

**Stagecoach Property Owners Association
Annual Meeting of Members**

**SOROCO High School
July 26, 2014 – 9:00am**

Minutes

Dave Hackett called the meeting to order at 8:54 am. He introduced all Board members present. Robert Skorkowsky has moved and Ann Holmes has resigned. Current Board Members present were Dave Hackett, Mike Koponen, John Troka, Ben Marhle, Tonja Elkins, Art Fine and Skip Moyer.

With 295 of the owners represented in person or by proxy, a quorum was established.

○ **Approval of minutes of 2013 annual meeting**

The annual meeting minutes from July 27, 2013 were presented to the ownership.

MOTION: It was moved and seconded to approve the 2013 annual meeting minutes as presented. Motion passed.

○ **President's Report – Dave Hackett**

Dave presented an explanation of why the transition of Management of SPOA happened and how the retirement of Ken Burgess in conjunction with new CCIOA rules was a catalyst for the movement to a management company.

Dave presented an award to Ken and Renata Burgess for 13 years of service.

○ **Management Company Report - Elkins**

Tonja summarized the transition to Steamboat Association Management (SAM) and the selection process of a Management company. She explained that in 2013 Colorado passed new regulations for the certification of Association Managers. Around this same time, General Manager, let the board know that he would be retiring the following year. A Request for Proposal (“ RFP”) committee was formed, including 3 board members, Dave Hackett, John Troka and Tonja Elkins as well as General Manager Ken Burgess. The Committee spent the next 6 months preparing the RFP and then advertised it locally and contacted large companies on the Front Range. They received 30 requests for the RFP and a total of 6 bids. The Committee reviewed the bids and interviewed the prospective managers. They then produced a

written recommendation to the SPOA Board to select SAM for a three (3) year contract with annual reviews. The selection was due to a number of factors.

- 1) A single management solution including an Association Manager, Field Operations Supervisor and a complete accounting package;
- 2) The depth of the company;
- 3) A manager and a maintenance person who currently live in the area of Stagecoach;
- 4) A complete technological platform;
- 5) Purchasing leverage with contracts and insurance companies;
- 6) Relationships with Routt County;
- 7) The ability to market Stagecoach;
- 8) Low risk from employee loss and leading to improved management stability;
- 9) The least expensive; and
- 10) They were already active in the State licensing process.

o **Treasures Report - Troka**

John presented the financial statements for the current fiscal year through June 30, 2014 including the Income Statement for Operations, Balance Sheet and Capital Acquisition/Project/Reserve Spending Report.

John explained that there are 23 subdivisions that currently make up Stagecoach. Most of the income is from annual assessments with a small amount of other income coming from the rental of the splitter and advertising in the newsletter.

Expenses are from several line items. Labor Expenses include the salaries and associated payroll taxes for the General Manager and the Maintenance Supervisor. These line items are going away with the transition to SAM. In addition, the Association Management Fee will become the most significant line item in the operating budget and the Professional Services - Accounting line item will be substantially reduced. Bank charges will also see a significant decrease. For FY 2013, SPOA's total income and expenses are consistent with budgeted amounts.

John explained the Balance sheet. There is \$23,755 in cash currently with \$95,135 in Subdivision/Common area Reserve Funds. There is \$156,113 in Restricted Road Funds that are set aside by the courts and are reserved for certain areas of Stagecoach specifically, namely South Shore, Morningside and Horseback.

The Capital Acquisition/Project & Reserve Spending Report was presented. Expenditures included a new log splitter and GPS unit, construction costs associated with the Southshore mailboxes/turnaround road maintenance on Ramuda Trail that was paid for in conjunction with the homeowners in the area. There were two new culverts added to Stirrup Way and Hoch Eye Way that have come in at a cost under budget and have enabled residents to have safe access to these areas.

John explained that there is \$69,000 in past due accounts receivable that is owed by property owners. The Board and SAM will be actively pursuing collection of these monies. Of the amounts owed, approximately \$50,000 represents that which the Association has a good opportunity to collect. Of the remaining amount owed, approximately \$5,000 is for assessments for years prior to 2009 which makes it uncollectable due to the age of the receivable. Additionally there is approximately \$15,000 that is owed from owners that are not currently paying their Routt County property taxes. As such, it is highly unlikely the Association will collect these monies.

The Association's fiscal year currently runs from September to August. The Annual Assessments are for a calendar year and are billed in December and due on January 1st. This leaves four (4) months between the end of the fiscal year and the annual assessment billing cycle making for a tough budgeting and planning process. Given this, the Board is recommending a change to the fiscal year as outlined:

The purpose of the proposed Bylaw Amendment is to align the Association's fiscal year with its annual assessment period which runs January 1 – December 31 as defined in the Covenants.

Current Fiscal Year is September 1 – August 31.

Proposed Fiscal Year is January 1 – December 31

The impact of the change will be a shortened fiscal year in 2014. The Association will be required to file an additional tax return for FY2014. There will be no money due from/to owners for Fiscal Year 2014 and there is no change to the billing or due date of the annual assessment of owners.

Ballots for voting on the proposed change were handed out at the beginning of the meeting and were collected and counted during lunch.

It was discussed that during the past year changes were made to the Association's banking structure/services to minimize cost while maintaining effective control over the Association's cash assets. The cost for banking services was \$3,500/year and now it is less than \$500/year. It was also discussed that with the transition to SAM, the Association will change from a "modified cash" to "full accrual" accounting effective with Fiscal Year 2014. In addition, the Association is working with SAM to enable credit card and electronic check payment capabilities for 2015 annual assessments.

○ **Architectural Controls Committee ("ACC") Report – Moyer**

The ACC currently is composed of 9 volunteers that focus on improving SPOA and protecting property values through maintaining an adherence to rules.

There were 13 meetings this past year. Currently, there is an increase in sales activity, including land and home transactions, as well as new construction. The desire of current homeowners to keep property values up has led to several

complaints regarding certain properties within SPOA. The Committee is making progress in cleaning up several of these complaints.

Skip Moyer reminded the ownership to submit an application to the SPOA ACC before making any modifications. He also reminded owners to pursue any necessary approval from sub Associations as well as the County.

Corky Fisher gave a summary of maintenance activities. There were two culvert replacements on Stirrup Way and Hoch-Eye Way due to culvert failure/ collapsing road structure. Together these replacements came in under budget.

Currently, any new fuel mitigation projects are on hold due to the lack of grant money available to SPOA. SPOA will continue to look into it.

There will be two individuals contracted to burn established slash piles starting in October. The proposed burn window is from October 1 until February or March with at least 6" of snow on the ground. They will be burning multiple piles at a time. Homeowners who wish to burn on their property may do so during this burn window, however they will need a permit through Oak Creek fire district.

o **Community Road Issues – Troka**

John Troka discussed a current research project underway to look at the legal issues associated with Stagecoach road ownership, the Association's and owners' potential liabilities, and the responsibility for development and maintenance of the roadways. Understanding ownership of the land upon which a public right-of-way exists is the first step in understanding who has the liability for the development and maintenance responsibilities of that right-of-way.

Regardless of who owns the property underlying a public right-of-way, the owner can only use that property subject to the easement for public travel. The owner cannot obstruct public travel over the right-of-way whether vehicular or pedestrian.

SPOA fixed the afore mentioned culverts as they abutted the Association's common areas and impacted the ability of a large number of property owners to access their property.

Troka next discussed the subject of dust mitigation. There is an annual county program which is conducted in early summer. The criteria for dust mitigation on a county road is based upon traffic volume of more than 250 vehicles per day and/or other less traveled but County identified problem areas.

There is also a private program for dust mitigation that is offered by Routt County for roads not meeting the above criteria. The property owner must notify and submit payment to County prior to the annual deadline. The road segment to be treated needs to be in "decent shape" with gravels suitable for treatment and in the

general vicinity of roads being treated by the County. The cost to owner in 2014 was \$4,605 per mile and included County crews preparing the road and the contractor applying the mag chloride.

Currently SPOA is working with Routt County Road and Bridge to install and replace signs as needed to address health and safety issues. The County is also currently working on improvements to County Road 14. This is a two year improvement project that includes shoulder widening and drainage improvements in select areas. The County is also re-surfacing sections with an asphalt overlay.

○ **Nominations to the Board**

Currently there are five (5) open positions on the SPOA Board. Three of the positions are for a three year term, one is for a two year term, and one is for a one year term. The shortened terms are for the vacancies created by the resignations of Ann Holmes and Skip Moyer. The 3 year terms are for the board seats which had their terms expire this year. These seats are held by Dave Hackett, Robert Skorkowsky, and Art Fine.

The floor was opened to nominations. The nominees were:

Art Fine, nominated for a second term

Barbara Houston

John DiNicholas

Tom Watts

Tom Raschid

MOTION: There was a motion and a second to approve the nominees. The Motion passed by a show of hands.

MOTION: There was a Motion and a second to allow the BOD to determine which new board member would fill which term at the BOD meeting immediately following the annual meeting. The Motion passed unanimously.

○ **Lunch**

The meeting was called to order following lunch.

○ **Presentation of the results to an Amendment to Bylaws of the Stagecoach Property Owners' Association in regards to:**

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

After all ballots were counted the Amendment passed **unanimously**.

- **Preliminary Fiscal Year 2014 Budget – Troka**

John Troka discussed the preliminary FY2014 Budget and the legal review of the allowable Maximum Annual Assessment.

The Assessment is SPOA’s largest source of revenue. Historically the Board has operated under the assumption that the annual assessment could be increased no more than 3% from the prior year’s assessment amount without a vote of the membership. After legal review, the 3% limitation is in reference to a separate constraint variable – the “Maximum Annual Assessment” – an inflation protection mechanism defined in the original Covenants.

In accordance with this legal ruling, the Maximum Annual Assessment for 2015 is approximately \$100/lot. Per the Covenants, “The Board of Directors of the Association may fix the annual assessment to an amount not in excess of the maximum.” It was discussed that although the annual assessment could be taken to its maximum, it would only be appropriate to do so if there was an appropriate plan in place describing how the funds were to be used.

John Troka discussed how the Association’s annual assessment is composed of two components. There is an amount which covers the annual operating costs of the Association and another amount which is set aside to fund the Association’s specific capital acquisitions, projects and reserve requirements.

John then presented a spreadsheet that reflected a preliminary FY 2014 budget (12 months) based upon total operating income and expenses of \$105,500

John also presented a hypothetical Capital Acquisition, Project & Reserve Budget forecast through the year 2021. This hypothetical budget reflected such expenses as common area maintenance, legal projects and reserves, road maintenance and repair, road construction and water/sanitation infrastructure. Preparing this initial long range budget will be a key Board activity this fall.

John Troka reiterated that this Operational budget was preliminary and the Reserve Budget was hypothetical.

MOTION: To adjourn the meeting before the presentation by Kristy Winser regarding the upcoming Stagecoach Community Plan. Motion was seconded and was passed unanimously.

Meeting was adjourned at 12:32