

**FIRE MOUNTAIN CANAL & RESERVOIR CO.
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January 17, 2013

The annual meeting of shareholders of Fire Mountain Canal and Reservoir Company was called to order at 7:30 PM by President Dixie Luke. Directors present were President Luke, John Stroh, Bill Houseweart, Wes Spore and Dan Robinson. Also present were Randy Fisher, Trey Denison, Bill Moore, Susan Raymond and Cary Denison of Trout Unlimited.

President Luke introduced the members of the board to the shareholders and several board members, Trey Denison, ditch superintendent and Cary Denison of Trout Unlimited spoke about various projects and accomplishments accompanied by a power point presentation.

Trey Denison reported on issues and accomplishments of 2012 including:

- The lack of suspended sediment
- Adoption of the new pesticide discharge management plan
- Improvement of the main diversion structure
- Winter maintenance at Lost Lake
- Clay lining of sections of ditch
- The Urbanized Canal Review from the Bureau of Reclamation
- Concrete repairs
- Phase 3 of the remote monitoring and control

Plans for 2013 include:

- Repairs to Hubbard Creek wasteway
- Implementations of programs to monitor slide areas, waste water and flood water control on Garvin Mesa, and burrowing rodent control
- Remediation of freeboard areas and removal of woody vegetation from canal embankments
- Installation of clay lining on the west side of Terror Creek
- Continued reshaping of additional sections of the canal
- Automated monitoring and control from Leroux Creek through the Extension

Dan Robinson reported on the purchase of a backhoe and provided analysis on costs vs the savings now benefitting the shareholders.

Cary Denison reported on the Trout Unlimited involvement in two feasibility studies of potential benefit to the canal:

- A plan to evaluate the feasibility of modifying the diversion structure on the North Fork of the Gunnison River near Somerset to allow fish and sediment passage.
- A feasibility study of a 50KW hydro project to be located south of Somerset on Fire Mountain Canal property.

Susan Raymond reported on inter agency cooperation of NRCS, Delta and state conservation districts for funding a headgate project that may be combined with BOR silt remediation and dump gate projects.

Wes Spore spoke about the BLM parcels currently up for lease that could impact the Paonia Reservoir. Wes also presented information about the collaborative efforts with the Rogers Mesa Water Distribution association in obtaining salt numbers and the grant applications for salinity control funding from the Bureau of Reclamation.

Dixie Luke discussed several issues and presented information accompanying the power point presentation, including:

- Sedimentation problem, rate of deposits and studies being done to find possible solutions; removal is not currently feasible, so monitoring and annual flushing is being done to control the problem. 2013 work will include a bathymetric survey, sediment monitors, and a possible outlet modification.
- The historic draw down allowed the Dept of Wildlife to kill nuisance fish (pike) as well as Bureau of Reclamation maintenance inspections of the outlet.
- Snotel measurements were discussed and presented with information received from the latest NRCS reports.

Bill Housewart explained the relationship with the NFWCD and the financial support received from the district helps with dam maintenance

Randall Fisher presented the financial reports for 2012 with a three year comparison of prior years including the acre foot cost of the irrigation water and acre feet used for the past 3 years.

Randall Fisher reported that a quorum was present at the meeting.

Dixie Luke asked Ron Smith, Lee Bradley and Dixie Severson to serve on the elections credentials committee.

Jerry Dance motions that the same board be retained and Ron Smith seconds. Mark Smith motions to cease nominations and the motion carries, but after further discussion, Jerry revoked his motion and nominations were opened for the open positions.

Dion Luke nominated Wes Spore, Ron Smith nominated John Stroh, Jim Blankenship nominated Edward Tuft and Dan Bolton nominated Susan Raymond, who declined to run.

Lee Bradley moves to cease nominations, Jim Blankenship seconds and the motion carries.

An election was held and the credentials committee reported John Stroh and Wes Spore were reelected as Directors.

Due the late hour it was decided not to have a regular monthly meeting. However a brief meeting was held to review the current water transfers: Wes Spore motions and John Stroh seconds the transfers be approved and the motion carries.

The meeting adjourned at 11:00 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Fisher', written in a cursive style.

Randall W. Fisher, Secretary-Treasurer