

FIRE MOUNTAIN CANAL & RESERVOIR CO.
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October 01, 2009

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, Dave Stiller, John Stroh and Wes Spore. Also present were Trey Denison, Dan Bolton, Bob Madden, Carl Roberts and visitor, Larry Perkins, a salinity consultant.

Wes S. motions that the September 10, 2009 meeting minutes be approved as corrected. Dave S. seconds and the motion carries.

Dave S. motions that the treasurer's report be accepted, Wes S. seconds and the motion carries.

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

There were no water transfers to be presented.

Larry Perkins reported that the Bureau of Reclamation is allowing his company to consult on salinity projects based on rapport the company has built with the Bureau and that this area does qualify for salinity funding.

The Bureau of Reclamation application contains cost estimates, pipe sizing, footage of ditch area removed (no specific plans needed) and also the estimated number of acres to be converted from flood to sprinkler.

Dollars per amortized construction costs/reduction of salt in tons equals dollars per ton. (This is your score).

Larry Perkins said that he has the experience to put the application together and know where the dollar per ton ratio must be to be competitive; he can also go to the NRCS for funding to decrease the dollar per ton score. CWBC also has funding at 2-3%. Larry Perkins stated that he will invest the time and upfront costs for the promise or agreement that he will be awarded the engineering and construction management work.

Larry Perkins' company is Peregrine Management and he works with his son of Gibson Engineering. Larry's specialty has evolved into finding sources of funding and relying on others to do the design engineering (ie Gibson Engineering); he uses local surveyors, local construction crews and local equipment when available. Fire Mountain Canal would provide the materials.

Dave S. asked Larry how he can accelerate the process that Harwell said would take the Bureau 2-3 years. Larry replied that the Bureau would allow him to do the study work and accept his numbers on a project by project basis. Larry would then only get paid if the Fire Mountain Canal project is funded. Larry is currently managing a project in Emery County, Utah of 21,000 farm acres spread out with waste land between.

Dan B. said that he would like to see Fire Mountain Canal go to bids on projects such as reshaping.

Superintendent Report:

Trey reported that he and Scott did brush removal at Lost Lake and Paonia Dam as well as some weed spraying at the reservoir and target spraying along the ditch bank. Milestone was used. Webb Callicutt donated more weed spray (valued at \$700-800) and Webb also sprayed toadflax at the reservoir.

Cliff Clowers donated parts and labor to repair the spray rig. Scott Howell and Cliff rebuilt the motor on the rig and Scott reports that the rig is working well and he has sprayed approximately 1/2-3/4 of the ditch.

Trey reported that the Bureau should be up to inspect the Leroux and Hubbard Creek siphons and that the Leroux Creek siphon is being pumped out. Reshaping has begun from Coal Road to the Hotchkiss water plant by Roop Excavating and that the Cline box repair is the next project. Trey will also meet with Roland's Welding (Oct 2) to look at the Leroux Creek siphon valve and headgates that need repair.

Wes S. made a motion to give Cliff Cowers a \$50 gift certificate from Zack's BBQ; John Stroh seconded and the motion carried.

Dave S. motioned to thank the Delta County Commissioners for the spray chemicals, Wes S. seconded and the motion carried.

Trey stated that he would like to postpone the concrete work discussed at the September 10th meeting until next Spring.

Dixie led a discussion of the suggested bylaw changes; a copy of the bylaws with suggested changes had been emailed or faxed to board members. Each article and section was reviewed and suggested changes were discussed. A verbal consensus was reached on recommended the changes.

Old Business:

- 1) Randy discussed the situation with Belzona Colorado.
- 2) Hildenbrandt gate; nothing new but letters sent to several addresses have not come back
- 3) The USFS campground at Lost Lake is to be discussed at an October 6 meeting from 10AM-12PM with Jason Ward to talk about the campground plan.

4) Michael McCarthy continues to send letters, the latest of which asks for water release dates.

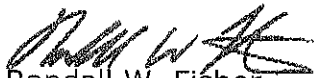
5) A discussion on the email Randy sent regarding the cost of backhoe insurance. Dan B. reports that he is still waiting for his equipment contact to provide some figures. Ownership would allow Trey to do some of the summer work, weed and spoils control, but a general concern was voiced over whether Trey would have the time to do the repairs and maintenance.

New Business:

- 1) The proposal of Peregrine Management LLC (Larry Perkins) was discussed and the initial lump sum payment required would be a problem. Dave S. stated that references would be very important and Dixie suggested references from an unhappy client. Bill H. asks how many farmers are likely to install sprinklers and there was discussion about how much difference sprinklers would make to small acreage farmers. Trey is of the opinion that they would make a difference. The downside of hiring Peregrine Management LLC was also discussed.
- 2) The GR Roundtable is sending a letter to the roundtables on the Front Range in response to sending Western Slope water to the Eastern Slope.

Meeting adjourned at 11:00 pm.

Respectfully submitted,



Randall W. Fisher
Secretary-Treasurer

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October 15, 2009

A special meeting of the Fire Mountain Canal and Reservoir Company was held on October 15, 2009, at the Delta County Annex in Hotchkiss.

The meeting was called to order by President Dixie Luke at 7:30 pm. Directors present were Bill Houseweart, John Stroh, Wes Spore, and Dave Stiller. Bob Madden and Dan Bolton were also present.

The purpose of the meeting was to discuss pursuing a contract with Peregrine Consulting to attempt to procure a grant for lining part of the canal. After much discussion it was decided that the board would move forward with the concept but not sign a contract with Peregrine at this time. More information will be gathered from Tom Fowlds and Mike Baker at the Bureau of Reclamation in regard to the next invitation to bid for salinity money. Tom Alvey will also be contacted to discuss the NF Conservancy District's role in such a contract. Jay Courier with the Basin States Salinity Program and Dave Kanzer with the Colorado River District, will also be contacted. The Delta Soil Conservation District will be urged to get back into operation so salinity baseline numbers can be established in the North Fork of the Gunnison.

There was also a question of who owns the Fire Mountain water rights.

Meeting adjourned at 8:30 pm.

Dixie Luke,
Acting Secretary