

FALLS CREEK RANCH ASSOCIATION, INC.
2015 ANNUAL MEETING MINUTES
July 11, 2015

Pursuant to Notice duly provided to the membership, Association President Tom Jones called the Annual Meeting of the Falls Creek Ranch Association (FCRA) to order at 9:00 a.m., July 11, 2015 at the FCRA picnic grounds. President Jones announced a quorum was present with a total of 74 lot owners represented at the annual meeting, 46 in person and 28 by proxy. Board members present were President, Tom Jones; Vice President, David Hardy; Treasurer, Sue McCarthy; Secretary, Deirdre Heine; and At Large, Nancy Peake.

1. INTRODUCTIONS AND AGENDA APPROVAL

President Tom Jones welcomed the residents and thanked them for attending.

President Tom Jones presented the agenda for this Annual Meeting. By motion duly made and seconded, a revised order agenda was unanimously approved.

President Tom Jones reviewed the process for the Annual Meeting. There is a meeting facilitator who will keep the meeting on schedule. Committee Chairs will present up to 5 minutes, and member comments during the discussion period will be limited to two minutes each.

2. APPROVAL OF MINUTES

The Minutes of the July 12, 2014 FCRA Annual Meeting distributed with the Notice of this meeting were amended. By motion duly made and seconded, the amended Minutes of the July 12, 2014 FCRA Annual Meeting were unanimously approved.

3. RESERVE FUND

Tom Jones explained that the membership of Falls Creek Ranch is in charge of the budget, not the Board of Directors. There were 30 responses to the Reserve Survey.

Sue McCarthy presented the Reserve Study Report which was completed in conjunction with Association Reserves, Inc. (AR) based in Denver, Co. The Board used the AR report to propose the FCR Reserve Policy which was distributed to members on May 17, 2015.

The AR study process was useful in providing an opportunity for discussion regarding our future financial planning. Updating the component list will be part of the annual budget process.

A motion was duly made and seconded to approve the Board of Directors proposed FCR Reserve Policy. Discussion:

Larry Hansen made a subsidiary motion to amend the proposed reserve policy by a) Deleting first sentence in Section 4 b) Delete section 5 in its entirety and c) amend Section 6 to restrict the use of reserve funds to just repair and replacement of existing component assets and emergency capital needs. The motion was seconded by Jim McCarthy.

Tom Jones made a 2nd subsidiary motion to include the rewording of section 4 to "The reserve funding contribution will be 10% of the annual budget or higher" and to reword section 6 to read "Reserves are intended for component assets replacement or other capital needs, but reserve funds may be used for any emergency." Johnnie Greiner seconded the motion.

The 2nd subsidiary motion was defeated by a vote of 31 for and 38 against. Subsidiary Motion #1 was approved by a vote of 40 for and 25 against. The main motion was then approved by a majority of aye votes.

4. ARCHITECTURAL CONTROL COMMITTEE

K Redford, co-chair with Mary Ann Bryant, introduced the new members of the ACC: Debbie Boroff, Mark Galbraith and Deirdre Heine. She reminded the membership to check the FCR website for the ACC policies if they are starting a new exterior or landscaping project and to contact a committee member for project approval.

5. BEAUTIFICATION COMMITTEE

Marge Rebovich, Co-chair with Nancy Wallace, distributed a report on the Chronological/Historical Perspective of the FCR Entrance “gate” Issue. It was announced that Karl Deterding will repaint the FCR sign at the entrance to the Ranch.

Issues surrounding the new gate being installed at the entrance to the Ranch were discussed at length. Recent security issues on the Ranch were discussed in support of the gate. Those opposed to the gate installation were concerned about changes to the perceived character of the Ranch and felt there was not enough notification prior to work beginning on the installation of the gate.

Mike McQuinn duly made a motion to remove the gate construction. The motion was seconded by Warren Seehuus.

A subsidiary motion was duly made and seconded to hold a vote on whether or not the membership wanted to have a gate at the entrance to the Ranch.

A 2nd subsidiary motion was made by Barbara Belanger and seconded by Ed Kileen to allocate funds from the 2015-16 budget to further study the entrance issue and to remove the current gate construction.

The 2nd subsidiary motion was defeated by a majority of aye votes. Subsidiary motion #1 was approved by a vote of 48 for and 23 against. This vote therefore precluded the main motion.

6. COMMON PROPERTY

Phil Boroff, Chairman, reported that the CPC underwent significant changes this fiscal year. The Board appointed Phil as the new CPC Chair in November. Additionally, a new Firewise Ambassador was appointed (Sara Carve) and the group temporarily took over slash pile management. He also reported on:

Forest Management

- Beetle Trees
 - Located and felled a total of 80 infested trees this spring on common property
 - Pheromone treatment accomplished on 84 common property trees while facilitating treatment on several private lots
 - Sprayed approximately 6 acres on common property
- Additional thinning toward well-spaced trees with an eye on diversity in age and structure is required to ensure long-term healthy forests
- A chain saw gang will commence work along north main in the near future in order to widen the corridor north of Oakcrest.

Weed Mitigation

- The committee is looking for a volunteer to head our weed mitigation efforts.
- Sandy Turner has taken on pasture hemlock and thistle mitigation.
- The CPC has weeded much of the road corridor below Aspen to the entrance
- The CPC has received a professional estimate from Horizon Environmental and is working on contract details to cover remaining areas; expected to execute the entire weed and pest control budget
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Annual Clean-Up Day

- Conducted on June 20th
- 45 participants
- Over 33 loads of slash hauled to slash pile
- Crews cleared the dead choke cherry area at Dyke Canyon and Main
- Volunteers cleared the lake trail, weeded the lake area, and painted picnic tables
- Warren Kerzon trimmed grass around all fire hydrants

Mowing

- Mowing will commence the second week in July and continue until complete.

7. FIREWISE

Sara Carver, Firewise Ambassador, reported:

- Grant Updates: (these numbers are estimations provided by Rich Graeber of NRG Consulting)
 - 52 acres for the Steven's Grant have been cut
 - 10 acres for the Watershed Grant have been cut
 - 12 acres of brush removal is remaining for the Steven's Grant
 - Less than ½ acre of brush removal remaining for the Watershed Grant
 - An estimate of slash remaining to burn including the uncut Watershed Grant is an additional 50 tons
 - An estimated 110 tons of slash related to both grants have been burned in the air curtain burner so far
 - Rich the contractor continually reminds me of the massive amount of material that has come off the landscape. The end result being a healthy forest, improved wildlife habitat and a lesser intensity from fire should one start. The air curtain burner is an environmentally friendly disposal method for the tons of material. Thanks for your patience during this minor logging operation.
- An upcoming project is to further cut back roadside vegetation on FCR Main, especially north of Oakcrest. This is a cooperative project between Firewise, CPC and the Chainsaw Gang. Steve Allen is taking comments on this project if you have any questions.
- Another project in progress is working with La Plata County to map the areas that have been mitigated. Thank you to Bob Fossum for coordinating this project. We are starting with the grant project areas and may drill down to individual homeowner's lots to reflect the mitigation work that has been done here.
- FCR celebrated a five-year anniversary as a Firewise Community this year! As you know, the Firewise Community designation helps us when dealing with homeowner's insurance and other benefits relating to the overall safety of people, property and Ranch assets.
- Firewise financial update- Firewise spent within the annual budgeted amount of \$200 over the past year. Other than that, all expenses for the grants are paid by reimbursement or in-kind hours.
- Please continue to submit hours to Paulette Church. We have to submit hours for the grants.

Steve Allen spoke about the vegetation cutback of FCR Main, especially north of Oakcrest Drive. He informed the membership that the blue and green flags tied on the trees bordering the road should not be removed. The flags are indication of the pruning to be done on each tree and NOT the removal of the tree.

8. DAM COMMITTEE

Mike Hicks, Chairman, reported that the Spillway Diversion Project is complete and operates as designed.

The lake filled on May 18th, 2015 and began spilling the following day. Due to the substantial rainfall the spring and summer, Falls Creek continues to run and the lake continues to spill.

The Zink water call for 0.25 cfs is in place. The USFS began taking runoff from the reservoir on May 19th 2015. The FS is not operating under a call, rather they are taking excess water due to the lake spilling.

The Colorado River Native Cutthroat Project is underway. On June 25, 2015 CP&W released approximately 101 brood stock into the reservoir. The release was deemed successful as the fish headed to deeper water immediately. Had the fish found the lake not to their liking they would have remained in the release area. In the early fall, CP&W will release fingerlings into the lake. The purpose of the releases is to determine how the fish will do with the improved temperature profiles a full lake is expected to bring. If the fish do well, which is expected, CP&W will continue the program. Plans for the continuance of the program, at this time, include a rotenone treatment of the lake, performed by certified CP&W personnel, in November of 2016. Rotenone will kill

all existing fish in the lake. Native Cut Throat and Asian Grass Eating Carp will be reintroduced into the lake in the summer of 2017.

A town hall meeting will be held far in advance of the Rotenone treatment in order to provide information to the FCR Membership. This meeting will include a presentation, discussion and a question & answer session concerning the treatment by CP&W Fishery Biologists.

9. HORSE COMMITTEE

Sandy Turner reported there are currently four horses at the stables with one corral available. Sandy and John Turner have been managing the noxious weeds around the corral and in the pastures.

The pastures were fertilized at the end of April and took advantage of the rain and irrigation water. Sandy thanked everyone who helped clear the ditches to the pastures.

10. LAKE COMMITTEE

Barbara Belanger, Chairman, reported on the accomplishments of the Lake Committee which included improving South Willow Beach and Boat Storage/Launch areas; creation of a new launch area at the dog beach; rescue of thirteen floating and/or sunk watercraft; updating the watercraft inventory;. Installation of a new "noodle line" (kayak tie up);. Purchase of new chairs and umbrellas; repair and painting of picnic tables; installation of watercraft storage area identification signs; installation of a new raft ladder; and the creation of new steps at the main path.

The Lake Committee goals for Summer/Fall 2015 include creating a new noodle line at the storage area; creating kayak and paddle board racks; creating a wharf/raft/dock at the tree north of the dog beach; creating a wharf at the launch beach; and dig out the rest of the trench from the FCR Main runoff.

Barbara asked owners to please take home watercraft that are not used frequently or move them above the trail to the west. She also received 100% membership approval to sell the old abandoned boats in order to purchase a rescue boat for the Lake.

11. ROAD COMMITTEE

Nancy Peake presented the annual Road Report submitted by Chairman Barry Bryant:

1. A reminder to all residents to slow down while driving on our roads. Speed is the main cause of the wash boarding.
2. Last year's mild winter was good for the roads and easy on our equipment. The wet spring allowed us to prep the roads for the mag chloride application. The mag delivery went very well. However, Mother Nature spanked us with a heavy downpour just a few hours after the mag was applied. Much of the mag was washed away before it had time to soak in. The roads are already getting dusty and wash boarded and it won't be getting better unless we get a good monsoon season when Ray Smith can re-grade the roads. Please drive slowly and safely on the washboard and help keep the dust down.
3. Heavy roadside vegetation growth has resulted from the spring rains. As a result we have obstructed vision in many areas such as at the mailbox and hydrant drives, as well as at several intersections and curves. Drive slowly and be extra careful at intersections until additional cleanup work can be scheduled.
4. Please remember it is a ranch rule to have a FCR sticker on your vehicle (lower left side of windshield). Stickers are for residents' vehicles only, not guests or off-ranch family.
5. Barry is vacating the position of Road Committee Chairman as of August 1st. A volunteer is needed to fill the position. Please contact a Board member if you are willing to serve.

12. UTILITIES COMMITTEE

Eb Redford, Chairman, submitted the following report:

Utility Team Overview

1. Eb Redford is in charge of Systems Operations, the SCADA system and is Administrative Contact for the CO State Water Control. He also does the monthly water billing invoice generation
2. Barry Bryant and Chris Heine assist with Systems Analysis & other utility projects
3. Shirley Jones, Jennifer Hardy & Carole Deterding collect monthly water meter readings. Mary Ann Bryant handles homeowner water usage discussions. Thanks Ladies & great work!
4. Ray Smith official CO State registered water system operator (ORC) with Eb as certified operator backup. He is chief operator of the new Disinfectant System assisted by Eb.

System Repair

Major Leaks: (Thanks to Barry Bryant and Chris Heine for assistance with repairs)

1. Lower system fire hydrant (corner Starwood & Main) Hydrant & piping replaced.
2. Well-4 pitiless adapter leaking Upper system water; O-ring replaced.
3. Lower Tank leak (repaired during Jan 2015 tank inspections)
4. Broken pipe to old air valve on Alpen Glow
5. Broken pipe near isolation valve at corner of Starwood and Rock Ridge Circle (10July2015)
6. Upper system household leaks (two separate incidents; one 28K gallons; other 10K gallons)

Water Disinfectant System

1. New Upper and Lower Treatment systems operations continued without problems since June 1, 2013.
2. Every three year Sanitary Survey completed July 8, 2015. Successful audit. No violations.

SCADA System

1. System operation monitored on a daily basis. Eb monitors remotely during business trips
2. Controls Well -1 and Well-2. Well-3 is manually operated, but feeds lower PWT system.
3. Well-4 manually operated, but not yet connected to a disinfectant system.
4. June 2015: Upper and Lower well systems were upgraded to new ACE units. Central monitoring PC system relocated from Redford home to the Upper PWT building.

Water Conservation

Ranch is doing well. Annual usage is down to ~2.5 million gallons per year from 6 million gallons per year of several years ago.

Budgeted Projects 2015-2016 fiscal year

1. Repair Upper and Lower tanks; Upper tank water mixer; Lower Tank sight gage.
2. Upper and Lower PWT backup generator systems.
3. Replace existing failing fire hydrant.
4. Upgrade Upper and Lower tank SCADA systems.

AWC-FCR system connection project (Eb Redford, Barry Bryant and Mike Hicks)

1. Met several times with AWC consulting engineer and systems manager.
2. AWC has plenty of water and willing to accept Falls Creek Ranch as a new customer.
3. AWC may assist FCR with connecting piping and future pump station operation
4. Have budgeted \$10K for initial engineering feasibility study.

Well-4 Status

Mitigation efforts were attempted during the first 6 months of 2015 without success. This included dumping Bentonite material down the well to raise the well level from 490 ft to 420 ft to try and block of lower level water with high Iron, TDS, Sulphates, etc. Water samples were analyzed by Green Labs and compared to Well-1 water quality. The results were very disappointing.

Based on the effort, expense and lack of results, a decision was reached to suspend further efforts and use any available funds for the AWC-FCR systems connection feasibility study.

13. RANCH LIAISON REPORT

Byard Peake, Ranch Liaison, reported that the Zetor is down for maintenance. Mowing will be rescheduled.

Our insurance company requested a time study on Ray Smith's (our Ranch Manager) work on roads versus our water system. He spends about an equal amount of time on each. His water system work includes not just the repair of leaks but also water testing, monitoring and record keeping. He willingly gave up a week's vacation to operate our water system manually. He spends many hours preparing for the State Water Inspection.

14. TREASURER'S REPORT

Sue McCarthy, Treasurer, presented the Annual Treasurer's Report:

The Bank Balances as of July 1, 2015 in the Bank of San Juan account: Operating Account-\$88,374.69; Capital Reserve Account -\$101,622.90; Grant Reserve Account-\$9444.11, for a total of \$199,441.70.

1. FCR Accounting

- Fund Accounting – This fiscal year was a year of transition as we moved to a fund accounting system to provide clearer record keeping for our reserves and grants and was endorsed by our CPA.
- Our CPA recommended an implementation of three fund accounts FYE 2016: Operating Fund, Capital Reserve Fund and Grant Reserve fund. Each account has its own source of income and its own expenses and a budget has been set up for each fund account.

2. Water Billing System – 1 year status. A team of volunteers has been defined to manage the water billing system.

- Water Meter Readers: Shirley Jones, Carole Deterding and Jennifer Hardy read the meters on the 10th of every month.
- Water Invoice Billing system: Lisa Eckert has recently taken over the lead on the team with Eb Redford as backup/trainer. Invoices are generated between the 11th and 18th of the month.
- Accounts Receivable: Becca Steinbach, Treasurer is backup. Payments are due by the 10th of the month.
- Last year we planned to implement a direct pay option using American Clearing House (ACH) standard. The Bank of San Juan was chosen and the final step is to complete a detailed credit report.

3. FCR Policies

- FCR Collection Policy: March 2015. This document contains procedures and policies for the collection of assessments, water bills and other charges, including fines. This policy defines due dates, late fees/interest, and notice of delinquency and payment plans. It has a formal structure to it comply with the various components of the law.
- FCR Equipment Policy: March 2015. Updated language and addition of FCR trailer rental. The trailer is licensed and can be rented for full day at \$25/day or \$15/half day.

4. Financial Reports

- Balance Sheet: In process of revision to comply with new reserve component list. Depreciation schedule defined. In CPA review.
- Financial Notes: Additional notes will be added to Income/Expense reports to comply with General Accounting Principles.

5. Fiscal Year Review

- Notes Status: All water disinfection Notes are paid in full. Spillway Diversion Notes (Year 1) are paid in full.

- Lake Budget: Lake Rehab was accomplished due to the generosity of many of our neighbors who donated money and labor to complete the project by winter. Additional funds were approved to facilitate repairs to the beach, raft, stairs, boat area and picnic tables.
- Dumpster fee: renegotiated 3 year contract with Waste Management.

6. Future Projects

- CPA review of the FCR accounting has been scheduled for August 2015.
- FCR Web redesign: Clint Keith, our Web Master, has obtained the FallsCreekRanch.org and FallsCreekRanch.com domains. We have budgeted for a design effort to improve the usability and communication abilities of the website.

7. Thank You

- Volunteer Financial Donations. Thank you to the many members who made donations to our Lake Rehab project and to our operating fund to help offset their volunteer opportunities.
- Water Billing Team. Thank you to Lisa Eckert, Becca Steinbach, Shirley Jones, Carole Deterding and Jenny Hardy who took on the responsibility of the water billing system and eased the monthly work for Eb and Sue.
- Sara Carver and her Firewise Team. Effective management of the Fire Mitigation Grants.
- Committee Chairs. Keeping within budget and the many hours they devoted to the reserve study data collection process.

Sue McCarthy submitted the Budget for Fiscal Year 2015-2016:

- The improved lot HOA fee is \$2400 + \$600 lot reserve fund contribution for a total of \$3000.
- The unimproved lot HOA fee is \$2300 + \$600 reserve fund contribution for a total of \$2900.

A motion was duly made and seconded to accept the 2015-2016 FCR Budget Proposal. In favor: 100% of attending members. Motion approved.

President Tom Jones thanked the outgoing Board Members for their service.

15. ELECTION OF NEW OFFICERS

There were two Falls Creek Ranch BOD positions for 3-year-terms.. President Tom Jones called for nominations from the floor. Nominations for the two 3-year-terms were Peggy Yotti, Jim McCarthy and Mike McQuinn.

By motion duly made, seconded and unanimously approved for nominations be closed for the two 3-year-terms. Vote was by ballot. Jim McCarthy and Mike McQuinn were elected to 3 year terms as Falls Creek Ranch Association Board of Directors.

16. OLD BUSINESS

No old business was discussed

17. NEW BUSINESS

Mike McQuinn presented a proposal for a member resolution regarding board meeting notices, agendas and policy adoption which stated:

- 1. Notices of Board Meetings/Agendas.** Notices of Board Meetings shall include an Agenda that contains sufficient detail to give notice of the items and issues to be considered, discussed and or voted upon at the upcoming meeting. Such detail shall

include committee reports (to the extent available), background information, and any proposed resolution or policy. Each Agenda item shall indicate whether Board approval or adoption is being sought (“action item”) or whether the item is submitted for information only (“information item”).

2. Board Action/New Policies or New Regulations. No Board action on a proposed new policy or new regulation (except for emergency policies or regulations) shall be adopted by the Board unless a draft of the proposed new policy or new regulation has been provided to the Members with the notice of the meeting at which the new policy or new regulation is to be voted upon.

3. Notification of New Policies and New Regulations. No new policy or new regulation (except emergency policies or regulations) shall take effect prior to thirty days after written notice of such new policy or new regulation has been provided to the Members in its adopted form and posted on the Association’s web site.

A motion was duly made and seconded to adopt the member resolution. The motion was approved by a vote of 38 in favor and 27 against.

18. NEXT ANNUAL MEETING

The 2016 Falls Creek Ranch Association, Inc. Annual Meeting will be held Saturday, July 9th 2016 at 9:00 a.m. at the FCR picnic ground.

19. ADJOURNMENT

By motion duly made, seconded and unanimously approved, The Annual Meeting of the Falls Creek Ranch Association was adjourned.

This document constitutes a true and correct copy of the Minutes of the Annual Meeting of the Falls Creek Ranch Association, Inc.

Respectfully Submitted,

Deirdre Heine
Secretary
July 11, 2015