

Sterling, Colorado, March 9, 2009

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., March 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 discussed with the board the Supreme Court's decision on the North Sterling fill season case. The Court ruled in the State's favor holding the North Sterling to a November 1 to October 31 water year. The board returned to the office at 1:40 p.m.

Minutes of Board meeting held February 9th, 2009 and special meeting held February 17th, 2009 were approved as received.

Expense for the month of February was allowed in the total amount of \$67,812.72, and was 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.

The board and secretary discussed the situation with our attorney, Tim Buchanan. After much discussion it was the consensus of the board to discontinue the relationship with Mr. Buchanan. It was also decided to request that his partner Ronnie Sperling be the District's lead attorney and if she declined, to begin a search for new legal counsel. Mr. Yahn was instructed to release Mr. Buchanan from our service and make the request for Ms. Sperling to take over our account.

Mr. Yahn updated the board on the status of current legislation. Mr. Yahn stated that HB 1174 - forgiveness of depletions from pumping prior to 1974 and SB 147 - use of substitute water supply plan to allow the use water in a decreed plan for augmentation would both pass. Mr. Yahn stated that SB 147 was a compromise version of the original bill. HB 1129 - the rainwater harvesting bill does not appear as if it will pass. Mr. Yahn stated that the resume had not been updated since last month so there were no new cases to review.

Secretary Yahn updated the Directors on the spillway project. He informed the directors that he had given Jim Ferentchak the authorization to proceed with answering the State's questions concerning our design. Mr. Yahn also stated that he had called the State's review engineer to discuss the design and to ensure that if these questions were satisfactorily answered the design would be accepted. The board discussed the possibility of performing the construction of the spillway project with District employees. Secretary Yahn stated that thought it would not be in the District's best interest to perform the work in house and that the District employees were already busy doing District work. Mr. Yahn also expressed concern over insurance. The board directed Secretary Yahn to investigate the equipment needed to complete the project and the necessary insurance.

Secretary Yahn stated that Concrete Specialties had purchased the steel for the inlet headgates and were waiting on their engineer for the gate size.

Mr. Yahn stated that he had received the cost of a feasibility study for hydroelectric power generation at the reservoir dam. The cost was \$5,000 for the tasks 1 and 2 of the feasibility study, which would determine if there was enough energy at the outlet tubes and sufficient flow. Tasks 3 & 4 were an additional \$6,300 and would determine if the cost of construction would be offset by the sale or the electricity generated. It was the consensus of the board to pay for one half

of tasks 1 and 2 and request that Highline Electric Association pay the other half.

Secretary Yahn brought before the board the matter of the North Sterling State Park needing recharge accretions to offset their pumping at the Park. Mr. Yahn stated that he had been in contact with them for the last two weeks on how a deal might be structured. Currently the State is requesting 1 acre foot for 2008 and 2.5 acre feet per year for the next four years. Mr. Yahn priced the water at \$500 per acre foot. It was the consensus of the board to allow Mr. Yahn to work a deal at a price of \$550 per acre foot.

Secretary Yahn relayed to the directors the discussion at a recent meeting a small group of water users and State officials in Fort Morgan concerning creating a water co-op. The initial discussion was to create a group of water users willing to more efficiently use excess recharge credits and then to work toward the possible lease of water to a municipality in order to prevent a municipality from buying land and removing the water entirely. Mr. Yahn stated that another meeting is to be held on March 24, 2009 to continue the discussion and to develop a plan, which could be presented to more water users in Districts 1 and 64.

Secretary Yahn brought before the board the possibility of offering tour of the North Sterling system to North Sterling landowners and tenants. It was decided to offer a tour.

Mr. Yahn asked if the board desired to meet with River Commissioner Brent Schantz and tour District 1 recharge operations. Mr. Yahn stated that a meeting with the State's augmentation plan auditor could also be done prior to the tour. It was the consensus of the board to have Secretary Yahn set up a meeting and tour.

Secretary Yahn brought a recharge pond agreement with Gene Petersen before the board. After some discussion it was moved by Director Aranci and seconded by Director Breidenbach to enter into the agreement. Upon being put to a vote the motion passed.

Mr. Rose informed the board about a dragline available in Sidney, Nebraska which would be used to replace the current dragline, which has become undependable. Mr. Rose stated that the dragline was formerly owned by Burlington Northern and is a 1979 model and is priced at \$13,000. Mr. Rose was instructed to investigate the dragline and determine if it would work for the District.

Secretary Yahn stated that the reservoir is currently full and that the full mark was reached on March 2. Water is currently not being diverted by the District because the District's 1996 recharge right is not in priority.

Mr. Yahn brought before the board his review at the conclusion of last month's board meeting and expressed his concern with the manner in which was handled.

There being no further business to come before the Board the meeting was adjourned at 4:35 P.M.

Respectfully Submitted,

James T. Yahn, Secretary