019	Wild West Chevrolet	\$	282.52
120611	1/15/2019	Nevada Employment Security Division	\$	1,025.22
120612	1/16/2019	Mason Valley Quicknet	\$	930.00
120613	1/16/2019	MBK Engineers	\$	3,101.50
120614	1/29/2019	Frontier	\$	283.81
120615	1/29/2019	MBK Engineers	\$	15,398.57
120616	1/29/2019	PDM Steel Service Centers, Inc.	\$	400.09
120617	1/29/2019	Cal Poly Corporation	\$	134,822.53
120618	1/29/2019	NV Energy	\$	23.70
120619	1/29/2019	Standard Insurance Company	\$	248.20
120620	1/29/2019	Vision Service Plan - Nevada	\$	144.27
120621	1/29/2019	Wells Fargo Card Services	\$	2,305.71
120622	1/29/2019	White Cap Construction Supply	\$	244.20
120623	1/29/2019	Woodburn & Wedge	\$	49,366.91
120624	1/29/2019	Xerox Financial Services	\$	139.44
120625	1/29/2019	HomeTown Health	\$	5,155.97
120626	1/29/2019	Desert Research Institute	\$	6,773.68
PAYROLL		JANUARY PAYROLL	\$	33,314.91

Total Bills & Payroll \$ 307,412.89

Director MASINI inquired about the CalPoly bill; GM BRYAN advised the bill was for 3 months of reports on the Saroni and Plymouth turnouts, work on the drains, and on grant projects. Work on the individual ditches will be billed directly to the respective funds. President SNYDER asked if CalPoly was doing the grant applications; GM BRYAN stated they are providing the technical reports for the grant applications. Director MASINI made a motion to approve the bills; Director ACCIARI offered a second. The vote was called for and passed unanimously.

C. Manager's Report

GM BRYAN advised the current reservoir pools are:

Bridgeport 25,120 acre-feet (60% capacity)

Topaz 30,480 acre-feet (52% capacity)

GM BRYAN reported the District is storing as much water as possible and the minimum flows are being met. There was a peak in both reservoirs with the recent storms. The SNOTEL 2nd survey reported the basin at 136% of average SWE. GM BRYAN advised another storm is anticipated for the end of the week through the weekend. GM BRYAN reached out to Tim Bardsley with NOAA for a presentation at next meeting. The NOAA presentation will be given before the allocation discussion next month. GM BRYAN stated he could ask Jeff Anderson with NRCS to present as well if the Board would like. Treasurer NUTI asked if it is possible to break down the SNOTEL sites to see what percent each SNOTEL site represents

for the basin watershed. GM BRYAN advised he would ask Jeff Anderson if a breakdown is available. President SNYDER stated it may be a good idea to have Tim Bardsely at the next meeting and NRCS at the following meeting; GM BRYAN stated each of the agencies could be schedule how the Board requests.

GM BRYAN stated the shop crew has completed repair and maintenance on the Fox/Mickey ditch. The crew is currently doing repair and maintenance on the Campbell Ditch and will hopefully be completed in the next couple weeks. The next project will be replacing large box culverts on Pete Hendrichs Rd at the East Drain. Following the East Drain work, there is some work to be done on the Plymouth Ditch.

GM BRYAN reported the cultural report for BOR has been submitted and SHPO is scheduled to be completed by February 22, 2019 followed by a two-week comment period. The indication is that if we don't receive any comments, we should able to move forward on the Saroni pipe project around March 11th. Once we get the word, GM BRYAN will reach out to the Saroni users to ask if they could hold off on receiving decree for a couple weeks. Treasurer NUTI inquired on how long the project will take; GM BRYAN estimates it will take approximately two weeks and all available resources will be used.

GM BRYAN stated he attended the Nevada Water Resources Association conference in Reno last week. There was discussion on the State Engineer replacement, Tim Wilson is the acting State Engineer and will remain in the position through legislature to ensure consistency. After legislation, there will be a permanent appointment. Tim Wilson brought forward AB 30, 51 and 62 and recommended keeping an eye on them. President SNYDER asked GM BRYAN if he sees the State Engineer's Office working as much at new legislation as they have in the past; GM BRYAN stated he does not have a good answer but feels that the bills presented are in keeping with the last legislative session and cleaning up past bills. GM BRYAN stated he will keep the Board informed on the bills and any changes. President SNYDER questioned if Tim Wilson is a candidate for the permanent position; GM BRYAN stated he did apply for the position.

GM BRYAN stated Dr. Styles was at the District last week to continue work on the drain and canal projects. He participated in a couple ditch company meetings while he was here. GM BRYAN stated he has attended as many ditch company meetings as possible. During the meetings, he spoke about having a workshop soon regarding the option of having the District take over ditch companies. The ditch companies would be formed into local improvement districts and the assessments would be for that ditch company only. GM BRYAN stated he would like to see a set of bylaws that would protect the ditch companies as well as the District. The local improvement districts would act in the same capacity of the Saroni Canal setup and the board would give GM BRYAN a list of what needs to be done. The workshop will be posted as a regular meeting.

Director MASINI inquired what percentage the reservoirs would be filled before releases would be made; GM BRYAN stated he does not have a number at this point, but it depends on the snow pack and time of year. The recommendation coming on the March meeting will look different this year. GM BRYAN does not anticipate the reservoirs being above 75%, but the allocation could be above that. GM BRYAN has been working with MBK Engineers and the experts on the snowpack and will have a better answer next month. GM BRYAN stated the tribe contacted him after the last storm to ask about releases, but he would like to see the reservoirs at 75% capacity before any emergency releases are made. Director MASINI stated there is a lot of snow and the levels need to be watched. Treasurer NUTI stated the lower meadows are high in water content right now.

D. Legal Counsel's Report:

Counsel DePAOLI stated with respect to the briefing in the Nevada Supreme Court, the amicus briefs of the Walker River Tribe and Nevada State Engineer hit the court on or about January 25, 2019. The Tribe's brief must be allowed by the court pursuant to a motion; the motion has not been acted on by the court but is expected to be granted. The Nevada State Engineer's brief had more words than allowed so they had to ask for permission to exceed the word limit and the court has not acted on that yet. Both briefs have not shown up on the court website, but Counsel DePAOLI obtained them from the attorneys and forwarded them to the Board. Counsel DePAOLI is working on the District's brief which should be due on or about March 26, 2019 which is 60-days after January 25, 2019. The litigation related to the additional claims for water with the Walker River Tribe and other federal interests in the basin is starting to have action in the District Court. The initial focus will be on the claims of the Walker River Tribe which was moving well before the government shutdown. It has been continued and Counsel DePAOLI should have more information in March.

Counsel DePAOLI advised AB 30, 51 and 62 have not been set for a hearing. AB30 is related to giving the NSE potentially more flexibility in dealing with new appropriations or changes to existing appropriations that may conflict with existing rights to avoid conflicts including what is called the 3M plan. The bill is something Southern Nevada Water Authority has been interested in and Counsel DePAOLI expects something to happen this year. AB51 is allowing the State Engineer to adopt regulations for dealing with conflicts between surface water and ground water. It is written so it could apply wherever it is happening within the State, but it is primarily aimed at the situation on the Humboldt. AB62 is to give the State Engineer the ability to allow longer extensions of time to complete works of diversion from 5 years to 15 years. AB95 deals with critical management areas providing flexibility to allow domestic wells to continue to pump regardless of priority with a limit of ½ acre-foot annually. Counsel DePAOLI advised there were more bill draft requests, but they are unclear on what they are about.

Treasurer NUTI stated NFWF filed an order to modify the decree in the 8700 and asked for clarification. Counsel DePAOLI stated they are asking to modify the

decree to reflect the change approved by the State Engineer and the 9th Circuit Courts. Before the administrative rules were in place for water rights, changes were approved in the courts without documentation, so it is hard to know all the changes. The system is designed to take all the claims and reflect any changes. Treasurer NUTI asked if the change would have any effect on the decree; Counsel DePAOLI advised it would only reflect what was approved.

E. 2019 Election Update

Secretary HALTERMAN stated letters have been mailed to all landowners in Districts 2, 3 and 4. Nominations open on February 11, 2019 and close March 13, 2019. If there is no opposition, elections will not be held, and the Board will issue an order to put the Directors in place.

6. Update from the Division of Water Resources regarding groundwater pumping and upcoming field work schedules.

Sarah FICHTNER stated they have collaborated with the hydrology section to use their skills to better monitor the water levels over a longer period. They created an in-office memo that tracked the water levels from 2013 to 2018. The memo concluded that Mason Valley has fully recovered to pre-drought levels and Smith Valley is 3-feet below pre-drought levels. The memo discusses the relationship between stream flow and seasonal water level change and concluded higher flow leads to lower decline in water level. Most of the information was already known, but it is good to have a confirmation. President SNYDER asked if the report was available online; Sarah stated it is not available online as it is a very rough draft of the memo, but it could be available in the future. Chad WALLING reported the acting State Engineer is Tim Wilson who has been a Deputy Engineer and with the State Engineer's Office for many years, a new Water Rights Section Manager is being hired, and Chad is transitioning to a Lead Engineer position in the Adjudication Section. Chad will still be involved as an advisor in the Walker River section but will not be involved in daily operations. Louie SCATENA asked how many feet the Mason Valley has recouped since 2013; Chad stated in some cases the aquifer was down approximately 30-feet, and the report concludes the valley has recovered. Chad stated the 2017 winter helped a lot and the good work the ranchers have done has helped as well.

7. Update by Walker Basin Conservancy on activities related to the Walker Basin Restoration Program, including Acquisitions and Conservation and Stewardship Activities.

Silas ADAMS stated approximately 20 tech and seasonal workers will be coming in next couple of weeks. They will be working on revegetation and work on ranches. The nursery manager has been hired, but a location has not been set.

8. Update by Bridgeport Ranchers Organization (BRO) on activities related to the Bridgeport Watershed Approach.

GM BRYAN stated he spoke with Steven Fulstone regarding the last presentation. Steven sent documentation for the grant and an agreement needs to be formed between BRO and WRID so they can acquire the grant funding. GM BRYAN and Counsel DePAOLI

submitted questions to Steven regarding what they are requesting. When a better overview is available, GM BRYAN will advise the Board.

9. Presentation on plans to implement a Stored Water Leasing Program during 2019 Irrigation Season pursuant to April 28, 2011 Grant Agreement between Walker River Irrigation District and National Fish and Wildlife Foundation.

Angela BEZZONE from MBK Engineers presented on the Stored Water Leasing Program. Angela stated MBK Engineers and WRID have been working together to develop the technical aspects of the Stored Water Program and application process.

Points of Interest:

- Per the Grant Agreement, a Stored Water Program must be implemented on years with adequate water available
- 25,000 acre-feet has been identified as the maximum amount to be released from both reservoirs combined
- Landowners and Lessees are eligible for the program
- Application for the program must be approved by the Nevada State Engineer and the California State Water Resources Control Board
- The program water will be counted toward the 4.0 acre-foot/acre duty
- The Nevada State Engineer's office will require a temporary application be filed for the release of the stored water to be submitted with the participant list
- WRID and MBK are required to maintain daily records of water released
- Losses will be calculated between USGS Gages and will be taken from the amount released from the reservoirs; gains between USGS Gages will be treated as return flows and will be applied to decree
- Losses are more difficult to track with low flows, so Program Water will be released during August, September and October when the flows are higher due to more storage water being released
- This is the first year and will not be perfect, but hopefully will be a learning experience for the future years of the Stored Water Program
- The Accounting Tool has been updated to include tracking that complies with the grant requirements as well as the California State Water Resources Control Board
- Draft program documents will be available at the next meeting (letter to landowners/lessees, program application and participant agreement)
- Application period is anticipated to be from mid-March to mid-April

Treasurer NUTI stated the normal shrink applied to storage water is 20-30%. Treasurer NUTI asked Angela how the losses would be tracked to the weir if the normal point of delivery is on East Walker. Angela stated the full amount of requested program water is as-measured at the release at the reservoir and losses would be tracked through the whole system and applied to program water. Treasurer NUTI stated the points of diversion differ greatly and there is no guarantee that the full requested amount will be at the weir. Angela stated once the landowner participates in the program, the point of delivery is at the reservoir. The program water is measured at the reservoir and the losses will be calculated throughout the entire system. Silas ADAMS suggested viewing the program water as a separate user that has a point of delivery at the reservoir. Treasurer NUTI asked if NFWF is expecting to get the full amount released when it is at the weir; Angela stated 'no', they

will receive an amount of water that includes losses along the system. Counsel DePAOLI stated the weir is not a factor in the Stored Water Program. The landowner's participation will be measured at the release at the reservoir. The water sent to Walker Lake will be measured at the Wabuska Gage and will not be the full amount released at the reservoir. At that point, the Lower River Protocols take over (agreement between Tribe and NFWF) and will determine how much water ultimately gets to Walker Lake. Treasurer NUTI confirmed this program should have no effect on the farmers and ranchers that are not participating; Counsel DePAOLI advised that is the hope and that is why the releases are going to be made during a time that is most beneficial. Angela stated the timing of the releases may be a benefit to those who are not participating, because the Program Water acts as a carrier for the storage water that is being used by the farmers and ranchers who are not participating and could potentially share the losses.

David SCEIRINE questioned whether there are enough gages on the river to measure losses. Angela advised there are enough gages, but the travel time may pose a problem. Angela stated a 2-week average loss may be considered in the overall losses to balance out the 'noise' of the daily transportation changes.

Louie SCATENA confirmed the primary releases would be August, September and October; Angela confirmed. Louie stated, hypothetically, 25,000 acre-feet from the two reservoirs would not be applied to agricultural land and inquired what kind of affect would that be on the underground aquifer. GM BRYAN stated that if a study has been completed, it would have been Desert Research Institute (DRI). At this point, it is unknown if a study has been completed. Louie asked how the 25,000 acre-feet amount was determined and if it could change next year; GM BRYAN stated the California State Water Resources Control Board set that limit for this 1-year pilot program. Angela stated the limit could be determined on a yearly basis. Louie questioned whether there would be a study by DRI before the program begins; Angela stated a study after the program is more likely to see if there was an impact.

Treasurer NUTI confirmed there is nothing in the grant that binds the District to anything after the 3-year program; Counsel DePAOLI advised it is a demonstration program and there is nothing that binds the District to anything after the program. Counsel DePAOLI advised the original idea was to look at leasing water instead of acquiring water permanently to help with the Walker Lake situation. It has taken a lot of time to get to this point, and the acquisition program has gotten to where it is at. If nothing else, this program will help everyone to learn how to run the system based on the way things are going. Counsel DePAOLI advised we do not have approval two more years; it will depend on what the participation is like this year. There is also no funding beyond what is in the grant to do anything more than the 3-year program.

President SNYDER questioned if any model was available to show how releases flow through the system and the timing and the bank storage and release; GM BRYAN advised no collaborative model is available at this time. Several people have modeled the system, but there is no definitive model as to how the system work.

John PETERS questioned at what time will the percentage of the 25,000 acre-feet be determined and which reservoir it is coming out of; Angela stated that will be done when the participants enroll. John questioned whether it is an advantage to up stream users to enroll; Angela stated there is no advantage. John stated it could be determined by the participants that all 25,000 acre-feet could come out of one reservoir; GM BRYAN stated yes, but that is a reason why Mono County did not want to see the fisheries come down too quickly and the court order states releases must be in keeping with the historic practice.

David SCIERINE questioned if there is a monetary amount per foot for the program; Counsel DePAOLI stated a decision has not been set, but it is being worked on. David asked if it was in line with when he sat on the board; Counsel DePAOLI advised the number back then was more attractive.

Treasurer NUTI stated all farmers and ranchers need to keep the 4.0 duty constraints in mind; the days of turning wells on at-will are gone. Counsel DePAOLI advised that is the reason the State Engineer wants to know who is participating because they are not going to allow the user to compensate with their wells. Chad WALLING stated that if a user elects to remove a portion of storage water from your property for the Program, it will not be allowed to be compensated with the use of a well. Director MASINI confirmed that basically the water leaves the ranch, but the accounting does not; Chad confirmed that the water given to the Program will be counted against the 4.0 duty and will be recorded as delivered. President SNYDER asked if that is for primary rights; Chad stated it applies to all sources of water regardless of primary or supplemental rights. Angela stated that is consistent with the grant agreement and the California State Water Resources Control Board.

Treasurer NUTI confirmed that WRID's participation ends at the Wabuska Gage and there is no guarantee that the water leaving the District will make it to Walker Lake; Angela confirmed.

10. Discussion and consideration of request by Nevada Copper, Inc. for Walker River Irrigation District's consent to encumber Nevada Copper, Inc.'s leasehold interest under the December 1, 2018 Lease between it and the District in connection with Nevada Copper, Inc.'s overall project financing and subject to review and approval by District Counsel, to authorize the Board President or General Manager to execute reasonably necessary documents in connection with any such consent, including, but not limited to, a Landlord Waiver and Consent.

Counsel DePAOLI advised the lease with Nevada Copper does not allow for the leasehold interest to be encumbered without the District's consent and the District cannot reasonably withhold that consent. The District was informed that Nevada Copper is putting a financing packet in place and the group of lenders want to encumber their leasehold interest at Wabuska as well as other collateral for purposes of that transaction. It is not unusual that lenders want as much security as they can and be in a position that if something goes awry, they can continue to make the project work. At this point, it is unknown how key the lease will be to their operation, but the lender wants to have that available. It does not encumber the District's land, only Nevada Copper's leasehold interest. From the District's

perspective, it is reasonable to consent to that and to authorize the District President or the General Manager to execute the reasonably necessary documents. A draft Landlord Waiver Consent has been provided and is being reviewed by Counsel. From Counsel's perspective, it is beneficial to have a document that says if the lender has a problem with Nevada Copper and must potentially obtain the collateral and leasehold interest, we are not going to terminate the lease so long as someone takes care of the tenant's obligations under the lease. To a certain extent, having lender who is interested in keeping the lease current, if Nevada Copper has a problem, is beneficial. If Nevada Copper has a problem and there is not a lender who will takeover, we will end up in a situation where the rent would not be paid. Bob McKNIGHT stated that if something goes awry, the lender would want to operate and ship copper from the Wabuska property. If the lender adheres to the terms and conditions of the lease, Nevada Copper was hoping that the District would agree to the consent. President SNYDER asked if the assets would be separated and the leasehold would be transferred to another entity doing something different than shipping copper; Counsel DePAOLI advised it is not likely as the provisions of the lease is specifically related to that purpose. Counsel DePAOLI advised the consent should not result in changing the use of the property. Vice President GIORGI questioned if there was anything in the lease regarding hazardous waste; Counsel DePAOLI advised the lease prohibits Nevada Copper from bringing hazardous waste onto the property (Section 16.18). Based on Counsel DePAOLI's suggestion, Treasurer NUTI made a motion that the District consent to Nevada Copper's encumbrance of its leasehold interest for its overall project financing and that any necessary documents with that consent be reviewed and approved by District counsel before any execution by the President or General Manager; Vice President GIORGI offered a second. The vote was called for and passed unanimously.

11. Director Comments:

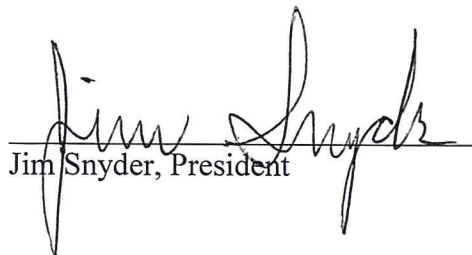
Vice President GIORGI asked John PETERS if he had anything to report from Bridgeport. John stated they are focused on the water changes that are on the table. The County counsel is working with local ranchers above the reservoirs and there is a lot of interest on what is going on in the Nevada Courts and how it will affect them.

12. Public Comment:

None presented.

13. Adjournment:

Vice President GIORGI made a motion to adjourn the meeting. Treasurer NUTI seconded the motion. The motion was voted on and passed unanimously. Meeting was adjourned at 11:38 AM.


Jim Snyder, President


David Giorgi, Vice President

Richard B. Nuti

Richard Nuti, Treasurer

Marcus Masini

Marcus Masini, Director

Dennis Acciari

Dennis Acciari, Director