

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

A regular meeting of the Falls Creek Ranch Association, Inc. Board of Directors occurred on May 22, 2019, beginning at 6:35 p.m. at the home of Robin Lucie. Present were: President, Jim McCarthy; Vice President, Joan Heil; Treasurer, Robin Lucie; Secretary, Jen Waddill; Member at Large, Peggy Yotti Lynch; and Member at Large/Special Projects, Susan Morton. Also present were Eb Redford and Ed Kileen.

1. APPROVAL OF MINUTES

A motion duly made to approve the minutes of the April 15, 2019, Special Board of Directors meeting and the April 24, 2019, Board of Directors meeting, was seconded and unanimously approved.

2. APPROVAL OF AGENDA

The agenda for the May 22, 2019, meeting, after amending it to add an update from Marge Rebovich under Committee Reports for the Beautification Committee, was unanimously approved.

3. LIAISON/SUPERVISOR REPORT

Mike McQuinn submitted the Operator's Log for the April/May period via e-mail as follows:

During the past work period tasks performed have been;

- ❖ Collected bacteriological samples and delivered to San Juan Basin Health before the 15th of each month.
- ❖ Bladed Falls Creek Main.
- ❖ Worked the manure pile at the corrals.
- ❖ Assisted in laying down 2" lift from the front gate to Starwood Trail.

Upcoming tasks are to complete the spring roads project, and assist in replacement of batteries on water tanks, in leak detection of water system and in repair of four meters.

Requested to take June 17-21, 2019, off to participate in an annual camp out.

4. TREASURER'S REPORT

Robin reported that cash balances totaled \$442,000 across all accounts, which includes \$169,000 in the operating account, \$241,000 in the capital reserve account and \$32,000 in the grants account.

Robin stated that she has received all of the budget information for next year's budget from the Committee Chairs with the exception of the Water Supply Task Force, who will be meeting later in the week to finalize their budget and will get their information to Robin by early next week.

Robin stated that the fiscal year 2019 forecast for income, after expenses, is approximately \$19,000. If dues stay the same for FY2020 she forecasts that our net income, after expenses, will be approximately \$21,000. In FY2019 we raised \$50K through new Notes and we repaid \$30K towards existing Notes, resulting in a current total operating cash balance of \$38K for the year. However, this does not include the expected additional cash outlay of \$22K, \$12K of which relates to the road base expenditure approved tonight. Robin noted that, as of March, we have already collected \$20.8K for water usage charges, of the budgeted \$22K, and that revenue may end up being closer to \$30K. She further noted that our FY19 forecast looks better than the budget because we raised the \$50K in Notes, but these Notes will have to be repaid in two to three years.

Capital project requests for FY2020 from the Committees were discussed. Mike McQuinn requested \$20K for building a pole barn off of the equipment shed to shelter some of the Ranch equipment from the elements. It was agreed upon by the Board that this item should be delayed until a future year. The Utility Committee requested \$30K to paint the water tanks. The requests from the Water Supply Task Force will be finalized later in the week.

Robin discussed the need to raise money to fund future capital projects. She said some of the alternatives that could be considered are to raise annual dues, have a special assessment, or raise the water base fee. In addition, the fees charged to High Meadows and the Watson property should be reviewed to determine if they could be increased.

Robin noted that she received another notice with an overage charge from the waste management company for contamination in the recycling dumpster. Not only does the contamination result in an overage charge, it also impacts everyone's recycling efforts.

5. COMMITTEE REPORTS

Fire Wise Ambassador - Paulette Church provided the following report via e-mail:

Waggoner Timber Services, LLC and CW Timber and Iron, LLC: Chet and his son Cole have begun cutting, branching, and hauling off truck-loads of logs this week. Despite the rain and soggy ground, work is going well but we may need to allow work a week or two longer if they can't make up the time lost due to the weather. I have already contacted every lot owner through the first three sections of the work plan and have needed only a couple minor changes with many owners taking advantage of the great rate to have trees removed from around their homes. Chet has been able to find additional businesses to take the smaller trees so he is able to haul more off the ranch than originally anticipated. This will leave time for hourly workers and volunteers to do the cleanup and not need to handle so many of our smaller trees.

Wildfire Preparedness Day Meeting May 4, 2019: We had just over 40 residents attend this meeting and the feedback was very positive. In addition to the presentations by Charlie from Wildfire Adapted Partnership, Ryan from the Colorado State Forest Service, and Wendy from State Farm Insurance, we had a debrief from Durango Fire Chief Doughty. Chris Heine reviewed the need for the current dense pine thinning project and shared plans for the post-wildfire recovery. Great potluck and fellowship followed!

Firefighter Thanks Banner: Many people signed the banner that is now displayed in our firehouse to thank our firefighters. The other two signed banners were donated in March and one will be under glass in the new Durango fire house being expanded on 32nd Street. Durango Fire staff and Chief Doughty continue to praise Falls Creek Ranch for the mitigation work we did that enabled them to turn the fire west into the high country and keep it out of Durango. We have had 28 people from 9 states visit the Ranch this spring to see what we have done around homes and on common property. Everyone benefits from our good relationship/partnership with Durango Fire and the Wildfire Adapted Partnership.

Compostable Bags: Through a State Farm Insurance grant, we purchased 700 paper compostable bags for dry pine needles, pinecones, and leaves. They are in bundles of 25 on the front porch of 400 Oakcrest Dr. for residents to pick up. They must be kept dry inside and out to hold up until we can run the air curtain burner in a new location. The sort yard is standing water and mud, probably well into July, so it is closed until further notice.

Summer Help: The call has gone out to the Ranch regarding summer work available for those 16 and older. The pay rate is \$15 to \$20 per hour depending on age, skills, and experience. We hope to hire from the Ranch first and then open it to youth in town. Phil Boroff is the contact and supervisor with funding from grants and the FCR budget.

Beetle Trees: We have many more beetle trees this year due to the drought and the fire restrictions that prevented us from removing all that were noted last year. Please let Phil or Chris know if you see trees that are starting to brown or that have more than a dozen pitch tubes. We now have three different beetles attacking the ponderosas, so the next three years are critical. Lot owners should be sure they thin around the prized trees and perhaps provide extra water if we get into a drought situation later this summer. Trees can be sprayed to prevent the beetles from attacking and pheromone packets can be nailed to trees to indicate to beetles that the tree is full so no more attack it. Paulette is gathering information on both approaches and will forward it to the Ranch.

Architectural Control – Mary Ann Bryant provided, via e-mail, the status of open projects as ten.

Beautification/Entrance – Marge Rebovich provided the following reported via e-mail:

- ❖ There was surprisingly minimal plant loss/damage from the heavy snow and prolonged cold temps.
- ❖ Minimal disruption to rock work and that has been addressed by Ray Smith.
- ❖ Our Garden Guide is currently getting the finishing touches by Nancy Henry and Jonni Greiner and we anticipate it being available to residents very soon.
- ❖ Bill Rebovich has been our stalwart, irrigation system maintenance man, our rock mover, our weed whacker, our mulch hauler, our hole digger/planter for 13 years and is needing to dial back on his participation. We would welcome a willing gentleman to our Committee who could take on some of this for Bill - so if you can help out get in touch with Bill or Co-Chairs Nancy Wallace or Marge Rebovich.

Common Property – No report

Horses – Ed Kileen reported that a new rail for the hitching post has been purchased through the Horse budget.

Lake, Recreation, Beach and Dam – No report

Road – Ed Kileen reported the following:

Mike McQuinn relayed to Ed that five hours were spent in the water truck wetting the roads the day before we received rain. This task was done in preparation for road grading, which was supposed to be completed this week on FC Main. Grading and rolling needs to be done prior to applying the Mag Chloride, and the roads need to be damp for the application. The top of the hill at FC Main is where the road tends to get muddy and slippery after rain. This area has to dry up some in order to put down the top base. Ed noted that if we get sun over the weekend, road work will start next week after the Memorial Day weekend. Fifty-five loads of top base are needed for the road. So far, we have only received 32 loads and the Roads budget is now depleted. We will need approximately \$12,000 for the remaining 23 loads. Mike is requesting that the Board approve this additional expenditure, otherwise he will just use the 32 loads already received. He is starting to see the 3-inch base erode at the lower part of Main and on some side roads. If this base erodes, the road can't be graded. This year only three-quarters of an inch base is needed from the gate to the top of the hill on FC Main. No base will be put on upper FC Main due to pollution from the fire.

Robin noted that there has been \$54K spent on roads this year, of which \$21K was received as contributions from the membership after the 416 Fire. She further stated that we may need to consider increasing the HOA dues or instituting a special assessment, as there are a lot of capital projects coming up in the future. Ed Kileen commented that replacement of the 3-inch road base will not be completed until the road is further assessed and he doesn't see it happening until fiscal year 2021 as they need to wait until after a few seasons of rain.

MOTION & APPROVAL – Joan Heil made a motion to approve an expenditure of \$12,000 for the additional 23 loads of road base. Jen Waddill seconded the motion and the motion was unanimously approved.

Utilities – Ed Redford reported the following:

The upper WTF building generator has a leaky cylinder oil seal that needs repair. The job will take approximately 3 hours and is scheduled to be done in June. In addition, oil heaters were added to keep the engine warm.

New batteries were ordered for the Solar Power SCADA Systems. A total of four batteries were ordered, two for each of two tanks, at a total cost of \$1K, or \$250 per battery. These batteries need replacing annually.

Eb plans to purchase another winch, as the current winch on front of the Ranch ATV is worn out. The total cost is \$200, which will be split between the Utility and Common Property Committees. The last time the winch was replaced was 5 years ago. The winch will be used to help place the batteries in the SCADA Systems.

Painting of the water tanks has been included as a capital project on next year's budget. Eb received a quote of \$30K for two tanks, not including relining of the tanks, which can wait until 2021. The tanks haven't been painted since they've been installed approximately 30 years ago. Eb will also be getting a quote for a new 100,000-gallon welded tank. A welded tank, if the welds are done properly, shouldn't leak like the bolted tanks we currently have. In January 2015 a diving service came to look for leaks in the current tanks via video imaging. They returned in the fall of 2015 and brushed off the rust and relined the tanks with epoxy. Although the new tank or relining of the current tanks are not included as a capital project for the upcoming year, Eb is obtaining quotes now for the future.

Water Supply Task Force – Susan Morton reported the following:

Wright Water Engineers (WWE) have completed their draft report and team members met to review and comment. Meeting was held with Win Wright to discuss replacement of Well #2 as the first phase of the project at an approximate cost of \$100,000, with timing to be determined. Future phases include the possibility of additional wells, one possibly in the Big Rock Meadow by Falls Creek Main and Mason Cabin at an approximate cost of \$120,000, harvesting of lake water, and long-term Animas Water pipeline. Full progress report is planned for Annual Meeting.

Eb Redford noted that the Well #2 existing tank would still be useful, even with a new well in that location. In addition, a new distribution system would not be needed but a new SCADA system would be required, at approximately \$23,000. He further noted that if we put a new tank within 200 feet of an existing well, only minor permitting would be required; however, if we put a new well farther away, such as in Big Rock Meadow, additional permitting would be needed.

If it were decided to put a new well in Big Rock Meadow, the team will be working with outside engineering firms to make sure the location is viable.

Susan stated that the WSTF team is making progress and they will meet a week from Friday to come up with a plan, not only for the Board, but to present to the Membership at the Annual Meeting. She will also ask Mary Ann Bryant to see if we can get any funding for new wells from Colorado Water Resources.

Post -Wildfire Recovery Team – Paulette Church provided the following report via e-mail:

Seedlings: We have planted dozens of the seedling with more going into burn areas on the Ranch, in the Stegner property, and in High Meadows. The perennials are all planted and the remaining bare root and spruce trees will be distributed and planted after the burned trees are removed.

Update on NRCS: The County and NRCS are still working on a plan for wildfire recovery and the prevention of damage due to the increased mud and debris flows. While a NRCS team did come to the Ranch last month, no new information was provided. However, those lot owners whose homes and lives are threatened in case of a major deluge may have received letters directly from either partner.

EQIP Allocation: While we were awarded a seeding allocation of \$145.90 per acre for the 50 burned acres, we did not have time to buy and lay down the seeds before the April 30 deadline. The funds are available through 2020, so we will plant this fall and next spring as needed to continue our erosion control work.

Planning: Committee members continue to meet and fine tune flows on the Ranch and as it impacts those below us. So far there has been no damage below, but we continue to have road erosion. We need to repair at least one driveway and may need to do a similar prevention project on one other driveway. The Roads Committee will make plans to harden the water crossings and smooth them out as well as replace the damaged dip signs. We were blessed with a slow snowmelt and able to capture much of the runoff and receive a major recharge of our aquifers.

Summer Storms: Be aware that heavy summer rainstorms may cause our water crossings to be dangerous for short periods of time. The Sheriff's Department has new equipment to help with high water rescues, if needed. The new Doppler Radar equipment won't be installed until late summer but they are adding several new rain gauges in the burn area to provide warnings more accurately and earlier. Be sure to be aware of the storms in the area as these are often very small geographically but very intense. Especially inform youngsters and visitors to avoid the water crossings and swift flowing drainages when storms are in the area, because flashfloods occur with little to no warning. When we get drier the lightning strikes are more serious threats, so do watch for any smoke rises for up to a week after a storm and call 911. Remember that it takes Durango Fire at least 30 minutes to reach us!

Meadow Restoration: The meadows have begun the process of recovery and we will help with more debris removal and some leveling of the dirt left from the mudflows. We will probably have a work day or two devoted to them but hope to find someone with the right equipment to speed up the process. Our grass will grow quite rapidly this summer and could be of value as grass hay for harvesting. This cutting keeps down the weeds and removes the threat of wildfire that drying tall grass poses. It also helps local ranchers feed their herds over the winter.

Sand Bags: We have a full pallet and a partial one of donated sand bags on the corner of Dyke Canyon and Main. These were brought up by the Sheriff's Department for use by any homeowner. If you anticipate problems from summer rains, feel free to take what you need. Phil can use the Kabota to haul some sand bags to your home, as can Clyde with his tractor. If they are too heavy for you to handle, let them know so we can find someone to help you.

6. OLD BUSINESS

Church Camp Easement Agreement

Peggy Yotti reported that we have received the latest survey and that the two pages of language we have been waiting on has been completed. Denny Ehlers reviewed the changes to the draft agreement proposed by the Church Camp and is fine with those changes. Our Ranch attorney has received the most recent draft of the agreement and is reviewing it. After the Ranch attorney's review, the draft agreement should be in a form suitable to present to membership for their review and comments. The Board will consider distributing the final draft agreement to membership in the Annual Meeting package, although there is no agenda item planned for this topic at the Annual Meeting. Once the draft agreement is distributed to the membership, they will have a 30-day period to review and comment. After this 30-day period, the Board will vote on approval of the agreement, and if approved, the agreement will go into effect 30 days after the approval.

Annual Meeting Preparation

Jen Waddill reported that she met with Susan Morton in mid-April to discuss what is needed for the Annual Meeting package and day of meeting preparation. She requested that the items needed from other Board members for the Annual Meeting package be sent to her by June 1, as the package needs to be mailed to the membership by no later than June 13. Jen stated she will contact various members of the community for help with the meeting day setup, potluck and cleanup in June.

7. NEW BUSINESS

Updated Tree/Brush Removal Summary Form from the Architectural Control Committee

Mary Ann Bryant, Co-Chair of the Architectural Control Committee (ACC), reported, via e-mail, that the ACC met on April 29, 2019, to review current projects. The committee agreed for the need to update the FCR Tree/Brush Removal Summary Form for residents. She noted that with

more Firewise activity on the Ranch, there has been some confusion as to what ACC does or does not need to approve. The ACC has modified the summary and approval form to clarify ACC's responsibility for non-Firewise tree removal from one's lot. They adjusted the language to emphasize that any Firewise related work is to be coordinated and approved through FCR's Firewise Ambassador and Common Property Chair as needed. The ACC is requesting Board approval of the updated information, which was attached to the e-mail.

The Board agreed that the updated information and approval form looked fine and that the ACC could move forward with it. No formal Board approval is necessary.

8. NEXT MEETING

There will be no Board of Directors meeting in June. The Falls Creek Ranch Association Annual Meeting will be held on July 13, 2019.

9. ADJOURNMENT

The Board, by motion duly made, seconded and unanimously approved, adjourned the meeting at 8:12 p.m.

10. EXECUTIVE SESSION

The Executive session was held as allowed under Governance Policies - Notice and Conduct of Board Meetings - Section 3.14 (a)(v) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy. The matter discussed, in summary, included Board member succession planning. The Executive Session adjourned at approximately 8:53 p.m.

This document constitutes a true and correct copy of the minutes of May 22, 2019, Falls Creek Ranch Board of Directors meeting.

Respectfully submitted,

Jennifer Waddill
Secretary
July 12, 2019