

Board of Directors, Falls Creek Ranch Association, Inc.

JANUARY 9, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Robin Southworth, Dick Patrick, Nicole Ziegler and Carla Bennett. Don Southworth was also present in his capacity as liaison with the Ranch caretaker.

The Board formally approved the minutes of the November 1999 meeting.

Liaison Report:

1. Besides Gary, several volunteers are now qualified as back-up plow operators.
2. There is once again a gate at Church Camp trail (at the end of Mason Cabin Road.)

This is an available route in the event of emergency (such as a fire). The combination for the lock is 911.

Treasurer's Report: The budget to date for the fiscal year was reviewed against actual costs, and the Board concluded that there are no areas of concern at this time. New assessments will be issued shortly and will be due February 1st, with an applicable grace period to March 1, 2000.

Common Property Committee Report, Architectural Control Committee, Roads

Committee: No reports.

Security Committee:

1. An accident occurred at the curve of Falls Creek Main during the holidays. No one was injured.
2. The Board continues to receive reports of speeding on Ranch roads. Larry is issuing tickets when appropriate.

Utilities Committee Report: Precautions are being taken to prevent freezing in the upper tank.

New Business: The Board received a request to explore the possibility of establishing a designated area for storage of trailers and the like to help improve the appearance of the Ranch. The request included proposed amendments to our protective covenants to prohibit storage of such vehicles in open areas on individual lots. The matter was deferred until the next meeting to allow the Board adequate time to obtain some additional information regarding the proposal.

The next meeting of the Board of Directors will be held on Thursday, February 24, 2000, at 7:00 PM at the home of Robin Southworth. As always, all Ranch property owners are welcome to attend Board meetings.

The meeting was adjourned at 8:30 p.m.

Dated: February 24, 2000

Signed: Carla Bennett, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

FEBRUARY 24, 2000, 7:30 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Robin Southworth, Dick Patrick, Nicole Ziegler and Carla Bennett.

The Board approved minutes of the January 2000 meeting.

Treasurer's Report: The budget to date for the fiscal year was reviewed against actual costs, and the Board concluded that there are no areas of concern at this time.

Liaison, Common Property Committee, Architectural Control Committee, Roads Committee: No reports.

Security Report: Disturbances arising from a party have been reported and much time was spent by Board members investigating the circumstances. Several attendees reportedly drove vehicles in the meadow, which was covered with new snow. Because of the snow's protective layer, little actual damage occurred to the meadow, but a faucet which is not presently a working unit was broken. The peace and tranquility of the evening was disrupted for a number of other residents, and those who wished to use the meadow on the following day for cross-country skiing were disappointed. Finally, while the party was still under way, the Sheriff's Department was called and a number of under-age consumption tickets were issued. The Board will obtain an estimate of the cost of damage to common property and intends to recover appropriate compensation.

As a reminder: Parents who are present at a party at which minors are engaged in under-age drinking of alcoholic beverages may be charged with a felony.

Old Business:

1. The Board has determined that existing covenants are adequate with respect to storage of trailers and the like on individual lots. Residents are reminded that Covenant #23 does address this issue. The Board appreciates the cooperation of Ranch residents in complying with existing covenants and helping maintain the appearance of the Ranch.
2. A report on the status of the Ranch survey was given. Field work is done and it now appears that there are a number of lots with boundary issues. The Committee will meet with the surveyor to discuss the next step. It is anticipated that the new plat will be official by mid-summer.

New Business: Steve Gillis, as a representative of the Animas Firefighter's Association, made a request for a donation. The recent controlled burn involved ten volunteers from the Association, as well as three trucks. The Board determined to make a donation of \$250. Residents who are interested in training (either emergency medical training or volunteer fire fighter training) should contact Steve Gillis. Having qualified personnel on the Ranch enhances the outcomes when emergencies occur on the Ranch. At the present time, we have only two qualified residents.

The next meeting of the Board of Directors will be held on Thursday, March 30, 2000, at 7:30 PM at the home of Mike McQuinn. As always, all Ranch property owners are welcome to attend Board meetings. The meeting was adjourned at 9:40 p.m.

Board of Directors, Falls Creek Ranch Association, Inc.

MARCH 30, 2000, 7:30 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Dick Patrick, Nicole Ziegler and Carla Bennett.

The Board approved minutes of the February 2000 meeting.

Treasurer's Report: All assessments but one have been paid, and the one that is outstanding is expected shortly. Projections for road maintenance costs for the remainder of the fiscal year exceed the amount currently in the budget and additional funds will be allocated in an amount to be determined.

Liaison Report: New bear-proof (hopefully) dumpster lids are being designed and fabricated. The team working on the project hopes they will be ready before the bears arrive.

Common Property Committee, Architectural Control Committee, Roads Committee: No reports.

Security Report: Larry reports that a number of speeding tickets have been issued to drivers on the Ranch.

Old Business: A report on the status of the Ranch survey was given. The survey is now complete and has confirmed that a number of lots require adjustment to bring structures within their circle. Affected homeowners will receive a package from Glenn Sears and Mike McQuinn shortly.

New Business: It is time to begin looking for someone to fill the position on the Board which will open up in July of this year. Board members serve a three year term. Anyone interested in serving or in nominating a candidate should contact any current Board member.

The next meeting of the Board of Directors is tentatively scheduled for Sunday, April 16, 2000, at 4:00 PM at the home of Nicole Ziegler. As always, all Ranch property owners are welcome to attend Board meetings.

The meeting was adjourned at 9:30 p.m.

Dated: April 3, 2000

Signed: Carla Bennett, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

JUNE 9, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Dick Patrick, Nicole Ziegler, Robin Southworth and Carla Bennett. The Board approved minutes of the March 2000 meeting as amended.

Treasurer's Report: The transfer of the corral's ownership to the Association has now been completed. A proposed budget was presented to the Board and reviewed for presentation to the membership.

Liaison Report, Common Property Committee, Architectural Control Committee, Roads Committee: No reports.

Security Report: The Ranch has now been fully compensated for damage to the upper meadow which occurred earlier this year during a party at the home of a resident.

Old Business: A report on the status of the Ranch survey was given. The final steps to complete the process are now underway and should be completed shortly.

The issue of trailer storage was again discussed. Residents are reminded that Covenant #23 provides that "Trailers of any kind, recreational vehicles, motor homes, and storage tanks shall, whenever possible, be placed in a manner to minimize visibility from common roadways and adjacent lots." The Board appreciates the cooperation of Ranch residents in complying with existing covenants and helping maintain the appearance of the Ranch.

The Annual Meeting is tentatively set for Saturday, July 8, 2000, at 10:00 AM at the picnic grounds (or, in case of inclement weather, the fire station).

The meeting was adjourned at 9:30 p.m.

Dated: 7/17/2000

Signed: Carla Bennett, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

JULY 26, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Dick Patrick, Nicole Ziegler, Glenn Sears and Carla Bennett. Ray Turner was also present to give a Utilities Committee report.

The Board elected officers in accordance with Article V, Section I of the Association By-Laws. Mike McQuinn will serve as President, Nicole Ziegler will serve as Vice President, Carla Bennett will serve as Secretary, and Glenn Sears and Dick Patrick will share the duties of Treasurer.

The Board determined that regular meetings of the Board of Directors will be held on the third Thursday of each month at 7:00 PM. In accordance with that determination, meetings were scheduled for August 17, September 21, October 19, and November 16. Because of the Christmas holiday season, the December meeting will be held on December 14. Except for the November 16 meeting, which will be held at Nicole Ziegler's house, these meetings will be at Glenn Sears' home. As always, all Ranch property owners are welcome to attend Board meetings.

Treasurer's Report: All assessments from the prior period have now been received, with interest where appropriate. Current assessments were reviewed and will be mailed to members shortly. It appears that the Forest Service has not been billed for its share of the cost of Mag Chloride. Nicole Ziegler will follow up to assure that we receive the full benefit of our agreement with the Forest Service regarding the maintenance of the Forest Service road.

Liaison, Security, Common Property Committee, Architectural Control Committee, Roads Committee: No reports.

Utilities Committee Report: As reported at the Annual Meeting, the Colorado Department of Health recently conducted an on-site inspection of our water system. We have now received their written report, which states that "The water system is well maintained. No deficiencies or problems were found during the inspection." We were also advised at the Annual Meeting that LPEA would be undertaking certain work on the Ranch. LPEA is replacing and, where needed, rerouting primary power lines in the lower part of the Ranch. They have been very cooperative and have worked with Ranch personnel regarding placement of lines and other issues relating to Ranch property. Where secondary lines are affected, LPEA is working directly with the involved homeowners on these issues. It appears that the lines are being replaced because of age and the general condition of the lines, arising in part from the materials used at the time of installation. The project involves three phases. Phase 1, currently under way, involves Falls Creek Main to Snowshoe, Snowshoe, Aspen, Meadowridge, Alpenglow, and Saddle Lane. Phase 2 involves Starwood and Rockridge. Phase 3 involves Dyke Canyon, Mason Cabin, and Falls Creek Main to Oakcrest. It appears that Phase 1 will be completed this summer and, if time and weather permit, Phase 2 may commence. Completion of the entire project will probably take at least two summers. We have been advised that remedial work will be done on the roads at the conclusion of each season's work. The work is ongoing and it is understood that the property will be restored to a condition which is at least as good as it was before the work commenced.

Old Business: The issue of trailer storage was discussed once again. The possibility of creating a trailer storage area near the Ranch entrance has been explored. Initial cost would be about \$6,500. Cost for maintenance, snow removal, insurance, and so forth would be additional. Even if the potential site were developed for trailer storage, access would be problematic, depending on weather conditions. Also, the storage yard would be plainly visible to hikers on the trail behind the Fire Station, thus diminishing the natural beauty of the Ranch otherwise enjoyed by members who like to hike. It was concluded that the cost was too high for the Ranch to

undertake this year, although the membership may wish to include a budget item for it in next year's budget.

New Business: Glenn Sears arrived at his first meeting as a Director for this fiscal year armed with a prepared enumeration of expanded duties for the Communications Committee (thanks to Mary Sears for volunteering to undertake additional efforts to assist the Board) and a list of other items which he presented to the Board. Those items addressed issues such as the scheduling of Board meetings, preparation of an agenda for each meeting and a schedule for preparation and distribution of minutes. Another proposal he made was to number agenda items so that a matter is more readily identifiable. He suggested a system which would identify the item by meeting and item number. Thus, the first issue discussed at the first meeting would be No. 1. 1. It seems we would also need something which identified the fiscal year. This is the first fiscal year of the new millennium (depending on how you count), so perhaps the best way to do this would be to start with 1. 1. 1. It seems appropriate to try this system for a time to determine if it simplifies or complicates proceedings. With that in mind, the Board considered the following items:

1.1.1 A proposal to establish a potluck committee responsible for the food portion of Clean-Up day, Annual Meeting and Oktoberfest was presented. This seems like a good idea. Potential chairs for such a committee will be contacted and formal establishment of the committee will be considered at the August meeting.

1.1.2 A proposal to establish a nominating committee responsible for nominating new Board members was presented. This too seems like a good idea. Potential chairs for such a committee will be contacted and formal establishment of the committee will be considered at the August meeting.

1.1.3 A proposal to establish a committee to make recommendations regarding the horse corral was presented. Current covenants suggest that this is properly within the purview of the Common Property Committee, which may form a subcommittee. The subcommittee should report to the Common Property Committee and any new rules should then be presented to the Board for consideration. The subcommittee will not be making any decisions, but will merely make recommendations. The Common Property Committee will in turn make its recommendations to the Board. Any final decision will be made by the Board and, if required, will be presented to the membership for a vote.

1.1.4 Glenn Sears proposed that all committee chairs be required to attend at least two Board meetings per year to report on committee activities. No policy was adopted, but it seems fair to ask committee chairs to report to the Board semi-annually. Voluntary compliance with this request would be desirable.

1.1.5 A proposal was made to require that all notices posted at the mailboxes have the name and phone number of the Ranch member posting the notice. This policy was adopted and, in future, notices which do not identify the interested Ranch member may be removed.

1.1.6 Mike McQuinn reported on a matter of some concern to all Ranch residents. An emergency road exists to provide egress from the Ranch in the event of fire or other similar situation. The gate to this road is located at the end of Mason Cabin Trail, and has a combination lock (combination is 0911). This road, which is quite rough and steep, passes over Forest Service land and then land belonging to various property owners. It has come to our attention that the owners of a parcel of the property over which the road passes have undertaken development of the property in a manner which has rendered the road virtually impassable and perhaps dangerous. The Board determined that it would be advisable to obtain a legal opinion as to the enforceability of our easement over that road. Assuming it is enforceable, further action will be discussed in the future. We have reached an agreement with the Baptist Church Camp, which also use that road, regarding the sharing of cost for the initial opinion. It is anticipated that such expenditure will not exceed a total of \$500, which will be shared with the Church

Camp on a 50/50 basis. In th meantime, the County has red-tagged the project to prevent further development until the easement issue is resolved.

Dated: July 29, 2000 **Signed:** Carla Bennett, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

AUGUST 17, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Dick Patrick, Nicole Ziegler, Glenn Sears and Carla Bennett.

The Board discussed the numbering system we are testing for items of new business. As a reminder, the first digit refers to the fiscal year in which the item was introduced. This is the first fiscal year in the new millennium as well as the first fiscal year in which we are trying this system. Thus, the first digit is a 1. The middle digit refers to the meeting at which the item was introduced and the last digit is the number of the item as it was introduced during the meeting. Thus, Item 1.1.1 is the first item of new business introduced at the first meeting of the first fiscal year in the new millennium.

Treasurer's Report: 47 property owners have paid their assessments so far.

Architectural Control Committee: Plans for the Church's and the Kramer's remodels have been approved.

Roads Committee: The company which supplies the Ranch with Mag Chloride for the roads has sent a bill directly to the Forest Service for its agreed share of the costs. Once the Forest Service pays that bill, the Ranch will be reimbursed.

Utilities Committee Report: Work by LPEA is progressing ahead of schedule and Phase I is nearing completion.

Liaison, Common Property Committee: No reports.

Old Business: Items 1.1.1 and 1.1.2, relating to the formation of new committees, were tabled. Item 1.1.3 relating to corral rules, has been referred to the Common Property Committee, which will be asked to report to the Board at the next meeting. Item 1.1.6, relating to our easement for the Church Camp Road, was tabled.

New Business:

1.2.1 The Board received a letter from a resident concerned about an emergency alarm system for the Ranch as well as the addition of traffic signs. The Board will seek further input relating to the alarm system. Glenn Sears agreed to research the rules regarding a request that the County undertake patrolling of the Ranch to assist in enforcing speed laws.

1.2.2 Glenn Sears reported that Scott Southworth is in the process of negotiating with a fish supplier for the lake who would be willing to remove the bass in exchange for trout. It appears that our old fish supplier is no longer in business, so we also need to find a supplier for grass carp.

The next Board meeting will be held on September 21, 2000, at 7:00 p.m. at Glenn Sears' home.

Dated: August 28, 2000 **Signed:** Carla Bennett, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

SEPTEMBER 21, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors at the home of Glenn Sears.

The following people were in attendance: Mike McQuinn, Dick Patrick, Glenn Sears, Robin Southworth, Mary Sears and Ron Camp.

Liaison Report by Ron Camp: Gary Wilber has been working with the LPEA underground line crew identifying utility lines and removing excess dirt. He has been cutting back trees and brush along ranch roads and training operators for meadow mowing. He removed an excess hydrant at the end of Meadow Ridge Trail and installed water valves for two lots. Work planned includes placing road gravel and a magnesium chloride application later this month, staining the equipment shed, and getting equipment ready for winter. The tractor used for mowing has had a major breakdown. Ron Camp will determine the seriousness of the problem. Continued vandalism is occurring at the gate to the fire road.

Communications by Mary Sears: Pat Campbell is distributing minutes, telephone lists, assessment notices to members. Carole and Karl Deterding are collecting old FCR minutes and organizing them into an archival binder. They will also index them by subject matter. If you have any old minutes in your files, please call the Deterdings. The bulletin board and newspaper tubes are being managed by Dorothy Culp. Thanks to Ken Marshall for adding more newspaper tubes. The information packet has been computerized. Mary Sears has edited it with respect to spelling, grammar and format. It needs to be reviewed by the Board to accept or reject the edits and comments. Copies were given to each Board member. Then, the packet needs to be reviewed for changes and updating.

Mary has received bulk prices from the major copy centers in town. The Ranch will henceforth do all copy work at the Mail Room at Town Plaza. Ask for the FCR copy card and initial your number of copies.

Common Property by Robin Southworth: A subcommittee met on August 24th to discuss the uses and fees for the horse facility. Their recommendations are:

1. No additional investment should be made in the horse facilities at this time.
2. Any future requests by members for changes, upgrades, additions or improvements to the horse area must be submitted to the Board.
3. Only the east and west lake meadows (where the current horses are grazing) will be open for grazing. All other meadows would be off-limits to horse pasturing.
4. The horse area, including the corral and barns, should be self-managed by all of the owners maintaining horses there.
5. Annual permit fees are recommended to be \$300 per horse per year.
6. The Board would grant horse permits, review the horse operations each year and retain ultimate control over the area.

This report was discussed at length. The Board is reluctant to take on management responsibilities regarding the horse facility. The subcommittee will be asked to consider the tennis club as a model for handling the horse facility.

Treasurer's Report by Glenn Sears: As of this date, all assessments except six have been received. Late assessments notices have been sent which include a penalty at the rate of 1.5% per month on the unpaid balance.

Last year the Ranch overspent its income by \$22,717 due to the purchase of the horse corral and the re-surveying of all lots. The deficit will be repaid over the next several years by a line item in future budgets. This year's budget had a deficit of \$3,500, which was handled by budget adjustments. A balanced budget was approved. New copies of the budget will be distributed to all committee chairmen, Board members, Liaison and Gary Wilber.

Old Business: Except for items in the reports above, no items of old business were discussed.

New Business: Don Southworth asked for permission to move his driveway north about 80 feet so as to reduce the grade. He will remove the old driveway and replant the area. The Board approved his request noting that the new driveway will be substantially safer.

The meeting adjourned at 9:30PM.

The next regular Board meeting is scheduled for October 19th at 7:00 PM at Glenn Sears' home.

Submitted by Glenn Sears **Approved** by the Board 10/10/00

Board of Directors, Falls Creek Ranch Association, Inc.

OCTOBER 19, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Nicole Ziegler, Glenn Sears and Carla Bennett. Jan Schultz, Mary Sears and Ellis Robinson were also present.

Treasurer's Report: The budget to date for the fiscal year was reviewed against actual costs, and the Board concluded that there are no areas of concern at this time.

Architectural Control Committee, Roads Committee, Utilities Committee, Common Property Committee: No reports.

Liaison Report: Gary has introduced two cats for rodent control in the Equipment Shed. Roads have been graded and magnesium chloride applied, but additional grading is required. Additional repair work is needed on the roads impacted by the LPEA electrical wiring upgrade. Gravel has been delivered for the interior roads. The shed was stained with the help of many volunteers including Ken Marshall, Ray Turner, Barbara Lawson, Dick Patrick, Bob Emmanuel, Mike Schultz and Don Southworth. The tractor is broken and is being repaired. The snowplow has been prepared for winter service and the work to reinforce the sand bin has been completed. Finally, new tie rod ends have been installed on the plow truck. During November, the intersection of Aspen and Main will be widened, other work in preparation for winter will be completed, and new chains will be purchased for the plow truck. The gate at the Church Camp Road continues to be vandalized and will be reinforced before winter, if time permits. The road grader needs new tires (one has a potentially dangerous bulge). Finally, the cost for a new fuel tank is being explored.

Old Business: 1.2.1 Ellis Robinson presented some preliminary information he gathered at the request of the Board regarding an emergency alarm system for the Ranch. To be effective, we would probably need at least three, and more likely four, separate sirens. Ellis agreed to research the availability and cost of sirens that do not require any special kind of electrical system.

New Business: 1.4.1 Mary Sears has been following the Ranch's interaction with bears this year and reported that there have been over 100 sightings near homes, several of which involved property damage. On four occasions, bears have entered homes on the Ranch. The Department of Wildlife has not taken action. The Board will send a letter to Tom Beck at the Department of Wildlife seeking assistance for the coming year.

The next Board meeting will be held on November 16, 2000, at 7:00 p.m. at Nicole Ziegler's home.

Date: November 1, 2000

Prepared: by Carla J. Bennett **Approved:** by the Board

Board of Directors, Falls Creek Ranch Association, Inc.

NOVEMBER 16, 2000, 7:00 pm meeting of the Falls Creek Ranch Board of Directors

The following members of the Board were present: Mike McQuinn, Dick Patrick and Carla Bennett. Ron Camp and Ray Turner were also present.

Treasurer's Report: The budget to date for the fiscal year was reviewed against actual costs, and the Board concluded that there are no areas of concern at this time.

Architectural Control Committee Report: The remodel of the Ziegler's home has been approved.

Roads Committee, Common Property Committee: No reports.

Liaison Report: Gary has continued winter preparation on the shed and equipment. Four new tires and new chains were purchased for the road grader. The sander on the plow truck has been modified for more efficient and trouble free operation. A window in the ranch house was replaced. Work on road repairs necessitated by the LPEA work continued. Road sand and gravel were purchased. The dock was removed from the lake for the winter – thanks to Scott Southworth for his help.

If you are interested in a class on operation of the snow plow truck, please contact Ron Camp. Such a class would serve both as initial training and as a refresher course. As a reminder to all Ranch residents and especially to Committee members, all contact with the caretaker is to be made through Ron Camp, who is presently serving as Liaison.

Utilities Committee Report: We experienced a failure of the upper well pump in our water system at the end of October. The backup transfer pump was used in manual mode to supply water to the upper system during the two week outage. The pump and control box were replaced at an unbudgetted cost of \$3,188 and the well was placed back in service on November 13. Further investigation will be undertaken to identify measures we can take to avoid a similar failure in the future. Many thanks to all volunteers who helped with this effort.

We need heavy snowfall this winter. Last winter's snowfall was about 70% of that in recent years. This summer's rainfall was only about 73% of normal. Our aquifers are now at the lowest level ever measured for this time of year. If we do not receive above-average snowfall this winter to recharge the aquifers, the Board may need to impose strict water conservation measures next summer.

New Business: 1.5.1 Problems relating to hunting and trespassing by Ranch residents and their guests may jeopardize our High Meadows Ranch access. As a reminder, Ranch residents who desire to use our limited access should review and understand fully the easement agreement we have with High Meadows Ranch.

Apologies to Bill Collins for omitting his name from the list of volunteers who helped to stain the shed and many thanks, as always, for his help.

The next Board meeting will be held on January 18, 2001, at 7:00 p.m. at Glenn Sears' home.

Prepared and submitted by Carla J. Bennett

Board of Directors, Falls Creek Ranch Association, Inc.

JANUARY 18, 2001 meeting of the Board of Directors of Falls Creek Ranch at 7:00 pm at the home of Glenn Sears.

The following members of the Board were present: Mike McQuinn, Dick Patrick, Glenn Sears, and Nicole Ziegler. Ron Camp, Ken Marshall, Mary Sears and Jane Schultz were also present.

Treasurer's Report: Glenn reported that the budget is in good shape and there are no areas of concern. We have reserves budgeted for equipment costs. The assessments billings are ready to be mailed to lot owners. Glenn and Barney Anderson are working on the Ranch financial statement and assets. Glenn commended Barney on doing a great job with the books. A bill-pay account has been set up, and FCR bills are now paid on-line through First National Bank. Glenn is checking into an old un-cashed check that was found in some files from 1991.

Architectural Control Committee, Roads Committee, Utilities Committee, and Common Property Committee Report: No reports.

Liaison Report: Ron Camp updated the Board on activities completed and problems with the Ranch. Slash piles were burned. As a reminder to all Ranch residents, in the future all burn notices will be posted on the bulletin board to inform residents of the date of the slash pile being burned. PLEASE NOTE: No construction debris, logs, stumps, or pine needles may be disposed of at the slash pile. Repairs have been made to the snowplow, sander, truck and pickup. Our plow truck slid off the road and turned over in a January snowstorm. Gary Wilbur fortunately sustained no injuries. The extent of damage on the dump truck is unknown at this time. The grader will be utilized to plow snow. The tractor has been found to have a broken crankshaft and is non-repairable. It will be kept for parts only. Ken Marshall, Gary and Ron researched and have suggested the purchase of a tractor to replace the former one. After researching both new and used equipment, they suggested purchasing a used tractor from Southwest Ag. The cost for the 2-wheel drive ZETOR tractor will be approximately \$6,600. The possibility of using the tractor for spraying weeds in the summer and the advantage of having a 4-wheel drive tractor were discussed. Ken and Ron will look into the prices and details on tractors that would fit this need. They will report back to the Board with their findings. The Grader will need repairs on an oil leak, and the pickup may also need to be replaced in the near future. Ron will look into the possibility of a pole shed structure being built next year to store sand and gravel for the roads. Gary has submitted a letter of resignation and Ron is discussing the details with him.

Communications Committee: Mary Sears reported that 75 people are receiving Ranch communications (except the Peak) by e-mail. The Deterdings are archiving the minutes of Falls Creek Ranch. They have 75 to 80% of the minutes, but are seeking minutes from 1995-1998. The minutes will be indexed by subject. Mary is continuing to work on revisions to the Member Information Packet. Two important items that have been added to the packet are: first, previous Board members are to attend the first Board meeting following the annual meeting and change of officers. Second, each lot owner is required to notify the Treasurer at 6350 Falls Creek Main Durango, Colorado 81301 of any mailing address changes for assessment purposes.

New Business: 1.6.1 Woolverton insurance completed an inspection of the diesel tank and horse facilities. The insurance company was asked for two insurance quotes, one to include the horse facility and the other to exclude the horse facility. There is a possibility that horse owners may need to obtain a certificate of insurance to board horses on the Ranch.

THANK YOU to Dolph Kuss, Don Southworth, and Scott Southworth for shoveling snow and caring for the ice rink at the lake this winter.

The next Board meeting will be held February 22, 2001 at Glenn Sears' home.

Prepared and submitted by Nicole Ziegler

Board of Directors, Falls Creek Ranch Association, Inc.

FEBRUARY 22, 2001 meeting of the Board of Directors of Falls Creek Ranch at 7:00 pm at Glenn Sears' home.

The following members of the Board were present: Mike McQuinn, Nicole Ziegler, Dick Patrick, Glenn Sears, and Carla Bennett. Ron Camp was also present. Minutes from the January meeting were approved.

Treasurer's Report: Dues are coming in, with only about 25 remaining. As a reminder, all dues not received by the end of February will be assessed interest. Significant unbudgeted expenses have been incurred this year, mostly for equipment maintenance and repair, but it appears that those expenses will remain within the reserve and depreciation allowances. Damage to the dump truck will be covered for the most part by insurance. It is anticipated that damage to a resident's vehicle that occurred when a Ranch vehicle slid on the ice will be covered by insurance, though that is not yet certain.

Roads, Common Property, Utilities, Architectural Control Committees: No reports.

Liaison Report: In addition to plowing snow, Gary has worked on maintenance of plowing equipment, fabricated tire chains for the backhoe, assisted in research for the new Ranch tractor, cleared snow from around fire hydrants and plowed water tank access roads, repaired the sanding unit, and repaired the drain field for the bathroom facilities at the equipment shed, which froze in cold weather. As time permits, he will continue to install insulation in the shed and clear culverts. The Ranch has acquired a new 4-wheel drive tractor (special thanks to Ken Marshall and John Ritchie for their help). The new tractor is equipped with a snowplow, has a cab for safety when spraying weeds, and will have a log chipper. It is anticipated that it will do a better and safer job of pulling our mower. Also, it uses diesel fuel so it can be fueled from our on-site diesel fuel tank, which will eliminate the need to go to town to fill 5-gallon gas tanks. The Ranch plow is still being repaired and will probably not be back to us for another two months, so all plowing is currently being done with the grader and the new tractor. We have just completed repairs on the road grader (fixed oil leaks and repaired the blade turntable). The repair to the turntable should help eliminate some of the washboard affect on the roads. Gary presently anticipates staying with us through the winter, and a committee has been formed to seek a replacement caretaker.

Old Business:

Mike McQuinn reported that the surveyors have completed their fieldwork and maps for affected lots should be provided shortly.

In response to inquiries regarding formation of a mandatory trailer storage area, the Board, after further consideration, again concluded that it is neither feasible nor desirable to pursue the issue further at this time.

Mary Sears is continuing to provide extraordinary service in the preparation of a new Member Information Packet, which is progressing nicely.

The next Board meeting will be held on March 22, 2001, at 7:00 p.m. at Carla Bennett's home.

Prepared and submitted by Carla J. Bennett

No March, 2001 meeting

Board of Directors, Falls Creek Ranch Association, Inc.

APRIL 11, 2001 meeting of the Board of Directors of Falls Creek Ranch at 7:00 pm at Glenn Sears home.

The following members of the Board were present: Mike McQuinn, Glenn Sears and Don Southworth.

Minutes from the previous meeting were read and approved.

Treasurer's Report: Glenn Sears reviewed the Profit Loss Budget vs. Actual August 1, 2000 through April 1, 2001. Budget approved. Glenn then reviewed a new schedule for depreciation for all of the Ranch assets. As a result of some equipment purchases (tractor and chipper) and a shortfall in depreciation allowances last year, budgets will remain tight.

Roads, Common Property, Utilities, Architectural Committees: No Reports

Liaison Report: A new scraper blade was purchased for our tractor. It will allow Gary to use the new tractor on our secondary roads. It will allow a better grade job on the back roads and save wear and tear on the grader and truck plow. We will also be able to use it for snow removal. A new wood chipper was purchased and will be powered by the new tractor. It will greatly help maintenance of the brush along the roads as well as allowing us to possibly eliminate the slash pile burn.

Committee Report on Hiring New Ranch Manager: Our advertising in the local area produced very few responses and few good candidates. The committee will expand the advertising to adjoining cities in an effort to get a greater response. On those we have interviewed so far furnished housing is a major issue. Housing in general is a very difficult problem in Durango.

New Business: The board has contracted a road building consultant that specializes in gravel roads. He has completed studies with Colorado State University directed toward improved roads and reduced costs. All Ranch members were invited to attend his one day seminar, which was presented at the Ranch.

End

No May, 2001 meeting

Board of Directors, Falls Creek Ranch Association, Inc.

JUNE 19, 2001 meeting of the Board of Directors of Falls Creek Ranch at 7:00 pm at the home of Don Southworth.

The following Board members were present: Mike McQuinn, Glenn Sears and Don Southworth. In addition, committee chairmen Ray Turner and Bob Strachan plus Jack Irby, Steve Gillis and Barbara Lawson were present.

Utilities Committee Report: Ray Turner provided a complete update on status of our water systems, with particular emphasis on **the immediate need for water conservation by all residents** as a result of our two-month draught in Southeastern Colorado. A copy of this report is attached.

Roads Committee Report: Bob Strachan provided an update on current road projects, including completion of application of Mag-Chloride to areas that were not completed in our first application. They are also working to improve and Mag-Chloride a half mile at the end of Main. The cost is to be between \$3500 and \$3700.

New business: Review of the proposed 2001-02 budget

Representatives of eight owners expressed concern about the increase in assessments of \$325 and to the capital depreciation proposal. Considerable time and effort was given to the various elements of the 2001-02 budget proposal. Glenn Sears reviewed a new Capital Depreciation Schedule that was designed to insure programmed funding for major expense assets. There were concerns that this schedule may be too aggressive in the early years and result in up-front homeowner increases that would be difficult to implement. Other concerns related to plans to resurface one mile of Falls Creek Main.

After considerable discussion, it was agreed that Jack Irby and Glenn Sears would meet and attempt to find a method of introducing a schedule that would not result in major increases in the 2001-02 budget. It was generally agreed that a good compromise solution could be worked out. It was also agreed that the Board would reconvene to review and approve a final version of the budget that will be presented to the members for their review at our July 14th annual meeting.

Respectfully submitted, Don Southworth

Utilities Committee Report, submitted to Board on June 19, 2000

Aquifers

We seem to have good wells in good aquifers. It appears that most of our water comes from snow melt, as opposed to rain fall.

History of the upper system, the simpler of the two:

Winter ending	Snow fall	High water	Low water	Drop
1997	177	194	139	55
1998	108	161	111	50
1999	89	141	116	25 record summer rain
2000	101	132	104	28
2001	141	144	??	

The lower system has a somewhat similar history but is in a fracture zone and is harder to understand. It also has two wells and can receive water from the upper system easier than reversing the flow.

Are we mining water? We don't know but certainly could be. When can we expect to know? That depends on future winter patterns and continued monitoring; perhaps in another 3-5 years.

Water Usage

June water usage is extreme. We have extended the pumping time by 3 hours during high-rate time and are barely keeping up with demand.

We have had several days during which demand has exceeded 60,000 gallons per day. Typical winter (domestic) usage is 17,000 to 18,000 gallons per day. Since there are no significant leaks, irrigation is assumed to account for 70% of the current usage.

The covenant package states:

"The wells are capable of producing adequate domestic water for one hundred families, assuming normal usage of about 250 gallons per day per family."

"The wells are not capable of producing adequate water for extensive irrigation. This is the reason lawns are discouraged and for the limitation of 1000 square feet per lot for irrigated land."

"Therefore, residents are required to do all watering by hand."

"Irrigated areas (lawns, gardens, etc.) shall not exceed 1000 square feet."

In recent years we have been stating "Automatic sprinkling systems are not allowed. Watering must be accomplished by hand. Use of drip irrigation systems in garden areas is encouraged. Limit the use of nonnative plants which are not drought tolerant."

Some residents have stated that they do not believe that water is really an issue at FCR. Many others are new and come from areas with much more disposable public water. Education, and probably lack of enforcement in some cases, appears to be the problem.

It seems that there are several selfish and extravagant users of our public water:

Many lots appear to have more than 1000 square feet of irrigation.

Lots exist with automatic means of turning on irrigation systems.

Automatic sprinkler systems are in use.

It is common to find sprinklers running during the heat of the day.

Support from the Board is needed. We could:

Survey properties for lots exceeding 1000 square feet of irrigated area.

Identify and seek removal of illegal irrigation systems.

Bar the future construction of "decorative" water uses such as fountains, ponds, etc. and recommend their removal from existing residences.

Request that abuses be reported then document them in the minutes.

Help educate residents regarding the appropriate use of water.

Limit irrigated areas to 1000 sq. ft.

Do not use timers or automatic devices of any kind.

Hand water only, unless a drip system is installed.

Select drought-tolerant, native plants.

Water before 8:00 a.m. or after 7:00 p.m.

Upper Well

Drilled to 295 feet in 1977. Cased to only 190 feet. The pump is at 249 feet.

The pump wore out in the fall of 1998. The tubing broke allowing the pump to drop to bottom of well required extensive "fishing" to save the well.

The new pump failed in November, 2000 due to sucking mud.

We have been in the schedule for pump and well inspection and evaluation for about 6 weeks. Work should begin around the end of this month.

We may ask for mandatory water rationing while this well is off line.

Our maximum pumping capacity during this time will be less than 63,000 gallons per day. We do not know how much less. We have never continuously pumped from the main lower well for more than a day.

Manual operation of the transfer pump will be required to replenish consumption from the upper water tank.

We may need to revideo tape the well. The questions are: •Is the newest pump still drawing in mud? •Was the borehole damaged in the 1998 accident? •How can we best reduce the risk of premature failure of pumps and prolong the life of this well.♦♦

Board of Directors, Falls Creek Ranch Association, Inc.

JULY 5, 2001 meeting of the Board of Directors of Falls Creek Ranch held at the home of Glenn Sears. The following members were present: Mike McQuinn, Dick Patrick, Glenn Sears and Don Southworth. Ray Turner, Chairman of the Water Systems and Mary Sears, Chairman of the Communications Committee were also present.

Treasurers Report

Glenn Sears reviewed the YTD budget, which appears to be on target for the budget year. Glenn also discussed an alternate budget for 2002 that was developed as a result of input from Falls Creek residents.

New 2002 Board

Each board member was encouraged to seek out residents who would be willing to serve on the board in the coming year. We will be faced with a 60% turnover as a result of family moves, resignations and completed terms.

Ranch Communications

Mary Sears has completed a study of all FCR communications including items like the Peek Newsletter, the Member Information Packet, the Board Minutes and the bulletin board. The objective is to streamline our systems, reduce costs and improve service. A Falls Creek Web Site and communication service is anticipated for later this year.

Water Usage

Ray Turner presented the current figures for water usage year-to-date. There is a major trend toward increased usage. He reviewed the status of our wells and asked for the Board's assistance in developing a plan to control the problem. Ray emphasized that we do not have a water problem, we have a CONSUMPTION PROBLEM. This issue will be discussed at the annual meeting and a letter will be sent to each resident.

Ranch Survey

The completed survey will be discussed at the annual meeting. There will be forms for all residents to sign and approve of these final changes. The FCR Board also approved compensation for residents who had Bechtold locate their lot centers prior to the Ranch decision to survey all lots.

Wood Chipper/Slash Policy

As a result of Gary's leaving the Ranch, we are faced with a learning curve that will preclude Ray's going to individual homes to chip this summer. We need to use his time to learn all of the Ranch systems and equipment. Water, roads and equipment must come first. It was agreed that we will continue the slash pile at its current location as well as at a drop off behind the fire station. We will chip at both locations. Next year we hope we will be able to expand our chipping to individual residential lots.

Respectfully Submitted,

Don Southworth, Acting Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

JULY 14, 2001 - MINUTES OF THE ANNUAL MEETING

The meeting was called to order by Mike McQuinn, President of the Board of Directors for Falls Creek Ranch Association. A quorum was present.

Minutes of last year's meeting, July 2000, were read and Doug Parmentier made a motion that they be approved as published. Motion was passed.

Ranch Survey Project

Mike McQuinn passed out ballots to all residents to vote on this recently completed project. He reviewed the background of this project, which started when reference points from the original survey were lost or destroyed. Subsequent individual surveys found some lots to be off Falls Creek property, on roads, or buildings off lot lines. Using new satellite technology, Bechtolt Engineering has completed the review and advised FCR of all changes that must be made. This ballot confirms changes and will be voted on by the Association of lot owners.

Budget Review

Glenn Sears passed out a summary of our current cash income/cash expenditures position for the fiscal year. The review indicates we are on target to meet our budget forecast.

New Budget

Based on a preliminary budget Glenn Sears mailed out prior to the meeting, there was considerable discussion regarding the increased annual assessments. The major areas of discussion concerned asset depreciation or sinking fund methods. Chuck Eppinger made a motion, seconded by Brad Nussbaum, to vote on the budget as submitted. The motion for the original budget was approved 53 to 24.

Budget Proposal

As a result of the membership's interest and concern for more input to the budget development process the following motion was made:

"A Capital Budgeting Committee" shall be established to determine the criteria for deciding which items are to be covered by the current budget or the "Sinking Fund". This committee will review the proposed Annual Budget and make recommendations to the Board of Directors regarding the specific use of the items defined as the "Sinking Fund".

The above motion was made by Don Southworth and seconded by Brad Nussbaum. It was approved by a vote of the membership.

Common Property Committee

Robin Southworth thanked all the many people who volunteered hundreds of hours of service to our community. These efforts included weed control, slash day, road signs, lake improvement, a new raft, the ice-skating program, beautification and properties, to mention just a few. Robin then asked Don Southworth to comment on the Trail Project. Don indicated that the study involves a walking trail between the picnic grounds and the lake. Benefits were twofold. First was to improve safety of walkers on a very difficult portion of Falls Creek Main. Second was to enjoy a walk along the very beautiful lakeshore. Don indicated Ken Marshall had reviewed the area and it would be a work-intensive project, but possible. Howard Collier expressed the concern that his experience with trails in his previous community was very negative and, in fact, created many problems with outside trespassers using the trail to access the community. It was agreed that Howard's experience should be included in any evaluation of this project.

Ranch House/Weed Control

Chuck Eppinger reported that the major renovation of the Ranch House has been completed and our new manager and his family have moved in. Chuck also reported on the progress of weed control. He then thanked all of the volunteers who have donated their time to these projects.

Roads Committee

Bob Strachan reviewed the current condition of roads and his plans for the coming year.

A. An outside consultant on gravel roads was hired for a one-day workshop. He made a number of cost-saving recommendations that will be reviewed by the Roads Committee

B. Bob indicated that he would like to expand his committee and would like volunteers

C. The interior roads will get a Mag Chloride application on July 26th

D. Questions were raised as to what percentage of road costs are being allocated to High Meadows; Bob said it is being studied

E. Question was raised concerning the policy for Mag Chloride on all FCR roads. Bob said that budget permitting, our plan is to make Mag Chloride applications on all FCR roads

Security Report

Warren Kerzon indicated that general security appears to be in reasonable order in spite of our loss of the on-site Sheriff Patrol. The lake area continues to be our biggest problem with trespassers. Warren asked all members to please decal their own vehicles and give their guests passes to put on their dashboards. In addition, he has developed a copy of the trespass law that is stocked behind the mail boxes in a yellow box. These can be put in the windshield of unauthorized vehicles.

Water System

Ray Turner introduced the members of this committee and thanked them for the many hours they have donated to giving FCR the excellent water systems we have. Ray indicated that we now have all of the major elements of our total water system in place. Our emphasis is on determining the long-range capability of our wells. He has a detailed five-year history, but we will need additional time to confirm our actual capacity. Jack Campbell has been working on long-range plans for additional well capacity. These studies will continue. This past June we experienced a 35% increase in usage. Our Covenants call for outside use of water not to exceed an area of 1000 square feet or an area of about 33'x33'. Under separate cover the board will be sending out a letter to all residents outlining our plan to get this excess consumption under control. Most residents do a very good job and we need to concentrate on the problem areas. Mike McLachlan made a motion, seconded by Ellis Robinson, that all unimproved lots submitting building plans be required to include the installation of a water meter as a part of the building approval process. The motion passed.

Fire Prevention

Reid Ross indicated that we need to take steps to prevent a forest fire on the Ranch. All residents are encouraged to thin and remove dead wood from their lots. Reid indicated there could be federal funds available to assist in our overall efforts. A plan will be written in an attempt to secure some of these federal moneys to assist in these projects. An example would be the controlled burn on the east ridge that the Forest Service completed last year.

New Residents Recommendations

Byard Peak suggested we make a concentrated effort to meet with all new residents to insure they understand, not only our building requirements, but things like water usage and all the other Covenants that would assist them in their decision making process.

Election of Officers

The Board asked Don Southworth to act as the replacement for Carla Bennett, fulfilling the remaining one year of her term. Dick Patrick will finish his term. Three positions remain open. Elected to the board were Nancy Peake, Jack Campbell and Steve Gillis.

**Respectfully Submitted,
Don Southworth, Acting Secretary**

Board of Directors, Falls Creek Ranch Association, Inc.

JULY 26, 2001 meeting of the Board of Directors of Falls Creek Ranch

Present were Mike McQuinn, Glenn Sears, Jack Campbell, Steve Gillis, Dick Patrick, Don Southworth and Nancy Peake. Also present were Ray Turner, Utilities committee chairperson, Ron Camp, liaison to Ranch manager, and Bob Strachan, Roads committee chairperson. In addition four ranch residents were present.

New Business •The outgoing and incoming board members met at the home of Don Southworth on the evening of July 26. Mike McQuinn expressed his pleasure at the presence of so many people, especially those from the Ranch community, hoping that more members would take an interest in Board meetings in the future.

•The immediate order of business was the acceptance of Don Southworth's letter of resignation due to the mistaken assumption by the previous board that appointed replacements would fulfill the entire term of the person leaving. Outgoing president Mike McQuinn apologized for the error and thanked Don for stepping forward, in the absence of any other volunteers, to fill Carla Bennett's term and to willingly assume her duties as secretary as well.

•After determining that Don was not interested in running for any board position at this time, thus negating the need for another full election (verified by Michael McLachlan), the combined boards referred to the Ranch covenants, Article IV, number 2 (re "Number, Tenure and Qualifications") to assign the four vacant positions, by number of votes received, to candidates in the public annual meeting: Jack Campbell to the three-year term vacated by Mike McQuinn, Nancy Peake to the two years remaining of Glenn Sears' term after his resignation, and to Steve Gillis and George Bartsch, each a one-year term to fulfill the terms of resigning members (both moving) Carla Bennett and Nicole Ziegler.

The new board members will meet for a brief organizational meeting to determine duties and responsibilities on **Monday, July 30.**

Utilities committee report:

Ray Turner presented a thorough report, the result of a June 19 meeting of his committee, Ray Smith, and nine Ranch residents. Highlights were the histories and current status of the water systems, in particular the upper system. Concern is whether we are mining our water, the answer to be determined only through monitoring and the winter weather patterns over the next 3 to 5 years.

Of major concern is the current, "extravagant," over usage of water, exceeding 60,000 gallons of water on some days (compared with 17,000-18,000 gallons during the winter), even though pumping time has been extended by three hours, now barely keeping up with demand. Finding no significant leaks, the assumption was that irrigation must account for 70% of the usage. Ray encouraged all residents to refer to the covenants regarding allowable irrigation systems. The Board recommended that the Architectural Control guidelines also include these regulations.

The utilities committee determined that the immediate action should be one of education, informing all residents of the seriousness of the situation. A letter to this end is being prepared which might be followed up by a visit to all residents, hopefully as early as this Fall, as encouraged by Board members.

Even though a resolution was passed at the annual meeting requiring meters on any new home construction, much discussion followed as to the types of meters, accessibility to owners (for the purpose of self-monitoring) and utilities committee monitors, and time and maintenance required by Ranch personnel and volunteers. No decisions were reached as to specifics.

Inspection and evaluation of the upper well will take place shortly. Ranch residents will be notified and asked to cooperate with temporary rationing if necessary during this time.

Treasurer's Report: Glenn reported that annual assessment letters have been mailed and Dick Patrick acknowledged that seven checks had been received to date.

Glenn recommended that we set up a second Kemper Fund for use as the "sinking" or depreciation fund and that we deposit the monies from the first fund into the second. Voted and approved by the Board.

During discussion the Board voted to allow Ray Smith, Ranch Manager, to use a debit card from our regular account, with a \$300 limit, when servicing Ranch vehicles, etc. in order that he would not have to use his own personal funds for these expenses.

Mike thanked Glenn on behalf of all Ranch residents for the countless hours he has spent working on Association finances.

Roads committee: Bob Strachan reported that the magnesium chloride treatment has been completed on all interior roads with the exception of Alpenglow Drive where residents said they have no dust problem.

Ranch Manager Liaison: Ron Camp requested the following of all Ranch residents: All questions, requests, and suggestions regarding Falls Creek Ranch property should be communicated to either the Liaison, Ron Camp, or to the pertinent committee chair people. No specific requests should be made to the Manager, Ray Smith, directly as he could in no way perform his duties and responsibilities if he were required to respond to individual property owners.

In closing, Mike McQuinn thanked all members who had worked with him during his term and again acknowledged the presence of Ranch residents at a Board meeting as a positive sign.

Respectfully submitted, Nancy Peake, temporary secretary for 7/26/01 meeting.

Board of Directors, Falls Creek Ranch Association, Inc.

August 9, 2001 meeting of the Board of Directors of Falls Creek Ranch

Present were Steve Gillis, Dick Patrick, Jack Campbell, George Bartsch and Nancy Peake. Also present were Ron Camp, liaison to Ranch manager, Robin Southworth, Common Property co-person, and three Ranch residents.

First order of business: Glenn Sears demonstrated the new Ranch website with the revised Ranch Information Packet fully installed (thanks to Mary Sears' two year project, updating contents!). Eb Redford, who has created the secure website for the benefit of all residents, announced that everything is up and running and loaded with FCR info. In addition to the newly revised homeowners' packet, the site also includes all necessary forms (for common property, architectural changes, etc.), minutes, and announcements re meetings, roadwork, spraying, etc. The site is hosted by Frontier.net.

Web address: Falls creek.org

User ID: FCR

Password: 6350fcm

Glenn also mentioned that a Ranch account has been opened at AutoZone for the use of the Ranch Manager. The Board unanimously agreed that Mary Robinson should be paid full cost of the annual meeting picnic in order that she have no out-of-pocket expense. Bills submitted to date for this event: \$235. Glenn also suggested that we open a Schwab account for the "sinking fund" as Kemper accounts are only allowed to invest in Kemper funds. George will look into details.

Treasurer's Report:

The 7/31/01 statement from the Zurich/Kemper account: \$57,311.01.

Dick reported that 45 lots have sent assessment checks to a total of \$48,262.50. He and George have been working closely with Glenn regarding bill-paying procedures, most of which are paid on-line by Barney Anderson. Barney also does all the IRS/payroll work. George has been designated assistant treasurer. We are fortunate to have a full "treasury team" which assures that there will always be a knowledgeable treasury person in residence.

All required signatures were affixed to accounts reflecting new Board members.

Ranch Manager Liaison:

Ron Camp reported that Ray Smith is learning the Ranch water system. A meter pit will be installed at the small well. There will be a class for meadow mowers (and anyone interested). Roadwork throughout the Ranch is ongoing.

Utilities committee report:

Jack Campbell presented Ray Turner's report. Major focus of the committee's efforts at this time are: improved maintenance of our existing water systems, improved protection of our groundwater resources, continued collection and analysis of data regarding our aquifers, and education with respect to appropriate and effective uses of water for irrigation.

The committee has a first draft of a letter to be submitted to the Board emphasizing the stewardship of Ranch water. This letter, when approved, will be sent to all residents, to be followed up with visits of neighbors to neighbors. A bulletin will be prepared regarding means for conserving water.

The Board proposed that Jack present a water geology seminar for interested Ranch residents. Jack mentioned that we now have almost a five-year record of precipitation versus usage, and pointed out that rain does nothing for the level of the aquifer. In answer to a question of the possibility of drilling a new well, he pointed out that this may lead to difficulties with our waiver from water treatment. The immediate answer may be reworking the upper well. A new French drain is currently being installed in the small well.

The San Juan Basin Health Department has requested a survey of all Ranch septic systems. A suggestion was made that the Ranch house septic tank be pumped. The sewer line at the equipment shed will be dug up and wrapped with heat tape to prevent freezing this winter. A new diesel tank will be installed on a concrete slab with containment buffer.

Common Property report:

Robin reported that there will be a meeting on August 14th, to set an agenda. One of the primary concerns at this point is fire reduction, i.e. encouraging the clearing and removal of dead wood. If there is a question for appropriateness of wood clearing, please refer to the info packet/FCR manual for procedure and forms to be submitted to the CP committee.

She mentioned that she is aware that there is a petition circulating regarding a new “trail,” though she has not seen it yet. Robin wished to assure residents that there are NO plans at this time to create any new trails. The subject was presented to her committee by a few Ranch residents, and a subcommittee was then appointed to solicit comments and ideas. No proposal or report has yet been returned to the committee. Robin also reminded us that according to the Ranch covenants any “change in character” of Ranch common property needs to be approved by 2/3 of the residents.

Regarding the lake: Glenn Sears has resigned as dam manager and Clyde and Paulette Church have agreed to take on this task. Dick Patrick is re-writing the dam emergency plan, noting that much of the responsibility has been lifted from FCR. The flow chart now begins with the Ranch Manager who then notifies the County who then contacts the emergency people. There was also discussion of the status and means of trading bass for trout. No specific answers, but the committee will investigate. There are still many of the original boat stickers available from Warren Kerzon. Residents interested in identifying their “crafts” should do so. There was a comment regarding floating rubber toys left at the lake when owners were not there.

Responding to a question as to the High Meadows agreement regarding rights of Ranch residents to hike on their property, Steve stated that we do have written rights to walk on any of their common property as well as Dr. Watson’s. (Please refer to the Member Information Packet)

The horse corrals may have a new resident shortly. Robin mentioned again that the Ranch has no money invested in upkeep of the facility, as this is the responsibility of the owners of animals contained therein.

Old Business:

Regarding barking dogs: Steve reported that those who had had complaints said things were improving, and initial complaints seem to have been satisfied. He did stress that if your dog is barking, it is annoying your neighbors. Please do not leave your dog outside, especially at night, when you are not at home—unless you feel sure you have a “non-barking” dog.

New Business:

Jack Irby suggested that there may be tax breaks regarding designation of common property as a conservancy easement (meaning never to be developed, not open to outsiders for hiking, etc.). An attorney has offered to do initial investigation at no cost. Among the many questions to be answered: as a non-profit entity, would the homeowners’ association continue to be owner/managers without affecting status.

A new Falls Creek Ranch map has been prepared (to appear on website.) It was suggested that this can be merged with the water system map for utilities purposes.

Glenn Sears sent a letter suggesting clarification as to whether lots were owned by specific individuals, how many individuals, or if by a trust. He recommended that we amend our voting procedures to be more precise. A question arose regarding who votes the proxies, the danger of having the Board vote because those individuals would have more than one vote, and the need to be more specific on proxy ballots as to candidates, budgets and issues. To this end it

was suggested that all information be submitted by April 1st, if possible, to distribute to all property owners well in advance of meetings.

Regarding all matters to do with the “sinking fund”: it was suggested that we have a financial advisory board consisting of Barbary Lawson, Jack Irby, Warren Kerzon, Glenn Sears, and Eb Redford. Any residents interested in participating should contact one of the above.

Ron Camp brought up the all-important and ever-increasing need for a Ranch security program. He mentioned seeing people drive into the dumpster area from off the Ranch, dump garbage, and leave. Even more serious are the hikers and bikers entering the Ranch from the fire exit road through the broken gate. He noted fire pits along the trails along the ridge. It was suggested that perhaps the regular Ranch hikers might volunteer to carry cell phones with the sheriff’s number to report trespassers. Though the Forest Service does patrol the road into the Ranch, their minimal presence is not a deterrent. Hiring off-duty sheriff personnel was also discussed. The Board will ask Warren to talk to Larry regarding his thoughts. **Any suggestions from Ranch residents would be appreciated.**

Regarding a backup for the Ranch Manager Liaison (Ron Camp) in his absence: Don Southworth and Ray Turner will serve.

Thanking Eb Redford again for all his work developing the website, Steve ended the meeting saying how good it was to see Ranch residents, other than Board members and committee chairmen, attending. He encouraged residents to call any Board member with ideas, comments, concerns and questions.

It was decided that Board meetings will be held the 2nd Thursday of each month, unless otherwise noted. All meetings will be posted on the bulletin board. All residents are invited to attend.

The next meeting will be held at the home of Steve Gillis on Thursday, September 13th, at 7:00 p.m.

Respectfully submitted, Nancy Peake, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

September 13, 2001 - The September meeting of the FCR Board of Directors was held at the home of Steve Gillis on September 13, 2001.

Members present were Jack Campbell, Dick Patrick, George Bartsch, and Steve Gillis. Guests present were Ron Camp, Barney Anderson, and Dolph Kuss. The meeting was called to order at 7:00.

Utility Committee Report- Ray Smith has worked on installing an enclosed underground housing for the small well, including all plumbing and electrical hookups. A significant 1500 gal /hour flow of water stopped after phone calls were made to users of the upper water system. It is unclear to Committee members where the water was being used.

Capital finance committee has held an organizational meeting and is functioning.

Security - Warren Kerzon has been investigating the possible use of off-duty sheriff's officers to patrol FCR. The cost for part time work is \$12-\$16/hr, but they cannot use sheriff's vehicles. The Committee is going to look into this possibility further. The committee brought up the subject of stickers for boats kept at the lake. This will be addressed next spring.

Road Committee- Barney Anderson brought up the subject that there does not appear to be any money in the road budget for maintenance. He was asked to get the Road Committee to submit their request for more funds and the Board would try to reconcile their request with the budget that passed last summer.

Ranch Manager- Prepared tractor and volunteers for weed cutting. Took water samples and did well construction for the Utility committee. Repaired Falls Creek Main after mudslide. Performed equipment maintenance. Performed maintenance on Ranch house plumbing and septic system. Thanks to Ron Camp, Ken Marshall, and Scott Southworth for working with Ray on projects.

Flat tires on Ranch equipment are an ongoing time consuming problem and new tire will be purchased.

Treasurer - Dick Patrick reported that the changeover for the treasurer's functions is now complete.

A request for one time use of the emergency road for access to a track hoe was received from John Schwob who owns property near the Church Camp. The request was approved contingent on letter agreement holding FCR harmless for liability and Schwob will pay for any damage.

The next Board meeting will be held October 11, 2001 at the home of John Campbell.

The meeting adjourned at 9:15. Steve Gillis

Board of Directors, Falls Creek Ranch Association, Inc.

October 11, 2001 meeting of the Board of Directors of Falls Creek Ranch

Present were Board members Steve Gillis, Dick Patrick, Jack Campbell, George Bartsch and Nancy Peake. Also present were Glenn Sears and Barney Anderson.

First order of business: Glenn presented the final balance sheet and profit and loss statement for the last fiscal year. He reported that we have overspent the budget by \$3,400, in addition to the fact that the Roads Committee did not spend the allotted \$8,500 for roadwork on Falls Creek Main, as that work will be done this year. Therefore, the actual amount over budget was over \$12,000. Glenn noted that this was not unusual because expenses will always occur during the year that are not included in the budget; but he emphasized that the amount will have to be paid back.

Since it is not prudent to pass up opportunities or obligations regarding Ranch expenses, Glenn suggested that the Board take the money left over in the Kemper Fund and the First National Bank account and establish a separate capitol account to cover unexpected expenses. If we created a buffer of \$10,00-\$15,000, we might be able to live within the annual budget and avoid the shortfalls of the past two years. This "buffer" account would be separate from the sinking fund to prevent the co-mingling of funds.

The Board decided to delay action until we have final figures from the Roads Committee and the Finance Committee recommendations before setting up the new account.

Further financial discussion: the Board requested accurate numbers for the actual value of Ranch assets and true replacement costs of those assets by the next meeting. These numbers are necessary in order for the Budget Committee to administer the sinking fund and plan out replacement of assets as necessary without dipping into other budgeted funds.

Dam Manager: Although the Common Property committee recommended that Ray Smith take over these responsibilities, the Board felt that he should not have to handle these added duties. The Churches have volunteered to handle these responsibilities. It was noted that a new dam emergency plan needs to be written.

Ranch Manager Liaison: Contractors may not dump stumps on the Ranch slash pile! Offenders are to be notified. There are too many contractors' trucks speeding, especially empty dump trucks. Contractors will be warned regarding violations.

We will be scheduling a training session for volunteer snowplow drivers on Falls Creek Main. Volunteers should notify George Bartsch.

Utilities Committee report: In eighteen months our permit to operate the FCR water system will expire. We will need fully licensed operators, each of whom must pass the required regulatory test. We have four who have volunteered: Jack Campbell, Ron Camp, Bill Collins and John Ritchey. Ray Smith has already passed the tests and is learning our system.

Tim Decker, the water consultant, was contacted to see if the upper well needs to be reconditioned. He determined that there has been no change in five years. FCR has recently completed a six-year upgrade of the distribution system.

The committee has completed a comprehensive letter detailing the status of our water system, signed and approved by the Board, which will be mailed to each resident and renter. The letter will be mailed rather than placed in newspaper tubes, because the contents are too important to risk not being read.

New Business: Steve will look into posting an updated, explicit notice regarding FCR residents' emergency exit route.

The Board has received a set of petitions with forty signatures expressing opposition to the development of trails on FCR common property.

John Galbraith has volunteered to create a new FCR map for residents' use denoting easily read road names, new emergency exit, etc. The Board enthusiastically supported the project. Any suggestions should be put in John's newspaper tube.

Meeting adjourned. Respectfully submitted, Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

November 9, 2001 meeting of the Board of Directors of Falls Creek Ranch

Present were Board members Steve Gillis, Dick Patrick, George Bartsch and Nancy Peake. Also present were committee chairs, Ray Turner, Barbara Lawson, Ron Camp and special guest Tami Graham.

First order of business: Responding to requests of some Ranch residents to investigate pros and cons of conservation easements on portions of common property, the Board has been pursuing information. Jack Irby arranged a meeting with Durango attorney Dick Emmett and Board members and resident representatives on November 6th for the purpose of initial fact finding.

Conservation easements, i.e. the dedication of property to land trusts or government agencies in exchange for tax benefits, do not have to allow public access but help landowners “preserve in perpetuity the natural, scenic, agricultural, recreational and/or historic value “. Agreements are tailor made to specific properties. Tax benefits, both federal and state, can either be kept or sold to brokers at 80 cents/dollar according to the specific needs of landowners.

Tami Graham from the Animas Conservancy spoke to the Board at today’s meeting with regard to her agency specifically and to the costs (legal fees, appraisal and stewardship endowment fee) of conservation easements in general. The Board agreed that we need to gather more information regarding the specific circumstances of Falls Creek Ranch before we determine whether the idea is viable, at which time we would then assemble facts and experts to present the question to residents for discussion.

Utilities committee: Ray Turner reported that excessive water use continues to be a problem. For the first time ever, September and October usage ran at August levels.

The hydrologist has completed his evaluation of Well #2 and reports the well is “adequate.” The security of the total system is currently being assessed upon the recommendation of the Colorado Department of Health following events of Sept. 11.

Ray and his committee, under the direction of the San Juan Basin Health Department, are currently conducting a survey of all Ranch septic systems in an effort to determine if any are in violation of regulations. There have been systems in violation in the past (e.g. leach fields constructed within 25 feet of existing water mains), all of which have been corrected when discovered. The Ranch has set a precedent of paying for this type of correction as all errors to date were created by previous homeowners. After discussion determining that all existing violations must be remedied for the public health of FCR residents, the Board voted to continue to assume all costs where leach fields were placed in violation.

Architectural committee: Dennis Benadum is moving from the Ranch. George Bartsch will serve as chairperson of this committee.

Capital budgeting committee: Barbara Lawson and her committee are in the process of assembling financial information from all Ranch committees in the form of a five-year plan, to include assets, expenditures outside of those budgeted, as well as estimates for emergencies. Upon evaluating these reports, they will attempt to determine how much capital should be set aside for improvements and replacement of assets. Major expenses (e.g. replacement of the backhoe) should be presented to the Residents with options for payment. It was suggested that perhaps part of the annual budget should include a contingency fund for such expenses.

Ranch Manager Liaison: Ron Camp reported on the many, significant activities performed by Ray Smith over the past month, including, to name just a few, readying Ranch equipment for winter plowing, ordering and installing gravel on Falls Creek Main, attending an 8-hour Colorado Rural Water seminar on water treatment, grading the Forest Service road, maintaining Ranch vehicles and equipment.

The LPEA has almost completed the installation of new boxes, moving some to make them more accessible and away from water lines, and installing rebar in front of some. (Should we hit an electrical box with the snowplow, the Ranch is liable for repairs and/or replacement.)

Ron reported that he is dealing with some problem issues arising when Residents or their construction crews obstruct Ranch roads and remarked that these could be real problems once the snow falls.

Treasurer: Dick Patrick reported that the Ranch has \$76,064.30 in operating funds at the First National Bank and \$57,758.92 in capital funds in the Kemper/Zurich account for a total of \$133,823.22.

New business: The Board approved installation of a water softener in the Ranch Manager's house.

Several Residents are, once again, experiencing difficulties with Durango Herald delivery. (Subsequently Nancy Peake has contacted the Herald Circulation Manager who assured us that they would look into the matter and verify all subscription "dots" on our mailboxes. The Herald urged everyone to continue notify the paper each time a paper is missing.)

Barney Anderson will serve as temporary chairperson of the road committee until Bob Strachan returns. The Board needs a specific maintenance/repair plan for the Ranch roads for budget purposes. Regarding the dangerous "mirror curve": the road leans out at this point and an average of one person per year goes off the road here. This needs to be addressed when the next major roadwork is done. We will sand this area in the winter.

Steve reported that High Meadows homeowners have voted to allow no access to hunters on their property. He has received a letter from their association with complaints about abuse during hunting season, especially by hunters unaccompanied by FCR residents crossing their property to reach the high country. High Meadows cited our agreement that permits only FCR residents to cross their property for the purpose of hiking or cross-country skiing. They plan to enforce that agreement.

The next Board meeting will be held on Thursday, December 13th, at 7:00 p.m. at the home of Steve Gillis.

Respectfully submitted, Nancy Peake, Secretary

Board of Directors, Falls Creek Ranch Association, Inc.

December 13, 2001 meeting of the Board of Directors of Falls Creek Ranch

Present were Board members Steve Gillis, Dick Patrick, Jack Campbell and Nancy Peake. Also present were committee chairs, Barney Anderson, Ron Camp and guests Dan Ochocki, and Ron Klatt. Several residents were present to participate in discussion.

First order of business: Dan Ochocki, District Forester, Colorado State Forest Service, and Ron Klatt, U.S. Forest Service, **presented a proposal to reduce wildfire hazard on the east side of the Ranch** “where the risk of a wildfire moving up from the Animas Valley is a major concern.” Fuel reduction would be achieved through “mechanical treatment,” i.e. **thinning and removal** of dead and/or overstocked wood, including pine thinning and “changing the continuity of Gambel oak shrub”.

Both men stressed that the “only reason for this project is to protect FCR property.” They explained that we are now operating in a unique window of opportunity due to a current U.S. law, applicable only to Colorado, whereas in a “good neighbor agreement” the United States and State forest personnel may work together as full partners, sharing funds, with private landowners in a combined effort to reduce fire risk. Due to demands on the government monies, this opportunity may be short lived.

They need a commitment from FCR by the spring in order to proceed with planning in 2002 for a project to occur in 2003. FCR would have to approve the creation of a **temporary** road, to be built by the forest service, to facilitate removal of wood. Cost of the FCR portion of the road on common property on the eastern slope could be offset by selling thinned wood that is commercial quality. The forest service explained that they “do not build roads to keep roads” and that the road would be removed/destroyed at the end of the project and the land returned to its natural state. The Board agreed that a vote of residents is necessary before approving the building of any temporary road.

The written proposal concludes with this combined statement from the forest services: “While this proposal focuses on the eastern boundary of FCR where the risk of a wildfire moving uphill from the Animas Valley is a concern, much of FCR is in need of thinning. In concert with the above recommendations is the need for treatment within the perimeter of FCR. Many areas of common property could be thinned...Roadways already in place could and should be improved as fuel-breaks by thinning and removing pine and oak within 60-100 feet. The installation and maintenance of DEFENSIBLE SPACE around each home site should be encouraged and perhaps required. Firefighting agencies may be reluctant to risk their men and equipment where homeowners have not cleared brush from around their homes... Homeowners not willing to create defensible space place not only their own improvements, but also adjacent lands at risk.”

Steve Gillis has the forest service maps illustrating Phase One, the first 100 acres, of the four-phase project. Projected time, including the planning: “two seasons, max.” The Board discussed holding a Ranch community meeting at the fire station in the near future with Dan and Ron present to address concerns and answer questions. All FCR residents will receive more detailed information shortly. Meanwhile, all Board members and FCR residents, Reid Ross, Carl Deterding, and Courtney Eppinger/Barr are also available to further discuss the contents of the presentation.

Roads committee: Barney Anderson presented an extensive report and budget for all FCR roads which included an inventory (measurement and assessment) of almost 9 miles of roadways within FCR and estimates of costs, including maintenance (gravel, water, roller, etc.), repair of damages, and MgCl for FCR roads and the forest service road. The committee also prepared in detail a budget for all roads based on a 12-year cycle, building in a 10% contingency.

The committee would like to see the budget include a one-mile per year rebuild factor. Before the road budget can be approved, the Board will have to review the total proposal from the Capital Budgeting Committee.

Capital Budgeting committee: Barbara Lawson and her committee have spent a great deal of time in their efforts to gain information from all FCR committees in order to produce a 20-year plan with accurate cost forecasts.

Ranch Manager Liaison: Ron Camp reported on the many significant activities performed by Ray Smith, which included practice drive-throughs of all FCR roads with snowplowing equipment, reviewing hazards and snow removal and disposition. Ray is now collecting the bacteriological samples and delivering them to San Juan Basin Health for analysis. He organized the equipment shed to make room for the plow truck, road grader and backhoe in order to keep them from freezing up.

The Board decided to give Ray his retirement monies, about 7 % of his gross salary, to invest independently. The annual bonus will be taken from Ranch money, rather than request donations from individual residents.

(If any FCR residents are curious as to the myriad tasks accomplished each month by our Ranch Manager, Ron prepares detailed written reports for each meeting and would be glad to share them with you.)

The existing slash pile will be burned when conditions permit. **Residents are requested not to use the High Meadow slash pile any more, and to haul slash to the designated spot behind the fire station for the chipper. To all new homes under construction: slash must be hauled off the Ranch by the contractor.**

Treasurer: Dick Patrick reported that all work by LPEA is complete. The electric company will be sending money for road damage. LPEA wrote to thank all FCR residents for their cooperation and patience in the cable replacement project, “the first of its kind in a major subdivision within La Plata Electric’s system.”

As part of his monthly report, Dick submitted, as usual, copies of the “Profit & Loss Budget vs. Actual” statement, the “Journal” denoting all credits and dispersals, and all checking account activity. As of Nov. 30, FCR has \$68,943.10 in operating funds at the First National Bank and \$57,859.46 in capital funds in the Kemper/Zurich account.

Dick is currently preparing the assessment notices.

New business: Steve reported that **FCR’s fish stocking license** has expired and will be renewed. There have been three new water hookups. Noting that the IRS requires homeowners associations to file, accounting for income from assessments to offset expenses, he is looking into filing back forms in order to keep us in compliance.

The next Board meeting will be held on Thursday, January 10th, at 7:00 p.m., at the home of Nancy Peake.

Respectfully submitted, Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

January 10, 2002 meeting of the Falls Creek Ranch Board of Directors

Present were Board members Steve Gillis, Dick Patrick, Jack Campbell, George Bartsch and Nancy Peake. Also present were Ranch residents John Galbraith and Byard Peake.

First order of business: Steve initiated discussion on two priority issues, each timely windows of opportunities, each of which has ties with the other.

Conservation easements, whereby FCR would dedicate portions of FCR common property to a conservancy, thereby denying any development by anyone for perpetuity, yet having the ability to write into the agreement specifics relating to FCR usage. With regard to recent discussion with attorney Dick Emmett: federal tax deductions do not apply to FCR, nor would any benefits pass on to individual owners. State tax credits can be either sold for approximately \$.80 on the dollar or passed through to individual owners. Emmett suggested that FCR could work with three 35-acre parcels. Based on estimated value, the potential cash to the Ranch could approximate \$624,00. Or, pass on a potential \$7,400 to individual residents over three years.

Board members felt that the optimal use of monies gained from the easement dedication would be to channel tax credits to FCR to offset replacement costs of equipment (snow plow, road grader, etc.), rather than assess residents for these expenses over the next few years.

Expenses to set up easements were estimated at \$16,300: \$1800 appraisal fees (@ \$600 per parcel), \$12,00 endowment fees, and \$2500 attorney fee.

The Board unanimously agreed to continue gathering all information needed to present residents with a proposal for dedicating certain common properties as conservation easements, with the intent that any monies received be assigned to the FCR Association.

However, because the easement opportunity is linked to the second opportunity, it was decided to present both projects to members at the same time. With regard to:

State and Federal Forest Service Proposal for a tree thinning operation on the east ridge of FCR property. Steve and Reid Ross have prepared a letter to be sent to all FCR residents containing the proposal and outlining specific considerations. With the addition of photos and a map, this document will soon be distributed to residents. The combined forest services will need \$1100 up front to begin marking trees and planning the operation which would take place in 2003.

The Board unanimously recommends approval of the forthcoming document. Steve suggested that individual visits be made to residents regarding both opportunities to answer questions and clarify issues.

Common property committee: Both the above issues are related to FCR common property, and as that committee has been without a chairperson for some time, any action and decisions by that committee are hampered. Byard Peake volunteered to serve on the committee.

Capital Budgeting committee: Steve presented Barbara Lawson's extensive report and sang the praises of this detailed summary of all FCR equipment and facilities which included life expectancies, repair and replacement costs over the next few decades. Her committee received input from Utilities, Liaison and Roads committees. Beautification, Communications, and Architectural committees had no capital expenditures. Common Property provided no input.

Steve suggested that the Board set up a special meeting with all committee chairs to discuss the numbers. Questions to be considered: in setting aside the monies necessary to meet these projected capital expenditures, we pull many line items out of the FCR budget. Do we create a new operating budget? Also, since the Ranch is debt free, and interest rates are low,

might we be wise to utilize our assets and entertain the thought of obtaining a loan to meet capital expense needs?

Liaison: Ron Camp reported on Ray Smith's many duties during the month which included helping the common property committee establish the ice skating rink and pulling several residents (and their guests) out of ditches (above and beyond the call duty!) Ray will burn the upper meadow slash pile this month when weather permits.

Regarding the existing slash pile: the Board reminds all FCR residents that all slash should now be dropped behind the firehouse to get chipped. The upper meadow should no longer be used to deposit slash. It was especially distressing to see that several Christmas trees had been left at the site, even after residents had been requested to cease using this location. FCR slash piles were never intended to accommodate such household items.

Regarding continued abuse of Ranch property and rules by contractors: the Board suggested that a new letter be hand distributed to contractors by the Architectural committee (two copies – each to be signed by the contractor, one copy to be kept by the Board) reiterating that #1: equipment should not be parked on Ranch roads, #2: all slash needs to be taken off Ranch property, and #3: all work crews must observe FCR speeding rules.

Treasurer: Dick Patrick reported that all assessment letters for the second half association fee have been sent.

Current account status: \$44,454.77 in operating funds at FNB; \$57,973.70 in the Zurich/Kemper account; \$10,000 in the new Vanguard Capital Fund account; \$10,000 in the new Vanguard Operational account.

The next Board meeting will be held on Thursday, February 14th, at 7:00 p.m. at the home of Jack Campbell.

Respectfully submitted,
Nancy Peake, secretary
No February, 2002 meeting

Board of Directors, Falls Creek Ranch Association, Inc.

March 21 and 22, 2002

Because the primary agenda of the March Board meeting was to be discussion of the Capital Budgeting Committee report by FCR committee chairs and Board members, it was necessary to conduct a “rolling board meeting” on two successive days in the effort to obtain feedback of all involved.

Present on **March 21** were Board members Steve Gillis, Jack Campbell, Dick Patrick and Nancy Peake; committee chairs Barbara Lawson and Ray Turner. Also present were Jack Irby and Don Southworth.

Capital Budgeting committee: The extensive report compiled by Barbara Lawson and her committee addressed the task of estimating the “true” cost of operating FCR per year, including not only annual budgeted operating expenses but also setting aside enough funds each year to cover the cost of capital depreciation and replacement estimated at a five- to 20-year period. Each FCR committee contributed particular information including value and “life expectancy” of assets, all of which were then translated into spreadsheet format, documenting five options:

1. Using the current capital set-aside rate of \$22,207 (whereby many repair and replacement expenses are now taken out of the operating budget).
2. Using the increased rate of \$57,000 (thus requiring two co-existing annual budgets, operating and capital expenses).
3. Starting with an initial \$360,000 (source could be a special assessment of \$3,000 per lot over three or four years, or conservation easements).
4. Financing expenditures over \$75,000 over five years (e.g. grader, dump truck).
5. Using a set-aside rate of \$34,000 and making special assessments to cover big expenditures.

Needless to say, such an effort required many laborious hours on the part of Barbara and her committee! The Board recognized their efforts on behalf of all FCR residents.

All the documented options were discussed at length by those present, noting that the various committees’ figures represented the optimal “wish list” requirements, including items that we need but do not currently have. Steve presented a first draft of next year’s combined budgets, based on the current assessment, in order that figures could be discussed “in context.”

The proposed budget indicated that all anticipated work and expenses could be accomplished according to their estimated depreciation schedule by setting aside approximately \$57,000 per year, as opposed to borrowing from the bank and ourselves, or selling bonds to Ranch members to pay for major expenses, as FCR had done in the past.

The general consensus of the group was to consider a two-tier plan with a capital fund of \$53,000, building up the replacement fund to a “cap” of \$250,000 (about five years out), financing the big expense items (dump truck and grader). It will remain the responsibility of the Capital Budgeting Committee to continually reassess actual expenses vs. depreciation costs. And most importantly, every spring, before the budget is set for the coming year, each FCR committee should submit its operating and capital needs, review the five-year plan, updating it for the next five years, justifying any deviation from the original plan. (This recommendation was relayed to the group assembled the next day for further discussion.)

Those present on **March 22** were Board members Steve Gillis, Jack Campbell, Dick Patrick, George Bartsch and Nancy Peake; committee chairs Ron Camp, Ray Turner, Byard

Peake, and Glenn Sears. Also present were Ranch Manager Ray Smith, John Ritchey and Charlie Keller.

Continued discussion of the **Capital Budget** proposals resulted in the following consensus to be presented to the Residents at the annual meeting: to set aside \$50,000 each year for capital expenses, with a cap on the fund in the \$200,000 to \$250,000 range, and to finance the big expense items. The budget for the next fiscal year will be prepared according to this decision, based upon current assessment rates. The deadline for all committees to submit budget figures is April 15th. Rather than “grapple” with the proposed budget at the annual meeting, **the budget will be published in advance and there will be two public meetings for questions, answers and discussion in April and May for any interested FCR Residents.**

Roads committee: Glenn Sears and John Ritchey have prepared a series of detailed reports regarding the conditions, maintenance work (needed before next winter), costs and time requirements related to all roads on the Ranch. They noted that the long-term plan is to reduce the costs of roads maintenance, i.e. timely repairs and improvements will yield a “pay back.” All road building and maintenance needs to occur in April and May, and in late August and September because the rest of the summer is too dry.

FCR Residents voted at last year’s annual meeting to reconstruct one mile of Falls Creek Main, from the Ranch entrance gate to McQuinn’s house. The estimated cost for this project is about \$41,000. Ray Smith will need to devote about three weeks to this project and about 27 man-days of volunteer time will be required.

Work on Falls Creek Main needs to be coordinated with the substantial maintenance necessary on the rest of the Ranch roads. John Ritchey’s 14-page report (derived from hiking every one of FCR’s roads) details, by road sections, all refurbishing and maintenance needs, cost (estimated at \$16,030) and man-hours (about ten work days from Ray Smith and numerous volunteer hours). John noted that several days are needed each year to remove brush and vegetation encroaching on the sides of the roads; the big concern being safety, visibility and fire.

Work clearing the sides of the Forest Service road has begun, in preparation for grading and graveling. Once again volunteers are needed and most welcome! Ideally, grading will begin in mid April.

Because we did not use the budgeted amount for fuel this winter (not much snow plowing), all road projects proposed can be fully funded. The Board gave approval.

There was much discussion between the Roads and Utilities committee regarding coordination of Ray Smith’s time and the requirements of both committees as optimal time for road and utility maintenance projects overlap. Ray said he was willing to work six or seven days a week if necessary to accomplish roads and utilities work in the time frame required.

Utilities committee: Ray Turner reported that January water leaks in the lower system caused us to lose 17,000 gallons a day. While some of the winter’s leaks have been repaired, we still have three open leaks (locations identified), which need to be repaired as soon as the ground thaws, no later than the end of May, before we end up with “quagmires” in the lower system. Ray Smith and a few volunteers spent hundreds of hours this winter locating and working on water leak problems.

There was a severe “mystery leak” in the lower system, apparently at a residence, of six gallons per minute which began January 12 and ended abruptly February 12th; source and cause were never determined.

Because of the winter leaks **the Ranch has already “used” about one million gallons out of our projected ten million gallons per year; i.e. we have already lost about 10% of our annual water supply.**

Other pending water projects: to comply with the health department we need to relocate several water mains, probably two to three per year over the next three or four years, at a cost of \$3,000 to \$4,000 per year. In November the EPA will evaluate our water system according to the new guidelines, and it is likely that we will need to begin treating our water at the wellheads.

Utilities are now about \$6,000 over budget because of monies spent during the winter repairing water leaks. Work on the water mains could be delayed if necessary. The Board approved all expenses.

Liaison: Ron Camp reported on Ray Smith's activities, which included some snowplowing, road grading and readying a new diesel tank for installation. In June Ray will pour new well pads and a fuel tank pad. A fence and sign will be installed at the old slash pile site to remind Residents NOT to use it anymore. We would like to restore the area to the original meadow after present slash is disposed of.

Common Property committee: New chairperson Byard Peake reported that information packets have been either mailed or distributed (mail tubes) to all Residents regarding the combined Forest Service Wildfire Thinning project. He will contact both agencies to confirm that FCR has given approval to begin marking trees in order that they have a final proposal ready for FCR by the time of our Annual Meeting.

Now that the "fire season" has begun, Byard encourages all Residents to carry cell phones while hiking, biking or horseback riding around the Ranch so that they might report any sign of fire. To this end he suggested placing "locator" signs at various places on the trails to aid a "spotter" in identifying fire locations.

Bill Mashaw donated one day's use of a bobcat machine (won from Target Rental) to FCR. This will be given to Ray Smith to determine its best use.

Treasurer: Dick Patrick reported that all assessments but one have been received. Current accounts status: \$96,948.33 in operating funds at FNB; \$58,116.77 in the Zurich/Kemper account; \$10,000 plus interest in the Vanguard Operational account; \$10,000 plus interest in the Vanguard Capital account. \$41,000 will be taken out of the Kemper account and deposited in the Vanguard Capital account.

Other business: The Board discussed the need of self-insuring one of our water tanks from potential damage by boulders falling from the ridge. Ray Turner stated that the steel for a new tank would cost about \$18,000, and the removal of the old tank (if so damaged), would cost from \$3,000 to \$4,000.

Regarding the "Conservancy issue": it's still in the fact-finding mode. Steve is continuing investigation with a land use attorney.

The Board decided that we need to hire an attorney to investigate the purchase of FCR mineral rights.

FACT: the operation of Falls Creek Ranch utilizes about an estimated 2,500 hours of volunteer time per year!!

Two FCR Board seats are up for re-election at the annual meeting. Steve Gillis and George Bartsch were filling the remaining one-year of two three-year terms vacated last July. Nancy Peake was serving a two-year term, with one year remaining. Dick Patrick has one more year of his three-year term. Jack Campbell has been serving a full three-year term, with two years remaining. **Any Residents interested in serving on your FCR Board should contact Steve Gillis.**

The next Board meeting will be held on Wednesday, April 10th, at 10:00 a.m. at the home of Steve Gillis.

Respectfully submitted, Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

April 10, 2002 Minutes

Present were Board members Steve Gillis, Jack Campbell, Dick Patrick, George Bartsch, and Nancy Peake. Also present were committee chairs Barbara Lawson and Byard Peake.

Current events: FCR is in the midst of a three-day road reconstruction project, over a mile from the entrance gate north on Falls Creek Main. Engineered by road chair Glenn Sears and logistically coordinated by Don Southworth, the project is ahead of schedule. A small group of Ranch volunteers are manning various positions along the route, many of whom will be working all three days, over ten hours each day. **Thank you to all who have given your valuable time!**

The “almost” Falls Creek forest fire, April 5: As reported by the Durango Herald, “Falls Creek homes dodge wildfire bullet,” but only by the superb management of Ron Klatt, Fire Management Supervisor, U.S. Forest Service, and Chief Mike Dunaway, Durango Fire and Rescue Authority, and a huge effort on the part of all La Plata County fire fighters and air support (tankers and spotter planes.) Four crews were standing by to fight home fires, had that been necessary. Steve Gillis, firefighter, was working the fire and reported on the difficulty of attempting to transport hoses through dense oak brush “so thick that even deer couldn’t get through.” He watched the mountainside “explode in flames.” Steve stated that had it not been for the immediate decision to call in the fire bombers from Albuquerque, the southern winds would have driven the fire straight through the Ranch. Cost of the air tankers alone was \$100,000. (Incidentally, all that tricky flying, banking right up against the cliffs to drop retardant, was done by women!)

We are all deeply indebted to the fire fighting crews, both in the air and on the ground, and their supervisors for literally saving the Ranch and our homes. A letter to this effect has been sent from the Board to Ron Klatt and Chief Dunaway, on behalf of all Residents.

As the fire season is upon us, Byard Peake, Common Property chair, reminded all Residents to become familiar with the two emergency exit roads, Mason Cabin and High Meadows. Directions to these roads were placed in all Resident paper tubes, also are posted on the bulletin board. **Note: the High Meadows escape road should only be used in case of emergency.** Carry cell phones while walking, biking or horse back riding around the Ranch. **(Report any suspicious fires to 385-2900; if a true emergency, call 911.)**

Common Property committee: Byard also reported that an emergency phone tree will be created to expedite evacuation if necessary. Pat Campbell volunteered to help coordinate the lower Ranch. He hopes to enlist Residents with key views of Ranch areas to serve as lookouts during the fire season.

Members of the common property committee are eager to work with any Resident who needs approval for thinning trees and oak in their vicinity. It is the responsibility of FCR to thin areas within the Ranch; the proposed forest service project is only concerned with the east ridge area. For further information regarding Ranch policy, refer to the “fire reduction plan” passed five years ago. There is already in effect a policy to thin 20 feet on either side of the roads. Jack Campbell will coordinate renewal of the agreement with the forest service to cut trees on forest land (a portion along Falls Creek Main). Discussion followed resulting in a redirection of cooperative effort during the FCR Slash/Beautification Day in June: this day should be reserved for work on FCR common property areas, not hauling slash from individual residences.

Slash from thinning **should not be added to the slash pile in the upper meadow, as this only adds to an already existent fire hazard**, (reported Steve from his perspective as a firefighter). The FCR chipper can be transported to a Resident's home site. Ray Smith, Ranch caretaker, is available to work for Residents, on his own time, at the established rate of \$15/hour.

Regarding the FCR lake: due to lead time, fish were ordered last fall, even though there is a possibility of extremely low lake levels this summer. Scott Southworth will stock the lake with 600 rainbow trout, 20 grass carp, and 10,000 flat head minnows. It is the intent that the bass will eat minnows instead of trout.

Attention all boat owners: all boats left at the lake must have an FCR decal and number attached by May 30, or they will be removed from the area. See Warren Kerzon for decals.

Now is the time to check trees around each residence for pine beetles. Beetles hatch in early June and can kill a tree in one season. Check with a CP member if you need help identifying. CPC members will spray your trees.

Treasurer: Dick Patrick reported that funds as been transferred out of the Zurich/Kemper account, leaving a balance of \$1,800. Account status: Vanguard Operational, \$30,000; Vanguard Capital, \$58,100; FCB Checking, \$49,725.83.

The road operation costs are being paid as bills come in.

The Board agreed that we should look into hiring a Ranch bookkeeper for purposes of consistency, to handle items such as taxes and general accounting, rather than having to retrain volunteers with each election. We would still retain a treasurer to handle expenses.

There will be two information and discussion meetings open to all FCR Residents regarding next year's proposed budget: Saturday, April 27th, 9:00 a.m., and Wednesday, May 1st, 7:00 p.m., both at the firehouse. It is hoped that all concerns and questions will be answered during these sessions so that a final budget may be distributed before the July annual meeting with quick approval during the public meeting.

Architectural control committee: George Bartsch reported problems with unsightly debris around a rental property on the Ranch. He will talk to renters with hopes to correct problem before a formal letter from the Board is sent.

George reported that all insurance policies on Ranch properties have been renewed, adjusted and paid in full.

Utilities committee: Ray Turner reported that his committee had hoped to visit each FCR Resident this spring regarding water usage this summer (before everyone has been to the nursery), but members have all been over-extended during the leak-filled winter. They will be meeting soon to discuss possible water restrictions over the summer.

Other business: Dick Patrick announced that he will have to resign his Board position due to personal reasons. Dick has served three years, completing the remaining year of a former slot and two years of his own elected term.

Board positions to be filled at July annual meeting: two three-year terms and a partial term of one year.

The next Board meeting will be held on Wednesday, May 22, at 10:00 a.m. at the home of Nancy Peake.

Respectfully submitted,
Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

May 22, 2002 Minutes

Present were Board members Steve Gillis, Jack Campbell, Dick Patrick, George Bartsch, Nancy Peake, and committee chairs Ray Turner and Byard Peake. Also present were ten Ranch residents.

New business: The first two hours of the monthly Board meeting consisted of a lively debate among Residents regarding the parking of horse trailers at the horse corrals. (All information specifically related to horses at FCR can be found in the 8/3/01 edition of the Member Information Packet, pp 22 and 23 under “Common Property Committee,” and pg 31, “Corral Rules.”)

Background: On April 22 Byard Peake, chairman of the Common Property committee received an email from Mike McLachlan which was “a request and complaint that the parked trailers...be immediately removed from the parking and storage locations they currently enjoy next to the corrals. They are illegal and a visual abuse of the common property which is at the expense of all Ranch owners.” Byard contacted all members of the CP committee, and by written poll all members felt that—similar to keeping boats at the lake—horse trailers should be permitted to park at the corrals.

On May 10 Mike sent another email, requesting that copies be sent to the Board, citing a “covenant violation,” wherein “the board and your committee has been derelict in enforcement of the covenants which do not allow parking of private vehicles or trailers on the common property.” He stated that he was going “to institute a complaint in the La Plata County court for enforcement of the covenants.”

The Common Property held a special meeting to address the issue. Finding nothing specific relating to horse trailers in the covenants, by-laws or rules, they decided to act in accordance with “Committee Rules and Regulations” (Introduction to packet, pg 4) and “develop and propose to the Board” a new rule permitting parking of limited horse trailers at the corral. (By-laws Article IV, No. 1, page 10, states that “the Board shall have the power to make and enforce the rules and regulations concerning the use of property owned or administered by the Corporation.”)

The committee unanimously drafted the following rule to submit to the Board at tonight’s meeting, requesting that it be added to the Corral Rules:

“A limit of five (5) horse trailers may be stored at the horse corral main barn. Only residents who have horses boarded at the corral may store their horse trailers there. All trailers must display the FCR decal to identify ownership. The Chairman of the Common Property Committee or assignee may limit the number of trailers to less than five (5).”

Mike began tonight’s discussion by asserting that “this is not about horses, but about parking trailers overnight which is not a valid use of common property.” Referring to covenant No. 26

(pg 19)—“There shall be no use made or authorized of the Common Property that will interfere with the rights of any and all members unless otherwise delineated in these covenants”—Mike feels strongly that horse trailers are not allowed unless the covenants are amended. Covenant No. 32 (pg 21) states that the association “shall have the power and authority to waive or alter these protective covenants only upon approval of three-fourths of its members.”

The ensuing discussion included the following arguments:

- The purpose of Common Property is to be kept in conservation.
- Trailers are kept at the corrals for safety (removal of horses in case of fire), tack and equipment storage, and travel.
- Horse trailers at the corral are less unsightly there than on individual lots.
- Just what defines the “facility” of the horse corrals?
- One cannot own a horse in a place like this and not own a trailer.
- What about parking trailers if unseen?
- Is the presence of horse trailers changing the “character” of common property?
- Can one create new rules without violating the covenants?

If indeed the presence of horse trailers changes the “character” of common property, and are deemed “improvements”, Covenant No. 26 requires that “Any proposed improvements that change the character of the Common Property, in whole or in part, shall not be made unless approved by the Board of Directors and two-thirds (2/3) of the members entitled to vote.”

With no resolution in sight, the Board voted to table the request to vote upon the new rule presented by the Common Property committee and put the issue to the membership for a two-thirds vote at the annual meeting. The committee will meet again before the next Board meeting to write a new proposal regarding horse trailers at the corral, which shall include mitigation of view of horse trailers from the road. The Board voted to allow trailers to remain at the corrals until the vote at the annual meeting. Mike agreed to the above procedures.

Carl Deterding suggested that perhaps the Board should sometime revisit or redefine the content of Covenant No. 26 regarding the “character” of common property in an effort to avoid confusion and disagreements in the future.

Common property, continued: Hopefully the proposal by the combined Forest Services for wildfire thinning on the east ridge common property will be ready for presentation and a vote at the annual meeting, but all personnel have been extremely busy fighting fires. Since the proposal will include removal of wood to be sold commercially to help cover the expense, Byard strongly suggested that the membership at the annual meeting vote on this aspect of the project since this is specifically forbidden by the Common Property Rules and Regulations (see “Forest,” #2). The Board so moved and approved.

Byard would like to thank the hard-working crew of volunteers who spent a full day working with a commercial chipper to reduce the two-year-old slash pile in the upper meadow: Clyde Church, Karl Deterding, Mark Gentry, Steve Gillis, Tom Jones, Warren and Eunice Kerzon, Dolph Kuss, Ken Marshall, Jim McCarthy, Howard Mock, Tom Proudfoot, John Ritchey, Reid Ross, Don Southworth, Bob Strachan, Ray and Barbara Turner, and John Walters. The

remaining ash piles and stumps will be hauled away. **Chips may be taken by Residents for their own use or by users of the corral to control mud and dust.** The committee has decided to reopen the site for slash only (no pine needles or stumps allowed), but request that slash be dropped only in posted areas where they will chip as much as possible and plan for a burn next winter.

Bobbie Bartsch requested that the responsibility for the Beautification committee be returned to the Common Property committee. The committee accepted and has set **Saturday, June 22nd**, as **Ranch Beautification Day**. Watch the bulletin board for further information.

Steve Gillis, on behalf of FCR Residents, expressed to Byard and his committee his appreciation for all the work accomplished in the past few months, and especially their time and effort in trying to resolve the "horse trailer issue."

Utilities committee/Water Crisis: Ray Turner presented a lengthy report on the status of the FCR water supply, undoubtedly the most serious problem facing Residents during the severe drought we are experiencing. (The Governor has already declared Colorado a disaster area/emergency situation in what the Forest Service is calling a "one in one hundred year" drought situation.) Ray's committee is in the process of writing a letter to be sent to all Residents within the next few weeks detailing the severity of our situation and outlining a course of action for this summer.

Ray summarized their findings regarding the supplying aquifers stating that for the first time ever in Ranch history there has been **no recharge this spring, and they will not experience another recharge until March or April of 2003. Current levels are very near the lowest levels ever recorded, even in the heaviest use summer months.** He reported that we are in "unknown territory" for the next eleven months because we have no idea as to what amount of water remains in the aquifers.

The committee found that usage has already increased from 16,000 gallons per day in March to 25,000 gallons per day in May. They see no awareness by FCR Residents that we are in an extreme drought condition but acknowledge that there is probably only a handful of abusers, estimating that 10% of our population is using 50% of the excess water in outside watering. They plan another meeting to draft a rationing recommendation to the Board.

Discussion followed regarding the fact that without individual household meters there is no way to monitor water usage. Regarding drilling additional wells: new wells in our current aquifers will not yield more water, and we have not identified any new aquifers under the Ranch. Steve Gillis, in noting that residents in the various West Durango subdivisions are already planning to haul water this summer, questioned whether we should investigate tying into the North Animas Valley water system (which is already connected up to the church camp). It was pointed out that if we did this, we would probably have to give up our rights to the wells on FCR property. But this and all other alternatives will be investigated.

The Board determined the following course of action: in addition to the "warning" letter to be sent to Residents which will include a graphic illustration of historic use versus current water levels, they agreed to wait until the 35,000 gallon per day figure before instituting rationing or

outright bans on outside watering. In the meantime, **the FCR Board requests that Residents voluntarily water outside only with buckets or watering cans. No hoses or sprinklers will be allowed.** Sprinkler systems are of course outlawed by the Covenants. Neighbors should encourage each other to conserve. Every household should try to reduce water usage by 40%.

Utilities committee, continued: Ray also reported that nearly all old and new leaks from this winter have been repaired. The pump in the lower well has been replaced. Per State regulations, an Emergency Management Plan for the water system has been completed in case of inadvertent contamination. In accordance with our insurance company requirements and EPA regulations, concrete will be installed under the new diesel tank and around all four wellheads early next month.

Septic system problems with several homes (about 8 to 10), which are in code violation regarding proximity of the septic to the water main, will be reviewed with the San Juan Basin Health Department. The Board had previously agreed that FCR will move the mains.

Ranch liaison: Ron Camp submitted a written report (in his absence) listing the various activities of Ray Smith during the past month. Two weeks were spent on the rebuilding of the Ranch road from the entrance to Aspen, and working with John Ritchey to patch and repair the forest service road. He worked with Ray Turner on a number of utility system projects, which included the repair of winter leaks and the rebuild of the water distribution system on Mason Cabin. Other seasonal tasks included the installation of bear proof dumpster lids, the removal of plows from the truck and tractor, replacement of fuel lines, etc. Ray also attended a seminar for dam maintenance at FLC.

Architectural committee: George Bartsch reported that two new Ranch residents are unable to obtain building permits for their respective properties because the recent survey re-plats have not yet been filed. One resident is anxiously waiting to break ground on a new home, the other is waiting to begin a remodel/addition. The apparent delay is related to our obtaining a waiver from the county attorney, which would allow the new plats to be recorded without requiring new title insurance for all FCR Residents.

Treasurer: Dick Patrick reported current account status as follows: \$18,865.86 in operating funds at FNB; \$1,088.72 in the Zurich/Kemper account as of 4/25; \$30,118.75 in the Vanguard Operational account as of 4/30; and \$58,000 in the Vanguard Capital account.

NOTICE TO ALL RANCH RESIDENTS: The 2002 annual meeting will be held at the picnic grounds on Saturday, July 13th at 10:00 a.m. In case of rain, the meeting will be conducted in the Fire House. Bring chairs and a potluck contribution.

Official notice will be mailed to each resident. The packet will include topics to be discussed and voted upon by the membership (as known at the time of the next Board meeting), names of Board member candidates who will be elected at the meeting, and proxy statements for those members unable to attend.

The next Board meeting will be held on Saturday, June 8th, at 10:00 a.m. at the home of Nancy Peake.

Respectfully submitted,
Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

June 8, 2002 Minutes

Present were Board members Jack Campbell, Dick Patrick and Nancy Peake; committee chairs Ray Turner, Barbara Lawson and Byard Peake. Also present were Ranch Residents Mike McLachlan, Dolph Kuss and Tom Jones.

Jack Campbell, vice president, presided in the absence of Steve Gillis who was fighting the Edgemont Ranch fire.

New Business:

- (1) Disputes among neighbors regarding wood cleared on common property resulted in a lengthy discussion covering a variety of issues: proper procedures for obtaining permission to cut trees and oak brush; delays in notification of permission; difficulties in interpreting rules pertaining to different committees; reparation to neighbors for destruction of privacy screen; fire reduction versus aesthetics and their priorities; ambiguities in the 1994 FCR Fire Reduction Plan; definition of a “defensible zone;” and much more.

Several issues were specifically defined during the discussion. The Fire Reduction Plan specifies that when thinning on common property and a question of aesthetics versus fire protection occurs, fire protection should have priority; but there is much subjectivity involved in such a decision.

It was noted that the graphics defining the “defensible zone” recommended by the fire departments were omitted from the Member Information Packet and therefore not available to all Residents.

It was agreed that no standing trees or live brush should be cut without permission, but there was debate as to whether dead trees or brush could be removed if within the defensible area when they provide privacy for neighbors.

The question arose as to whether fire department recommendations should take precedent over FCR rules in the current extreme fire situation.

Finally, it was agreed by all that this was not the time or place to solve the existing disputes (as there are several Residents who have been clearing around their homes without proper permission). The parties involved agreed to abide by a “cease and desist” order until a special meeting of Board members, Common Property committee members and interested parties meet to review policies. This meeting will be scheduled as soon as possible, hopefully before the Annual Meeting.. The Common Property committee will meet within the next week.

The Board voted to send a letter to all FCR Residents, stating that no more trees or brush, dead or alive, shall be cut on common property until further notice. (Said letter was distributed in tubes and mailed to absentee Residents on June 12.) **However, in view of the current extreme fire risk situation, all Residents should continue to remove ladder fuel, dead fall and slash within the defensible space around their homes.**

- (2) There was much discussion of the continued abuse by some Residents of the recommended water restrictions, even after the May 29, 2002 letter, which was mailed to each Resident imposing those restrictions. Several lots are still watering with sprinklers, hoses, drip and sprinkler systems.

Mike McLachlan pointed out that “rules” as stated in the Member Information Packet cannot be legally enforced. In order to regulate actual behavior, these rules need to be elevated to covenant status and incorporated into the Falls Creek Ranch Homeowners Association, Inc. Protective Covenants, thereby empowering the Board and Utilities Committee to impose and enforce restrictions in emergency situations.

The Board voted to create such a covenant to be placed on the agenda of the July 13 Annual Meeting and to be voted upon by the Membership. The passage of an additional covenant requires an approval of three-fourths of the membership (see Falls Creek Ranch Protective Covenants, AMENDMENT OF COVENANTS, No. 32).

The current “water report” was unavailable at this time (waiting for the latest reading) as the Utilities Committee is now monitoring usage on a ten-day basis, but is included in these minutes as reported by Bill Collins later. **The tank in the lower water system went dry from over usage the night of June 8th. A reading indicated that in this ten-day period, usage in the lower system had increased from about 15,000 gallons per day to almost 29,000 gallons per day.** No leaks were found. At this time Bill and Chuck Eppinger visited every home in the lower system and were able to talk to about ½ of the owners, all of whom were cooperative. Their visits suggested that perhaps five or six homes were “heavy users”, and ten to twelve might be using “more” than was recommended in the special mailing (mentioned above.) The upper system also shown gains in daily usage, from about 9,000 gallons per day to 15,000 gallons per day. **Tanks and water usage in both the upper and lower systems will continue to be monitored on a daily basis during the ongoing drought situation.**

Byard Peake encouraged the Board to look into the long-term water problem, in addition to focusing on present day conservation, suggesting that someone investigate contractor bulk costs for individual water meters and look into other sources for water should our wells prove inadequate. He also stated that we should be looking into what we can do this summer if our water supply is depleted; e.g. can we fill up the water tanks with lake water for household use?

- (3) **The Falls Creek Ranch Homeowners Association Annual Meeting will be held on Saturday, July 13th at the picnic area with a potluck to follow.** Information

packets will be mailed by June 13, postmarked 30 days before the meeting, and will contain proxies, the agenda, ballots, budget, Board of Directors candidates and all other pertinent materials. (Because all agenda items had to be voted upon and approved by Board members in order to be presented to the membership, general discussion on the initial meeting issues could not be resolved in the time frame of today's meeting.)

Common Property committee: Byard Peake presented to the Board a Proposition approved by his committee that **horse trailers may be stored at the FCR corral and barn with the following rules and regulations:**

1. A limit of five (5) horse trailers may be stored at the horse corral and barn. The Chairman of the Common Property Committee or assignee may limit the number of horse trailers to less than five.
2. All horse trailers must display the Falls Creek Ranch decal to identify ownership.
3. Only residents who have horses boarded at the corral may store their horse trailers there.
4. The horse trailers, whenever possible should be parked in a manner to minimize visibility to Falls Creek Main and other lots.

The committee requested that the Board approve the Proposition in order that it could be presented to the Membership at the Annual Meeting. Mike McLachlan requested that two issues be addressed and included in the Proposition, specifically: (1) that all horse trailers be registered and insured, and (2) all trailer owners agree to indemnify and hold harmless Falls Creek Ranch Homeowners Association, Inc. and individual members from any and all claims for personal and property loss. He also stated that once adopted, the new rules and regulations should be included in the "revised" horse permit form, along with a requirement that all horse owners comply fully with the Colorado Equine Responsibility Act.

The Board approved the revised Proposition, now including six rules and regulations, and agreed that the horse permit would be revised as advised. The Proposition will be included in ballot form in the Annual Meeting information packet.

Byard presented a second ballot issue as approved by his committee concerning exceptions to Common Property Rules and Regulations which will be required should the Colorado and Federal Forest Service Wildfire Hazard Reduction Proposal for Falls Creek Ranch be adopted by the membership at the Annual Meeting. **Those exceptions would allow indigenous wood products to be removed from the Ranch and sold to help offset the cost of the fire reduction project.**

Once again, Mike McLachlan was invaluable in suggesting that rather than change a "rule", the Board should adopt a **Resolution to authorize the Board to enter into agreement with the State and Federal Forest Services or private entities to remove wood from the Ranch for the purposes of fire protection, thus suspending rules which restrict wood removal, providing that removal be for fire protection only.** He stressed that this resolution should in no way authorize removal of standing trees

outside the Fire Hazard Reduction area without written permission of the Common Property or Architectural committee.

The Board approved the revised Resolution to present for vote of the membership at the Annual Meeting. The Resolution will be included in ballot form in the information packet.

Treasurer: Dick Patrick presented the 2002-2003 Operating Budget to the Board for approval. He noted that FCR has experienced budget overruns for the past three years. At the beginning of the current fiscal year we owed last year's budget \$12,000. At this time we still owe the capital fund more than \$22,000 which we may not be able to pay, due to in part a \$10,000 overrun on the road project.

The Board voted to approve the budget as proposed and present, as approved, to the Residents at the Annual Meeting. **The proposed budget for 2002-2003 will not change the current assessment.**

Board candidates: For the past three months the Board has been actively seeking candidates who are willing to serve on the FCR Board. (See minutes of March 22 and April 10.) Two three-year terms and one partial one-year term will be vacant as of the Annual Meeting. Residents who agreed to place their names on the ballot for Board of Directors are: Tom Jones, Dolph Kuss and Ken Marshall.

No date was set for either the special combined meeting of Board members and the Common Property committee or another Board meeting should it be determined necessary before the Annual Meeting.

Respectfully submitted,
Nancy Peake, Secretary

Addenda:

- (1) Ballots were included in the Annual Meeting packet. These were intended for information only. Voting will take place at the July 13 Annual Meeting unless you are unable to attend. In this case, please mail your proxy to either the Board, in care of Nancy Peake, Secretary, or to a designated Resident who will vote in your place. Since the issues to be voted upon are diverse, you may indicate your choice on specific issues to your designated proxy via the enclosed ballots.

All ballots will be available at the Annual Meeting, including blank ballots to be used when voting upon issues that may arise during the meeting.

- (2) **Chain saw ban. Charcoal grill ban. No smoking outside.** Following the guidelines established June 14 by the San Juan Public Lands officials, the Board deems it prudent to issue those same restrictions to all Residents as the Ranch is surrounded by public lands and is equally at risk to wildfires. These bans will be effective immediately and will remain in effect until further notice.

VALLEY FIRE MEETING
July 1, 2002, Falls Creek Ranch Fire House

Association Members Present

Byard Peake, Presiding	Marty, Roz Freeman	John Walters
Nancy Peake	David, Alice Farkas	Dan Nichter
Karl, Carole Deterding	Mark, Debra Galbraith	Ray Turner
Ken, Sue Marshall	Ron, Jill Camp	Barbara Lawson
Clyde, Paulette Church	Charlie, Karen Keller	Tim Cunningham
Glenn, Mary, Keoki Sears	Michael, Barbara McLachlan	Merle Ross
Howard, Sandra Collier	Cliff Buchfink	John Maxon
Denny Ehlers	John, Glennie Ritchey	Kermit Knudsen
Suzanne Neese	Bill, Deanna Collins	Gerald, Dorothy Culp
Barney Anderson	Mary, Ellis Robinson	Ben, Kaki Crue
Bob, Jan Emmanuel	Tom, Lee Proudfoot	Tuck, Terri Bonham
		Steven Tomczak

Jack Campbell indicated that the water and well systems functioned well during the fire.

Byard Peake complemented Phyllis Anderson on her letter to the membership urging restraint, kindness and support for corral users. Further Byard stated he had talked with Dan Patterson, the fire investigator. His investigation is complete, and his report will be published next week. Byard stated he has communicated with all the corral users, and they feel comfortable with Mr. Patterson's approach.

Byard has also been in contact with Dan Wand, who works for the Colorado State Forest Service, in terms of forest rehab and restoration. Laura Bales has volunteered to head a reforestation committee to deal with FCR property to the S/E. Federal funds may be available. Members were warned that dead snags are extremely dangerous. Their roots are burned, and they may fall easily and without warning. (Parenthetically, since this meeting, our only firefighter fatality occurred in just this way.)

Byard complimented the membership on a smooth, rapid, and complete evacuation. Nevertheless, he warned that we still need to improve the process as we are not out of danger; and that when the Missionary Ridge Fire is contained, our fire fighting resources will be diminished. He announced that the escape route from High Meadows will be open at 9 AM-12 PM this Saturday for residents to drive and become acquainted with the way out. Later we may caravan down the Church Camp Road. Barbara Lawson warned residents not to drive off road because the heat from the catalytic converter can start a fire in the tinder dry grass. Don Southworth expressed concern about caravanning. Discussion followed and members felt it best to postpone the Saturday excursion and to walk or bike the route.

At the request of Steve Gillis, Byard conducted an informal poll:
How many members actually saw the fire initially? 18 members
How many received a phone call or other notification from somebody on the Ranch? 17 members

How many received a warning from people outside the Ranch? 23 members
How many got a reverse 911 call? 13 did not (3 with caller blockade)
Byard stated that by or before the "next" evacuation we hope to have distributed Midland G-15 radios to Fire Alert Team members. The radios would be on a specific, assigned frequency and would not interfere with other radio communications.

Byard informed the members that those that had pink, plastic flagging at their property have a property that was not deemed defensible by the fire team. Members were encouraged to remove woodpiles 15-30' uphill from their houses. Dave Farkas, one of our FCR firefighters, volunteered to assist residents in evaluating their property for defensibility. Glenn Sears stated that Dan Ochocki (CSFS) felt the controlled burn and clearing below the Sears' house had been successful in controlling the fire. Although the ground fire crossed the control burn line, the crown fire did not. Byard urged members that during an evacuation they should turn on their headlights and honk their horns to warn their neighbors. Also the first evacuees might assist the fire team in identifying those exiting. Dave Farkas advised members to lock their doors, shut their windows, have garden hoses at the ready and charged, and **Turn off the Propane**, flipping the tank lid up. This will prevent a continuing fuel source in an already burning house.

Byard underscored the rule that pine needles not be placed on the slash pile. At present there is a site on Oakcrest just beyond High Ridge Road where duff can be **evenly** spread. Byard stated that there is no need to remove duff more than 3-5 feet from structures, woodpiles, etc. Carole Deterding stated she had heard that the Bayfield dump is accepting slash. Jack Campbell indicated that the initial firefighters were confused with the sub-division geography. Clyde Church stated that a more detailed map is being prepared for distribution to the Sheriff's office, BLM, Forest service and Fire district.

John Maxon and Marty Freeman both expressed the need to establish small, local groups of people prepared to notify each other in the event of an evacuation. This would serve as an important back up to the Fire Alert Team and the telephone tree. Byard read a letter from Charlie Keller to the Holiday Inn, Durango praising them and complimenting them for their assistance and kindness. The members applauded this action.

Several members expressed an immediate need for a more aggressive approach to defensible space. Byard announced that at the proximate CPC meeting a motion was passed on to the Board requesting that it create ASAP a Fire Damage Reduction Committee separate from the CPC & ACC. This committee would be empowered to develop standards for fire reduction on both private lots and common property. It would serve in a consulting capacity and be mandated to act with alacrity.

The Board was encouraged by the association members present to seek legal counsel and to take out an ad in the Herald thanking the firefighters, Red Cross, humane society and other organizations that have provided us support.

Submitted by Karl Deterding

Membership represented: owners of sixty-five (65) lots were present. Eighteen (18) owners had filed proxies with the secretary on or before the meeting.

Steve Gillis called the meeting to order and began with a summary of the Falls Creek Ranch/Valley Fire, expressing our concern and sympathy to the ten families who lost their homes, four of whom are FCR Residents (Freiberger, Glick, Nussbaum and Schanfarber.) He complimented Residents for carrying out a safe, efficient evacuation.

Steve introduced our Ranch manager, Ray Smith and his wife, Nancy, and presented him with a \$500 bonus check on behalf of the Board and FCR Residents. All committee evaluation reports stated that Ray has performed well above the call of duty during the past year, having spent two weeks last winter digging to investigate and repair water leaks. Ray recently maintained a 24-hour vigil during the fire, working with the water supply and aiding the fire fighting teams. Ray expressed his thanks, stating that it was a "privilege" to work on the Ranch and that he "looked forward to working with us for many years to come."

FIRE MITIGATION AND REHAB

Steve pointed out that, contrary to the anonymous note placed in newspaper tubes, the Board and various committees have been working hard all year to develop fire mitigation and fuels reduction plans for FCR. He introduced guests Ron Klatt from the Federal Forest Service and Dan Ochocki from the State Forest Service who presented their proposal regarding wildfire prevention thinning in the areas where FCR property interfaces with State and Federal lands.

Dan noted that the controlled burn area from three years ago did in fact slow the burn in the recent fire. The fire line rehab work was taking place now to turn the handmade and dozer lines back to their "natural" state with seeding. He encouraged Residents to continue thinning heavily in their own defensible zones (clearing oak and trees to a minimum of 30 feet from homes and keeping 15 to 18 feet between crowns) and emphasized the need for FCR to focus upon the excessive fuels within the common property areas.

Regarding the wildfire-prevention thinning proposal: Dan outlined the proposed segments of FCR property to be thinned in a joint project between the State and Federal forest services and FCR as discussed with the Board and various committees last January. The largest area at the southeast end of the Ranch was unfortunately burned in the Valley Fire, as was part of area #2, reducing the project from 170 acres to 75 (including areas #3 and #4), all on the east boundary, from the north end of the Ranch down to County Road 203. The project would involve "serious thinning" of ponderosas, leaving a mix and breaking up the continuity between crowns. There would be a mechanical treatment of oak brush, leaving 25 feet between oak clumps. The machinery would leave wood chips in the area.

A rough cost estimate for FCR's portion (about 30 acres) would be \$8,400, assuming that the contractor removes the usable pine. Dan suggested that FCR place a local company on a periodic maintenance schedule to keep oak thinned after this initial wildfire reduction project.

Ron Klatt elaborated upon the National Fire Plan initiated after the catastrophic 2000 fire season that, upon meeting with local fire chiefs and state officials, determined “high risk communities” around the nation. **Falls Creek Ranch was designated one of those high-risk communities**, along with 12 to 15 others within the Durango area. Where private lands interface with State and National forest lands, the government enables those entities to enter into a joint funding project, the Good Neighbor Agreement, part of a national cost sharing assistance plan for fuel reduction.

Ron stated that the two forest services are prepared to enter into a Good Neighbor agreement with FCR. The archeologist and biologist have already been here to assess endangered species or cultural aspects within the area. The time target is the next fiscal year, with marking of trees to begin this October and physical work to begin next spring. Dan Ochocki will be the point person for the project.

The membership voted unanimously via voice vote to fund and proceed with the joint wildfire hazard reduction project as proposed on FCR’s east ridge common property, which adjoins government forestlands.

Regarding the possibility of receiving federal monies to help clear fuels on private lands: Dan reported that as part of a national cost share assistance program to reduce fuels, Colorado had been given \$300,000 for demonstration areas to “generate enthusiasm”. Twenty grant applications were received; three were funded. He anticipated more monies in the spring and will obtain applications for these 50/50 matching funds projects. He suggested we apply for such a grant on behalf of Falls Creek Ranch, indicating optimism for receipt as the “national focus is on areas where their lands abut private lands and are at risk.”

Regarding post fire rehab/resource efforts: Dan Lynn from the Natural Resource Conservation Service (representing the US Dept. of Agriculture) stated that officials have walked every property that burned and might be affected by flood and mud. They have estimated that 9,000 acres of private ground need rehabilitation. The Valley Fire has been “grandfathered” into the Missionary Ridge Fire for funding purposes. Approximately 160-200 FCR acres were burned. The areas at risk are specifically those “downstream,” or downhill, and need to be stabilized as soon as possible.

Dan stated that he needs to obtain an easement from FCR Homeowners to give them the right to walk our lands and assess full damage. (Such a letter has since been signed.) He said that his agency “will seed everything burned at federal cost” under the Emergency Watershed Protection plan. The Federal government will provide 75% of the cost to further rehabilitate lands, with 25% coming from the private sector. Each private entity is required to draft a letter requesting sponsorship from a “taxing entity” (such as the State of Colorado, or the county). Dan noted that the 25% monies could be provided as “in kind” services, e.g. volunteer labor on the part of FCR Residents, chipping and hauling our own slash to the burn areas. He suggested that volunteer man-hours be estimated at \$10 an hour. Dan noted that his agency “will cost share anything that will help protect property and life.” He did stress that if FCR proceeds with rehab work before such an agreement is signed, we will not get paid the government’s 75%. Dan suggested that sponsorship request letters be sent to all possible entities as it is possible to have multiple sponsors.

In addition to the federal rehab projects, Dan discussed options that FCR could proceed with on our own: using a contour disk on slopes to hold seed and inhibit mud flow; tree planting using resources available (e.g. \$1 trees from the Soil Conservation District); raking and mulching using weed free straw and hay; seeding. His agency provides contractor and resource lists which include engineers, water specialists, dirt work, tree removal and chipping.

Regarding FCR rehab efforts: Byard Peake announced the formation of a Fire Rehab common property subcommittee to be headed by Laura Bales. She has procured the necessary forms and the process has begun. Activities will be noted on the community bulletin board. The rehab assessment is scheduled for this Monday.

Michael McLachlan moved that the membership authorize the Board to grant easements as needed. **The membership voted unanimously via voice vote to authorize the Board to grant necessary easements and enter into rehab agreements with government agencies.**

Dan Ochocki noted that it is “incumbent on the homeowners to remove hazardous trees on private property.” Trees have been flagged that are in danger because of possible damaged root systems. He noted that the rehab crews that we see on our roads and trails are involved with government lands, not private property. Steve Gillis stated that, as an association, we need to work with the people with burned properties, but “ultimately individuals are responsible for their own lands.”

Regarding the use of chain saws: Ron Klatt stated that restrictions (bans) are still in effect on Federal lands. Steve Gillis indicated that FCR Residents could proceed with clearing defensible space, “using common sense precautions.” He stressed that all procedures need to be followed, specifically obtaining a neighbor’s input. He pointed out that even a spark from a saw can start a fire.

Please note: because the chain saw discussion left some confusion, Steve later revised his position, stating that he was specifically referring to already burned areas and that he could “not in good conscience recommend the use of chain saws on non-burned property within Falls Creek Ranch.” Subsequently a special Board meeting was held on July 24th to address this issue. Fire Chief Noonan was consulted as well as San Juan Forest Service officials. Board members came to the following decision: **since Falls Creek Ranch is an island of private property within the confines of Forest Service lands, the Board feels we need to stay in sync with Forest Service policies. Therefore, there shall be no use of chain saws at FCR until further notice.** When the ban is lifted, all precautions should prevail: shovels, water, and a fire extinguisher should be at the site; a minimum of two people should be on hand, one to watch for sparks and fire.

COMMON PROPERTY COMMITTEE REPORT

Regarding the dam: Byard Peake reported that during the FCR fire evacuation Mr. Zink broke the lock on the dam in order to fill his pond in case of fire. Zink told Clyde Church that he would repair the lock. Since then the dam has been leaking at the rate of 6,000 gallons in 24 hours. Clyde and Ken Marshall placed a new gate valve on the dam.

Clyde announced that the FCR dam is categorized a “Class I dam, which means that it could cause loss of life in the valley below if it should fail.” He will be installing windmill devices on the dam to get rid of gophers. Trees will be cut down in the spillway.

Regarding trailers at the horse corrals: Byard announced that all horses have been removed from FCR property until new agreements are negotiated with the owners. Before the ballot was voted upon, Residents brought up the following questions: (1) why are not canoes and boats in the same category as horse trailers, i.e. private property on common property. (2) What about campers on common property; why always denied? Problems lie in locations for campers. It was pointed out that trailers are necessary for safety of horses, as in the recent evacuation. The Board was requested to find a solution for camper parking.

BALLOT: as approved by the Board of Directors on June 8, 2002, and presented to the membership for a vote requiring 2/3 approval (67 votes) – a change in character and use of common property, allowing horse trailers to be stored at the FCR Corral and Barn in accordance with new rules and regulations, including a hold harmless clause for the FCR Homeowners Association. **(ballot attached)**

PASSED 76 approve 7 disapprove

Regarding creation of defensible zones for individual lots: Because the areas around one's home now defined as a "defensible zone" by the Forest Service often extend beyond the individual acre, into common property, both the Common Property and Architectural committees need be consulted before clearing. In order to streamline the approval process, the Board has approved the creation of a new committee, the Wildfire Defensible Zone Advisory Committee (WDZAC). Interested applicants are invited to apply. Committee members, rules and regulations will be posted as soon as possible.

Regarding thinning of trees on Falls Creek Main: Byard announced that dead trees and others have been marked with blue tape on Falls Creek Main in accordance with the FCR Fire Plan. These trees will be removed in the fall in order to create a safe exit road for Residents and access for fire fighting equipment. Ray Turner pointed out that the area between the two curves is Forest Service land.

Regarding FCR's emergency exit roads: Byard noted that Cliff Buchfink has made signs for these roads (the Church Camp Road and the High Meadows exit road), which have been put in place by Ken Marshall and Byard. He strongly urged all Residents to become familiar with these escape roads. There is the possibility that the north end road could be blocked; everyone needs to know how he would walk out if necessary.

Residents again brought up the possibility of installing a fire siren on the Ranch. Discussion followed. Many agreed that the best notification is still "looking out for your neighbors." When evacuating, everyone should blow their horns all the way out of the Ranch. It was suggested that someone be placed at the gate to check out residents, and that everyone should notify neighbors if they plan to be off the Ranch for an extended period.

Regarding unmarked boats at the lake: This is the last chance to apply FCR decals to boats. Those without decals will be removed next week.

Regarding the new Fire Alert Team: FCR now has a multi-member Fire Alert Team in strategic places around the Ranch and in High Meadows. Members are equipped with Midland radios tuned to the FCR frequency. (The Durango Herald reported that last weekend one storm created 1,800 lightning strikes, which started 30 fires in La Plata county.) Primary duties of this group

will be to look for lightning strikes after thunderstorms and identify roads, fire hydrants and fire sites to emergency personnel. After one such storm last week, FCR people were able to direct firefighters to the area of a lightning strike.

BALLOT: as approved by the Board of Directors on June 8, 2002, and presented to the membership for a vote, requiring 2/3 approval (67 votes) – concerning Common Property, authorizing the Board to enter into agreement with State and Federal forest services or private entities to remove indigenous wood products for fire protection purposes, permitting sale of wood to offset costs. **(ballot attached)**

PASSED 77 approve 5 disapprove

UTILITIES COMMITTEE REPORT

Ray Turner described the current status of our two main wells, which are located in two different aquifers. Because last winter's snow was only 37% of the normal, there was no recharge this spring. FCR has never had its aquifers at this low level. He stressed that the target usage for this summer is to be near December levels.

Because early June saw extreme usage, particularly in the lower system, the Board found it necessary to place mandatory water usage restrictions on all residents, limiting all outside watering to buckets only, encouraging use of gray water. Since then conservation has improved the situation considerably. Ray stressed that we will not get any more water in the aquifers until the next snow melt, and we do not know at what rate the current water levels will decline. He did state that we could temporarily serve the entire Ranch from one well, should the water level drop below thirty feet above the pump.

Mike McLachlan urged the adoption of the proposed Covenant #37 in order to empower the Board to enforce water restrictions when necessary and moved to adopt said covenant. Jim McCarthy opposed the covenant because FCR has "no objective standard to enforce, judging internal and external use by external viewing only." He felt that limiting usage to a minimum precluded use of a cistern or gray water for outside use.

Once again water meters emerged as a possible, objective solution. Ray noted that the Utilities Committee felt that in order to be effective, water meters would need to be placed on all homes, not just new construction as was voted at last year's annual meeting. He felt the cost would be prohibitive, and problems might occur with freezing in the meter pits, because FCR installations would have to be at the water main, not in garages.

Marty Freeman felt the problem lay with the arbitrary 1,000 square feet of irrigation limit versus the actual amount of water used. Mary Sears brought up the possibility of recommending a meter to be used for voluntary installation. Mike McLachlan called for a vote on the covenant, pointing out that we were not voting on water meters or extending the water system, but upon setting up a "legal structure with the power to enforce the rules."

BALLOT: as approved by the Board of Directors on June 8, 2002, and presented to the membership for a vote, requiring 3/4 approval (75 votes), a new Covenant, #37, to empower the Board to impose and enforce water restrictions in all emergency situations and to draft such Rules and Regulations as are necessary for enforcement. (ballot attached)

FAILED 72 approved 8 disapproved 3 abstained

Absent, or no response or proxy 17

ROADS COMMITTEE REPORT

Barney Anderson reported the completion of two major projects: Two-thirds of the way to the lake (Forest Service land for which we are responsible for maintenance) was graded and magnesium chloride applied. One mile of Falls Creek Main was rebuilt (from the gate to Aspen) and should last for 10 to 12 years. Other Ranch roads will be rebuilt as money becomes available through the capital budget (already set aside on the long term plan).

Barney pointed out that the Forest Service road has test strips to determine the best possible treatment. The biggest problem has been no moisture, which is needed in order to “work” the roads. The power company did provide money to repair their work, some places of which still need work. The question arose regarding High Meadows participation in FCR road repair. Roz Freeman is to approach residents there.

TREASURER’S REPORT

Dick Patrick reported \$54,000 in the capital fund, \$20,000 in the operating budget, \$9,000 in the First National account. He said we would only be able to pay the capital fund \$10,000, less than planned. We will have the funds to pay bills for the rest of the fiscal year.

Dick mentioned that we have no money budgeted to cover expenses resulting from the fire, e.g. legal counsel or rehabilitation expenses. Monies will have to be shifted from the proposed budget. It was suggested that a special assessment for rehabilitation might be necessary.

The new budgets for the forthcoming fiscal year were presented as operating and capital expenses. Two public meetings had been held to explain and discuss the proposed budgets with little or no interest by the membership. The purpose of the capital budget was to look at long-range expenses and stagger those projects over the years. **The combined budgets will not increase the annual assessment.**

The membership voted unanimously by voice vote to approve the operating and capital budgets as presented.

The minutes of last year’s annual meeting were approved.

ELECTION OF NEW DIRECTORS

Tom Jones was elected to a three-year term.

John Ritchey was elected to a three-year term.

Ken Marshall was elected to fill the remaining one-year of a vacated term.

OTHER BUSINESS

Jodye Glick requested that people refrain from visiting their burned home site.

Eb Redford is still looking for people interested in signing up for high-speed Internet connection.

All dogs are required to be kept on a leash when walking common property.

No one is to take the Denver Post unless he is a paid subscriber.

Steve Gillis adjourned the meeting.

Respectfully submitted, Nancy Peake, secretary

Ballot: Horse Trailers Stored at Corrals

The Falls Creek Ranch Board of Directors on June 8th, 2002, approved horse trailers to be stored at the horse corral and barn. Since horse trailers stored at the corral may be considered a “change of character” of Common Property under Protective Covenant #26, the Board is requesting a vote on this issue. (See Protective Covenant #26, page 19 of the Falls Creek Ranch Member Information Packet)

Change in Character and Use

Horse trailers may be stored at the Falls Creek Ranch Corral and Barn with the following Rules and Regulations:

A limit of five (5) horse trailers may be stored at the horse corral and barn. The Chairman of the Common Property Committee or assignee may limit the number of horse trailers to less than five.

All horse trailers must display the Falls Creek Ranch decal to identify ownership.

Trailers need to be registered and must carry liability and property loss insurance.

Only residents who have horses boarded at the corral may store their horse trailers there.

The horse trailers, whenever possible, should be parked in a manner to minimize visibility to Falls Creek Main and other lots.

By their use of Common Property, trailer owners, their families, guests, residents, heirs and assigns agree to indemnify and hold harmless Falls Creek Ranch Homeowners Association, Inc. and the individual members of Falls Creek Ranch from any and all claims for personal injury and property loss whether by them or any third party, including their insurers and indemnitors.

VOTE: Approve 76 Disapprove 7

Ballot: Fire Protection Wood Removal Resolution

The Falls Creek Ranch Board of Directors on June 8th, 2002, approved the following Resolution which must be an Exception to the Common Property Rules and Regulations, Forests, paragraph 2, page 30; and Committee Descriptions, Common Property Committee, paragraph 5, page 23 of the Falls Creek Ranch Member Information Packet. Since these Exceptions may be considered a “change of character” of Common Property under Protective Covenant #26, the Board is requesting a vote on this issue. (See Protective Covenant #26, page 19 of the Falls Creek Ranch Member Information Packet)

Resolution

The Falls Creek Ranch Board of Directors is authorized to enter into agreement with State and Federal forest services or private entities to remove indigenous wood products from the Ranch for fire protection purposes. Wood that is cut for these purposes may be sold to help offset cost of removal.

This authorization necessitates a suspension of rules regarding removal and sale of wood and is therefore valid for fire protection purposes only. Nothing contained in this resolution shall otherwise authorize removal of standing trees without written permission of the Common Property and/or the Architectural Committee.

VOTE: Approve 77 Disapprove 5

Ballot: New Covenant re Water Usage

The Falls Creek Ranch Board of Directors on June 8th, 2002, approved Protective Covenant No. 27 for the Falls Creek Ranch Association, Inc. to be incorporated therein and filed accordingly, and therefore binding upon present owners, their successors, transferees and assigns.

Background: recognizing that in times of severe draught and other water emergencies the necessity for the Board and Utilities Committee to have the authority to impose restrictions and regulate behavior regarding water usage, the Board realized that existing “rules” do not provide that empowerment. It was agreed by all present that water usage policies must be elevated to full covenant status in order to ensure means for their enforcement.

Covenant No. 37

Falls Creek Ranch wells produce adequate domestic water for one hundred families, assuming normal usage of about 250 gallons of water per day per family; but these wells are incapable of producing water for extensive irrigation. Therefore Residents are limited to 1000 square feet per lot for irrigation, including lawns and gardens. Residents are required to do all watering by hand or drip irrigation. The Board of Directors and the Utilities Committee are empowered to impose and enforce water restrictions in all emergency situations and to draft such Rules and Regulations as are necessary to enforce this covenant.

VOTE: Approve 72 Disapprove 8 Abstain 3

Absent, or no response or proxy 17

**Board of Directors, Falls Creek Ranch Association, Inc.
July 15, 2002 Minutes – Transition meeting, old and new Boards**

Members present: Steve Gillis, Jack Campbell, Dick Patrick, Nancy Peake, Ken Marshall, John Ritchey and Tom Jones

Steve Gillis, 2001-2002, President chaired the meeting, presenting the new Board with a lengthy list and explanation of Issues Outstanding.

Discussion followed concerning many of the issues, including the following:

Fire and Rehab

The Board is to notify Dan Ochoki regarding the unanimous vote of the Membership at the Annual Meeting to fund and proceed with phases 2, 3 and 4 of the East Ridge fire mitigation project. (Phase One was, unfortunately, burned in the Valley Fire.) Byard Peake, Common Property chair will so notify on behalf of FCR.

John Ritchey will work with Laura Bales (chairperson of the Fire Rehab committee) on completing forms and sponsorship letters for rehab work on the FCR burn area, filing all the above as quickly as possible.

Within a week, the Board hopes to have secured the services of a local attorney to advise and work on the behalf of FCR concerning all issues that may occur as a result of the Valley Fire.

The Common Property committee is requested to arrange for a workday in the next week of so to rake and prepare as much as the burned area as possible before the government does its planned aerial seeding. The volunteers will concentrate on FCR property first and then proceed to work on down ridge properties. Possibly the Southwest Youth Corps might be able to furnish laborers to assist with erosion control.

New Wildfire Defensible Zone Advisory Committee (WDZAC)

As agreed to by the Membership at the Annual Meeting, the new committee will advise upon fire mitigation within each Resident's defensible zone as requested. (Because the new State Forest Service zone definitions have been expanded, often extending beyond the individual acre into Common Property, former responsibilities for reviewing tree and brush removal would have involved both the Common Property and Architectural committees. In the light of current drought and fire risk conditions, the task has become an urgent issue with many Resident requests already pending; hence the creation of the new committee whose sole responsibility is fire mitigation.) **The committee chairperson will be announced soon on the bulletin board. All requests for review should be forwarded to this individual.** The new committee should be able to visit and review all requests within a few days of being notified and will **always consider the wishes of neighbors when making recommendations.**

A notice requesting names of those interested in serving on the WDZAC has been posted in news tubes. Steve Gillis, firefighter, has volunteered to be the "fire person" on the committee.

Treasury

The Board has decided to outsource the bookkeeping task in order to maintain continuity with the day-to-day financial duties. If necessary, this would be a paid position.

FCR's agreement with the US Forest service needs to be renewed. The fee is usually paid in the form of "in kind" services.

Reimbursement of individual lot re-survey fees was discussed.

Conservancy easements

Jack Irby is obtaining the IRS opinion regarding possible tax benefits. Discussion of pros and cons will resume once this information is in hand.

Annual meeting ballot results

Passed, the Resolution authorizing the Board to enter into agreement with State and Federal forest services or private entities to remove wood products from the Ranch for fire mitigation purposes, which required the approval of 2/3 of the Membership (67 votes) because Common Property would be involved.

Approved: 77 Disapproved: 5

Passed, the approval of storage of horse trailers at the horse corrals in accordance with the newly stated rules and regulations, which required the approval of 2/3 of the Membership (67 votes) because this involved a "change in character and use" of Common Property.

Approved: 76 Disapproved: 7

Failed, the proposed new Covenant No. 37 restating the current, written rules and regulations concerning outside water usage and empowering the Board to impose and enforce water restrictions in emergency situations, and to also draft the rules and regulations necessary to enforce this covenant. Changes or additions to the Covenants require the approval of 3/4³/₄ of the Membership (75 votes).

Approved: 72 Disapproved: 8 Abstained: 3
Not present/failed to send proxy: 17

Water situation

The Board unanimously agreed that the water issue should be a priority task during the upcoming year with goals to find and propose solutions to the never-ending water problem. Discussion and research will include conservation measures, outside usage, means of measuring usage per lot, alternative water supplies, enforcement, and penalties for abuse.

It was pointed out that, despite the failure of the proposed Covenant No. 37, the By-laws already state that "the Board shall have the power to make and enforce the rules and regulations concerning the use of property owned or administered by the Corporation." (Article IV, No. 1)

The upper well is scheduled (in the long term capital budget) to be re-drilled.

New officers

President: Jack Campbell

Vice President: John Ritchey

Secretary: Nancy Peake

Treasurer: Ken Marshall

Member at large: Tom Jones

Ken Marshall suggested that, in order to improve communications with the Membership the Board sponsor periodic informal, social/information meetings for the purposes of sharing thoughts and opinions on current FCR issues. Upon selection of hosts, the date and place of the first such gathering will be announced.

The next Board meeting will be Friday, August 9th, at 10:00 a.m. at the home of Tom Jones.

Respectfully submitted,

Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

August 9, 2002, MINUTES

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; committee chairs Ray Turner, Ron Camp, Barney Anderson and Byard Peake. Also present were Ranch residents Tuck Bonham, Howard Collier and Steve Gillis.

Ranch/Manager liaison: Ron Camp reported that Ray Smith has been hard at work with both the road and utilities committees. He has done intermediate repairs on Oakcrest and Falls Creek Main from Mason Cabin to High Meadows. He has done initial work to install a new six-inch water line needed to energize the hydrant on Mason Cabin and Deer Trail. The new portable generator is mounted and working, wired to the lower well; he will do the upper well also. He worked with Ron and Charlie Keller to chip the slash on the forest service road. Ron noted that Ray's 5% pay increase begins this month.

When Ron's home sells, the Ranch will need a new liaison person. This individual will need to be able to spend a fair amount of time working with all the committee heads and maintaining daily contact with the Ranch manager. Anyone interested should contact Ron for details.

Utilities committee: Ray Turner reported that the aquifers are holding so far, with no dramatic changes, noting that there will be no additional water until the spring snow melt following a good winter. Residents appear to be practicing water conservation as domestic usage during July was about 125% of the typical 220% for the month. Water usage has been monitored on a ten-day basis since May 21st. A status memo will be issued to Residents shortly.

The committee has discussed various means of helping Residents' irrigation needs, including the purchase of a water trailer with cistern and pump (estimated at \$1,500) to use our lake water for individual homes. Residents would be able to check out the trailer for 2-hour usage once or twice a week and return clean, full of gas. This water could not be used for residential use and it would be a health hazard. Issues to be solved would concern liability, water rights from the lake (if any), lake depletion and funding for a non-budgeted item.

Major projects include the new generator (discussed above) and completion of the septic system survey with regard to code violations (8 to 10, most of which occurred with previous owners). Meetings with the San Juan Health Department will begin this week to determine priorities. The FCR budget will pay for two corrections per year until corrected.

Ray reported that the newly installed (May) pump in the main lower well is not adequate with regard to efficiency or output. Beeman Brothers Drilling will give us a trade on a bigger, more efficient pump, which will produce 65 gallons per minute. An application has been submitted to the Colorado Department of Water Resources for a pump capable of producing up to 70 gallons per minute. If approved, Ray would like to replace the pump (estimated cost, \$2,500) within the next 60 days. The Board approved funds from the capital account to purchase the new pump, providing we receive the new permit from the State.

The other major project concerns improving fire protection on Mason Cabin Road by relocating the fire hydrant from the south side of the road (lower system) to the north side (upper water system). Ray noted that the Fire Department would not hook up to the present hydrant due to low pressure. The Board approved funds from this year's capital fund to cover cost of the new hydrant and its installation.

Ray responded to questions about improving the upper well, which has been in the ground since 1983. The long-range capital budgeting committee has scheduled replacement for

this well, in the same aquifer, for 2006. He said that he could almost “guarantee that if we go to a new water source, we would have to treat that water.” The EPA will review our current permit in November. Ray noted that the EPA plans to remove all waivers in 2010.

New home construction: Tuck Bonham appeared before the Board regarding the new home he will build for the Bradleys on Lot 66. He reported that the most recent center pin has been located and that the Architectural Control committee was present at the stakeout of the home. Trees on the building site will be removed by bulldozer until the chain saw ban has been lifted. The Board told him to proceed with construction.

Barking dogs: Howard Collier appeared before the Board to report his dissatisfaction with the Board’s handling of his (and several other Residents’) ongoing, two-year problem with the barking and howling of a neighbor’s dogs. He stated that he has continued to follow FCR Rules and Regulations according to Covenants 21 and 22, and that two Board letters have been sent to the dogs’ owner with no change in the situation. The Board voted unanimously to send a certified letter to the Cunninghams asking that the barking cease and desist immediately. The La Plata County animal control officer was also notified at this time.

Common Property committee: Byard Peake reported that the San Juan Mountains Association, in coordination with the US and CO Forest Services, will conduct a burn rehabilitation workshop for the public at FCR on August 10th. Four Ranch Residents will be present at the workshop. He is requesting Ranch volunteers to rake seed and spread straw on forest service property in the afternoon.

Regarding FCR burn area rehab: An agreement has been reached with Moore Logging of Cortez to remove dead trees, construct drainage ponds for erosion control, provide contour falling of trees on slopes for erosion control, crush the slash and seed the entire FCR burn area. A hold harmless agreement has been signed. Moore stated that he has a logging insurance certificate and does provide workman’s comp. Work will begin immediately.

Regarding corrals: the committee agreed that the corrals would not be reopened until a number of issues were met. There will be no electric fences in the future, and no open meadow grazing. Permanent fencing would need to be installed at the expense of the corral users; size to be approved by the Board. Byard reported that all electricity has been turned off and the account has been terminated. The committee recommends that corral users pay for an electrician to examine all electrical connections to assure compliance with current codes. The pastures had been overgrazed and the committee suggests that reseeding be done and paid for by users.

Regarding the lake: The Board decided that the FCR lake should not be used by any outside entity, e.g. soccer teams, Scouts, Big Brother organizations, water sports instruction, etc. because of liability issues.

All boats without FCR decals will be removed from the lake without further notice.

Tom Jones suggested that the Board have an “expert” advise FCR on weed control and the health of our fish and the lake itself before any new fish are ordered this fall.

The Board decided (voting 4 to 1) to delay any further ordering of fish for the next 12 months.

The Board approved Scott Southworth’s request for \$500 for sand to spread on the beach as this is the optimal time to do this work while the lake is so low.

Regarding the chain saw ban: If the San Juan National Forest lifts its ban, the Board agreed that FCR would do the same. A notice will be placed in all news tubes and posted on the bulletin board with the following restrictions: two people need to be present if a chain saw is

used, one to monitor the situation; a cell phone, water, fire extinguisher and shovel must be at the site. When the ban is lifted, the Ranch will again rent chippers to reduce the meadow slash pile.

Regarding correspondence: Byard asked the Board to send a thank you letter to Ron Klatt, Dan Ochocki and Kathy Hays for the Rehab Workshop and work done on NFS land adjacent to our property. He reminded the Board that written confirmation needs to be sent to Klatt and Ochocki for approval to proceed with the Wildfire Fuel Reduction plan on FCR common property.

Regarding FCR maps: anyone wanting copies of the updated, full size, color map of FCR property and lots by name should contact Byard (cost \$1).

Wildfire Defense Zone Advisory Committee (WDZAC): Steve Gillis announced the following committee members: Bill Bales, Karl Deterding, Denny Ehlers, Roz Freeman, Debra Galbraith, Barbara Lawson, Reid Ross and Steve Gillis. Steve will call the first meeting as soon as possible to determine rules and regulations and elect a chairperson. He reaffirmed that this committee will act only in an advisory capacity, marking trees and brush to eliminate. He stated that neighbors must still be notified before any thinning takes place and suggested that the Board arbitrate should questions arise. Our FCR fire department members, Steve, Barbara and Dave Farkas have created a “defensible space check list” and form, based on the latest forest service requirements, for committee use when appraising Residents’ properties at their request.

Architectural Control committee: Jack announced that Mike McQuinn is the new chairperson of this committee.

Roads committee: Barney Anderson noted that FCR’s five–year agreement with the US Forest Service has now expired and we need to renegotiate a new maintenance agreement for the stretch of road at the end of the paved road to our entrance. This road will need to be reconstructed at some point and he felt that federal monies might help fund the project. He will follow up on the situation.

Barney requested that Ray Smith be available in late August and early September to clean ditches and ready the Ranch roads for the winter plows.

The Board decided that we may have to delay some FCR road reconstruction scheduled for next spring due to unanticipated fire expenses.

Beautification committee: It had been previously suggested that this committee be moved to common property, but the Board felt these responsibilities should not be added to that committee load. **Volunteers are requested to water and weed the FCR entrance.** Anyone interested in working in this area should notify a Board member.

Communications committee: Jack announced that we need a volunteer to assume some of the duties formerly performed by Mary Sears. Contact Mary for details.

Treasurer: Ken Marshall reported \$3,223.70 in the Operating account and \$60,632.47 in the Capital account.

The Board agreed to hire Barney Anderson as the FCR accountant with a one-year contract for \$1,800.

Other business: Mark Galbraith reported (through Byard Peake) that the new fire bomber base at the Durango airport will be dedicated this September. He suggested that FCR pay for food as a “thank you” from the Ranch for their services during the Valley Fire. The Board approved this request, pending the expense estimate.

The next FCR Board meeting will be held on Monday, September 16th, at 7:00 p.m. at the home of Ken Marshall. (Note evening time.)

Respectfully submitted, Nancy Peake

Present were Board members Jack Campbell, John Ritchey, Ken Marshall and Nancy Peake; committee chairs Byard Peake and Ron Camp. Also present were Ranch residents Bill Bales and Karl Deterding.

Ranch/Manager liaison: Ron Camp reported that Ray Smith has spent most of the last month on water system projects, having dug up and reset valves and water lines south of Mason Cabin Road and re-set the fire hydrant on the north side. He extended the six-inch water line from the corner of Falls Creek Main to the north side of Mason Cabin near Deer Trail Road. Ray also graded the Forest Service road and filled potholes. He worked with the Common Property committee to install more sand on the beach. He worked on equipment maintenance and began preparation for winter. Ron and Ray wish to thank all Ranch volunteers who worked on the water projects and helped with chipping on the Forest Service road.

Ron will try to locate the missing gate on the Mason Cabin escape road and have it repaired and re-installed.

Common Property committee: Bill Bales, chairman of the Rehab project, reported that, despite the more than 600 hours to date of FCR volunteer labor, the sheer bulk of work remaining far exceeds the capacity of our volunteers. He suggested that the Board hire two crews of laborers, one unskilled, to help continue the work of seeding and spreading straw, and the other, skilled, to cut trees and build bar ditches. He hopes to retain the crew that has been working for the Forest Service on the burn area adjacent to FCR. Bill will continue to work with FCR volunteers every day for the remainder of the week, including a FCR community work project this Saturday, 9/21, in an effort to mitigate potential flooding below the south end of the Ranch. He stressed that it is imperative that this work be done as soon as possible. (Postdate: 32 Ranch volunteers labored on Saturday, logging in a combined 147 hours. Total volunteer hours to date: 632.)

The Board voted unanimously to make whatever funds are necessary available to hire workers to complete the rehab project in a timely manner, still making use of as much FCR volunteer labor as possible. All present expressed gratitude on behalf of all FCR Residents to Bill Bales for the major effort and countless hours he has contributed to the project.

The current estimated cost for our FCR Rehab project is \$135,000. The NRCS has our application in hand for this amount to cover all rehab work including labor, seed, straw, and all Moore Logging Company work removing burned trees and building water bars. If approved, FCR's cost share would be \$33,750. All FCR volunteer hours can be billed at \$10 per hour and deducted from the actual dollar amount. Our credit to date: \$6,350.

Postscript from Bill, 9/22: "It has been a great effort by all the volunteers! My goal was to have volunteers move all the straw to the burn area and to seed and straw the 12 acres near our north property line. They did that and more. Many individuals have volunteered numerous times....The area still needing seed and straw should be completed this week using our paid workers. Work will begin on the smaller area requiring tree bars later this week and that will be completed in just a few work days."

All those Resident volunteer hours with the Forest Service Rehab project were not in vain as grass is already growing in that area. The hillside is even green where FCR volunteers labored in early September!

Regarding the slash pile: Byard Peake said that the meadow slash pile is growing at an unmanageable rate. No slash may be added to the pile that has been cut by outside contractors;

usage is limited to Residents who cut and remove their own slash. It is hoped that once the pile is burned this winter, the area will be permanently closed after which time Residents will be encouraged to chip their slash on site.

Regarding beetle trees: Throughout the Ranch trees are dying on a daily basis due to beetle infestation, their numbers greatly exacerbated by the drought and nearby burn areas. Removal and treatment of dead trees seems to be an insurmountable task, but beetle trees need to be removed by next April before the next hatch. The Board approved a change in Rules (see following WDZC report) which will allow Residents to hire contractors to take down beetle trees on their property, or on surrounding common property after approval, and remove those trees from the Ranch. The question of eliminating beetle trees on vast areas of FCR common property, with respect to cost and labor, was not resolved.

Regarding the Wildfire Defense Zone Committee (WDZC): Karl Deterding, chairman, reported that the committee will not act in an “advisory” capacity due to possible liability issues, hence the change in the committee name, eliminating the word “advisory.” Homeowners must mark the wildfire materials to be removed in creating their defensible space according to Forest Service brochure N. 6.302 (provided by the committee, members of which will help determine slope requirements and answer questions regarding defensible zone). Homeowners must then complete a WDZC application to cut those flagged trees with the requisite neighbor’s signatures. Note that any wildfire material within 30 feet of a permanent structure may be removed at the owner’s discretion without further permission. The WDZC will not advise homeowners on, or approve or disapprove of the cutting of specific wildfire materials within their defensible zone. This is an issue between homeowners and neighbors. If disagreements arise, the WDZC will attempt to mediate. If a satisfactory resolution is not reached, the matter will be referred to the Board of Directors.

Karl proposed that the Board adopt a change of Common Property Rule #2 under Forest, page #30 of the Information Packet (noting that the Board is empowered to do this under By-law, Article IV, #1 of the Info packet) which states that “indigenous wood products of whatever nature may not be sold, given away, or otherwise removed from the Ranch.” The Board felt that the current immediate need for wildfire thinning and removal of beetle-infested trees required the timely change in rules and would also allow Residents who are unwilling or unable to handle the cutting and clearing to hire professional forestry contractors to do the work. After discussion the Board voted unanimously to change Rule #2 to read as follows:

Indigenous wood products of whatever nature may not be sold, given away, or otherwise removed from the Ranch except (A) as approved by the WDZC, (B) trees dead or damaged by beetles, or (C) slash that is removed to the county dump.

Architectural Control committee: While some feel that this committee is not really “necessary” at this time, the Board wishes to remind Residents that all exterior changes and construction need to be reviewed by the committee. (See Rules and Regulations, Architectural Control committee, pp 25-27, in particular #15.)

Utilities committee: Jack reported for Ray Turner that usage continues to be moderate at about 2,000 gallons per day above expected domestic usage, with both aquifers remaining at 83 feet above the pumps.

Volunteers who worked on the water projects (replumbing Mason Cabin Road, burying pipe and the hydrant repositioning) under Ray Turner’s leadership were: Don Southworth, Bill Bales, Bill Collins, Carol Deterding, Warren Kerzon, Ron Camp, Joe Friend, Scott Hyslop, Charlie Keller, Dolph and Sabina Kuss, John Maxon, and Doug Parmentier.

The upper pump house has been configured to operate with the new generator.

Jack announced that he had received a letter from Ray Turner stating his wish to resign from the Utilities committee and from his role as resident “beetle expert” on the Common Property committee. The Board reluctantly accepted Ray’s resignation. His expertise and commitment will be sorely missed. The hundreds of hours he has dedicated to Ranch work (many of which were in the middle of the night in the dead of winter, chasing down water leaks) exemplify the rich tradition of volunteerism at Falls Creek Ranch. The Board is in the process of searching for a new chairperson (or two co-chairs) who are willing to take on this important, but time-consuming, responsibility.

Other business: The Board has retained Durango attorney Mike Chapman of Shand Newbold & Chapman PC as counsel on behalf of Falls Creek Ranch. Our insurance company, Tudor, has also retained Mr. Chapman. We are responding to all issues and correspondence with regard to investigations and claims pertaining to the Valley Fire. At this point in time a portion of the fees are being paid by our insurance company. We do know, however, that there will be additional attorney fees. We are doing everything we can, within reason, to protect the people below from further damage as a result of the fire.

Addendum, 9/23: The San Juan Public Lands Center held an open house/dedication ceremony for the new Durango Air Tanker Base. Refreshments were provided by the Falls Creek Ranch Homeowners Association, thanks to the efforts of Debra, Mark and John Galbraith who organized, ordered, delivered and served the food. Many of the spotter pilots, helicopter pilots and slurry bomber pilots, as well as numerous ground support personnel, were on hand, all of whom seemed to appreciate the plentiful spread. Remember, these are the people who not only fought the “Valley Fire” from the air, but also saved the Ranch in the May fire at the entrance to FCR.

The next FCR Board meeting will be held on Monday, October 28th, at 7:00 p.m. at the home of Nancy Peake.

Respectfully submitted,
Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

October 28, 2002

MINUTES

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; chairpersons Byard Peake and Bill Bales.

Ranch/Manager Liaison: FCR will soon be without a liaison person as Ron and Jill Camp have sold their home. Board members will be talking to Residents with hopes of finding a volunteer to take over this responsibility. The Board wishes to thank Ron for the many hours he devoted to this job, always performing above and beyond the call of duty!

Common Property committee: (with thanks to Karl Deterding for his detailed minutes of the Oct. 24 committee meeting) Byard Peake thanked Bill and Laura Bales for the countless hours they have dedicated to the organization and execution of the FCR fire rehab project.

Regarding fire rehab: Bill Bales reported that federal funds for forest fire rehab have now been approved and he is optimistic that FCR will receive some reimbursement for monies spent on seed, hay, and logging out burned trees. To date about \$25,000 in expenses have been submitted to NRCS. Moore Logging will continue work into the winter with tree removal and placing tree bars for erosion control as long as weather permits. Moore will also be doing rehab work on common property around Bales, Coleman and Ehlers properties. Byard will serve as liaison with Moore.

Addendum: FCR has received the first (hopefully more to come) check from La Plata Conservation District for \$8,793.75. We were credited for "owner work-in-kind" to the amount of \$2,931.35.

There were over 130 volunteers from the Durango community, including 9 residents from FCR, who participated in rehab activities for our neighbors in Red Ridge on Oct. 21. They spread seed and straw and planted 500 trees.

Regarding the dam: Clyde Church has prepared a comprehensive Emergency Preparedness Plan for Turner Dam. The Board agreed to proceed with his suggestion to apply to the State of Colorado for a \$5,000 grant for lake assessment and the increase of storage capacity, which may include dredging the lake, weed removal and replacement of the outflow valve.

Regarding boats at the lake: Boats without FCR decals have been removed from the lake. Jim McCarthy has recommended that boat owners should sign a hold harmless agreement upon receipt of their decals. The Board is considering this requirement, and in view of the increasing complexity of the Ranch social structure, will be looking at other areas and activities requiring similar agreements.

Regarding corrals: The Board feels that the operation of the corrals, including responsibility for electrical improvements, should be at the expense of the users, i.e. the horse people. The Board

requests that the corral people reseed the pastures that were damaged by overgrazing. The question of when and if horses should be allowed to return to the corrals was tabled.

Regarding beetle trees: The Board and the Common Property committee recognize that the number one threat to the forestation on FCR property at this time is beetle infestation. The committee and Board members, with the help of Dan Ochocki from the Colorado State Forest Service, have identified at least four major areas infected, noting that the number of dead trees may be in excess of 200 at this time, all trees that have died (turned brown) within the past two months. One of the areas surrounds the home of Dolph Kuss. Dan and the local Colorado extension service person examined Dolph's trees and have requested that an expert from Denver come to FCR to examine trees with similar characteristics throughout the Ranch. High Meadows has notified FCR that they have identified at least 100 dead trees due to beetles.

According to the latest (2002) Colorado State publication #5.528, Mountain Pine Beetle (also available on the web), trees that are now dead were weakened by drought and wildfire conditions, making them more susceptible to beetle infestation. The experts also state that the beetles have already vacated the brown, dead trees and have migrated to the surrounding trees. Standing dead trees are a fire hazard. Both the dead and live infected trees must be cut and removed by early Spring 2003. Once the beetle larvae mature, they will fly to uninfected trees.

The Board agreed that beetle trees in accessible areas should be commercially removed. The CPC recommended that \$5,000 be allocated for the commercial removal of beetle infested trees in those areas and that an additional \$2,000 be allocated for Sevin (pesticide), sprayers, plastic, etc. (Ken Marshall provided specifics regarding application and cost of pesticide.) The Board approved these expenses contingent upon receiving some grant money for wildland interface fire protection. The CPC recommended that FCR volunteers cut, stack, treat with pesticide and cover with plastic the affected trees in areas not commercially accessible.

The CPC asked the Board to adopt the policy that treatment and removal of beetle infested trees on FCR common property is the responsibility of the Ranch; individual homeowners who live near common property with beetle trees should not have to arrange or pay for treatment of those beetle trees. The Board approved. (Jim McCarthy paid \$1,500 of his own money to remove beetle trees on common property near his home.) John Ritchey noted that in the past individuals have had to be responsible for beetle trees on their own property; and if those individuals failed to remove beetle trees, the Ranch would take care of them and bill the property owner.

It is important to locate beetle-infected trees now. The Board asks that infestation on private property be taken care of in a timely manner. The Common Property committee has the names of commercial firms who have worked for a number of FCR individuals.

Regarding the slash pile: The Board allocated \$2,000 to eliminate the slash pile in the meadow. Fire Ready is scheduled to do the work on 11/6 and 11/7. We will use volunteers to eliminate the pile behind the fire station. After the pile is gone, the meadow slash pile should no longer be used. Restoration of the meadow will proceed in the spring. The CPC will investigate other locations for slash piles in the future—ideally there will be one at each end of the Ranch. At this time the Board has decided to chip slash two times a year. When the current thinning is

complete and beetles are, hopefully, under control, chipping will take place on the owner's property at the owner's expense.

Regarding grant money for wildfire thinning: Nancy Peake, with the help of Dan Ochocki, has applied for a 50/50 grant on behalf of FCR for fire mitigation along our roads and common property. At Dan's suggestion, we applied for the "ideal" situation, i.e. funds to support (1) the joint Forest Service project as approved at the 2002 Annual Meeting, (2) creation of defensible space for the 20 most "at risk" homes on the east ridge, (3) creation of clear fire breaks on all interior FCR roads, and (4) thinning for wildfire reduction on the 50 most critical acres of FCR common property. Total cost: \$82,200. FCR volunteer hours will apply to our 50%. Dan was hopeful that grant notification should be sometime in November.

Utilities committee: We are in need of a chairperson for this committee. Ray Turner estimated he worked 500 hours a year in this capacity. The Board discussed the unrealistic expectations for a volunteer. In the absence of a chair, Jack Campbell will call a meeting of the committee for suggestions. It was suggested that perhaps Ray Smith, who is licensed, be paid additional salary to take on more of the water responsibilities. John Ritchey, Jack Campbell and Bill Collins will also be taking the licensing test.

Jack reported that improvements on the lower pump will happen soon as we have the permit. Ray Smith is checking both tank levels every Monday, Wednesday and Friday.

Tom Jones prepared a white paper for the Board regarding the ongoing water situation, suggesting that hard facts, alternatives, real solutions and conservation be thoroughly explored and discussed with FCR residents in open meetings (similar to the two budget meetings held last year).

Architectural Control committee: Mike McQuinn has completed all the paperwork on the replats of several FCR lots and necessary papers are in the process of being signed and recorded.

Discussion regarding volunteers: The Board is concerned about the dwindling availability of volunteers. Specifically, the majority of projects are consistently tackled by a minority of FCR residents. Many of these hardy workers are not as young as they were 15 years ago when major work on the Ranch was done by volunteers. And many of our residents are unable to volunteer for a variety of very good reasons. The Board came to the conclusion that much of the work done by volunteers in the past may have to be paid for out of operating expenses in the future.

The next FCR Board meeting will be Monday, December 2nd, at 10:00 a.m. at the home of Jack Campbell.

Respectfully submitted,
Nancy Peake, secretary

No meeting in November, 2002

December 2, 2002

MINUTES

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; chairpersons Byard Peake and Barbara Lawson; Ray Smith; five members of the Utilities committee and two residents, Jim and Geri Cramer.

Utilities committee: As posted on the bulletin board one week in advance, this Board meeting was to focus upon the FCR water supply, its present status and future options—a subject the present Board had decided should be a major priority this year. All FCR residents were encouraged to attend and the entire Utilities committee was invited to participate in the discussion. (Only two residents, in addition to Board and committee members, chose to attend.)

President Jack Campbell, a Ph.D. geologist who has specialized in sedimentary rocks, led the discussion and presented the **geology of the FCR water system**. The Ranch sits in the middle of the tilted Cutler formation, which consists of the red sandstone, and shale that forms the cliffs above us and also extends as the bedrock below. FCR wells were drilled deep, around 300 feet, into bedrock. He pointed out that in the past there has been a lag time for shallow recharge of about three months. But this year due to the drought there has been no shallow recharge, yet the water level in our wells has remained constant at about 83 feet above the pump. This fact appears to support Jack's theory that the FCR water supply is derived from an **artesian** system in the Cutler sandstones. ("An artesian well is drilled through impermeable rocks, like shale, into strata, sandstones, where water is under enough pressure to force it upward toward the surface without pumping.") Since one FCR well does not seem to interfere with another when pumping, Jack believes that our two wells, drilled at two different depths, are in two different sandstones. The exact depth at which the water enters the wells is not known because of poor drillers' logs.

Jack noted that the more shallow wells in High Meadows and the Turtle Lake area which have been drilled into gravels have gone dry this year at various times. And the utilities committee stated that in all the repair work and ditch digging around FCR we have never run into gravels containing water suggesting that shallow gravels are not our principal aquifer.

Jack believes that our water probably comes underground from Hermosa Creek, which has always in the past been a constant source of surface running water. FCR water is, in fact, a tributary to the Animas River. And, as Jack pointed out, the Animas has indeed gone dry in the past. (In light of the current drought, Falls Creek itself is dry this year for the first time in what is believed to be 100 years.)

The primary question before the Board was: do we need an alternative water source--another well, a hauling system, and a tap into an outside water source? We can expect 16% more development (homes) on the Ranch. We are five to six years into "extreme" drought conditions, billed by experts as "the worst in a hundred years" and are experiencing a warming trend. There

is a developing consensus among those experts (NOAA, NASA, USGS, DOE, SCRIPPS) that parts of the West will experience snow pack and water shortages in the range of 17-20% over the next 25 years. Our local and regional water supplies could very well be far short of the demand. With current FCR homes worth approximately \$50 million, the Board is taking its responsibilities very seriously and all agree that FCR could not survive without water.

Discussion of alternatives

Regarding another water supply source, e.g. the Animas Water Company: Bill and Deanna Collins researched this company and prepared a written report. They have shallow wells (from 12 to 60 feet deep), but appear to have plenty of water; but they must treat all water as they pick up contaminants from farming and other development issues. It would be feasible to hook into their system, and the Collins spoke with the Animas Board who responded that they would be willing to pursue this.

This would be a costly alternative as basic hook-up could be an estimated \$200,000 (ranging from \$175,000 to \$350,000) and would necessitate individual FCR meters (another \$50,000 to \$100,000). (Animas Water has found that conservation suffers because to some of its customers cost is no object. The average usage last summer for 1,300 Animas Water residences was 525 gallons a day.) Homes pay for water used on a tiered arrangement. Ray Smith pointed out that we would be obligated to meet State requirements, i.e. treat our water, once our system merged with another. We would not be part of the Animas Water coop, merely customers, as they can only sell 15% of their water in order to maintain their non-profit status. In any case, **we would only use this water source in case of an emergency.**

Regarding hauling water (should our water system fail): John Ritchey investigated the cost. To serve 90 homes for four months, assuming usage of 250 gallons per day per home, FCR would pay approximately \$117,000 (1,500-gallon tanks @ \$65). This would be feasible, but expensive. The cost of hauling would at the minimum figures far exceed the cost of drilling a test well.

Regarding the status of our third well: FCR's third well is a poorly performing well, pumping at only 5-15 gallons per minute, and needs replacing. This well is grandfathered in at a depth of 135 feet. If we drill at another depth, it may be deemed "another source", thus possibly jeopardizing our non-treatment waiver. We plan to discuss this further with our potable water consultant.

Regarding the drilling of another well: Jack indicated that it is his professional opinion that there could be an excellent chance of finding another aquifer. The estimated capital investment needed to explore another water source is \$50,000. No one knows the extent of the drought, though we are concerned that the number of well permits issued could very well be lessened, with every likelihood that the "rules" regarding water and well permits will change. It was noted that the Front Range will soon be coming after west slope water. Would we like to have the additional "comfort level" now and drill a test well before "politics" interferes?

Ken Marshall has investigated drilling a test well with casing and pump for which we need a **monitoring well permit**. He found that the local office for the State Water Board can issue

permits until the end of the year. (After December 31 the Water Board will be located in Denver only.) The FCR Board feels that we need to pursue this course of action if only to find that there is in fact no other aquifer. Ken, FCR Treasurer, believes that the capital budget can support a test well by eliminating, or postponing, a few slated items and not raise assessments above inflation. The Board agreed with John Ritchey's assessment of a test well as an "insurance policy." A monitoring well can be drilled and tested by pumping to see how much water is present, but not connected to our system until needed. At that time further permitting and testing would be required.

Ray Turner pointed out that because FCR water is a public system, water derived from a new well could not be used without Health Department approval, which would probably make treatment of our entire system inevitable. The cost of putting treatment into place could be \$7,500 for the three existing wells, or \$10,000 for four wells. Annual testing could cost up to \$5,000 as our system was installed in 1975 and 1976 and was not then designed to pump into water tanks, which necessitates treating water at each origin.

The **option of water treatment** may well be closed in the near future. Ray Smith noted that there are at present **only eleven small water systems (out of 2,800+) in the entire state that do not disinfect, and FCR is one of them.** In 2001 the EPA required the Colorado State Health Department to review all waivers from treatment on an individual basis; FCR was scheduled to be re-evaluated last month. Ray felt certain that it was only a matter of time until we would be required to treat our water.

Action taken:

The Board unanimously approved Ken Marshall's motion that FCR apply for a monitoring well permit to drill a test well at or near the existing small well. Jack Campbell will talk to Ken Beegles, the local Water Board officer, regarding the permit today. (He is currently working on the permit; it will take six weeks to get the permit approved.)

It was decided that we would hire a consultant to instruct the well testers. Ray Turner suggested that the Board contact the Health Department to make sure that the test well would have no impact on our existing system.

Byard Peake applauded the Board for having the courage to be pro-active regarding FCR water, despite the many other issues currently facing the Board.

Responding to a suggestion that the Board postpone a vote of the drilling of a test well until January, Nancy Peake stated that the Board would be derelict in their duties as elected representatives of the membership should they fail to pursue taking a course of action now, and that the Board members have a responsibility to finally act upon an issue that has been discussed at length for many years (as is evident in the past years' minutes.) Tom noted that we cannot discuss any of the water alternatives intelligently until we know the results of a test well.

The Board unanimously approved Tom Jones' motion that we move forward to fund the drilling of a test well for the purpose of seeking a new water aquifer, barring any problem with the Health Department, government agencies, or significant opposition from FCR Residents.

Other business:

Ranch/Manager Liaison: We are still looking for a member to step forward and volunteer for this position. In the absence of a liaison person, Board member John Ritchey will work with Ray Smith in that capacity until a substitute for Ron Camp can be found.

Ray Smith reported on his current activities: this is the time of year when maintenance is performed on all equipment while readying for winter. He is still collecting bacterial samples from the wells once a month as required. Ray requested funds from the road budget for aggregate to fill potholes on Falls Creek Main from Dyke to Snowshoe. He will order a supply of spare parts to have on hand for water system repairs.

The major project at present is repairing the broken cable used for measuring the upper well water tank level. (Repairs were completed the following day.) Bill Collins mentioned that the ultimate solution to the measuring task was automation as the present method is very labor intensive. Ray is looking into various systems; Barbara Lawson said that a computer-controlled system is scheduled in the capital budget for 2008. This type of system would be much more reliable than the present method of hand measuring and would also be capable of indicating via phone lines should water begin to run out.

Common Property committee: Byard Peake asked for suggestions regarding the disposal of the meadow slash pile. Fire Ready worked for two days chipping, but made little progress as much of the time was spent pulling slash from the pile because most slash had been dumped without regard for the task of “feeding” the chipper and was compressed and/or frozen in place. There was much discussion as to whether the pile should be burned, hauled away, chipped by Ranch volunteers using the small FCR chipper vs. renting a large commercial chipper, or whether volunteers should spread slash in the burn area for erosion control. Ray Smith felt that slash should be hauled off site because the piles themselves are fire hazards as well as unattractive. Jim Cramer suggested that the ultimate solution was to haul, dumping slash in a dumpster instead of adding to the pile which a few volunteers have to deal with.

Final decision was to try a combination of chipping and hauling as the majority did not want to burn at this time. Burning may be revisited at a later date. Ken Marshall will assemble a group of volunteers to chip away at the pile behind the fire station. The Ranch will bring in one 40-yard dumpster (20' x 8') at the cost of \$543 to be filled with slash by the backhoe to determine what volume of existing slash can be eliminated by this method. New slash locations are still to be determined after notifying neighbors. **No logs, building materials or Christmas trees are to be added to the slash piles.**

Capital budgeting committee: Barbara Lawson noted that we began the year \$20,000 behind in the capital account and that we have not contributed to the account this year to date. The long-term capital budget was based upon an annual contribution of \$58,000, which should cover all scheduled capital expenses for ten years. The \$40,000 budgeted in 2002-2003 for the second mile of Falls Creek Main and the \$12,000 intended for the sand shed have been put on hold.

Barbara needs updates from each committee noting when expenses will occur and the estimated cost.

Treasurer: Ken Marshall stated that there is \$70,000 in the checking account, \$60,000 is the capital account, and \$8,000 in the operating account.

Due to the length of this meeting (three hours) discussion regarding a complaint about marking trees to be cut down was postponed to the next meeting, but noted that a response had been sent to the representing attorney.

The next FCR Board meeting will be held on Tuesday, January 14th, at 10:00 a.m., at the home of Ken Marshall.

**Respectfully submitted, Nancy Peake, secretary
Board of Directors, Falls Creek Ranch Association, Inc.**

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; committee chair, Byard Peake; residents Denny Ehlers, Glenn Sears, Jack Freiberger and Dolph Kuss; guests Linda Sawyer and Frank Garbie.

Residents' concern regarding fire rehab and beetle trees: Denny Ehlers presented concerns of the following residents: Judy and Jeremy Coleman, Joan Heil and Steven Dick, Denny and Elaine Ehlers, Jack and Katy Freiberger, Peter and Jodye Glick, John and Kayla Niles, John and Glennie Ritchey, Glenn and Mary Sears.

On behalf of his neighbors Denny thanked the Board for time and effort contributed toward these issues during a difficult year. He stressed that his group would like to offer assistance, with the Board's approval in two areas. First, they would like to hasten rehab efforts in the severely burned areas. His group is advocating total removal of burned trees, stating a liability for Ranch property as well as a visual detraction and reduction in property value for all FCR Residents, not just those on the perimeter of the fire. Noting that the drought may impose an early chain saw ban in the spring, Denny urged the Board to speed up the rehab

The second area of concern of the neighborhood group is beetle trees, an issue the Board has been grappling with since September (see minutes 9/16/02 and 10/28/02). The group sees this as a Ranch-wide problem that needs to be addressed this spring. Realizing that the cost for beetle tree elimination and spraying, plus rehab, will be formidable, the group presented the idea that this may be an instance where a special assessment may be appropriate for "legal and moral reasons." The group has offered its assistance in procuring cost information and in disseminating information to FCR Residents.

Regarding rehab work: Byard Peake, in responding to the request for total removal of trees in the burn area, stated that we never had that intention with the contract with Moore Logging. In fact, we marked trees with blue paint that were to be left standing. Also, the Forest Service and the National Resources Conservation Service strongly recommended that we not cut trees on the steep slopes. The first stage of rehab was on the slopes just above Red Ridge Road, and Moore was instructed not to cut any of those trees. Moore is progressing as originally planned, but he has been slowed up because of warm weather. The muddy access road is inaccessible in the afternoon and it is too dangerous to drive his equipment up the slope.

Addendum: Byard Peake talked with Tony Moore later on 1/14/03 and Moore estimated 60 more days of work on the burn rehab area below, 40 days of which would be spent taking trees out. He is now working from north to south along the base of the slope and can only skid trees and get trucks in and out in the morning. He then estimates 20 days to complete the rehab, which entails the creation of more water bars, contour tree falling in arroyos, crushing mulch to a level no higher than 18 inches, and seeding.

Regarding beetle trees: The following actions have already been taken by the Board (10/28/02) recognizing at that time that "the number one threat to the forestation on FCR property...is beetle infestation: **both the dead and live infected trees must be cut and removed by early**

Spring 2003. All beetle trees in accessible areas should be commercially removed and FCR volunteers will cut, stack and treat with pesticide and cover with plastic affected trees in areas not commercially accessible. The Board approved an initial \$5,000 to be allocated for the commercial removal of beetle infested trees...and an additional \$2,000 be allocated for Seven, sprayers, plastic.” These expenses were approved contingent upon receipt of grant money for wildland interface fire protection. We have not yet received any notification of grant funds. Funds were approved at today’s meeting to purchase sprayers and insecticide irregardless of grant monies.

The Board voted unanimously to accept the support of the “neighborhood group” to assemble information and assist in the Ranch-wide effort to complete the burn rehab as quickly as possible and to help plan and carry out the beetle tree removal in early spring. The first step will be the development of cost estimates. Byard proposed that the “Ehlers neighborhood group” be a subcommittee of the Common Property committee. Tom Jones stressed the need to coordinate contacts and communication (through the CP chair) to avoid duplication. Priorities and time lines will be established.

Setting a target date of March 15, the Board will attempt to have all trees marked in blue to be cut down and in green, those to be sprayed. Possible purchase or rental of an additional power sprayer will be investigated. FCR has two pack back sprayers and one trailer mounted sprayer.. Masks, additional sprayers and chemicals will be ordered. The hiring of additional labor may be required for the mass spraying.

If the warm weather persists, Moore Logging will pull his equipment off the burn area and proceed to remove as many standing dead beetle trees as possible near the roadways on the Ranch itself (as directed by the Board in today’s meeting, via phone conversation). The Board unanimously voted to proceed with all of the above.

Addendum: John Ritchey and Byard walked the ridgeline on 1/20 and determined the ground is still too soft to bring heavy equipment in to remove beetle trees.

Disaster recovery guests: Jack Campbell introduced Linda Sawyer and Frank Garbie from Lutheran Disaster Response, a non-religious administrative body offering services for people who experience disasters. They offer help from an advocacy position and are trained in listening, resource and data collecting. Their services are free, paid for through a grant. Sawyer and Garbie wanted FCR residents to know they are available should they be needed.

Regarding FCR’s wildfire thinning project: Byard reported from a conversation today with Ron Klatt that the planning is complete for phases 2, 3 and 4. “All the government loopholes have been covered.” Klatt and Dan Ochocki (State Forest Service) will proceed with getting contracts to reduce the fuel loads below the homes on the east ridge. Ochocki deals with the landowners and will most likely oversee the contractors. FCR will be responsible for expenses for work done on FCR property.

The next immediate thinning project, as defined by the joint State and National project, is the road system at FCR. Jack Freiberger pointed out that the roads are not properly widened and

suggested that volunteers could handle some of the smaller wood, leaving larger trees (dead and beetle damaged) for commercial operators.

Regarding the slash pile: Byard Peake saluted Ken Marshall and his band of volunteers who worked over 20 hours to chip the entire slash pile behind the firehouse.

Glenn Sears reported that the proposed plan of loading the meadow slash pile into dumpsters would take 24 dumpster loads, totaling almost \$13,000. He will get an estimate for cost for a front loader to load the slash into dump trucks and haul it away.

Regarding permission to cut and clear defensible space: Dolph Kuss appeared before the Board to request release from the “cease and desist order” he received after the June 8, 2002 meeting during which neighbors protested his clearing of trees on common property in the defensible space around his home. (At that time the Board and Common Property intended to meet and review thinning policies, but the fire interfered with a prompt reassessment.) Dolph stated that he had complied first with the Architectural Control committee, then with the Wildfire Defense Zone Committee regarding slope requirements, and had his trees marked two times by Colorado Forest Service personnel. He requested the Board’s approval to “protect his home and remove dead beetle trees and diseased trees on the perimeter of his property in an effort to comply with Colorado fire mitigation recommendation.” John Ritchey mentioned that, as a neighbor, he has not been contacted by Dolph regarding which trees are proposed to be cut.

The Board promised to visit Dolph’s property this week to note the marked trees and requested that all interested neighbors attend the next meeting to resolve the problem with the Board as mediator as directed in the Covenants.

Ranch/Manager Liaison: John Ritchey reported that this is a “quiet time” for Ray Smith and he is able to work on equipment and the shed. He has been applying gravel to the roads where needed for winter conditions. John mentioned what a pleasure it is to work with Ray who is always on top of things. Specific plowing requests should be made to John who will in turn notify Ray.

Utilities committee: Jack Campbell reported that the meters show an average usage per household of 218 gallons per day. Water levels are showing a gradual decline. The lower well showed a decline from 83 to 78.5, and the upper well showed a decline from 83 to 80.9.

There is a problem with the new pump at the lower well, now only pumping 25 gallons per minute. The old check valve will be replaced. There is a chance that the meter itself may be deficient; this is being investigated.

Regarding drilling a new well: We have the permit in hand to drill a monitoring well and have delivered this to Beeman’s Drilling Co. Jack recommends drilling 400 feet, 200 feet of which would be cased, but requested the Board to hire an expert consultant to evaluate our plans, prior to any final commitment to drilling. Estimated costs for drilling, casing, pump, testing and consultant are \$20,000, less than half the earlier estimated amount.

The Board reviewed thoughtful reservations from three FCR Residents, Chuck Eppinger, Bill Collins and Ray Turner. John expressed his thanks on behalf of the Board to each of the above gentlemen who have spent so much time working on and worrying about our water system saying it is a great “comfort” knowing they are here.

Fearing that forces outside the Ranch will dictate water policies in the near future, specifically demands from the Front Range on West Slope waters, or from downstream users such as the town of Aztec, the Board felt an urgent need to proceed with the effort to find a new aquifer. **The Board voted unanimously to hire an expert consultant. Upon receipt and consideration of his advice, the Board will be polled by phone in order to proceed as soon as possible with the drilling of a test well on FCR property.**

Regarding vacant positions: Volunteers needed!!

Three committees currently are without chairpersons: Communications, Utilities, and the Ranch/Manager liaison person.

Additionally, three full term Board positions will be at term end in July, leaving two members with two years remaining. Interested candidates need to notify the Board by the end of May. **There must be a minimum of five Board members.**

The next FCR Board meeting will be held on Tuesday, February 4th, at 7:00 p.m. at the home of John Ritchey.

Respectfully submitted,
Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

MINUTES

February 4, 2003

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; committee chair Byard Peake.

“Newspaper theft” has once again become a frustrating problem. The Herald noted that the delivery person is fined for each paper reported missing and feels that the problem is here at the FCR mailbox newspaper tubes and not with delivery. The Board asks, on behalf of all Residents, that no one “borrow” newspapers from other tubes. A possible solution might have to be “locked” paper tubes (similar to the mailboxes), a neighborhood inconvenience because we often communicate with each other via the news tubes.

Regarding dispute about clearing defensible space: Dolph Kuss and neighbor John Ritchey came to an understanding regarding trees to be cut between their properties. The Board visited the site in question between Kuss and Turner/Lawson and at that time Turner/Lawson agreed to trees marked; a few questioned by the Board were marked in blue tape. Dolph had asked Bechtel Engineering to mark the perimeters of his lot line to aid identification of trees within his zone.

The Board directed Tom Jones to write a letter lifting the “cease and desist order” on Dolph’s thirty-foot defensible space and to permit cutting of designated trees inside his lot perimeter and dead trees on common property as agreed to by neighbors. Tom will also write a letter on behalf of the Board answering written concerns of Turner/Lawson.

The Board reminds all Residents that any thinning on common property must be preceded by contact with a WDZC member and written consent of all neighbors. (Note Common Property Committee, Rules and Regulations, “Fire damage reduction,” No. 1: “In resolving....disputes, primary consideration shall be given to fire damage reduction; however, maintenance of the natural state of the area and aesthetics shall also be considered.”) All slash must be removed in a timely manner.

The Board also requests that tape used to mark trees to be cut remain on the tree until it is cut down.

Ranch/Manager Liaison: John Ritchey reported that Ray Smith has completed the shop cleaning and has been working on Ranch equipment and the water system. He is working on the meadow slash pile, chipping four hours every day with a volunteer. Don and Mary Southworth have donated a computer for the Manager’s use and Ray is inputting Ranch records. (Thank you, Southworths!)

Ray will prepare a section in the shed for storage of Ranch picnic supplies (to consolidate items stored in Residents’ garages throughout the Ranch) and general Ranch records such as house plans collected by the Architectural Control committee.

Common Property committee: Byard Peake, on behalf of the CPC asked for the Board's approval to purchase and construct a secure enclosure (locked) for the lake outlet valve "to insure against inappropriate degradation of the lake level." **The Board approved the above action.** The bill will be sent to downhill neighbor Zink who broke the lock during the fire and said he would pay for replacement.

Regarding thinning: The CPC requested permission from the Board to thin twenty feet from the sides of all FCR roads (as recommended by the State Forest Service and Dan Ochocki). Thinning would involve oak brush and ladder fuel. Moore Logging is scheduled to cut down all large dead standing trees along roadways around the end of March. Acknowledging that twenty feet along all roads might generate too much slash, the CPC stated that the priority was twenty feet along Falls Creek Main and perhaps ten feet on the side roads. **The Board approved thinning of oak brush, ladder fuel and dead trees on twenty feet, each side of the main road, and ten to twelve feet to begin with on side roads, subject to property owner approval when homes are adjacent.**

Don Southworth will organize volunteer thinning teams. **Addendum:** Reid Ross assembled a team of hardy volunteers and thinned much of the length of Snowshoe.

The CPC requested the Board's approval to remove about 80 dead beetle trees on common property along the east ridge below the Crue and Peake properties (a small section of the "band of brown" seen from 550). The purpose is to help alleviate the fire hazard on the upward slope at the north end of the Ranch. Don Hinkley will contract to do this and skid them down the mountain and rehab the area with straw and grass seed for \$2500. The project is beyond the ability of resident labor. Volunteers will be responsible for chipping slash. **The Board approved the project and suggested that we include a line item in next year's operating budget for the battle against beetle trees.**

Regarding slash: The Board decided that the new slash pile location will be in the corral area. The slash pile should be for branches only—no pine needles and no logs. The meadow location will be closed March 1st. (Byard is currently laying out the new slash pile area.)

Ken Marshall organized volunteers to work mornings with Ray Smith chipping the meadow slash pile. Amazing progress has been made! Thank you all! There was discussion of a long-term lease of a large chipper to handle the amount of slash to be chipped during the oncoming thinning projects. The Board also discussed use of Unistaff workers when the projects begin.

Byard wanted to thank Bob Emmanuel for contributing his pine needles to the burn rehab area below, which were used to mulch around trees replanted by the Red Ridge residents.

Regarding rehab: Byard noted that Moore Logging will restore the road below the ridge (used to remove burned logs) to a "natural" state, but it will still serve as a firebreak. Trails 2000 may help with this project.

Regarding escape road: Byard asked the Board to write the church camp and Red Ridge Road residents to ask official permission to use parts of their properties as our escape road.

Regarding beetle trees: Ken is spearheading the beetle battle. He has ordered Sevin in large quantities at a cost of about \$3,000 and masks, pumps, gloves, and protective glasses at a cost of \$1,000. The Board approved the purchase of a longer hose (200 to 250 feet) for our tent-mounted sprayer as well as large quantities of clear plastic to cover beetle logs after cut. **Note: all property owners will be expected to remove beetle-infected trees and spray adjacent trees on their acre, and may use FCR materials and equipment. Otherwise, FCR will do the work, but charge the owner for removal of beetle-infected trees and spraying.**

Regarding watering of large trees: the Board has approved purchase of a used water truck at auction if we can get a good price, with the primary use for road maintenance and construction. The truck could also be used to water designated trees throughout the Ranch with hopes of saving some of our prize landmarks from the drought. The Board agreed that we need to investigate ways to make our forest healthy. Addendum: a water tuck (seized by the Colorado Dept. of Revenue) was purchased at auction for \$4,200.

Utilities committee: Jack Campbell reported that the lower pump is still not working right, but they have determined that nothing is wrong with the system. The meter is working fine. Beeman Drilling has ordered a new pump at their expense.

The water levels are still receding slightly though overall consumption is down to 192 gallons per house per day versus a high of 218 gallons at Christmas and 480 gallons per household in June. These figures, however, may be misleading because there are currently many unoccupied houses.

Jack asked the Capital Budgeting committee to look into stepping up the acquisition of a SCADA system (automated monitoring system) requested by the Utilities committee.

Regarding drilling the new well: Jack and Bill Collins have talked with Tim Decker, the expert consultant, who will be on board throughout the process. Cost estimates have been requested. FCR is on the docket with Beeman to drill the well in April.

John Ritchey reported that there are over 40 bills currently in the Colorado legislature concerning increased regulation of drilling wells, increased fees for drilling, and difficulties regarding agricultural water rights.

Treasurer's report: Ken stated that FCR currently has \$118,000 in cash. Some committees have been over budget. Fire rehab has cost the Ranch \$10,000 of our own money (having received federal funds and credit for our volunteer labor).

Neighborhood meetings: The Board has mailed packets of information to each FCR Resident/Owner regarding upcoming neighborhood information/discussion meetings regarding the following: fire and rehab, pine beetle infestation, slash accumulation and removal of dead trees, corrals and horses, the water situation. All Residents are invited and encouraged to attend one of the following meetings:

February 24th, 7:00 p.m. at the Ruggera home, 8493 Falls Creek Main
February 25th, 7:00 p.m. at the Galbraith home, 47 Mason Cabin Road
February 26th, 7:00 p.m. at the Collier home, 130 Snowshoe Lane
February 27th, 7:00 p.m. at the Collins home, 406 Starwood Trail

The Board thanks those of you who have offered your homes for these important meetings.

The next FCR Board meeting will be held on Sunday, March 2nd, at 7:00 p.m. at the home of Byard and Nancy Peake.

Respectfully submitted,
Nancy Peake, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

MINUTES

March 2, 2003

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; committee chair Byard Peake.

Regarding FCR neighborhood information meetings: A total of 64 Residents representing 44 lots (including Board members) attended the four meetings to share concerns and discuss issues. The Board wishes to thank all of you for your input. Special thanks to the Ruggeras, Galbraiths, Colliers and Collins for hosting your neighbors for this beneficial exchange!

Regarding tree thinning: Thirteen Residents have completed the WDZC application process with regard to thinning trees on their properties. There is apparently still some confusion regarding which committee should be consulted and when. The Board agreed that the rules need to be rewritten in an effort to streamline the process so that ideally only one committee need be consulted, irregardless of whether a new home is being built or a defensible zone is being created around an existing structure. Consideration was also given to the concept that the Architectural committee should retain responsibility for approving tree removal when clearing the site and establishing the “footprint” of a new home. All agreed that a key element is neighbor approval, with “primary consideration given to fire damage reduction” (CPC, R&R).

The Board decided to invite the chairs of the two committees, Mike McQuinn and Carl Deterding, to the next meeting in an effort to define specifically the roles of each committee with respect to removal and thinning of trees.

Regarding changing FCR home ownership: The Board would like to receive timely reports of home sales and change of ownership in order to facilitate a prompt welcome and immediate flow of FCR information and activities to new owners. This is also important with regard to rental and part time resident/owners in an effort to be able to coordinate emergency communication, as well as estimate volunteer participation.

The Board also felt that it needs to maintain a current information base regarding FCR properties for sale and resultant sales. We hope to generate this information on a monthly basis not only to aid in administering Ranch concerns but for the benefit of the membership as a whole.

Regarding burning the slash pile: Steve Gillis informed the Board that the Fire Department would come and burn the meadow slash pile while the snow is on the ground. The Board voted three to two, with Tom Jones and Nancy Peake dissenting, to burn the slash as soon as possible depending on weather and Fire Department availability. It was agreed that someone would be on hand throughout the process until the burn was totally diminished. A notice will be posted at the mailboxes as to date of the planned burn.

Addendum: Steve Gillis and Fire Chief Clay, with the help of Ray Smith and volunteers, started the burn on Wednesday, March 5th, and good progress was made. Firefighters assured us that all was “safe” and the fire would die out, but FCR volunteers monitored the pile until dark. Ray Smith volunteered—above and beyond the call of duty—to spend the night watching the pile.

THE MEADOW SLASH PILE LOCATION IS PERMANENTLY CLOSED and the new location in the corral area will not be ready until the ground can be stabilized. The Board asks that all Residents hold your slash, or chip on site, until notified otherwise.

Regarding horses returning to FCR: The Board received a letter from one of our Residents requesting that horses be allowed to return to the corrals. (Straw votes taken at the four neighborhood meetings indicated a “general feeling” among those present that Residents like having horses on the Ranch.) After much discussion regarding grazing issues, liability, the need for specified insurance and “hold harmless” agreements, and repairs and updates to corral facilities by horse owners, the Board supported the apparent underlying belief that horses belong on the Ranch, but recognized that there are serious management issues that need to be resolved.

Therefore, the Board voted unanimously to delay any decision on the return of horses to FCR for one year, until the spring of 2004, thus allowing time for the Common Property committee and Board to rewrite rules and regulations and resolve management issues. Jack Campbell will respond in writing on behalf of the Board to the written request, with copies to other FCR horse owners.

Regarding rehab: Byard Peake reported that Jack Freiburger has asked to have hazard trees on common property adjoining his lot removed. Similar hazard trees adjoin the Bales and Ehlers properties. Moore Logging has agreed to take the larger trees. The Common Property committee will obtain estimates on remaining hazard trees.

Utilities committee: Jack Campbell reported that he has received a proposal from our water consultant Tim Decker for hydrogeologic services in assisting of the drilling of our test well in the spring. The Board approved the proposal.

The pump has been ordered to repair the lower well.

The Board discussed the possibility of co-chairpersons for this committee in an effort to get the committee back to “active” status soon. The Board requested that the committee develop, by the May Board meeting, guidelines for water usage during our seasonal “water crisis.” Water usage “phases” were discussed.

Based on discussions in all four neighborhood meetings, the Board decided to prepare a water meter “white paper.” An overwhelming number of Residents suggested that the Board also pursue the means to achieve compliance with water usage restrictions when required, in addition to the establishment of water conservation rules and regulations.

Regarding the beetle infestation: Bob Emmanuel will attend the March 8th seminar on “Bark Beetle Management Strategies” to learn more about the protection of healthy trees and the

treating and removal of beetle trees. He will discuss the particular problems of FCR with the panel of experts and report back to the Board. Thank you, Bob!

Other business: The Board voted to send a representative to the three-day **National Firewise Workshop** on April 9, 10 and 11 sponsored by the National Firewise Program and the Durango Fire and Rescue Authority, cost \$125. Homeowner associations were encouraged to attend to learn “pragmatic, affordable solutions to the escalating threat of wildfire” as well as specific risk hazards of their particular communities.

The San Juan Mountains Association is also sponsoring free tours of “on the ground success stories” during “Wildfire Prevention and Education Month” (April). Of particular interest are tours by Dan Ochocki at **Falls Creek Ranch** on April 8th at 1:00 to 4:00 p.m. and on April 12th, 10:00 a.m. to 1:00 p.m. Dan will demonstrate how “thinning and a prescribed burn reduced fuel loads and made properties much more fire resistant in the Valley Fire.” Tours are limited to 20 people. If you would like to be the “FCR rep” on one of these tours, please notify Nancy Peake ASAP so that she may register you.

Looking for Board of Directors candidates! We need names of those interested in serving your FCR community by the May Board meeting. Two Board vacancies need to be filled at July’s annual meeting. Addendum: Susan Ruggera has volunteered to become chair of the Communications Committee. Thank you, Susan!

The next FCR Board meeting will be held on Monday, April 14th, at 7:00 p.m. at the home of Jack Campbell.

Respectfully submitted,
Nancy Peake, secretary

April 14, 2003

Board of Directors, Falls Creek Ranch Association, Inc. MINUTES

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, Tom Jones and Nancy Peake; committee chairs Byard Peake, Bill Collins, and Don Southworth; residents Bob Emmanuel and Glenn Sears.

ROADS COMMITTEE

Glenn Sears presented the Roads report in the absence of Barney Anderson. Major needs and necessary “bare bones” maintenance include the annual reworking of Falls Creek Main from the pavement to Oakcrest Drive. As time and weather permit, all interior roads will be graded. The scheduled reconstruction of an additional mile of Falls Creek Main is being postponed due to demands on the budget of removing beetle trees and fire rehab. The Forest Service is willing to continue our maintenance agreement on the Forest Service road from the pavement to Falls Creek entrance and will pay for their share of gravel and magnesium chloride (\$2,000).

RANCH MANAGER LIAISON

John Ritchey reported that Ray will be grading roads whenever moisture conditions are optimal. He has repaired the chipper and has participated on various weekend chipping projects with Ranch residents. He is working on bringing our “new” water truck up to serviceable use, installing a new pump so that we can fill the truck from the lake at a much higher rate. He has installed a small water tank on the dump truck for short term use in the meantime.

Ray has reconfigured and installed a new pump on the Ranch sprayer (for insecticide and herbicide) complete with a reel for a 300 foot hose. Ray is doing “private” spraying for Residents on his comp time. The Board suggested that we need to prioritize areas by need with regard to beetle infestation.

Because the demands on Ray’s time far exceed the hours in a day, the Board agreed that we should consider hiring an assistant who would work directly for Ray. The Ranch would advertise the position, but Ray would interview and select his assistant. Time constraints (this was a four-hour meeting) did not permit discussion of specific details.

COMMON PROPERTY COMMITTEE

Byard Peake suggested that there is a need for a “mind shift” regarding Falls Creek Ranch among the Residents, specifically that we regard ourselves as “A Working Ranch Community” and perpetuate that image to the “outside” with a sign at the Ranch entrance. All those present seemed to agree with the concept but no action was taken.

Regarding fire mitigation along the roadways: Thank you volunteers! We especially want to acknowledge Clyde Church, Mark Galbraith, Reid Ross and Don Southworth for organizing the work sessions. Falls Creek Main has been cleared (revealing many new growth pines previously hidden) and work has begun on the emergency exit roads. Steve Gillis will help examine these roads and report to the fire department. These roads will need to be two-way, with pull-outs in some places, because fire equipment may have to use the roads to enter the Ranch with equipment at the same time Residents are trying to exit. There are some “chimney” areas along the east ridge (steep arroyos or chutes which carry fire upwards) which may have to be commercially mitigated.

Byard has walked the length of the High Meadows Fire Exit road and determined that it is in excellent condition. The gate is unlocked and open. The Mason Cabin Fire Exit road is also in good condition.

Tony Moore has begun, at no charge, taking down and removing the larger dead trees (beetle and otherwise) along the roadways throughout the Ranch. Trees to be cut are marked in blue tape. Slash removal will be a Ranch responsibility and possibly disposed of commercially.

Regarding the joint Wildfire Reduction Plan (Good Neighbors program,

USFS/COFS/FCR): The project, approved by Residents at last year's Annual Meeting, will begin shortly. Dan Ochocki (COFS) is coordinating contractors' bids. FCR will be financially responsible for approximately 30 acres of designated zones 3 and 4; the remainder is Forest Service property. Ochocki and Ron Klatt (USFS) stated that early thinning may draw beetles but they decided the need to mitigate wildfire risk before the coming fire season has a much higher priority. Cost to FCR could be as much as \$1,500 to \$2,000 per acre.

Regarding disposal of slash: The Board recognizes that fire mitigation on both private and common properties, as well as the removal of beetle-infested trees, will generate a tremendous amount of slash. Because of this, the Board once again revisited the disposal of slash. Options discussed included: (1) The current approved process of chipping slash on a regularly scheduled basis (10/28/02 minutes) at the community slash pile (the corral area as of 2/4/03 minutes). (2) Hauling slash to the burn area and burning the pile during the winter. (Subsequent inspection of those areas proved that the drive to those areas and marking of FCR vs Forest Service areas would be difficult.) (3) Loading slash in trucks or trailers and hauling to Waste Management at \$15 a load. (4) Chipping on site. Tom Jones insisted that whichever solution we determine, it must be convenient lest we discourage Residents from doing the necessary thinning.

The Board decided (by a vote of 4 to 1) to eliminate the community slash pile (except for the burn area) and limit Residents' choices to the remaining three options. The ultimate goal is to have ALL slash chipped and distributed on site, i.e. wherever generated.

Regarding beetle mitigation: Thank you, Ken Marshall! Ken is spear-heading the beetle spraying, our highest priority at the present time (before the spring hatch). Our power sprayer with 300-foot hose can reach 35 feet up a tree. Or, we have the smaller back pack sprayers. All lot owners are responsible for spraying your individual acre. The Ranch will supply all materials (including masks) and spray. The time to spray is NOW. Fire Ready has a sprayer capable of reaching up sixty feet; neighbors may consider hiring them to cover a larger area, splitting costs.

Regarding fire rehab: The NRCS has made their final inspection of the burn area with the aid of Board members Ken and Tom. Hopefully some reimbursement funds will be available soon. Moore Logging will be removing the larger burned trees along the rim. Another forester who has been working in the Vallecito burn area will follow up, cutting down smaller trees, transporting them to the burn area, doing contour tree falling on the slope below, and piling slash. FCR will be responsible for chipping. It is anticipated that work will be completed within the next month.

Regarding wildfire workshops: The Board sent the Common Property chairman to two workshops (five days) dealing with the wildland/urban interface and forest fires. Byard reported that the century-old forest service fire suppression policy, plus twenty years of wetter-than-normal weather which created denser forests, followed by the present drought have placed the Southwest in the path of what the officials are calling "the Wildfire Perfect Storm." He urged the Board to consider an FCR application to be a "Firewise Community," (a national organization) which would enable us to qualify for help in education, mitigation and possible funding.

Regarding FCR's fire preparedness: Byard is planning a Ranch-wide meeting to take place in May for all Residents where we will review evacuation procedures, emergency exits, communications, Fire Alert Team, safe areas, etc. Notification will be placed on the bulletin board at the mail boxes and in all newspaper tubes.

UTILITIES COMMITTEE

Good news! We now have two co-chair for the FCR Utilities Committee; Bill Collins will head up Operations and Don Southworth will head Maintenance. We also have three new Small Water Systems Operators (in addition to Ray Smith); John Ritchey, Jack Campbell and Bill Collins all passed the exam.

Regarding water conservation: Our wells have not yet, for the second year in a row, shown a recharge. Our annual conservation memo is in the works. We will require the cooperation of all Residents.

Regarding the new well: The consultant has approved the site. Drillers Beeman and DAK will be asked to submit bids. We are proceeding as fast as possible. The new pump in the lower well is working fine.

Regarding State regulation requirement for community water systems: While attending the seminars required of our new Small Water Systems Operators, FCR was notified of the State legislation passed in 1997 requiring installation of a backflow prevention device **at each home being served by a community water system** to prevent any hazardous material from entering the community water system in the case of a reverse flow due to reduced downstream pressures.

Failure to comply may result in a \$500 fine for each homeowner and potential criminal penalties to the subdivision operating the system. Each device must be tested annually by a cross connection inspector as certified by the Colorado Department of Health.

John Ritchey has researched every comparable community water system in our region (including Edgemont, Lake Durango, Animas Valley Water, Forest Lakes and Montezuma Water, all of whom already have back flow devices and meters in place.) As a result of his findings he is recommending that we standardize this procedure (maintaining a supply of all parts at the Ranch) and install at the water main connection for each home, in a freeze-proof pit, a **combination double check valve back flow protection device and water meter**. FCR would determine the flat charge and contract, through bid, to convert the entire Ranch. The approximate cost will likely be in the \$750 to \$800 range for each residence. Following site visits to several of the above subdivisions in May, specific installation criteria will be determined for every existing and future home at FCR.

The FCR Board voted unanimously to install at every FCR home a meter pit containing an approved back flow device and water meter in order to be in compliance with Colorado State Water Law as monitored by the Board of Health. The Board authorized the Utilities committee to develop a plan, estimate costs and incorporate standard requirements for existing and future homes.

The immediate need is to have a plan in place (with subdivision standards and installation schedule) for review by State inspectors. The ultimate cost will have to be born by the individual homeowners, whether it be in the form of a one-time assessment, installation charge, or some type payment over time. The Board will determine specifics upon receipt of the Utilities committee report and inform all Residents in writing.

TREASURER'S REPORT

Ken Marshall stated that we are "barely keeping our heads above water," but will be able to make it to August without any special assessment or borrowing. He reported that we will not be able to contribute to the Capital Budget Fund this year. Five members have yet to pay their second half assessment fee. All committee chairs need to submit their budget needs to Ken as soon as possible. Next year's budget has to be in place before the June Board meeting.

ADDITIONAL BUSINESS

Regarding the Valley Fire:

To date, six lawsuits naming Falls Creek Ranch Association, Inc. as a defendant have been filed in La Plata County State District Court and served on the Association. The named parties to each of these lawsuits are described below:

1. **Case No.: 03 CV 90**
Allstate Fire and Casualty Insurance Company, a California corporation,
v.
Adolph Kuss,
Steve Tomczak,
Robert Strachan,
Falls Creek Ranch Association, Inc., and
Waters Instruments, Inc.

Plaintiff's counsel: Brad W. Breslau, Esq.
Grund & Breslau
303 E. 17th Ave., Ste. 303
Denver, CO 80203

Subrogation claim: Insured Lillian Haubrich.

2. **Case No.: 03 CV 91**
Great Northern Insurance Company, a Minnesota corporation,
v.
Adolph Kuss,
Steve Tomczak,
Robert Strachan, and
Falls Creek Ranch Association, Inc.

Plaintiff's counsel: Brad W. Breslau, Esq.
Subrogation claim: Insureds Peter and Jodye Glick

3. **Case No.: 03 CV 89**
Farmers Insurance Exchange and
Fire Insurance Exchange
v.
Steve Tomczak,
Robert Strachan,
Falls Creek Ranch Association, Inc., and
Waters Instruments, Inc.

Plaintiffs' counsel: Brad W. Breslau, Esq.
Subrogation claim: Insureds Curtis O'Brien and Lela June Lowrey
Insureds Patrick and Cindy Kelley
Insured Bradley Nussbaum

4. **Case No.: 03 CV 88**
Amco Insurance Company, a Iowa corporation
v.
Adolph Kuss,
Steve Tomczak,
Robert Strachan,
Falls Creek Ranch Association, Inc., and
Waters Instruments, Inc.

Plaintiff's counsel: Brad W. Breslau, Esq.
Subrogation claim: Insureds John and Aline Schwob

5. Case No.: 03 CV 81

**Robert N. Blair and Patricia A. Blair, Trustees of the Blair Family Trust of 1988;
Charles Blair and Helene Blair, Trustees of the Blair Family Trust of 1988;
Michael G. Ewing;
Patrick K. Kelley and Cindy Kelley;
Curtis O'Brien Lowery and June Lela Lowery; and
John H. Schwob and Aline G. Schwob**

v.

**Adolph Kuss,
Steve Tomczak,
Robert Strachan,
Falls Creek Ranch Association, Inc., and
Waters Instruments, Inc.**

Plaintiffs' counsel: R. Nicholas Palmer, Esq.
P.O. Box 2167
Durango, CO 81302

6. Case No.: 03 CV 92

State Farm Fire and Casualty Company, Inc.

v.

**Adolph Kuss,
Robert Strachan, and
Falls Creek Ranch Association, Inc.**

Plaintiff's counsel: Philip S. Lorenzo, Esq.
D. Rico Munn, Esq.
Stacy D. Mueller, Esq.
Baker & Hostetler LLP
303 E. 17th Ave., #1100
Denver, CO 80203

Subrogation claims: Insureds are: Edwin and Martha Schanfarber; John and Katherine Freiburger; Charles Blair; Robert Blair; Bradley Crist and Cynthia Owen; Jeremy and Judith Coleman; John and Glendora Ritchey; Thomas and Debra Donohue; Antonia Clark; Daniel and Jonell Nichter; Patrick and Patricia McIvor; Hall Sippy; and, John and Shirley Dills.

The FCR Association retained Michael Chapman of Shand Newbold & Chapman, P.C. after the Valley Fire to provide the legal counsel with respect to issues and claims relating to the fire. When the Association was made aware of potential claims, Mr. Chapman was then retained by the Association's insurance company to represent the Association with respect to such claims. After service of the lawsuits, John Craver, Esq. of the Denver law firm of White and Steele, P.C., a firm which specializes in the area of insurance defense law, was also retained by the Association's insurance company to serve as co-counsel.

Five of the lawsuits were filed by insurance companies based on the rights provided such companies in the insurance policies associated with the above referenced insureds for each lawsuit. One of the lawsuits, Case No. 03 CV 81, was filed by the individual homeowners or property owners along Red Ridge Road in the Red Ridge Subdivision.

Each lawsuit asserts that the Association was negligent in some manner (e.g., allowing the Falls Creek Ranch residents named as defendants to use and operate an electric fence charger on the common property, failing to supervise and train the named FCR residents in the use and operation of the fence charge, failing to mitigate vegetation and create a defensible fire area on the common property, and failing to have adequate water available for fire authorities to fight the fire). You may note that the named defendants are not the same for each lawsuit; two of the lawsuits do not name the manufacturer of the fence charger at issue, (Waters Instruments, Inc.), and two do not name the same FCR residents as defendants.

On April 16, 2003, the Association timely filed its Answers and Defenses to the complaints filed in five of the lawsuits. By the time you receive this mailing, the Association will have timely filed its Answer and Defenses to the complaint filed in the sixth lawsuit.

Should any FCR property owners wish to see copies of the pleadings filed in these lawsuits, the documents are public records and available at the District Clerk's office for the La Plata County State District Court on Second Avenue. You may also contact president, Jack Campbell. If the Association is named in additional lawsuits, the Board will keep all Residents informed, through the minutes, in as timely a manner as possible.

Regarding "missing" Durango Heralds: The Board asked Bob Emmanuel to look into constructing a locked box for Heralds. This would be of similar shape and size as the Denver Post post, but it would have a door and each Herald subscriber would have a key.

Regarding the whereabouts of Falls Creekers: Long time friends and FCR Residents Mary and Ellis Robinson will have a new address beginning May 1st: Lutheran Village, Cross Creek 122, 2045 Perrysburg-Holland Road, Holland, Ohio 43528. Phone: 419-725-6322.

Before Bobbie and George Bartsch moved back to the East Coast, they donated a picnic table and eight chairs for use at the lake and picnic grounds (stored in the old log cabin). They can be reached in care of their son, Ryan Bartsch, 104 Hooker Road, Wilmington, North Carolina 28403.

Regarding FCR community bulletin board: This is your primary source for timely, important Ranch info. Please stop and read notices after picking up your mail!

The next FCR Board meeting will be held on Monday, May 12th, at 7:00 p.m. at the home of Tom Jones.

Respectfully submitted, Nancy Peake, secretary

MINUTES, May 12, 2003

Board of Directors, Falls Creek Ranch Association, Inc.

Present were Board members John Ritchey (vice president, acting in the absence of president, Jack Campbell), Ken Marshall, Tom Jones and Nancy Peake; committee chairs, Bill Collins, Mike McQuinn and Byard Peake; resident Denny Ehlers.

Notice to all Residents: WILDFIRE PREPAREDNESS MEETING

Monday, May 19th, 7:00, FCR Fire Station

Fire Chief Mike Dunaway and Butch Knowlton, Director of the Office of Emergency Management, will be talking to us about FCR,s specific fire hazards, our evacuation procedures including the need for safe zones, and the threat of the 2003 Fire Season as it relates to Falls Creek Ranch.

The Board wishes to emphasize the importance of this meeting and encourages all Residents to attend, or at least send one representative from each household.

ANNUAL FALLS CREEK RANCH SPRING CLEANUP DAY Saturday, May 31st
Watch the bulletin board for details. All Residents are encouraged to clear their own defensible space before this date. If you are unable to haul your slash to the newly opened slash pile beyond the corrals, please have slash neatly piled on the road for volunteers to haul away. **Note: if you do not plan to work on cleanup day or send a worker in your place, you may not leave slash on the road for other volunteers to haul away.** We will need many pickup trucks and/or trailers for hauling. Drinks and snacks will be provided.

Thanks to all of you who have already given countless hours cutting brush and chipping over the past six work sessions! The Board also wishes to thank those Residents who, though unable to work themselves, have contributed cash to help fund the cost of renting chippers and hiring labor.

Regarding chain saw usage: The Board reminds all Residents that shovels and water should be on site whenever using chain saws due to risk of fire.

RANCH MANAGER LIAISON

John Ritchey reported that Ray Smith has been extremely busy maintaining equipment and doing seasonal work (e.g. launching the raft, preparing „bear lids%o for the dumpsters, thinning and chipping along fire escape roads) and working with the water and roads committees. The priority for April and early May has been spraying standing trees for beetles.

The spring/summer project list is a long one, with road work claiming the latter part of May. The primary focus of June, July and August will be various Utilities projects.

The Board voted to hire a part time summer laborer to assist Ray with the extensive work load. Spencer Steinbach will begin working on the Ranch, under Ray,s direction, beginning June.

Regarding FIRE REHAB AND CLEANUP:

To date Russell Geier (hired forester) has been paid \$2,300 for cutting burned trees along the ridge. He will continue this work at the direction of the Board and will also estimate cost of his hauling slash from other areas of the Ranch to the burn area. Tony Moore of Moore Logging will continue to cut and remove the larger burned trees at no cost. The Board decided to prioritize his time and ask that he concentrate now on burned ridge trees and beetle trees along Ranch roadways before returning to work on the lower burned slope.

A lengthy discussion revolved around the issue of Ranch priorities: the removal of dead beetle trees (fuel for wildfires) vs the removal of unsightly, black, burned trees. Denny Ehlers and John Ritchey spoke on behalf of those Residents who have to look out upon the acres of blackened trees which surround their homes. They would like the Ranch to remove all those trees. Denny noted that the \$45,000 fire prevention figure in the forthcoming budget is allocated toward the

firebreak project approved in last year,s annual meeting (the combined USFS/COFS/FCR thinning along the east ridge) and does not include funds for continued rehab efforts. He is communicating with the Forest Service to determine just what we can do to rehab the government lands within view as all work must conform to FS specs and requirements.

The Board noted that the lower end of the Ranch was sprayed for beetle infestation first in an effort to preserve as many living trees as possible. Ken Marshall stated that standing dead beetle trees anywhere are a fire threat for the Ranch in its entirety.

Red Ridge residents Schwob and Blair have requested that FCR permit them to clear those black, burned trees on our property which remain in their view from their newly rebuilt homes. The Board unanimously approved.

Regarding volunteerism:

Byard Peake, whose Common Property committee places the most demands on volunteers, time and labor, asked that the Board support the concept of Falls Creek Ranch as „**a Working Ranch Community.**” The Board voted to hang a banner with this logo in the mail box area. Mike McQuinn, realtor, felt this is a „great idea, but might turn some people away.” Bill Collins restated FCR,s current dilemma, i.e. that „we have more to do than we have money for, or volunteers to do the work.” Ken pointed out that FCR is a „self-help community” where traditionally „when something bothered someone and it needed to be taken care of, he just went out and did it. ”

Mike pointed out that we have an enormous piece of property to care for and asked why we don,t charge more up front in assessments and hire licensed, insured professionals to do the work. He insisted that we need to protect our property values and should problems persist to the point that we reduce those values, we lose far more than the cost of higher assessments. Denny suggested that this might be the point in Ranch history where we need to step up and add special assessments to pay for priority projects.

ARCHITECTURAL CONTROL COMMITTEE

Mike McQuinn reported that all new homes will comply with water meter and back flow prevention devices as to comply with the Colorado Department of Health. (See minutes, April 14, 2003.) Sign-off forms will reflect that installation.

In an informal discussion regarding current sales and listings of FCR homes, Mike informed the Board that since last year 16% of the homes at Falls Creek have been either sold or placed on the market.

UTILITIES COMMITTEE

Bill Collins announced two new members to his committee: Eb Redford, who will be working on the proposed SCADA system, and Randall McKown, who will be monitoring the upper water system on a daily basis. Bill Rebovich will monitor the lower system.

Regarding the test well:

Drilling will begin in June in the Middle Meadow. Consultant, Tim Decker, has sent letters to drillers for bids. Bill reminded the Board that there are „no guarantees” on the test well, just because it is deeper. But successful or not, the drilling will lead to important information regarding the long term water supply situation for the Ranch.

An important letter to all FCR Residents from the Board and the Utilities Committee will be sent soon regarding water usage and conservation during the existing drought conditions. The Board asks the cooperation of all in preserving our most valuable resource!

Regarding the SCADA system:

This electronic system will enable us to accurately control the water levels in the tanks, provide current and historical operational information, and enable the immediate detection of leaks and

their locations. Committee members will be able to monitor water supply from their home computers once the system is installed. The main SCADA base will be in Eb Redford,s home office as the equipment shed is not an ideal environment for a sophisticated computer system. Systems specs have been sent to seven national vendors and the committee is reviewing their replies. The new budget is proposing \$45,000 for this project.

Regarding backflow/water meter installation:

John Ritchey reported that the committee hopes to have a detailed plan, including specifics and cost, to present to members at the annual meeting. (See minutes, April 14, 2003.) FCR will shortly need to have a plan in place for timely installation at all residences to comply with requirements of State inspectors from the Department of Health as demanded by law.

ROADS COMMITTEE

John reported, for Barney Anderson, that spring road work will begin May 19th, to include watering and grading on FC Main and the lower road, regrading and new gravel on Mason Cabin and Deer Trail, and grading interior roads if we get rain. Application of magnesium chloride will take place in late May.

COMMON PROPERTY COMMITTEE

Regarding Fire Mitigation:

Byard and the Board thank all those Residents who have worked together to thin and clear brush on the common property areas in the vicinity of their homes. He reminds everyone that each home and/or driveway should display a highly visible (day and night) house number for emergency identification.

Regarding the SLASH PILE:

The new slash pile location is now open! Drive to the corrals, between the two barns, on the new „road.‰ Please deposit slash where the sign is posted. We will establish several piles in the area (with no pile over five feet high) for safer burning next winter. Remember, **chipping slash on location is still the preferred method of disposing of slash.**

Byard reminds Residents that **no pine needles should be dumped at the slash pile. Nor should they be bagged and left in the dumpsters.** John Ritchey could use any pine needles in the burned area around his home. He asks that they be bagged and that you call him before dropping them off.

Regarding beetle spraying:

Ken Marshall reported that the first phase spraying for beetle infestation is almost complete. (Second spraying will probably be late July.) Residents who are unable to spray your trees may call Ray Smith (259-9547) or Dave Farkas (259-7884) who will spray your trees for \$300 using FCR equipment and spray.

Regarding East Ridge Fire Mitigation (joint US/CO/FCR project):

Work should begin (thinning and creating the firebreak) around the first of August. (Phases II, III and IV, as approved at last year,s annual meeting.) Dan Wand of the CO FS will meet with FCR to discuss final cost. FCR will have a temporary permit from the Forest Service to use the old logging road below the ridge to haul out trees. We have permission from the Baptist Church to use a portion of their road during this project.

Regarding the Lake:

The Board voted to spend \$700 for trout for FCR fishermen (and women). The Board also decided it would be prudent to have the lake water tested for any contaminants before swim season.

Regarding FireWise Communities organization:

Tom Jones feels the Board needs to pursue being a FireWise community and will discuss the benefits at the Fire Preparedness meeting on the 19th. In short, FCR,s participation will enable us to be perceived in a more positive way, could have a positive impact on resale, but most important, will enable us get to know the people who could help us (and possibly help fund us) in our fire mitigation and protection efforts.

Regarding the La Plata County community-driven fire education and prevention council:

Byard will attend this meeting on behalf of FCR and the Board (Tuesday, May 20th, 6:00 p.m. at the Fairgrounds Florida Room). Any interested Resident is invited to attend.

TREASURER

Ken Marshall presented two preliminary **2003-2004 budget** plans for the Board,s discussion, proposing that the time has come to assess all lots at the same fee (noting that several communities have a two-year development requirement). The Board unanimously agreed.

Proposal A included all requested monies but would take an annual \$3,500 assessment to meet those needs. The Board decided not to consider that proposal.

Proposal B included the sale of \$100,000 of notes to members, suggesting 2% over the prime rate. The Board approved this concept. Details will be included in the annual meeting members packet. Discussion followed regarding several items in this budget. The revised and Board-approved version of the 2003-2004 budget will be included in the annual meeting packet for advance review.

The Board agreed the priorities for spending FCR monies in the coming year should be water, safety, beetle spraying and restoration.

Regarding payment for backflow and water meter installation:

Ken suggested that we make a special assessment to each existing home of \$300 for each of the next three years to be paid as follows: \$150, November 1st and \$150, May 1st in each of the next three years. This would take special action of and notice to the membership. (See Protective Covenants.) The Board unanimously approved this method of payment. Notification will be included in the annual meeting packet for approval at the meeting.

The last regular Board meeting of the 2002-2003 year will be held on Monday, June 9th, 7:00 p.m. at the home of Nancy and Byard Peake.

The 2003 FCR Annual Meeting will be held on Saturday, July 12th, at 10:00 a.m. at the picnic
Respectfully submitted, Nancy Peake, secretary

June 9, 2003

Board of Directors, Falls Creek Ranch Association, Inc. MINUTES

Present were Board members Jack Campbell, Ken Marshall, Tom Jones and John Ritchey; residents Glenn Sears and Bill Bales.

Road Committee - No report

Ranch Manager Liaison - Ray Smith's major effort was preparing 11 miles of roads for a magnesium chloride application. Additionally, Ray worked two days last weekend repairing a major waterline leak, put metal lids on the dumpsters, finished repairs on the water truck, "dewinterized" the grader and dump truck, helped with the Spring cleanup, and sprayed beetle infested trees at several locations on the Ranch. The water truck has nearly paid for itself, as it would have cost approximately \$4000 for the same amount of use if we had to rent it, along with a driver.

Common Property Committee - A great deal of thanks goes to the FC community for helping with the Spring Clean Up day. Forty (40) volunteers showed up for the project. Special thanks go to Bill Bales for organizing the effort. Thanks also go to Ken Marshall for supplying a chipper at his expense for four days to chip on common property.

The Ranch received a check in the amount of \$23,313 from La Plata Conservation District for the burned area rehab project. Out of \$31,084 that was eligible for Federal matching funds, the Ranch was out of pocket \$7,771. Thanks go to Byard Peake, Laura Bales and Bill Bales, for making this happen.

Russ Geier, a local logger has completed cutting a band of smaller trees along the rim and in the Ehlers/Bales valley. Glenn Sears and Bill Bales gave a presentation outlining a series of steps for further mitigating the fire damaged area, along with requesting additional funds to continue the rehab of the "valley area" and the "rim." Fifteen thousand additional dollars were committed from this year's budget cycle. This means the Ranch will have spent, to date, \$39,000 out of pocket (net), not including legal fees, toward mitigation and rehabilitation of the Valley fire burned areas. It is hoped that by the end of 2004 the rehabilitation will be completed.

Tony Moore will be removing beetle trees over the next few days, as well as starting to cut more of the larger "black" trees. Immediately following the cutting of black trees, he will be removing more beetle trees. The Board also authorized the common property committee to remove small "sucker" pine trees in proximity to larger (healthy) pine trees. The Good Neighbors thinning program for the NE quadrant of the Ranch is on track. The USFS will soon be completing the public comment portion of this project. There was some discussion of establishing two firebreaks on the Ranch. Until more details and information is available, it was referred back to the common property committee.

Finally, thanks go to Don and Mary Southworth for winning the Durango Good Neighbors Program. Not only was their "after work" party great, but also their photo album of our community effort won \$500 for the Ranch.

Utilities Committee - Don Southworth and John Ritchey visited Edgemont Ranch and Forest Lakes subdivisions procedures to learn more about how they handle the selection, installation and maintenance of back flow prevention devices, water meters, and curb stop connections. The personnel responsible for water delivery in both subdivisions were very helpful. Subsequent to those visits, John and Don contacted local suppliers of the necessary hardware and also met with Greg Brand, the District Engineer for the Water Quality Control Division of the Colorado Department of Health. All of this in preparation for the installation of back flow and meters on each individual residence at Falls Creek Ranch.

As mentioned above, thanks go to Don Southworth, Jack Campbell and Ray Smith for giving of their time last Saturday and Sunday to solve a major leak problem at the lower well pump station. They all worked for much of both days, including well into the evenings. Our proposed SCADA monitoring system would have given us an "early warning" of the leak, should it have been installed. As it was, the lower 55000-gallon tank was nearly empty when the leak was (accidentally) discovered. The bids have been received on the drilling of the new well, and it is hoped that the drilling will be completed by the time of the annual meeting.

Treasurer's Report - Ken Marshall reported that we should finish the fiscal year in the black, following receipt of the \$23,313 from the NCRS. Given the extraordinary pressures on the Ranch as a result of the fire, the beetle infestations, thinning projects, lawsuits, we are pleased to not be facing an overage. The proposed 2003-2004 budget will be mailed out, along with Annual Meeting materials, within a few days.

Fire Exit - Byard reports "Durango Fire and Rescue Authority Chief Dunaway has designated our north meadow to be a "safe zone" in the event our main road or fire escape road becomes blocked due to a wildfire. Our residents should understand that a fire advancing through the Ranch could start spot fires ahead of it, making our fire escape roads unavailable. In that event we should proceed to our north meadow where helicopters could bring in firefighters and evacuate residents.

Annual Meeting - Please note that the time of the Annual Meeting will be nine o'clock am instead of the usual ten o'clock am time. The time has been moved up because we have a substantial agenda to get through. The date and place for the meeting is July 12, 2003 at the picnic area. Please refer to the annual meeting packet for further information

THE AGENDA, PROPOSED BUDGET AND CALL FOR A SPECIAL ASSESSMENT HAVE BEEN MAILED TO EACH MEMBER AS PART OF YOUR ANNUAL MEETING ANNOUNCEMENT PACKAGE. IF FOR ANY REASON YOU DO NOT GET ONE IN THE NEXT FEW DAYS, PLEASE LET ONE OF THE BOARD MEMBERS KNOW. AND, PLEASE REMEMBER TO BRING ANY PROXIES YOU MAY HAVE. IF YOU ARE NOT ABLE TO ATTEND, PLEASE GIVE YOUR PROXY TO A BOARD MEMBER OR OTHER RESIDENT.

Respectfully submitted, John Ritchey, acting secretary

MINUTES Board of Directors, Falls Creek Ranch Association, Inc.
July 1, 2003

Present were Board members Jack Campbell, John Ritchey, Ken Marshall, and Tom Jones; resident Bill Collins.

Grant On behalf of all FCR members the Board of Directors would like to express its appreciation to Nancy Peake and Dan Ochocki (CFS) for their efforts in successfully securing a \$41,100 matching grant for wildfire mitigation in FCR. The grant requires at least a 50/50 match in the form of hard dollars or volunteer labor expended since October 1, 2002.

Well Bids have been received for drilling the test well in the middle meadow. Drilling should begin in late July or early August; a firm date should be known by the annual meeting.

Backflow/Water Meter Installation Bids have been received for both labor and material regarding backflow/water meter installation. We are waiting for one additional bid before we proceed. The board unanimously authorized John Ritchey to proceed with the finalization of this project at a cost not to exceed \$800 per house.

Fire Mitigation The Board of Directors authorized Ken Marshall to issue a \$1,700 check as the initial payment for the Good Neighbor thinning project.

SCADA System A Supervisory Control And Data Acquisition (SCADA) system will be implemented for the Falls Creek Ranch water system. Fourteen benefits over the existing system were provided, paramount among these was the ability to dynamically monitor, alarm and ensure proper water levels in the tanks. Members of the Utility Committee evaluated six vendor proposals. The Board of Directors supported the recommendation of the Utility Committee and authorized a letter of intent to be sent to the successful vendor. The Board of Directors would like to extend its appreciation to the Utility Committee for its extensive and excellent effort in this regard.

High Meadows Fee A review of documents regarding High Meadows Ranch brought to light the fact that we have been undercharging High Meadows for their proportionate assessment. A motion was moved and carried that the assessment for High Meadows Ranch be increased to \$1,367.

Portable Water Tank The Board approved the purchase of a portable water tank that residents can use to haul lake water to their lots for the purpose of outside watering. A 225 gallon tank with the appropriate plumbing connections can be obtained for about three hundred dollars (\$300). The tank would be secured to the Ranch trailer, stored at the equipment shed and made available on a sign-up basis. By signing up a resident would agree to release the Ranch from any liabilities.

Respectfully submitted, Tom Jones, Acting Secretary

ANNUAL MEETING, FALLS CREEK RANCH ASSOCIATION, INC.
MINUTES
July 12, 2003

A total of 71 resident/lot owners were represented at the annual meeting-48 in person and 23 by proxy. The required quorum of 30 was satisfied. Twenty-nine lot owners (29%), some full-time FCR Residents, were not represented, either by failure to attend or by choosing to not send a proxy. All Board members, Jack Campbell, John Ritchey, Ken Marshall, Nancy Peake, and Tom Jones, were present as were all committee chairs.

President, Jack Campbell, opened the meeting asking for approval of the minutes of the July 13, 2002 Annual Meeting. Minutes were approved.

Regarding the status of legal matters affecting the Ranch: Tom Jones reported on the recent meeting of the Board with Counsel Mike Chapman of Shand, Newbold, and Chapman. FCR has at this time eight pending lawsuits, five from insurance companies and three from property owners. Insurance companies have the right to subrogate without permission of the property owner. One suit represents the Red Ridge property owners as a group. The Glick and Nussbaum property owners have filed separate suits. A motion has been made to consolidate six of the cases; we expect all eight to be consolidated.

FCR's insurance company is handling our legal fees. In addition to local counsel, our insurance company has also retained counsel in Denver. All cases are now in the beginning stages of disclosure. There is a two-year statute of limitations which began shortly after the Valley Fire in 2002 at which time all suits must be filed.

Responding to questions regarding our coverage, Tom stated that we have a policy which covers the Board members and committee chairpersons for \$1M and a policy which covers FCR Inc. for \$1M. Falls Creek Ranch Inc. is a not-for-profit corporation which has been in good standing for a number of years. All FCR common property, including the Ranch house, are encumbered by our covenants and are not at risk.

Mike Chapman will be on the Ranch shortly with a group of attorneys to inspect the Ranch. He has asked FCR Residents to direct all questions for him through Tom Jones. Chapman also noted that many FCR Residents may be contacted by insurance people, investigators, the press, etc. While it is the natural instinct to try to be helpful, **no one is obliged to talk to any to these people; nor should they do so without counsel. All such people and their questions should be referred to a Board member.**

COMMON PROPERTY COMMITTEE REPORT Byard Peake, chairman, stated that FCR is truly a Working Ranch Community and thanked all those who volunteered on the numerous common property work sessions throughout the past year. "FCR Ranch Hand" hats were awarded to those residents who participated in several projects. Ken Marshall was thanked for getting the beetle sprayer up and running, and Bill Bales was lauded for his organization of the burn area rehab.

Regarding beetle spraying, weeds and mowing: Ken Marshall reports that FCR has made a huge effort to reduce beetle devastation all over the Ranch, both on common and private property, spraying 2,700 trees with 5,500 gallons of Sevin in the first spraying. The second round of spraying is about to begin. All common property trees have been marked with orange nails after spraying; residents are encouraged to do the same. Nails are in the equipment shed. Dave Farkas and Ray Smith have, for a fee, sprayed for those homeowners unable to do so themselves and will continue to offer this service for the second round of spraying. Dead beetle trees have been cut, sprayed and covered with plastic, and the slash chipped.

Ken reported that spraying of noxious weeds had begun, but the project has given way to the mowing of the meadows for fire mitigation.. Several residents are currently training to work the tractor mower. The upper meadow will be mowed first because this area has been designated as a "safe area" by the fire department in case a wildfire prevents use of the escape roads. Next mowing will be the grasses in the new slash pile meadow, followed by "Anderson's" meadow, then the Big Rock Meadow. Meanwhile residents are asked to either dig out the musk thistle around their homes or cut off the tops to prevent the weed from going to seed.

Regarding the burn area and rim rehab: Bill Bales, rehab coordinator, thanked all those residents who have worked throughout the year on rehab work sessions and reported that the areas seeded and covered with hay last fall have yielded tremendous growth. Bill attributes the abundant grass to both the fact that we seeded at the end of September before two weeks of rain and that several trees were left standing in the burn area. FCR spent \$34,900 on our initial rehab and erosion control efforts and received a \$32,106 payback from NRCS (National Resource Conservation Service).

Bill reported that about 2,000 trees have been removed throughout the burn area. Glenn Sears has worked with paid workers and volunteers to remove burned trees which impede the views of homeowners on the rim, with 40% of the standing trees from the rim to the fire road cut down. On the advice of the CSFS and USFS we will leave 50% of the felled trees on the steeper slopes lying perpendicular to the slope to help prevent erosion. After Moore Logging completes work on the Ranch, cutting and removing dead beetle and dangerous trees, he will return to the burn area cutting black standing trees, hoping to finish the project before the snows. Once the trees are removed, Moore will reseed all areas, on the slope and flats, where the ground has been disturbed by his machinery.

The Board decided that FCR will not ask for any more volunteer help on the burned areas but will pay Unistaff workers at \$10 an hour. The burned area across from the lake is National Forest Service property and they have informed FCR that they have no desire to cut down those burned trees and will do only selective cutting on dangerous trees.

Regarding boats at the lake: Byard suggested that the boats scattered alongside the lake be neatly stacked on boat or canoe racks and that perhaps the old raft could be retrofitted for a boat landing, rather than having to wade into the mud. In an effort to accommodate the rules and regulations he proposed a vote to this matter since it would take place on common property. Approval for this action would require a 2/3 vote of the membership. Only 59 "yes" votes by those present and their assigned proxies meant that this proposal by the common property committee was defeated.

Regarding the immediate wildfire threat: Byard stated that the FCR Fire Alert Team is using radios to monitor the current situation. He reminded all residents to be on the lookout for delayed fires (up to 4 or 5 days) from lightning strikes. Everyone needs to know where our fire escape roads are located. (Despite recent problems from High Meadows, in case of a fire and we are told to exit north, go through that gate and follow the dirt road down into the meadow and head right at the end.) FCR's upper meadow has been designated a safe area by the fire department as it is the largest, has fire hydrants, and dirt roads on three sides. This area could also be used for helicopter evacuation if necessary.

FCR will proceed with the effort of becoming a Firewise Community, resulting from the 3-day national seminar to which the Board sent Byard as our representative. This action will enhance ties and cooperation with our local and regional firefighting agencies and provide help with fire mitigation.

One resident requested that the Board investigate a fire alert siren. Jack said the Board would do so.

FCR will contact LPEA to insist that trees be trimmed along the power lines as is their obligation. The Board will also inquire as to whether the main power line could be buried. The question arose regarding the hazard of the line over the lake to helicopters using the lake during the fires.

FCR has been awarded a 50/50 grant from the government for fire mitigation efforts. Nancy Peake applied for the grant in October, 2002. We can spend \$82,200 toward this effort, using our volunteer labor time, billed at \$11.61 an hour, toward our required \$41,100 contribution. All fire mitigation expenses, either by individuals on their lots or the association on common property, will count toward our cost sharing. About \$45,000 of this amount will be spent on the east rim Good Neighbor thinning project with the State and National Forest Service (as approved at the 2002 Annual Meeting.) All trees to be saved have been marked by the FS. Work on this project is scheduled to begin next month.

All residents who have contributed their time to work on any fire mitigation project, whether on common property or on your own private acre, from last October on, need to record those dates and number of hours on time sheets. Contact Kathy Redford, who has volunteered to handle the grant paperwork, with those hours.

Byard thanked by the Board for the hours spent and efforts in many areas over the past year and presented with an appropriate plaque and paraphernalia.

UTILITIES COMMITTEE REPORT Bill Collins, co-chair in charge of Operations, reported that the FCR water system is very reliable with exceptionally good quality water (despite being a small water system with limited resources and having to balance between maintaining sufficient water in the tanks to meet unusual demands and keeping the water fresh.) Our water quality report states that our water is very pure. Bill believes that FCR has the only public water system in the State not required to treat their water. Reliability and water quality doesn't just happen; many people have contributed countless hours and hard work to this end. Bill attributed the thorough documentation and good operating procedures to Ray Turner who, after ten years of long, unpredictable hours of hard work in all kinds of weather, retired as chairman. No one was willing or able to replace Ray, but three FCR residents have agreed to share those responsibilities. Ken Marshall handles facilities (the ranch house and equipment shed), Don Southworth is in charge of the water distribution system and Bill is responsible for water operations.

Beginning April 2003 the Colorado Department of Health has required that a certified Small Water System Operator must be present 24/7 on an annual basis when a community water system is in operation. In addition to Ray Smith, our ranch manager, who has several water certifications, Bill Collins, John Ritchey and Jack Campbell, are now certified for small water system operation and distribution.

Regarding FCR water operations: We currently operate three wells to provide an adequate fresh water supply for our residents. Volunteers make our water systems operation possible: Chuck Eppinger maintains the pump control system. Randall McKown and Bill Rebovich monitor the water level in the upper and lower wells on a daily basis. Deanna Collins handles water quality. Bill and Deanna are FCR's primary interface with the State environmental department keeping abreast of regulations, answering questions and doing the necessary reporting. Ray Smith is involved in all areas of operations although an effort is made to minimize his time since he has so many other responsibilities.

Regarding the water distribution system: FCR's system has two tanks, nine miles of main water lines with 60 valves and 20 fire hydrants, and miles of service lines connecting homes to the water mains with curb stop shutoff valves. Maintenance of the distribution system is very labor intensive and is one of Ray Smith's major jobs. It is also heavily dependant on volunteer labor. This summer Don Southworth will supervise the installation of the meter/back flow devices and make sure that all service lines have working curb stops where they are connected to the water mains. Also, several main water lines will have to be rerouted where leach fields are too close.

Regarding the SCADA system: Bill Collins, Chuck Eppinger, Eb Redford and Ray Turner will be in charge of the implementation of the SCADA (Supervisory Control and Data Acquisition) system which will more accurately control the water level in the tanks and will monitor various components in the water system. The SCADA will take action for alarm conditions (such as the tank water level being too low) and phone the operating people who can monitor the situation from their home computers. Last June before the Valley Fire the lower tank went dry due to excessive usage. The SCADA system would have detected the stepped up usage before the tank went dry.

Regarding the current status of FCR's water supply: So far the wells are holding up with 83' of water above the pumps in each tank. However the water level has dropped rapidly from 130 feet last spring to 90 feet. Below 90 feet the rate of decrease slowed and the recharge was constant throughout the year. **But we are mining our old water source and do not know the future rate of recharge. Given the severe drought with no end in sight, the only prudent action is to practice conservation, especially in outside watering.** The upper system has increased its usage from 5,000 gallons per day last winter to 10,000 (even 13,000 gallons for a short while last spring), while the lower system has gone from 7,000 to 10,000. Most of the increase is due to outside watering.

Residents offered comments on conservation. If a water softener operates on a timer, turn off the timer during long absences to avoid water usage during the purge cycles. Or, better yet, operate manually when needed. One of the primary causes for excessive water usage is leaky toilets; check all toilets for internal leaks.

Regarding water alternatives: The Board and Utilities committee have investigated connecting to another public system, i.e. the Animas Water Company being the only practical alternative. Initial hookup would be \$250,000 plus monthly charge for water usage. The Animas has only a limited percentage of its water available for sale; and if they start to run short of supply, they would cut off all outside usage.

Use the lake for outside watering. The Board has authorized purchase of a 225-gallon water tank to be installed on a trailer which will be available to all Ranch residents. Dave Farkas has offered to haul water for a fee. Some Residents have installed their own tanks in pickups. (To use the lake, not a reliable source, as a household water supply would require an expensive water treatment plant.)

The portable tank can use the lake water to **fill private cisterns.** (Again lake water usage is for **outside watering only, not for any drinking water or household use.**) John Ritchey has information for a 1,500-gallon cistern. These cisterns need to remain independent of the FCR water system. If a cistern is buried, residents need not seek approval. But if above ground, the Architectural Control committee needs to be consulted.

Regarding the new well: Jack Campbell stated that work is progressing with the aid of our consultant regarding the location (in the meadow between Collier and VanDenBerg where the small well is located) and technical arrangements. The driller has been selected and date for

drilling needs to be set. This will be strictly a test well which will not be hooked up at this time. The plan is to find an additional source of water.

When the time comes that we might need to hook up this well, the State health department will probably require us to chlorinate the whole system.

In response to a resident's suggestion that we drill a well (at his own expense) down to the Animas, Jack replied that that water is already allocated

Regarding the required backflow device and water meter: John Ritchey noted that this is the first time in the history of FCR that the Board has asked for a special assessment, in this case to cover the materials and installation of a backflow device and water meter at each residence. The State mandates, by law (1997), an approved and testable backflow prevention device (check valve) at each private residence to prevent siphoning water back out into the community system. Inspections and enforcement are carried out by the Colorado Department of Health. Failure to have such a device results in an initial fine of \$500 per homeowner. FCR is the only subdivision in the region without such a system. (See minutes, 4/14/03, for details.) The Board voted to install water meters at the same time to be most cost effective.

To accomplish Ranch-wide installation of a water meter and backflow device at each water tap site, the Board is asking the membership to approve a special assessment of \$300 for each of three years (total of \$900). The assessment will be paid in two parts each year, with \$150 due on the first of November and \$150 on the first of April, starting in the year 2003 and continuing through April 1, 2006.

The rationale for the special assessment, rather than increasing the regular annual assessment, was to spread out the costs over three years to reduce the impact on individual homeowners. There will be no change or charge for water costs. Those who own lots without buildings will not be billed the special assessment at this time; but when they build, they will be asked to pay the entire fee to hook up to the main line with the standardized equipment provided by the Ranch. At present FCR will retrofit 87 lots.

The water meters will be 5/8-inch impeller type with a remote readout which can be downloaded onto a PC. One of the biggest advantages will be the ability to locate leaks, especially in the winter. The meter itself will be underground; all homeowners will be able to see is a post with the lot number and a black box. All meters and backflow devices will be standardized out at the mains. The State will require a cross-connection inspection and will visit each house and talk to the homeowner to detect any individual problems.

John and Don Southworth researched and visited regional systems and met with operators. After accepting bids from providers the committee and the Board selected Junction Pipe and Supply to supply the parts as and Dirkin Excavation out of Bayfield to do the installation. Work on the installation should begin within a week, with hopes to complete the job by October (though it is possible they may have to finish in the spring). John noted that there will be areas of the ranch where the water will be turned off for 6 to 8 hours; all homeowners will be given advance notice.

ROADS COMMITTEE REPORT Barney Anderson, chairman, reported that much of the work planned and budgeted for the past year was put on hold because of beetle tree and fire rehab and mitigation expenses. Specifically, the next mile's refurbishing on Falls Creek Main was cancelled and the Board asked the committee to concentrate on maintenance only. \$13,000 was spent on gravel. \$2,000 was spent on dust retardant for the entire system, with two coats applied to the interior roads which had not been done in a while. Next year's road budget will again be spent mostly on maintenance.

Barney mentioned that the 5-year contract with the USFS on the Hidden Valley road has expired and he is trying to renegotiate that contract in order to apply a new road base. The USFS continues to pay \$2,000 a year for dust retardant.

Byard asked that the Road committee consider a guard rail on the narrow curve (with the mirror) on Falls Creek Main. Barney said the committee will investigate.

BEAUTIFICATION COMMITTEE REPORT Jack noted that this committee, responsible for entrance plantings and general cleanup, has no chairperson. By the end of the meeting, Kathy Redford and Barbara Belanger had volunteered to act as co-chairs, announcing a recycling program and thistle contest (in response to the plea to help eliminate noxious weeds).

COMMUNICATIONS COMMITTEE REPORT Susan Ruggera has volunteered to chair this committee which is responsible for all Ranch mailings and general distribution of information.

Jack thanked Susan for her efficient handling of all the annual meeting materials.

RANCH MANAGER LIAISON John Ritchey introduced Ray and Nancy Smith, mentioning that they are not only our key employees but truly a vital part of the FCR community. Ray often works above and beyond the call of duty, volunteering to work on weekends when he sees the need. John also thanked Ray (who holds several water systems certifications) for being such a competent exam tutor for our three new water systems operators. Glennie Ritchey presented the Smiths with a hanging plant for their front porch and a certificate for dinner at the Ore House.

TREASURER'S REPORT Ken Marshall thanked all those members who made voluntary contributions to help with the unusual expenses this year. These generous residents do not live here all the time and are unable to volunteer for the many work projects, but want to be a part of the FCR community. He noted that this is the first time FCR has received unsolicited donations. FCR has budgeted \$5,000 to hire a part-time summer employee, Spencer Steinbach.

The Board increased the High Meadows assessment fee (for use of the dumpsters and Falls Creek Main) to reflect its true pro-rated share of expenses, based on the number of residents, to \$1,367.

Ken announced that next year's FCR assessment fee for improved lots will be \$1,950; unimproved lots will be \$1,850. Though FCR has \$30,000 in the operating account at the end of this fiscal year, much of this will disappear in the next few months and there will probably not be much reserve at this time next year. The capital account now has \$75,000 for projects most beneficial for residents in the future.

FCR faces in the next fiscal year three or four high-cost, one-time expenses. These include the new SCADA system (a computerized system for monitoring water levels in our wells and providing immediate notification of leaks) at \$45,000, our fire mitigation obligation with the CFS and NFS at \$45,000-\$50,000, as well as ranch-wide thinning projects, further rehab projects including clearing and erosion control, and the test well at \$25,000, or \$45,000 if we need to bring it into operation. In the last fiscal year we spent monies we did not have in our operating account because there were jobs that needed to be done immediately.

Regarding the sale of notes: Ken stated that "these are extraordinary times at the Ranch, and the Board is doing all it can to make it easy on the members." The Board and Treasurer "jumped through several hoops" when planning this year's budget in order to avoid requiring a \$3,000 assessment fee. The solution, in order to meet the demands of the extraordinary expenses, without hiking up the assessment, was to sell \$100,000 notes to members. FCR has sold notes in the past for roads and equipment. The annual payments on these notes would be \$20,000 plus interest.

FCR hopes to sell 20 notes in \$5,000 units. Four notes will mature one year after issue, four in two years, up to five years. Interest will be 2% over prime, or 6%. The interest rate will be

revisited annually at the date of issue and readjusted. Interested residents should notify Ken Marshall to get your name on the list.. Names will be placed in a hat and drawn. Notes will be issued in September or October.

Regarding voting results: Residents voted by written ballot on (1) the proposed budget as presented and revised 7/8/03 and (2) the special assessment. Results are as follows:

Budget approved 61 yes 3 no

Special assessment approved 67 yes 4 no Authorization of a special assessment is determined by affirmative votes in whichever is the greater number, 2/3 of those present in person or by proxy (48 in this case), or a majority of those entitled to vote (51). See pg. 20, number 29, Member Information Packet.)

NEW BOARD MEMBERS Ken Marshall and Nancy Peake leave the Board at this time as their terms have expired. Sue McCarthy and Bill Bales were nominated to fill these vacancies and elected by unanimous vote.

ANNOUNCEMENTS Jack Campbell reported that there have been a number of "uninvited" guests at the lake, i.e. outsiders. He reminded residents that all guests should have FCR guest cards on their vehicles or appropriate FCR-related identification.

He reminded residents that anything placed outside the dumpsters will not be picked up by Waste Management. Boxes need to be collapsed. All trash should be placed at the rear of the dumpster to maximize use. This service costs FCR \$5,000 a year. Jack asked residents to be watchful for outsiders using the dumpsters. Barbara Belanger volunteered to initiate a recycling program for FCR.

Byard Peake announced that trees have been marked by Dan Wand and crew of the CFS for the Good Neighbor project. Trees to be saved for wildlife, deer beds and squirrels nests are marked with orange "hash" marks. Trees on the boundary of the 200 to 300-foot wide thinning project have been marked with three vertical orange stripes. The area below the east ridge will lose about 50% to 60% of the trees when the project is complete.

A new slash pile will be marked with a sign in the new location behind the corrals. **Please do not add slash to the already-existing piles.**

Phone lists, FCR maps and the Wildfire Check List should be carried in cars at all times. Jack thanked residents once again for the hours contributed on a voluntary basis. **None of us could afford to live at FCR if we didn't have volunteer the labor in our working ranch community.**

The transitional meeting with old and new Board members will be held Monday evening, July 14, 2003, at 7:00 p.m. at the home of Ken Marshall.

The meeting was adjourned at noon, having used every minute of the additional hour scheduled.

Respectfully submitted, Nancy Peake, secretary

Informal Board of Directors Meeting, July 14, 2003

An informal meeting was held at the home of Ken and Sue Marshall. The purpose of the meeting was to transition from the outgoing board to the incoming board. Members present were Jack Campbell, John Ritchey, Sue McCarthy, Tom Jones, Bill Bales and outgoing member Ken Marshall.

Officers for the incoming board were selected as follows:

John Ritchey, President
Tom Jones, Vice President
Sue McCarthy, Treasurer
Jack Campbell, At Large
Bill Bales, Secretary

Respectfully submitted,
Bill Bales, Secretary

Board of Directors, Falls Creek Ranch Association, Inc, MINUTES

August 15, 2003

Present were Board members John Ritchey, Tom Jones, Jack Campbell, Sue McCarthy and Bill Bales; resident Eb Redford.

OLD BUSINESS

Valley Fire Rehab

We commenced cutting down trees on the east slope between the ridge lots and the logging road. We expect the process to be completed in approximately three more weeks. We will also clean up the slash along the ridge and below Ehlers that was left by Tony Moore. We are optimistic that the project will be completed under budget.

Water Meter/Backflow Project

Ray Smith reported to John Ritchey that he is basically happy with the work being performed by Durkan Excavation. Only minor problems have arisen. Durkan completed ten sites in one week. However, they pulled off the FCR project for two weeks in order to complete another ongoing project. They should be back working at FCR by Tuesday. Ray and John will review Durkan's work and our expectations upon their return.

Drilling of New Well

Jack Campbell reports that the drilling rig is coming next week. They will dig as deep as necessary, ream out the hole, put in the casing, then pack the hole with gravel. The placement of the well is dictated by the aquifer and will be near the existing poorly performing well.

COMMITTEE REPORTS

Architectural Control Committee

Several different resident projects, altering the external appearance of the homes, have occurred without the residents presenting their plans to the Architectural Committee beforehand, as required by the covenants. (**Specifically, Protective Covenant number 16 and Architectural Control Committee-Rules and Regulations number 15 and number 17.**) Please review these rules if you are presently working on a project or plan to do so in the future. Adherence to our covenants is in all our best interests.

Utility Committee

Water System Operations - - -written report submitted by Bill Collins

SCADA System. The equipment will be ready the end of August. The installation will be led by Chuck Eppinger and Eb Redford and will require a significant amount of Ray Smith's time. It is thought that the SCADA system will be operational by the end of October.

For the upper well, the depth of water over the pump is 78 feet which is a drop of 5 feet from the annual meeting in July. The upper system usage over the past two weeks has been 7,500 gallons per day. For the lower well, the depth of water over the pump is 83 feet which is unchanged since the annual meeting. The lower system usage over the past two weeks has been 10,700 gallons per day. Randall McKown and Bill Rebovich continue to monitor the water tanks on a daily basis.

The Ranch has purchased a 225 gallon water tank that can be used to haul water from the lake for outside watering. The Ranch trailer is not yet available for this function but anyone with

a trailer or pickup can use the tank now. A pump is available at the lake. Contact Bill Collins for details.

Jack Campbell will be responsible for water system operations from September 9 thru October 18. **(end of report)**

A water pipe coupling came apart on July 18 during excavation work by Ray Smith and Spencer Steinbach on Meadow Ridge drive. Water was initially shut off to the entire lower system to enable repair work. Bill Collins and Ray Turner were eventually able to restore water to all but the Meadow Ridge residents. However, one of the valves they shut did not close completely and some water continued to leak into the excavated hole. Ray Smith and Spencer spent hours in muddy, sometimes waist deep water repairing the break. The Board requests that the Utilities Committee project list include the work necessary "to determine where the leaky valve is located".

Road Committee

John Ritchey brought up two issues regarding the roads.

Road washout on FC Main

The first issue pertained to the recent mudslides and the resulting clogged ditches and culverts. He suggested that Barney Anderson, Road Committee chairman, coordinate with our fire personnel to clean out the ranch culverts with fire hoses. Private driveway culverts are the responsibility of the homeowner. John will ask Doug Parmentier, the new Ranch Liaison, to have Ray Smith check the private culverts for blockage and inform the homeowner, if necessary.

Forest service agreement

The second issue is the NFS road. Our five year agreement with the NFS has expired. We are currently working under a one year agreement. That agreement only covers annual maintenance, which consists primarily of mag chloride application. The last upgrade was six years ago and the NFS engineers predicted it should last five years before requiring another upgrade. We will invite Barney Anderson to the next Board meeting to discuss his ideas and priorities before pursuing any new agreement with the NFS.

Common Property Committee

Grant matching money progress

Kathy Redford is compiling the information from the fire mitigation time sheets. If you still have a time sheet for the period **October 2002 to July 1, 2003**, please enter your work hours and put the time sheet in Redford's newspaper tube as soon as possible. Also, any applicable receipts you have should be turned into Kathy. She will submit everything about August 22. If you need a time sheet to fill out, call Mary Southworth at **259-6710**.

You should currently be using a new time sheet for the period **July 2, 2003 to September 30, 2003** to record your ongoing work. Hang on to those for now. Again, if you need one of these time sheets contact Mary Southworth.

Spraying for beetles

The decision was made to limit the spraying to two applications rather than the originally planned three. It is almost complete.

Treasurer's report

Sue reported that, as of August 14, she had received assessment fees totaling \$61,000 from 51 homeowners. She reminds us that the grace period for the first half assessment ends September 1.

NEW BUSINESS

High Meadows access

Tom Jones and Byard Peake have communicated with John Neese regarding FCR vehicle access to High Meadows Ranch (HMR). FCR and HMR are trying to reach consensus on the interpretation of our access agreement. HMR is concerned about their privacy and security, whereas FCR is in need of unimpeded access to the fire escape road, at the north end of HMR, in the event of a fire emergency. Discussions are ongoing.

New Bookkeeper

Eb Redford has agreed to take on the responsibility of FCR bookkeeper. He and Sue will coordinate with Barney Anderson, who is leaving the post of bookkeeper. Thanks go out to Barney for his service.

Theft of newspapers/Newspaper boxes

Theft of the Herald from individual's newspaper tubes is a longstanding problem. Now theft of the Denver Post is occurring. The Board granted Scott Hyslop's request to explore solutions to the problem regarding the Post, which may include a locked box. The number of Herald subscribers makes the possibility of a single locked box more difficult. We are still exploring that issue.

New Ranch Liaison

Doug Parmentier has agreed to relieve John Ritchey as Ranch Liaison. Please contact Doug if you need to enlist Ray Smith's help.

Thanks for lake improvements

Thanks to Karl Deterding for the new signs at the lake. Thanks to Ceci McQuinn and Barbara Belanger for the umbrella and painting.

The latest Falls Creek Ranch Telephone List is dated 7/22/2003. Please look at yours. If you have any changes or additions please inform Glenn or Mary Sears at 247-5843, GSears@Stanfordalumni.org, or Bill Bales at 259-5795, billybales@msn.com.

The next scheduled Board meeting will be Monday, September 15, 2003, 7:00 p.m. at the home of Bill and Laura Bales.

Respectfully submitted,
Bill Bales, secretary

Board of Directors, Falls Creek Ranch Association, Inc. MINUTES

September 15, 2003

Present were Board members John Ritchey, Tom Jones, Jack Campbell, Sue McCarthy and Bill Bales, FCR Bookkeeper Eb Redford, Road Committee Chairman Barney Anderson and Common Property Committee Chairman Byard Peake

OLD BUSINESS

Valley Fire rehab

Tree cutting on the east slope is completed. The trees marked for cutting near Ehlers and Bales have been cut down. Work will continue this week to remove some trees from the slopes, stack slash for burning and seed and straw bare areas. To aid us in disposing of the cut and stacked wood, we have advertised free firewood and have received several calls from interested individuals.

Water Meter/Backflow project

Progress on the project is satisfactory with approximately twenty-five meters and backflows now installed.

Drilling of new well

The drill site has been selected and drilling will commence soon. The drilling will take about one week with a planned depth of four hundred and fifty feet.

The Board requests that the Utilities Committee develop and present to them a plan to put the new well into operation.

High Meadows access

Negotiations with HMR continue.

Storage of correspondence

Mary Sears and Eb Redford are in the process of computerizing all past Board minutes. Finding a central fire safe storage for all other correspondence is being investigated

COMMITTEE REPORTS

Architectural Control Committee

Four Architectural Control Committee forms, Appendix A-6, 7, 8 and 9, can be found in your FCR Member Information Packet. These forms are also available on the FCR Web site at www.fallscreek.org . Please review and submit the appropriate form to the Architectural Control Committee as necessary.

Utility Committee

Update on SCADA system

Some of the equipment has been obtained and will soon be installed. The remaining components will be obtained and installed after October 22d.

Update on recharge of wells and water usage

Our wells are holding up very well. However, we still need to practice water conservation.

Road Committee

Barney Anderson presented a lengthy written report addressing a number of problems and his proposed solutions. As a short term solution to the arroyo flooding of FCR Main and Aspen Lane we will soon put more gravel on the road and in the runoff ditch where it has been cut too deep. The debris left from the flooding will be moved away from the roads. Next spring we will implement a long term solution to the problem. We also will soon put gravel on the road just south of our entry where mud has become a serious problem.

Barney is attempting to reach an agreement with the National Forest Service for a major upgrade to the road from the end of the pavement to our entry.

Common Property Committee

Grant matching money progress

Kathy Redford has tabulated \$35,000 worth of fire mitigation work by FCR residents during the October, 2002 to July, 2003 time period. So far, we have received \$10,000 of matching money. Also, the time period for us to match the \$41,100 of grant money has been extended to December 31, 2004. Continue to keep track of your work hours.

Phase II, III, IV thinning project

Contracts for the thinning project will go out soon. Work should start this year. The Colorado State Forest Service will supervise the work.

Beautification Committee

Written report submitted by Paulette Church

"First Annual Fall Thistle Harvest

This was a great success it's first year and the committee plans to continue it in the future with more advanced publicity. (I apologize for not having all of the names, but I lost my envelope in the rain that day.) First prize of \$30 in Durango Dollars went to the entire Cunningham family who were all present to share in their award. Two second prizes of \$10 in cash were awarded to Stephen Veals and two brothers. Third place in the amount of \$5 went to Ray Smith's younger daughter. Honorable mention went to Sue Marshall, Barbara Belanger and Terri Bonham. All participants received a package of wildflowers to add healthy, beautiful, weed-free plants to the ranch. Several very heavy sacks of thistles were tossed in the dumpsters the night before pick-up - good timing. We need to get more people involved next year as we will unfortunately have a good crop."

Request

A request by the committee to sell ranch pine trees to residents for the purpose of raising money to purchase flower bulbs was denied. Although it would be a worthwhile project, selling ranch trees is not permitted. However, residents interested in transplanting trees on the ranch are authorized to do so.

Treasurers Report

Sue reminds us that the grace period for the first half assessment ended September 1. She again mentioned the great job Barney Anderson did as bookkeeper. Look for a letter regarding the special assessment for the water meters and backflow valves in your mail in October.

NEW BUSINESS

Theft of newspapers/Newspaper boxes

Bill Rebovich has volunteered to construct newspaper safe boxes in the spring.

Ed Zink water rights and key for Ed Zink

Jack Campbell will get a clarification of Ed Zink's water rights regarding Falls Creek and our reservoir. Ed requested a key to our lock box containing the dam spill valve. The request was refused as not being in the best interest of FCR.

We have one confirmed case of West Nile Disease on the ranch. Be aware and take precautions.

The next scheduled Board meeting will be Thursday, October 16, 2003, 7:00 p.m. at the home of John and Glennie Ritchey.

Respectfully submitted, Bill Bales, secretary

October 16, 2003 Board of Directors, Falls Creek Ranch Association, Inc.

MINUTES

Present were Board members John Ritchey, Tom Jones, Sue McCarthy and Bill Bales, FCR Bookkeeper Eb Redford and resident Jim Keavney.

LIASON REPORT

Ray Smith spent two weeks assisting with the SCADA project. Since then he has been busy working on the roads.

OLD BUSINESS

Valley Fire rehab

The project is almost completed. We have stopped work for this year except for burning some slash this winter after we receive a good snow cover. Next spring we will complete the slash removal and reseeding

Water Meter/Backflow project

Work on the project is shutdown until next spring. Approximately one third of the project is complete.

Drilling of new well

The well depth is 490 feet and production is confirmed at over 100 gallons per minute. We are formulating plans to best integrate the new well into our water system.

High Meadows access

Negotiations with HMR continue.

Storage of correspondence

Eb Redford reports that past Board minutes from 1995 forward to last months are now computerized and available on the FCR web site. We are still investigating options for a central fire safe storage for all other correspondence.

COMMITTEE REPORTS

Utility Committee

Update on SCADA system

Panels are now mounted at the two water tanks. Other equipment is ready to be shipped to us. The target date for system operation is December 1st.

Fire protection in the winter

We have conflicting information regarding the amount of water storage required for successful winter fire protection. John Ritchey will resolve the conflict to insure we have adequate winter storage.

Road Committee

Barney Anderson continues his attempt to reach an agreement with the National Forest Service for a major upgrade to the road from the end of the pavement to our entry. Thanks to Barney's efforts we did receive an additional \$2,000 from the NFS for road maintenance. The problems with the FC Main ditches and debris that accumulated after the arroyo flooding have been corrected and should hold until we can install a new culvert across FC Main next Spring. New gravel has been applied inside the FCR gate and is currently being applied on the NFS road.

Beautification Committee

The following is a revision to the September 15, 2003 minutes regarding the Thistle Gathering Contest. The winners were: 1st place ^ Wyatt Lupton; tied for 2nd place were the Cunningham family and Steven & Peter Veals; 3rd place went to Kathy & Melissa Smith.

Treasurers Report

We have received \$6,600 of the special assessments fees. Special thanks to those of you paying more than the \$150 due November 1st.

At the annual meeting, we described our need to sell promissory notes to FCR members to cover one-time FCR expenses including the SCADA system, test well and fire mitigation. The plan is to offer 20 notes at \$5,000 each with interest at 2% over prime adjusted annually. Four notes will be issued in each of 1-year, 2-year, 3-year, 4-year and 5-year increments.

We are at the stage now of formally collecting names of FCR members who would like to participate in this program. If you would like to participate in this offering, please send an email or written note stating how many notes you are interested in purchasing. Names will be drawn randomly for the specific notes. There are several of you that already have given us this information verbally. However, please confirm your interest and number of notes, in an email or written note.

NEW BUSINESS

Movement of power line

The La Plata Electrical Association, responding to an earlier contact from the Board, proposed a project wherein LPEA would replace the present power lines across our lake with buried cable. The buried cable would tie into existing lines east of the lake, be routed around the lake to the south of the dam then tie into the existing cable at the Fire Station. LPEA will pay for the project.

The Board unanimously passed a resolution accepting the LPEA proposal subject to an on site meeting between the Board and LPEA to determine the exact location of the cable.

Sandco gravel pit

The Board voted unanimously to oppose the proposed Sandco gravel operation just east of Dalton Ranch and the associated rezoning of the Animas River from river corridor to industrial use. The secretary was directed to inform the La Plata County Commissioners of Falls Creek Ranch Association opposition.

The next scheduled Board meeting will be at 7:00 p.m. on Tuesday, November 11, 2003, at the home of Doug & Sue McCarthy.

Respectfully submitted, Bill Bales, secretary

Board of Directors, Falls Creek Ranch Association, Inc

MINUTES

November 11, 2003

Present were Board members John Ritchey, Tom Jones, Sue McCarthy, Jack Campbell and Bill Bales, FCR Liaison Doug Parmentier, FCR Bookkeeper Eb Redford, Common Property Committee Chair Byard Peake and Utilities Co-Chair Bill Collins.

LIAISON REPORT

Road preparation for the winter is essentially complete. Ray Smith has also dealt with SCADA system installation, the slash piles, installation of a water filter in the upper well and also a ranch house water filter. Some road signs need replacing and signs are needed for side road identification for southbound traffic on Falls Creek Main. Doug Parmentier will coordinate that project with Ray. Hiring Spencer Steinbach to assist Ray with projects this past summer made a significant difference in the amount of work accomplished. Doug reports that Ray continues to have a great attitude toward his work and is a pleasure to deal with.

We are asking for volunteers to learn and drive the water truck during the road work period next year.

OLD BUSINESS

New well report

The next step is to complete the well and apply for a permit. A water quality test will also be conducted. Plans are being developed to connect the new well to the existing water system. Jack Campbell will obtain cost estimates and a time schedule to continue the project. The board passed a resolution "to move forward with the project plan to completion".

Movement of power line

Members of the board met with a LPEA team and inspected the routes available for rerouting the power lines. The most feasible route will take the lines from east of the lake north and then west across the lake meadow, tying into the existing lines in the vicinity of the corrals. Since some of the rerouting will occur on NFS land, LPEA will contact the NFS to reach an agreement on the project.

COMMITTEE REPORTS

Utility Committee

Update on SCADA system

Most of the installation and preparation work has been completed and the vendor, Timber Line Electric & Control, will complete the installation and bring the system online the week of November 17th.

Upper well problems

About two weeks ago, several residents on the upper water system discovered dirty water coming from their taps. Investigation showed that the problem was coming from the upper well. Pieces of shale from the side of the well were being drawn into the pump and pulverized to cause the dirty water. A new pump with a sleeve over the intake was installed at a different spot in the well. A lesser amount of shale is still being drawn in, so a filter has been ordered and will be installed in the well house. Until then, water is being transferred from the lower system to the upper system.

Electrical surge at upper well

While investigating the upper well problem, coincidentally, a power surge from 110 volts to 220 volts at a transformer nearby, blew out lights and damaged electrical equipment and appliances in the well house and Kent Kovacs home. LPEA was brought in, diagnosed the problem and repaired the transformer.

Common Property Committee

Byard Peake, Dan Wand of the Colorado State Forest Service and a team from the NFS will accompany interested contractors on a tour of the CSFS fuel reduction project area on Wednesday, November 12th. Bids from those contractors will be evaluated and a contract awarded in the near future. Byard is also working with the NFS on a Memo of Understanding regarding FCR usage and responsibility associated with Mason Cabin Road, the North Forest Road and the Lake Meadow Road

We have accumulated \$39,000 worth of volunteer hours toward the second fire mitigation grant. Any work claimed for a vendor must be accompanied by a receipt in order to meet claim requirements.

Treasurers Report

The budget approved at the annual meeting assumed that we would borrow \$100,000, with those notes being repaid over the next 5 years. Because of legal issues facing the ranch, the Board has decided to delay issuing any promissory notes for the time being.

This decision means there will have to be budget reductions in a number of areas. A revised budget is being developed and will be distributed to the membership shortly.

A way in which you can personally help us through the current budget shortage, is to pay in advance and as early as possible, the second portion of your annual assessment. Also, the Special Water Meter Assessment totals \$900 per lot over a 3 year period, \$150 of which you have already paid. Any unpaid portion of your total \$900 that you can pay in advance will be of a considerable help.

NEW BUSINESS

Sandco gravel pit

The secretary was directed to send another letter to the La Plata County Commissioners restating Falls Creek Ranch Association's opposition to the proposed gravel pit.

The next scheduled Board meeting will be at 7:00 p.m. on Tuesday, December 9, 2003, at the home of Jack and Pat Campbell.

Respectfully submitted,
Bill Bales, secretary

Board of Directors, Falls Creek Ranch Association, Inc.

MINUTES

December 9, 2003

Present were Board members John Ritchey, Sue McCarthy, Jack Campbell and Tom Jones; Architectural Control Co-Chairs Barb Belanger and Mike McQuinn, Utility Committee Co-Chair Bill Collins and Common Property Co-Chair Ken Marshall.

LIAISON REPORT

Ray Smith's efforts during the last month included: worked on upper well problem, including installation of bag filter; worked on installation of transducer at upper well, completion of SCADA installation; worked on installation of reverse osmosis and UV purification at ranch house well; worked on slash piles, creating water bars in Valley fire burn area, and general cleanup; performed considerable general maintenance on grader, dump truck, and backhoe and finished preparations for winter snowplowing.

COMMITTEE REPORTS

Architectural Control Committee

ACC will undertake a multi-faceted effort to update the Architectural Control Regulations. Specifically the effort will include an increased focus on exterior changes to existing homes and improved communications with members regarding covenants.

Utility Committee

SCADA

The SCADA system was installed the week of November 17th. This allows the water level in the tanks to be more accurately controlled and provides valuable information for the water system operation. By being able to continuously monitor the depth of water in the upper well we discovered that the water pumped was significantly greater than the well recharge. Using the SCADA system we are able to pump down to the end of the casing and then stop the pump to let the well recharge before pumping again. Also, this greatly reduces the amount of particles pumped which will extend the life of the pump and the filter.

Chuck Eppinger and Eb Redford are acknowledged for very significant and valuable contributions to the SCADA project.

Upper Well Problems

A water filter was installed in the upper well house to prevent sand and shale particles from entering the water system. This is a recent problem and the particles did NOT pose any health risks.

The upper well is meeting the current demand for water on the upper ranch but unless we have at least an average winter/spring snowfall, the upper well will not be able to meet the summer demand. The board has charged the Utility Committee to investigate how the upper well could be improved to provide sufficient water and how the test well could be utilized. The investigation would include cost estimates.

A detailed log of the upper well problems is available on the Falls Creek web site (www.fallscreek.org) under "Upper Well Problems".

Roads Committee

Members are encouraged to read the memo from Barney Anderson dated December 10, 2003 regarding Winter Driving Rules and Courtesies. The memo contains important information regarding safety and snow clearing processes.

Common Property Committee

Good Neighbor Thinning Project

Rodney Gray from McElmo Lumber was the successful low bidder on our joint effort with the forest service to reduce fire risk by selective thinning on common property. The project should begin in mid-December and will continue at least through March. **There is one important safety issue that the Common Property Committee wants to share with the membership: Be careful when approaching log trucks. These trucks are top-heavy, and FCR roads are crowned. The trucks can only move so far to the right and cannot take evasive action.**

Slash Pile

We plan to commence burning the slash pile following the first 6-inch or more snowfall, plus clear and calm day. This will include the lower meadow and along the east ridge in the Valley fire burn area. Notices will be posted in the mailbox area.

TREASURER'S REPORT

A special thank you is extended to those members who have prepaid the special assessment.

The Board has decided not to issue long-term notes as long as the lawsuits are pending.

A revised budget will be sent to committee chairs for input, and then distributed to the membership.

The next scheduled Board meeting will be at 7:00 p.m. on Wednesday, January 7, 2004 at the home of Tom and Shirley Jones.

Respectfully submitted,

Tom Jones
Acting Secretary