

DRAFT
FALLS CREEK RANCH ASSOCIATION, INC.
2016 ANNUAL MEETING MINUTES
July 9, 2016

Pursuant to Notice duly provided to the membership, Association President Jim McCarthy called the Annual Meeting of the Falls Creek Ranch Association (FCRA) to order at 9:00 a.m., July 9, 2016 at the FCRA picnic grounds. President McCarthy announced a quorum was present with a total of 67 lot owners represented at the annual meeting, 41 in person and 26 by proxy. Board members present were President, Jim McCarthy; Vice President, Mike McQuinn; Treasurer, Larry Hansen; Secretary, Deirdre Heine; and At Large, Peggy Yotti.

1. INTRODUCTIONS AND AGENDA APPROVAL

President Jim McCarthy welcomed the residents and thanked them for attending. He thanked all the committees for the work they had accomplished this year.

President Jim McCarthy presented the agenda for this Annual Meeting. By motion duly made and seconded, the agenda was unanimously approved.

2. APPROVAL OF MINUTES

By motion duly made and seconded, the Minutes of the July 11, 2015 FCRA Annual Meeting, distributed with the Notice of this meeting, were unanimously approved.

3. ARCHITECTURAL CONTROL COMMITTEE

Nancy Peake, Co-chair, reported that this past Spring there were 14 open projects on the Ranch. Nancy informed the membership that everyone's compliance with ACC procedures is appreciated. Any project on the exterior of your home and within your circle needs to have a complete ACC packet with signatures, unless the work is simply a replacement or repair using the same materials and colors. The ACC project packet can be downloaded from the FCR website. After completion, residents should email or call an ACC member to arrange a site visit where the project will be discussed and questions answered.

4. BEAUTIFICATION COMMITTEE

Jim McCarthy gave the report on behalf of Marge Rebovich and Nancy Wallace, Co-chairs:

Beautification committee members included Jenny Hardy, Sandy Turner, John Turner and Bill Rebovich. The committee appreciates the HOA members continued financial support of the work on the entrance gardens. These funds are designated for equipment repair/replacement and/or plant replacement.

As anticipated , the 2015 installation of the gate in the "half open" position has served to slow traffic entering and leaving the Ranch which those of us working in the area very much appreciate. Not only making it safer for us but as Sandy Turner describes:

"It has been a real pleasure working at the gardens this spring and summer. The first major change I noticed was the cars finally going by at a slower pace, and I could actually hear the water coming out of the lake flowing down over the rocks as I pulled weeds, etc. It was gratifying as our FCR neighbors stopped to say thanks for all the hard work and how beautiful the gardens looked. I was surprised at how many actually do stop. Thanks everyone for the encouragement !"

The gardens themselves are planned and maintained as examples for residents of ornamental plantings that can be sustainable with very little supplemental water. Thus far this year there has been no supplemental watering. You may have noticed some hand watering with jugs of water carried from our homes - that is for a few new seedlings donated from our personal gardens.

Committee members can be contacted to meet at the gardens to discuss particular plants of interest or at your homes to share their knowledge and experience.

5. COMMON PROPERTY

Jim McCarthy reported on behalf of Phil Boroff, Chairman:

Forest Management

- Beetle Trees
 - ✓ CPC volunteers continue to inspect for infestation and fell as needed; we removed 26 beetle trees this year compared to over 100 last year
 - ✓ The CPC is planning additional spraying this summer.
- Additional thinning toward well-spaced trees with an eye on diversity in age and structure is required to ensure long-term healthy forests. This work will require a sustained effort with many volunteer hours.
 - ✓ In order to ensure the health of our forests, massive thinning is required in several areas
 - ✓ The CPC has begun thinning in the area between Rock Ridge and Alpenglow with over 20 trees removed
 - ✓ Future thinning projects will follow projects prescribed in the current Community Wildfire Protection Plan
 - ✓ In conjunction with the FCR Firewise Committee, the CPC will continue to pursue no-cost outside assistance options focusing on reutilization.

Weed Mitigation

- The committee is looking for a volunteer to head our weed mitigation efforts.
- The weed mitigation contract should come in under budget again this year.
- The CPC anticipates a similar effort next spring with some spot spraying this fall.
- The CPC encourages all members to help control weeds in and around their properties. We have a few backpack sprayers to accommodate this effort.

Annual Clean-Up Day

- Sue McCarthy spearheaded a picnic table painting project prior to clean-up day
- 30 volunteers participated in Clean-up day on 18 June.
- Volunteers and the FCR Caretaker completed three mitigation projects and hauled slash from thinning and high limbing projects.
- Volunteers cleared a portion of the lake trail and trimmed around fire hydrants ranch-wide.

Mowing

- The CPC is pursuing an agreement to have Mark Smith mow the major meadows in exchange for the hay which is not of good nutritional value this year.

Slash Pile

- ✓ With increased private and common property mitigation efforts, the slash pile continues to require an enormous number of volunteer hours; the air curtain burner acquisition has helped to keep the pile somewhat manageable.
- ✓ The CPC is pursuing a small contract to hire a minimal crew to haul and burn slash.
- ✓ Chris Heine discussed organization of the slash pile.
- ✓ Sue McCarthy requested advance notification prior to burning.

Budget

- ✓ The CPC predicts no changes to next year's budget but may request funding for additional equipment from other budget lines.

6. FIREWISE

Paulette Church, Firewise Ambassador, reported:

Committee Members: Phil Boroff, Debbie Boroff, Chris Heine, Steve Allen, Sandy Turner, Clyde Church, MaryAnn McCarthy, Lisa Hicks, K Redford, Nancy Peake, Doug Parmentier and Sara Carver.

New Ambassador

- Due to her work schedule, Sara Carver turned over the position to Paulette Church. Paulette has attended two training sessions, a Colorado State Wood Use conference, the 6 annual FireWise Ambassador regional meetings, and has been invited to be on the FireWise of SW Colorado Advisory Council.

Air Curtain Burner (ACB) Grant Update

- We have modified this grant so that \$1,000 can be put toward the building of a storage shed in the slash pile area for the ACB, clothing used by the volunteers, maintenance and fuel supplies, a first aid kit, and other tools needed in the area. James Grizzard has received the Ranch's share of the cost of the ACB and the grant will reimburse him for the rest of the purchase price in August. Chris Heine is chair of the ACB and has recruited a team of volunteers who are well trained in its operation, but they could use more members. He will help with the building design, establishing the traffic flow in the slash pile area, and will lead the scheduled maintenance of the ACB.

Grant for Trimming Along Falls Creek Main

- The tall tree trimming along Main has been completed by Phil Boroff and his son Travis, and the rental of the lift trailer was lower than the estimated price. We are receiving bids for a new fire mitigation contractor to come do the hand chainsaw work along the road to trim back the lower trees and shrubs. Thanks to Steve Allen for all the work he does each day along Main to improve safety and visibility.

New Grant Awarded for Widening of CR 205 South of Ranch

- The Safe Passage Grant prepared and submitted it to the County Commissioners for \$10,860 to trim up and trim back 0.6 miles from our entrance south was chosen as their top priority. The San Juan National Forest Head District Ranger, Matt Janowiak, provided a letter of support and Jim Davis, Superintendent of La Plata County's Roads and Bridges, also endorsed our project. I presented our proposal to the San Juan Resource Advisory Committee (SJRAC) and our project received approval for full funding. We were encouraged to use a Southwest Conservation Corps team for a week for this project. It appears this project will need to be done next spring as it takes a few months to complete all of the planning and paperwork for the US Forest Service to contract with us as a new corporate entity. Funding is already in place so we just need to meet with our partners and carefully plan the project and our expenditures. We were not required to match this grant but did include volunteer hours to manage traffic, haul slash, and run the air curtain burner for the project. Waiting until next year

will give us time to recover from the slash from other ranch projects before this intense project begins.

Scholarship Awarded for Wood Utilization Workshop

- The FireWise Advisory Council has awarded me a \$750 scholarship to cover travel and registration costs for this workshop where we could learn how to make better use of the materials we are removing and generate some income. Phil Boroff and Clyde Church attended as well and we began meeting with a local firewood contractor to see if we can collaborate to remove many loads of logs each year and receive payment.

Work Continues on Watershed and Stephens Grants

- Chris Panawa continues to bring out the slash left last fall and he plans to burn it soon in his air curtain burner. There are other areas of large slash that need to be brought out to finish off the Watershed grant so that it can be inspected and we can close out that grant. We have funding left in the Stephens grant to do additional acres since that work was done more inexpensively than the original bids.

Compostable Bags Purchased

- With a small grant from the National Fire Protection Association and State Farm Insurance, we purchased 600 compostable bags to gather pine needles, cones, and leaves. When that supply was exhausted, Clyde and Paulette purchased 360 more compostable bags that are bit larger. The bags can be purchased from the Churches for \$10 a roll of 10 and Clyde will pick up the bags left along Ranch roads and haul them to the Bayfield transfer station to be composted there. He has already hauled four full loads of his dump trailer to that site to take pressure off the ACB and slash pile this year as Chris' crew catches up to the slash stored around the Ranch the past two years.

Residents Requesting Professional Evaluation of Their Lots

- We have eight residents who have requested an evaluation of their home sites in light of Firewise recommendations. Paulette works with Kent Grant, Head Forester with the Colorado State Forest, to schedule these site visits. She would like to make one request of Kent, so let her know if you would like your name added to the site visit list.

Considering Ranch Building with Our Logs

- Firewise and Common Property would like the Ranch to consider a picnic shelter be built with logs from the Ranch as the vertical supports and possibly as roof beams – could be a great use for them and demonstration project.

Volunteer Hours

- From July 1, 2015 through June 30, 16 we logged 1521 hours valued at \$38,171 that we can use toward grant matches. We submitted another 399 hours valued at \$10,015 toward our match on the Watershed grant. That's a grand total of 1,920 hours and that's probably only half of the true number. In addition, we spent over \$17,000 as homeowners on FireWise projects on our homes. Please fill out your hours on a regular basis and turn them in to Church's mail tube!

Positive Publicity

- Hope you have seen the various articles about our projects and progress in The Durango Herald and on the blog sites for the Colorado State Forest Service, FEMA, and the National Fire Protection Association. People are noting the changed attitude here on the ranch as we have been touted as the poster child for Firewise and an exemplary Homeowner's Association.
 - ✓ December 15, 2015 - *The Durango Herald* -- Falls Creek enjoys twofer: Holiday trees and less fire
 - ✓ April 24, 2016 -- *The Durango Herald* – Building community on the road to living with wildfire
 - ✓ May 26, 2016 – *The Durango Herald* – Projects target wildfires, mussels

Federal Tax Credit for Fire Mitigation

- You are allowed up to \$2,500 in federal tax credit since 2009 because we have an approved Community Wildfire Protection Plan (CWPP) filed with Colorado State Forest. Here is the link to learn how to file for this benefit: <https://www.colorado.gov/pacific/sites/default/files/Income65.pdf>

Steve Allen also addressed the membership. He asked residents to please leave the colored tape on trees so that contractors can clearly see what needs to be cut, and to please slow down when you see work being done alongside the roads. When necessary, road closures due to trimming will be posted at the mail boxes.

Robin Lucie Southworth made a request to not cut down the apple trees.

7. DAM COMMITTEE

Mike Hicks, Chairman, reported on:

Lake Level, Water Calls and Flows

No calls are in place and the lake stopped spilling on 7/6/16.

FCR must now adhere to the Falls Creek Drainage Administration Guide / Falls Creek Reservoir Administration and drop the lake by 7.87” by November 30, 2016. The drop in the lake level is achieved by evaporation, trans-evaporation, and release of water via the lake’s outlet structures.

Seeding of Dam

Last fall’s seeding of the dam, in order to grow a cover crop of grass to prevent erosion, was a failure. The seeding contractor has agreed to, at their expense, reseed the dam once they determine why the seeding failed. They expect to have an answer by August and reseed again in the fall.

USFS Wetland Enlargement Plan

The USFS raised the earthen dam on the south end of the wetlands in order to double their size, for the stated purposes of: *"This work will help the San Juan NF 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."*

The project may not necessarily prove to be detrimental to FCR, and in fact may help with return flows to Falls Creek, however I have 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, to date they have been unsuccessful in the state of Colorado.

Native Cut Throat Project

Due to a need to reallocate resources to the Hermosa Creek Native Cutthroat Project, the planned rotenone treatment for Turner Reservoir has been postponed until the fall of 2017. As a result, the planned Town Hall Meeting on the project will be postponed until the spring of 2017. While disappointing, the postponement will allow for another year of data collection on the reservoir which should lend to the overall success of the program. CP&W had planned to release "retired" cutthroat brood stock into the reservoir this past June, however, one of the State's cold water hatcheries near Gunnison came down with bacterial kidney disease in their brood stock of cutthroat. Those fish were transferred unwittingly to a National Fish Hatchery in Hotchkiss and to a research facility in Ft. Collins before the test results were known. The fish in Durango were not affected. Bottom-line is

these infected hatcheries had to depopulate the facilities, including their cutthroat trout brood stocks. This action has cascaded down resulting in a severe shortage of cutthroat trout eggs for the entire State's stocking needs therefore forcing the local hatchery to hang on to their retiring brood stock. As a consolation, CP&W will be stocking the lake with rainbows in the next few weeks.

Clyde Church presented Mike Hicks (our Dam Guy) with a plaque made from the original valve from the bottom of the lake.

8. HORSE COMMITTEE

Peggy Yotti reported on behalf of Lisa Eckert, Chairman:

There are currently four horses at the stable and one corral is available. Last fall, both sand and gravel were added to the paddocks and round pen to reduce mud and improve footing. The pastures are in great condition thanks to John Turner irrigating and the early spring rains. Sandy Turner continues to manage the weeds at the barn.

9. LAKE RECREATION AND BEACH COMMITTEE

Barbara Belanger and Robin Lucie, Co-Chairpersons, reported:

Lake Committee Accomplishments 2015-2016

- Lake Rules were rewritten and are posted on the FCR website.
- The Dog Beach/Dry Hydrant/Fishing Shoreline have been enlarged and improved. Additional sand and gravel will be brought in to get rid of the muck.
- A new “accessible” path to the Secret Duck Habitat was created. Plans are to add a boardwalk and dock to the area.
- The path to the Dog Beach parking area was weeded and mowed.
- Three new adult and four kid size chairs were purchased.
- The watercraft inventory has been updated.
- A new ladder has been installed on the North raft.
- Safety improved at the steps on the main path.

Special thanks to Mike McQuinn, Scott Southworth, Ray Smith and Randal McKown for their work on all of these projects.

Lake Committee Goals for Summer/Fall 2016

- Better management of the Boat Storage area with possible actions to include moving the noodle line (kayak tie up) to the storage area; build kayak and paddle board racks; remove watercraft that are NOT used frequently to above the West lake trail or to the Owner's home.
- Move two picnic tables from the picnic area, one to the Dog Beach and possible one at the storage area.
- Continue work on the Dog Beach/Dry Hydrant/Fishing Shoreline and secret Duck Habitat path.
- Add sand to the storage areas.

And a reminder to residents that there is no longer a phone at the mailboxes, and to please clean up after yourselves.

10. ROAD COMMITTEE

Ed Kileen, Chairman, reported:

The roads in Falls Creek are working as intended – they get all of us to and from our house and around the Ranch relatively well. They require constant care and maintenance and Ray (and several of our residents) do great jobs at keeping them open and safe!

This past year we have continued to do the basics – clear snow, grade the road – adding additional gravel to key areas. We also applied our annual Mag Chloride treatment in April with relative success. We have also been working hard to keep up on some critical areas of long term maintenance – culvert replacement. We have replaced 10 culverts this past year and have approximately another 10 scheduled for the near future. This is essential in directing water so we minimize the “wash out” which we experienced 2 years ago.

Future plans will include:

1. Working the potholes and washboard as weather permits.
2. In August we can schedule culvert cleaning – continuing to work from the lower part of the ranch working our way to the top. Priorities are Starwood trail, Rockridge circle, and Aspen Lane.
3. We will fix the grate at the top of the hill on FCR Main.

It was suggested that fewer dollars would be spent on Mag Chloride if only the roads with a 25mph speed limit were treated. Byard Peake requested that Mag Chloride be applied to the hill on Oakcrest, and Ed said he would look at the cost to do so. Paulette Church suggested crowning the roads for better drainage.

11. UTILITIES COMMITTEE

Eb Redford, Chairman, submitted the following report:

Utility Team Overview

- Eb Redford is in charge of Systems Operations, the SCADA system and is Administrative Contact for the CO State Water Control.
- Lisa Eckert does the monthly water billing invoice generation.
- Barry Bryant, Chris Heine and Mike Hicks assist with Systems Analysis and other utility projects.
- Shirley Jones, Jennifer Hardy and Carole Deterding collect monthly water meter readings.
- Mary Ann Bryant handles homeowner water usage discussions.
- Ray Smith is the official CO State registered water system operator (ORC) with Eb as certified operator backup. He is chief operator of the two Disinfectant System assisted by Eb.

System Repairs

- Replaced failing water level sensors in Upper & Lower systems.
- Upper tank float repaired. Damaged again due to ice buildup.

- Fire hydrant repaired. Located on Starwood across from Lot 47 (Fossum).
- Fire hydrant replaced on the corner of Meadow Ridge and Snowshoe.
- The Upper and Lower Tanks were repaired. A new water level sight gauge was installed on the Lower Tank.
- Upper system household leak. 15K gallons lost due to failing house feeder connections.
- Lower system household leak. 10K gallons lost due to running toilet.
- Upper Distribution system leak near Lot 100. Replaced house feeder connection piping.
- Lower Distribution system leak at corner of Starwood and Rockridge Circle near isolation valve.

Water Disinfectant System

- New Upper and Lower Treatment systems continued operations without problems since June 1, 2013.
- Backup generator systems were installed for the Upper and Lower treatment buildings October 2015.

SCADA System

- System operation monitored on a daily basis. Eb monitors remotely during business trips
- Controls Well -1 and Well-2. Well-3 is manually operated, but feeds lower PWT system.
- Well-4 manually operated to satisfy water permit, but water not suitable for treatment nor usage.

Budgeted Projects 2016-2017 fiscal year

- Upgrade Upper and Lower tank SCADA systems (\$18K); replace Moscad system with Ace system.
- Extend street power to Upper tank (\$10K)
- Install powered water mixer in Upper Tank to prevent ice buildup and tank damage (\$11K)

Long Range Water Supply Status & Future Options

- Topic was discussed in detail at the June 25th Town Hall Meeting.
- Water conservation and wet winters have helped well levels over the last two years, but long term trend still predicts lower levels
- 2001 water production of 12 MM gallons; 2002 and 2010 water production of 8-9 MM gallons
- 2013 water consumption of 5 MM gallons; 2014 of 3.3 MM gallons; 2015 of 3.2 MM gallons
- Water billing system started operating June 2013. Big water conservation impact.
- Long range drought forecast is not good per local and regional experts.

Long Range Water Supply Options

- Rely on wells and conservation
- Haul Water from Durango
 - 3.2 MM gallons annual consumption
 - Two 4K gallon trucks per day at \$0.10 per gallon
 - \$3600 per year per lot
- Drill a new Well #5 above the lake area below Starwood
 - Expensive and many legal complications
- Treat lake water for new potable water supply
 - Expensive and many legal complications
- Connect to the AWC (Animas Water Company)

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

- Met four times with AWC Board members, their consulting engineer and systems manager (September 2014 to June 2016).
- AWC has plenty of water and wants Falls Creek Ranch as a new bulk customer.
- AWC waiting on FCR to make decisions.

- Project requires building a pump station near CO 203 and installing a pipeline connection from AWC pipeline to FCR Distribution System.
- Pipeline property easement(s) required depending on chosen route.
- \$2MM initial rough budget estimate; need engineering analysis to refine cost estimate.
- \$20K budget request for initial engineering feasibility study and cost estimate refinement.
- \$2MM Project Funding Options include:
 - One-time \$20K assessment per lot
 - FCR Bonds
 - Bank Loan
 - Metropolitan Water District 30 year bonds.
- Next Steps
 - No decision reached; need refined engineering cost estimate.
 - Project will take several years.
 - Any future proposals will be discussed with the Membership.
 - Membership approval required before proceeding.
 - Continued discussion on establishing Metro District.

12. RANCH LIAISON REPORT

Mike McQuinn, Ranch Liaison, reported:

Mike gave an overview to the membership of Ray Smith's duties as Ranch Manager. In addition to these duties, Ray is our Water Operator and there is a new reporting system now required by the State of Colorado. This new system requires more administrative work on Ray's part of up to 10 additional hours per week. The Board will be monitoring the workload increase to determine if Ray will need an assistant. Mike also stressed the importance of channeling requests for Ray's assistance through him.

13. TREASURER'S REPORT

Larry Hansen, Treasurer, presented the Annual Treasurer's Report:

Larry presented the proposed budget for the upcoming fiscal year 2016-2017 which was also mailed to the Membership prior to this meeting. The budget assumes no increase in the annual dues and a continuation of the \$60,000 prior year reserve contribution amount. A cover letter was included with the mailed budget which explained certain budget highlights and formatting:

The first column shows the prior year **2015-16 budget**, reformatted to comply with the Reserve Policy as approved at the prior annual members meeting, and moving the surplus cash carryover included in Reserve Income to a "projected ending cash balances" reconciliation.

The second column shows the prior year **2015-16 budget updated** to reflect the first 9 months' actual expenditures and remaining 3 months updated budget estimates. Noteworthy changes:

- Line 56 – \$6,200 increase due mainly to unplanned Equipment Shed roof repair. Additional repair costs are also included in the 2016-17 budget.
- Line 97 – \$20,000 decrease due to deferral of Consultants expense (AWC feasibility study and preliminary engineering cost estimates) to 2016-17 budget. To be discussed at June 25, 2016 Town Hall meeting.
- Line 96 – \$4,818 credit balance due to receipt of a \$5,000 source water protection grant to cover a required surveillance system at water treatment sheds.
- Line 124 – higher costs due mainly to outsourcing of bookkeeping duties.
- Line 136 – decrease due mainly to less legal expense than budgeted. 2016-17 budget reduced by \$4,000 (best guess)
- Line 147 - \$3,846 (unbudgeted) due to completion of grass seeding budgeted in prior year.
- Lines 158 and 159 – \$18,000 SCADA upgrade and \$11,000 Tank Mixer capital projects deferred to 2016-17 budget year.
- Line 167 - \$20,613 Spillway Diversion Lake Monitoring Equipment capital project deferred to 2017-18 budget year.
- Line 171 - \$8,000 FCR cost sharing amount for Air Curtain Burner (remaining \$22,000 to be funded by grant).
- Line 173 – Backhoe Thumb (unbudgeted).

The third column shows the **proposed 2016-17 budget**. Noteworthy changes:

- Lines 38 and 40 – The board is proposing an increase in the Ranch Manager’s wages. Also, the health insurance premium reimbursement (Line 41 in prior year) has been moved to wages (Line 39) due to changes to the Affordable Care Act (ACA) whereby employees receiving tax-free reimbursements for health insurance premiums may no longer be eligible for the Premium Tax Credit. In lieu of such tax-free reimbursements, Rev Rul. 2015-17 allows an employer to increase an employee’s taxable income, grossed up to offset applicable payroll taxes and State and Federal tax withholding.
- Line 74 – The board is proposing a \$10,000 reduction in the application of Mag Chloride to include just the 25 mph sections of FCR roads. This would be a “trial run” to see if any noticeable difference in road stability and dust.
- Line 76 – Equipment rental budget expense has been reduced by \$4,500 (best guess). The \$9,000 budgeted in prior year was based on an unusually heavy snowfall event in 2009.
- Line 95 – Water system repairs is “best guess” depending on the extent of underground water pipe leaks.
- Line 97 - \$20,000 for Consultants (AWC feasibility study and preliminary engineering cost estimates) carried over from prior budget year.
- Line 136 – estimate for legal expense reduced by \$4,000. Best guess.
- Lines 158 and 159 – capital projects deferred from prior budget year.

Larry also stated that some budget line items can be estimated with a fair degree of accuracy based on prior year actual costs, however there are many budget items that are “best guess” estimates and subject to change (i.e., ranch house maintenance, equipment maintenance, weather related road maintenance and equipment rental, underground water pipe leaks, legal costs, etc.) and unplanned and unbudgeted events such as the unplanned equipment shed roof repair, drainage work related to heavy rain fall, \$41,000 unplanned replacement of the backhoe, and the \$8,000 cost sharing for the air curtain burner.

A special recognition goes out to Committee Chairs and committee members for their “just because it’s in the budget doesn’t mean it needs to be spent” mentality (i.e., \$20,000 deferral of engineering consultant costs, \$29,000 deferral of SCADA

upgrade and tank mixer, \$20,613 deferral of Spillway Diversion Monitoring Equipment, cancellation of \$5,000 budgeted for Well #4 rehabilitation, etc.

Jim McCarthy opened the floor to discussion and questions. The Ranch Manager's salary increase was questioned. Jim justified the salary increase as necessary to bring the salary up to date, citing very low increases over the past several years. Several people opposed the pay increase.

A motion was made and duly seconded to approve the 2016-2017 annual budget. The motion was approved with four nay votes.

14. ELECTION OF NEW OFFICERS

There was one Falls Creek Ranch BOD position for a 3-year-term. President Jim McCarthy called for nominations from the floor. Barbara Belanger nominated Larry Hansen to fill the term. By motion duly made, seconded and unanimously approved, nominations were closed for the one 3-year-term. Larry Hansen was unanimously elected to a 3-year term as a Falls Creek Ranch Association Board of Director.

15. OLD BUSINESS

Mike Hicks reported that the Zink road could come up for approval again in January. He asked for support to oppose it and said the San Juan Citizens Alliance would also be willing to support opposing the road.

Barry Bryant inquired about the status of the short term vacation rental policy. Mike McQuinn responded that work is still in progress on the policy.

16. NEW BUSINESS

Mark Greenburg stated that as a part time resident, he is very thankful to all of the FCR volunteers for all the work they do on the Ranch.

17. NEXT ANNUAL MEETING

The 2017 Falls Creek Ranch Association, Inc. Annual Meeting will be held Saturday, July 8, 2017 at 9:00 a.m. at the FCR picnic ground.

18. 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 9, 2016