

MANAGEMENT POLICIES – SECTION A

SECTION A: ADMINISTRATION

ACKNOWLEDGMENT OF BEREAVEMENT

To express sympathy on behalf of the District and the Board of Directors upon the death of an active or retired employee of the District, such acknowledgment is approved but will be limited to a maximum of fifty dollars (\$100.00)* as directed or preferred by the family of the deceased. If family preference is not known, District staff may make such determination. (12/7/98)-(1-7-05)

ASSESSMENT CHARGES – DELINQUENT ACCOUNTS

Because of the loss of revenues and reduction in operating capital, delivery of water shall be refused to any water user who is delinquent in payments for assessments and other charges. Prior to the start of the irrigation season, such delinquency shall be deemed to exist at or after Churchill or Lyon County formally notifies the District of delinquencies on the tax roll. However, if the District becomes aware of a delinquency in payment of assessments on the tax roll after the start of the irrigation season the District will formally notify the individual water user(s) and allow two weeks' time for the water user(s) to pay the delinquent assessment before a hold is placed on their water delivery. As long as such delinquency exists, no further water shall be delivered to such water user until the delinquent payment(s) are paid in full. (10/9/00)

When other charges are incurred during the water year, the District shall notify the water user when the account becomes delinquent. The water user will be allowed two (2) weeks after notice to satisfy payment before a hold is placed on their water delivery. It is understood that a bankruptcy petition may prevent the District from requiring payment on the delinquent amounts prior to a water delivery, however, in such instance, the District shall require payment in advance of any further water deliveries.

All accounts that are delinquent for more than 90 days will be placed on the next tax roll. (7/7/00)

BOARD OF DIRECTORS MEETINGS

The regular monthly meeting date of the Board of Directors of the District shall be scheduled for the 7th of each month. If the 7th falls on a holiday or weekend, the meeting will be held on the next following workday (per NRS 539.085).

The minutes of the meeting will consist of:

- a. Motions
- b. Resolutions
- c. Record of votes cast
- d. Any "pertinent information" deemed necessary, including a summary of the discussions.
- e. All notices of public meetings will include a detailed agenda and indicate which items upon which action will be taken. The minutes of the public meetings will be retained.

Robert's Rules of Order shall be the guide on procedures to be following in the conducting of all meetings.

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BOARD MEMBER BENEFITS

Each Board member is entitled to receive payment and expenses for his attendance at all meetings on behalf of the District. NRS 539.080

In addition, the District provides health insurance for the Board member and his family or payment in lieu thereof through the end of the month for any and all months, or any portion thereof, the Board member serves.

BUDGET

Any change in the District budget requires Finance Committee review and recommendation to the Board of Directors for final action.

CANCELLATION OF ACCRUED INTEREST BY PROJECT MANAGER

The Project Manager is authorized to forgive interest charged to delinquent accounts receivable up to a maximum of \$25.00 per account. (2/8/99)

CHECK-WRITING AUTHORITY

The Project Manager and/or Board Treasurer are authorized to remit payment prior to the monthly Board meeting in the following cases:

1. In those cases where the District can take advantage of an early payment discount or where payment later could cause the assessing of late charges;
2. To transfer funds to the payroll account;
3. To issue payroll checks for employees;
4. In those cases in which the vendor does not accept purchase orders from the District;
5. For other matters previously approved by the Board;
6. To replenish the petty cash fund;
7. To remit payment for federal and state payroll taxes, Public Employees Retirement System, Churchill County Employees Credit Union withholding, and premiums for employees' and directors' insurance plans.

All checks issued for items 4 and 6 above, and paid prior to approval at the regularly scheduled monthly Board meeting will have attached a properly completed "Check Request Form", signed by the requester and the Project Manager or the Treasurer, and the reason stated therefor indicating the need for the check prior to Board approval.

(02/07/02)

COLLECTION OF RECORDING FEES

In those circumstances when a County entity requires payment of recording fees, District staff is authorized to collect the required fees from the water user.

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COMMITTEE REPORTS & RECOMMENDATIONS

Various committees are established by the President of the Board of Directors for the purpose of studying and investigating matters, which require action, by the Board. Such committees are to provide a report of their findings and a recommendation in regard thereto to the Board.

To allow management an opportunity to provide all information pertinent to the matter for the Board of Directors' consideration and to ensure that staff is prepared to comment thereon, all such committees will prepare a written summary of recommendations developed during committee meetings and provide copies thereof to the Project Manager. (09/08/98)

DAMAGE CLAIMS

The O & M Committee, with the approval of the Project Manager is authorized to settle any damage claim submitted in writing to the District up to a limit of \$1,500. If a reasonable settlement cannot be agreed upon, the damage claim is to be referred to the Board of Directors. (03/07/02)

A full investigation is to be completed on all damage claims. Documentation of such claims shall include a statement in writing by all persons having knowledge of the incident and timely photographs clearly identifying the damages or injury. A log shall be kept of all incidents that might result in a claim for damages. The Director of the area in which the damage occurs shall be promptly notified.

Because of the increasing cost of insurance and the condition of the District's operating budget, all claims for damage must be closely reviewed. Those claims, which result from activities for which the District is not responsible, shall be denied. Acts of malicious mischief and vandalism by others are examples of damages to which the District is not responsible.

The District requires that all Accident/Incident reports must be filed with the Project Manager within 72 hours of the accident or incident except in accidents that involve personal injury. Personal injury accidents must be reported the same working day. Damage claims must be filed with the District office within 30 calendar days of the incident. The District, after a full investigation, will make every attempt to settle the claim by the end of the water season. If the District believes that the Damage Claim may equal or exceed the deductible of the District's insurance the claim will be turned over to the insurance company. Any variances to this policy will only be by Board approval. (11/7/06)

DEFERRAL OF PENALTIES/INTEREST ON ASSESSMENTS

In order to help water users that lost income from their agricultural operations because of the drought, the District will allow a water user to defer payment of any penalties or interest that has accrued against the assessments owed to the District if the reason for such penalties/interest having accrued was because the water allocation was less than 50% and the penalties/interest amount to a sum in excess of \$500.

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This policy does not waive or forgive any assessments, penalties, or interest. It only allows a water user upon application and approval by the Board to postpone the payment of interest that has accrued. The water user must pay the full amount of the assessment in order that any irrigation water hold can be released.

Upon application the District will request the County Clerk-Treasurer to determine the assessment amount and the amount of the penalties or interest. Upon approval the water user shall have 120 days to pay the penalties/interest in full or the delinquent amount will accrue interest at the rate provided by the District for delinquent accounts receivable. Also, any amount remaining unpaid at the time of submission of the next tax roll shall be added to the water user's assessment and placed upon the tax roll for collection.

DITCHHOUSE MAINTENANCE, RESPONSIBILITY FOR

The District will repair malfunctioning facilities upon notification from the ditchrider. It shall be the responsibility of the ditchrider to promptly notify the District's ditchhouse maintenance supervisor of any malfunctioning equipment or facility that can cause further damage. The failure to report which results in further damage will result in the ditchrider becoming responsible for such further damage.

The District will replace materials upon normal wear and tear. In addition, it is the responsibility of the ditchrider to make repairs for damage done by pets or other damage that does not amount to normal wear and tear.

The ditchrider shall be responsible for regular maintenance of the house such as painting, carpet and floor cleaning and filter changing as well as being responsible for ensuring that water lines and pumps do not freeze. The District will provide paint and filters for furnaces and water systems upon a regular preventative maintenance schedule.

In order to facilitate orderly and responsible maintenance of the ditchhouse, the Ditchhouse Committee or its designee shall conduct a walk-through inspection of each ditchhouse with the ditchrider every three (3) months. As a result of the inspection, certain repairs may be required of either the District or the ditchrider, which shall be accomplished in a timely manner. Upon the initial walk-through, an agreement will be reached between the Ditchhouse Committee and the ditchrider identifying the personal property of the ditchrider and his responsibility therefor.

DISTRICT RECORDS AND DOCUMENTS

To conform the District's filing system with State rules of court and other administrative agencies, the District shall prepare, to the extent practical and possible, all papers and documents to a size of 8-1/2" X 11".

In addition, the District shall request from all persons or entities which submit documents and papers to the District to prepare such papers and documents, to the extent practical and possible, to a size of 8-1/2" X 11" or have such documents and papers reduced when practical and possible to 8-1/2" X 11".

EQUIPMENT USE BY NON-PROFIT ORGANIZATIONS

The Project Manager is authorized to use his discretion in assisting non-profit organizations by allowing use of District equipment.

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RENTING/LOANING OF EQUIPMENT

The Project Manager in consultation with the Project Engineer, the Shop and O&M Supervisors will decide if equipment is to be rented or loaned. The equipment being rented or loaned must be inspected by the shop supervisor before and after being rented or loaned. (12/7/98)

EQUIPMENT ASSIGNMENT

Equipment will be assigned to a department permanently, i.e., O&M, Water Department, Office and Shop. When a piece of equipment is to be used by another department, the Project Engineer will be notified. Each department and operator of a vehicle or piece of equipment will be responsible for checking the oil, tires, lights, brakes and load ensuring that the load is properly tied down and secure before operating. If an employee is cited for violation of any traffic law involving the requirements as stated in this policy, the employee is responsible to pay any fine or penalties. It is their responsibility to report any problems to the shop by making a work order. (04/07/00)

CLEANING OF EQUIPMENT & REPORTING OF DAMAGE

The assigned operator of a vehicle or piece of equipment will be responsible for keeping his or her vehicle or equipment clean, both the interior and the exterior. The assigned operator shall clean the vehicle or equipment as often as necessary to keep the vehicle and equipment clean. Prior to the vehicle or equipment being left on the line or for monthly or periodic inspection and maintenance with the shop, the assigned operator shall clean the interior and bed of the vehicle or equipment. The shop will then clean the interior and exterior as necessary and at least once a month.

The assigned operator shall be responsible for reporting any damage immediately to his or her supervisor and complete an incident report on such damage.

Failure to adhere to this policy may lead to disciplinary action. (4/19/04)

EQUIPMENT SALES

All equipment sales are to be credited to the Equipment Reserve Fund for future repairs and replacement. (09/08/98)

EXEMPTION OF FEES FOR GOVERNMENTAL ENTITIES

City and county entities and school districts are exempt from the payment of license fees, performance deposits for construction, and fees for applications regarding release of easement. The exception is proprietary operations such as C C Communications (CCCom) which will be charged in Section H for construction licenses that are within Project easements for which District staff inspects the installation/construction. The charge is to reimburse the District for necessary labor in issuing the license and inspecting the construction. CCCom is exempt from the payment of the construction deposit (5/7/97)

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INTEREST ON DELINQUENT ACCOUNTS, ACCRUAL OF

To encourage prompt payment of accounts receivable and to reimburse the District for loss of interest earned on checking accounts, the following applies:

1. All accounts are due within thirty (30) days from the date of billing.
2. All accounts remaining unpaid after thirty (30) days are subject to a finance charge of 1-1/2% per month (an annual percentage rate of 18%).

The only exceptions to the accrual of interest on delinquent accounts receivable are:

1. Fallon Naval Air Station (U.S. Navy)
2. Fallon Paiute Shoshone Tribes.

LAND SALES

A unanimous resolution of the Board of Directors is required to sell District land. Such resolution must state that the property in question is no longer necessary for the operation of the District. The District will retain all oil, mineral, gas, and geothermal rights to any land sold.

The following are the terms of the Land Sale (06/09/03):

1. Individual offers for advertised land sale parcels will be received until 5:00 P.M. on the last working day of the month preceding the Board meeting at which the offer is to be considered.
2. 15% of bid offer in the form of cash or cashier's check must accompany bid.
3. 10% simple interest on declining balance.
4. Balance to be paid in monthly installments for a period of 10 years, no early payment penalty. Remaining balance to be secured by Deed of Trust which will contain the following provisions:
 - a. The District retains the option to accelerate the remaining unpaid balance of the purchase price upon a sale or other transfer of the property.
 - b. The District will subordinate its security to a construction loan upon payment of an additional 15% of the original principal amount.
 - c. The District will agree to partial re-conveyance upon payment of an additional amount equal to the pro rata share plus 15%.
5. Costs of closing and title insurance to be paid by the buyer
6. Any and all commissions due to a licensed real estate agent are to be paid by the buyer.
7. Alternate bids will be accepted (i.e., first choice, second choice, etc.) if alternates are clearly identified.
8. It is the responsibility of prospective bidders to contact local planning officials regarding parcel zoning and uses as well as the location of any flood ways or restrictive flood plains.
9. It is the responsibility of the prospective bidders to contact local utilities for availability of service and installation costs.
10. If payment as described in the note is not received by the due date, the purchaser will be notified that payment must be received within thirty days; otherwise foreclosure proceedings will be commenced.

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The Board of Directors shall reserve funds from the proceeds of District land sales. Such funds shall be deposited into the Land and Building Acquisition Fund. (11/07/03)

PURCHASE ORDER AUTHORITY

Prior to any purchase, unless purchased from petty cash, a purchase order must be prepared and approved by his/her supervisor or the Project Manager. A purchase order can only be prepared by the Purchasing Agent, or in his absence, his Supervisor. All purchase orders must designate the budget account number that is to be charged and there must be available funds within that budget account at the time the purchase order is written.

Authority to approve purchases for certain dollar amounts is as follows:

1. Purchasing Agent and Supervisory Personnel, O&M Foreman, Shop Foreman, Water Master, Water Conservation Coordinator and Engineer - \$5,000. (05/08/00)
2. Project Manager – As provided within the budget or \$10,000 on an individual basis. (09/08/98)
3. Any purchase from the Equipment Reserve Fund in excess of \$10,000 must first be approved by the Board of Directors. (12/07/00)

Purchases that are required to be bid by law should be accomplished in accordance therewith. If the item is included in the budget and is to be bid, management may go ahead and issue an Invitation to Bid. If the item is not included in the budget, management must request the authority to go to bid from the Board of Directors. Any alteration of bid or transfer of funds must come to the Board of Directors for approval. (08/09/99)

RECORDS AVAILABILITY – ELECTORS AND OTHERS

Pursuant to NRS 539.097, District records relating to ownership, water right, delivery of water, etc. are available to the electors who own the property, during regular business hours.

Board of Directors' minutes are open for review at the District offices during normal working hours for electors. Any other record that is requested will require permission in writing from the affected landowner and / or the Board of Directors. (08/7/03)

SURPLUS PIPE

If the District has surplus pipe available and approved for sale, such pipe may be sold upon request. (12/7/98)

TITLE OF WATER RIGHTS

Any sale of water righted lands within the Project, or transfers filed with the State Engineer, shall require the owner to file a Report of Conveyance and Abstract of Title, including the applicable documents, with the District as well as the applicable fee per the fee schedule, Section H. (5/7/97)

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GRAVEL PIT PERMIT

The District staff is authorized to issue a permit for pit material from the District's gravel pit for repairs and maintenance of farm ditches for on-farm conservation purposes.

The water right owner must apply to the District for the permit and pay the permit fee. The District staff will verify the appropriate use before a permit is issued and inspect the use of the material after placed. The water right owner must pick up the material from the District's pit, as the District will not deliver. Only the District staff will load the material at the District's pit. The time of loading will have to be coordinated with District staff at the pit so a special trip is not made to load the material. (2/7/00)

PROJECT EFFICIENCY IMPROVEMENT FUND

The District has established a Project Efficiency Improvement charge that is paid on the use of the last two acre feet of a water right owner's water duty (except for 1.5 a.f duty and then only on the last acre foot). Those monies are to be credited to the Project Efficiency Improvement Fund.

Any requests for District participation in projects that would improve Project efficiency, such as concrete lining of canals, would have to first be approved by the O&M Committee to determine if it is an appropriate project efficiency improvement and then to the Finance Committee to ensure there are funds available for such projects. (04/07/00)

ONE-TIME PAYMENT OF O & M:

Whenever an owner of water rights within the District desires to sell water rights and avoid annual payments of Operation and Maintenance tolls, charges, fees, assessments and tax levies in the future on such land and/or water rights, the District may enter into an agreement which provides for a one-time payment of funds which if invested by the District would provide adequate monies to offset the proportionate share of tolls, charges, fees, assessments and tax levies that such water rights would have paid in the future. In addition, the District may establish a fee for waiving its rights in the future to enforce the lien on the property which is security for such tolls, charges, fees, assessments and tax levies. The amount of the lien waiver fee and the one-time payment shall be established by the Board of Directors who may consider any benefits in accepting the one-time payment when establishing the amount of the fee and one-time payment.

The District may also accept the assignment and transfer in ownership of water rights in exchange for such fee and one-time payment as long as the tolls, charges, fees, assessments and tax levies on such assigned water rights are current and in good standing. (9/7/00)

AB 380 ONE-TIME PAYMENT OF O&M

The 209 Nevada Legislature passed AB380 which provided for the Carson Water Subconservancy District to purchase 6500 acres of water right within the Newlands Project and provide for a payment of an amount to offset revenue from operation and maintenance charges lost as a result of water rights retired and abandoned.

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In determining an amount to offset the lost revenue, the District reviewed the operation and maintenance (O&M) charges currently assessed against the water rights to be purchased. As a participant in the AB380 compromise, the District was willing to consider the benefits that will be achieved from AB380. The major benefit to water right owners in the future will be that the Pyramid Lake Tribe has agreed not to protest water right transfers after the 6500 acres of water right are purchased and retired. In considering this benefit and other benefits provided by AB380, the District has agreed to accept \$680.00 as a one-time and final payment for O&M on each water right acquired and retired. In doing so, the reduction in revenues will range between 18% and 94% depending upon the water rights that are purchased.

Although the District is willing to accept the reduction in revenues, the District believes that the benefits to water right owners will be offset by their ability in the future to freely transfer water rights without protest by the Pyramid Lake Tribe.

Even though the District is willing to accept a substantial reduction in revenues in the AB380 program, the federal government has restricted the amount of money that can be paid to the District to offset lost revenues. The federal government is only willing to pay \$531.54 for each water right acre acquired and retired. Therefore, the District has implemented a fee for waiving the lien that exists on each water right by contract and statute. Such lien is security for payment of O&M tolls, charges, fees, assessments, and tax liens. Such lien waiver fee has been established as a \$100.00 charge on each water right acre for the District's agreement to accept the one-time final payment on each water right acquired and retired pursuant to AB380 and to not enforce the contractual or statutory lien. As of November 1, 2003, the federal government is willing to pay \$656.54 for each water right acre acquired and retired pursuant to AB380 rather than the prior amount of \$531.54. Now therefore, it is not necessary for the District to continue to charge the \$100.00 fee for waiving the lien that exists on each water right by contract or statute. Upon payment of the \$656.54 per water right acre as a one-time and final payment for O&M on each water right acre acquired by the AB380 Program, the District will agree to waive the lien without the lien waiver fee on such water rights and will agree to not impose a future O&M payment on such water rights. (12/08/03)

In addition, the District has requested the transfer of federal lands where the District's office is located to further offset the lost revenues because the amount of the federal payment and the lien waiver fee is about \$50.00 less than the agreed upon amount of \$680.00. (09/07/00) However, beginning November 1, 2003, the amount is only about \$25.00 per water acre less than the amount requested. (12/08/03)