

Sterling, Colorado, February 9, 2008

MINUTES of a meeting of the Board of Directors of The North Sterling Irrigation District held at their office in Sterling at 12:30 P.M., February 9th, 2009.

Directors David Hernandez, David Breidenbach, James Aranci, Secretary James Yahn, and Leon Rose were present.

The group immediately left for lunch. During lunch Secretary Yahn gave the board an overview of current legislation that he is monitoring and on which our lobbyist is working.

They the bills are HB 1174 - forgiveness of depletions from pumping prior to 1974, HB 1129 - rainwater harvesting pilot program, SB 147 - use of substitute water supply plan to use water in a decreed plan for augmentation. Mr. Yahn stated that HB 1174 made it out of the House Ag Committee and has a good chance of passing, HB 1129 has definite problems of violating the prior appropriations doctrine and hopefully will fail, and new language is currently being negotiated with the Central Colorado Water Conservancy District for SB 147. The board returned to the office at 1:30 p.m.

Minutes of Board meeting held January 8th, 2009, were approved as received.

Expense for the month of January was allowed in the total amount of \$27,669.21 and ordered paid as shown on sheets attached to and made a part of these minutes by due action of the Board, all Directors present voting aye.

Secretary Yahn brought before the board the response of our attorney, Tim Buchanan, to the letter in which Mr. Yahn informed Mr. Buchanan of the North Sterling's desire to control legal expenses, outlined our working relationship, and once again requested monthly billing. Mr. Buchanan's response, which was sent to the board earlier, recommended that the North Sterling withdraw from all water court cases and that he would represent the North Sterling on our fall fill case. It was the consensus of the board for Mr. Yahn to write Mr. Buchanan a letter stating that the North Sterling does not wish to withdraw from the cases in which we have filed statements of opposition, but that we only request he informs us of the work that needs to be done prior to doing it and that we receive monthly bills.

Mr. Yahn went through the December water resume' with the board, gave an overview of filings in our area, and recommended that we file no objections. It was the consensus of the board to file no objections.

The cost estimates associated with the spillway project were brought before the board. Mr. Yahn stated that he requested two cost estimates from our engineer the first is the cost respond to the questions raised by the State on our spillway design and the second was to provide a spillway construction cost estimate to be used in the feasibility study necessary for a Colorado Water Conservation Board loan. Mr. Yahn and the Board discussed the two cost proposals. Mr. Yahn stated that he was not sure if the CWCB needed an engineering cost estimate and that if they did not he could get a cost estimate from a contractor, probably for much less than the \$3,500 estimate given by the engineer. Mr. Yahn stated that he would call the CWCB loan office. It was moved by Director Aranci and seconded by Director Breidenbach to allow the engineer to respond to the State's questions and resubmit the design for final approval for the price of \$4,000. Upon being put to a vote the motion passed. Mr. Yahn was also instructed to call the state to ensure that the overall design was acceptable and if the questions are answered satisfactorily we can expect approval.

Mr. Yahn stated that he had been in contact with Mark Farnsworth, general manager, of Highline Electric Association concerning the possibility of hydroelectric power at the North Sterling Dam. Mr. Yahn stated that he has set a meeting for Tuesday February 17 at 10 am to meet with Mr. Farnsworth and Sonya Reiser, an engineer with AECOM, to discuss the project's feasibility. Mr. Yahn requested that the board be present at the meeting.

Secretary Yahn brought before the board the Policies and Practices Concerning Employment for the District. Mr. Yahn stated that he included two proposed changes recommended by our counsel concerning the at-will nature of employment with the District. The policies were discussed at length and the board made two additional changes. With these changes in place, it was moved by Director Aranci and seconded by Director Breidenbach to amend the District's Policies and Practices Concerning Employment. Upon being put to a vote the motion passed.

Secretary Yahn brought before the board the salary adjustment recommendations, which was sent to the board prior to the meeting for their review. After some discussion it was moved by Director Breidenbach and seconded by Director Aranci to accept the salary recommendations as proposed, except for the increase for Secretary Yahn, which will be addressed in his review. Upon being put a vote the motion passed.

Secretary Yahn brought before the board the mission statement that was prepared following last month's meeting. Mr. Yahn requested that the board officially adopt the mission statement if it is acceptable. It was moved by Director Breidenbach and seconded by Director Aranci to adopt the mission statement as presented. Upon being put to a vote the motion passed.

Mr. Yahn stated that normally the landowner's meeting is held near the end of March each year. After some discussion, it was the consensus of the board to set the meeting for Thursday March 19, 2009.

Secretary Yahn stated that the current storage in the reservoir is 61,520 acre feet or 82.5% of its capacity and that current flow in the inlet canal is approximately 430 cfs.

Mr. Yahn stated that he had initiated a discussion at the last reservoir manager's meeting concerning the concept of water users from our area of the South Platte joining together to form a group similar to the Super Ditch group on the Arkansas River. Mr. Yahn said that there was some interest among reservoir managers to further investigate such a group. A February 11, 2009 meeting has been called by Mike Groves of Fort Morgan to discuss the concept further.

At 3:55 p.m. the board went into executive session for the purpose of discussing Secretary-Manager Yahn's annual review. Mr. Yahn was asked to leave the meeting. At 4:30 p.m. Mr. Yahn returned to the meeting at which time a review of Mr. Yahn was conducted by the board. Mr. Yahn was handed two written evaluations, one from Director Aranci and one from Director Hernandez. After many comments by Director Hernandez and Director Aranci concerning the written evaluations, Mr. Yahn was informed that his requested salary increase was approved.

There being no further business to come before the Board the meeting was adjourned at 4:55 P.M.

Respectfully Submitted,

James T. Yahn, Secretary