

**FALLS CREEK RANCH ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING**

A regularly scheduled meeting of the Falls Creek Ranch Association, Inc. Board of Directors occurred on August 25, 2015. Present were President, Jim McCarthy; Vice-President, Mike McQuinn; Treasurer, Sue McCarthy; At Large, Peggy Yotti and Secretary, Deirdre Heine. Also present were Barry and Mary Ann Bryant, Steve Allen, Sara Carver, Doug Parmentier, Barbara Belanger, Phil Boroff, Marge Rebovich, Denny Ehlers and Robin Southworth.

1. INTRODUCTION BY PRESIDENT

Jim McCarthy acknowledged Peggy Yotti who has been appointed Member At Large. He mentioned that the BOD is looking for volunteers for the Roads Committee Chair and Ranch Liaison positions. He then highlighted some of the many successes the previous boards and our committees have accomplished over the years including the paving of the road leading up to the ranch entrance; the chlorination of our water system along with conservation efforts to save water; recycling; wildfire mitigation; the dam and spillway project; noxious weeds control; improved emergency vehicle access on the roads; the codifying of our rules and state regulations; improved bookkeeping and record keeping; enhancement of our entrance; lake improvements; creation of our on-site emergency response team; replotting of our home sites as well as the haying of our meadows. Jim went on to say how important it is for the BOD to keep up the momentum with the issues now facing the Ranch, including our long term water concerns.

2. APPROVAL OF MINUTES

A motion, duly made by Mike McQuinn, to approve the Minutes of the July 22, 2015 Board of Directors Transition Meeting was seconded and unanimously approved.

3. APPROVAL OF AGENDA

Jim McCarthy added three issues to the Agenda: Old Business; Entrance gate and Rental Policy. New Business: New lake rules and new website password. Deirdre Heine moved to approve the additions to the Agenda. The motion was seconded and unanimously approved.

4. LIAISON REPORT

Byard Peake reported via email:

- Ray Smith will be on vacation from September 5th through September 13th.
- Ray Smith has completed the annual water report and it will be sent out to our residents by the end of the month.
- Gary Corico has mowed and bailed three of our meadows. He raises 35-40 horses and the hay will be used to feed them.
- Mowing volunteers will trim up the meadows once the Zetor is back in operation.
- More road grading will be done as soon as we receive more moisture. This is a top priority.
- Additional work on the drainage behind the Ranch House needs to be done.
- The slash pile needs to be limited and organized.
- Byard will be retiring as Ranch Liaison as of the September Board meeting. He has served seven years as Common Property Chairman followed by seven years as Ranch Liaison.

3. TREASURER'S REPORT

Sue McCarthy, Treasurer, reported:

- With the August HOA fee income for August, the combined bank balance is near \$300,000. FDIC covers \$250,000. A motion was duly made by Sue McCarthy to take excess from San Juan Bank and move it to another bank and into a CD with interest coming due on May 1, 2016. The motion was seconded and unanimously approved.
- CPA review of the 2014-15 Fiscal year financials has been started by our CPA.
- Mike McQuinn will review the spillway diversion notes held by ranch members.
- The Annual Budget has been modified to reflect the Annual Meeting reserve study discussion and will be uploaded to the website.
- A reminder is to be sent to the membership regarding HOA fees due August 1, 2015. There is a 30 day grace period, after which a 1.5% interest fee will be charged.
- Sandy Turner is working on a grant for Weed Spraying. She is also working on getting a refund from Pride Weed Control for \$1000.

4. COMMITTEE REPORTS

Fire Wise Ambassador

Sara Carver reported:

- **Grant Updates-** The Watershed Grant continues; related activity is west of Main and south of Dyke Canyon Road. For the Steven's Grant, much of the accumulated slash piles have been burned although some slash still remains on the ground in the project area(s).
- **Wood-** A request was made by Barbara from the Lake Committee to trade some wood for construction of a second raft for the lake. This request was approved with the caveat that the value of wood is relatively equal to the work performed.
- Not alone in feeling this way, Board President Jim McCarthy is anxious to get rid of the wood from mitigation efforts at FCR roadsides. Opportunities for this endeavor are being explored. A work crew may be formed for assistance.
- Paulette is working hard on an air curtain burner grant. FCR missed out on this award last year but we hope to be granted funds this year for purchase as well as some training for using the burner. Paulette received four letters of support and recommendation for this grant.
- Another grant that Paulette is putting together for the Ranch is for the Department of Natural Resources Hazardous Fuels Reduction Grant. We will partner with Firewise of SW Colorado on this one; for a small fee, they will administer the grant for us.
- NRG will be moving the air curtain burner to the Fire Station pile once their Kubota is up and running again.

There was discussion regarding a second fire exit through High Meadows along Trip Gulch. In the past it has been considered unpassable by the Fire Department. Jim McCarthy and Phil Boroff will walk the road and report back to the BOD.

Architectural Control Committee

Mary Ann Bryant, Co-Chairman, reported:

- There are currently 9 open projects under way on the Ranch.

Beautification Committee

Marge Rebovich, Co-Chairman, reported:

- The committee is in need of volunteers for entrance garden upkeep.
- The Xeric garden has been very successful in that it has required watering only twice this summer.

Common Property

Phil Boroff, Chairman, reported:

Forest Management

- Beetle Trees: CPC volunteers will continue to inspect for infestation and fell as needed. The CPC is anticipating substantially increased tree spraying next spring.
- Additional thinning toward well-spaced trees with an eye on diversity in age and structure is required to ensure long-term healthy forests. This will require a sustained effort with many volunteer hours. The CPC will pursue no-cost outside assistance options.
- A chain gang will commence work along north Falls Creek Main in the near future in order to widen the corridor north of Oakcrest Drive.
- Several members met to survey the wash conditions behind Dyke Canyon and Bear Scat Trail as well as the Ranch House. The CPC will pursue estimates for clearing large rocks in order to allow for more sinuous water flows during heavy rains.

Weed Mitigation

- The committee is still looking for a volunteer to head our weed mitigation efforts.
- The weed mitigation contract came in well under budget at a little over \$6000 and all work has been completed.
- The CPC anticipates a similar effort next spring with some volunteer spot spraying this fall.

Mowing

- The north meadow is complete.
- Mowing in the rock meadow is underway.
- Mowing in other areas will be scheduled subject to volunteer availability.

Slash Pile

- There is an immediate need to clear the slash pile.
- The CPC is pursuing a dumpster rental in order to extract and haul away an embedded pine needle/dirt pile prior to consolidating the remaining slash into more manageable stacks.
- Sara Carver will contact NRG in an effort to negotiate burning of the slash pile.
- Rental of an additional air curtain burner and a 24/7 crew to operate the burner will also be investigated.
- The CPC will send out a notice to the membership about the slash pile being shut down until later this fall in order to clear the existing piles.

Dam Committee

Mike Hicks, Chairman, reported via email:

Lake Level, Water Calls and Flows

- The lake filled on May 18, 2015 and began spilling 5/19/15 and stopped spilling 8/6/15.
- Zink's request for 0.25 cfs is in place.
- No call by the USFS is place.
- FCR must now adhere to the Falls Creek Drainage Administration Guide/Falls Creek Reservoir Administration and drop the lake by 1.86" in August.

Spillway Diversion

A leak was discovered in the lid seal of the flume vault and will be repaired by the contractor sometime in the next 45 days.

USFS Plan to Increase Size of Falls Creek Archeological Area Wetlands

The USFS plans to double the size of the wetlands, for the stated purposes of: "This work will help the San Juan National Forest put their senior water right on Falls Creek to beneficial use, reduce personnel time required to maintain flows within the ditch throughout the season, minimize erosion potential from outdated and failing infrastructure, and enlarge critical wetland habitat on NFS lands."

Under the National Environmental Protection Act (NEPA) guidelines, the project does not require an Environmental Assessment (EA) nor and Environmental Impact Statement. The work will begin at the end of August 2015.

The plan may not necessarily be detrimental to FCR; however Mike Hicks has several concerns;

- Potential increased demand for water for the wetlands by the USFS
- USFS seeming lack of understanding of water rights, for example, they can only store water "out of priority," meaning only when they are not making a call for water. The only time this could happen is if the lake is spilling, otherwise the water would have to pass through to the Falls Creek. The USFS references their senior water rights; however, those rights are junior to Zink's and FCR's rights.
- Probable involvement in the project by Zink. Zink would most probably benefit from this project as a substantial amount of water released by USFS call eventually flows downstream to him.
- The USFS has attempted over the last several years to obtain water rights to small streams and wetlands; however, to date they have been unsuccessful in the state of Colorado.

Mike Hicks forwarded the scoping letter and his concerns to the following:

- Steve Bushong, FCR water rights attorney. Sent as an FYI and for his files. He has not been asked to take any action at this time.
- Colorado Division of Water Resources (CDWR). The CDWR of water resources, at minimum will require the installation of a gate in the wetlands as well as staff gauge to monitor levels and insure flows while the FS is operating the Steinegger Ditch in priority.

On July 31, 2015 SJCA met with the USFS hydrologist to review the plans for increasing the size of the wetlands. The intent of the meeting was to determine if the USFS was acting in the best interest of the SJNF or in Ed Zink's interest or a combination of both. The SJCA has determined that that the USFS is acting in the best interest of SJNF and not Zink's. Zink is no longer the manager of "Hidden Valley", a position he held as under a Volunteer Services Contract with the USFS and although they may consult

with him on wetland improvement, due to his experience with his own wetlands, he no longer has any real impact on the area. Haying of the area is no longer a part of the plan. The SJCA discussed the USFS water rights for the area and now believes that they understand their rights and know that they will only be able to take water when it is available. The USFS is not attempting to alter its water rights.

A likely benefit of the plan for FCR is that most water held in the wetlands will eventually find its way, either on the surface or subsurface, to Falls Creek and hence to Zink, possibly reducing demand on Turner Reservoir.

Horse Committee

Lisa Eckert, Chairman, reported via email that there are no new issues.

Lakeside Committee

Barbara Belanger, Chairman, reported:

The committee has the following concerns:

- Drainage from the Ranch house across FCR Main.
 - Damage done to the boat storage area this spring and summer.
 - How/when to fix the drainage
 - How/when to replace the new material lost from drainage.
- Algae and moss growth in lake.
- Long-term usage of the boat storage area.
 - How to deal with boats that are very infrequently, or never, used to make room for those that are used frequently.
 - Lake Committee to identify those canoes and move them off the rack.

Current goals for the committee:

- New Raft/Dock
 - Goal: to provide a space in addition to the Main Beach to “hang out”.
 - Components are here.
 - Possible dates to build: Monday, August 31 - Labor Day or Saturday, Sept 12
 - Mow, Launch and anchor at the North Big Rocks
- Enlarge Main Beach area
 - Mow, and terrace if necessary, to South & West of sand area
- Create a West Beach at Canoe/Kayak storage area
 - Move North Canoe Rack to the West, Mow, and terrace if necessary
 - Repair and enlarge area with additional weed barrier, gravel & sand
 - Create two “noodle lines” for kayaks & paddleboards to get them off the new West Beach.
- Future Furniture
 - Picnic tables – Bring 2 from Picnic Area.
 - Umbrellas – Purchase commercial quality?
 - Chairs – Purchase commercial quality? - Sponsor a chair?
- Rules: The Lake Rules were created in 2010; it is time to re-visit them. Jim McCarthy asked Mike McQuinn to work with the Lakeside Committee to re-visit the rules.

Requests for Special Events

- Bauer Family Wedding, Aug. 13th, Group of 25. – approved in accordance with rules

- Farmer/LaPlata Youth Services event, Tues, Aug. 18, 11 –2, Group of 13. – denied in accordance with rules, possible new date after Labor Day.

Road Committee

Barry Bryant reported no new business. The Committee is still looking for a volunteer to fill the position of Chairman.

Utilities Committee

Eb Redford, Chairman, reported via email:

Well # 4

Based on final water quality lab results indicating “poor” water is still being produced, a decision was reached to suspend any further efforts on mitigation for this well.

SCADA System Upgrade Capital Project

Timber Line Electric upgraded the Upper & Lower well Moscad units to new Ace unit the week of 9 June 2015. The project also included relocating the Central Monitoring Station from the basement of the Redford home to the Upper PWT building electronics room. A computer rack to hold the equipment was installed and connected to new DSL phone/Internet service.

Leak Detection & Repair - Upper System

A leak was found in the distribution line feeding Lot 100. After excavating the leak area the poorly installed existing end of line connection was replaced with a new Corporation Stop, Curb Stop and K copper line between the line and the water meter.

AWC/FCR Water Systems Connection Project

A meeting was held August 27, 2015 between members of the Utility Committee and some members of the Animas Water Company board to discuss the findings of AWC’s consulting engineer Cap Allen’s report re: potential location of a new future AWC tank and FCR pumping station. He concluded the optimal location is on the upper section of the Trimble Hot Springs property. The FCR pumping station and supply pipeline could be located in this same area. Many details re: pumping station location, power availability, pipeline routing to the FCR Distribution System, property easements, engineering feasibility studies, project cost estimation & long term funding options remain to be determined. Detailed meeting notes were supplied to the Falls Creek Ranch Board.

Capital Projects

Repair of the Upper and Lower water tanks is scheduled for the weeks of September 14 and 21, 2015. All work will be done using diving crews and equipment so no water supply issues are anticipated during the project.

Denny Ehlers volunteered to help with the property easement issues for the AWC/FCR water system connection.

Barry Bryant also reported that many years ago, FCR consumed 12 million gallons of water per year. Thanks to conservation efforts, 6 million gallons were consumed last year and 2.5 million this year.

5. OLD BUSINESS

Entrance Gate

Jim McCarthy highlighted the history of the entrance gate issue referencing the May BOD meeting minutes where the installation was approved by the Board, and the Annual Meeting where the membership approved its completion. Concerns have been voiced since the gate's completion about the safety of having one of the gates closed.

Doug Parmentier referenced his comments at the Annual Meeting where he stated, prior to membership approval, that one side of the gate could be closed or open, depending on traffic needs and security concerns. Denny Ehlers suggested contacting our insurance company with regards to a risk analysis as well as contacting the fire department to see if access for their trucks would be sufficient should one of the gates be closed.

Mike McQuinn suggested that the BOD needs a master plan to address the entire front entrance area. It was determined that the gate would remain in the fully opened position pending further inquiry to the safety issues discussed.

Governance Policy Regarding Home Rentals

The home rental policy, approved at the June BOD meeting, was brought up for discussion. A motion was duly made by Mike McQuinn to have the Board revisit the adopted Governance Policy Regarding Home Rentals and defer implementation pending further Board discussion. The motion was seconded and unanimously approved.

6. NEW BUSINESS

There was discussion regarding changing the FCR website password.

7. NEXT MEETING

The next Falls Creek Ranch Board of Directors meeting will be held on Tuesday, September 15th at 6:00 p.m. at the home of Deirdre Heine.

8. ADJOURNMENT

The Board, by motion duly made by Deirdre Heine, seconded and unanimously approved, adjourned the regular meeting at 9:05 p.m.

This document constitutes a true and correct copy of the minutes of the Board of Directors Meeting of the Falls Creeks Ranch Association, Inc.

Respectively submitted,

Deirdre Heine
Secretary
August 25, 2015

