

**FIRE MOUNTAIN CANAL & RESERVOIR CO.
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July 07, 2015

The regular monthly meeting of the Fire Mountain Canal and Reservoir Company was preceded by a special meeting of the shareholders regarding the 2015 Salinity FOA. The meeting was called to order at 7:00 pm by President Dixie Luke. Directors present were Bill Houseweart, Ron Smith and Wes Spore. Also present were Trey Denison, Bill Moore, Jeff Armstrong, Randy Fisher and JUB Representative Brian Deeter.

Approximately 34 shareholders attended the special meeting held at Hotchkiss Memorial Hall.

Dixie Luke presented an overview of the approximately \$4 million dollar grant application to be funded as \$1 million dollars from RCPP grant money and \$3 million dollars from the Salinity FOA grant application. The proposed project would pipe the FMC from Leroux Creek to the end of the FM Extension at Stingley Gulch.

Trey Denison stated replacing/relocating the Leroux Creek siphon replaces approximately 2.5 miles of open ditch on hillsides that are mancos shale.

Myles Roberts stated the RMWDA board met July 06, 2015 and decided not to apply for a pressurized system on the East lateral at this time.

James Graziano asked if piping the canal would affect domestic water wells; Dixie replied that it was unknown at this time. Mr. Graziano also asked if piping would affect the FMC water appropriation; Trey responded that the percentage of water appropriated to FMC would not change.

Gene Grange asked if the grant application would affect the master plan and Tom Blanford asked if there was a deadline "go or no go" date for a decision. Dixie responded that the grant application does not affect the master plan and that it was too early in the process to discuss a start date.

Shareholders addressed environmental concerns, specifically tree removal and replacement. Trey replied that the bulk of the work would be on federal fee title land (land owned by the Federal government).

A general discussion followed regarding reseeding, working with project neighbors, and doing a baseline study to document present conditions in order to reduce disagreements during or at the end of the project.

Trey stated this section of the canal represents 10% percent of the canal length but accounts for 60% percent of water delivery.

Brian Deeter of J-U-B Engineers stated this particular grant application scores about middle of the road.

There was additional discussion, and questions, regarding calculating salt numbers and more discussion about tree loss if the project proceeds.

END OF SPECIAL MEETING 8:00PM

The regular monthly meeting of the Fire Mountain Canal and Reservoir Company was called to order at 8:05pm by President Dixie Luke.

Wes S. motions and Ron S. seconds the June 18, 2015 meeting minutes be approved as read and the motion carries.

Ron S. motions and Bill H. seconds the treasurers report be approved and the motion carries.

Wes S. motions and Ron S. seconds the bills be paid and the motion carries.

Wes S. motions and Bill H. seconds the transfers be approved and the motion carries.

JUB Rep Brian Deeter discussed the 2015 Salinity grant application in more detail.

Wes S. motions to submit the 2015 Salinity grant application, Ron S. seconds, and the motion carries.

After discussion, Wes S. motions to accept Jesse Ditch water in this grant application, if the MOA is acceptable to FMC, Bill H. seconds and the motion carries, with Dixie Luke and Ron Smith abstaining.

SUPERINTENDENT REPORT:

--Trey said the Bureau of Reclamation TSC bathymetric survey at the reservoir was completed and the survey shows the stream bed from the outlet works upstream to Deep Creek remains unchanged from last fall.

--There will be another international workshop on reservoir sedimentation held in Denver this fall with a possible field trip to the Paonia Reservoir.

--State engineer Jason Ward completed a review of East Beckwith Reservoir (Lost Lake Slough) and said the outlet works does not completely shut off and there are issues with woody vegetation and trees.

--Trey reported two separate cloudbursts: one at noon on 07/03/2015 and another at 2pm on 07/06/2015. Trey stated 1" of rain fell in 20 minutes between Garvin Mesa and Stevens Gulch on 07/06/2015; Trey was able to waste water at Stevens Gulch and Roatcap Creek.

--FMC is currently running 164 cfs at Somerset headgate; there was Board discussion about reducing the cfs in the canal to make room for future cloudbursts. Trey stated the problem is debris in the canal and not necessarily additional water.

--A temporary bulkhead will be installed and the radial gate will be recoated at the Somerset Diversion on 07/27/2015.

--FMC summer employees are repairing siphon fences and intern Travis Clark is cutting weeds. Trey is looking for a contractor to spray this fall. Trey reported FMC received a \$500 grant from Delta County; the grant was in the form of a \$500 credit at Cropworx.

NEW BUSINESS:

Bill Moore received a very nice report from RMWDA for his assistance this spring and last fall.

The Board discussed the budget and this year's assessment. Ron S. and Wes S. discussed increasing the user fees; Bill H. stated Trey, Bill and Don should receive raises by raising assessments to \$1.10 per share. Jeff A. suggested increasing revenue equally between an increased user fee and increased assessments. Wes S. discussed increasing employee responsibilities.

Randy F. projected revenue increases based on all suggestions. The Board would like to raise revenue to cover increased operating costs.

After further discussion, Ron S. motions the 2015 assessments be set at \$.95 per share with a \$100 user fee, Wes S. seconds and the motion carries 2-1 with Bill H. voting no.

ADJOURNMENT:

Bill H. motions to adjourn the meeting at 10:20pm, Ron S. seconds and the motion carries.

Respectfully submitted,



Randall W. Fisher, Secretary-Treasurer