

**OFFICIAL MINUTES AND ACTIONS TAKEN
ARCH HURLEY CONSERVANCY DISTRICT'S
BOARD OF DIRECTORS**

Tuesday, January 9, 2007

Directors Present: Larry Perkins, President Tom Bruhn, Director
David J. Foote, Vice-President John Gilbertson, Director
UV Henson, Secretary/Treasurer

**Directors/Staff
Absent:**

Staff Present: Mark Preciado, Interim District Manager
Jane Dunlap, Office Manager

Guests Present: Landholders: Donald Adams; Phillip Box; Toni Foote;
Debbie Kanapilly; Don Lopez; Bob Morgan;
Jimmy Speed; Bob Stubbs; Drake Swenson;
Pete Tatschl

Love's Truck Center: Bill Gleason

Quay County Sun: Chelle Delaney

Finding a quorum present and finding this regularly scheduled meeting of the Arch Hurley Conservancy District's Board of Directors duly advertised, as required by statute, District President Larry Perkins called this meeting to order at 5:30 p.m. in the district office.

President Perkins called for a motion to approve the draft minutes of the regular meeting as sent out. Tom Bruhn moved, seconded by UV Henson, to approve the minutes of the December 12, 2006 meeting with a few typing errors noted. Directors voted: Bruhn – "YES"; Foote – "YES"; Gilbertson – "YES"; Henson – "YES"; and Perkins – "YES". Motion carried.

Mark Preciado reported that the representative from Great Plains Meters will be here on the 18th of January to look around and set up a seminar. The manager gave an account of the maintenance throughout the project which included re-roofing the south shop in this bad weather. He informed the members that he hired a ditchrider for Unit "G" but is requesting permission to hire an additional three people – a maintenance person; heavy equipment operator and a relief-rider. Board members recommended moving an experienced person into the relief-rider position, with incentives, and hiring a

unit ditchrider. The board directed the manager to advertise in the paper for the positions mentioned.

Mr. Bill Gleason representing the real estate division of Love's Travel Centers out of Oklahoma City approached the board with plans to enlarge the Love's facilities on Mountain Road. With the expansion of the service center the truck parking lot will cross the Estate Lateral in two places. After reviewing the plans the board recommended moving the lateral to the east of the parking lot prior to construction to eliminate possible damage to the underground pipeline. Mr. Gleason was also informed that this action would have to be approved by the Bureau of Reclamation and gave him the name of Rik Arndt with the Environment and Lands Division of the B.O.R. Gleason stated he would mention the changes to the corporate office and get with Rik Arndt about a permit to cross our R.O.W. He thanked the members for their time and consideration.

Annually the board reviews the interest rate charged to I.S.C. lenders and recommends adjusting it accordingly. The 2006 year found the documentation required for an I.S.C. loan to have changed considerably; however with only one loan financed in 2006 it was hard to evaluate the administrative cost. After some discussion board members recommended that the interest rate is left at 4% until such time as office staff can document an increase in the paperwork. Once that cost is established it is recommended that the lender be charged a one time administrative fee.

Changes to the State Statutes were re-introduced as Resolution #2007-001. After some discussion and more questions regarding addressing 3.00 acre feet inclusion into the statutes, Director Gilbertson moved, seconded by David Foote, to table this until the June meeting. Directors voted: Bruhn – "YES"; Foote – "YES"; Gilbertson – "YES"; Henson – "YES"; and Perkins – "YES". Motion carried.

The board re-visited retaining a water attorney. President Perkins mentioned that during the last meeting the representatives from the State Engineer's Office indicated that as things stand right now, the district has the highest level of protection of its water rights without going through full adjudication. Director Foote brought up the question should the district become pro-active on any upstream claims on our water shed area or should we protest any actions that do arise? Directors Bruhn and Gilbertson want to know how good our license is and how we can protect it; therefore a water attorney would be a benefit to the district. Director Gilbertson stated he has obtained prices from attorneys that range from \$150.00 to \$300.00 per hour.

Director Gilbertson moved, seconded by David Foote, to retain the Bud Falen Law Firm to review existing district contracts and give an overview of Arch Hurley's water rights. The president called for a vote: Foote – "YES"; Gilbertson – "YES"; Henson – "NO"; and Perkins – "NO". Perkins called a tie vote; however at this time Director Bruhn voted, "YES". President Perkins called for the question regarding a conflict of interest. After some discussion Chairman Perkins stated once the vote has been called and a member does not answer that member abstains from voting, therefore

the vote failed due to a tie. Since there is some confusion regarding the voting process, David Foote moved, seconded by UV Henson, to address the retaining a water attorney during the February meeting. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

Next on the agenda was the appointment of a registered agent for the yearly corporate report. Dean Border has requested that he not be the district’s registered agent effective immediately and the president asked that this be tabled until bids for professional services are obtained in February. Director Foote moved, seconded by UV Henson, to table the appointment of a registered agent and the completion of the corporate report until the meeting in February. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

The board was informed that Paul Estrada paid off his I.S.C. Loan and is requesting the district release his mortgage. David Foote moved, seconded by Tom Bruhn to authorize the president to sign a release of mortgage for Paul Estrada. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

Director Foote moved to go out for professional services to hire an attorney for the district at the February meeting. Director Henson seconded the motion and directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

The manager indicated that the 2006 crop census is now complete and the board established crop prices as listed below. UV Henson will compile and recap the report to be reviewed and approved during the February meeting.

alfalfa hay	\$ 150.00	other hay	\$ 90.00
corn	\$ -	pecans	\$ 175.00
cotton (upland)	\$ 260.00	sorghum	\$ 6.00
graziang (non-private)	\$ 5.00	sunflowers	\$ 9.00
grazing (private)	\$ 12.00	wheat	\$ 4.25
oats	\$ 1.90	wheat pasture	\$ 12.00

Director Bruhn updated board members on the progress of the web page and recommended that the district pay Mike Latham around \$400.00 for his expertise. Mike Latham will be doing some training in a few weeks and there will be cost involved to set it up. David Foote moved, seconded by Tom Bruhn to authorize the staff to pay for the initial set up web hosting fee with a credit card. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

Directors called for a special executive meeting for Thursday, January 11, 2007 beginning at 9:00 through 5:00 for the purpose of interviewing prospective managers.

Applicants considered are: Ralph Lopez; Mark Preciado; William Conrad; Mike Delano; and Franklin McCasland.

After some discussion the board recommended that the district add a line item to the 2007 Budget in Miscellaneous General Fund-1 titled Sponsorship/Donations by transferring \$400.00 from line item Dues/Subscriptions.

The finance committee reviewed the December paid and payable vouchers. UV Henson moved, seconded by David Foote, to pay the December vouchers as presented subject to the approval of the manager. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried.

The president called on visitors. There was a suggestion from the floor that a water attorney can find the weak link within our system whereas the Bureau and/or the State Engineer’s Office may not necessarily point them out. There was a request to place on the February agenda the 800 acres taken out of the project prior to our repayment schedule in 1958. Another request was to take a roll call vote for each action taken.

The president called for a motion to recess into an executive session. Tom Bruhn moved, seconded by John Gilbertson, to recess into an executive session as per the Open Meeting Act, 10-15-1 Sec. H(2) to discuss limited personnel matters for approximately 30 minutes. The meeting recessed at 8:21 p.m. and everyone was excused.

The meeting resumed with a motion by Tom Bruhn and seconded by John Gilbertson that nothing but limited personnel matters were discussed. Directors voted: Bruhn – “YES”; Foote – “YES”; Gilbertson – “YES”; Henson – “YES”; and Perkins – “YES”. Motion carried. There was no action taken by the board.

With no further business to discuss, the meeting was adjourned at 9:47 p.m. with a unanimous vote.

President, Larry Perkins

ATTEST:

Secretary, UV Henson