

**FIRE MOUNTAIN CANAL & RESERVOIR CO.
P.O. BOX 414
PAONIA, CO 81428
(970) 527-3662
FAX (970) 527-3023**

June 10, 2010

The monthly meeting of the board of directors of the Fire Mountain Canal and Reservoir Company was called to order by President Luke at 7:30 pm. Directors present were Bill Houseweart, Dan Robinson, John Stroh and Wes Spore. Also present were Trey Denison, and Bob Madden..

Wes S. motions the 05/13/2010 meeting minutes be approved as corrected, John S. seconds and the motion carries.

Bill H. motions that the treasurer's report be accepted, Dan R. seconds and the motion carries.

Wes S. motions that the bills be paid, John S. seconds and the motion carries.

Bill H. motions that the transfers be approved, Dan R. seconds and the motion carries.

Superintendent Report:

Trey stated that high water was reached in the North Fork of the Gunnison on June 7, 2010 and that the level is on the downside of the curve now.

The reservoir spilled on the morning of May 30, 2010 and has spilled 8,000 acre feet so far.

Trey reported on the dam work so far: Trees and stumps have been removed; larger trees have been cut and hauled away and the North and South groins have been cleaned. A boat ramp was made to launch boats in the stilling basin. An access to the South groin was created so that Webb Callicut can spray toadflax. Peter Blake will cut brush at the maintenance building.

Trey and Scott are spraying toadflax along the ditch and feel that they are gaining ground in some areas.

Inspections:

The mechanical inspection on May 20, 2010 went well and a verbal evaluation from the Bureau of Rec is that the elevator structure needs work.

Trey met with reps from the Bureau on the automatic gate system. Bob Norman is working on a software design and when it is complete, Bob will review the system with Brian Mitchum of Mountain Peak Controls.

Trey would like to have a back up controller person on the automatic gate system, either Scott or another person.

Trey met with the Bureau about tail water from Rogers, Stucker and Garvin Mesas; approximately two locations on each mesa are problems. The Bureau of Reclamation will draft letters to each landowner to begin addressing the problem. Trey mentioned to the Board that tail water has caused major damage to the canal in the past. The Bureau will send Fire Mountain Canal a draft of the letter to landowners before mailing it to them. The Bureau will also contact Delta County regarding run off from Farmers Mine Road.

Trey also reported that the storage shed on his property he uses to store Fire Mountain Canal owned tools was destroyed by wind and heavy snow. The cost to replace the 10'x12' building with a 4' door and skids would be between \$1200.00-\$1500.00 dollars.

Trey also reported that Mr. Stechert has been opening and closing his gate for Scott.

Wes S. received an email from the new owners of the Beauter property, below Terror Creek, regarding the water above their pond. Trey looked at the situation and didn't think it was a problem.

Trey has a list of several water users that have not maintained ditches after the parshall. The water is backing up in the parshall and the water can't be measured. Many of the problem areas are properties that are leased, so the owners don't seem to care and the tenants don't want to pay for a fix. Trey has dealt with many of these issues for several years and would like to send letters to the owners of the water.

Dan R. motioned to send a letter to the water owners to repair and maintain the ditches below the parshall so that Fire Mountain Canal water can be measured accurately or the headgate will be locked until the maintenance is done. John S. seconds and the motion carried.

Old Business:

- 1) Belzona invoice has been paid.
- 2) Salinity numbers: the Bureau has done the mapping and should provide Fire Mountain Canal with the numbers in approx 30 days.
- 3) Periodic Water Review: Trey will have assistance from the Bureau in completing the paper work and send to Tom Alvey for review.
- 4) Grant Money: The grant for the automatic gates is moving forward.
- 5) Water Management Plan: Delta Soil Conservation District has prepared and updated plan and Fire Mountain Canal has a copy.

New Business:

- 1) A letter was received from Lee Sayre-Overton regarding small ditch leaks that she is concerned might affect a property sale. Trey feels there is no problem.

New Business (con'd):

2) Owen Jacob's water is not rented this year and should not be delivered to previous tenant.

3) NFRIA has an action plan and Dixie has concerns over the language in the plan regarding in stream flows between Paonia and Hotchkiss. In her opinion they are looking at water for purposes other than agriculture.

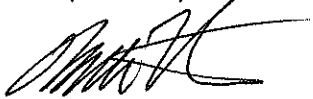
4) Secretary/Treasurer Randy Fisher gave a budget worksheet overview and there was a discussion about some repair needs. Trey mentioned that the trash rack is coming loose from the Somerset headgate and will need to be replaced. Trey will compile some estimates on Fall work.

Dixie complimented Trey and Scott on their job performance and accomplishments this year.

Bill H. motions that the meeting adjourn, Dan R seconds and the motion carries.

Meeting adjourned at 9:50 PM

Respectfully submitted,

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

Randall W. Fisher
Secretary-Treasurer